TURFLOOP GRADUATE SCHOOL OF LEADERSHIP

Business Sustainability Challenges Experienced by Philanthropic Non-Governmental Organisations in the Capricorn District Municipality

BY

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EDITOR'S DECLARATION

RESEARCHER'S DECLARATION

I, Alfred Matsimbi, hereby declare that this mini-dissertation submitted to the University of Limpopo for the Degree of Masters in Development (MDEV) Studies has never been previously submitted by me or anyone else at this or any other University. I therefore declare that this is my own work in design and execution; and that all sources I have used or quoted have been indicated and acknowledged by means of complete references.

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A. Matsimbi

DEDICATION

I dedicate this study to the brave men and women who serve passionately within the NGO sector of South Africa. South Africa continues to be a better place because of your efforts.

ACKNOWLEDGEMENTS

Abstract

Non-Governmental Organisations (NGOs) are regarded as valuable role players and partners in the development of communities. The aim of this study was to seek, and unpack business sustainability challenges faced by the philanthropic NGOs operating in the Capricorn District Municipality. This study also attempted to evaluate the possible solutions to the current challenges and to assess the compliance levels of the NGOs with the Directorate of the NPOs, to identify distinguishing qualities possessed by successful NGOs, to evaluate the role of affiliation and the support structures available for the NGOs in CDM and to make possible recommendations to improve their sustainability.

The study employed qualitative evaluation as this research tool allows for interpretative research. The key findings of this study include lack of support for the NGOs, lack of resources, lack of visionary leadership, poor remuneration, greed and selfishness, competition for funding, lack of income generation and fundraising skills, education and financial illiteracy, wrong establishment motives, lack of passion for the sector and self-enrichment. The study recommends that the NGOs should appoint skilled Project Managers and governors who can provide clear directions; application forms for funding should use simple and understandable language so as to accommodate less privileged groups; diversify funding sources, and create mutual partnerships. The NPO Directorate together with the Department of Social Development should assist in the screening of motives to establish NGOs, the NGOs be assisted with the training of Management and Board members and NGOs be assisted financially with bookkeeping and auditors.

ABBREVIATIONS AND ACRONYMS

CBOs	Community Based Organisations
CSOs	Civil Society Organisations
CDM	Capricorn District Municipality
DSD	Department of Social Development
FBOs	Faith Based Organisation
IMF	International Monetary Fund
MDGs	Millennium Development Goals
NGO	Non-governmental Organisation
NPOs	Non-Profit Organisations
OECD	Organisation of Economic Co-operation and Development
PPP	Public. Private Partnership
PBOs	Public Benefit Organisation
RDP	Reconstruction and Development Programme
RSA	Republic of South Africa
SANGONeT	Southern African NGO Network
UN	United Nations
UNCWED	United Nations Commission on the World Environment and Development
UNDP	United Nations Development Programme
WB	World Bank

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CHAPTER 1

INTRODUCTION AND GENERAL ORIENTATION

1.1   Introduction

It is for decades now, that the Non-Governmental Organisations (NGOs) have been playing a very significant and successful role, facilitating basic human development as measured by the United Nations Human Development Index (HDI) (UNDP, 2000). In the past two decades, the NGOs %have contributed to international and national discourse on issues of global scope, such as poverty, gender equality, peace, environmentally sustainable development and human rights+ (Scheper, 2000). According to Benton and Monroy (2004), NGOs are also the key component of civil society; they play an important role in increasing the awareness of, and demand for, reproductive health products and services, especially through social marketing initiatives. NGOs are %the preferred channel for service provision in deliberate substitution for the state+ (Edwards and Hulme, 1995:6).   Even the International Monetary Fund (IMF) regards NGOs as development partners to assist in the fight against poverty (Leite 2001).Because of their role, there is no doubt that the world we live in has changed dramatically, and for the better.

Based on the service they have rendered already, the NGOs have matured to be regarded as valuable role players in the socio-economic development of many South African communities and those of the world. They are rendering a very unique business not driven by profit, thus they are classified as Not for Profit Organisations (NPOs). The World Bank (WB) (1996:4) regards NGOs as %private organisations that pursue activities to relieve suffering, promote the interest of the poor, protect the environment, provide basic social services, or undertake community development.+ Often the services they render cut across different sectors. Muchena (2004) concur with the WB and IMFs assertions that says NGOs serve as partners and facilitators in development. Regrettably, the sustainability of the work started by these significant role players in development is now under serious threat. Government and other development

players are about to lose one of their important partners in community development. Loosing these role players will be catastrophic to development cycles. The biggest development challenge that South Africans face currently is that each year countless number of NGOs in this country registered and within a short period closes their doors or dramatically scale-down their operations due to rapid reduction in their traditional funding source. When faced with these challenges, many NGOs cease operations, while others struggle to re-engineer themselves to produce services for which either clients or donors are willing to pay.

1.2   General Orientation

The precious yet delicate business of empowerment and development of communities started by NGOs can no longer be guaranteed a future unless a turn-around strategy is conceived and implemented as a matter of urgency. The shrinking numbers of NGOs is attributed to the fact that they commonly rely on unsustainable funding from abroad and from international donor agencies such as USAID, Global Fund, charitable institutions such as Lotto, and government departments for their own administration and for executing their programmes. Lately, the NGOs increasingly find that grants and donations from these donors are not only inadequate but also unsustainable to meet their current programme needs. Recently the NGO industry like all other industries has been experiencing insurmountable share of challenges. Some of the challenges were so devastating to a point of %wrecking+the sustainability of their businesses.

The NGO sector globally has been witnessing a serious decrease in grants and other funding from international and local donors. The decrease in funding has forced some of the NGOs to downscale their operations or has completely shortened the lifespan of some of the NGOs (Viravaidya and Hayssen, 2001). The Southern African NGO Network (SANGONeT) which is an association of Non-Governmental Organisation founded in 1987, concur by stating that %traditional funding sources for NGOs are drying up and grants are being reduced due to various factors.+According to SANGONeTs NGO News and Views of 12 January 2011 %ack of funding and donorsqtendency to channel funds through government

departments by way of bilateral or multilateral arrangements, are some of the factors contributing to the decrease in donor funding in South Africa. SANGONeT also state that the factors can be classified into two categories, i.e. external and internal factors. These two factors are discussed in detail in Chapter 2 under Business Sustainability Challenges facing the NGOs.

According to Moore (2005) nearly all NGO revenue falls within three broad categories. They include government funding, private giving or philanthropy and self-generated income. Often, the later source of funding is not taken very serious by most of the NGOs instead, dependency on donations or hand-outs dominates. Unfortunately both the NGO community and the donor community are susceptible to any number of economic and political pressures occurring in national and international economies. Donors are subject to funding constraints and this have a negative impact on the NGOs that utterly depend on them. Long term sustainability may require that they become largely self-reliant. This calls for skills in costing, break-even analysis, and market research to reduce costs and increase income. Therefore if it comes to funding, NGOs must diversify their sources of funding accordingly (Viravaidya and Hayssen, 2001).

Viravaidya and Hayssen, (2001) argue that most NGOs are trapped in a state of dependence on uncertain and unsustainable sources of funding and have to be freed from this state in order to succeed in achieving their goals and objectives. Predominantly these NGOs are and some who have faded away were dedicated to service provision in the fields such as drug abuse, home-based care for people living with HIV/AIDS and early childhood development. Most of them are or were smaller, more informal and have access to fewer human, financial or other resources (DSD, 2009). NGOs and the donor communities are susceptible to economic and political pressures occurring everywhere from the organisational level to macro variations in national and international economies. Donorsqcapacity to fund can be limited by several constraints including political climate, national legislatures, and government administrations and spending patterns (Viravaidya and Hayssen, 2001).

According to Malena (1995) the development aid disbursed by NGOs increased ten-fold since the 1970s to the mid-1980s as these grassroots organisations were responding to and reflect the challenges of the societies, especially because South Africa is within a region characterised by some of the worlds most severe economic, social and political challenges. NGOs that are sustainable are able to provide vital services; they reach out to marginalised groups and act as watchdogs to keep governments accountable as they raise public awareness of policy issues and social concerns. In South Africa, the majority of the philanthropic or humanitarian NGOsqtheir business roles are mainly focusing on programmes such as relief projects aimed at the alleviation of starvation and poverty, HIV Aids Prevention projects if not projects on the Care and Support of the HIV Aids infected and affected individuals. The fact of the matter is that most of these services rendered by the NGOs predominantly address needs of communities that are in the townships, informal settlements and rural areas where the government takes ages to roll out services of a basic nature. It is an undisputable fact that the NGO sector has played and continues to play a significant role in the development of countless community members in the South African poor rural and informal areas characterised by high extreme poverty fuelled by high unemployment rate.

The NGO community workers dare and enter where others have no guards to venture. It takes bravery self-denial and sacrifice to carry out humanitarian tasks performed by those serving in the NGO industry. The type of services rendered by these people is mainly the services that were supposed to be delivered and rendered by the local governments to the citizens that have put them in power. It is unfortunate that many of the governments in developing countries either have no capacity and resources or lack the necessary skills to deliver services to the poor communities who voted them to power. Service delivery is then left at the hands of the NGOs who are unfortunately about to drown mainly because their resources get overstretched in their quest to assist and empower communities (Viravaidya and Hayssen, 2001)

Those who downscale their operations either reduce the quantity and or quality of the NGOs work. Although it is an undisputable fact that there are those NGOs that were established for wrong motives and therefore did not, from the onset, deserve

a place under the sun. The majority of the NGOs were established for a good cause and therefore had or still have valid reasons for existence, i.e. to reach the corners that the hands of governments cannot reach and serve the needs of the poor people. Unfortunately, when any NGO business gets wrecked it is the poorest of the poor who bear the brunt, and not the founders nor the funders. It is the poorest of the poor whose livelihoods largely depend on these services of the NGO.

These significant role players in community development are seriously baffled by challenges that threaten their stability and existence and have a negative impact on the sustainability of their projects. Among others there is a very serious challenge regarding growth of populations, rising costs for staff and other programme inputs and the dependency on grants and donations which inhibits the autonomy of the NGOs (Viravadya and Hayssen, 2001). The cited examples of challenges make it very difficult to come across NGOs that have sustainable projects and programmes. An organisation with sustainable projects and programmes is an organisation that does not have paralysing fear to be able to continue its activities in the future. There is overwhelming doubt that this can be mentioned about most of the philanthropic NGOs operating in developing rural communities within the Capricorn Municipality (CDM).The philanthropic NGOs within the CDM are not an exception. Already, there are NGOs within this municipality with service costs that exceed the inflow of funding and donations. Such an NGO is then compelled to either reduce the quantity or even quality of services it renders to the poor communities or completely close down (Viravadya and Hayssen, 2001).

According to the Non-Profit Organisations (NPOs) Act of 1997 (Act 71 of 1997) the Non-Governmental Organisations and Community Based Organisations (CBOs) are collectively known as Non-Profit Organisations (NPOs) and are to be registered with the Non-Profit Directorate. The NPO registration status is a funding requirement for most donors.

It is clear that the role of NGOs cannot be overemphasized. However, an NGO that is worrying about next month's rent and the salaries of its employees will

rarely be able to realize and fulfil its vision and mission effectively. Or at least, there is likely to be a large and significant distraction in its focus (Viravaidya and Hayssen, 2001). A good example of distraction is when the NGO starts to "follow the money" and allow the donors to dictate the scope and direction of their activities. Business sustainability cannot be guaranteed if an NGO is distracted and overwhelmed by countless number of such challenges. It is even life threatening for an NGO to be caught napping by the business sustainability challenges.

The Brundtland report of 1987 states, "the future of our planet depends on our ability to develop in a sustainable way." Therefore the sustainability of NGOs is also needed to promote development as defined earlier. In defence of this statement the World Bank (2003) argues that the NGOs must be empowered and be made more effective in order to create a forum where people work with each other to plan a future for themselves, their families and their larger communities. Empowerment goes with change. According to McGraw (2003) in his book titled *"Life Strategies"* there are ten life laws necessary for success. The laws are: 1. You either get it, or you do not; 2. You create your own experience; 3. People do what works; 4. You cannot change what you do not acknowledge; 5. Life rewards action; 6. There is no reality, only perception; 7 Life is managed, it is not cured; 8. We teach people how to treat us; 9. There is power in forgiveness and 10. You have to name it before you can claim it. Although these laws were designed for the development and empowerment of individuals, they can be utilised by the NGO sector to achieve a breakthrough and become sustainable organisations. To achieve the objectives suggested by the Brundtland report and of the World Bank to empower and develop the NGOs and to make them more effective, it is very important to understand the business challenges experienced by these sectors and to acknowledge them. It is through understanding and acknowledging the challenges that empowerment of the NGOs can be achieved.

1.3   Problem Statement

In the past people believed that the most significant element needed to sustain an NGO is passion. It was believed that passion enables the founders and managers

of the NGOs to run successful and sustainable businesses. However, the rate at which countless NGOs close their business offices is an indication that it is more than passion needed to succeed in this industry.

According to the DSD (2011) in 2007/08, 689 organisations were registered, while in 2008/09 only 545, representing a negative growth of 21% were registered. The DSD (2011) in its 2010/11 Limpopo State of the NPO register indicates that this financial year 37 of the registered NPOs in Limpopo were deregistered due to non-compliance. Some of those who are currently out of businesses because they were forced to close their enterprises are known to be led by men and women who possess an oversupply of quantities and qualities of infectious doses of tenacity, passion and compassion for the poverty stricken communities and the destitute. The work they did was not driven by the reward they could gain but by the heartfelt desire to see the poor and the suffering overcoming their plight and inception to live a better life. Yet even with the overwhelming supply of those doses, there is still something that drove and the will continue to drive them out of their business which is a calling - a calling to serve and meet the needs of the defenceless, the poor and the destitute. There is something more challenging that renders the NGO business sector less sustainable. What is it? Business Sustainability of the NGOs is facing threatening challenges. What are those challenges and consequences of this situation? What are the costs to society if NGOs falter? The costs could be socio-economic or even emotional.

1.4   Aims of the Study

The aim of this study is to seek, unearth and categorically identify business sustainability challenges faced by the philanthropic NGOs within the Capricorn District Municipality.

1.5   Objectives of the study

The main objectives of this study are:
- To examine and verify the main business sustainability challenges faced by the NGOs.

- To assess the compliance levels of the NGOs with the Directorate of the NPOs.
- To analyse distinguishing qualities possessed by successful philanthropic NGOs.
- To examine how philanthropic NGOs are managed in the CDM.
- To evaluate the role of affiliation and the support structures available for the NGOs in CDM.
- To make possible recommendations to improve the service delivery of NGOs.

1.6   Research Questions

The study addressed the following questions:
- What are business sustainability challenges faced by NGOs?
- How compliant are the NGOs with the requirements of the Directorate of the NPOs?
- What are the distinguishing qualities possessed by successful philanthropic NGOs?
- What role does affiliation play in NGOs success?
- What kinds of support structures are available for the NGOs in the CDM?
- What possible recommendations can be made to improve the service delivery of NGOs?

1.7   Definitions of Relevant Concepts

To gain a better understanding of this research topic the following important concepts have to be clarified:
- Philanthropy
- Business sustainability
- Financial sustainability
- Sustainability of services

1.7.1 Philanthropy

Philanthropy is defined as kindness and love for other people shown by giving help to the poor and needy (Alswang and van Rensburg, 1989). Salamon (1992) quoted by Surlek (2010), defines philanthropy as the private giving of time or valuables (money, security, property) for public purposes. Africans have a rich philanthropic tradition. Giving is part of their culture and the people derive pleasure in giving (DSD, 2001). Philanthropy is an excellent demonstration of humanism popularly known in South Africa as %Ubuntu.+People who perform acts of kindness are known as philanthropists.

1.7.2 Business Sustainability

Sustainability is a measure of an organisationç ability to fulfil its mission and serve its stakeholders over time. This is because sustainability is a process, not an end. An organisation does not %become+ sustainable and then rest on its success (USAID, 2011). Lifelong sustainability can be possible if an organisation can become a learning organisation. Business sustainability is on the minds of many different people and therefore the definitions are as many as the people with vested interest into the concept. Some of the interesting definitions are as follows:

Benton and Monroy (2004) argue that %sustainability is a generic concept defined more by the context of its application than by any settled meaning.+ They define sustainability as %the ability of a given organisation to reduce its dependency and to improve its significance in the market while maintaining its social mission.+

Smukowski (2006) defines business sustainability as %a pro-active approach to ensure the long-term viability and integrity of the business by optimising resources needs, reducing environmental, energy or social impacts, and managing resources while not compromising profitability.+ The concept %Business sustainability+ is incomplete without the definition of financial sustainability and sustainability of service.

1.7.3   Financial sustainability

Financial sustainability is defined by Moore (2005) as a state in which an institution has reasonable expectation of covering its costs for the foreseeable future through a combination of donor funding and locally generated income. In simpler terms what it means is that when donor funding declines, an organisation may work to return to financial sustainability through some combination of cost control and income generation.

1.7.4   Service sustainability

Sustainability of services is when the services provided and/or the health impact made by an organisation continues long after the original or primary donor funding is withdrawn (USAID, 2011).

1.8   Significance of the Study

The significance of this study is based on the fact that NGOs have played and are still needed to play a meaningful role in the development of our communities and our country as a whole. Unfortunately their existence is seriously threatened by highly devastating, business sustainability challenges not well known and understood by many role players within this sector. For the NG0s to be successful with their visions and missions and continue to play a meaningful and relevant role of rendering services in different communities they are serving, they must understand business sustainability challenges experienced in this sector. A better understanding of the sector challenges and other sector role players will enable the significant role players to develop new strategies that will assist NGOs to become self-sustaining. The study will also help to identify the threats what the NGOs face and it will benefit the NGOs to become effective and efficient in execution of their management tasks. As such, this study will also attempt to evaluate the possible solutions to the current challenges and give guidance to the meaningful roles that can be played by all the other significant role players to keep the industry vibrant and to ensure sustainability.

CHAPTER 2
LITERATURE REVIEW

2.1 Introduction

According to De Vos et al (2009) literature review is regarded as a scrutiny of all relevant sources of information pertaining to a particular topic. The relevant sources of information include scientific books, articles in professional journals, research reports, dissertations, internet, and presentations at conferences, symposium and workshops (De Vos et al 2009).

International and local scholars together with government agencies and departments have already conducted scientific studies on the Non-Governmental Organisations. What are Non-Governmental Organisations (NGOs)? Where are they from? What is their role in the development of the society? What kind of business sustainability challenges are they experiencing? These questions will be answered in this literature review.

2.2 What are Non-Governmental Organisations?

There is a combination of forces, paradoxes and ambiguities related to the origin and reasons for the establishment of NGOs. The paradoxes and ambiguity bring forth the questions as to whether NGOs have or are really playing a role in facilitating or undermining development in Africa thus far.

The birth and growth of Non-Governmental Organisations (NGOs) can be attributed to the democratisation, economic liberalisation processes and technological transformation experienced over the past two decades (Nelson, 2007). According to Habib and Taylor (1999) cited in De Beer and Swanepoel (2012:6) liberalisation of South Africa's government policy during the apartheid government of P.W. Botha allowed the NGO sector in this country to emerge and to grow in the field of advocacy and socio-economic development, while at the same time making fundraising, especially from foreign donors very difficult. In the

eighties, the then SA government under Botha established a Community Development Committee which made a study of community development in the homelands. The committee had representatives from various departments but excluded people from the homelands (de Beer and Swanepoel, 2012).

Willet (2002) states that the history of the NGOs can be traced back to 1945 following the establishment of the United Nations Organisations which gave consultative roles to organisations which were not categorised as government. Fernando and Heston (1987) in Amutabi (2006:59) argue that %although the term NGO was first used in 1949 by the United Nations, voluntarism and philanthropic organisations similar to NGOs go back to at least the middle of the nineteenth century.+Drabek (1987) cited in Amutabi, (2006:) states that %although the history of NGOs goes back to the 1940s, it is largely since the 1980s that they began receiving a high profile as development role players offering an alternative development approach to poverty alleviation and long sustainability development to poor communities in developing countries.+

Experts in development agree that the concept NGOs is an umbrella term for civil society. However not all civil society organisations are NGOs. What are NGOS then? NGOs are known as complex organisational groupings; therefore there is no standardised definition for these institutions. They are heterogeneous in their nature. Their heterogeneity is in terms of their geopolitics, size, structure, ideology, financial resources, relationship with governing authorities and membership criteria (Asamoah 2003; Teegen et al., 2004). According to Liebenberg cited by de Beer and Swanepoel (2004) they (NGOs) have attracted the attention of scholars and practitioners of development. They have become very significant and permanent institutions in the implementation of development programmes and projects.

Lekorwe and Mpabanga (2007) state that a clear definition of the term NGO remains contested. It is broad and ambiguous as it covers a range of organisations within civil society, from political action groups to sports clubs. The African Development Bank (ADB) describes NGOs as visible formally constituted urban-based bodies that seek to provide goods and services to certain categories of

people or to advocate certain policies (ADB, 2005). According to Liebenberg in De Beer and Swanepoel (2004:109) NGOs are "autonomous, privately set up, non-profit making institutions that support, manage or facilitate development action." Lekorwe and Mpabanga (2007:4-5) state that "with the increasing demands on the state by the citizens, the state can no longer be the sole provider of goods and services."

Non-Profit Organisations (NPOs) are also known as voluntary organisations or grassroots support organisations (Lewis, 2006). Harries (1996) quoted by Amutabi (2006) states that the term NGO has also been used to represent the useful partners of governments and development agencies who are able to deliver certain types of programmes more efficiently than others because of their capacities of reaching the poor, or for mobilising people at grassroots and for encouraging participation and for their ability to do things cheaply/modestly?. Edwards and Hulme, (1995:6) regard NGOs as "the preferred channel for service provision in deliberate substitution for the state." The World Bank regards NGOs as private organisations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services and undertake community development (WB, 2001). Turner and Hulme (1997:200) state that "NGOs are generally registered organisations, community groups, professional associations, trade unions, cooperate charity organisations whose aim is to improve the well-being of their members and of those areas in which they exists."

NGOs originated from the spirit of philanthropy that fuelled religious zealousness, which accompanied the work of missionary groups at the height of mercantilism. The purpose of establishing NGOs was to "civilize the savages" before the return of Jesus Christ. Notably? NGOs established in the nineteenth century including Young Men Christian Association (YMCA) and the International Committee of the Red Cross (ICRC) which was mainly interested in providing relief in disaster such as earthquakes. YMCA was initially interested in helping the needy and evangelising through the youth but later turned into a more secular service-oriented direction after failing to appeal to the needs of the youth. It then embarked on spreading the American ideals in Africa and other continents (Amutabi, 2006).

Amutabi further argues that although the interest to the outside world was not just the monopoly of the Christian groups as there were also scientific groups which led to the establishment of the International Society of the Eighteenth Century Studies. The Royal Geographic Society which made repeated research trips to the new world, missionary groups and the church, both the catholic and the protestant remained the cradle of NGOs and are the important sources for the development and spread of these organisations.

A criterion to identify an NGO according to Schiavo-Campo and Sundaram (2001) is support for development. According to Fowler (1988) two distinctive characteristics to identify an NGO is, first, the relationship that it has with the intended beneficiaries. This is a relationship which is based upon the principles of voluntarism rather than control, where beneficiaries are actively involved in the design and management of programmes of action. The second distinctive characteristic of an NGO is the task-oriented approach that permits the NGO to achieve organisational development which encourages change and diversity above control and uniformity. These two characteristics distinguish NGOs from the government.

2.3   Registration of Non-Governmental Organisations (NGOs) as NPOs

In South Africa NGOs are registered under the Directorate of Non-Profit Organisations (NPOs) and are categorised into eleven sectors. These sectors are: professional associations, culture and recreation, housing development, education and research, environment, health, international, advocacy and politics, philanthropic and voluntarism promotion, religion and social service sectors (Department of Social Development, 2009). The Non-Profit Organisation Act of 1997 (Act 71 of 1997) also states that the Non-Governmental Organisations and Community Based Organisations (CBOs) are collectively known as Non-Profit Organisations (NPOs) and are to be registered with the Non-Profit Directorate. The NPO registration status is a funding requirement for most donor and funding agencies (RSA, 1997). Wyngaard (2013) also argues that without a registration certificate a voluntary association in South Africa would find it virtually impossible to open a bank account.

Stephenson (2003) maintains that for organisations to be classified as not-profit, they should meet the following criteria: autonomy, volunteer services, and political?. The implication is that an organisation must be autonomous or independent of direct governmental control. Secondly, the organisation should render services voluntarily and should not be driven by profit. Thirdly, the organisation has no political ties nor does it have intentions to attain political powers.

According to John Hopkins University study conducted in the 1990s there were approximately 90 000 civil society organisations identified in South Africa (USAID, 2009:118). In 2002, the National Centre for Policy Analysis (2002) estimated that over 25 000 NGOs rendered services all over the world. In 2007/08 there were 49 826 registered NGOs in South Africa. During 2009/10 the number grew to 65 633 and in 2010/11 it was 75 175 formally registered NGOs in South Africa. At the end of March 2012 the total number of registered organisations was 85 248 and Limpopo province had 1 887 formally registered NPOs (DSD, 2012).

Although there was growth on the registration of NPOs in the country, a significant number also got deregistered in 2012. During this period, 10 274 registered NPOs got de-registered in the country. Of the deregistered NPOS, 99% was due to non-compliance and the other 1% was due to dissolution and voluntary de-registration. In Limpopo province alone, 969 NPOs got de-registered during this period (DSD, 2012).

On the subject of noncompliance, Wyngaard (2013) argues that NPOs are not the only ones that have been non-compliant in terms of the NPO Act. He maintains that both the Minister for Social Development and the Directorate for Non-profit Organisations have failed to comply with the provisions of the NPO Act. According to Wyngaard, (2013) examples of noncompliance of the authorities include:

Failure by the NPO Directorate to register new organisations within a two-month period, as required in terms of the Act,

Failure by the Minister of Social Development to appoint the Arbitration Panel as required in terms of the Act. The absence of the Arbitration Panel effectively eliminates the right of de-registered organisations to dispute the de-registration processes. This conduct is simply not consistent with the NPO Act's theme of encouragement and support for non-profit organisations,

The state to properly resource the NPO Directorate to implement its mandate in terms of the NPO Act,

Failure of the NPO Director, as alleged by some organisations, to issue a notice of non-compliance before de-registration . at least in some instances, and

Failure of the Department of Social Development to warn organisations through a public campaign of the imminent de-registration. Although this is not a legal requirement, but it should have been done given the large-scale de-registrations.

2.4   The role of NGOs

Asmoah (2003) argues that NGOs play a significant role in social development processes in the world while Petras and Veltmeyer (2001) critically contest that NGOs are in the service of new imperialists and are pushing the neoliberal agenda. According to Manji and OqCoill (2002) the NGOs can play a role in supporting an emancipatory agenda in Africa if they can disengage from their paternalistic role in development. USAID (2006) argues that from the beginning of transformation NGOs have been playing a huge role in building civil society and democracy. They have filled the gap left by the previous government in areas of education, law, nutrition health and security (de Beer and Swanepoel, 2012). According to Bebbington (2004) NGOs exist as alternatives. In being %not governmental+ they constitute vehicles for people to participate in development and social change in ways that would not be possible through government programmes. In being %not governmental+ they constitute a %space+ in which it is possible to think about development and social change in ways that would not be likely through government programmes. (Bebbington, 2004)

According to Michael (2004:3), NGOs are commonly understood as "independent development actors existing apart from governments and corporations, operating on a non-profit or not for profit basis with an emphasis on voluntarism, and pursuing a mandate of providing development services, undertaking communal development work or advocating development issues."Therefore there is a crucial need for good relations between business and civil society movement. Amutabi (2006) further argues that since World War II, the everyday lives of the poverty stricken people on the African continent have been transformed by the NGOs. NGOs are products of surplus capital, missionary zeal/enthusiasm? and benevolence/compassion?. They emerged with the creation of surplus wealth accruing from European expansion abroad from the time of mercantilism. NGOs are organisations characterised by activities to relieve the suffering of the poor and the disadvantaged by promoting and protecting their interests and rights and also providing them with basic social services. According to Desai (2005) "the prevalence of weak states and declining markets in Africa has led to the proliferation of NGOs as the only alternative to promote grassroots development." NGOs are seen as possible alternatives to government in addressing the needs of communities which are not reached by official development programmes.

Desai (2005) further argues that the NGOs'roles range from counselling, support service, awareness raising, advocacy, legal aid and microfinance. Nelson (2007: 2) regards the activities of NGOs to include advocacy, analysis and raising awareness, brokerage, conflict resolution, capacity building, delivery of service, evaluation and monitoring. According to the Carnegie Commission on the Prevention of Deadly Conflict, cited by Nelson (2007:2) "Non-Governmental Organisations at their best provide a vast array of human services unmatched by either government or the market, and they are self-designated advocates for action on virtually all matters of public concern."Ricigliano (2003:459) states that NGOs "facilitate the development of new and creative ideas, provide a trusted but informal channel of communication, and expand networks of contacts, especially to groups or individuals that governments may be precluded from meeting with because of political or legal concerns."

Edwards and Fowler (2002:5) assert that NGOs see social change as the ultimate goal of their activities, defined broadly to mean a world without poverty, violence, injustice and discrimination. Davids (2005) maintains that NGOs have a comparative advantage from their features and it justifies the financial support they get from international donor agencies and national governments. NGOs rather than governments or international institutions are the primary agents who will carry development forward (Davids, 2005: 45).Non-Governmental Organisations act as 'safety nets' where markets fail to deliver, for where politically challenged governments are unable to provide for the needs of the population (Teegen et al, 2004).

According to de Beer and Swanepoel (2012) NGOs that played a significant role in socio-economic community development in the eighties include, Grassroots Educare in Cape Town area, Transvaal Rural Action Committee (TRAC), the Surplus People's Project and the Soweto Crisis Committee and many others. During the eighties and nineties community cooperatives such as African Co-operative Action (ACAT), the Development Resource Centre and the Environmental Development Agency (EDA) were established. De Beer and Swanepoel (2012) state that TRAC and EDA were involved in struggles around forced removals and peoples'desire to participate in decisions about where they should live.

2.5   Philanthropy: Motivations for Philanthropy and volunteerism

There are diverse reasons and theories as to why people engage in volunteerism and philanthropy. Dennis, Buchholtz and Butts (2009), states that researchers have identified different and distinct schools of thought to explain the rationale behind philanthropy. In this section of literature review, philanthropy will be described and defined; few theories and models behind charitable giving and philanthropy will also be briefly discussed. This will also add to a better understanding of the challenges that non-profit organisations experience. The perspectives are classified as either strategic or altruistic:

2.5.1.1   Strategic philanthropy

Strategic philanthropy is a strategic process whereby managers seek to use corporate giving as an integral part of the firm's strategy. Strategic philanthropy can be categorised into economic and political perspective. Economic perspective of strategic philanthropy posits that firms engage in philanthropy as a means by which to enhance the financial performance of the organisation while the political perspective holds that firms engage in corporate philanthropy because of the political and institutional pressures from the environment.

2.5.1.2   Altruistic philanthropy

Contrary to strategic philanthropy, altruistic philanthropy is a situation whereby firms engage in corporate philanthropy with the intent to make society a better place (Dennis et al, 2009). According to Dennis et. al. (2009), the rationale behind philanthropy is of a moral nature. Managers have a moral responsibility to distribute the resources in a manner that promotes the overall welfare of society, regardless of whether or not these actions result in improved or enhanced image.

According to the Organisation of Economic Co-operation and Development OECD (2003) the origins of philanthropy go back a long way to altruistic behaviour found in the animal kingdom. Conventionally, altruism is traced to family and kinship obligations to protect ones' own and offer hospitality to strangers. Altruistic behaviour is regarded as an extension of basic human drives to self-preservation and protection of ones' offspring, so it is not surprising that these customs are virtually an universal feature of human societies (OECD, 2003).

2.5.2   Philanthropy as a blend

According to Payton and Moody (2008) philanthropy is about ideas and values as well as about action, about doing things. It is an effort to blend the ideal and the practical. Philanthropy has to do with voluntary action for the public good, voluntary action which includes voluntary giving, when we give our money or property and voluntary service, when we give our time and our talent (Payton and

Moody, 2008). Philanthropy can simply be described as pro-social behaviour of kindness and love for others by giving to those who are less privileged, poor or in desperate need. Boulding (1962) argue that when we make a gift, we identify with the recipient. Therefore, even pity is the manifestation of self-identification with the pitied. Pro-social behaviour in which people act to help others can be learned from influential adult.

According to Drezner (2011) volunteerism, philanthropic gifts and pro-social behaviour are motivated by blend of altruism and self-interest. There are those who give out of peer pressure, to assuage gilt, to avoid the scorn of others, to receive social acclaim or recognition, to fix an injustice, for mutual or reciprocal benefit, and there are donors who give purely because of the extreme desire to make a difference or for the benefit of the recipient and for the private good benefit. The type of donor who give for the benefit of recipient even choose to be anonymous not just to the public but also to the institution and anybody associated with that institution. Volunteerism and giving for recognition include a listing in the annual report, naming of an endowed scholarship, entrance to an exclusive event, a small thank you gift or tax deductions given for the contributions made (Drezner, 2011). Although there are multiple reasons behind philanthropy, having individuals who are able to model giving and generosity through their actions plays an important role in promoting philanthropic traditions and culture (Bentley and Nissan, 1996).

2.5.3   Duncan's three models behind giving

Duncan (2004) uses three models to explain the reason behind giving. The models are known as public goods model, private consumption model and the impact philanthropy model. With the public goods model, philanthropist's giving is motivated by what their gifts accomplish. Contrary to the public goods model, the private consumption model states that donors are motivated by how giving makes them feel. The impact philanthropy models state that donors give motivated by their desire to personally ±make a differenceq(Duncan 2004).

2.5.4   Bekkers and Wiepking's eight determinants of philanthropy

According to Bekkers and Wiepking (2011) charitable giving is defined as the donation of money to an organisation that benefits others beyond ones own family. They identified eight mechanisms that drive charitable giving also known as determinants of philanthropy. The mechanisms are awareness of need; solicitation; costs and benefits; altruism; reputation; psychological benefits; values; and efficacy. The eight mechanisms have interactive effects and are briefly discussed as follows:

2.5.4.1   Awareness of Need

Bekkers and Wiepking (2011) argue that awareness of need is regarded as a first prerequisite for philanthropy. People have to become aware of a need for support. Needs are tangible and intangible and resides within, between and outside people. The needs can be material, social and psychological. Awareness of needs may be increased by solicitors for charitable contributions informing potential donors about the needs of victims and it is also facilitated by the mass media.

2.5.4.2   Solicitation

A second mechanism is known as solicitation. Solicitation refers to an act of being solicited to donate. The majority of donations occur because of solicitation. The manner in which potential donors are solicited determines the effectiveness or the ineffectiveness of solicitation. According to Bekkers and Wiepking (2011) the donors response to solicitation attracts new solicitations.

2.5.4.3   Costs and benefits

The third mechanism is known as costs and benefits. Bekkers and Wipking (2011) argument is that giving money costs money but also has benefits. Their first argument is that when the costs of a donation are lowered, giving increases. In the United Kingdom tax benefits seem to be the most important motive for payroll giving. There are also benefits to charitable giving. Donations to charitable

organisations buy services or other selective incentives. Donors sometimes gain access to exclusive services, dinners, meetings or special concerts. Therefore such donations may be regarded as exchange when they are rooted in part in consumption motives. According to Bekkers and Wiepking (2011) philanthropic contributions seem to depend less strongly on direct benefits than on indirect benefits and value orientations. Charitable donations do provide benefits to individuals known to the donor or a group of which the donor is a member.

2.5.4.4 Altruism

Altruism has already been discussed earlier on this section. It is regarded as an obvious reason why people contribute money to charitable organisations. The altruism mechanism state that individuals contribute money to charities because they care about the organisation's output, or the consequences of donations for beneficiaries (Batson, 2007). However, selective incentives also dominate altruistic motives. Hence, donors may be called "impure altruists" (Bekkers and Wiepking, 2011).

2.5.4.5 Reputation

Reputation refers to the social consequences of donations for the donor. People verbally or non-verbally reward donors for giving or punish them for not giving. Knowing that one's contribution is perceived by others serve as a motivation for people to give. It is also a fact that people who are known to give to charitable causes are held in high regard by their peers (Bekkers and Wiepking, 2011).

2.5.4.6 Psychological benefits

Social psychologists believe that giving or contribute to one's self image as an altruistic, empathic, socially responsible, agreeable, or influential person (Batson, 2007). Giving is regarded as an emotional response that produces a positive mood, alleviating feelings of guilt, reducing aversive arousal, satisfying a desire to show gratitude or to be a morally just person (Bekkers and Wiepking, 2011). It is out of egoism that behaviour such as giving happens. Psychological egoism is the

belief that every time people do something, they do it in order to promote what they conceive to be their own happiness. Even in cases where people act in a calculated way to benefit others, they are motivated by the belief that acting in this way is to their own psychologically benefit.

2.5.4.7 Values

Bekkers and Wiepking (2011) maintain that values are regarded as intangible phenomena located within individuals, originating from donors and targeted at themselves as well as beneficiaries. Attitudes and values endorsed by donors make charitable giving more or less attractive to donors. Donations can be instrumental to exemplifying one's endorsement of specific values to others.

2.5.4.8 Efficacy

Efficacy refers to the perception of donors that their contribution makes a difference to the cause they are supporting. When people perceive that their contribution will not make a difference, they are less likely to give. Contributions to public goods increase with the perceived efficacy of contributions (Bekkers and Wiepking, 2011).

2.6   Business Sustainability of NGOs

Business sustainability is increasingly becoming an important concept in the socio-economic world that we live in. It is no longer a concept reserved for use in the big corporate board rooms only, mainly because the boards of directors are under pressure to fulfil their Community Social Responsibility (CSR). Business sustainability as a concept is nowadays also used even in small offices of NPOs. It is because Not for Profit Organisations are also in business. Their business is totally different from main stream businesses characterised by a drive for profit. According to Herselman (2012) the objectives of sustainability might be economic or environmental maintenance but, as human phenomenon, sustainability has a very important social component. Herselman argues that the social sphere is the one that makes people to establish institutions that enables them to meet their

needs or those of others, as well as construct their understanding of the social and cultural environments. It is with time that today the understanding of the significance of a social dimension in sustainability has gained acceptance (Herselman, 2012:73).

2.6.1   Business Sustainability

What is business sustainability? The word sustainability is derived from the Latin word "sustinere" which means to hold up, maintain support or capacity to endure. The 2005 World Summit identified environment, society and economy as three pillars of sustainability. Business sustainability is often defined as "managing the triple-bottom line." It is a process by which firms manage their financial, social and environmental risks, obligations and opportunities. These three impacts are referred to as profits, people and planet. USAID (2006) regards sustainability as a process that begins when an organisation defines its vision, values and mission.

Business sustainability requires firms to adhere to the principles of sustainable development. Benton and Monroy (2004) argue that "sustainability is a generic concept defined more by the context of its application than by any settled meaning." The two authors define sustainability as "the ability of a given organisation to reduce its dependency and to improve its significance in the market while maintaining its social mission." Sustainability is a measure of an organisation's ability to fulfil its mission and serve its stakeholders over time. It requires full commitment at all levels of the organisation (USAID, 2011).

The well accepted and most appropriate definition of the concept sustainability is still the one made popular by the United Nations Commission on the World Environment and Development (UNCWED) which was published in 1948 in the report "Our Common Future". According to UNCWED, sustainable development is development that "meets the needs of the present without compromising the ability of future generations to meet their own needs." Sustainability is a measure of an organisation's ability to fulfil its mission and serve its stakeholders over time. This is because sustainability is a process, not an end. An organisation does not "become" sustainable and then rest on its success (USAID, 2011).

Put simply, business sustainability can be described as a holistic continuous improvement process that includes the sound management of people, the environment, and other resources including finances. According to Alymkolova and Seipulnik (2005) sustainable approach to NGO financing is one that avoids dependency on any single source of revenue, external or internal.

2.6.2   NGO Sustainability Index

The United States Government through its International Development Agency (USAID) has developed the NGO Sustainability Index for different regions, including the Sub-Saharan Africa. This index is an instrument for gauging the strength and continued viability of the NGO sector. The index analyses seven different dimensions of the NGO. The dimensions are: the legal environment, organisational capacity, financial viability, advocacy, public image, service provision and infrastructure. When grouped together these dimensions provide a basic description of what a sustainable NGO should look like (USAID, 2009).

2.6.3   Business Sustainability Challenges

Human beings live in a world characterised by limited resources which is a challenge in satisfying unlimited human needs. The White Paper on Environmental Management Policy of the South African Government (1999:18) defines sustainable development as ‰development that does not use up resources more quickly than they are replaced by natural processes or new technology. It combines concern for the environment with social and economic issues to make sure that human health, natural and cultural resources are not harmed.+

The Non-Governmental Organisations as some of the role players in development and in satisfying human needs experience countless challenges which render this sector in difficulties. It seems that these organisations are badly equipped to perform their role and have a low capacity for continuity and sustainability. The following challenges are intertwined and interrelated:

2.6.3.1 Funding Crisis

According to Kabane (2011) the main business sustainability challenge experienced by NGOS can be divided into two: Internal and External factors.

External factors

The status of South Africa has changed completely since 1994 elections. Prior to the ANC government, NGOs in South Africa received large amounts of donor funds from abroad. Now, this country is classified as a middle income economy and this perception has resulted in decreased funding opportunities. When the ANC took over the government it brought in a large number of cadres who had no experience in government. Many departments including the Department of Social Development which funds NGOs did not have adequate manpower with skills. According to Kabane (2011) the inadequate expenditure of funds by the South African government has also contributed to the decrease in donor funding. The recent economic recession resulted in funding organisations in the United States and United Kingdom merging in order to survive. Some donor organisations have indicated that they intend to focus on programmes that are replicable regionally. The implication is that a number of countries within the Southern Africa Developing Community (SADC) must relook at their funded programmes. According to Kabane (2011) lack of funding and donorsq tendency to channel funds through government departments by way of bilateral or multilateral arrangements, are some of the factors contributing to the decrease in donor funding in South Africa.

Lekorwe and Mpabanga (2007) concur with Kabane (2011) assertion by arguing that multilateral organisations such as the United Nations, World Bank, Commonwealth Secretariat, the European Union, African Union and SADC have funded NGOs programmes and activities. Regrettably at present, donor agencies have reduced their funding of NGOs once the country was elevated to an upper-mid income status. The reduction of funding resulted in some of the NGOs closing down. %The common impact of financial dependence on donor funding is that once donors pull their financial support, NGOs collapse+ (Lekorwe and Mpabanga 2007:12).

Internal factors

South Africa is currently facing serious economic crisis. Among other challenges experienced includes rising operating costs, mounting debts, and the inability of some Civil Society Organisations (CSOs) to sustain the same level of work as they used to do before are some of the challenges that are worsening the crisis (Kabane, 2011). The above has an impact on NGOs. Their level of flexibility in doing work has decreased tremendously. CSOs have to stick to the business plans (funding proposals) as presented and agreed upon with their funding partners. According to Kabane (2011) %there is also a dearth of skilled employees as the State and other sectors continue to poach key personnel from the NGO sector.+

2.6.3.2 Funding preferences of donors and constraints

Another sustainability challenge experienced by NGOs is with regard to the funding preferences and practices of government and other donors. Despite the fact that smaller community-based organisations constitute an estimation of 53% of the total number of organisations in civil society (Swilling and Russell: 2002) and are the ones responding to the basic needs of the poor and vulnerability in the society they are however, the ones that struggle and are seldom funded. According to Development Update Annual Review (2003) %in practice, there is a strong tendency to fund the bigger, more established organisations, which often serve urban working and middle-class constituencies, to the detriment of smaller NGOs, and particularly CBOs.+ The joint study on %The Size and Scope of the Non-Profit Sector in South Africa+ found that the bulk of government funding that went to civil society benefited established organisations involved in social services (Swilling and Russell, 2002).

Amutabi (2006) states that donor dependency %diverted Africans from their development path, laying the framework for making them reliant on capitalist structures and institutions where they will perpetually be second-rate players.+ Moore (2005) argues that nearly all NGOsq revenue falls within three broad categories. They include government funding, private giving or philanthropy and self-generated income. Lately, %NGOs face an uphill struggle for survival+. They

often function with limited institutional capacity, low levels of self-sustainability; they are in isolation, with less support and lack understanding of the broader social or economic context (Malena, 1995). Unfortunately both the NGO community and the donor community are susceptible to any number of economic and political pressures occurring in national and international economies. Donors are subject to funding constraints and this has a negative impact on the NGOs that utterly depend on them. Long term sustainability may require that they become largely self-reliant. This calls for skills in costing, break-even analysis, and market research to reduce costs and increase income.

2.6.3.3   Intense competition for funds and internal incapacities

Benton and Monroy (2004) concur with the above authors by stating that the NGO environment is often characterised by ‰an intense competition for funds+ and ‰a shift in donor priorities+ which have also affected funding. Authors, (Benton and Monroy, 2004) further argue that many of the NGOs operate with minimal financial knowledge, inadequate management skills, limited resources, little or no capacity to handle long term projects, and a high risk of collapse should donor funding be terminated. Therefore internal capacities must be strengthened for NGOs to be sustainable.

Addressing the issue of internal capacities and staffing challenges Lekorwe and Mpabanga (2007) state that most, if not all NGOs, depend on voluntary staff to run their activities and programmes. Unfortunately some of the personnel are not trained to run or manage the affairs of NGOs. The fact that they are just volunteers, NGOs does not have control of the quality of labour they obtain from the volunteers (Lekorwe and Mpabanga, 2007). Kirker (1999:18) state that the sustainability of an organisation is closely linked to the capacity of the people in the organisation. Thaw (2002) concurs by stating that skilled, creative and innovative personnel form a strong foundation for the sustainability of an organisation.

2.6.3.4 NGOs' inability to learn

Liebenberg quoted by De Beer and Swanepoel (2004) argue that a serious problem faced by NGOs "is their inability to learn from the mistakes that other NGOs made." Sustainability can also be enforced in this sector by making NGOs to become learning organisations. Learning Organisation is a concept made popular by Peter Senge in his book called "The Fifth Discipline." According to Peter Senge (1990: 3) learning organisations are "organisations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together." It is through becoming learning organisations that NGOs can develop necessary strategies that can enable them to cope with an ever changing world.

2.6.3.5 Challenge of shrinking and failing states

According to the observation made by Bryant (2005) NGOs globally are faced with the challenging reality of shrinking states and failing states. Both expect some form of assistance from the NGOs. Shrinking states turn to NGOs to provide services that they were supposed to provide to the citizenry/communities? while failing states are requesting NGOs to provide essential services in the short term but often becomes the long term (Bryant, 2005).

2.6.3.6 Lack of feedback

The fact that NGOs provide services to reluctant and powerless customers, there are some serious barriers to getting honest feedbacks about their services (Lidenberg, 2001: 267). In business, feedback is mainly used to bring improvement on service delivery. Therefore lack of honest feedback can have a negative impact on business sustainability. According to Canon (1999), each NGO should develop its own definition of sustainability which has to take into account various aspects of sustainability.

There are five types of sustainability that NGOs must be concerned with. The types of sustainability are benefits sustainability, organisational sustainability, financial sustainability, community sustainability, organisational sustainability and sustainability of services (Canon, 1999, USAID, 2006). USAID describes organisational sustainability as the ability of the organisation to secure and manage sufficient resources to enable it to fulfil its mission effectively and consistently over time. Sustainability of services means that the services provided and or the health impact made, continue long after the original or primary donor funding is withdrawn. Financial sustainability can be gauged by an organisation's net income, liquidity, and solvency (USAID, 2006). According to Canon (1999:12-13) the definition of sustainability can be developed by an NGO through a series of questions such as:

- What are we trying to sustain?
- Who are we trying to sustain?
- Who needs to be involved?
- What are the roles and responsibilities of staff, board, community and other stakeholders?
- For what period do we need to sustain our organisation in order to accomplish our objectives?
- Are we focusing on financial sustainability within a broader context of sustainability?

2.6.3.7 Governance as a challenge to sustainability

The sustainability of an organisation is influenced by many different internal and external factors. The factors include the operating environment, national and local politics and policies, the activities of other organisations, the availability of skilled personnel, and governance (USAID, 2006). Governance is critical to the existence and sustainability of any organisation. Governance refers to a system of oversight, exercise of authority, or control within an NGO. According to Wyatt (2009) good governance is a transparent decision-making process in which the leadership of a non-profit organisation, in an effective and accountable way, directs resources and

exercises power on the basis of shared values+ The CEO of Tshikululu Social Investments, argues that %good governance is essential to the long-term sustainability of any organisation working in South Africa.+ He asserts that when people organise communally to achieve an objective, whether it is to increase financial value for shareholders or to maximize social capital and quality of life for stakeholders, principles of good governance are essential and become material to the organisations ability to achieve its aims and objectives in an ethical and sustainable manner (Henry, 2012).

According to Lekorwe and Mpabanga (2007:6) %the issue of good governance is the key to the functioning of NGOs. It implies that the effective management of an NGOs resources is done in a manner which is transparent, accountable, equitable and responsive to the needs of the people.+ Good governance also includes transparency, equity and timeously reporting. According to Lewis (2005) for NGOs to thrive they must fulfil the missions valued by the staff, board, founders and the community they are serving. USAID (2006) recommends that organisationsq management must ensure that sustainability efforts remain in harmony with stakeholdersqinterests and priorities. There are multiple stakeholders with diverse backgrounds. Stakeholders of an organisation include its staff members, clients, community members, community leaders, vendors and so forth. As stakeholders and their interests and priorities change the organisation has to consciously change and adapt (USAID, 2006). Failure can be disastrous for an NGO. USAID (2006) also recommends that the key factors influencing sustainability have to be monitored over time.

One of the key requirements for good governance is accountability. The question asked by Lekorwe and Mpabanga is: %To who are NGOs accountable?+Although it can be argued that the NGOs account to the donors, the ability to ensure accountability among NGOs remains debatable because there is no strong accountability structures and proper monitoring systems in place among them until recently (Lekorwe and Mpabanga, 2007). The latest developments brought forth the codes of conduct written to make known principles which translate into good governance for non-profit organisations. Lately there are written codes of conduct which can be used to assist NGOs in their endeavour to achieve high levels of

good governance. The codes include the Department of Social Development's Code of Good Practice for South African Non-profit Organisations (2001), the King's Code of Governance for South Africa (King III, 2009), and The Independent Code of Governance and Values for Non-profit Organisations in South Africa (2012).

According to the Non-profit Organisation Act of 1997 the Department of Social Development Code of Good Practice purpose includes, among others, to "encouraging non-profit organisations to accept the responsibilities of ensuring that they respond to and maintain high standards of practice in: good governance; effective management; optimization of resources; successful fundraising; productive relationships with government; beneficiary communities; donors; sponsors, and the general public; careful administration of their organisations; and ethical behaviour" (RSA,2001: 3).

SANGONeT (2012) regards the New Code of Governance for Non-profits as "the first of its kind to be collectively and communally developed by non-profits themselves, and the first that can be applied to the entire sector of around 150 000 organisations, regardless of size, capacity and purpose." The New Code was initiated in August 2010 and was launched at civil society events in Johannesburg on 25 July 2012 and in Cape Town on 27 July 2012. The Code of Governance outlines eight 'values' which are of special relevance and concern to the NPO sector, as well as six key leadership principles, and five statutory legal and fiscal principles (SANGONeT, 2012).

A large number of NGOs are not yet aware of the new code and many other principles outlined by the government and the organised civil society. Due to these challenges they are not yet governed according to democratic control systems and therefore they lack legitimacy. Lack of legitimacy has a negative impact on the sustainability of these organisations. Lekorwe and Mpabanga (2007) suggest that in order to improve the NGOs governance and management the following should be happening:

- NGOs should state their mission, values and objectives clearly and ensure that these strategies are followed.
- Better human resource development and training for their management, staff, volunteers and board members.
- Better management processes as well as financial management, accounting and budget systems.

2.6.3.8 Preserving the NGO's identity

Management challenges faced by the NGOs revolve around fundraising, financial sustainability but also how to preserve their identity and continuity in core programmes when income is difficult to predict from year to year (Edward and Fowler, 2002:7). The fact that many NGOs have commonly depended on funding from the donor agencies, multilateral lenders, charitable institutions and government ministries for their administration and for conducting their programmes is a negative element in the NGOs' identity and sustainability. This dependency comes with a very heavy prize. According to Hancock (1989) the Northern aid, but not referring to all donors, is not neutral but comes with "octopus-like strings and entrapments, weighed down by layers of exploitation and corruption" (Hancok, 1989). Fischer (2006) concurs by elaborating that NGOs are not "independent" but are market, donor and state driven. It is virtually impossible for the NGOs to be independent from the donors' agenda. The fact that most of the NGOs financially remain dependent to the outsiders they are misused to export or impose ideas and concepts that are "foreign" to local social realities. Schivji (2007) argues that the donors limit the NGOs' scope of action.

2.6.3.9 Management, finances, and the sustainability of NGOs

Lekorwe and Mpabanga (2007) list the following as factors impacting efficient management of NGOs: financial resources, human resources management and human resource development, strategic management, democracy and good governance. According to Viravaidya and Hayssen (2001) the management of NGOs face common challenges which include lack of funds that limits the quantity and or quality of the important work they do, inadequate grants and donations,

rising costs for staff and programme inputs, inhibition of autonomy due to dependency on grants and donations which carry a restriction on the types of expenses that can be covered.

2.6.3.10 Need to be agile

According to Fowler (2000) in addition to internal capacities that need to be strengthened, another dimension to sustainability in order to survive is to be agile. Organisations need to be agile to be able to deal with instability of the surrounding environment and to be able to adapt. For an NGO to be sustainable it must manage its impact and resources properly and must also possess the capacity to regenerate. Fowler (2000) further states that for an NGO to become sustainable, it must develop its capacities and determine the type of relationships that it will have with the donors. The NGO must also adopt different strategies for raising funds without losing its autonomy. The mission and values determine the type of relationship the organisation has or will have with the donors.

2.6.3.11 Limitations as sustainability challenge of an organisation

Business sustainability is also determined by the organisations limitations. Merrington (1991) in De Deer and Swanepoel (2004:118) summarises the limitations of NGOs as follows: inadequate planning of organisation and management; inadequate staff training; inability to replicate projects and ensure sustainability; inability to effectively collaborate at appropriate levels with government services and a lack of co-ordination efforts of individual NGOs to ensure effective macro level spread of development.

2.7   Conclusion

The literature reviewed clearly advocates that NGOs are important role players in the development of African communities and communities all over the world. However, these role players are facing very serious business sustainability challenges that affect their operations. Working in the NGO sector is not a walk in the park, it is full of challenges. Many of the NGOs were established mainly

because of the socio-economic problems that the government and private sector were not geared to deal with because they did not have adequate resources and skills to meet the development needs of the communities. The outbreak of different diseases including HIV and AIDS in Africa is one typical example of the socio-economic challenges that led to the establishment and growth of NGOs.

NGOs differ in terms of managerial skills, infrastructure and resources at their disposal, education levels of the employees, human resource as permanently employed or volunteers, wages and salaries and so forth. Although NGOs have played a meaningful role in development it is difficult for those serving within this sector to remain motivated while working with the terminally ill and vulnerable people. It is not easy to remain focused while knowing that you will be rewarded with a meagre salary and wages received by most of the employees and volunteers of the NGO sector. It is difficult for the management to do proper planning and to give their best while depending on volunteers and temporary workforce, who lack proper training and skills, and needed resources. It is disheartening for those in the sector to compete for funding from donors with stringent demands and expectations. These and many other challenges aggravate the already difficult situation experienced in this industry.

There is a need for this sector to be empowered for future effective and efficient service delivery. The World Bank (2003:37) argues that empowering NGOs and making them more effective will create a forum where people work with each other to plan a future for themselves, their families, and their larger communities. Although the unavailability of money is regarded as a major problem with a very negative impact on NGOsqperformance and business sustainability it is clear that it is not the only thing that can make these role players in development sustainable.

CHAPTER 3
RESEARCH METHODOLOGY

3.1   Introduction

According to Leedy (2010), the nature of the data required and the questions asked determine the research methodology used by the researcher. The research question is regarded as one of the most important pieces of the research design. Research questions define what a researcher wants to unearth, learn and understand. According to Maxwell (2005) research questions serve several purposes: they help to focus the study; they offer guidance on how the study has to be conducted and finally, they clarify the goal of your research.

There are two major research philosophies that have been identified in the western tradition of science. The philosophies are named as positivist and interpretivist or anti-positivist (De Vos et. al., 2009, Collins, et. al., 2000). Qualitative research stems from the interpretivist approach and quantitative research emanates from the positivist approach.

For this study the researcher followed the interpretive approach using fictitious names. Interpretivism is an approach to social science that emphasises the importance of insidersq viewpoints to understanding the human world, social realities, complexities and variability of human behaviour (Higgs et al, 2009). Interpretivism refers to approaches emphasising the meaningful nature of peopleq participation in social and cultural life. Researchers working within this tradition analyse the meanings people confer upon their own and othersqactions (De Vos et al, 2009).

3.1.1   Research Design and Rationale

Research design is described as a framework for data collection and analysis. There are two major research designs. They are known as quantitative and qualitative research designs. For this study a qualitative research design which

stems from the interpretative approach is employed. Qualitative research design does not provide the researcher with a fixed or step-by-step plan to follow in carrying out the research (De Vos et al, 2009). According to Neuman (2006) qualitative research attempts to discover and capture the meaning of an individual's experiences. For this study the researcher used the qualitative approach and interacted with participants, and the interactions resulted in a shared view of reality. The rationale behind this choice is the fact that the researcher intended to focus on the richness of details and meaning, subjective feelings, experiences and depth of understanding which qualitative analysis attempts to provide. To achieve this objective the researcher interacted with the individuals and groups whose experiences are relevant to this research.

3.1.2   Population

Research population refers to all the potential subjects who have the attributes that the researcher is interested in (De Vos, 2009). The research target population for this study consisted of all the NGOs registered with the Department of Social Development with NPO numbers operating within the CDM and rendering philanthropic, social welfare and health services. As at present there are approximately 220 NGOs currently registered with the CDM and rendering social and health services.

3.1.3   Sampling

A sample is a portion of a population or the representatives of the population. It consists of elements of the population only considered for the actual inclusion in the study. According to Patton (2002:244) quoted by De Vos (2009:328) "there are no rules for sample size in qualitative inquiry." Sample size depends on what the researcher wants to know, "the purpose of the inquiry, what is at stake, what will be useful, what will have credibility, and what can be done with available time and resources" (De Vos, 2009:328). Maree (2012) argues that sampling decision has to be made for the explicit purpose of obtaining the richest possible information that can answer the research question. The advantages of using a sample is that it

is an affordable way of collecting data, it is less time consuming and is a practical way of collecting data from a large population.

For the purpose of this inquiry the researcher drew the samples of 50 respondents from the 220 registered NGOs rendering philanthropic social and health services within the CDM. The selection of the participants was based on their particular knowledge of the NGO sector, their current involvement in the sector, their fluency in English and their willingness to share their experience and knowledge to the researcher. To draw the sample the researcher used the non-probability sampling methods called purposive sampling and theoretical sampling. "Purposive sampling simply means that participants are selected because of some defining characteristics that make them the holders of data needed for the study" (Maree, 2012:79). According to De Vos et. al. (2009) this type of sampling is based entirely on the judgment of the researcher. The sample is composed of the elements that contain the most characteristics, representatives or typical attributes of the population. With the purposive sampling method the researcher must consider the parameters of the population and then choose the sample case accordingly. The theoretical sampling was also chosen because it allowed the researcher to fill the voids noticed. The researcher wanted to refine the ideas without enlarging the original sample.

3.1.4. Data Collection

For data collection the researcher employed interviews. Interviews are regarded as the most highly used method in qualitative research (De Vos, 2009). An interview is defined by Maree (2012:87) as "a two way conversation in which the interviewer asks the participant questions to collect data and learn about the ideas, beliefs, views, opinions and behaviours of the participant." The rationale behind choosing interviews as a data collection method is mainly because of what De Vos (2009) maintains about interviews. According to De Vos (2009:299) interviews are a useful way of getting large amounts of data quickly and are an effective way of obtaining depth in data. Through qualitative interviews the researcher in this study was given an opportunity to see the world of Non-Governmental Organisations through the eyes of the participants and to obtain rich descriptive data that has

helped to gain an understanding of the participants construction of knowledge and social reality.

Interviews are divided into unstructured (open-ended), semi-structured and structured interviews (Maree, 2012). The researcher chose the semi-structured one-to-one interviews. The rationale behind this choice is mainly because this type of interview does allow for the probing and clarification of answers and also permits the development of interview schedule which define the line of inquiry. A written guide to direct the interviews called the schedule was used to gather data from the respondents. This provided the researcher with a set of predetermined questions that were used as an instrument to engage the participants. The schedule provided the researcher with a guide on what to cover in the interview. According to De Vos (2009), having determined the overall issues to be tackled in the interview helps the researcher to think about the broad range of themes to be covered in an interview.

3.1.5. Data Analysis

Data analysis is known as the process of bringing order, structure and meaning to the mass of collected data. Data analysis in a qualitative research takes a twofold approach. The first aspect of data analysis is at the research site and the second aspects takes place away from the site (De Vos et. al., 2009). According to De Vos (2009:335) %a qualitative study involves an inseparable relationship between data collection and data analysis.+

For this study the researcher analysed the data through constant comparison analyses also known as coding. To perform a constant comparison analysis, the researcher first read through the entire set of data. On completion, the researcher chunked the data into smaller meaningful parts. Then the researcher labelled each chunk with a descriptive title or a %code.+ The researcher took time to compare each new chunk of data with previous codes, as similar chunks were labelled with the same code. After all the data had been coded, the codes were grouped by similarity, and themes were identified and documented based on each grouping. The following activities which are recommended by De Vos (2009) for data

analysis were observed: managing and organizing data; reading and writing memos; generating categories themes and patterns; coding the data and testing emergent understandings and searching for alternative explanations.

The researcher was organised for data analysis and began with an inventory of what to have. The inventory was used to check whether the field notes were completed. During the interviews the researcher compiled notes and the notes were converted into write-ups which were edited and analysed. The researcher also ascertained whether there were any parts that were put off to be written later and never got to but needed to be finished. The researcher also ensured before analysing that the data was properly labelled with a notation system that made retrieval manageable (dates, places, interviewee identification information and so forth). The researcher also ensured that interview transcriptions were completed.

The researcher generated categories, identified salient themes and recurring ideas or language and patterns of beliefs that linked people and settings together. According to De Vos (2009) the process of category generation involves noting regularities in the setting or people chosen for the study. As the categories of meanings emerged the researcher searched for those that have internal convergence and external divergence. The researcher applied some coding scheme to those categories and themes and diligently marked passages in the data using the codes. Experts in research, including De Vos et. al. (2009) recommends that as a process of data analysis continues the researcher has to be immersed in the details of the interview by reading the interview transcripts in their entirety several times to become familiar with the interview in an intimate manner before breaking it into several parts. In the margins of the field notes the researcher wrote memos in the form of short phrases, ideas or key concepts. No computer package was used as most of the data sifting and analysis work was done manually.

3.1.6   Ethical Considerations

Ethical considerations in this regard deal with the rights of the participants in the research. Research has to be designed and conducted in such a manner that at

the end the participants are not to suffer harm, pain, discomfort or violation of privacy (De Vos, 2009). To protect the respondents the researcher adhered to the following ethical codes of conduct in the research:

Autonomy: The investigator promised to respect each participant as a person capable of making an informed decision regarding participation in the research study.

Voluntary participation: All the respondents participated voluntarily in this study and were free to withdraw their participation at any time (Babbie, 2001, Polit & Hungler, 2000)..

Competency: All participants were competent mentally and gave consent.

Informed consent: All participants and respondents were fully informed about the procedures and risks involved in this research and signed a consent form (Polit & Hungler, 2000).

Justice: The researchers promised to exercise equitable selection of participants in this research. All consented efforts were made to avoid participant populations that may be unfairly coerced into participating in this research study.

Confidentiality: Participants and respondents were fully assured that identified information will not be made available to anyone who is not directly involved in the study (Burns & Grove, 1997).

Anonymity: The participants remained anonymous throughout the study, even to the researchers themselves.

CHAPTER FOUR
PRESENTATION AND ANALYSIS OF DATA

4.1 Introduction

The purpose of this chapter on data analysis and interpretation is to present the results and findings of the qualitative research undertaken in relation to Business Sustainability Challenges faced by philanthropic NGOs within the Capricorn District Municipality of the Limpopo Province. Efforts are dedicated to give the descriptive summaries of what the respondents have said during the study. This chapter intimately gives the descriptions and interpretations that people would use in the milieu, community or settings investigated.

The respondents were asked questions in semi-structured interviews. Their responses were used to generate themes and subthemes. Questions asked were as follows:

- What are Business Sustainability Challenges faced by the Non-Governmental Organisations?
- Describe compliance challenges experienced when dealing with the requirements of the Directorates of the NPOs?
- What are the distinguishing qualities possessed by successful philanthropic NGOs?
- What role does affiliation play in a NGOs success?
- What possible recommendations can be made to improve service delivery of the NGOs?

From the data collected the following themes and subthemes appeared more frequently as expressed by the respondents: Lack of resources; Lack of visionary leadership; Poor remuneration; Lack of support; Greed and selfishness; Competition for funding; Lack of income generation and fundraising skills; Education and financial illiteracy; Wrong establishment motives; Lack of passion for the sector and Self-enrichment.

4.2.   Presentation of findings

The researcher gives a report on the findings pertaining to the main challenges experienced by the philanthropic NGOs within the Capricorn District Municipality of the Limpopo Province. In this report the researcher made efforts to adhere to the objectives of qualitative research and focused on challenges as expressed by the respondents. Compliance issues were also looked at as it is one of the requirements of NPOs to remain legally registered with the Directorate of NPOs, the distinguishing qualities of successful NPOs and the role played by affiliation in the success of NPOs.

As already discussed in Chapter 3, Data analysis is known as the process of bringing order, structure and meaning to the mass of collected data. It is a search for pattern in data and/or body of knowledge. According to Maree (2012), qualitative data analysis is an on-going and iterative process, implying that data collection, processing, analysis and reporting are intertwined and not merely a number of successive steps. Qualitative researchers often find it advisable to go back to the original field notes and verify conclusions, or back to the research respondents - that is exactly what the researcher did in this study.

4.2.1   Business Sustainability Challenges according to the respondents

On the question of what are the main sustainability challenges experienced by NGOs the participants gave interrelated responses. Their responses include the following: Lack of human and material resources; Lack of dedicated leadership and management; Lack of visionary management and leadership; Lack of support; Lack of decent remuneration; Lack of financial and management skills; Lack of education; competition for funding; wrong motives of establishing an NGO and greed and selfishness. These responses were done as follows:

4.2.1.1 Lack of human and material resources

Lack of human and material resources was highlighted by the respondents as one of the main business sustainability challenges experienced by the NGOs. According to some of the participants, their NGOs have a serious shortage of dedicated management and leadership. One respondent said "Many of our managers are not well equipped to can play the role they are paid for." The other participant even said "a significant number of them do not have the necessary skills to can make a meaningful contribution in the advancement of the organisation." Education and Illiteracy are viewed by some respondents as a contributory factor. One respondent said "I do not get funding because application forms for funding are written in English and often I do not understand what is required." The organisations have no material resources partly because those who are supposed to mobilise the resources are incapable of doing so. Some of the people who are playing these important roles are also driven by greed and selfishness. The very few who can mobilise resources do that for the benefit of their families than for the organisations. These propositions are in line with what Benton and Monroy (2004) argue to say that NGOs operate with little financial and management knowledge, inadequate resources, diminished capacity to run long term projects, coupled with high risk of collapse should donor funding be terminated.

4.2.1.2 Lack of visionary management and leadership

The issues highlighted earlier are also articulated in the excerpts which will follow. As such another business sustainability challenge experienced by the organisation was identified as a lack of visionary management and leadership. In articulating this point, a participant said the following:

"A successful NGO is characterized by visionary leadership. Unfortunately many of our NGOs do not have this breed of leadership. Visionary leadership is the leadership that does not wait for a government to donate money but take initiatives to generate income" (a 45 year old Project Manager).

This implies that a dearth of visionary leadership may lead to dependency. It behoves upon the leadership to be proactive in order to generate income to ensure the sustainability of the organisation. The study also revealed that many of the philanthropic NGOs within the Capricorn district municipality are not governed or managed accordingly. Lack of strong governance and management structures make corruption to become /widespread? . According to Gilberman and Gelman (2004) governance failure where managers and boards neglect their oversight responsibilities may lead to misappropriation of funds.

In order to remove the shackles of dependency, another respondent claimed that ±A successful NGO is an NGO that stick to its vision and mission statements even when the funders and donors persuade them to deviate and do something contrary.qSticking to oneqs vision and mission is being valued in the excerpt. This is in line with current strategic management thinking and practice because deviations may lead to a loss in focus.+?

A 33 year old female Project Manager felt that to be successful there is bound to be sacrifice, the creation of dreams by men and women of vision. These sentiments are encapsulated in the following remarks:

> *"A successful NGO comprise of men and women who have a dream and are willing to sacrifice everything to achieve that dream. Without a dream which is clearly expressed in a vision and mission an NGO will just be all over the show not knowing what they stand for."*

Success begins with a dream, therefore without dreams it is virtually impossible to be successful. Dreams that are articulated into objectives are needed. ‰regard a successful NGO as an organisation that has a vision and mission and ensure that all stakeholders know and understand these statements+ said Mmamahoa (a retired school principal in her mid-60s).

A 65 year old Project Manager and founder of a thriving NGO in Ga-Mahoa emphasised the ability to raise and manage funds as a quality of a successful NGO. This sentiment was also supported by a 38 year old gentleman who said ‰One of the qualities of a successful NGO is to be able to attract funding through

its vision and mission and by what they are doing to the communities. If people can see that the organisation is doing a great job in the communities they will pledge money to the programmes.+ According to Bekkers and Wiepking (2012: 929) %the degree of need is positively related to the likelihood that help will be given.+

4.2.1.3 Competition for funding and lack of fund raising skills

Competition for funding and lack of fund raising skills were also highlighted as some of the business sustainability challenges experienced by the NGOs. The NPOs find themselves in a fierce competition for funding. The biggest challenge is that the plain field is not level. Some organisations are at a disadvantage in this competition. There are organisations that have management who do not possess the necessary competitive skills to who can mobilise resources and to raise funds highly needed by the organisation and there are those few organisations with these skills.

One of the respondents said %NGOs are many and the department does not have enough funds to give to all NGOs in the province.+

NGOs and government play a complimentary role. Governments have their own responsibilities while NGOs have their own. Funding becomes a critical factor for the survival of an NGO. The ±dependency syndrome±on government for funding is not good.

Another respondent said %there are few people who want to donate to an organisation and when they give out money they always choose either the best performing NGO or those that are managed by politically connected people.+ The best performing NGOs are chosen probably because of ±efficacy.qEfficacy refers to the perception of donors that their contribution makes a difference to the cause they are supporting (Bekkers and Wiepking, 2011). According to Bekkers and Wiepking (2011: 942) a survey conducted revealed that %when people perceive that their contribution will not make a difference, they are less likely to give.+ Another reason for best performing NGOs to be supported is specifically because

of the principle known as "value for money." Each donor wants to see the fulfilment of this principle. This principle calls for the productive use of resources such as money, equipment and facilities. According to PSC (2007) at the core of the concept of value for money there are three critical elements namely economy, efficiency and effectiveness.

4.2.1.4 Remuneration

The other challenge identified by the majority of the participants is lack of decent salaries. Although remuneration is not the only motivation factor for employees, it plays a very significant role in keeping employees focused in performing their duties. Employees who are well remunerated tend to be highly motivated to perform their duties. Some participants regarded remuneration as one of the key business sustainability challenges. As a result the researcher asked the participants to describe how they are remunerated. The majority of participants interviewed indicated that they are recipients of stipends instead of wages and salaries. They also emphatically said one of the reasons they will not remain forever in the industry is because of the lack of decent salaries. One respondent said: "We are expected to report for duty and to perform but we are not well paid as NGOs employees" (Redibone, a field worker). Another one said "We do not even know how much the organisation is receiving from donors" (Refilwe, 32 year old female employee). "Lack of decent salaries is the main biggest challenge that the NGO sector is facing. Most of the employees are volunteers. When they get jobs, they just disappear without warning the Project Managers" (38 year old Project Manager).

Thabang, (a field worker in his late 20s) said "the work we are doing is what the nurses and social workers are supposed to do. We are the ones who work yet they are the ones who get paid." Thabang's comments reflect shifting of roles and the fact that some people do the work and others collect payments. Clearly, this is not only a challenge within the NGO sector but can also be a frustrating situation for many NGO employees.

The respondents clearly indicated that the NGO sector like any other sector has a serious challenge with regard to salaries and that has an impact on an employee's turnover. Employee turnover refers to the number of employees that an organisation must replace in a given time period to the average number of total employees (Beam, 2009). Employees want to be paid what they are worth. A study done by Walsh and Taylor (2007) quoted by Panwar, Dalal and Kaushik (2012) concluded that while compensation and benefits are important, most respondents seemed to indicate that no amount of money or benefits would hold them in a dead end job. According to Panwar et. al. (2012) and Hissom (2009), people choose to leave their employment for new positions because of multiple factors such as better opportunities in other service segments; lack of projects or assignments that do not require their full potentials; low compensation, and little opportunities for advancement, unsuitable or unsociable working hours coupled with poor remuneration.

From what the above respondent said with regard to voluntarism, it is clear that it can be difficult for managers to plan as you are never sure that you will have a decent complement of staff.

One respondent in an interview said "the work we are doing is what the nurses and social workers are supposed to do. We are the ones who do the work yet they are the ones who get paid" (Mokgadi, 31 year old mother of three). This comment reveals the shifting of roles but also the frustrations that emanate from the fact that there are those who do the work and there are those who benefit financially as they get paid.

It was also mentioned in an interview by some participants that they sometimes work for more than three months without receiving any remuneration and when they get their remuneration it is not even what they were expecting. Late and underpayments can have a very negative consequence to staff morale.

More than 68% of the respondents indicated that they do not receive their salaries as remuneration but are on stipend. A majority even said they do not have fixed dates of receiving stipends. One said "It is the project manager who decides as to

when we will receive our money. Sometimes we are paid in the middle of the month.+This is another discouraging factor that employees live employees with a low morale. A permanent employee is often viewed as committed, loyal and stable. Everybody longs for stability even in the job market. A stable job leads to better long term career prospects as employers also like to promote from within.

4.2.1.5   Instability and volunteerism

Instability and volunteerism caused by a shortage of permanent employment is another challenge experienced by the NGOs. The respondents were asked to describe a successful NGO and they responded as follows:

Malekoro, a 36 year old female said: %An NGO is successful if it can employ people permanently+ while Mageu, a 42 year old male in another interview also shared the same sentiments by saying %An NGO that can be regarded as successful is an organisation that can guarantee its employees permanent employment opportunity or contract employment of not less than five years.+It was repeatedly mentioned that a successful NGO is the one that offers permanent if not long term contract employment. Permanent or long term employment contract cannot be used to gauge success of the organisation. However, the fact that the majorities of employees are not occupying permanent employment positions but are volunteers and are receiving stipends instead of salaries creates a sense of instability. Overall, this means that these employees are constantly on the lookout for other opportunities elsewhere when they are supposed to be dedicating their efforts on the deliverables of their positions. It is also obvious that this situation has a negative impact on their dedication to the responsibilities within the organisation. There is also a loss of productivity as the employer has to focus on training and orientating new employees or volunteers. With permanent employees, there is more stability and the employer saves time in training. Permanent employees can bring growth to the organisation as they get more efficient at their jobs.

4.2.1.6   Financial sustainability, funding and support

Participants were asked a question on the financial status of their organisation. The question asked was: "Who funds the programmes you are running in your organisation?" The majority of respondents indicated that their programmes do not have proper and stable funding as they only rely on small donations.

Some of their responses were "We rely on donations we receive from the tribal authorities. Our induna asks community members who attend his meetings to donate to our organisation. It is not a lot of money that we receive" Taudi, a 28 year old graduate from one of the villages said "The induna donates grocery to our organisation. He is a very kind man." "Our organisation relies on contributions received from church members" (Matlala, a 42 year old Zionist). The fact that the majorities of the NGOs do not have sustainable funding and only rely on little donations from community members clearly paint a sad picture that the NGOs experience. According to Swilling and Russel (2004) funds from government do not reach those who need it most. The recipient of government funds are often the health and social services organisations that serve the high and middle income groups. It is also encouraging that churches, community members and the tribal authorities play a very important role in the sustenance of the community based NPOs. The fact that the induna asks community members who attend his meetings to donate to organisations and that he (induna) donates grocery to an organisation gives little hope for the future. According to Bekkers and Wiepking (2012) the seventh mechanism that drive charitable giving known as values, the reason behind the positive response of giving in this regard may be attributed to either that the recipient appeared more worthy of support, because of guilt appeals, because donors have feelings of responsibility or giving is increased by the presence of others who may approve donations.

"Our manager collects food parcels from Spar and Woolworths every week and the government pays us stipends every quarter" (Sefako, a 28 year old Fieldworker). "We only receive food parcels once in a while from the Department of Social Development." These excerpts raise serious concerns. Receiving "food parcels once in a while" clearly shows a lack of sustainability. Food parcels are

needed and therefore NGOs have to device means to make supply of food parcels to become sustainable.

The other interesting excerpts which require to be looked at are the following:

> *Because next year it's the election year we will be receiving lots of food parcels and donations (Nkadingala, a 52 year old male Board member of an NGO).*

This excerpt clearly confirms that some people give in order to receive social acclaim, mutual benefit or for recognition as stated by Bloomberg (2007). Food parcels seem to be used as bait or used to pave the way for politicians to be voted to power. The question is after being voted to power how many remember the voters.

Very few respondents, that is almost twenty percent said they do know that their organisations do receive funding in the form of stipends from the government. The participants were also asked as to whether they regard their organisation as financially sustainable, almost 97% of the respondents said their organisations are not financially sustainable. A follow-up question was asked as to what is the main cause of the situation. The majority of the respondents attributed the situation to lack of income generation means and skills that rural people find them in, while others said lack of dedicated leadership and management makes their organisations not to be financially sustainable.

4.2.1.7 Wrong motives of being in the NGO sector

There were respondents who viewed wrong motives of being in the NGO sector as a business sustainability challenge facing the sector. Some respondents articulated this challenge as follows: "Wow , I regard motives as a sustainability challenge faced by the NGOs. People start NGOs not to serve the communities but to compete with other NGOs already operating in the area. If the organisation is started with a wrong motive, it will not last." "People start NGOs because they are greedy. They want more for themselves and their families. Donations and grants they receive benefit their immediate family members and not communities."

There are several issues raised by the respondents such as competition, favouritism and selfishness:

Competition for funding is definitely inevitable. There are multiple needs and there are few resources to meet the needs. A shortage of resources results in a fierce competition for resources.

Favouritism and competition for resources including funding is a common challenge forever experienced by individuals in all sectors. According to Fafchamps and Owen (2008) success in securing grant funding depends on networking, the NGO belongs to a network or umbrella organisation, or it is an affiliate of a foreign NGO. The reason behind this situation is mainly caused by the fact that donors find it difficult to screen NGOs and tend to rely on networks to access relevant information (Fafchamps and Owen, 2008).

Some of the participants indicated that there are people who are in the NGO sector for wrong and selfish reasons and there are also organisations which were established with no sound motivations. The other important point raised by the participants is that there are people who start NGOs %because of poverty and unemployment.+These are not the correct motivation to start an NGO. If people were passionate about what they are doing, the NGO sector would be a better sector. %Many people are unemployed and end up joining NGOs out of desperation. Often they do not have the skills in demand within the NGO sector.+ Some of the respondents indicated that their NGOs were started because of %boredom+while others said it was mainly because they were %unemployed+and had nothing to do.

The participants were also asked why they are working for a donor dependent organisation. Very few people said they are serving in the NGO sector out of passion. Majority of the respondents attributed their involvement in the NPO sector on their joblessness. One participant said: %If I can get myself a decent job I will just vanish from the sector. I wong even say goodbye to my manager.+ Another respondent said: %I started this organisation because I was bored at home I then

decided to ask my friend to join me so that we can keep ourselves busy.+ When the researcher asked for how long will she continue doing the work she is doing, the respondent said she will just close down if she gets a better paying job.

From the responses on why some are working for NPOs it became very clear that a large number of people within the organisations might not have the passion and the right motives. It also became clear that some organisations were established without a sound motive. Precisely that is the reason why there is such a lack of clear understanding and articulation of the vision and mission statements. In a nutshell there is an absence of correct motives for establishing the NGO and lack of passion among other employees within the sector.

4.4 Distinguishing Qualities of Successful NGOs

The participants were asked in an interview a follow-up question: %What do you regard as distinguishing qualities possessed by successful NGOs?+ Some respondents said the distinguishing quality of a successful NGO is a stable Board of Directors. The majority of the respondents also touched the subject of a role played by the vision and mission statement in the success of an organisation. They emphasized that the leadership and management must have a clear understanding of the organisations vision and mission statement.

When asked whether the organisation they are attached to has a vision and mission statement, about 40% of the respondents chose %No+ as a response to the question. About 28% chose %Yes+ and 32% chose %I do not know+ as a response to the question. These responses confirm a lack of dedicated leadership and management within the NGO sector as a Business Sustainability Challenge.

The participants were asked follow-up questions on whether they have seen the vision and mission statements of their organisation in their offices and whether they do know what they entail. A majority (62%) of the respondents indicated that they have not seen the vision and mission statements and 38% said their organisations does have vision and mission statements. Some of those who said they have never seen the vision and mission statements added that if the vision

and mission statements were available they believe that these statements would be hanged up on the office halls to be seen by everybody visiting the offices. Some of those who said their organisation do have the vision and mission statements said although they know that their organisation does have these statements, they do not know what it entails because they were never involved in the creation of such statements. Another participant who said she has been with her organisation for more than three years asked the researcher if she can call her supervisor to ask the details of the organisation's vision and mission statements. There is the issue of lack of knowledge about the vision and mission and lack of participation in the formulation of vision and mission. The implications of lack of knowledge and participation in the formulation of the vision and mission may be disastrous to the organisation. The workforce may not be unified in pursuing the organisational goals.

Some of the interesting descriptors and responses on what constitute successful NGOs are as follows:

"I regard a successful NGO as an organisation that has a vision and mission and ensure that all stakeholders know and understand these statements."

"An NGO that is successful is the one that has developed systems that can enable it to be self-sufficient. It does not only rely on government donations but also generate its own income through many other means."

"A successful NGO is an organisation that can attract capable manpower and be able to retain them."

"I regard an NGO as successful if it can employ and retain permanent staff members and be able to pay them every month."

"A successful NGO is an organisation that has a Board of Directors which knows its vision and mission and is working hard to the fulfilment of that vision."

"An NGO is successful if it can employ people permanently."

"Successful NGOs do not chase funders, funders look for them."

"Successful NGOs are those that are led by men and women with a clear vision."

"A successful NGO has skilled people who can generate and manage funds. Many NGOs lose funding because of lack of this skills."

"An ability to pay employees a decent salary is a sign that an NGO is successful."

"An ability to recruit and retain quality employees is a sign of success."

In a nutshell the respondents identified the characteristics of a successful NGO as self-sufficient, ability to recruit and retain staff, manned by skilled people, visionaries, clear vision and mission.

4.6   Affiliation and participation in other relevant structures

Participants were asked a question on support structures and affiliations. The researcher asked: What kind of support structures, forums and affiliations does your organisation have?" More than eighty percent of the respondents indicated that their organisations belong to forums and other structure such as the Provincial, District and the Municipal structures established to assist the NGOs. When asked a follow-up question on "how the forums, affiliations and support structures assisted their organisation in the past twelve months around seventy five percent indicated that they do not know any tangible benefit of such affiliations. Despite the fact that the majority had no confidence in such affiliations there were those who sounded optimistic about such affiliations. One respondent said "we just come together once a month and share meals and nothing is gained from the forum meeting. It became clear that some of the forum meetings are fruitless as there is hollowness from the respondents."

The other respondents who sounded positive about the affiliations and forum meetings because they share ideas regarding ways and means of raising funds said, "Our forum is helpful as we discuss ways and means of raising funds. We even help one another on how to complete funding proposals." Another positive respondent said "working for an NGO is very stressful, our forum assists us with coping mechanisms. We share about challenges and difficulties we experience and some forum members give us ideas on how to deal with those challenges."

Based on the responses given one can deduce that it is a possibility that some forums are very useful and have positive leadership and members who want to make a meaningful contribution while other forums are of no value to the

membership. It can also be possible that other employees within the NGO sector lack the right motivation to be in the sector.

In a nutshell there are benefits for NGOs to belong to forums. The benefits include an opportunity for employees to share ideas regarding challenges encountered within the industry, coping mechanisms, how to complete application forms for funding, and also with compliance issues.

4.7 Compliance requirements of NGOs

According to the DSD (2012) in terms of section 18 and 19 of the NPO Act the registered NPOs are to submit annual reports which consist of a narrative report, the annual financial statements and an accounting officer's report. In terms of section 21 registered NPOs that fail to comply with the reporting requirements of the NPO Act are cancelled. Cancellation is done after an NPO is issued with a non-compliance notice of 30 days which gives an NPO an opportunity to ratify its status before cancellation can be effected (DSD, 2012).

Participants were asked: "Are you confident that your organisation is making meaningful efforts to comply with the requirements of the Directorate of the NPOs?" The respondents had to choose either "yes" or "no" and those who chose "no" had to elaborate with regard to their choice.

In response to this question, 44% of the respondents chose "no" as an answer and 56% said 'yes'. A follow-up question was "what is the cause of non-compliance?" In other words what makes it to be difficult to comply with the requirements of the NPO Directorate? Among other reasons given for their failure to submit reports and on time is that they find it difficult because they do not know how to compile annual reports as required by the Directorate of the NPOs. A respondent said "the main problem is the language and report writing skills, while others said they do not know bookkeeping and cannot afford qualified auditors."

With regard to compliance with the Directorate of the NPOs the study revealed that quite a number of NGOs struggle with compliance issues. Among other

issues, NGOs are under obligation to submit annual reports which contain a narrative report, financial statement and an accounting officer's report. Failure to comply often result in the NPO being deregistered. The study revealed that the majority of the NGOs find it very difficult to submit these requirements on time. The cause of non-compliance in this regard is attributed to language and affordability. Many of these NGOs cannot afford the services of professionally registered auditors. These professionals are costly and many NGOs struggle with the basic financial requirements to keep their offices in operation. The other challenge is with regard to reports writing. Reports are to be written in an acceptable business language which is either English or Afrikaans. Unfortunately many individuals occupying the leadership and management positions are not confident or skilled in report writing. How to compile reports seem to be a problem. This problem is attributed to language, report writing skills and bookkeeping. As a follow-up question the participants were asked: "How do you want the government department to assist your organisation in the future?" and "In which critical areas does your team needs training for the organisation to become sustainable?

In response some participants said although funding is critical, they will appreciate it if the government can make efforts and organise training workshops on report writing, bookkeeping, management, governance and financial management. Others said they seriously need training workshop on fundraising, governance and management. These factors are interrelated and have a negative impact on compliance to the requirements of the NPOs Directorate. For an NPO to continue with its operations, to remain legally registered and to receive funding it is of critical importance for it to comply and among other important things as alluded earlier in this section, compliance means submission of narrative reports, annual financial statements and an accounting officer's reports.

4.8   Conclusion

This chapter focused on the results of the semi-structured interviews conducted to gain a deeper understanding of the business sustainability challenges experienced by the philanthropic NGOs operating within the CDM. The challenges are interrelated and include but are not limited to lack of human and material

resources; lack of visionary leadership; poor remuneration; lack of support; greed and selfishness; competition for funding; lack of income generation and fundraising skills; education and financial illiteracy; wrong establishment motives and lack of passion for the sector. The next chapter will focus on conclusions and recommendations.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1   Introduction

This chapter discusses the conclusions and recommendations of the study. To achieve this, special attention is given to the objectives of the study. The objectives of this study was to examine and verify the main business sustainability challenges faced by the NGOs; to assess the compliance levels of the NGOs with the Directorate of the NPOs; to identify distinguishing qualities possessed by successful philanthropic NGOs; to examine how philanthropic NGOs are managed in the CDM; to evaluate the role of affiliation and the support structures available for the NGOs within the CDM and to make possible recommendations to improve the service delivery of NGOs. The literature on the theoretical background, the nature of NGOs as Non-Profit Organisations, the reasons behind giving to charitable organisations and the role played by these organisations in the economic development of the country was reviewed first.

The literature reviewed and the study conducted confirmed and made it clear that although Non-Profit Organisations are regarded as important role players in the economy their existence remain threatened by countless factors which act as sustainability challenges. The Business Sustainability challenges faced by the NGOs are interrelated and include lack of resources; lack of visionary leadership; lack of support; wrong establishment motives; greed and selfishness; lack of passion for the sector; competition for funding; lack of income generation skills; education and financial illiteracy.

5.2   Translation of political recognition to financial support

The Non-Profit Organisations play a significant role in the economy of our country. The role they play is recognised by the governments of the world, hence the South African government called for the establishment of the NPO Directorate. However, this recognition has not yet fully translated into full support financially and

otherwise. Although the South African government has introduced the NPO Directorate which is a sign of political willingness, major challenges which negatively affect the sustainability of the NGO sector still remain. The environment is not yet conducive for NPOs to engage in sustainable business. Instead, the NGO sector remains threatened as it is still faced by quite a number of business sustainability challenges revealed by this study.

5.2.1   Lack of resources

The respondents revealed that their NGOs have inadequate financial and material resources. It also became evident that it is predominantly the rural NGOs that are battling in this regard. The NGOs that are based in the cities are at an advantage when compared to the rural NGOs. Those that are in the cities seem to have political connections which translate into financial and material gains.

5.2.2   Lack of visionary leadership

It was also pointed out that the other business sustainability challenges experienced by the NGOs is a lack of visionary leadership. The role of vision cannot be overemphasised; however from the respondents it became clear that leaders with a vision inspire their subordinates in an amazing manner and leaders without vision impact the organisation negatively. It also became clear that the organisations with visionary leadership attract not only committed employees but also funding.

5.2.3   Poor remuneration

The other business sustainability challenges experienced by the CDM, NGOs is poor remunerations which seriously affects the morale of employees. Poorly remunerated employees cannot focus as they are often on the lookout for better opportunities. This problem is even exacerbated by the fact that the meagreremuneration they receive does not even have a fixed date. The majority of employees are not certain of when their salaries are paid. Some go for more than two months waiting for stipends.

5.2.4 Lack of support

It was also highlighted that lack of support is also a business sustainability challenge experienced in this industry. Some of the stakeholders feel the government does not give them enough support they deserve. Although the government has expressed its political will through a piece of legislation it can still do more by giving the industry support through training programmes to enhance the performance of the management and those in NGO governance.

5.2.5 Greed and selfishness

The other critical challenge experienced by the NGO sector is in the form of greed and selfishness demonstrated by those who initiated the organisation and those tasked with the responsibility of managing the organisation. Some of the respondents indicated that there are, within the industry, organisations which are for profit in disguise. It is alleged that such organisation were established as business entities to benefit family members of the founder. As a tax evasion mechanism, the founders choose to register these business entities as not for profit organisations.

5.2.6 Competition for funding

The non-profit organisations experience a very intense competition for funding. It is unfortunate that the plain field is not level. There are organisations which are in the deep rural areas that compete for a %slice of a cake+ with organisation in affluent urban areas. It has also been revealed that no matter how effective and efficient the organisation can be, in carrying out its mandate in the community, political connections also play a part in attracting funding. Organisations that are politically connected stand a better chance of attracting funding than those that are not.

5.2.7   Lack of income generation and fund raising skills

It has also been discovered that the majority of organisations do not have means or skilled workforce to generate funds. Almost all organisations in the rural areas attempt to raise funds through the cultivation of the land and selling of vegetables. One of the challenges experienced often is the scarcity of suitable land and lack of water.

5.2.8   Wrong establishment motives

Motivation plays a very significant role in the success of any business endeavour. Wrong establishment motivation is a business sustainability challenge experienced within this industry. It has been discovered that there are 'enterprises' within the NGO sector that were established because the founders were unemployed or because somebody wanted to compete with fellow men not because one wanted to make a meaningful contribution in the industry.

5.2.9   Lack of passion for the sector

Lack of passion for the sector is related to wrong motives for establishing an organisation. A person's interests are not solemnly in this industry but because of unemployment, this person decides to establish a non-profit organisation to keep oneself busy. Life has to be driven by passion and purpose.

5.3   Other business related challenges
5.3.1   Compliance levels of the NGOs with the Directorate of the NPOs

It was also discovered that the majority of the NGOs face a big struggle when it comes to compliance with the requirements of the Directorate of the NPOs. Although it is the intention of these NGOs to do what is right, and in this regard to comply, it is not easy to please the authorities. One of the challenges is to submit audited financial reports on time to the NPOs Directorate. Many of these NGOs can hardly afford to remunerate their employees for the organisational objectives achieved, how can they afford to pay for the bookkeeping or auditing service? The

other compliance challenge experienced is annual report of the general status of the organisation. The majority of those in the NGOsqleadership and management do not possess report writing competency in their own native languages, what more when required to write in English. How can it be expected from these individuals to meet this requirement if they are not competent to write in their own mother tongue?

5.3.2 Distinguishing qualities possessed by successful philanthropic NGOs

The respondents seem to have a clear idea of qualities possessed by successful philanthropic NGOs. Among other things mentioned, a successful philanthropic NGO is an organisation that affords its stakeholders to participate in the formulation of its vision and mission statements; an organisation able to plan and to mobilise resources; an organisation that can attract and retain skilled workforce; an organisation with the ability to remunerate its workforce. It is however unfortunate that the majority of the respondents felt their organisations fall short of these requirements.

5.3.3 Management of philanthropic NGOs in the CDM

Management plays a very significant role in the direction taken by an organisation. The public expects the management of the Non-Profit Organisations to be beyond reproach. The management is expected to conduct the operations of the NPO ethically and behave responsibly. It is the management that has to ensure that the resources entrusted to the organisation by the donors and the states are utilised effectively and efficiently to meet the needs of the communities they serve. It is the management that has to take care of the strategic issues of the organisation, the human resource management, the management of organisational resources, impact management, the public image of the organisation, the management of partnerships and so forth. The Non-Profit Organisational Act clearly indicate that the role of the management is to set up the financial systems, develop policies, comply with the accepted accounting and auditing practices, prepare organisational income and expenditure budgets, monitor income and expenditure

against the budgets and to maintain adequate standards of transparency and accountability.

Regrettably, the stakeholders who were interviewed drew attention to the fact that a large percentage of the management of the NGOs within the CDM lack direction in fulfilling their roles and responsibilities. A lack of direction contributes to the organisations not being proactive to the challenges encountered. There is a lack of planning in many dimensions of management and this result in some inefficiencies and ineffectiveness. Although there are organisations with well-structured policies in place which were developed to give organisations a sense of direction, often individuals in management do as they please. A general observation is that individuals who started the organisation are often above the policies of their organisations. A large percentage of the organisations' finances and resources are not utilised to the benefit of the intended beneficiaries.

5.3.4   Affiliation and support structures for the NGOs

Non-Profit Organisations are sustained by an ability to have open and productive relationships with other stakeholders. This study revealed that there are NGOs within the CDM that fully benefit from relationships, affiliation and participation in the established support structures. However, there are some structures and affiliations which do not have mutual benefit to the NGOs. There are those organisations which belong to structures for the sake of belonging. That which is of critical importance is for organisations to establish relationships and partnerships that will not compromise its vision and mission. The study revealed that often some organisations easily abandon their mission for funding and also at the expense of belonging.

5.4   Recommendations

The purpose of this subsection is to provide a list of recommendations intended for Non-Profit Organisations, government departments and donors. These recommendations are proposed to improve the working relations between these three.

5.4.1   Appointment of skilled Project managers and governors

Project managers and governors play a significant role in the achievement of the organisational objectives. However, without the necessary skills, it is impossible to achieve such objectives. It is recommended that NGOs should consider appointing Project Managers and Board Members who can add value to the organisation on the basis of the technical skills needed within the organisation not on the basis of convenience and fame.

5.4.2   Application forms for funding to use simple and understandable language

A general concern has been raised regarding the difficulties experienced with language used in application forms for funding. It is recommended that donors should take into consideration the literacy levels of the majority of the people when issuing application forms for funding. When application forms are structured and compiled the use of simple and understandable language should be a norm so as not to exclude other applicants unfairly.

5.4.3   Diversification of funding sources

The majority of the NGOs seem to depend on donations which unfortunately prove not to be a sustainable source of funding. It is recommended that NGOs should come up with creative measures of looking for funding even from within the organisation and the immediate communities. Those NGOs that have resources such as land should consider making use of the land to generate income for the organisation.

5.4.4   Creation of mutual partnership

It is recommended that NGOs should establish mutual partnerships not only with other NGOs but also with the business sector. The guiding principle of this

partnership should be in line with the vision and mission statements of the organisation not the material or financial benefits.

5.4.5   Screening of motives to establish NGOs

Not all applicants who wish to register NGOs have genuine reasons. Some applications are driven by greed and selfishness, while others are driven by boredom due to many factors, including unemployment. It is therefore recommended that applicants must undergo an assessment so as to verify reasons behind the motive to establish an NGO. The NPO Directorate can play a role in the screening processes.

5.4.6   Training of Management and Board members

A large percentage of people occupying management and governance position do not have formal training experience in their fields. They found themselves occupying their positions out of necessity. There is a need for intervention to offer basic training in management and governance. Although the NPOs are solemnly responsible for such training, the NPO Directorate and the Department of Social Development should assist with the resources for these training purposes.

5.4.7   Assistance to NGOs with Bookkeeping and Auditors

An overwhelming percentage of NGOs employees do not have bookkeeping skills and also cannot afford the auditors. It is therefore recommended that the employees of the NGOs should be empowered with training and workshops to capacitate them with critical yet scares skills such as financial management and bookkeeping. NPO Directorate should intervene and assist the organisations with these services.

5.5   Realization of the objectives:

The main objectives of this study were realised in the following manner:

To examine and verify the main business sustainability challenges faced by the NGOs.

This objective was realised through the interactions in the form of interviews conducted by the researcher with the people who are actively involved in the NGO sector within the CDM. Business sustainability challenges experienced include lack of resources; lack of support; lack of visionary leadership; wrong establishment reasons; competition for funding; poor remuneration; lack of passion for the sector; lack of fund raising and resource mobilisation skills; lack of financial management skills and inability to attract and retain skilled personnel.

To assess the compliance levels of the NGOs with the Directorate of the NPOs

Although many of the NGO representatives interviewed expressed their desire to comply with the directives of the NPO Directorate, it became apparent that the Directorate does not make it easy for the NGOs. There are those NGOs that are battling with resources and capacity which makes compliance a nightmare.

To analyse distinguishing qualities possessed by successful philanthropic NGOs

The research revealed that those who work within the NGO sector fully know and understand the required qualities to be possessed for their organisations to become successful NGOs. Respondents cited among other things, the role played by the leadership and management of the organisations, the value of organisations to have a vision and mission, ability to attract and retain funders of the programmes, the ability to attract and retain dedicated staff members that are skilled for the job, management of financial and other resources and the ability to establish and to maintain healthy relations with the donor communities without compromising the organisational values.

To examine how philanthropic NGOs are managed in the CDM

The research revealed that each organisation is unique in terms of how they are managed. Of importance is that there are certain factors which are supposed to be the fundamentals of the leadership and management of Non-Profit Organisations. The fundamental tasks of management include planning, organising, activating

and controlling. Although the uniqueness of the organisations is a positive attribute, a worrying concern when it comes to management is the issue of ‰rippling fear+demonstrated by some of the respondents when they talk about the management. It became apparent that the majority fear than respect their management. Transparency and accountability on the side of the management and leadership of the surveyed NPOs is a worrying factor.

To evaluate the role of affiliation and the support structures available for the NGOs in CDM

Affiliation seems to play a very important role in many of the NGOs surveyed. Those NGOs that are affiliated to support structures with visionary leadership do benefit. However, there are those NGOs that are affiliated to structures that are not beneficial specifically because the leadership seem not to have direction.

To make possible recommendations to improve the service delivery of NGOs

The role of NGOs in service delivery, especially in the developing countries like South Africa, cannot be overemphasised. Service delivery can be improved through the establishment and maintenance of partnership with corporate businesses. It is therefore recommended that NGOs should be on the forefront of initiating working partnerships with the businesses. The establishment of such partnerships should be guided by shared values and the ability to maintain autonomy in the partnership.

6.   Conclusion

Prior to the birth of the democratic dispensation in this country, the Non-Governmental Organisations (NGOs) played a significant role in South Africa. Community members grouped themselves and joined forces as they worked tirelessly to find solutions to challenges faced by the people in education, health and social welfare. Despite the poverty levels, they were able to organise and establish themselves to address needs of the communities. Community Based Organisations (CBOs), Faith Based Organisations (FBOs) and churches were used as vehicles for transformation. These organisations were there to feed the hungry, the homeless and to ensure that children received quality education. Their

achievements were not realised because of government sponsorship but because of common mission and the unity of purpose. In the new democratic South Africa these very important role players still have a contribution to make. Therefore the business sustainability of the NGOs should be regarded as of strategic importance not only in the growth and development of our country but also in the achievement of the millennium development goals. However, the existence of the NGOs is highly threatened by quite a number of challenging forces. Some of the forces which challenge and threaten the existence of the NGOs can be managed if other stakeholders can join forces with the NGO sector to find workable solutions.

This study met its primary objective which was to gain a better understanding of Business Sustainability Challenges Experienced by Non-Profit Organisations operating within the Capricorn District Municipality of the Limpopo province. It also makes a contribution to the available literature on the NPOs and NGOs and to the existing body of knowledge on challenges experienced within the philanthropic sector. Research has confirmed that despite the legislative framework that has been put into place by the government in recognition of the important role of the NGOs in service delivery and development, there are serious business sustainability challenges experienced by the NGOs. The majority of these important stakeholders in development battle a lot when it comes to resources and funding. Their projects can hardly be sustained because of dependency on donors. Those that are lucky to be funded by donors are often channelled to deviate away from their founding missions. It has also been established that the NGOs lack resources; they compete for scares resources instead of complement one another. Greed and selfishness compromise the work they do. Quite a number of NGOs are led by individuals who still lack capacity to drive the organisation to be in a position to deliver on their objectives. There is also a discrepancy between urban and rural organisations. Urban and politically connected NGOs stand a better chance of being funded than the rural NGOs which are often not politically connected.

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ANNEXURE I

Section A: Administration Information

1.1 Name of Respondent : _____

1.2 Questionnaire Number: _____

1.3 Date: _____

Section B: Demographic Information

2.1 Gender: _____

2.2 Age: _____

2.3 Population Group: _____

ANNEXURE II

Semi-structured Interview Guide

1. Is your organisation currently registered with the Directorate of the Non-Profit Organisation?

Yes	
No	
I don't know	

2. Do you know the history of your organisation and how it started?

Yes	
No	
I don't know	

3. If your answer is yes, tell us how it started.

_____

_____

_____

4. Does your organisation have a vision and mission statement?

Yes	
No	

5. Do you regard your NGO as a sustainable organisation?

Yes	
No	

6. If your answer to the above question is "No" tell us why.

_____

7. Describe how you are remunerated.

_____

_____

8. What is the core business of your organisation?

_____

_____

9. What do you regard as the main Business Sustainability Challenge/s faced by your organisation?

_____

_____

10. Are you optimistic that the organisation you work for will be in existence in 5 years time?

Yes	
No	

11. What makes you to be optimistic or not optimistic?

_____

_____

12. Is there a link between what you are doing with what you have studied?

Yes	
No	

13. Do you have any post matric qualification?

Yes	
No	

14. What have you studied?

_____

15. Have you received any training for the work you are currently doing within the NGO sector?

Yes	
No	

16. Why are you working for a donor dependent organisation?

_____

_____

17. If you had a wider choice between serving a donor dependent organisation and an organisation that does not depend on donations which will you choose to work for and why?

_____

_____

18. In which critical area/s does your team needs training, for the organisation to become sustainable?

_____

_____

19. What do you regard as a threat facing your organisation?

_____

_____

20. What do you regard as a weakness of your organisation?

_____

_____

21. What do you regard as strength of your organisation?

_____

_____

22. What kind of support structures, forums or affiliations does your organisation have?

_____

_____

23. How has the forums, support structures assisted your organisation in the past twelve months?

_____

_____

24. Are you confident that your organisation is making meaningful efforts to comply with the requirements of the Directorate of the NPOs?

Yes	
No	

25. If you chose No above, why are you not confident?

_____

_____

26. Who funds the programmes that your organisation runs?

_____

_____

27. Does your organisation have other source of income besides donations? Briefly explain.

_____

_____

28. Can your organisation survive for a year without funding?

Yes	
No	

29. What is the best description of the financial status of your organisation?

_____

_____

30. Who decides the kind of programmes run by your organisation?

_____

_____

31. In the past twelve months has the Department of Social Development or Health assisted your organisation in any way?

Yes	
No	

32. If your answer to the above is yes, how was your organisation assisted? Tell us about the kind of assistance you have received.

_____

_____

33. How do you want the government departments to assist your organisation in the future?

_____

_____

34. Does your organisation submit annual reports to the Directorate of the NPOs on time?

Yes	
No	

35. Do you think it is necessary for the annual reports to be submitted to the Directorate of the NPOs?

Yes	
No	

36. If you have said it is not necessary for reports to be submitted to the Directorate of the NPOs, tell us why?

ANNEXURE III
Request for Permission to Conduct Research in your Organisation

Dear õ õ õ õ õ õ õ õ õ õ õ õ õ õ õ õ ..

My name is Alfred Matsimbi, and I am a MDEV student at the University of Limpop .UL), Turfloop Graduate School of Leadership .TGSL. The research I wish to conduct for my Masterœ Mini Dissertation involves %Business Sustainability Challenges Experienced by Philanthropic Non-Governmental Organisations in the Capricorn District Municipality+. This project will be conducted under the supervision of Professor Oliver Mtapuri of the UL.
I hereby seek your consent to conduct research .(interviews) with you and your fellow employees.

Upon completion of the study, I undertake to provide the Department of Social Development and the Capricorn NGO Forum with a bound copy of the full research report. If you require any further information, please do not hesitate to contact me on [contact number: 076 728 4132, email address: alfred.matsimbi@gmail.com].

Please find attached a copy of my research proposal and a testimonial from my research supervisor.

Thank you for your time and consideration in this matter.

Yours sincerely,

A Matsimbi
Turfloop Graduate School of Leadership
Edupark

ANNEXURE IV
RESEARCH CONSENT FORM

õ õ

Tear Off Slip

I, õ . .Initials and Surname) of õ õ õ õ õ õ õ õ õ õ õ õ .. .Name of Organisation), accept / do not accept to participate in Research Study conducted by A Matsimbi.

Signatureõ .
Dateõ .