

Article

# Challenges and Opportunities for Non-Profit Organizations in Alleviating Unemployment in Buffalo City Metropolitan Municipality, South Africa

Elliot Thembinkosi Henna<sup>1</sup>, Joyce Mnesi. Mdiniso<sup>2</sup>

Department of Anthropology and Development Studies, University of Zululand, Empangeni, South Africa

<sup>1</sup>thembinkosihenna787@gmail.com, <sup>2</sup>MdinisoJ@unizulu.ac.za

Correspondence: MdinisoJ@unizulu.ac.za

## Abstract

*This study investigated the challenges faced by non-profit organizations in alleviating unemployment in the Buffalo City Metropolitan Municipality (BCMM). Despite the efforts of these organizations, unemployment remains a persistent issue in the region. This research sought to identify the key challenges that hinder the effectiveness of non-profit organizations in addressing unemployment, including limited resources, inadequate infrastructure, poor human development, inhibitive registration process, and insufficient collaboration with government agencies. A mixed-methods approach was employed, combining both qualitative and quantitative data collection and analysis methods. The findings of this study provide valuable insights into the challenges faced by non-profit organizations and inform the development of strategies to enhance their capacity to alleviate unemployment. The study recommends that the Department of Social Development should provide support to the Non-profit organisations with finance, human development, friendly registration process, and infrastructure development to enable NPOs to create employment in the Buffalo City Metropolitan in the Eastern Cape Province, South Africa.*

**Keywords:** Non-profit organisations, unemployment, youth, jobs creation, South Africa

## Introduction

The study emanated from the researchers' observation about the persistent problem of the high unemployment rate in South Africa, with a particular focus on the Eastern Cape Province. The researchers observed that South Africa had an unemployment rate of twenty-nine percent in 2016, with a very slight improvement to twenty-seven percent in 2018 (Statistics South Africa [StatsSA], 2018a), and although the unemployment rate had dropped slightly over this period, it was still very high. The researchers also observed that the registration and reporting of Non-profit organisation (NPOs) had increased substantially since their inception in 1997, evidenced by the increasing demand for registration.

Deon and Fox (2014) submit that first amongst the factor contributing to unemployment in Africa is the political economy, and they argue that perhaps the most telling deficiency in the development strategies in Africa is their failure to register their singular importance in dealing with the problem of unemployment. Second, the capitalist mode of production produces workless persons, and this is due to the mechanics and contradictions of expanded productions. Third is the appropriation of the means of society's production by a few capitalists. According to Lape (2017), the slow growth in the demand for labour is relative to the rapidly growing supply and the labour market's inflexibility.

The slow growth in the South African economy may be due to market shock. When the African National Congress (ANC) took over the government in 1994

(Reconstruction and Development Programme [RDP], 1994), markets were initially shocked due to uncertainty on the part of investors and the political landscape in the country, which resulted in the markets being unstable. Economic development is a process in which the real capitation of income in a country increases over a long period, and unemployment is globally associated with inequality caused by differences in wages paid by larger firms.

Nevertheless, the research is of the view that the situation today of the South African Economy still requires assistance from the NPOs. Maboya and McKay (2019), submit that the challenges faced by NPOs have, instead of improving unemployment figures, led to shrinkage of indirect employment opportunities and the number of opportunities for socio-economic inclusion in the South African economy in terms of the Gross Domestic Products (GDP) growth employment opportunities. They base this submission on the Inclusive Development Index of the Global Competitiveness Report 2017-2018 (World Bank Group, 2020).

Some philosophers argue that NPOs are invisible and that 'invisibility' may be because a theoretical understanding of the role of NPOs in regional socio-economic growth is missing, or it may simply be that official statistics lack basic details on the scale, function, funding, and contributions of NPOs to socio-economic growth in the country. As a result, there are some inconsistencies among the NPOs' officially declared goals (Andrew et al., 2020). However, the researchers did not assume that there was a relationship between the two variables, unemployment and the NPOs. Subsequently, the DSD (2021) reported during their webinar held in early 2021 that there had been a significant increase from 188,548 NPOs registered during 2018 to 233,180 NPOs registered by the end of 2020.

We departed from the point of view that the two variables of unemployment (a problem) and NPOs (solution) are different but complementary, and hence this study sought to establish the challenges experienced by NPOs to alleviate unemployment in the Eastern Cape and indeed in South Africa. One of the unintended results of the COVID-19 lockdowns was a global increase in unemployment (World Health Organization (WHO), 2020). Recently Dhonju (2021) found that NPOs are facing more threats than opportunities because of the COVID-19 pandemic. Because of this pandemic, governments around the world (and in South Africa) had to introduce strict lockdown controls in order to stop the infection from spreading, and whole economies came to a halt.

### **Non-Profit Organizations (NPOs)**

There is a general understanding of a simple definition of NPOs. According to the Department of Social Development (2018), the term 'Non-profit Organisation' is new in South Africa because it did not exist until after the 1994 general election. Before that, they were referred to as Non-Government Organisations (NGOs). It was only in 1997 with the promulgation of the NPOs Act No. 71 of 1997 (NPO, 1997) that all of these community organisations began being referred to as Non-profit Organisations (NPOs). However, Anheier (2017) states that people in different countries and settings understand the NPO sector differently, hence it has been defined in various ways.

## **Non-Profit Organisations Registration Requirements**

To register as an NPO, the founder must be a South African citizen, reside in South Africa, have a constitution and an executive forum for the NPO, and provide their services free of charge. With satellite offices around the country in all of the provinces the DSD's important activities include the registration of NPOs and providing access to information regarding the establishment and registration of NPOs. According to the South African Department of Social Development (2018), their responsibility is the enforcement and implementation of the NPOs Act (NPO, 1997), as they are the custodians of this Act.

## **Non-Profit Organisations Compliance Requirements**

One of the compliance requirements is that an NPO must submit to the Department a narrative report of its activities in the prescribed manner together with its financial statements and the accounting officer's report as contemplated in section 17(1) and (2) Act 71,1997 within nine months after the end of its financial year. Kollamparambil and Oyenubi (2021) observe that there is no limit to what the NPOs must provide in their report. For example, if an NPO changes its constitution, addresses, or any of its executives; this information must be included in the annual report. All of the registered NPOs must also verify that they have not deviated from the activities set out in their founding documents. Should an NPO not comply with the NPO Act, the Department of Social Development may deregister them/cancel their registration.

## **Non-Profit Organisations Cancellation/Deregistration**

Kekana (2020) informs that in terms of the NPO Act (NPO, 1997), a registered NPO may also voluntarily deregister in terms of Section 23 (1) or dissolve in terms of Section 23(2) of Act 71, 1997. In this case, the NPO must provide the Department of Social Development with 30 days' notice of their intention to deregister or dissolve. Once an NPO has been cancelled, deregistered, or dissolved, as the case may be, it is a criminal offense for any such organisation to represent itself as being validly registered with the Department (NPO, 1997: Section 29). Section 20 of Act 71, 1997 requires that the Department of Social Development issue a noncompliance notice to any such NPO, giving it 30 days in which to rectify its status before the cancellation is affected.

Failure to comply with this notice results in the NPO's registration status being cancelled in terms of Section 21 of the Act (NPO, 1997). According to the Department of Social Development (2018), the NPO Act No. 71 of 1997 (NPO, 1997) also stipulates punitive measures for non-compliance. In terms of Section 21 of Act 71, 1997, a registered NPO that does not comply with the reporting requirements of the Act or the provisions of its constitution will have its registration cancelled and it will be deregistered. Furthermore, the NPO Act (NPO, 1997) also makes it an offense to use the registration number of another NPO or to make false representations in any report submitted to the Department. The Act 71, 1997 also provides the NPOs an opportunity to appeal the decision by DSD to the deregistration of their NPOs.

## **Non-Profit Organisations Monitoring and Evaluation**

According to DSD (2018), the application of monitoring and evaluation systems by NGOs (NPOs) and other institutions, including the government, assists with meeting demands by funders for accountability and transparency. However, in the Eastern Cape especially at Buffalo City Metropolitan, there is little or no evidence of monitoring and evaluation of the NPO sector. The International Labour Organisation (ILO) (2020) states that internationally, monitoring and evaluation systems have been in existence for many years. These systems are used as a management tool to help organisations reflect on their performance, thus establishing if there has been growth.

## **Non-Profit Organisations in Africa**

Africa is making strides forward in all NPOs-related activities, but the progress does not erase the deep-seated negative judgments that have already been embedded in people's minds (Woyesa & Kumar, 2021). As a result, Africa does not strive too hard to live up to the standards set by other nations, because it is being measured by the expectations set by the West. Mishra and Modi (2021) also state that African funders are conspicuous by their absence, particularly when these new movements demand political reform or challenge the political/economic status quo. More often than not, an observation made is that as new movements emerge or as an existing movement gains prominence in Africa, most progressive African funders appear to experience a quandary, silently cheering on the cause for social justice while withholding funding (Fernandes, 2020).

## **Non-Profit Organisations in South Africa**

Providing a breakdown of the distribution of NPOs in South Africa, the Department of Social Development (2018) indicates that the majority of the NPOs registered with the Department Are Voluntary Associations ninety-three percent; Not-for-profit Companies comprise six percent; and Trusts comprise one percent. A total of thirty-nine percent of the NPOs focus on social services; twenty-three percent focus on development and housing; Seven percent operate in the health sector; five percent focus on education and research; three percent are religious organisations, three percent focus on the business sector; three percent are environmental organisations; and seven percent focus on culture and recreation (Robert, Omer & Shelby, 2018).

## **Non-Profit Organisations in BCMM**

In Sections 1 and 5 of the NPO Act (RSA,1997), the Department of Social Development stipulates that an NPO Directorate be formed to deal with the regulatory matters of all non-profit organisations, and one of the Directorate's main functions is to register NPOs and maintain a register of them. According to the Department of Social Development (DSD, 2018), the Eastern Cape had 2,687 registered NPOs in 2008, compared to 3,187 in 2018, indicating an increase of more than fifty percent, indicating a higher demand for NPOs in the province.

The wealth distribution with the larger economic hubs was reflected in the 2018 Business in South Africa's Hand Book, with Gauteng, the Western Cape, and

KwaZulu-Natal receiving the largest share of NPO capital, according to Chatterjee, Czajka, and Gethin (2020). Over the same time span, the Eastern Cape, Northern Cape, and Limpopo were on the list to obtain support. Rural projects accounted for thirty-nine percent of total investment, while urban and peri-urban projects accounted for fifty-seven percent.

The Mayor of the Buffalo City Metropolitan Municipality announced in his State of the City Address that the city's development trajectory is anchored on the Metro Growth and Development Strategy's (MGDS) pillars, with special attention paid to the COVID-19 pandemic and the city's economic recovery plan. Furthermore, the Buffalo City Metropolitan Municipality (2021) reflects that the city is very adamant that its foundations are stronger, despite the virus's incapacitating impact on the economy, the health system, and the loss of life it has caused among the citizens of the city overtaken all the municipalities in the region by forty-seven percent unemployment rate, surpassing the Eastern Cape Province's unemployment rate.

### **Non-Profit Organisations and Challenges**

Maboya and McKay (2019) describe the many problems faced by NPOs during the COVID-19 pandemic; the first of which is a decline in direct job opportunities. Second, in terms of Gross Domestic Product (GDP), the amount of potential for social economic inclusion in the South African economy has increased (World Bank Group, 2020). Third, in contrast to other developing countries such as Cambodia and Vietnam, South Africa's job growth has slowed. Fourth, NPOs face funding challenges because they depend on government handouts, grants, donations, and sponsors for the majority of their funding (Kim et al., 2020).

NPOs struggle to stay in service for long periods (Choto, Iwu & Tengeh, 2020). This is due to finances operating spaces and other reasons. They usually struggle to stay afloat because so much of their work is temporary, or at best short-term. As a result, Kekana (2020) states that these struggles have led to critics concluding that NPOs cannot always add value to a nation's socio-economic growth, especially in Sub-Saharan Africa. Despite these long-standing critiques of NPOs, there is no question that they have a role to play in the economy (Kim et al., 2020).

### **Defining Unemployment in South Africa**

According to Statistics South Africa (StatsSA) (2021), there are two definitions of what constitutes unemployment.

#### ***Official Definition of Unemployment***

According to the official definition, unemployed people are individuals between the ages of 15 and 64 who: a) were not employed during the reference week; and b) were not employed during the preceding week. In the four weeks before the survey interview, you were actively looking for a job or trying to start a business; c). Those who are available for work, that is, those who can begin working or starting a business during the reference week; and those who d). Have not actively sought employment in the last four weeks, but have a position or business that will begin at a specific time in the future and are available (StatsSA, 2021).

### *Expanded Definition of Unemployment*

Unemployed persons, according to the expanded definition, are those between the ages of 15 and 64 who: a) were not employed during the reference week; b) were available to work but did not look for work, either because they were discouraged from looking for work (see definition of discouraged work-seeker) or for reasons other than discouragement (see definition of discouraged work-seeker) (StatsSA, 2021). Also to be taken into account is the fact that despite the government and NPOs' efforts, the deep income and wealth disparities in South African society continue as a legacy of colonialism and apartheid's socio-economic order, decades after the end of apartheid in 1994.

### **Unemployment Globally**

According to the World Bank Group (2020), cross-border capital flows, commodities, services, information, spatial and institutional market integration, enhancement of the impact on the structural characteristics of national and regional economies, evolution and the transformation of social and economic structures and institutions are all examples of foreign trade. Furthermore, economic globalisation is the result of the creation of a global knowledge network, which serves as a material basis for the new global economic system (National Bureau of Economic Research (NBER), 2021).

The unemployment rate is estimated by dividing the total number of unemployed (for a country or a specific group of workers) by the corresponding labour force, which is the number of all working and unemployed people in the group, according to the International Monetary Fund (IMF) (2020). Other measures, such as income-related indicators, are used to measure economic hardship, are probably the most well-known labour market metric and will be used to evaluate economic hardship (Jordà et al., 2020; Antipova & Momeni, 2021) and COVID-19 was one of the most widely discussed topics at the start of 2021. This was caused by lockdowns and the closure of all but the most relevant businesses and those known as critical services, with frontline staff including the likes of doctors and nurses.

In the second quarter of 2020, unemployment in the United States soared to almost thirty percent before dropping to almost nine percent in the third quarter, and this pattern contrasted sharply with the persistent unemployment seen during the 2008-2009 financial crisis (Antipova & Momeni, 2021). The world economy is experiencing high inflation and unemployment, and numerous sectors including government, civil society, and the private sector are unable to respond to the COVID-19 crisis.

The IMF (2020) and the World Bank Group (2020) have recommended a set of economic policies for countries, to reduce their inflation and unemployment rates as a way out of the global economic crisis. Among the policies proposed are:

- Financial rescue packages in an emergency.
- Increased health care budgets.
- A cut in taxes.
- Increased public-sector subsidies in all areas.

- Major controls by central banks.

However, these policies only can partially and superficially solve the COVID-19 economic crisis as it has impacted the majority of countries (developed, developing, and the least developed) and caused a whole host of other economic challenges (IMF, 2020; World Bank, 2020). Fernandes (2020) reports that quantifying the true economic impact of the COVID-19 pandemic is difficult because of the uncertainty of the situation, and because there is no historical benchmark that can be used directly because the outbreak started as a global health event that affected supply and demand at the same time. Furthermore, the central bank (World Bank) currently has zero or negative interest rates. These were already in effect before the virus outbreak, and have remained the same since.

## **Unemployment in the BCMM**

With a population of approximately 6,996,976 inhabitants, the Eastern Cape province has the third-largest population among South Africa's provinces, according to the eastern-cape-eastern-cape-socio-economic-consultative-council (ECSECC, 2020). The Nelson Mandela Bay Metropolitan (NMB) is one of the province's two metros, with the legislature located in Bisho – one of the Buffalo City Metropolitan Municipality's towns. Volkswagen in Uitenhage, Ford in Port Elizabeth, and Daimler Chrysler in East London are among the few large companies in both metros employing skilled and semi-skilled staff. The Buffalo City Metropolitan Municipality (2018) further reports that in 2018 it employed 254,000 people, accounting for seventeen percent of the province's total employment of less than two million people and contributing two percent of South Africa's total employment of sixteen million people. Employment in the municipality grew at an annual rate of one percent on average from 2008 to 2018. According to the Buffalo City Metropolitan Municipality (2020/2021) the municipality, as one of the Eastern Cape Metros, had a thirty-five percent unemployment rate in 2019, which rose to a record-breaking forty percent unemployment rate in 2020, leading the list of the province's unemployment rate.

## **Unemployment Types**

Unemployment is a complex and multifaceted issue that affects individuals, communities, and economies worldwide. There are several types of unemployment, each with its own causes and consequences. Understanding the different types of unemployment is essential for developing effective policies and strategies to address this complex issue. By recognizing the causes and consequences of each type of unemployment, policymakers and stakeholders can work together to create a more inclusive and sustainable labour market. Here are some of the main types of unemployment:

### ***Frictional Unemployment***

Frictional unemployment occurs due to snags or temporary shifts in workers' lives, such as moving to a new city and having to find a new job. This form of unemployment often involves people who are just joining the labour force, such as newly graduated college students. It is the most common cause of unemployment,

and it exists in every economy (Şahin, Tascı & Yan, 2021).

### ***Structural Unemployment***

Structural unemployment comes about when there is a discrepancy between employees' demographics and available jobs; either when jobs are available but employees lack the requisite skills, or when workers are available but no jobs are available. Structural unemployment is most evident in industries that are witnessing technological advances (Şahin, Tascı & Yan, 2021).

### ***Cyclical Unemployment***

Cyclical unemployment happens when there is not enough demand for goods and services in an economy, so businesses cannot provide jobs, resulting in cyclical unemployment. For example, if all consumers become fearful at the same time, they may choose to increase their savings at the same time, resulting in a decrease in spending and businesses being unable to hire all available workers (Şahin, Tascı & Yan, 2021).

### ***Seasonal Unemployment***

Different conditions in different sectors or parts of the labour market impact work availability and result in seasonal unemployment at different times of the year. For example, unemployment rises in the winter because many agricultural jobs end when the crops are harvested in the fall, leaving employees to search for new work (Şahin, Tascı & Yan, 2021).

## **South African Interventions to Mitigate Unemployment**

Countries evolve, according to Altman (2020), by shifting their economy's structure from low to high productivity and complexity sectors, and within sectors, by upgrading to higher value-added activities. Unfortunately, much of South Africa's economy has been deindustrialized unnecessarily, with the manufacturing sector's contribution to GDP dropping from almost two percent in 1994 to thirteen percent in 2016.

According to the Buffalo City Metropolitan Municipality (2021), there were 237,413 net job losses between 1994 and 2016, which is significant for a developing economy because manufacturing has long been regarded as the primary source of productivity growth and jobs development. Manufacturing is significant because of its interdependencies with agriculture and mining on the one hand, and engineering and design on the other. The following are some of South Africa's latest unemployment-added interventions since 2018:

### **Youth Employment Services**

The South African government in 2018 established Youth Employment Services as one of the interventions to alleviate unemployment. President Cyril Ramaphosa acknowledged that the country was facing a crisis with youth unemployment in the country and that it was a matter of great importance that the youth be incorporated into the productive economy. This initiative was a collaboration between the government, the private sector, businesses, and labour, and the aim was to create



one million job opportunities by 2020 (Kollamparambil & Oyenubi, 2021).

### **COVID-19 Relief Fund Scheme**

The President of South Africa delivered an address to the nation on April 21, 2020, informing South Africans of new economic and social relief measures to be implemented in response to the novel coronavirus (COVID-19) epidemic. This came after the President announced a nationwide lockdown in late March, and rules to the Disaster Management Act of 2002 were enacted (Kollamparambil & Oyenubi, 2021). To name a few Office of the President initiatives, there is a COVID-19 Block Exemption for the retail sector, a COVID-19 Temporary Employee/Employer Relief Scheme, and a Draft Disaster Management Tax Relief Bill.

### **Non-Profit Organizations Opportunities**

The Department of Social Development (2020), in its webinar, held on 03 November 2020, acknowledged the importance and roles of NPOs in South Africa: NPOs have vital positions and carry major obligations in poverty alleviation, job growth, and community and service empowerment. Developmental programmes dealing with social care, education, the environment, science, activism, and good governance, among others, are promoted by non-profits. Non-profits encourage community empowerment and contribute to the development of healthier neighbourhoods. However, despite their small size, non-profits contribute to socio-economic stability and mobility (NPOs participate in employment creation).

Finally, and perhaps most significantly, we noted that because of the coronavirus pandemic, the Department of Social Development (2020) has also taken an interest in NPOs and wants to engage them as partners in its Economic Recovery Plan. Participation of NPOs in the South African economy, aimed at promoting equitable and inclusive growth, will be ideal and several areas where NPOs can play an important role have been established, based on the following: The South African economy is currently in a state of recession, placing a strain on attempts to counter historical socio-economic inequality, unemployment, and poverty. The social partners accept that the economy needs to undergo major structural change in order to unlock sustainability and allow for development.

### **Research Methodology and Design**

Generally, research is carried out using three research methods, namely qualitative, quantitative, or a combination of both. For this study, a mixed-methods approach was employed, though the researchers have depended more on the qualitative research method. Patel et al. (2019) find that qualitative strategies are generally more flexible, allow for greater spontaneity and adaptation of the interaction between the researchers and the participants' contributions, and are used primarily by exploring and understanding the importance of individuals or persons. The researchers chose a non-probability sampling procedure where the participants or the units to be analysed were deliberately selected from the population of the DSD database, it is a list compiled by the Department of Social Development of all registered NPOs in the Eastern Cape Province. Purposive or judgmental sampling was chosen because it is a strategy in which particular

settings persons or events are selected deliberately to provide important information that cannot be obtained from other choices (DSD, 2015).

The NPO Sectors in the Buffalo City Metropolitan Municipality that were selected are Development and Housing; Culture and Recreation; Education and Research and Social Services. Data Collection was carried out by the use of a qualitative workshop as a key strategy to generate the qualitative data required for this study. Ørngreen and Levinsen (2017:71) have explored the use of a workshop as a qualitative data collection tool with its methodological framework, and a workshop is "where things are made or repaired". All of the data was kept safe in multiple storage sites until it was analysed using a thematic analysis method. Cho, Lester, and Lochmiller (2020:97) state that a thematic analysis perhaps can be explained as "a general concept that sometimes describes different approaches to identifying patterns in qualitative data sets". Due to its general and flexible nature, thematic analysis is widely used in various fields, including psychology. The researchers decided to use a thematic analysis method to analyse the data.

## **Results and Discussions**

### **Demographic Variables of the Study**

The researchers have provided the demographic picture of the participants below to provide a brief description of their characteristics as these could have a possible influence on the study. The information was gathered from the register, which was taken at the workshop and from the participants who were interviewed and who were not part of the workshop: In terms of gender, the participants comprised seven female participants and seven males, making it an equal representation of genders with fifty percent females and fifty percent males. The number of NPO participants who participated in both the workshop (eleven) and the interviews (five) totaled 14, sample size. Note that, the five participants in the interview were made up of two participants recruited from the workshop, and the other three were recruited referrals.

When determining the sample size for a study, numerous factors must be taken into account, including the data collection method, the resources available, the research's objective, and the sampling criteria (Wadongo, 2014). As a general rule, qualitative researchers agree that focus-group samples should be under fifty participants, and interview samples should be between five and twelve persons. These tiny sample sizes are justified due to the reality of concerns such as available resources, poor response rates, and data analysis difficulties (Bryman, 2012).

Focusing on the ages of the participants, ages ranging from 26 to 73. The majority of the participants (twelve) were from the age range of 25 to 39. The mean age for the sampled participants was 49 years. In terms of the employment status of the participants; seven were self-employed, three were unemployed and three were volunteers, and one was employed. The NPOs' lifespans ranged from one year to twelve years of existence.

The NPOs' lifespans ranged from one year to twelve years of existence. Focusing on the participants, eleven Blacks took part in the workshop, and five Blacks took part

in the interviews, thus there was a total of fourteen Black participants. The education levels of the participants varied, but the majority (five) had a Higher Diploma; four had a Higher Certificate; two had a Secondary school level education and one had a Primary school level education.

**Table 1: The Demographic Characteristics of the Participants**

NPO	Years	Role	Gender	Age	Race	Education	Employed	Sector
LZI	1 yr.	Chair	Male	34 y	B	N. Dip.	Unemployed	H/D
LZI	1 yr.	Sec. gen.	Male	34 y	B	Art. Cert.	Self-employed	H/D
LZI	1 yr.	Treasurer	Female	35 y	B	Dip.	Unemployed	H/D
SVE	3 yrs.	Chair	Female	39 y	B	H. cert.	Self-employed	C/R
SNV	11yrs	Vice	Female	40 y	B	Diploma	Self-employed	E/R
TSP	1yr.	Chair	Male	31 y	B	Primary	Volunteer	C/R
SYZ	12 yrs.	Pro. man	Female	73 y	B	Grade 6	Volunteer	S/S
LMP	5 yrs.	Chair	Female	35 y	B	Diploma	Volunteer	E/R
DIM	8 yrs.	Vice	Female	36 y	B	H. cert.	Self-employed	S/S
MAC	15 yrs.	Member	Male	29 y	B	Grade 12	Unemployed	C/R
PCL	6 yrs.	Chair	Male	43 y	B	H. cert.	Self-employed	C/R
ZCS	6 yrs.	Co-found.	Male	44 y	B	H. Dip.	Employed	C/R
SPN	4 yrs.	Co-found.	Female	60 y	B	Primary	Self-employed	H/D
MHC	4 yrs.	Chair	Male	40 y	B	Matric	Self employed	S/S

### Findings of the Study: Discussion of the Themes

The findings of the study are grouped into themes generated from the field study that was conducted and carried out by the researchers with the NPOs. In order to capture the deliberations of the workshop’s participants effectively, the researchers hired two cameras to capture the event. The researchers identified a theme derived from the research objectives and sub-themes derived from the responses of the participants. **Table 2** depicts the theme and sub-themes derived from the objective and participants' responses.

**Table 2: Main Theme and Sub-themes**

Main Theme	Sub-themes
NPOs Challenges	1. The Financial support challenge
	2. The human development challenge
	3. The registration process challenge
	4. The infrastructure development challenge

## **The Research Question**

What are the challenges experienced by Non-profit organisations to alleviate unemployment in Buffalo City Metropolitan in Eastern Cape Province?

## **Analysis of Responses from the Workshop**

### **Main Theme: NPOs' Challenges**

The challenges experienced by the NPOs were diverse; however, the majority of the participants in the workshop felt that financial support, human development, registration process, and infrastructure development were the major challenges experienced by the NPOs in the Buffalo City Metropolitan Municipality. The following sub-themes are discussed.

### **Sub-theme 1: The Finance Support Challenge**

The greatest challenge experienced by the NPOs in the Buffalo City Metropolitan Municipality was a lack of financial support, especially from the government via the DSD. However, NPOs had begun to spread their quest for funding to the National Lottery Commission (NLC). Support is very important for the survival of any business venture, including those by NPOs. Support may also not necessarily be in cash; it may also be in kind. Some of the responses from the majority of the participants:

It is difficult here in the Eastern Cape, unlike in other provinces. NPOs like the KZN (KwaZulu-Natal) are well supported from the baby steps till at least maybe five years. The unavailability of funds in this province causes some NPOs to fail to sustain projects (N1, participant, 7 November 2019)". "... Let alone the issue of funding. What I find strange about these DSD offices is that they do not even acknowledge receiving your documents; we must start there. Just to give you that support and hope, to say, 'Mr. so and so we have your stuff'. And you must form a relationship with the person who is helping you (N7, participant, 7 November 2019).

The majority of the participants felt that the DSD did not even acknowledge receiving their applications, at the very least. They were not always assisted by the same staff as they had wished and as a result, they became aloof and discouraged from submitting their applications to the Department (DSD, 2018).

### **Sub-theme 2: The Human Development Challenge**

The majority of the participants in the study stated that the greatest challenge facing NPOs in the Buffalo City Metropolitan Municipality was the lack of human development. The participants felt that the DSD was not providing skills to people, especially to those from the NPOs that it had funded. Some of the responses from the majority of the participants:

The funds that we receive are not enough; we receive only R50 000 a year while the Durban Art Centre receives R5 million. Therefore, nobody really cares for us in the Eastern Cape. How are we supposed to send staff for training? (N5, participant, 7 November 2019)". "The department must train

people; it must provide training for the staff on how to handle funds and provide such a report to the DSD as the funder. The problem is infighting in some of the funded organisations, and that results in the money going back to the treasury. When there is money people change. It's dangerous; people can die (N4, participant, 7 November 2019).

It could be deduced from this statement that the NPOs did acknowledge that they sometimes failed and that this was not only the DSD's fault. It must be noted that most of the participants representing the NPOs were either the chairperson or the vice-chairperson of their NPOs. This challenge was seemingly felt at a higher level of the NPOs' structures. Participants N7 and N5 thus showed that there was no uniformity in how the NPOs were dealt with. The DSD provided funds to various NPOs but they were not sufficient for the effective operation of the NPOs. Most NPOs were dependent on government grants for survival and it seemed that the challenge of insufficient funds was very significant. It seemed that it was time for NPOs to find alternative ways of making money, rather than being dependent on handouts from the Department (DSD, 2018).

### **Sub-theme 3: The Registration Process Challenge**

The registration process was identified in three sub-themes and was a frequent response provided by the participants in the workshop. It was therefore clearly a significant challenge experienced by the NPOs and could not be over-emphasised. The whole process of registration was included here: The forms required, the travelling needs and expenses, and other necessities were grouped under this sub-theme. The responses from the majority of the participants:

The challenge is that the process of registration takes longer. There is no coordination in the DSD offices at the district level. It took us three years to register. We started in 2014 and only got our certificate in 2016. Fortunately, the DSD was having a roadshow that day (N8, participant, 7 November 2019)". "Those people at the DSD register their family friends just to make sure they get cash, and the NPO owner only gets his ten percent cut when a grant is awarded, or in some cases receives nothing (N5, participant, 7 November 2019).

Another participant supported this claim and alluded:

I think you must be politically inclined or something. I was sent to someone who was an African National Congress Youth League member, who referred me to the National Youth Development Agency, and still experienced some problems (N9, participant, 7 November 2019).

According to the DSD (2018), the turnaround time for the issuing of the DSD registration certificate was expected to be 30 days, but that did not seem to be happening as per participant N8. Some participants also raised concerns about how this process was carried out. It was difficult for NPOs in the Buffalo City Metropolitan Municipality to get registered and begin operating as they had to wait for a year or two before they even received their certificates. It was also discovered that fraudsters and corrupt politicians potentially infiltrated the process of

registration.

This allegation was not tested, and the researchers merely portrayed the direct words of the participant. However, other participants also raised concerns about how the registration process was carried out, supporting the claim by participant N9. It was difficult for NPOs to get registered as such, as they had to wait for a year or two before they received their certificates. The issuing of the certificates was the duty of the National Department of Social Development and that was a problem as these offices were in Pretoria and they processed the applications for the entire country.

#### **Sub-theme 4: The Infrastructure Development Challenge**

Infrastructure included but was not limited to equipment and offices or buildings. The majority of these NPOs did not have their own offices or a place where they could operate. Some of the NPOs rented their offices, while others used public buildings like church halls to run their NPOs:

Even if you do get the equipment and infrastructure, the problem becomes the security and no asset can be left in our building (N3, participant, 7 November 2019).

The problem is that we don't have our own building where we can operate. We decided to go to the church to ask for the church hall (N4, participant, 7 November 2019)". "Our arts center was built by uMKhonto Wesizwe veterans, but now no one is taking care of it. It is not safe to keep equipment there; it may be stolen (N5, participant, 7 November 2019).

The overall finding in response to this question was that many challenges were experienced by NPOs in the Buffalo City Metropolitan Municipality, especially the lack of financial support. Lidner, Mitchell & Nichols (2013) add that NPOs need resources to thrive, which include not only financial resources but also attracting and retaining volunteers' time to allow them to carry out their missions.

### **Analysis of Data from the Interviews**

There were five interviewees: two participants were selected from the workshop while the other three participants were referrals. There were eight potential participants invited but only five people participated in the interviews.

### **The Research Question**

What are the challenges experienced by Non-Profit Organisations in job creation that can alleviate unemployment in the Eastern Cape Province?

### **Responses of Participants**

The majority of the participants interviewed for the present study were of the opinion that NPOs experienced a lack of financial support. The participants stated:

The DSD takes time to fund NPOs. Action is needed; they only fund if they will receive something in return". "Government does not provide funding to

support NPOs, hence we use private companies to fund us (N10, & N1 participants, September 2020).

The overall findings showed the lack of funds left the NPOs unable to afford to rent or build their own structures where they could work. Some NPOs did have a building structure but the problem was safety and maintenance of the structure. Barnard (2020) also found that NPOs were facing a tightening funding climate, growing competition for donors and grants, increased demand for social programmes, and increasing demands for transparency. The Researchers recognised that many, if not all, NPOs across the metro were suffering from what I call “dependency syndrome”. They just waited for the DSD to give them money and if that did not happen, they became disheartened.

## **Conclusion and Recommendations**

In conclusion, the study covered issues related to the background of the study, the problem of NPOs, literature review, methodology, challenges, and opportunities. Although the present study was not designed for generalisation, the findings may be of interest to the DSD and other government departments. The findings of this study are not conclusive because of a rather small non-probability sample that has resulted in precluding the generalisation of findings from the broader population of Non-profit organisations and those affected by the high rate of unemployment in Buffalo City Metropolitan Municipality. The findings from this study support a number of major recommendations for the DSD, namely: Based on the results, it was recommended that the Department of Social Development must provide support with cash and or in kind, consider human development, assist during the registration process, provide NPOs with adequate infrastructure to the NPOs and share the information contained in the NPO database in the Buffalo City Metropolitan Municipality of Eastern Cape Province in South Africa in order to create employment and ultimately alleviate unemployment.

The research limitation: The overall research design and methodology of the present study were limited by certain assumptions. According to Patin (2013), a key assumption of the present study was that the experiences of the key participants would produce knowledge that had value, and Patin (2013) described this as ‘connoisseurship’ and argued that all knowledge was based on experience. This is the hallmark of a qualitative research design and methodology. Furthermore, the present study assumed that participants chosen for the study responded honestly and that these participants had specific knowledge and experience regarding NPOs and/or unemployment. The Social Sciences profession, especially the Development Studies sector, undertakes further research on the subject of the challenges experienced by NPOs to alleviate unemployment in the Buffalo City Metropolitan, Eastern Cape Province of South Africa.

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