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How funding affects service delivery among non-profit organizations in Johannesburg

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ABSTRACT

The primary purpose of the study was to explore how funding affected service delivery among Nonprofit Organizations (NPOs) in Johannesburg, given the important role these organizations play in contributing to social development in South Africa. The study was undertaken among 15 NPO organizations based in Johannesburg and located in various service fields. A semi-structured interview schedule comprising open-ended and close-ended questions was utilized to collect information. Descriptive statistics were employed to analyze closed-ended questions whilst thematic content analysis was used to analyze open-ended items. The main finding that emerged from the study was that NPOs that were surveyed suffered from a diversity of challenges emanating from insufficient and at times delayed funding, particularly by state departments such as the Department of Social Development. The problems faced by these NPOs were found to be predominantly human resources related. These organizations were unable to attract skilled professional staff because their funds did not permit them to offer market-related packages. In addition, these NPOs suffered from high labour turnover because employees tended to leave these organizations in pursuit of greener pastures in government departments and the private sector. The sector also experienced inadequately funded programmes and an inability to expand their services to the wider populations due to inadequate funding. The NPOs that were surveyed had not engaged in entrepreneurial activities on a scale sufficiently extensive to wean them off donor funding or over-reliance on such funding. Self-sustainability was found to be still in the embryonic stage. Moreover, the relationship between the sector and the state was found to be characterized by a lack of faith and confidence on the part of the NPOs surveyed, suggesting a 'troubled' partnership between the two. The findings of the study suggest the need for the research project to be replicated on a wider sample in different provinces. Since the study focused on formally registered NPOs in terms of the Nonprofit Organizations Act of 1997, future research needs to investigate the funding challenges faced by smaller mainly informal/ unregistered community-based organizations that form an integral part of the nonprofit sector in South Africa and offer an array of services to their communities. Furthermore, the findings of this study could potentially be used as a basis for policy formulation and analysis by policy makers as they appear to have implications for re-assessing funding policies in respect of NPOs.

Key Words: Non-Profit Organization; funding; donors; service delivery; South Africa, social development; Non-Governmental Organization; government