

**STRATEGIC RESPONSES TO DECREASED DONOR FUNDING FOR  
NON-GOVERNMENTAL ORGANISATIONS IN THE HEALTHCARE  
SECTOR: THE CASE OF THE AURUM INSTITUTE**

by

**Margaret Sibongile Radebe**

**Student Number: 2014066217**

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**SUPERVISOR: MR W ELLIS**

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## DECLARATION

I, **Margaret Sibongile Radebe**, solemnly declare that this research study titled:

**Strategic Responses to Decreased Donor Funding for Non-Governmental Organisations in the Healthcare Sector: The Case of The Aurum Institute**

is my own work, and has not been submitted for any degree award or publication purposes at any other university or institution of higher learning.

I declare further that all the sources that I have used or quoted have been duly indicated and acknowledged by means of complete bibliographic reference.

Margaret Sibongile Radebe

Signed: *Radebe*

Date: 08 May 2017

## **DEDICATION**

This study is dedicated to my son, Ontshiametse Radebe, and my mother, Josephine Radebe. They have been my pillars of strength and courage for the entire duration of this exegetic project.

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## **ABBREVIATIONS**

AfDB	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
ART	Antiretroviral Treatment
BMGF	Bill and Melinda Gates Foundation
CBO	Community Based Organisation
CDC	Centres for Disease Control and Prevention
CEO	Chief Executive Officer
CSI	Corporate Social Investment
DANIDA	Danish International Development Agency
DCS	Department of Correctional Services
DIFD	UK Department for International Development
DSD	Department of Social Development
EC	European Commission
EDCPT	European & Developing Countries Clinical Trials Partnership
EU	European Union
EXCO	Executive Committee
FBO	Faith-Based Organisation
FPD	Foundation for Professional Development
GDP	Gross Domestic Product
GF	Global Fund to Fight AIDS, Tuberculosis and Malaria
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HIV	Human Immunodeficiency Virus
HR	Human Resources
IAC	International AIDS Conference
ICNPO	International Classification of Non-profit Organisations
ILO	International Labour Organisation
LSHTM	London School of Hygiene and Tropical Medicines
MDGs	Millennium Development Goals
MDP	Management Development Programme
MRC	Medical Research Council
NDA	National Developed Agency
NGO	Non-Governmental Organisation

NHI	National Health Insurance
NIH	National Institutes of Health
NPO	Non-Profit Organisation
ODA	Official Development Assistance
OVC	Orphans and Vulnerable Children
PBO	Public Benefit Organisation
PEPFAR	President's Emergency Plan for AIDS Relief
PFIP	Partnership Framework Implementation Plan
PLHIV	People Living with HIV
PR	Public Relations
RDP	Reconstruction and Development Programme
RTC	Right To Care
SA	South Africa
SAG	South African Government
SARS	South African Revenue Service
SE	Social Entrepreneurship
SLG	Senior Leadership Group
TA	Technical Assistance
TAC	Treatment Action Campaign
TB	Tuberculosis
TEG	Technical Expert Group
TEU	Tax Exemption Unit
TNDT	Transnational National Development Trust
UFS	University of Free State
UK	United Kingdom
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
US	United States
USAID	United States Agency for International Development
USG	United States Government
WHO	World Health Organisation

## **ABSTRACT**

Donor funding has become an extraordinarily unstable enterprise. The decline in donor funding has affected many non-governmental organisations (NGOs) operating in the healthcare sector in South Africa. This research study focuses on strategies employed by the case study organisation, The Aurum Institute (also known as Aurum) in response to decreased donor funding. The Aurum Institute is a Johannesburg-based Non-Profit Organisation (NPO) whose core operation is in the healthcare sector focusing on research, HIV/AIDS and Tuberculosis (TB) programs.

This research has adopted both an exploratory and descriptive research design. Such a qualitative approach has enabled the researcher to study the strategies that Aurum adopts in response to the changing external environment of donor funding. Data was collected by means of semi-structured interviews, document review and a case study method.

The study population consisted primarily of 18 (eighteen) Senior Leadership and Management personnel and senior programme managers of The Aurum Institute who were selected largely according to their work experience and position in the organisation.

In essence then, this research study aims to contribute to the resource dependency theory by identifying the strategies that NGOs in the South African healthcare sector employ in response to decreased donor funding. The study raises one major question: How can NGOs in the South African healthcare sector strategically respond to decreased donor funding? The ultimate goal of this study is to identify alternative strategies that NGOs could employ in order to limit dependency on donor funding. The strategic responses NGOs employ include diversification, collaborations, social entrepreneurship, adaptation and establishing efficiencies.

The researcher anticipates that on the basis of the findings and recommendations of the study, a regime of guidelines would be developed as reference point for healthcare sector NGOs to improve their performance and efficiency, and attract donor funding on the basis of informed and evidence-based decision making processes.

**Key words:** dependence; donor funding; non-governmental organisation; non-profit organisation; resource dependency theory

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## **CHAPTER 1 OVERVIEW OF THE STUDY**

### **1.1 INTRODUCTION AND BACKGROUND**

Funding constitutes an integral and indispensable part of an organisation's operations, and many Non-Governmental Organisations (NGOs) depend largely on external funding for their own survival. Accordingly, Busiinge (2010: 8) and Mbom (2012: 37) agree that there has been a significant increase in donor funding to NGOs in the past two decades. Pfeffer and Salancik (2003: 442) on the other hand, maintain that many organisations tend to be externally influenced by other organisations that have control over resources such as funding. In South Africa, the decline of donor funding has affected many NGOs operating in the healthcare sector (Stuart, 2013).

NGOs working in the healthcare sector play an increasing role in the provision of adequate healthcare services for the benefit of communities they serve. The following factors form part of a viable healthcare service: health promotion; prevention and control of local endemic diseases; appropriate treatment of common diseases; as well as the provision of essential drugs (Van Rensburg, 2004: 4). While NGOs also provide the vital links between the community and government, they further provide adequate healthcare services by identifying and providing for the healthcare needs and facilitating access to healthcare services for the benefit of the self-same constituencies they serve (Van Rensburg, 2004: 6).

#### **1.1.1 The State of Donor Funding in the South African Healthcare Sector**

In 48% of the 46 countries comprising the World Health Organisation (WHO) African Region, it is estimated that the total healthcare expenditure costs more than 20% of the respective national budgets (Kirigia & Diarra-Nama, 2008: 889). For instance, the WHO African Region alone spent approximately 35.53 billion United States Dollars (USD) on health in 2004. Approximately 6.25% of this healthcare expenditure was from external funding sources.

According to the WHO 2013 Global TB report, South Africa is ranked the world's third highest country experiencing the burden of TB (Blecher, Chiu, Abdullah, Davén, Tavanxi, Meyer-Rath, Pillay, Kollipara & Borowitz, 2016: 203; WHO, 2013). In addition, South Africa is one of the countries with the highest number of people living with

Human Immunodeficiency Virus (HIV) in the world (7.0 million) which receive bilateral funding from the international donor governments (Kaiser Family Foundation, 2016). According to Kates, Wexler, Lief, Avila & Gobet (2011: 14), "bilateral funding is defined as any earmarked, HIV-designated amount, including earmarked contributions to multilateral organisations, such as the Joint United Nations Programme on HIV/AIDS (UNAIDS)". This form of assistance is provided by means of funding mechanisms such as bilateral aid and contributions to global donor organisations such as the Global Fund to fight Acquired Immune Deficiency Syndrome (AIDS), Tuberculosis (TB) and Malaria (GF) and President's Emergency Plan for AIDS Relief (PEPFAR), which are the two primary HIV and AIDS aid organisations (Kates et al., 2011: 1). The United States (US) is reportedly the foremost international donor, contributing approximately 64.5% of funding to NGOs in 2014; followed by the UK, which contributed 12.9% in 2014 (Kates et al., 2011: 1).

PEPFAR was established in 2003 to combat the global HIV and AIDS pandemic (Hecker, 2009). On the other hand, GF was established in 2002 in order to prevent and treat AIDS, TB, and Malaria. GF works closely with governments, civil society, the private sector, and communities to combat these pandemics. GF has made remarkable strides in this regard, contributing 57% of funding to Sub-Saharan countries in 2002 (Hecker, 2009).

The local South African healthcare system has been financed through various mechanisms, which include allocations from general tax, private medical schemes, out of pocket payments and contributions by various committed donors (Ataguba & Akazili, 2010: 74). The country currently spends 8.8% of Gross Domestic Product (GDP) on healthcare. In the past four years, approximately 12% was spent on HIV responses alone annually (OECD, 2014: 1). Since earmarked GDP performance alone is insufficient to resolve all citizens' healthcare need, a larger pool of healthcare funding mechanisms has become a dominant form financing the healthcare system in South Africa (Ataguba & Akazili, 2010: 74). Despite such expenditure patterns, the latter authors contend that one of the major issues in South Africa is premised on raising sufficient resources to finance healthcare needs for all citizens. Organisations such as PEPFAR have occupied this funding space. Since 2004, PEPFAR has made contributions of more than \$4.2 billion in the South African healthcare sector (PEPFAR, 2014). Such initiatives have accelerated the response to HIV and AIDS and TB

epidemics, while also focusing on developing human capacity; monitoring and evaluation of healthcare programmes; scaling-up of prevention, treatment, care and support programmes, and strengthening Community-Based Organisations (CBOs) (United States Institute of Medicine, 2011: 122).

Domestic public expenditure constitutes approximately three quarters of all HIV/AIDS spending in the country, with PEPFAR absorbing the remaining one quarter. In addition, approximately 80% of PEPFAR funding is directed towards South African NGOs, which has enabled these NGOs to provide technical assistance (TA) and capacity building in order to support the South African Government's (SAG) efforts to meet prevention, care and treatment [National Department of Health (NDOH), 2015)].

PEPFAR has established direct funding agreements with more than 120 prime implementing partners in South Africa, including the SAG, NGOs, parastatals, labour organisations, the private sector, as well as academic institutions. This collaborative effort is necessary for the scaling-up life-saving HIV/AIDS prevention, care and treatment services across the country (Wexler, Valentine & Kates, 2016: 1).

WHO has called for universal coverage amongst countries, which relates to the generation of healthcare funds as well as equity in access and guaranteed financial risk protection (Ataguba & Akazili, 2010: 74). In response to the call by WHO for countries to move toward universal coverage, South Africa committed itself in 2007 to establish the National Health Insurance (NHI) system. It is envisaged that the NHI will propel the process of addressing health system challenges, while improving access to quality health services through the development and implementation of policies which ensure universal healthcare coverage (National Department of Health, 2015: 30). However, the ability to achieve universal coverage and remain financially sustainable has been limited by the decline in donor funding.

## **1.2 PROBLEM STATEMENT**

The research problem of the study is largely premised on the "level of conceptualisation" in terms of which the researcher recognises and acknowledges the existence of an unresolved or problematic state of affairs or situation (Babbie, 2010: 73; De Laine, 2000: 3-4). In such a situation, the researcher's primary focus is on the identification, description, and explanation or interpretation of the particular state of

affairs and its resolution in a practical and systematic manner (ibid). The unresolved situation could, for example, be located within a specific gap in the existing body of knowledge. In this study, the body of knowledge is particularly premised on donor funding in the healthcare sector. It is also to be noted that the “level of conceptualisation” of the research problem is not peripheral to the other units of analysis of the study – such as the research topic itself; the research aim/purpose and objectives; the research questions; the conceptual or theoretical framework; and the data collection and analysis mechanisms employed in the particular study (Bless, Higson-Smith & Sithole, 2013: 30). In this study, the continuum in the identification, description, and explanation of the research problem provided a context within which the state of decreasing donor funding in the healthcare sector could be adequately presented and discussed.

There is broad-based scientific consensus on the uncertainty and decline of donor funding (Abouassi, 2012; Elbers & Arts, 2011; Hendrickse, 2008; Katz, Routh, Bitran, Humle, & Carlos 2014; Mitchell, 2012; Pfeffer & Salancik, 2003). The extent of the decline and uncertainty in donor funding has had a major impact on healthcare sector NGOs in South Africa. In some instances, the shrinking donor funding patterns have placed financial pressure on other organisations, resulting in the closure of some (Eldridge & Nisar, 1995: 137; Kuhnert, 2014: 1). This state of affairs is compounded by the fact that NGOs working in the healthcare sector have struggled to be financially self-sufficient in that they depend on donor funding for their survival. Such a situation is inimical to their survival as these NGOs could lose their autonomy (Mitchell, 2012: 66).

According to the African Development Bank (AfDB) (2013: 1), health systems in Africa are underfunded, overstretched, and understaffed. In South Africa, the challenge currently facing the government is that of raising sufficient resources to finance healthcare needs for all citizens (Ataguba & Akazili, 2010: 74). These resource constraints have a negative impact on the economic development of the country as a whole. The resource constraints manifested in the form of inefficient public institutions, lack of innovation, and poor markets and infrastructure.

The consequences of the decline in donor funding have resulted in the unsustainable process of changing programmes from one strategic direction to another; the retrenchment of employees working for donor-funded NGOs; as well as development

agendas which are donor dominated and resulting in NGOs becoming unable to pursue their own preferences (Elbers & Arts, 2011: 713). The latter occurs in the event of NGOs realigning their strategies in order to align with the new donor's strategic direction and focus. There is also a lack of ownership of development interventions on the part of NGOs. All these consequences expose NGOs to resource dependency.

In view of the background provided above, the main problem to be addressed by this study is therefore: How can NGOs in the South African healthcare sector respond strategically to the decreasing donor funding environment?

### **1.3 STUDY AIM AND OBJECTIVES**

According to authors such as Babbie (2010: 563), Fouche (2002: 107) and Henning (2005: 11), the terms 'study aim', 'goal', or 'study purpose' on the one hand, and 'study objectives' on the other, are interrelated but refer to two different research nuances. In this context, an inextricable link exists between the research problem and the research aim/purpose and objectives. Moreover, another school of researchers and social scientists concur that 'study aim' and 'study purpose' are synonymous with 'study objectives' (Babbie, 2010: 563; Fouche 2002: 107; Henning, 2005: 11:).

For purposes of the current study, the terms 'aim', 'purpose', 'goal', or 'research objectives' are considered and applied as two distinct, but complementary research nuances. Therefore, the research aim, purpose, or goal is concerned with the more general or broadly stated intentions of the study. The aim/ purpose/ goal of the current study, therefore, is to explore and analyse the strategic responses adopted by The Aurum Institute in response to decreased donor funding. The Aurum Institute (hereinafter referred to as 'Aurum') is a Johannesburg-based healthcare sector Non-Profit Organisation (NPO), Public Benefit Organisation (PBO) whose strategic focus is on research, HIV/AIDS, and Tuberculosis (TB) programmes. The organisation operates in all the nine provinces of South Africa, and has a track record of over 18 years in grant management and execution, governance, and reporting in the HIV/AIDS and TB environment (Aurum, 2015).

#### **1.3.1 Study Objectives**

As opposed to the research aim, purpose, or goal as describe in Section 1.3 above, study objectives refer to the more specific intentions of the study (Babbie, 2010: 563;

Fouche 2002: 107; Henning, 2005: 11). By logical conclusion, therefore, and in order to realise the aim of the study, the following objectives were identified as sacrosanct to the study:

- To describe the perceived impact of the decline in donor funding in the healthcare sector;
- To explore the nature and possible effects of NGOs' dependency on donor funding;
- To investigate the potential strategic responses to decreased donor funding in relation to the resource dependency theory; and
- To explore the possible strategies that NGOs such as The Aurum Institute employ in response to decreased donor funding.

It is the researcher's contention that the articulation and execution of the above-cited objectives is realisable – not in isolation, but in conjunction with the study's other units of analysis, such as the research problem, research questions, as well as the indispensable data collection and analysis mechanisms employed in the study.

#### **1.4 RESEARCH QUESTIONS**

According to Babbie (2010: 563) and Bless, Higson-Smith and Sithole (2013: 30), research questions are not stand-alone research nuances. Rather, they are symbiotically connected to the other pertinent research variables; such as the research topic, the research problem, the research aim and objectives, as well as the indispensable data collection and analysis mechanisms employed in the study. The pertinent questions in the current study have been delineated into the main or primary research questions, and the secondary, supporting, or sub-questions.

##### **1.4.1 Primary Research Question**

In view of the background provided above, the main question to be addressed by this study is:

*How can NGOs in the South African healthcare sector strategically respond to decreased donor funding?*

##### **1.4.2 Secondary Research Questions**

The following propositions constitute the secondary or sub-research questions:

- What is the perceived impact of the decline in donor funding in the healthcare sector?
- What is the nature and possible effects of NGOs' dependency on donor funding?
- What are the potential strategic responses to decreased donor funding in relation to the resource dependency theory? and
- What are the possible strategies that NGOs such as The Aurum Institute could employ in response to decreased donor funding?

It is the researcher's contention that articulation and response to the above-cited research questions is realisable – not in isolation, but in conjunction with the study's other units of analysis, such as the research problem, research questions, as well as the indispensable data collection and analysis mechanisms employed in the study.

## **1.5 CONCEPTUAL/ THEORETICAL FRAMEWORK**

The conceptual or theoretical framework/ parameters of a study are premised within “a particular intellectual perspective or paradigm or research tradition aimed at developing definitions, cognitive concepts or abstract ideas that are logically organised according to the philosophical principles, assumptions, and context of the research problem, the research aim/purpose and objectives, and research problem on the one hand; as well as the data collection and data analysis processes on the other” (Ramenyi & Bannister, 2013: 11). Furthermore, the conceptual or theoretical framework/ parameters posits the identification, development, and organisation of abstract ideas or concepts in accordance with their thematic relevance (Holloway & Wheeler, 2010: 24). The latter authors illuminate further that “a paradigm consists of theoretical ideas and technical procedures that a group of scientists adopt and which are rooted in a particular world view with its own language and terminology”.

Conceptual frameworks or theoretical models rely on the identification and definition of key concepts such as seminal statements/ propositions or “building blocks of thematically-connected philosophical principles or abstract ideas relevant to the study” (Van der Walt & Van Rensburg, 2010: 22). Furthermore, conceptual frameworks also represent “less formal and less developed mechanisms for organizing phenomena than theories” (Van der Walt & Van Rensburg, 2010: 22). Conceptual perspectives enable researchers “to organize ideas that demonstrate the study as a logical extension of current knowledge by means of theoretical framework, based on theories,

conceptual paradigms, or assumptions” (Van der Walt & Van Rensburg, 2010: 25). In view of the latter authors’ contention, it is therefore reasonable that conceptual frameworks or parameters could be regarded as preceding theoretical models.

### **1.5.1 Definition of Key Concepts**

This section presents some of the key philosophically-inclined terms used in this research study. Key concepts relate to “the cognitive units of meaning, abstract ideas, or mental symbols defined as units of knowledge relevant to a phenomenon or phenomena under investigation [in this case, the decline of donor funding in the healthcare sector]” (Babbie, 2010: 176). The key concepts defined below are reflective of the seminal, philosophical, and cognitive or abstract units, ideas, or symbols which are thematically associated with the foundational aspects of the research topic (Holloway & Wheeler, 2010: 24; Ramenyi & Bannister, 2013: 11). Most importantly, the definition of the identified key concepts is intended to obviate ambiguity and amorphous lexical or semantic messages (Brink et al., 2010: 25). In addition, the definitions are intended to provide factual, technical, textual, and specific contextual clarity to the reader (Brink et al., 2010: 25).

**Dependence:** The pattern of external reliance of well-integrated actors or institutions on one another (Caporaso, 2003: 13). In the context of this study, dependence is described as a process according to which an organisation's need to acquire resources leads to the development of exchange relations between the needy and the provider or donor organisation. Accordingly, the need for resource acquisition creates dependencies between the recipient organisation and other organisations in its environment (Johnson, 1995).

**Dependency:** Dependency differs slightly from dependence. According to Pfeffer and Salancik (2003: 10), dependency refers to “the product of the importance of a given input or output to the organisation and the extent to which is controlled by relatively few organisations”. For purposes of this study, dependency is construed as a condition, and is premised on the extent to which a particular organisation is reliant on the resources of another organisation. Such reliance then produces power relations, and exposes the ‘weaker’ or financially exposed organisation to the control of the organisation that owns the resources (funding).

**Donor funding:** In the context of this study, donor funding is used interchangeably with “foreign-aid”, which is itself related to “Official Development Assistance (ODA)” (Glennie & Hurley, 2014: 26). The current study has adopted the definition by Abuzeid (2009: 16), who defines ODA “as the flow of official financing to the developing world that is concessional in character, namely grants and loans with at least a 25 percent grant component”.

**Non-Governmental Organisation (NGO):** The term is widely used in different contexts. NGOs are recognised as key actors in the development sector, focusing on human rights, humanitarian action, the environment, and many other areas of public action. NGOs are best-known for the delivery of services to needy people, the organisation of policy advocacy, and public campaigns in pursuit of social transformation (Lewis, 2007: 1). In the context of this study, NGOs are regarded as non-profit making institutions that play a key role in filling-in the service gaps left by government.

**Non-Profit Organisation (NPO):** In terms of Section 1 of the NPO Act (Act No. of 1997), an NPO is defined as “a trust, company or other association of persons established for a public purpose and of which its income and property are not distributable to its members or office bearers except as reasonable compensation for services rendered. NGOs and Community Based Organisations (CBOs) are collectively known as NPOs” (Department of Social Development, 2011: 4).

**Resource Dependency Theory:** A theory of organisations that seeks, amongst others, to describe organisational behaviour, especially in respect of the acquisition of critical resources necessary for their survival and functioning (Jacobs, 1974: 47; Johnson, 1995: 1). According to the characterisation of the resource dependency theory by Pfeffer and Salancik (1978: 1); and Pfeffer and Salancik (2003: 2), organisations are viewed as open systems which depend on unforeseen events in the external environment.

**Strategy:** A plan, course of action, or vision for the future (Westrum & Samaha, 1984: 270). Strategy can also be regarded as a rational process that determines how available resources could be used to exercise control over a set of circumstances in order to achieve certain objectives (Yarger, 2006: 1).

## **1.5.2 Study Assumptions**

This section presents the underlying assumptions that the researcher brings to the study, which relates to organisational behaviour in respect of declining donor funding. Knobloch (2010: 44) asserts that both the conceptual parameters and study assumptions reflect the researcher's understanding, beliefs, feelings, and philosophical values and research traditions "leading to the particularisation of the relevant or applicable theory concerning the study's objectives and the problem to be resolved" (Knobloch, 2010: 44). In the context of this study, assumptions are then premised on the researcher's worldview or "objective representation or generalisation of reality in relation to the phenomenon under investigation" (Brink et al., 2010: 26). Most specifically "the phenomenon under investigation" refers to the decline of donor funding in the healthcare sector.

### **1.5.2.1 Ontological Assumptions**

Ontology is referred to as the study of "being". That is, the researcher's presentation and understanding of the nature of reality, truth and knowledge (Brink et al., 2010: 34). The researcher then posits that organisations are by their nature not self-sufficient, and therefore, depend on donors for funding for operational survival (Davis & Cobb, 2009: 3). In addition, non-governmental organisations are established in response to social needs (Greater Capital, 2012: 3), thus, established as non-profit making institutions in that the nature of their establishment does not necessarily generate profit.

### **1.5.2.2 Epistemological Assumptions**

Epistemological assumptions are based on the researcher's knowledge of reality (Van der Walt & Van Rensburg, 2010: 22). Organisations need to possess the knowledge which will enable them to acquire certain critical resources in order to survive and function. Subsequently, this leads to dependency over those resources. As such, this study makes the assumption that organisations need the necessary knowledge concomitant with the reality of adapting to a variety of strategies to manage external dependencies. Thus, the overarching assumption is that strategic responses identified in this study, does not only apply to the case study organisation and other organisations in the healthcare sector only, but to any organisation and other sectors

where external resources are needed. Therefore, the knowledge gained from this study could be applied to other organisations that depend on external resources for their survival.

### **1.5.2.3 Methodological Assumptions**

Methodological assumptions are mainly based on the researcher's conceptualisation of the variety of qualitative research methods which were utilised in the study (Van der Walt & Van Rensburg, 2010: 22). In this study, the variety of qualitative research methods included semi-structured interviews, document review, and the case study method in order to provide adequate answers to the research questions. The semi-structured interviews are based on the assumption that face-to-face, in-depth interviews will provide a wide range of responses as questions are open-ended to allow various views and opinions to emerge (Prasad, cited in Sharma, Prasad & Satyanarayana, 1983: 143), and thereby offering additional information on the strategies that NGOs adopt in response to decreased donor funding. Document review is utilised on the assumption that it will fill in the gaps by providing some of the general information not collected from the interviews. The utilisation of The Aurum Institute as a case study method is premised on the assumption that information collected from one case study organisation could be applied to other organisations in the healthcare sector and other non-healthcare sectors.

### **1.5.3 The Study's Theoretical/Meta-theoretical Grounding**

According to Knobloch (2010: 44), a theory is basically "an organised symbolic representation of reality, and specifies relationships among key concepts, ideas or phenomena of interest". Furthermore, theories provide philosophically framed propositions for the explanation of data patterns (Knobloch, 2010: 44). The current study is theoretically grounded on the resource dependency theory.

#### **1.5.3.1 The Resource Dependency Theory: Its Main Principles and Applicability/Relevance to the Study**

The resource dependency theory was originally established by Pfeffer and Salancik in 1978, and was first published in their book titled: *The External Control of Organisation: A Resource Dependence Perspective* (Delke, 2015: 2). The resource dependency

theory is a useful guide for the design and management of externally constrained organisations (Delke, 2015: 2). Notably, the resource dependency theory could be considered as an empirical theory, as it links the dependency concept to the actual experiences and realities of organisations relying on donor funding (Delke, 2015: 4). Thus the resource dependency theory is the theory that is used to inform this study. In its original nature, the resource dependency theory was developed to provide an alternative approach to economic theories and to understand the relationship between NGOs and donors (Davis & Cobb, 2009: 3). The main idea was to ensure the organisation's survival beyond donor support, identify strategies that organisations could adopt to enhance their own autonomy and pursue their own interests, while maintaining stability in the organisation's exchange relations (Davis & Cobb, 2009: 3).

The theory further focuses on the critical resources that are required by certain types of organisations in order to survive, which ultimately leads to these organisations' dependence on other organisations in their environment (Pfeffer & Salancik, 2003: 2; Johnson, 1995: 2). In contemporary literature, the resource dependency theory emphasises the external control and resource irregularities by NGOs on the external environment (Mitchell, 2012: 70). This approach posits that many NGOs lack sustainability plans because of their reliance on the external environment, which exposes them to financial dependency and the possibility of external control (Abouassi, 2012: 2; Mitchell, 2012: 67). It therefore appears that many NGOs working in the healthcare sector in South Africa are struggling to be financially self-sufficient. Pfeffer and Salancik (2003: 3) highlight factors that determine an organisation's dependency on other organisations. One of the factors is the availability of resources required for the particular organisation's operation and survival. There is also the factor of few alternatives to such resources, which enhances the extent of control by those who own resources (Pfeffer & Salancik, 2003: 4).

This research study adopts the resource dependency approach because of its focus on the relationship between NGOs and donors. According to Mitchell (2012); Pfeffer and Salancik (2003); Ruggiano and Taliaferro (2012); and Sheppard (1995: 28); the key assumption of the resource dependency perspective is that an organisation's survival is based on the acquisition and maintenance of resources from the environment - in particular funding. Funding has been found to be the major driving force that affects the relationship between NGOs and donors. Thus in respect of the

resource dependency theory, this research agrees with Abouassi's (2012: 13) view that most organisations are not resource sufficient and therefore depend on the support from external donors who control resources. In turn, the recipients of donations are placed in situations requiring them to comply with donors' demands. This research further agrees with the contention by Mitchell (2012) and Sheppard (1995: 5) that over reliance on donor funding could lead to organisational submissiveness and loss of organisational autonomy. It could be further argued that resource dependence has the potential to hinder NGO-donor relationships in the event that recipient NGOs become subordinates instead of partners. Abouassi (2012: 13) adds that organisations that depend heavily on external resources are subject to more demands and influences by donors.

#### ***1.5.3.1.1 The Main Principles of the Resource Dependency Theory***

The main principles of the resource dependency theory are underlined by the following foundational propositions and seminal philosophical principles. The articulation of these principles is critical, as it juxtaposes their theoretical provenance with their practical relevance or applicability to the study.

- Resource dependency theory as a guide to describe and understand organisational behaviour;
- Resource dependency theory as a guide to understand the environmental influence on organisational relations;
- Organisational survival is influenced by its ability to acquire and maintain resources;
- The need for organisations to acquire resources creates dependencies between the organisation and other actors in its environment; and
- Organisations have strategies to enhance their autonomy and pursue their own interests.

#### ***1.5.3.1.2 The Resource Dependency Theory's Applicability/ Relevance to the Study***

This study focuses on the decline in donor funding and investigates organisations' strategic response to such decrease. The study utilises The Aurum Institute as a case study organisation in unpacking the strategies that NGOs adopt in response to

decreased donor funding. This study has observed that many NGOs rely on donor funding for their existence and survival. As a result, this threatens their autonomy as they are exposed to control from the external environment. Thus this study seeks to contribute to the resource dependency theory by identifying some of the strategies that NGOs employ in order to remain sustainable. The resource dependency theory is relevant to this study as it focuses on organisations' relations with other organisations within their environment. The resource dependency theory also focuses on how organisations attempt to maintain their independence from the donors on whom they rely on for funding. It is within the continuum of decline-dependence-sustainability that this study is formulated.

## **1.6 VALUE/ RELEVANCE OF THE STUDY**

The primary goal of this study is to explore and analyse the strategic responses adopted by healthcare sector NGOs in response to the extant decline in donor funding. Accordingly, the value or significance of the study is located collectively within the parameters of its rationale and justification. It is largely on the basis of its findings and ensuing recommendations, that both the achievement of the aim/purpose and objectives and value will be determined. In this regard, the researcher concurs fully with the statement that: "Knowledge is not regarded as something which is good in itself, and hence worth pursuing for its own sake. *It follows that knowledge which could be used for a specific social, economic or political purpose would be the primary form pursued ...* [researcher's own italicised emphasis]" (Bunting, 2002: 66-67).

In the context of the above, the value or relevance of this study then, is justifiable and motivated in respect of its disciplinary/ epistemological significance or relevance; the institutional or organisational significance/ relevance; as well as on its practical socio-economic relevance or implications.

### **1.6.1 Disciplinary or Epistemological Relevance**

This research study aims to contribute to the utilisation of the resource dependence theory by exploring and analysing the strategies that NGOs in the South African healthcare sector employ in response to decreased donor funding. The aim hereto is to limit dependency on external funding by NGOs in the healthcare sector in South Africa.

This research builds on the resource dependency theory which has been adapted by many NGOs working in the healthcare sector. This research is thus formulated on the basis of contributing to the utilisation of the resource dependency theory by exploring and analysing the strategic responses to decreased donor funding. This is done in the quest to decrease dependency on donor funding.

The research questions articulated in Section 1.4 (p. 6) of this study are theoretically significant for several reasons. Firstly, studies have been conducted that focus on strategies which NGOs employ to address donor requirements and donor constraints. These studies include literature that focuses on sustainability of NGOs and exit strategies that NGOs employ beyond donor funding (Busiinge, 2010; Cairney & Kapilashrami, 2014; Elbers & Arts, 2011; Gachambi, 2007; Katz et al., 2014; Kirigia & Diarra-Nama, 2008; Kuhnert 2014; Mazibuko, 2007; Mbom, 2012; Mitchell, 2012). Previous research also focused on NGO-donor relations in the South and Sub-Saharan African Countries (Abouassi, 2012; Busiinge, 2010; Kirigia & Diarra-Nama, 2008; Mitchell, 2012). However, there seems to be limited scientific literature available on the strategies adopted by NGOs in response to decreased donor funding in the context of South African based NGOs (Elbers & Arts, 2011: 723; Kihato, 2001).

Findings from the above-mentioned studies suggest that where strategies exist for NGOs to address donor requirements and conditions, these strategies are not always available to all organisations due to differences of their origins, purpose, level of participation, size, funds, and operational emphasis (Westrum & Samaha, 1984: 12). In some cases, donors revise their strategic objectives and funding priorities periodically (Abouassi, 2012: 114). In the latter instance, this requires consultation with NGOs and government agencies. Notwithstanding the donors' revision of their strategic objectives and directions, these studies yield that there is little representation of NGOs in the revision process.

In other cases, these strategies have undesirable consequences (Elbers & Arts, 2011: 713). For instance, some of the donors do not incur certain expenditure variables such as overhead costs, and this impacts adversely on NGOs as they are not able to sustain and strengthen themselves (Elbers & Arts, 2011: 713). Therefore, this study seeks to contribute to existing literature by exploring the possible strategies that NGOs in the South African healthcare sector could employ in response to decreased donor funding.

Secondly, this study makes a theoretical contribution to the utilisation of the resource dependency theory in the field of NGOs and their financing. It should be noted that there is literature that focuses on scientific studies in the field of the resource dependency theory (Boyd, 1990; Bryant & Davis, 2012; Davis & Cobb, 2009; Hessel & Terjesen, 2010; Pfeffer & Salancik, 1978; Pfeffer & Salancik, 2003; Rauh, 2010; Ruggiano & Taliaferro, 2012; Mitchell, 2014; Sheppard, 1995). Within that literature, a limited number of studies have focused on how organisational behaviour can be understood in the context of resource dependency theory. Other studies have focused on the power and network relationships between NGOs and donors in the context of the resource dependency theory. While these studies argue that some of the NGOs fall in the dependency trap due to over-reliance on donor funding. Rather, this study argues that it is important to explore strategies that NGOs employ in response to the decrease in donor funding.

Other studies have combined the resource dependency theory with other organisational paradigms, such as institutional theory. These studies were concerned with understanding the inter-governmental relationships between NGOs and donors (Hessels & Terjesen, 2010: 205). However, not much attention has been given to formalised research on the strategic responses to decreased donor funding in relation to the resource dependency theory. Therefore, the epistemological or disciplinary significance of the study resides on its investigation of the resource dependency theory as a predictive mechanism of strategic responses to the decline in donor funding.

### **1.6.2 Institutional or Organisational Relevance**

According to Sheppard (1995: 28), the basic assumption of the resource dependency theory is that organisations survive by acquiring and maintaining resources from their environment. The above-cited author further discusses ways in which organisations could increase their likelihood of survival and reduce dependency on donors. The latter author cites the following survival approaches:

- choose areas that are more profitable and controllable to conduct business;
- merge with other organisations, or diversify in order to limit the effects of dependency; and
- develop external linkages to deploy exchange relationships.

In exploring and analysing the strategic responses to decreased donor funding by NGOs in the South African healthcare sector, this research draws on the experiences of The Aurum Institute, whose selection as a case study was largely on the basis that it is a South African-based organisation of outstanding reputation in the healthcare sector with over 18 years of experience in the field. As such, other NGOs can learn from its experience in strategically responding to decreased donor funding.

Furthermore, The Aurum Institute was selected on the basis of the amounts of funding it receives from multiple bilateral donors – such as the PEPFAR, United State Agency for International Development (USAID), Global Fund (GF), Anglo American, Bill and Melinda Gates Foundation (BMGF) and various other donors. The Aurum Institute's easy geographic accessibility is advantageous, as it translates to the efficient collection of data by individuals and organisations. The benefits of this study to other NGOs is that they could learn on the utilisation of various strategies in addressing the decline in donor funding – as is the case with The Aurum Institute.

### **1.6.3 Socio-Economic Relevance or Implications**

As explicitly stated above, organisations are established in response to societal or social needs. Therefore, organisations need to acquire certain resources from their operational environments, in order to prevent the increase of the likelihood of vulnerability and dependencies on these external environments.

Organisations that are not self-sufficient enter into exchange relations with mainly providers or donor stakeholders. The association is thus characterised by power relations with those organisations or actors who own the resources and those organisations that rely on the acquisition of those resources in order to survive. Therefore, well-endowed organisations owning those resources have the power to control the behaviour of those who are resource dependent. The socio-economic significance of this study is thus located in the identification of adaptive strategies that organisations pursue to manage and mitigate those dependencies in order to leverage a modicum of socio-economic independence. Since donors are the dominant actors in the NGO-donor relationship, such adaptive strategies would have an immense impact in helping organisations access funds and other types of critical resources required.

## **1.7 ETHICAL ASPECTS AND CONSIDERATIONS IN THE STUDY**

Most forms of social research inevitably anticipate ethical issues in the process of conducting research (Wiles, 2013: 9). Researchers are obliged to take note of the various concerns relating to ethical issues. Such concerns include, among others, the relationships with participants; unclear relational boundaries; the emotional and therapeutic nature and impact of interviewing; as well as ethical dilemmas throughout the research process (Kendall & Halliday, 2014: 306).

Ethical research is concerned with moral behaviour in research contexts (Wiles, 2013: 4). Researchers therefore need to plan according to their specific context as most of the ethical challenges and dilemmas are unique to each individual research. According to Bulmer (cited in Bryman & Burgess, 1999: 3), ethics are a matter of being sensitive to the rights of others in observance of the respect for human dignity. Therefore, researchers need to take into consideration issues of ethics from the inception of the research problem until the interpretation and publishing of results as this forms a critical part of the substructure of the research process (Hesse-Biber & Leavy, 2011: 59).

According to Marczyk, DeMatteo, and Festinger (2005: 233), studies that involve human participants often involve some degree of risk. This then poses an ethical dilemma to the researcher with regards to the extent to which participants could be placed at risk. Aspects of ethical research include informed consent, minimising harm to participants, and ensuring privacy, anonymity and confidentiality (Kendall & Halliday, 2014: 306). Accordingly, the following ethical considerations were upheld in this study: permission to conduct the study, principle of beneficence, principle of respect/autonomy and principle of justice which will each be discussed in detail below. It is to be noted that each principle entails some rights pertaining to the research participants and obligations pertaining to the researcher.

### **1.7.1 Ethical Aspects Pertaining to the Researcher**

The researcher's foremost ethical concern was premised on the granting of permission to conduct the study. Accordingly, the researcher obtained approval to conduct the study from the University of the Free State (UFS). The researcher also requested permission to conduct the research from the Chief Executive Officer (CEO) of The

Aurum Institute, Southern Africa Region. Written approval was granted by the CEO prior to the commencement of the interview phase.

## **1.7.2 Ethical Aspects Pertaining to the Participants**

The ethical aspects pertaining to the research participants are largely based on the researcher's fair and respectful treatment of the research participants in accordance with the inviolable culture of human rights and dignity enshrined in the country's Constitution. The ensuing ethical aspects and practices are categorised into principles, each entails an observable range of rights.

### **1.7.2.1 The Principle of Respect for Human Dignity**

Aspects of ethical research include informed consent, minimising harm to participants; while ensuring privacy, anonymity and confidentiality (Kendall & Halliday, 2014: 306). From the researcher's perspective, the principle of the respect for human dignity – by virtue of its sacrosanct emphasis on the non-commodification of participants – is the most overarching of all the ethical principles and their concomitant rights. The main rights attendant to this principle are: the right to informed consent; the right to voluntary participation; the right to privacy; the right to confidentiality; the right to anonymity; as well as the right to full disclosure.

#### **1.7.2.1.1 The Right to Informed Consent**

The right to be fully informed of all aspects of the research is arguably the most sacrosanct dynamic of the principle of respect for human dignity. Informed consent entails that the research participants have agreed verbally or in writing to be involved in the study based on their full understanding that none of their human rights will be violated by the researcher (Hesse-Bibber & Leavy, 2011: 70). Informed consent plays a significant role in research in that participants are provided with clear information about their participation in the research, and are provided with an opportunity to decide whether or not they wish to participate (Hesse-Bibber & Leavy, 2011: 70). Informed consent involves making participants aware of *what* the research is all about, *why* the research is carried out, what will happen to the research findings and results; and how the research findings and results will be disseminated. It further involves informing participants of what their participation in the research study will involve, outlines how

potential risks and benefits and issues of confidentiality and anonymity will be addressed or resolved (Kendall & Halliday, 2014: 307).

According to Bless, Higson-Smith and Sithole (2013: 25) and Marczyk et al., (2005: 247), informed consent can be described as the basis of human rights protections. This means that participants' involvement in this research study is voluntary. The written consent contains the title of the research study, the objectives of the research, the research methods and the type of participants expected to participate in the study. In carrying out this research study, participants were fully informed about the research study, in order that they understood what their participation entailed. However, the researcher made careful decisions about the amount of information provided, *when* and *how* such information was provided (Wiles, 2013: 27). The latter implies that informed consent was obtained from only the prospective research participants who were selected for involvement in the study according a pre-determined selection criteria. Consequently, all the participants signed informed consent forms prior to the semi-structured interview sessions.

#### **1.7.2.1.2 The Right to Voluntary Participation**

The right to voluntary participation upholds that the research participants are autonomous and self-regulating persons. As such, they have the capacity to freely express their right to self-determination. Their voluntary participation is preceded by their informed consent, since they cannot freely participate in something which has not been clearly articulated to them. It is on the basis of their voluntary participation that participants could opt out or withdraw from the empirical aspect of the study at any stage during its execution, with no punitive measures taken against them (Bless, Higson-Smith & Sithole 2013: 30; Hesse-Biber & Leavy, 2011: 71).

In this study, all participants took part voluntarily, and none were forced or coerced against their will.

#### **1.7.2.1.3 The Right to Privacy**

The ethical aspects of privacy, confidentiality, and anonymity collectively establish different means of the non-disclosure of participants' personal information and identity (Wiles, 2013: 42). It means that none of their personal information and identity are to

be allocated to the public domain – including unauthorised individuals and organisations, who are not directly linked with the study.

#### **1.7.2.1.4 The Right to Confidentiality**

Similar to privacy, confidentiality implies that no personal information of the research participant is to be publicly disclosed to any unauthorised persons (Wiles, 2013: 42). The role of confidentiality in research is to ensure that identifiable information about the participants collected during the research process will not be disclosed, and that their identity will be protected throughout the duration of the research process (Kendall & Halliday, 2014: 306). According to Wiles (2013: 41) the term confidentiality is a continuous variable in that some information is common and therefore does not require to be kept confidential, while some information can be highly confidential and research participants may not want to share with others. It remains the sole responsibility of the researcher to guide participants how results will be disseminated and who the audience are so that participants may be able to assess the level of confidentiality and the level of risks involved.

In this study, confidentiality was maintained by means of allocating pseudonyms and codes in order to protect the participants' true identity. In addition, any overt indication of their residential addresses was not required for in the study.

#### **1.7.2.1.5 The Right to Anonymity**

Participants need to be protected in any form of research. Thus the primary role of anonymity is to protect research participants from the accidental breaking of confidentiality (Wiles, 2013: 7). Confidentiality and anonymity are two distinct, but related terms (Ritchie & Lewis, 2003: 67). In contradistinction to confidentiality, the term anonymity is a dichotomous variable in terms of which participants' identities are kept a secret (Wiles, 2013: 41). Accordingly, anonymity is considered the driving force by which confidentiality is actioned. However, Wiles (2013: 42) argues that anonymity of data collected during the research process does not cover all the issues raised, but only those pertaining to confidentiality. Furthermore, it should be worth noting that in most qualitative research, the researcher cannot always assure confidentiality, by means of the process of anonymity (Ritchie & Lewis, 2003: 75; Wiles, 2013: 41). However, researchers have to inform the participants that they (researchers) will strive to ensure that they (participants) are not identified although there were no guarantees.

The researcher used an audio recorder during the semi-structured interview sessions. Codes rather than participants' names, were used during the transcription of the data from the audio recorder. In addition, no participant is mentioned by name throughout this study. In this regard, the researcher assigned a number to a participant's information to ensure that data remained anonymous (Bless, Higson-Smith & Sithole 2013: 31).

#### **1.7.2.1.6 The Right to Full Disclosure**

In addition to informed consent on the one hand, and privacy, confidentiality, and anonymity on the other hand; the right to full disclosure entails that detailed explanation of the research process is undertaken by the researcher – including the attendant risks that may prevail (Wiles, 2013: 41).

In this study, the research participants were informed of the possible risks, although none were possible at this stage. For purposes of this study, full disclosure encompassed the following:

- brief background of the study, its aim/ purpose and objectives;
- the participants' expected level of participation and data collection methods to be used;
- *how* the results of the study will be utilised, and that the participants would be informed of the preliminary findings prior to their finalisation and dissemination; and
- the methods to be applied to facilitate confidentiality, anonymity, and privacy.

#### **1.7.2.2 The Principle of Justice**

The principle of justice means that participants are treated with fairness and equality. According to this principle, the needs of participants should be prioritised over the needs of the researcher. In this research study, all the research participants were treated equally without discrimination. All the participants were free to ask questions to clarify matters that were not clear.

##### **1.7.2.2.1 The Right to Legal Recourse**

As a vital aspect of the principle of justice, the right to legal recourse entails that the research participants have the inviolable right to fair, just, and legally defensible treatment in accordance with the dictates of the Constitution and other applicable laws.

In this study, participants were not discriminated against; either on the basis of their race, gender, age, educational status, creed, or socio-economic status. Most significantly, the participants were assured that they could exercise their right to legal recourse at any time in the event that they observed a threat to any of their human rights during their voluntary involvement in the study.

### **1.7.2.3 The Principle of Beneficence and Non-Maleficence**

Beneficence and maleficence entail that the researcher engages with the participants on a *bona fide* basis, and with no intention of doing anything that is not for the good of the research enterprise as a whole (Marczyk et al., 2005: 241, 243).

#### **1.7.2.3.1 The Right to Freedom from Harm and Exploitation**

According to Marczyk et al., (2005: 233), studies that involve human participants often involve some degree of risk. This then poses an ethical dilemma to the researcher with regards to the extent to which participants could be placed at risk. Therefore, the researcher asked all participants to obtain informed consent before they could be interviewed.

Based on the nature and the context within which the current study is based, it could be mentioned unequivocally that there are limited risks and safety issues involved for both study participants and the institution concerned.

## **1.8 CHAPTER LAYOUT**

The layout of chapters in this study is indicative of “the logic of research”; according to which the researcher attempts to construct a semblance of synergy between all the units of analysis entailed in the study (Mouton, 2008: 114). Accordingly, the research topic, the research problem, the research aim and objectives, and the research questions on the one hand, are systematically integrated to “the weight [support] of evidence” (ibid) as guided by the data collection and analysis processes of the study. Therefore, the numerical sequencing of the chapters and the attendant sub-headings is indicative of a logical progression of the various stages of the study in terms of its “varying degrees of theoretical, causal, descriptive, empirical, interpretive, or evaluative analysis” (Mouton, 2008: 114). The current study is delineated into five chapters, which are all thematically developed to allocate structure, logic, and coherence logic in respect of the study’s units of analysis (Mouton, 2008: 114).

## **Chapter 1: Overview of the Study**

The first chapter introduces the study and outlines the context within which the study is carried out. This chapter provides a brief background and relevance for the study. It also presents the research problem, aim and objectives as well as study assumptions and conceptual framework of the study. In addition, the definitions of key concepts are unpacked. This chapter also discussed the ethical aspects and considerations pertaining to this study. The chapter concludes by giving the layout of the five chapters of the study.

## **Chapter 2: Literature Review**

The first part of the chapter analyses the resource dependency theory and discusses the nature and effects of NGOs' dependency on donor funding within the resource dependency context. The South African non-profit sector and the role of NGOs in the healthcare sector is also discussed. The second part focuses on the funding landscape for NGOs in South Africa, emphasising on the historical, current and future funding landscape. Challenges relating to the decrease in donor funding for NGOs in South Africa are also addressed. The third part interrogates the strategies that NGOs adopt in response to shifting donor requirements and funding priorities. This also includes the discussion on strategies adopted by NGOs to manage dependency on donor funding.

## **Chapter 3: Research Design and Methodology**

The chapter presents the research design and methodology of the study. This research study adopted qualitative research methodology in order to respond to the research questions posed. The case study method, semi-structured interviews, and document review are used in this study. Sampling procedures are also presented in this chapter, which concludes by presenting measures to instil scientific rigour and trustworthiness in this study.

## **Chapter 4: Presentation, Analysis and Discussion of Findings**

The chapter presents the collected data and its analysis and the findings of the study according to each research objective. An overview of The Aurum Institute as a case study organisation is presented before the findings, in order to contextualise the study. The interpretation and discussion of the findings are provided, using key themes which were formulated by means of the aim/ purpose and objectives, as well as the research questions.

## **Chapter 5: Summary, Conclusions, and Recommendations**

The chapter provides a summary of the entire study and provides the final conclusion of the study. Limitations of the study are presented in this chapter. The recommendations, as well as direction for future research are put forward and conclude the study.

### **1.9 CONCLUSION**

In respect of the research topic, the resource dependency theory inevitably was central to the overview of the entire study. This theme is perennial in the study, and guides various aspects of the relationship between donor and recipient organisations in the healthcare sector.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 INTRODUCTION

In research nomenclature, literature/ document review refers to the elementary data collection processes in terms of which the researcher searches, consults, analyses, and synthesises (secondary) sources of information which are regarded as indispensable instrumental for the development of better understanding of the research topic and its attendant units of analysis; that is, the research problem, the research aim/ purpose and objectives, the research questions, the significance of the study, the theoretical/ conceptual framework, the research design and methods; ethical considerations, as well as the data collection and analysis processes (De Vos, Strydom, Fouche', & Delport, 2011: 116; Holtzhausen, 2007: 22).

The purpose of literature review is to establish and instil an effective exploration and evaluation of the critical secondary sources of information and evidence pertaining to the phenomenon or phenomena under investigation (Remenyi & Banister, 2013: 38). It is worth noting that the researcher's primary intention in searching, consulting, analysing, and synthesising (paring) of information and data was not concerned mainly with the compilation or bibliographic listing of secondary information sources. Rather, the stated outcome was focused on a multiple scholarship perspective, in terms of which various academic and intellectual paradigms were explored in order to better understand and learn from current practices, emerging themes, topical issues and challenges, dominant theories, policy implications, new information and evidence (if any); as well as lessons to be learnt in the event of any identified disjunctures (gaps) in the current body of knowledge on donor funding in the healthcare sector (Babbie & Mouton, 2001: 218). The review of scholarship on the research topic and its attendant units of analysis – in addition to instilling an evaluative approach – was significantly instrumental in “providing the background of the study in terms of, amongst other factors: concept and design clarification; theoretical background; integration of theory and practice; findings on previous studies; as well as placing the study in a historically conducive context” (Babbie & Mouton, 2001: 218).

In this study, the researcher's literature sources included (but was not limited to) hard copy and electronic texts from recognised academic libraries, search engines, and

databases from which multiple intellectual and scholarly perspectives were obtained in published and unpublished dissertations and theses; research papers; conference proceedings; peer reviewed academic journals; as well as official government policy documents (De Vos et al., 2011: 115-116; Remenyi & Banister, 2013: 36).

The current chapter is divided into three sections. The first section presents a broad overview of the international perspective of donor funding. The second section discusses the resource dependency theory and how the theory could be used to determine an organisation's survival beyond donor funding. The nature and effects of NGOs' dependency on donor funding is also looked at. The third section considers the role played by NGOs in the South African healthcare sector. In addition, this section discusses the state of donor funding in the South African healthcare sector and the changing funding landscape for NGOs in South Africa. The challenges faced by NGOs due to the withdrawal of donor funding is covered. The analysis of the strategies that NGOs employ in response to decreased donor funding is also looked at, including the extent to which donor funding has declined in South Africa.

## **2.2 THE MACROCOSMIC/ INTERNATIONAL ENVIRONMENT OF DONOR FUNDING**

This section presents the broad overview of the international perspective of donor funding. Accordingly, the South African healthcare sector donor environment is posited against the background of (implicit and/ or explicit) current global/ international practices; emerging themes; topical issues and challenges; dominant theories; policy implications; new information and evidence (if any); as well as lessons to be learnt in the event of any identified disjunctures (gaps) in the current body of knowledge on donor funding in the healthcare sector (Babbie & Mouton, 2001: 218).

NPOs are described as organisations that are barred from distributing their profit to individuals who exercise control over them such as members, office bearers, board of directors, or trustees (Hansmann, cited in Rose-Ackerman, 1986: 58). NPOs are also defined as "the sphere of organisations or associations of organisations located between the family, the state, the government of the day, and the prevailing economic system, in which people with common interests associate voluntary" (Department of Social Development, 2011: 9). This study adopts the definition by Swilling and Russel (2002: 9), who assert that: "NGOs are private, self-governing, voluntary, non-profit

distributing organisations operating, not for commercial purposes, but in the public interest, for the promotion of social welfare and development, religion, charity, education and research”.

Historically, NGOs have throughout their metamorphological stages played an active role in the promotion of human well-being. NGOs also serve as important links between governments as socio-economic development partners (Habib & Taylor, 1999: 73). NGOs have further been recognised to have played an important role in working closely with the community and responding to their needs (Kihato, 2001: 9). In addition, NGOs are regarded as the driving forces of development necessary to fill-in development gaps that the government could not meet on their own (Kang'ethe & Manomano, 2014: 1495).

Adequate literature has been documented on the relationships between NGOs and external donors. The literature includes a vast literature on NGOs in the developing countries within the context of this study (Bennett, Singh, Ozawa, Tran, & Kang, 2011; Busiinge, 2010; Cairney, & Kapilashrami, 2014; Elbers, & Arts, 2011; Kang'the, & Manomano, 2014; Smith, & Bornstein, 2001). Donors are recognised for providing funding to NGOs for the provision of service delivery and for NGO's capacity building purposes. Funding from donor governments and multilateral donor organisations constitutes a major component of the global financial response for health in developing countries (Wexler, Valentine, Kates, & Kaiser Family Foundation, 2013: 1).

It is worth mentioning that in low and middle income countries, sources of funding are obtained from various institutions. These are donor governments such as the US; the United Kingdom (UK); and the Netherlands. The United States continues to be the world's major donor followed by the United Kingdom, France and Germany (Kates, Michaud, Wexler & Valentine, 2013: 3). Other funding sources include multilateral organisations, such as the Global Fund and UNITAID; as well as the private sector, which includes foundations such as the BMGF. With regards to the HIV pandemic, a lot of international support is provided, including the actual funding provided in terms of cash transfers as well as other types of assistance such as technical assistance and commodities (Kates & Wexler, 2016: 4).

With all the changes in the development landscape – which has always been characterised by shifting global patterns – donors have also changed their funding

allocation models of working with the developing countries. For example, the European Union (EU) has proposed a new policy approach to low- and middle-income countries, which has led to cuts in bilateral funding by 2014 (Herbert (2013) holds that. Furthermore, the global financial crisis of 2008 led to the reduction in expenditures on health and health outcomes. This reduction has led to an increasing number of NGOs experiencing the decline or withdrawal of external funding (Pallas, 2015). Asian and Latin American countries were also affected by this global financial crisis (Kirigia, Nganda, Mwikisa & Cardoso, 2011: 1). In the African Region, the total nominal GDP shrunk by US\$94.48 billion (8.6%) between 2008 and 2009 (Kirigia et al., 2011: 1).

In addition, countries such as Algeria, Angola, Botswana, Equatorial Guinea, Gabon, Nigeria, and Seychelles experienced varying wide decreases in GDP; from US\$0.007 billion to US\$ 15 billion. This decrease led to “drops in foreign exchange rates, reduced foreign direct investment, decreased official development assistance and other donor support, increased interest rates and risk premiums, and reduced remittances from abroad” (Kirigia et al., 2011: 2). Furthermore, 15 of the 46 countries in the WHO African Region spent less than 5% of their GDP on health in 2008 alone (Kirigia et al., 2011: 2). Additionally, only five countries (in the WHO African Region) spent above 9% of their GDP on health. Therefore, only five countries have met the target of allocating at least 15% of the government budget to health. The afore-cited budgetary trends indicate that the global economic crisis led to cuts in the funding for health from domestic and external sources.

It is therefore worth mentioning that changes in development areas characterised by the decline or withdraw of international funding, requires countries to begin looking at alternative local sources of funding. It is therefore not coincidental that this research study also incorporates the identification of some of the response strategies that NGOs could adopt in order to address the decrease in donor funding.

### **2.3 THE NATURE AND EFFECTS OF NGOs’ DEPENDENCY ON DONOR FUNDING**

This section discusses the resource dependency theory and the extent to which the theory could be used to determine the survival of organisations beyond donor funding. The operational behaviour of NGOs is determined by resource dependency (Abouassi, 2012: 2). NGOs which are characterised by high resource dependency are always

found to be in compliance with donor interests. This means that donors' change of their strategic objectives and funding priorities is concomitantly followed by NGOs in their attempt to adapt and to comply. Since many NGOs do not have sustainable mechanisms and future sustainability plans due to their dependency on the external environment, their ability to develop and implement innovative programmes compromises and reduces their organisational goals and coexistence. Furthermore, NGOs' dependency on their external environment threatens the very identity of NGOs as institutions working independent of the state and civil society (Mitchell, 2012: 71).

It should be noted that donors' strategies change over time in order to meet strategic and programmatic needs of the countries they serve. The change in donors' strategic foci, which results in the shift of funding from one programme area to the other, and major shifts in other resources and interventions, have a major impact on programme sustainability due to the beneficiaries' dependency on such projects. For example, Phase I of PEPFAR was launched as an emergency effort and as a five-year bilateral commitment aimed at providing \$15 billion to support the global HIV/AIDS prevention, care and treatment programmes from 2004 to 2008 (The Office of the U.S. Global AIDS Coordinator, 2012). PEPFAR's 5-year strategy for 2010 to 2014 focused on transitioning from emergency response to improved and sustainable programmes through country ownership. This transitioning process negatively affects current projects in that recipients also have to redirect their focus in order to align with the new donor strategy, which in turn compromises existing current programmes.

Mitchell (2012: 7) points out some of the implications of the resource dependence theory. These include the external control of NGOs by donors through utilisation of short-term contracts which results in unsustainable programmes. Consequently, NGOs suffer the continuous threats to their identity and institutional character. Furthermore, external control from the external environment may reduce an NGO's ability to develop and implement innovative programmes, thus compromise its organisational goals and coexistence.

Notwithstanding that non-profit organisations are not restricted from making or earning profit, they are, however, prohibited from distributing such profits or surplus to their members, officers, directors, or trustees (Hansmann, cited in Rose-Ackerman, 1986: 58). The latter authors illuminate further that such profit or surplus is expected to be retained and devoted back to the projects for which they were originally intended. As

such, these organisations are struggling to be financially sustainable and are unable to make long-term plans with regards to project management and they employ staff on a long-term basis (Hendricks, 2012: 6). The latter state of affairs is occasioned by a lack of core funding for their operational costs as the funds are invested into other core projects. Inevitably, these NGOs are then obliged to look for alternative funding sources such as social entrepreneurship and social enterprises which have the capacity to find innovative solutions to the social problems and contribute to economic development necessary for sustainable development (Ermerson & Twersky, 1996: 2).

### **2.3.1 The Strategic Environment of Shifting Donor Requirements and Funding Priorities**

Previous research on the sustainability of NGOs posit that NGOs employ a number of strategies to deal with challenges that they are faced with (Hendrickse, 2012). This study focuses on long-term sustainability strategies for NPOs. One of the strategies identified is the *strategic planning approach*. This approach is used in order to identify high-level goals and objectives that allow NPOs to adapt to changes in the external donor environment.

In general terms, strategy refers to a plan, a course of action, or vision for the future (Westrum & Samaha, 1984: 270). The term 'strategy' could be regarded as a rational process for determining how available resources could be used to exercise control over a set of circumstances and the achievement of certain objectives (Yarger, 2006: 1). Levy (1994: 67) adds further that strategy involves the development and deployment of corporate resources in order to effectively compete in a particular industry.

The link between the organisation and the environment is an example of a strategy (Ogundo, 2012: 2). Since organisations are rarely self-sustaining institutional forms, a need then arises for continuous relationships and coexistence between organisations and their environment. According to Yarger (2006: 1), strategy is more focused on root causes and purposes, and concerns itself with addressing linear and non-linear phenomena. As such, strategy is a process that interacts with the strategic environment.

From the context narrated above, it could be mentioned that strategic responses are sets of actions and decisions that result in the development and implementation of plans required to achieve organisational goals (Ogundo, 2012: 2). According to Yarger (2006: 7) "strategy is developed from a thorough consideration of the strategic situation and knowledge of the nature of the strategic environment". The latter author maintains further that a good strategy helps with the allocation of resources into a unique and viable posture based on its internal competencies and deficiencies, as well as environmental changes.

This research study builds on the study by Abouassi (2012), which combines the resource dependence theory and the weak ties (network) theory. This study holds that organisational responses to changes in donor funding priorities depend on the level of resource dependence and tolerance, as well as the strength of ties in the network. This research study further builds on Albert Hirschman's (1970) typology. The latter typology focuses on the four modes of NGOs response to donors changing funding priorities and objectives; namely: the exit mode, the voice mode, the loyalty mode, and the adjustment mode. According to Elbers & Arts (2011: 726) exit mode means that the NGO withdraws from the existing relation with the donor to eliminate being exposed to newly imposed conditions by the donor. Voice mode means that NGO does not necessarily accept changes in their environment and seek to persuade the donor by having an influence in the donors' strategic decisions (Hoffman, 2010: 61). Loyalty can be understood in terms of the manner in which NGOs potentially respond when confronted with a change in their environment - *they either choose to end the relationship (exit) or voice* (Hoffman, 2010: 67).

Furthermore, the findings from this study suggest that organisations that adopt the *exit* strategy are mainly organisations with weak ties and lower dependency; while organisations that adopt the *voice* strategy are organisations with stronger ties and stronger resource dependence. This study also found that organisations that adopt the *adjustment* strategy are organisations with weak ties and stronger resource dependence, while organisations that adopt the *loyalty* strategy are organisations with stronger ties and stronger resource dependence. The study referred to above found that "the variation in resource dependence has no effect on the choice of *voice* over *exit*, while more focus is on the tendency towards voice" (Abouassi, 2012: 14).

Elbers and Arts (2011) identify four strategies that NGOs employ as a response to donor requirements and constraints. These strategic responses are located within the parameters of avoiding, influencing, buffering, and portraying. Organisations that adopt the *avoiding* strategy are found to have a set of tactics with the aim of limiting interaction with stakeholders whose conditions are viewed as problematic. These organisations avoid interaction by way of selecting which donors to enter into a relationship with, or avoid by rejecting donor funding offers, or by exiting or terminating their funding relationships with donors.

Some NGOs adopt the *influencing* strategy with the aim of changing the content of donor conditions. These NGOs do this by way of using negotiations as the means to leverage their positions, or persuading donors by means of convincing arguments, or even engaging personally with donor representatives (Elbers & Arts, 2011: 725). The other tactic which is *buffering* is another form of strategic response, and involves mitigating the impact of unavoidable donor conditions. The last strategic response relates to *portraying*, in which case NGOs pretend to be in compliance with donor conditions.

*Co-optation* is mentioned as another strategy which organisations could employ to manage their dependence on donors (Davis & Cobb, 2009: 7). The findings from the current study suggest that organisations could manage uncertainty by inviting donor representatives to serve on their governing boards and thus gain their support and ultimate contribution to their survival. However, this research study argues that *co-optation* is a riskier strategy, as it may lead to issues of conflict of interest. Therefore, this study aims to contribute to the utilisation of the resource dependence theory by exploring and analysing strategies which South African healthcare sector NGOs employ, specifically in response to decreased donor funding.

### **2.3.1.1 NGO Adaptive Strategies in Response to Shifting Donor Requirements and Funding Priorities**

NGOs need to constantly look for alternative funding sources to continue financing current activities in order to ensure sustainability of programmes. In addition, NGOs need to re-orient themselves within the rapidly changing environment in order that their work continues to remain relevant (Pratt, 2014: 3). As such, it becomes relevant to introduce the concept of social entrepreneurship which has the primary purpose to

alleviate social problems through a financially sustainable business model, where profits are reinvested in the project (Steinman, 2010: 6). In unpacking the concept of social entrepreneurship, this study adopts the definition of social enterprise as defined by the US-based Social Enterprise Alliance (SEA) which defined social enterprise as an income-earned strategy that an NPO undertakes to generate income in support of its programmes (Ermerson & Twersky, 1996: 4). Thus some NPOs have created for-profit subsidiary organisations as a strategy to raise income and ensuring financial sustainability beyond donor funding (Steinman, 2010: 20).

Studies have been conducted for purposes of examining alternative mechanisms to donor funding in an effort to limit or reduce dependency on donor funding. The research articles by Gachambi (2007) and Katz et al., (2014: 3) provide an analysis of some of the alternatives. These studies found that earmarked taxes are necessary to increase available government revenue intended for the overall improvement of the healthcare sector. According to Katz et al., (2014: 3), countries such as Zimbabwe have introduced an AIDS levy since 1998, of which 3% was imposed on employers and employees as special/ earmarked tax.

Similarly, Kirigia and Diarra-Nama (2008: 889) propose five alternative strategies which countries could adopt in order to reduce their dependency on donor funding. These five strategies are:

- reprioritizing public expenditure;
- raising additional tax revenues equivalent to 15% of GDP;
- reducing economic inefficiencies;
- reducing corruption; and
- increasing private sector involvement in health development, such as the establishment of social enterprises.

Kirigia and Diarra-Nama (2008: 893) argue that countries can increase their national financial resources for health if they adopt strategy 1 and strategy 2 above. They further argue that countries could require less donor funding if they reduce inefficiencies by means of:

- producing maximum quantity of health services through cost-minimising production techniques;

- proper resource allocation, such as allocation of costs to the needy health facility, instead of resorting to political considerations;
- investing resources in proper levels of care, such as secondary and tertiary hospitals; and
- channelling of donor funds mainly through vertical programmes, instead of through the national health system (Kirigia & Diarra-Nama, 2008: 889).

Notwithstanding the noble efficiency intentions cited above, these five strategies have been criticised that it was not possible for countries to be independent of donor funding, especially when more funding was so much needed (Ooms & Van Damme, 2008: 893). The latter authors maintain further that national financial resources for health in African countries could only be strengthened by means of strategies which re-prioritise public expenditure, with health being a core priority; while also strengthening tax administration systems. The above-cited authors further argue that these strategies mentioned above are not possible to bring countries closer to the annual target of US\$40 per person that is essential for providing the necessary package of health interventions. Countries need to improve and strengthen their economic efficiencies, which will result in less donor funding being required (Ooms & Van Damme, 2008: 893).

There is further criticism for the adoption of the social enterprise model as a strategy to ensure organisations' financial sustainability and thereby improve health development. While the social enterprise approach works for some NGOs, it does not necessarily work for others. For example, in South Africa, NGOs such as The Aurum Institute, the Right to Care (RTC), and the Foundation for Professional Development (FPD), have established for-profit subsidiary organisations as long-term financial sustainability strategies. However, the researcher argues that this strategy might not be possible for many grass-roots organisations implementing small community based projects such as Orphans and Vulnerable Children (OVC). These are mainly donor funded projects and the nature of services rendered does not make provision for programme income and profit. The environment in which organisations operate plays a vital role in their survival (Sheppard, 1995: 33).

## **2.4 THE SOUTH AFRICAN CONTEXT OF DONOR FUNDING**

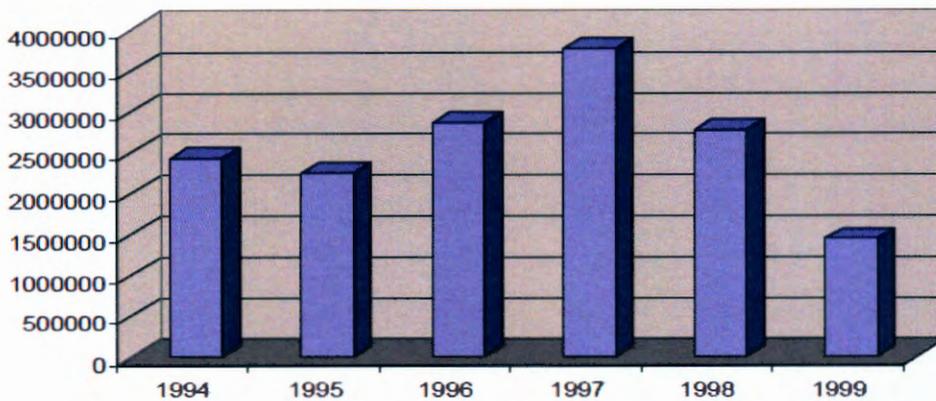
This section of the study discusses the role played by NGOs in the South African healthcare sector. In addition, this section discusses the state of donor funding and the changing healthcare sector funding landscape for NGOs in South Africa. The challenges faced by NGOs due to the withdrawal of donor funding are also discussed. The analysis of the strategies that NGOs employ in response to decreased donor funding is also examined, including the extent to which donor funding has declined in South Africa.

### **2.4.1 The Historical Perspective on the Funding Landscape for NGOs in South Africa**

South Africa provides an ideal setting in which the expansion of the NGO sector and the relationship between the state and NGOs could be investigated. This expansion is traceable to the pre-1980s, when the state was only supportive of apartheid NGOs which predominantly served the needs of the white population (Steinman, 2010: 46). In the early 1980s, South Africa transformed to a liberal political and economic state where many NGOs emerged and began to serve the marginalised black community (Habib & Taylor, 1999: 74). This transformation attracted an influx of funds from the EU and US foundations. One of the greatest advantages of NGOs operating in South Africa during the P.W. Botha regime is that foreign aid was channelled directly to NGOs instead of government. This resulted in a growing number of NGOs. About 5 000 of them were recorded in the early 1990s as implementing development programmes (Habib & Taylor, 1999: 74). However, despite this newly liberalised environment, the anti-apartheid NGOs experienced some challenges, with donations received from international donors and from the public within the country. In addition, the Fund Raising Act No. 107, of 1978 considered sourcing funds or donations from the public as crime and limited the ability of NGOs to raise funds (Besharati, 2013: 17).

The pre-1994 NGO-donor relations in South Africa were shaped by the apartheid government's hostility towards anti-apartheid organisations (Kihato, 2001: 8). The imposition of sanctions on the apartheid government implied that all the assistance aid was channelled through civil society, churches, and the private sector (Besharati, 2013: 13). As such, many donors channelled funding towards NGOs that supported marginalised groups and promoted democracy. As a result, NGOs in South Africa were

**Figure 2.1: Total ODA Commitments to South Africa**



**Source:** Kihato, 2011

Figure 2.1 above indicates a significant decline in the amount of funds made available to South Africa since 1994. The most significant decline was experienced between 1997 and 1999. Despite the declining funding trends, South Africa's efforts to resolve the funding deficit resulted in foreign donors' decision to channel funds directly to the government (Habib & Taylor, 1999: 77). As a result, the Transnational National Development Trust (TNDT) was developed and started operating in March 1996 in order to fund NGOs and CBOs operating in the education, health and training sector in the short term. TNDT received funding from the EU and SA government. In addition, the government established the National Developed Agency (NDA), which has the responsibility to address the financial crises that NGOs are faced with. The NDA is also tasked with the mobilisation of government and other international resources and support (Habib & Taylor, 1999: 78).

In spite of the majority of funding being channelled to the South African government, the country's healthcare sector still experiences major funding shortfalls. According to Hendrickse (2008: 56), the challenge of fighting and eradicating healthcare issues does not solely lie with the government, but also with NGOs who appear to be the legitimate vehicles in filling the service gap and enabling service delivery that meet the expectations of all citizens of the country. Due to the growing demand for universal health coverage and quality services, donors realised the need to direct funding towards the health sector in order to reduce the health problems facing communities (NDOH, 2015).

considered more privileged compared to those in other countries. For instance, the European Commission (EC) donated R2 billion to NGOs in South Africa during the period 1986 to 1991, which was by far, the largest amount channelled to a single country during that period (Kihato, 2001: 8).

As a result of the post-1994 democratic dispensation, a new form of state-donor relations emerged due to the new legal and political environment, which led to the establishment of the new Non-Profit Organisation Bill which came into effect, being enacted in December 1997, replacing the Fund Raising Act, No. 107 of 1978. The Non-Profit Organisations Act, No.71 of 1997 provided for the voluntary registration of NGOs, and established an enabling environment in which NGOs can flourish (Habib & Taylor, 1999: 77).

#### **2.4.2 The Current South African NGO Funding Landscape**

Subsequent to the post-1994 democratic dispensation, donors began to shift their focus from NGOs to the new democratic government as more donor funding was then redirected to the government and the Reconstruction and Development Programme (RDP) as the principal recipients of funds (Hendrickse, 2008: 32). In cases where international funding continued, such funding has been more projects-specific, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria and USAID funding (Habib & Taylor, 1999: 78). Various post-apartheid laws have been enacted for the purpose of regulating NPO funding. These laws include the Development Bank of Southern Africa Act, No.13 of 1997; the Lotteries Act, No. 57 of 1997; National Research Foundation Act, No. 23 of 1998; National Development Agency Act, No. 9 of 2004; and to some extent, the South African Social Security Agency Act, No. 9 of 2004 (Ricardo, 2007: 7014). NGO funding has declined since 1994 as a result of donors shifting their priorities (Kihato, 2001: 5). For instance, NGOs only received 11% of the total grants awarded to South Africa by the Official Development Assistance between 1994 and 1999 (Besharati, 2013: 14; Kihato, 2001: 13). The majority of this funding (approximately 53%), was awarded to the South African government, while the rest was distributed to other institutions such as the private sector (Kihato, 2001: 14). Figure 2.1 below illustrates the post-1994 trends in overseas development assistance to South Africa.

The largest donors providing funding to the South African NGOs include the US, Germany, UK, France, Netherlands, Belgium, as well as UN-related programmes and funds (Besharati, 2013: 15). According to Besharati (2013: 15) and Kates, Michaud, Wexler and Valentine (2013: 2) large amounts of US funding comes from the PEPFAR, the US Centers for Disease Control and Prevention (CDC) and other HIV-related funds which are channelled through NGOs, research centres, universities and public entities. However, two major donors providing essential funding for the South African health and HIV/AIDS related services are PEPFAR and GF (Hendrickse, 2012: 18). However, PEPFAR funds continue to decrease while Round 11 of the GF collapsed due to a lack of funds. Other larger foreign donor agencies such as the Kellogg Foundation, Danish International Development Agency (DANIDA), and Mott Foundation have reduced their donor funding by approximately 30% (Besharati, 2013).

Furthermore, the total ODA given to South Africa is estimated to be on average R8 billion a year (over \$1 billion). This is believed to be quite high for a middle-income country (Besharati, 2013: 18). According to Glennie and Hurley (2014: 26), the terms "development aid", "development assistance", and "ODA" are synonymous and could be used interchangeably. These terms describe a wide range of developmental interventions in the developing world, such as the political, business and development progress. Organisation for Economic Co-operation and Development (OECD) member countries, also referred to as high-income countries, developed the term ODA which reflects the interests of these donors (Glennie & Hurley, 2014: 26).

Following the 2007-2008 global financial crisis, there was a tightening of donor budgets, donors' shifting global priorities, and a sharp decline of aid to middle-income countries (Pallas, Khuart, Duong & Ruger, 2015: 165). As a result of the sharp decline in donor funding, countries from BRICS (Brazil, Russia, India, China, and South Africa), were expected to take care of their own poor because of their middle-income status. As a result, South Africa experienced major declines in donor funding since 2010 after becoming a member of the BRICS countries (Besharati, 2013: 22). Despite the NGO sector being affected by the decline in ODA funding, the sector is still expected to fulfil its role in the provision and delivery of services to communities (Besharati, 2013: 22).

## **2.5 THE STATE OF DONOR FUNDING IN THE SOUTH AFRICAN HEALTHCARE SECTOR**

NGOs in the South African healthcare sector assume a wide variety of forms due to the flexibility of their legal status, influenced by the manner in which they are registered and operate (Hansmann, cited in Rose-Ackerman, 1986: 59). It is against this background that NPOs in South Africa could include the social enterprise approach in their operations. According to the NPO Act, No. 71 of 1997, NPOs are restricted from distributing financial profit among their members, managers and board of directors, and are therefore obliged to plough any profit made back to the project. Secondly, donors also restrict NGOs from making profit as they expect that any profit or surplus gained in terms of the exchange rate gains or programme income should be ploughed back into the project (Hendricks, 2012: 6).

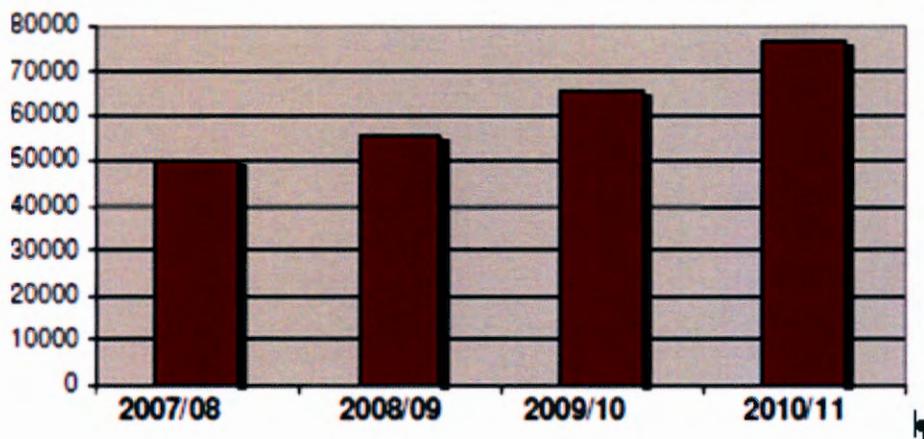
South African NPOs continue to experience the pressure of finding new funding sources which will enable them to maintain and expand their healthcare programmes and strategically mitigate the decline in donor grants. It is against this background that the International Labour Organisation (ILO) introduced the concept of creating an enabling environment for social enterprise development in South Africa (Steinman, 2010: 1). According to the ILO, social enterprises are regarded as sustainable market solutions to social problems, as they are believed to provide some scope for engagement with profit-making initiatives (Steinman, 2010: 2 & 149). As such, the need arises for NPOs to include social entrepreneurship in their programmes. This is based on the fact that South Africa continues to face socio-economic challenges, exemplified in the rise in HIV/AIDS despite enormous efforts by government and the non-profit sector to thwart this rise (ILO, 2011: 8). Social enterprises are perceived to have the capacity to address many social problems facing South Africa (Greater Capital, 2011: 1). The capacity-building efforts therefore provides a leeway for NPOs to include the social entrepreneurship model in their organisational strategies (Steinman, 2010: 149).

In South Africa, the NPO sector is characterised by two types of organisations. These are service delivery organisations on the one hand; and human rights, advocacy and monitoring organisations on the other (Stuart, 2013). According to Hansmann (cited in Rose-Ackerman, 1986: 57), NPOs are mainly common in education, research and healthcare sectors. These sectors are believed to be experiencing the most pressing

and difficult problems. Hence, South Africa continues to experience a rise in NGOs influenced by the need for organisations to respond to community needs. (Figure 2.2 below exemplifies this increase). Habib (2010: 56) adds that NGOs emerged due to the failure of the government to deliver services to the society. Hence the study's focus on service delivery organisations that work in the healthcare sector in South Africa. The role of these NPOs (in the healthcare sector) is to provide basic healthcare and social services to poor communities.

The figure below illustrates the annual growth rate of registered NPOs in South Africa over a period of four years, between 2007 and 2011.

**Figure 2.2: Growth of South African NPOs for the Period 2007-2011**

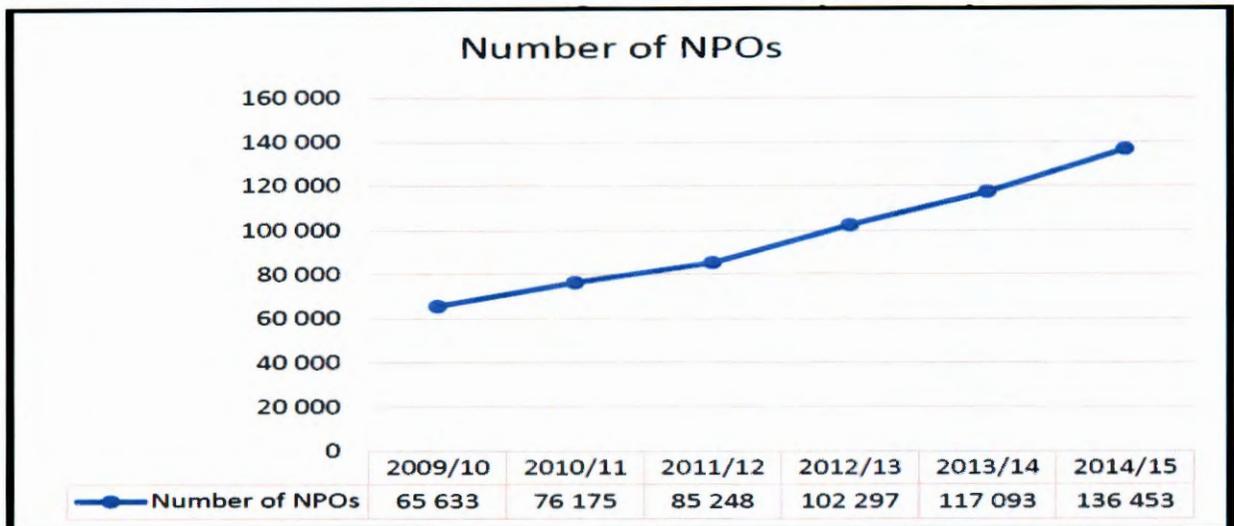


**Source:** Department of Social Development, 2011

Figure 2.2 above demonstrates that the number of registered NPOs grew from approximately 49 826 in the 2007/08 financial year, to 76 175 in the 2010/2011 financial year (Department of Social Development, 2011). These figures illustrate writ large, the prominent role of NPOs in the upliftment of societies, especially those who were previously disadvantaged by apartheid and its hegemonic racial policies.

The extant growth also continued beyond the 2010/2011 financial year. Figure 2.3 below illustrates the growth in the number of registered NGOs in South Africa from 2009 to 2015 (Department of Social Development, 2015:12).

**Figure 2.3: Growth of NPOs for the Period 2009-2015**



**Source:** Department of Social Development, 2015

Figure 2.3 above illustrates a substantial increase in the number of NGOs registered with the Department of Social Development for the period 2009 to 2015. Figure 2.2 and Figure 2.3 above demonstrate that the number of NGOs registered has significantly increased from 49 826 in 2007/08 to 136 453 in 2014/15, which resulted in an average growth of 86% over nine years. It could then be stated categorically that there has been a substantial increased demand on the NPO registration over the years (Department of Social Development, 2015: 12).

Programmes operated by NGOs range from research, to community-based projects, including projects in the health and development field. In contemporary literature, NGOs are recognised for the prominent role they play in health development and for their contribution to sustainable human development (NDA, 2008: 18). However, since most NGOs operate on a non-profit basis, they rely on funding from the external environment in order to fulfil their role. As a result, NGOs' dependence on donor funding renders them vulnerable to donor conditions, requirements, and demands, which sometimes affect NGOs' efficient functioning and threatens their survival (Kang'ethe & Manomano, 2014: 1497).

The World Health Organisation has called for participation by all stakeholders in health development. As such, NGOs' participation in health development is viewed as a timely and critical intervention in the initiation of strategies which promote better health outcomes. It is therefore important to look at the legal and administrative framework

within which NGOs are required to function. The NPO Act, No. 71 of 1997, Chapter 1, Section 2 (a) encourages and supports non-profit organisations by “creating an environment in which non-profit organisations can flourish”. ‘Flourish’ is associated with successful growth or development (Soanes, Blaney & Wood, 2002).

Be as it may, the growth challenge is still pervasive. Organisations are still not able to grow and flourish, given the nature of the environment within which they are working. They are still not financially self-sufficient and cannot operate programmes on a long term basis. The inability to be financially self-sufficient exists in spite of the tax benefit system’s reduction of the NPO’s financial burden. NPOs that are registered with the South African Revenue Service (SARS) are legally exempted from paying tax by virtue of being granted approval as Public Benefit Organisations (PBOs) by the SARS Tax Exemption Unit (TEU). Notwithstanding such exempt status, most NGOs still struggle to be financially self-sufficient. Stuart (2013) argues that the NPO Act, No. 71 of 1997 has proved to be problematic. While the government is expected to create an enabling environment for the non-profit sector, many NPOs are still faced with the difficulty of accessing government support, obtaining funding and capacity building support, as well as forming partnerships that will enable them to fulfil their mandate.

### **2.5.1 The Changing Funding Landscape of NGOs in South Africa**

South Africa receives a pool of its funding resources from various institutions and sectors, including the private sector; state agencies; government departments; as well as individuals (NDP, 2013: 38). The UN and its various agencies, including the EU; foreign philanthropic organisations and embassies; as well as various international civil society organisations further provide funding to the South African civil society sector (National Development Agency, 2013: 38). In spite of this diverse funding base for the SA government, funding for NGOs in South Africa and other countries is changing at an unprecedented rate (Pratt, 2014: 1).

It should be noted that it is impossible to provide estimates of the total sums of money being generated for the civil society sector, due to the different accounting periods and inconsistent reporting (NDP, 2013: 39). The NDP (2013: 39) attests to this state of affairs: “no national study exists that shows the amount of funding being disbursed or its impact in South Africa”. Furthermore, it has proven difficult to have an accurate profile or database of South African NGOs which directly implement their programmes

and provide funding to local organisations to implement their projects (Smith & Bornstein, 2001: 8).

### **2.5.2 Funding Challenges Faced by NGOs in South Africa**

Donor funding and financial sustainability influence the functioning and relevance of NGOs. However, the decrease in donor funding remains the most significant challenge. Lack of funding has the potential to undermine sustainability and grassroots connections of NGOs. For instance, in the event that donors withdraw their funding, NGOs tend to close down (Pallas, 2015: 5). Even more, many NGOs lack core funding to cover overhead costs.

Most NGOs' funding for operational expenses such as administrative staff and overhead costs come from the project budget. Donors are reluctant to fund such expenses (Elbers & Arts, 2011: 713; Pallas, 2015: 13; Riddell, 2007: 358). As such, current expenses are paid from current revenues (Pallas, 2015: 12). Consequently these NGOs collapse or close down (Eldridge & Nisar, 1995: 137; Kuhnert, 2014: 1). Furthermore, the challenge for most NGOs is compounded further by the lack of initiative by donors to prepare NGOs for a future without aid (Pratt, 2014: 1). As a result filling the funding gap remains an instant priority for many NGOs.

The support from donors tends to increase both the operational and administrative capacity of NGOs by, amongst others, funding for new staff hires and other day-to-day operations of the organisation (Pallas, 2015: 5). In addition, donor funding has directly and indirectly saved lives for millions of poor people, and has made a positive contribution to the economies of less developed countries (Riddell, 2007: 355). On the other hand, donors make various demands on NGOs, such as extensive reporting requirements. These demands may be regarded as capacity building efforts for NGOs' technical and financial capacity. The study by Kang'ethe and Manomano (2014: 1495) titled: *Exploring the Challenges Threatening the Survival of NGOs in Selected African Countries*, found that NGOs' relevance, effectiveness, and efficiency are being threatened by a number of factors. These threats include a lack of funding, poor governance structures, corruption and embezzlement of funds, poor collaboration with other developmental partners and a lack of competent human resources. Activities relating to corruption and embezzlement of funds include payment of salaries of ghost staff and misuse and mismanagement of company property such as vehicles.

Most organisations lack resource mobilisation skills and then rely on donors for funding. Consequently, these organisations tend to shift their strategic plans and interventions to match donor priorities. Other organisations have poor governance structures and systems. Their board members lack experience in terms of their mandate. Such organisations are further characterised by weak fund-raising capacity, a lack of understanding of staff reporting lines and responsibilities. These operational and managerial deficiencies have tended to weaken the effectiveness of NPOs (Department of Social Development, 2011: 46). Kang'ethe and Manomano (2014: 1495) illuminate that the human resource challenges faced by NGOs deprives them of valuable organisational efficiency and effectiveness. They are unable to obtain the requisite level of skilled human resources. In most cases, they cannot even afford the required remuneration of its personnel.

The 2007-2008 global economic crisis resulted in a considerable reduction in the government's health budget. In addition, large South African private institutions cut their HIV/AIDS prevention programmes. For instance, the Treatment Action Campaign (TAC) – one of the country's main HIV/AIDS activist organisation focusing on the provision of ARVs, counselling and HIV testing – only secured US\$7 million against the targeted funding amount of US\$8.1 million. As a result, TAC had to close down six of its provincial offices in South Africa (Hecker, 2009). In such instances, donors' withdrawal of support from a particular NGO is at short notice (Pallas, 2015: 12).

### **2.5.3 The Future Funding Landscape of South African NGOs**

This section outlines the possible future healthcare funding landscape for NGOs in South Africa. In addition to that of collaborations with government, possible future NGO funding trends and directions are explored; outlining the relationship between healthcare NGOs, government and other donors. In light of the latter, the notion of social enterprise is introduced as a possible remedial approach to the financial instability faced by many NGOs.

Donor funding plays an important role in furthering the objectives of international development, including the furtherance of the Millennium Development Goals (MDGs). The current funding landscape is shaped by the idea that funding represents a short-term mechanism between those who own resources and those who rely on those resources for survival (Glennie & Hurley, 2014: 6). Accordingly, development aid will

no longer be required, should those that rely on resources be on the same level of financial probity and viability with those that own the resources.

International donor funding for AIDS assistance declined by 10% during the 2009-2010 (Kates et al., 2011: 1). In 2009, the total amount of disbursements was approximately US\$7.6 billion while the total amount of disbursements for 2010 was approximately US\$6.9 billion. This notable decline was due to reductions in direct bilateral funding, as well as currency fluctuations (Kates et al., 2011: 2).

South Africa continues to experience the decline in donor funding due to two primary reasons. Firstly, the decline is attributable to the global financial crisis that occurred between 2007 and 2008. The crisis resulted in philanthropic organisations reducing their funding to acutely low levels. Secondly, South Africa is viewed as a middle-income country capable of addressing the social challenges facing its citizens on its own; that is, without foreign donor funding (Lule, Seifman, David, 2009: 190; Greater Capital, 2012: 3). Such a paradigmatic shift (from incapacity to perceived capacity) calls for collaboration between civil society, government, and the private sector as emphasised by developmental policies. These collaborations are viewed as capable of addressing social problems and enhancing growth and development.

According to the Department of Social Development (2011: 3), registered NPOs are grouped according to the International Classification of Non-profit Organisations (ICNPO). According to the ICNPO, social service is the leading donor dependent sector, receiving 34% of such aid. However, as it has been mentioned earlier, many NGOs lack sustainable mechanisms in order to remain financially sustainable and maintain their relevance. This deficiency has engendered the need for NGOs to explore various income generating mechanism in order to continue their existence and sustainability; thus remaining relevant for purposes of addressing their social mandate. The latter encompasses the reduction (and ultimate elimination) of problems such as unemployment, the low quality of education, and poor healthcare services. These continuous challenges, coupled with the withdrawal of funding occasioned by the global financial crisis, have resulted in the need for new funding approaches. The introduction of social enterprises is gaining momentum, as these (social enterprises) are viewed as effective in providing access to affordable healthcare and vital services (Greater Capital, 2012: 3). The social enterprises approach attracted massive interest in South Africa and grew in the late 1990s (Borzaga & Defourny, 2001: 350; Ermerson

& Twersky, 1996; ILO, 2011: 2). The growth was attributable to the view that social enterprise has the potential to resolve many of the social problems in South Africa (ILO, 2011: 2).

Furthermore, the social enterprises trajectory has been regarded as a vital solution to help organisations meet social needs, while generating income profit (Greater Capital, 2012: 3; Poon, 2011). Social enterprises are capable of incorporating a variety of income streams, and thus remain sustainable (OECD, 1998: 51; Steinman, 2010: 19). Therefore, the advantage of the social enterprises model is that it enhances the ability of organisations to earn income from various activities, including trading and operational activities (Borzaga & Defourny, 2001: 350; ILO, 2011: 9). Their main emphasis is on income generation employing business approaches. Based on the social enterprises model, this study seeks to identify some of the social entrepreneurship opportunities that NPOs could employ. Opportunities in this regard include the adoption or establishment of “for-profit subsidiaries” organisations while continuing to maintain and operate as NPOs (Steinman, 2010: 11). Some of the best practices of the South African social enterprises model include the impact of social enterprises, the different streams of income, sustainability, good corporate governance, and the possible changes needed for the scaling-up of projects (Steinman, 2010: 11).

Despite some of its reputable successes, the social enterprise approach has its own limitations. Firstly, a comprehensive and reliable database for social enterprises does not exist in South Africa (Steinman, 2010: 9). Secondly, the social enterprise space is dominated by the white community, with the possibility of reversing the egalitarian intentions of NGOs in the first place. Thirdly, there is no law or policy in South Africa to regulate the social enterprise model as an emerging concept representing a broad range of business institutions with a social purpose (Steinman, 2010: 46). The paucity of specific legal and regulatory framework or structure for social enterprises constrains access to finance (Greater Capital, 2012: 3). Therefore, it is critical to note that the social enterprise concept might work for some NPOs, and not work for others (Fox & Ntiyana, 2010: 36; OECD, 1998: 51; Poon, 2011).

## 2.6 CONCLUSION

This chapter reviewed the relevant literature on the NGO-donor relationships, and further explored the extent of NGOs' response to decreased donor funding. The resource dependency theory was also discussed in respect of its enhancement of organisations' survival beyond donor funding. On this basis, the review explored factors that lead to organisational dependency on the external environment; including resources required for the organisation's operation and survival; limited resources available at the organisation's disposal; and the external control over available resources. The nature and effects of NGOs' dependency on donor funding have been discussed, as well as the challenges faced by NGOs as a result of the withdrawal of donor funding.

Furthermore, the extent to which donor funding has declined in the South African healthcare sector has been discussed in order to bring to the fore the various strategies that NGOs employ in response to decreased donor funding. These strategies include the strategic planning approach; reprioritising public expenditure; raising additional tax revenues; reducing economic inefficiencies; reducing corruption; and increasing private sector involvement in health development, such as the development of social enterprises. This chapter has also demonstrated how social enterprise and social entrepreneurship could be possible avenues to ensure the financial sustainability and independence of NGOs; also noting that social entrepreneurship may not work for all NGOs.

For purposes of rationalising the research questions posited in the study, the review also identified gaps in the literature. For example, there is limited literature on the strategies adopted by NGOs in the context of South African-based NGOs. Also, where these strategies exist, they are not always available to all organisations due to their different levels of operations, funds and sizes. The next chapter presents the research design and methodology for the study.

## CHAPTER 3 RESEARCH DESIGN AND METHODOLOGY

### 3.1 INTRODUCTION

The literature review chapter has highlighted recurring ideas regarding the on-going withdrawal of donor funding, which has had an impact on NGOs working in South Africa. The relevant literature was reviewed, and key elements pertinent to this research were highlighted. Having outlined the research aim and objectives of the study and the literature review in the previous two chapters respectively, Chapter 3 then focuses on the research design and methodology of the study.

The study utilises a qualitative research design in order to provide adequate responses to the research questions. The researcher describes and discusses the important research choices, and justifies the choice for the qualitative research approach (Mateo & Kirchhoff, 2009: 133). This study is an applied research effort in that its broader purpose is to facilitate an understanding of the nature and sources of human and societal problems in a practical manner (Fouché & De Vos, 2005: 105). In its *applied* aspect, the study aims at contributing to the utilisation of the resource dependency theory as an evidence-based intervention for problem-solving in the realm of healthcare sector NGOs. The case study, semi-structured interviews, and document review were utilised as data collection tools for the exploration and analysis of the decline in donor funding; as well as strategies which NGOs in the healthcare sector employ in response to the shrinking funding patterns. This chapter concludes with a discussion on the data analysis procedures.

### 3.2 THE QUALITATIVE RESEARCH DESIGN APPROACH

The research design of a study is defined as the planned sequence of procedures which links the empirical data to the research questions and eventually to its conclusions (Bhattacharjee, 2012: 35; Yin, 2014: 26). Nieuwenhuis (cited in Maree, 2007: 70), defines a research design as a plan or strategy which the researcher uses to specify *how* participants are selected, *which* data collection methods to use, and the type of data analysis to be conducted.

The purpose of qualitative research is to generate knowledge of social events and processes by understanding what they mean to people, exploring and documenting

how people interact with each other and how they interpret and interact with the wider social system (Hesse-Biber & Leavy, 2011: 4; Khadka, 2007: 37; Ulin, Robinson, and Tolley, 2005: 22). The research design logically provides the connection between data to be collected, including the conclusions to be drawn, the research questions and other pertinent units of analysis, such as the research problem, as well as the research aim or purpose and the research objectives. According to Chandra (cited in Sharma, Prasad & Satyanarayana, 1983: 69), a reasonable and adequate research design should effectively demonstrate that the collected data is objective, reliable, valid, and generalizable to the research findings.

In contrast to quantitative research design (which emphasises numerical/ statistical aspects), the qualitative research design is the most suitable method of inquiry for this study, as it focuses on collecting in-depth understanding (De Vos et al., 2011: 116; Henning, 2005: 38). Furthermore, quantitative research also focuses on quantifying phenomena and uses fixed measures to determine a fixed statistical reality which does not provide an in-depth understanding of the meaning that different participants assign to their different experienced realities (Taylor, 2014: 59).

### **3.2.1 Justification for the Qualitative Research Approach**

Nieuwenhuis (cited in Maree, 2007: 70) alludes to the prevalence of six types of qualitative research designs, which are: conceptual studies, historical research, action research, case study research, ethnography and grounded theory. The current study could be construed as encompassing varying degrees of some of the above-mentioned research typologies. However, the case study approach in this predominantly qualitative study is perennial throughout the discussions; enhanced also by exploratory, descriptive, and interpretive aspects in order to provide adequate responses to the research questions (Hesse-Biber & Leavy, 2011: 10).

Qualitative research relies mainly on interpretative perceptions of participants throughout planning, data collection, data analysis and study write-up (Chorba, 2011: 1137). This (interpretative) aspect has been incorporated into the study by means of the researcher's own analytic perspectives on the research participants' verbatim accounts in response to the questions posed to them during the semi-structured interview sessions (De Vos et al., 2011: 116). Ulin et al., (2005: 17) maintain that for the interpretive perspective, the social world is seen as constructed, interpreted and

experienced by humans in their human actions, interactions and languages. Therefore, there are multiple and subjective forms of reality. As a result, people's experiences, actions and perspectives are the most important sources of knowledge and evidence (Hesse-Biber & Leavy, 2011: 17; Ulin et al., 2005: 17). This approach remains relevant for this study as the researcher's intention entailed an understanding of the strategies that NGOs employ in response to decreased donor funding.

In this study, the qualitative approach is used to integrate viewpoints that senior leaders and programme managers of The Aurum Institute assign to their own experiences of the strategies that Aurum and other NGOs employ in response to decreased donor funding. Such an integration enabled the researcher to obtain a full understanding of the context within which this study is framed. Such an integration further provided the researcher with a genuine understanding of the participants' lived experiences and social reality in their own naturalistic environment (Burns & Grove, 2011: 353).

The study's descriptive aspect is clearly articulated throughout the study. Every unit of analysis is contextually described both on its own merits and applicability or relevance to the study (Burns & Grove, 2011: 357; Chorba, 2011: 1137). The latter is in accord with the assertion by Sandeep (cited in Sharma, Prasad & Satyanarayana, 1983: 90) and Hesse-Biber and Leavy (2011: 10), who assert that descriptive research design enables the researcher to describe the range of research processes and the concomitant phenomenon under investigation in conjunction with the selected research participants' involvement.

Exploratory research aims to investigate an aspect of social life that is under-researched (Hesse-Biber & Leavy, 2011: 10). The exploratory aspect of the research design was largely facilitated by means of the extensive literature search and review (Henning, 2005: 38; De Vos et al., 2011: 116); which enhanced better understanding of various strategies that NGOs employ in response to decreased donor funding. The qualitative approach is well suited for this study as it utilises in-depth interviews, a case study and document review as research techniques, which allowed the researcher to see the world from a viewpoint of the participants' lived experiences (Burns & Grove, 2011: 37).

In this study, the qualitative approach is further used to engage viewpoints that the leaders and programme managers of The Aurum Institute assign to their own experiences of the strategies that Aurum and other NGOs employ in response to decreased donor funding. This engagement advanced the researcher's broader understanding of the context within which this study is framed. The researcher's broader understanding was specifically focused on the phenomenon under investigation; that is, the resource dependency and NGO responses to the declining donor funding.

The interpretive and descriptive aspects of the qualitative approach enhanced the level of participation; in terms of which participants are active partners in data collection. Furthermore, their responses to the semi-structured interviews are construed as impulsive and natural (Ulin et al., 2005: 17). Therefore, programme managers and leaders of The Aurum Institute are active participants from whom information was collected. With regards to the impact on study participants, the interpretivist approach holds that participants are aware of their participation in the study, and may gain an understanding into their own views and behaviours, as well as the study research topic (Ulin et al., 2005: 17).

This study further adopts the qualitative inductive approach for the enhancement of a systematic set of procedures that began with the collection of data, and followed by the analysis of data leading to a more general understanding of the research topic (Thomas, 2006: 237). The purpose of utilising a qualitative inductive approach is to determine the links between the study objectives and research findings, and to shorten raw textual data into a brief, summary format (Cooper, Chenail & Fleming, 2012: 15). The inductive approach's primary purpose is to allow the research findings to emerge from dominant and significant themes which accrue from raw data (Thomas, 2006: 237). Therefore, the inductive approach is relevant for this study in that it facilitated the outcome of data analysis evident in the most relevant themes and identification of pertinent research objectives.

### **3.3 RESEARCH METHODOLOGY**

Research methodology is described as a set of principles that inform the design of a research study (Redman-Mac-Laren & Mills, 2015: 2). Research methodology could also be regarded as a theoretical perspective based on people's viewpoints that help

shape what we study, and is directly linked to the research problem and the methods used to address the research problem (Hesse-Biber & Leavy, 2011: 38). There are fundamentally three primary methodological approaches, the post-positivist, the interpretive, and the critical approach (Bhattacharjee, 2012: 8; Hesse-Biber & Leavy, 2011: 15). The positivist approach is generally associated with quantitative research studies, whereas interpretive and critical approaches are mainly associated with qualitative research strategies (Bhattacharjee, 2012: 34; Ulin et al., 2005: 15). Therefore this study adopts the interpretive and critical approaches in that the study interprets the lived experiences or social reality of the participants in order to bring meaning to the context.

According to Leedy and Omrod (2001: 14) research methodology specifically addresses the researcher's preferred data collection processes. In some instances, some researchers view research methods and research methodology as synonymous and interchangeable nuances Mouton (2001: 56). In this regard, the process of data collection and the specific tools or research instruments of data collection and analysis are integrated into the adopted mode of synonymy.

On the other hand, some researchers regard research methods and research methodology as two dissimilar research nuances (Mouton, 2001: 55). According to this view both terms are particularly premised on the (qualitative and quantitative) research instrumentation used in the processes of data. According to Bhattacharjee (2012: 22), whereas research methods specifically relate to the nature and type of the research instrument, the research methodology refers to "the systematic study of processes and principles that guide scientific investigations and research" (Mouton, 2001: 55). Accordingly, research methodology focuses on the specific research paradigm informing the preference of one research technique over the other for purposes of resolving issues such as the research problem, the research objectives, and the research questions associated with the research topic.

For the purposes of this study, an integrated approach is adopted. Accordingly, the two terms, research methods and research methodology are viewed as synonymous; therefore, used interchangeably. Since research methods are construed as referring to type of research instrument, research methodology then encompasses the intellectual tradition or perspective/ paradigm which informed the data collection and analysis processes.

### **3.3.1 Stages in the Qualitative Research Approach**

Each of the stages discussed below depicts the thematic integration of the research design, its research methods and research methodology (Yin, 2014: 26). These stages also have an “overlap effect” in that none of them is individually self-fulfilling; but each is inter-dependent on the other (Morse & Richards, 2002: 169). Furthermore, these stages reflect a planned sequence that connects the empirical data to its theoretical provenance (Nieuwenhuis, cited in Maree, 2007: 70; Yin, 2014: 26).

#### **3.3.1.1 The Conceptual Stage**

The conceptual stage is premised on the theoretical or abstract parameters of the study (Morse & Richards, 2002: 169). It is an ‘incubation’ stage during which the researcher embarked on a protracted search, review, and analysis of available secondary data sources on the centrality of the resource dependency theory as an evidence-based mechanism of exploring South African healthcare NGOs’ response to shrinking donor funding. The detailed literature review enhanced the researcher’s conceptualisation of the research topic in respect of its pertinent aspects, including dominant theories; as well as emerging themes, trends, practices, and policy implications of decreasing donor funding for healthcare sector NGOs (Burns & Groove, 2011: 41). It is worth noting that the conceptual stage, preceded the actual commencement of the study.

#### **3.3.1.2 The Exploratory Stage**

Exploratory studies are conducted in the instance that the researcher’s focus area of interest replicates some disjuncture or knowledge gaps (Hesse-Biber & Leavy, 2011: 10). In such instances, a particular aspect in the existing or new body of knowledge is investigated comprehensively for the purpose of finding out more about the particular aspect or aspects (Polit & Beck, 2012: 18). Similar to the conceptual stages, the exploratory or pre-investigative stages were embarked on by means of the pertinent literature review and evaluation of conducive data collection instruments. Exploration also facilitated the preliminary investigation and feasibility of the study’s progression from its conceptualisation to the actual execution phase. The most important aspect of the exploratory stage was its facilitation of the researcher’s better understanding of various aspects of the research topic and its under-researched social aspects (Hesse-

Biber & Leavy, 2011: 10). In this regard, the study utilised both the literature review and the research participants' experiences in order to explore strategies that NGOs employ in response to decreased donor funding.

#### **3.3.1.3 The Consultative/ Participatory Stage**

As mentioned earlier, the 'overlap effect' demonstrates that the conceptualisation and exploration stages inevitably informed the conceptual/ participatory stage (Morse & Richards, 2002: 170). It is the researcher's contention that the consultative/ participatory stage integrated both the preceding (conceptual and exploratory) stages and the ensuing, (participatory, narrative, and descriptive and interpretative) stages and the succeeding stages. In this regard, the researcher consulted an array of secondary sources (literature for theoretical perspectives) and personally participated in conversations and dialogue with (primary) research participants in order to obtain their perspectives on the impact of declining healthcare sector donor funding on non-profit organisations.

#### **3.3.1.4 The Narrative Stage**

As opposed to the preceding qualitative research stages, the narrative stage is fundamentally located within the context of the actual data collection phase of the study. The narrative statements by the research participants provided a framework on whose basis the researcher was able to develop a data analysis perspective derived from the participants' own personal accounts on the state of donor funding in the South African healthcare sector (Gibbs, 2007: 150). The researcher's conversations with the research participants enabled her to obtain a first-hand perspective of their worldview, by cross-referencing the participants' (coded) responses during the data analysis phase, the researcher was able to either confirm or dispel the participants' verbatim responses. The accurate transcription of the participants' own words further reflects the researcher's attention to detail in respect of the content and context of the narrated statements (Polit & Beck, 2012: 270).

#### **3.3.1.5 The Descriptive and Interpretative Stage**

The descriptive aspect of the research design was employed in that it enabled the researcher to describe the declining state of the healthcare sector donor funding by

incorporating the research participants' own experiences in their own words (Hesse-Biber & Leavy, 2011: 10); taking cognisance of the attendant activities, events or the phenomenon being investigated on the basis of the collected data (Sandeep, cited in Sharma et al., 1983: 90).

The interpretative aspect entails a two-fold perspective. In this regard, the researcher's own interpretative and analytic skills rested on the research participants' own elicited understanding of the research topic and interpretation of their lived experiences or social reality as probed by means of the interview questions. Furthermore, both the theoretical and empirical aspects of the research topic required that the researcher should interpret and explain the progression of every aspect as the study unfolded (Holloway & Wheeler, 2009: 176). It is almost a truism that participants' perspectives constituted an inevitable aspect of the descriptive and interpretative stages of the study's execution (Hesse-Biber & Leavy, 2011: 17; Ulin et al., 2005: 17). Accordingly, programme managers and senior leaders of The Aurum Institute were active participants from whom pertinent data and information were collected.

The researcher's interpretative and analytic skills allocated a degree of relevance and logic to the collected data, while also dislodging the study from an 'ivory tower' perspective of dire irrelevance (Bunting, 2002: 66-67).

### **3.4 DATA COLLECTION METHODS**

Data collection refers to the systematic process of obtaining critical; data and information from primary and/ or secondary sources (Hesse-Biber & Leavy, 2011: 5; Holloway & Wheeler, 2010: 176). For purposes of thematic coherence and logical discourse analysis, data collection and data analysis occurred as two concurrent research processes (Holloway & Wheeler, 2010: 176; Khadka, 2007: 39; Travers, 2001: 2).

Merriam (2002: 4) asserts that the nature and type of qualitative data collection methods are fundamentally premised on the researcher's attempts to optimally understand the research participants' worldview by means of participant observation in their own naturalistic habitat. Khadka (2007: 39) and Travers (2001: 2) concur, and add that qualitative research essentially involves five main data collection methods: participant observation; interviewing; ethnographic fieldwork (e.g. case studies); discourse analysis; and document analysis. Most importantly, the data collection

method opted for should be appropriate to both the research problem and research participant. Since this predominantly qualitative study entails a continuum of conceptual, exploratory, participatory, narrative, and interpretive approaches, the most relevant data collection methods opted for in this study are: the literature/ document review, the case study, and the semi-structured interviews (Khadka, 2007: 39; Merriam, 2002: 4; Travers, 2001: 2).

### **3.4.1 Literature/ Document Review**

The review of literature familiarised the researcher with study's theoretical background and the most salient aspects pertaining to the decline in donor funding for the South African healthcare sector NGOs (De Vos et al., 2011: 115). Chapter 2 of this study (pp. 26-48) addresses the scope and scale of the relevant literature in detail.

The review and analysis of documents was undertaken in the form of official government policy records, publications, reports, and open-ended written responses to questionnaire and surveys (Patton, cited in Bryman & Burgess, 1999: 140). Other forms of documents include Acts of Parliament, statistical bulletins, annual reports, and private documents from civil society organisations such as non-governmental organisations and private minutes of meetings, advertisements, and fact sheets Mogalakwe (2006: 223). In order to ensure quality control of such documents, the researcher is obliged to apply the principles of authenticity, which is required in order to ensure that evidence is genuine and of a reliable nature (Mogalakwe, 2006: 224). Credibility is also required, in order to ensure that evidence is free from error. In addition, the principle of meaningfulness is applied by ensuring that evidence is clear and in-depth (Mogalakwe, 2006: 224).

Document analysis is a qualitative research tool that is commonly used to interpret meaning for the content of textual data (Hsieh & Shannon, 2005: 1277). Documentary sources provide immediate access to information because past experience could be inferred from material traces (Mogalakwe, 2006: 223). Therefore this study highlights the importance of using document analysis as one of the critical qualitative methodologies to explore NGOs' strategic responses to decreased donor funding. In this study, available official documents of The Aurum Institute were also reviewed and analysed in order to obtain a more detailed understanding of this organisation. Such

an approach was deemed inevitable, considering that this organisation is largely referred to as a typical point of reference and model for the study's primary focus.

### **3.4.2 The Case Study**

From the researcher's viewpoint, it is worth noting that three considerations informed the case study approach as one of the three preferred qualitative data collection methods. Firstly, the researcher briefly advances *reasons* for its selection. Secondly, the *attributes* of the case study are presented and discussed briefly. Lastly, the *application* of the case study in this particular study is also presented and discussed. It is worth noting that in this study, an inextricable link exists between the application of the case study and the semi-structured interviews method. The latter (semi-structured interviews) was the means by which the former (case study approach) was applied. In comparison with other research methods, the case study approach allows for the combination of various sources of information (Blumberg, Cooper, & Schindler, 2005: 193).

#### **3.4.2.1 Reasons for the Case Study Option**

This study uses the descriptive research objective in an attempt to respond to the *who*, *what*, *where*, *when*, and *how* questions (Woodside, 2010: 11). The case study design was opted for as it allows the researcher to get a holistic in-depth understanding and is able to facilitate the required in-depth investigation of a social phenomenon (declining donor funding to healthcare NGOs) within its context (Nieuwenhuis, cited in Maree 2007: 75). In exploring and analysing the strategic responses to decreased donor funding by NGOs in the South African healthcare sector, this research draws on the experience of The Aurum Institute.

The study utilises The Aurum Institute as a case study organisation in order to unpack the strategies that NGOs adopt in response to decreased donor funding. Furthermore, the utilisation of The Aurum Institute as a case study method is premised on the consideration that information collected from one case study organisation could be applied to other organisations in both the healthcare and non-healthcare sectors. The selection of The Aurum Institute advanced the researcher's need to reflect intensely on its strategies and focus, its organisational nature and formation, as well as its scope, programmatic and financial capacity (Woodside, 2010). The Aurum Institute was also opted for on the basis that it is a South African based organisation with an

applaudable reputation in the healthcare sector, attested to by its experience of over 18 years in the field. As such, other NGOs could learn from its experiences in strategically responding to decreased donor funding. The findings of case study do not necessarily lend themselves to generalisability, since the critical aspect is more on the replication of logic (Blumberg et al., 2005: 192; Nieuwenhuis, cited in Maree, 2007: 76). The findings of this study could be useful to other researchers and organisations who may undertake similar research at The Aurum Institute.

Most importantly, The Aurum Institute was selected on the basis of the volume of funding it receives from multiple bilateral donors such as the PEPFAR, USAID, the GF, Anglo American, BMGF, and various other donors. In terms of geographic location, the organisation is easily accessible by rail and road transport, which makes the collection of data more efficient. As a case study, therefore, The Aurum Institute could benefit other healthcare and non-healthcare sector NGOs in the adoption of various strategies to address the decline in donor funding.

#### **3.4.2.2 Attributes of the Case Study Method**

The case study method constitutes a salient aspect of social science research (Yin, 2014: 3). Vakil and Ramchander (cited in Sharma, Prasad and Satyanarayana, 1983: 164) define a case study as “a method of exploring and analysing the life of a unit of analysis, be it a person, a family, an institution or a community”. On the other hand Cant, Gerber-Nel, Nel and Kotzé (2003: 30) describe a case study as an intensive exploratory research tool for investigating a state of affairs which bears the semblance of the research problem (De Vos, 2005: 274). Meanwhile, Huberman and Miles (cited in Denzin & Lincoln 2000: 25) add further that a case study, by its very nature and function, is “bound to time and place”. The flexibility of the case study approach is conducive to policy research as it enables theory development, programme evaluation, and development of relevant interventions (Yin, 2014: 29). Woodside (2010: 2) argues that a case study research is not limited to contemporary phenomenon or real-life context but that the emphasis is on collecting data from describing, understanding, predicting and controlling the individual case.

Researchers use the case study method in order to observe the particularities of a situation or phenomenon. These would include, a historical background, the physical setting, as well as institutional or political variables (Yin, 2014). For this study, a case

study method is used to describe the case of The Aurum Institute as a viable reference point for NGOs, especially those in the healthcare sector. According to Woodside (2010: 6) the principal objective of the case study research is therefore, understanding. As such, the purpose of understanding, combined with other purposes such as description, prediction and controlling is vital for the researcher to deeply understand the actions, interactions and behaviour of individuals occurring in a specific process. However, for this study, the relevant case study research objectives are understanding, description and prediction. Control is not relevant as it is most appropriate in quantitative experimental studies and not applicable in this case.

Willig (2008: 85) posits that the case study method could be criticised for its dependence on a single-case, and thus incapable of providing generalised conclusion. However, authors such as Blumberg et al., (2005: 192) and Nieuwenhuis (cited in Maree, 2007: 76) argue that generalisability is not the key intent of a case study. Owing to the complexity and multiplicity of NGOs in the healthcare and other sectors, the study opted for Aurum as a single-type case study. Blumberg et al., (2005: 192) contend that, as opposed to multiple case studies – which premise on the examination of more than a single case – the single-type case study was relevant under the following circumstances, all of which are applicable to the current study:

- the state of affairs being investigated provides a critical base to other future *long-term* case studies focusing on donor funding in the healthcare sector; and
- an unresolved (problematic) real-life situation is investigated in the context of a specific theory.

#### **3.4.2.2.1 Critical Case Study Tenets**

Blumberg et al., (2005:195) highlight eight critical tenets of the case study research method, as well as elements which describe achievement. The purpose for highlighting these essential elements is to demonstrate the link between the application of the case study and the semi-structured interviews; while also highlighting the relevance of these.

**Table 3.1: Elements of a Quality Case Study**

Element	Description on how it can be achieved through case studies
<b>Purpose</b> clearly defined	<ul style="list-style-type: none"> <li>• Be <i>explicit</i> in the formulation of the research objectives and research problem. (in Chapter 1 of current study).</li> </ul>
Research <b>process</b> detailed	<ul style="list-style-type: none"> <li>• Provide all <i>information</i> pertaining to the research process, including information on <i>who</i> should be interviewed, documents obtained (Chapter 1 &amp; 2).</li> </ul>
Research <b>design</b> thoroughly planned	<ul style="list-style-type: none"> <li>• Providing a clear <i>explanation</i> of the case selection;</li> <li>• <i>Plan</i> carefully on how information will be obtained from different sources of evidence;</li> <li>• <i>Duration</i> of interviews; and</li> <li>• Design a case study <i>information-base</i>, but clearly distinguish the information obtained from the case study report.</li> </ul> <p>(Activities were undertaken in Chapters 1 and 2, and other applicable sections of the study).</p>
High <b>ethical</b> standards applied	<ul style="list-style-type: none"> <li>• Protect the <i>rights</i> of other participants involved in the study such as sponsors, respondents and/or interviewees;</li> <li>• Ensure that the research fulfils the quality <i>standards</i> of good research by:               <ul style="list-style-type: none"> <li>○ accurately accounting for the observations obtained;</li> <li>○ mentioning any information that is an aberration to the study's theoretical propositions;</li> <li>○ Basing conclusions and recommendations on the findings of the case study; and</li> <li>○ Resisting the desire to exceed the scope of the study.</li> </ul> </li> </ul> <p>(Chapters 1 to 3 and some parts of Chapters 4 &amp; 5).</p>
<b>Limitations</b> frankly revealed	<ul style="list-style-type: none"> <li>• Discuss the extent of <i>completeness</i> of the picture that is being painted in the study; and</li> <li>• Mention of a deviation from the planned purpose of the study to obtain information.</li> </ul>

Element	Description on how it can be achieved through case studies
Adequate analysis of a <b>decision-maker's</b> needs	<ul style="list-style-type: none"> <li>• Explain how information from interviews was assessed; and</li> <li>• Do not be pedantic, maintain the line of argument.</li> </ul>
Finding presented <b>unambiguously</b>	<ul style="list-style-type: none"> <li>• Use a clear structure that allows inclusion of all the relevant details, and prevent the reader from 'getting lost in the forest' of discussion and rhetoric; and</li> <li>• Use tables and graphs to support the findings.</li> </ul>
<b>Conclusion</b> justified	<ul style="list-style-type: none"> <li>• Conclusions must support the findings without exceeding the scope of research.</li> </ul>

**Source:** Blumberg et al., (2005: 195)

#### 3.4.2.3 Semi-Structured Interviews

The emphasis of the interview is on the purpose rather than on its form (Anderson, 2010: 2). The latter is influenced by the fact that the interview has to be centred around and adjusted to the level of the participants. Accordingly, the sequence of questions could be changed to in tandem with the response pattern of the interviewees (Prasad, cited in Sharma, Prasad & Satyanarayana, 1983: 141; Willig, 2008: 23).

Semi-structured interviews are cost effective, and can also be conducted by other communication methods such as emails. Semi-structured interviews are also compatible with various methods of data analysis such as discourse analysis, grounded theory, and interpretative phenomenology (Willig, 2008: 23). Travers (2001: 3) maintains that the number of interviewees depends partly on the time available to collect, transcribe and analyse data. However, the limitation with semi-structured interviews is that too much flexibility could casualise the uniformity and the necessity for valid generalisation (Prasad, cited in Sharma, Prasad & Satyanarayana, 1983: 143).

***The following procedures were applied in order to facilitate the interviews:***

- The researcher used an audio recorder in order to obtain the selected interviewees' verbatim responses, and their participation was kept confidential and anonymous in keeping with the requisite research ethical considerations;

- Probing was instrumentalised in order to allow the interviewees to participate spontaneously and to enable the researcher reach the point of saturation;
- Interviews lasted between 30 and 50 minutes, and questions were aligned to the primary and secondary questions appearing in Section 1.4 (p. 6) of the study;
- An Interview Guide/ Schedule encompassing open-ended questions was prepared ahead of the interviews, and used as a guide for the questions to be asked during the semi-structured interview sessions. Open-ended questions are effective in that they allow various views and opinions to emerge, thereby offering additional information (Suri, 2011: 72). Satyanarayana (cited in Sharma, Prasad and Satyanarayana, 1983: 147) define an Interview Schedule as a form of questionnaire which is generally filled-in by the researcher or the interviewer. A questionnaire is differentiated from a schedule in that a questionnaire is regarded as a self-administered tool filled-in by the respondents themselves, and a schedule is not.

In addition to the above, the interviewees were afforded enough time to ask further questions in cases of any real or perceived misunderstanding arising. Since the focus of the study is on the declining donor funding in the healthcare sector, the questions and the attendant probing collectively sought to obtain the following critical information from the interviewees' social reality and lived experiences (Leedy & Ormrod, 2001: 159):

- their own views and perception of donor funding in the healthcare; and
- their decision-making motives, especially those in positions of authority; and their previous and current experiences in the organisation.

It is to be noted that various pertinent aspects in the application and implementation of the semi-structured interviews are relevantly distributed in the ensuing sampling sections.

### **3.5 SAMPLING AND SAMPLING PROCEDURES**

Sampling refers to the process by which a portion of the population of the study is selected for purposes of securing a sample group which will represent the characteristics of the entire population as closely as possible (Thompson, 2012: 1). Thus, sampling could be defined as the smaller representation of the larger whole (Burns & Grove, 2011: 343). According to Bryant (2012) and Polit and Beck (2012),

sampling designs or procedures are categorised according to their probability (e.g. simple random sampling) or non-probability orientations.

According to authors such as Gerrish and Lacy (2010: 157) and Katzenellenbogen and Joubert (2007: 9), sampling procedures should be coherently designed and applied in accordance with the dynamics of the research site, the study population/universe, the sampling procedures, and the sampling size; as well as the sampling methods or techniques and the selection criteria. From the researcher's perspective, the research milieu (as represented by the *research setting* or *place* where the study was conducted), and the *people* or research participants (interviewees in this case) are the most instrumental variables informing the sampling procedures of the study. Ulin et al., (2005: 52) hold that from an interpretative perspective, the research participants are viewed as experts, based on their experiences (lived social reality) and ideas regarding the research topic. This identified group of participants enabled the researcher to explore The Aurum Institute's strategic responses to decreased donor funding.

Although a minimum sample of 12 participants is required for qualitative study (Baker & Edwards, 2012: 9; Marshall, Cardon, Poddar & Fontenot, 2013: 14), this study intended to interview up to 18 participants in order to facilitate data saturation. Data saturation is reached when data is collected to a point when no new data or information could be added, or in the event that further data collected provides little evidence in terms of further themes, insights, or views in qualitative research (Marshall et al., 2013: 14). Marshall et al., (2013: 11) recommend that between 20 and 30 interviews are required for qualitative studies. Denzin and Lincoln (2000: 780) on the other hand, suggest 30-50 interviews for qualitative studies. As such, 30 interviews are considered the mean sample required for qualitative interviews (Marshall et al., 2013: 17).

However, it should be noted that sampling errors may occur in the event that only a part of the population is included in a sample. For example, when some participants in the sample are not available to partake in the interview. Such non-participants may not fruitfully represent the population as a whole. As a result, samples could tend to be unrepresentative of the population and lead to biased estimates (Thompson, 2012: 5).

### **3.5.1 The Research Site and Negotiated Entry**

The research site/setting or research milieu refers to the locale of the study; that is, the place (physical location), the timing (in respect of the historical, political, or socio-economic period or era, or moment); as well as and the people, institutions, or research participants involved in the research process (De Vos, 2005: 334). The aspect of negotiated entry has been referred to and addressed in sub-section 1.7.1 (p. 18) of this study. In this regard, The Aurum Institute is the primary site and point of reference (case study) at which a range of systemic and institutional dynamics are prominently detailed. From the researcher's point of view, it is utterly crucial that a macrocosmic perspective of The Aurum Institute be presented, especially that the organisation is pivotal to the study's critical units of analysis.

The Aurum Institute was established in 1998 as a subsidiary company of Anglo-Gold Health Services, and was known as The Aurum Health Research and focused on the provision of TB and HIV programmatic implementation services. In 2002, the organisation became an autonomous entity from Anglo-Gold Health services and registered as a South African NPO and PBO known as The Aurum Institute. The organisation has made a substantial and measurable difference in the lives of people in the Southern Africa region (The Aurum Institute, 2012: 7). The Aurum Institute has spent the last 10 years focusing on research and monitoring, training, treating and managing HIV/AIDS and TB epidemics, as well as occupational and other diseases. The Aurum Institute also specialises in conducting research programmes and clinical trials that influence public policy and also supports the development of effective health provision systems to overcome the impact of HIV/AIDS (The Aurum Institute, 2012: 7). The Aurum Institute has a global responsibility to improve the health of people and communities through innovation by integrating TB and HIV through strengthening existing healthcare systems. This places The Aurum Institute as an internationally recognised, specialist research and implementation organisation (The Aurum Institute, 2012: 6).

The Aurum Institute is currently an African PBO with extensive experience as a leading organisation in the response, treatment and research efforts intended to eradicate TB and HIV epidemics (The Aurum Institute, 2015: 10). The organisation works closely with various South African Government departments, including the NDOH, Department of Correctional Services (DCS) and Department of Social Development

(DSD). The organisation also works alongside the mining industry, other NGOs, and in communities to provide better and real solutions to the global health challenges (The Aurum Institute, 2016: 5).

The Aurum Institute's mission is articulated thus:

*“to improve the health of people and communities through innovation in health research and systems. The organisation's vision is to improve the health of people and communities living in poverty through innovation in global health research, systems and delivery, through: (a) Translational research that seeks to inform international and national policy and practice in TB and HIV and other diseases; (b) Health programme management, implementation and technical support, and (c) Implementation Research and Clinical Research”* (The Aurum Institute, 2015: 4).

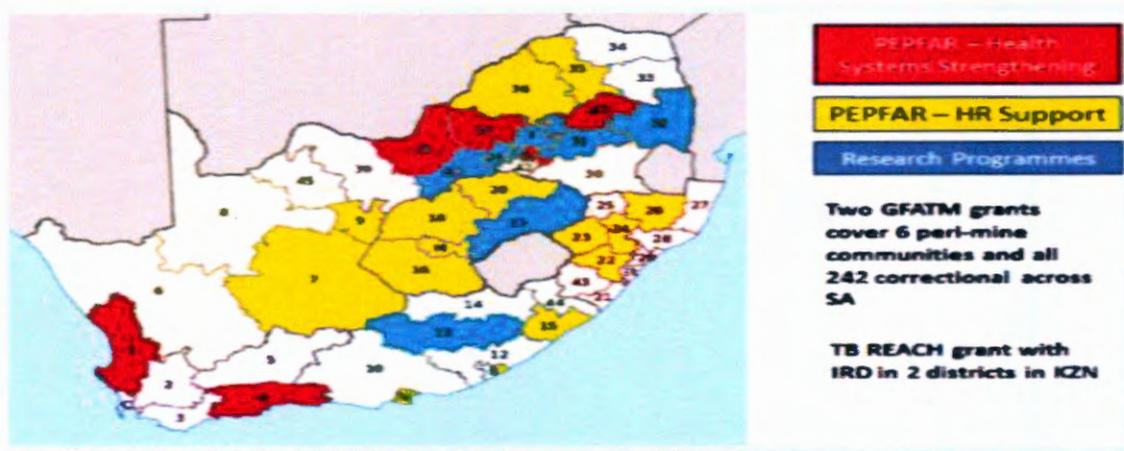
Currently, the organisation has a staff compliment of over 1, 200, and has managed grants in excess of \$200 million which focus on TB and HIV research and other health programmes. Aurum is the primary recipient of the United States, European and other institutional funding (The Aurum Institute, 2012: 6). The organisation has several years' experience in grant management and reporting according to the varying demanding funder requirements for programmatic outcomes and financial reporting (The Aurum Institute, 2012: 6). The organisation is believed to have the capacity to explore other avenues and remain relevant to fulfil its vision of remaining relevant for the next 100 years.

The Aurum Institute has recently undergone a restructuring process, and is currently structured into the Southern Africa Region and global operations. With regards to the Southern Africa Region, The Aurum Institute comprises of four divisions: the health systems division, the public health division, the clinical research division, and the implementation research division. The health system division focuses on projects that provide support to the Department of Health and related communities in the provision of TA, Health Systems Strengthening (HSS) and Direct Service Delivery (DSD). The public health division focuses on projects that provide support and build the capacity of HIV and TB health services, care and treatment services and systems strengthening in facilities of South Africa's Department of Correctional Services (DCS).

The clinical research division comprises 4 (four) centres: Tembisa, Rustenburg, Klerksdorp and Welkom Clinical Research Sites (CRS). These CRS are engaged in

TB treatment trials, TB vaccine trials, HIV prevention trials, and numerous observational studies. The implementation research division focuses on case finding, diagnostics, care, and case management, prevention and evaluation of health programmes. The primary focus of the implementation research is to conduct work in primary health facilities, communities, correctional facilities, and mines. In the Southern Africa Region, Aurum is operating in all nine provinces of South Africa, and is responsible for delivery of programme and corporate services results according to different funder goals and objectives. Figure 3.1 below illustrates Aurum's presence in South Africa through various funding mechanisms. The organisation global presence project collaboration is demonstrated by its establishment of offices in Washington, DC in the United States. As part of its plans to expand its scope internationally, Aurum also undertakes work in other African countries and Asia, with US, European and local collaborators (The Aurum Institute, 2015: 11).

**Figure 3.1: A Map of Aurum's Presence in South Africa**



**Source:** The Aurum Institute, 2015

To date, Aurum has been awarded three major PEPFAR Human Resource and HIV/TB Care and Support grants. The HIV/TB preventive and treatment grant extends from urban to rural settings in all provinces of South Africa. This includes collaboration with the Department of Correctional Services in some of the provinces (The Aurum Institute, 2016).

### **3.5.2 Study Population and Sample Size**

The research population of a study refers to “the aggregation of study elements, group of people, or a collection that researchers are interested in generalizing about, and from which the sample is selected and conclusions are drawn. This is done because it is not possible to study all the members of the population that one may be interested in” (Barker, 2003:12).

*The population of this study comprised a total of eighteen members, 8 (eight) of whom were males, and 10 (ten) were females. The study population also included executive management leadership of The Aurum Institute, some of whom are members of the executive committee. The study population also comprises of the senior programme managers. This calibre of research participants were selected on the basis of the professional experience they possess in the field, of healthcare services and as relevant holders of information required for this study.*

#### **3.5.2.1 Sample Size**

According to Babbie and Mouton (2001: 173), sample size refers to a representative number or sub-group which possesses the approximated qualities or characteristics of the larger group or population. Furthermore, a representative sample is determined either on its extent of similarity (*homogeneity*) or dissimilarity (*heterogeneity*) of the qualities of the larger group or population. It is in this regard that the sample size is regarded as “an approximation of the whole, rather than the whole” (Burns & Groove, 2011: 42).

The number and type of participants selected in the study were influenced by the size and diversity of The Aurum Institute, including the economic factors such as money and time available to the researcher to conduct interviews. As a result, a total of eighteen participants of the Southern Africa Region was identified and invited to participate in the study. This comprises fourteen senior members of the senior management leadership and four of the senior programme managers. The rationale for interviewing the four senior programme managers was motivated by the positions they occupy in the organisation and that they are directly managing some of the major projects, from which their managerial capacity contributes to the overall strategies of the organisation. Based on the semi-structured interview schedule, the researcher believes that this targeted group of participants is the relevant holders of the

information required to answer specific questions in the interview guide because it substantially increases the credibility of the results, even of small samples (Suri, 2011: 71).

*The sample size consisted of fifteen (15) participants, 6 (six) of whom were males, and 9 (nine) were females, from the population size of 18 (eighteen). This is because two members of the executive leadership resigned and left the organisation and were not yet replaced by the time data was collected. One member was also not available for the interview, despite several requests and follow-ups. Thus leaving the researcher with a total of fifteen participants to be interviewed. Thirteen interviews were face-to-face, while two participants were engaged with by means of emailed questionnaires to be completed and sent back to the researcher. This is because these two participants were not available to meet face-to-face with the researcher during the scheduled time of data collection. Table 3.2 is a representation of the actual sample size and its categorisation of the participants according to their level of participation or position in The Aurum Institute.*

**Table 3.2: Sample Size and its Categorisation**

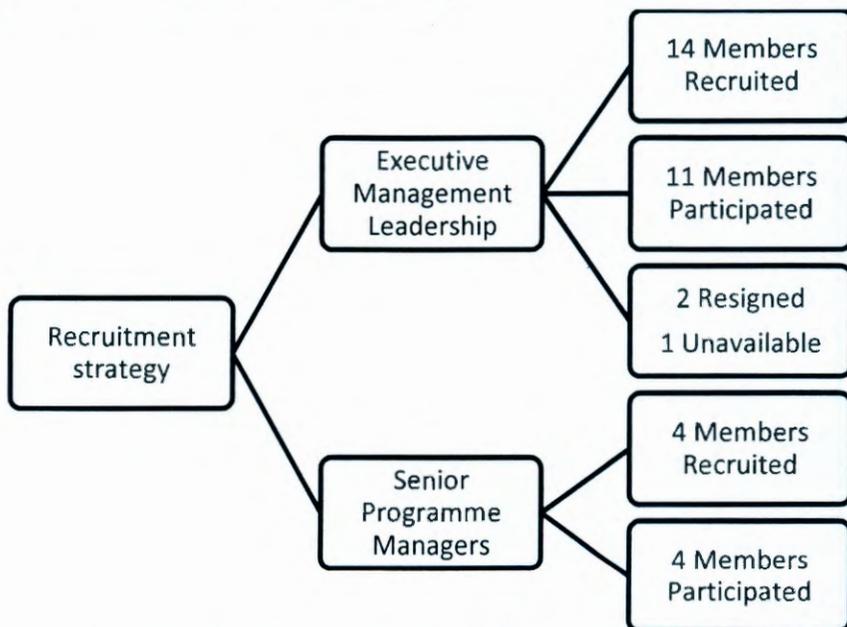
<b>Number of Participants</b>	<b>Designation</b>	<b>Leadership Role</b>	<b>Total</b>
1	<b>CEO:</b> Aurum SA Region	Executive Director- EXCO Board Member	1
1	<b>CEO:</b> Aurum Innova	EXCO Board Member	1
3	<b>Managing Directors:</b> Health Systems Division; Public Health Division; and Implementation Research Division.	EXCO Board Members	3
1	<b>Director:</b> Finance	EXCO Board Member	1
1	<b>Director:</b> Public Relations	EXCO Board Member	1
4	<b>Technical Directors:</b> Health Services; Health and Pharmacy Services Management; Quality	Non- EXCO Board Members	4

Number of Participants	Designation	Leadership Role	Total
	Implementation and Training; and Data Management.		
4	<b>Senior Programme Managers</b>	Non- EXCO Board Members	4
<b>Total</b>			<b>15</b>

### 3.5.2.2 Participant Recruitment Strategy

It should be noted that the researcher makes a distinction between the participant recruitment strategy and the selection criteria mentioned in sub-section 3.5.5 below. Whereas the selection criteria focuses on the specific *attributes* possessed by the research participants (Brink et al., 2010: 131; De Vos et al., 2011: 223), the participant recruitment strategy focused mainly on the *process* involved in such selection or recruitment. Figure 3.2 below is a diagrammatic presentation of illustrates the strategy on how the participants were recruited to participate in this research study.

**Figure 3.2: Participant Recruitment Strategy**



**Source:** Researcher's own inference from the study population and sample size

The Aurum Institute includes 14 members who serve as the leadership and management of the organisation, of whom 10 serve as the Executive Committee of the Southern Africa Region. All the 14 members were recruited to participate in the

study, however, only 11 members participated. All the fifteen participants were recruited by means of face-to-face recruitment, followed by a formal email request to participate in the research study.

The researcher also recruited four senior programme managers and all four participated in the study. Thus bringing the actual number of participants to fifteen, including the eleven members of the executive leadership mentioned in the discussion above. The rationale for purposively selecting these four participants was based on, firstly, the scope, nature and type of projects they are managing. Two participants are managing research projects and the other two participants are managing implementation science projects. These programme managers' views, knowledge and perceptions provided insights concerning the overall influence and outcomes of projects on The Aurum Institute's array of prolific strategies.

### **3.5.3 Sampling Techniques/ Methods**

Sampling techniques or methods refer to the significant data collection approaches applied in the selection of the research participants. Sastry, in Sharma, Prasad and Satyanarayana (1983: 191) provides that the key objective of any sampling procedure is to secure a sample which will represent the characteristics of the entire population as closely as possible. Ulin et al., (2005: 55) caution that there is no particular sampling method that can be considered accurate, best or perfect. Therefore, available information on the research milieu and study population play a prominent role on the limitations imposed (Ulin et al., 2005: 55).

In this qualitative research study, the non-probability purposive sampling method was opted for. Purposive random sampling is also relevant for this study as it substantially increases the credibility of the results, even of small samples (Suri, 2011: 71). Ulin et al., (2005: 55) add that small purposive samples are preferably suited to qualitative inquiry. This research study opted for the non-probabilistic sampling approach as it allows the researcher to purposively include a wide range of types of participants and to select key participants with access to the most important sources of knowledge (Anderson, 2010: 4; Mays & Pope, 2007: 2). Most importantly, purposive random sampling was influenced by the fact that the researcher has been employed by The Aurum Institute for three years, and has extensive knowledge of the organisation's functioning and strategies.

### **3.5.4 Selection Criteria**

The notion of sampling criteria refers to the range of attributes or characteristics which participants possess (or do not possess) in relation to the research milieu, the research objectives, and the research questions posed to the participants (De Vos et al., 2011: 334). The possession (or lack thereof) is the primary consideration on whose basis the research participants would either qualify or be excluded from any involvement in the study (Brink et al., 2010: 131; De Vos et al., 2011: 223).

#### **3.5.4.1 Inclusion/ Eligibility Criteria**

According to De Vos et al., (2011: 223) and Holloway and Wheeler (2010: 144) the inclusion criteria refers to the research participants' possession of specific representative attributes justifying their involvement in the study on the basis of the homogeneity of those qualities to the study population. The Aurum Institute has a variety of programmes and projects running, with every project having a dedicated programme manager. As such, it can be stated that The Aurum Institute has quite a number of programme managers. However, the researcher only opted to interview four senior programme managers. The rationale for selecting only four participants in this job category was based on the fact these four programme managers, with their experiences in directly managing some of the major projects, could help inform the strategies of The Aurum Institute. In addition, these participants were recruited on the basis of their perceptions, views and knowledge could be a representation of the other programme managers.

The following considerations justified the selected participants' inclusion in the study:

- Only employees of The Aurum Institute of any gender, race, or creed;
- Aurum employees in executive positions;
- Aurum employees in senior management positions;
- Aurum employees in non-executive senior management positions;
- Aurum employees with professional experience of not less than five years; and
- Only Aurum employees in the Southern Africa Region holding any of the positions above.

#### **3.5.4.2 Exclusion/ Ineligibility Criteria**

As opposed to the inclusion or eligibility criteria, the exclusion/ ineligibility refers to the research participants' lack of specific representative attributes justifying their

involvement in the study on the basis of the heterogeneity of those qualities to those of the study population (Holloway & Wheeler, 2010: 144). The following considerations justified the selected participants' exclusion in the study:

- Aurum employees outside of the Southern Africa Region;
- Aurum employees not in the executive positions;
- Aurum executive employees with less than 6 months working for Aurum;
- Non-employees of The Aurum Institute; and
- Individuals with little, or no knowledge or experience of the healthcare sector donor funding environment.

### **3.6 DATA MANAGEMENT AND ANALYSIS**

Data management is concerned with the quality assurance mechanisms and processes employed by the researcher in order to instill a degree of scientific rigour to the study (Hilal & Alabri, 2013: 181; Holloway & Wheeler, 2010: 146). Data was collected by means of semi-structured interviews, case study, and document review from The Aurum Institute. Data management involved "the categorization of data into comparable themes, principles, or concepts, structural or process features/patterns, tendencies, and associations or experiences" (Brink et al., 2010: 179). The main purpose of data analysis was to allocate intelligible meaning to the study's collected data and its attendant findings (Brink et al., 2010: 178). The categorisation or classification of data involved the development of patterns of similarity and dissimilarity between different focus group interview sessions as influenced by the efficacy or inefficacy of the data collection instruments. In this study, the efficacy of the semi-structured interviews reinforced the quality assurance and scientific rigour of the study as a factor of the validity, credibility, and reliability, validity, of the study. In this study, details and specifics concerning patterns, themes and interrelationships were analysed inductively. In such instances, analysis is guided more by principles than by rules (Patton, cited in Bryman & Burgess, 1999: 47; Taylor, 2014: 76).

The researcher used an audio recorder during the interview process, which was then transcribed. No names of participants are mentioned on the transcriptions. Rather participants were allocated numbers. Only the researcher has access to the transcripts. In addition to the transcribed data from the audio recorder, the researcher read her own descriptive interview field notes in order to identify themes. This was

necessary in order to explore the meaning that leaders and programme managers of The Aurum Institute assign to their experiences of the decline in donor funding, and how The Aurum Institute responds to such decline. Information was then grouped according to themes.

During the data analysis process, data is coded in order to ensure anonymity of participants (Choi, Roberts & Grinstead, 1999: 56). Accordingly, the researcher then coded data manually in order to facilitate the transcription and meaning-making processing, in order to establish the critical framework for the findings, conclusions and recommendations. The coding process also helped the researcher in classifying the participants' narrative statements into major themes and sub-themes. In addition to the researcher's field notes, data were classified according to open and axial coding. Open coding is predominantly reductive, and excessive, superfluous, or repetitive information is discarded (Holloway & Wheeler, 2010: 146). This reduction process facilitated the organisation of data into coded *individual* themes (Burns & Grove, 2011: 522). Axial coding, on the other hand, facilitated the coding of *groups* of themes (Holloway & Wheeler, 2010: 146).

In qualitative research, the researcher's subjectivity could cloud the interpretation of the data and sometimes the findings can be questioned by the scientific community. Therefore, trustworthiness, validity and reliability plays a vital role in this respect (Brink, 2011: 35). The researcher ensured that reflexivity (self-monitoring) was applied in order to remove any of her preconceived ideas, beliefs, or attitudes from interfering with the participants own lived experiences (Holloway & Wheeler, 2010: 304).

The analysis of qualitative data is often considered to be a vague, cluttered, and time-consuming process (Anderson, 2010: 4; Hilal & Alabri, 2013: 181). As such, the researcher used the Microsoft Word programme in order to facilitate the coding, management, and analyse the transcribed data. This helped the researcher to organize, analyse and find insights on the collected data.

### **3.7 MEASURES TO INSTIL SCIENTIFIC RIGOUR OR TRUSTWORTHINESS**

According to Maree (2007: 299) the term 'trustworthiness' refers to the extent of the researcher's convincing persuasion of the readers that the research is of significant importance, and that the findings in the research study are worth paying attention to.

The aspect of significance is itself a factor of the credibility, reliability, and validity of the study.

### **3.7.1 Credibility**

Credibility refers to the assurance given by the researcher that the conclusions drawn from the findings stem unequivocally from the data collected (Maree, 2007: 299). Credibility was achieved by means of data capturing (recording of semi-structured interviews); prolonged engagement with the participants beyond the actual interview sessions; and repeatedly checking with the members that the researcher's transcription and interpretation truly reflected their original input in their own words (Holloway & Wheeler, 2010: 303). This process ensured that no new theme was undiscovered, and that no further discrepancies were found in the findings (Maree, 2009: 299). Therefore, the findings that the researcher produces should be true and convincing in order to add to the credibility (believability) of the study. Thus, the researcher's interview guide was reviewed by the study supervisor from the University of Free State in order to ensure that it was adequate to collect data that was supposed to, and thereby ensuring the validity of the content (Maree, 2007: 299).

### **3.7.2 Reliability**

Reliability is described as consistency that is maintained throughout a series of measurements (Chandra, cited in Sharma, Prasad & Satyanarayana, 1983: 69). Thus reliability can be said to be concerned with the consistency, stability and repeatability of the participants' views, as well as the researcher's ability to collect and record accurate information (Brink, 2011: 35; Merriam, 1995: 55). This means that a participant is expected to provide the same response to the same question if asked later. Otherwise, the researcher would experience difficulties in considering the genuine response in the event that participants provide contradicting responses. In this study, reliability was applied mainly by means of an audit trail (document and record keeping) and ensuring the researcher's objectivity. The audit trail ensured that researchers interested in a similar study on donor funding would be able to refer to the documented research process as a guide for their own studies (Holloway & Wheeler, 2009: 8).

Brink (2011: 35) warns of the potential factors that pose risks to validity and reliability, and recommends that the researcher should plan and implement strategies to avoid or deal with those potential risks. One of the risks is error, which has the potential to result in less accurate and less truthful results (Brink, 2011: 35; Hesse-Biber & Leavy, 2011: 48; Merriam, 1995: 55). Error can occur on the part of the researcher, people participating in the study, the phenomenon being studied, or methods used for data collection and analysis. The other error is associated with the researcher bias.

### **3.7.3 Validity and Transferability**

Hesse-Biber and Leavy (2011: 48) define validity as “a process whereby the researcher gains the confidence of the reader that he/she has gotten it right”. Validity is concerned with, and depends on the quality of qualitative research which includes continuous checking, questioning and interpretation of results (Willig, 2008: 158). Validity also refers to validating the present data against a parallel or future criterion (Chandra, cited in Sharma, Prasad & Satyanarayana, 1983: 70). Meanwhile, Brink (2011: 35) maintains that “validity in research is concerned with the accuracy and truthfulness of scientific findings”. Therefore, it could be argued that validity demonstrates the accurate measurability of the actual social reality it is supposed to measure. The goal of validity, therefore, is to ensure that findings are plausible (Hesse-Biber & Leavy, 2011: 48).

A distinction should be made between internal validity and external validity. Internal validity refers to the extent to which research findings are a true reflection or representation of reality. External validity, on the other hand, refers to the extent to which such reflections or representations of reality are genuinely applicable across all participants (Bhattacharjee, 2012: 35-37; Brink, 2011: 35; Merriam, 1995: 53). External validity is also linked to transferability, is often used interchangeably with generalisability. Generalisability or transferability can be referred to as the extent to which the data and context of the research study are generalised to the wider population and events (Maree, 2007: 299). Therefore, the reader should be able to take the findings on the strategies that NGOs in the healthcare sector employ in response to decrease donor funding and apply them to other organisations and other sectors to ensure transeferability.

### **3.8 CONCLUSION**

This chapter discussed the research design and methodology of the study. In order to explore the research question and objectives, the researcher used qualitative methods to collect and analyse the data. This study took on the form of a case study within the broader qualitative research paradigm. The most critical aspect of the chapter premises on the involvement of the research participants as the critical data collection elements. Whereas the other chapters of the study provided the theoretical background of the study, the direct involvement of the participants provided the empirical perspective without which the study could not justifiably lay claim to any scientific legitimacy. The next chapter focuses mostly on data analysis.

## **CHAPTER 4**

### **PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS**

#### **4.1 INTRODUCTION**

The previous chapter discussed the research design, the research methodology, as well as the research methods of the study. The current chapter presents data analysis and discussion of key findings in the context of the participants' perspectives on declining donor funding of healthcare sector NGOs. Data analysis is useful in helping the researcher to interpret data for the purpose of providing meaningful insights about the research problem (Bless, Higson-Smith & Sithole, 2013: 339; Marczyk et al., 2005: 209). In qualitative research, data analysis involves the summarising of the collected data and presenting the results in a manner that communicates the most critical features (Brynard & Hanekom, 1997: 48).

The results of the study are interpreted in relation to the findings from the case study and semi-structured interviews conducted with the executive leadership and senior programme managers of The Aurum Institute. Based on the volume of data collected, the researcher elected to conduct the coding process using Microsoft Office Program (Microsoft Word), since data collected from the interviews was manageable and there were no complexities of the codes. During the data analysis process, the researcher took all the data collected, including interview transcripts. Data was coded in order to ensure anonymity of participants (Choi, Roberts & Grinstead, 1999: 56). The researcher also used document analysis as a qualitative research tool to analyse data by describing the critical aspects of donor funding in the context of the participants' own contribution and understanding.

The researcher also reviewed literature from the case study organisation (Aurum). The review included the organisation's website, projects, and annual reports. These played an extensive role in providing the researcher with background information about the organisation before primary data was collected.

In order to infuse a degree of thematic logic, the current chapter is categorised into two superstructural domains. The first is premised on the selected research participants' bibliographic data or information, which does not in any way divulge their personal information as this would constitute a breach or violation of their privacy,

confidentiality, and anonymity (Choi, Roberts & Grinstead, 1999: 56). The latter is clearly articulated in sub-sections 1.7.2.1.3 to 1.7.2.1.5 (p. 19 -22) of Chapter 1.

The second domain is situated within the most important themes accruing from the mechanisms instituted by the researcher to classify or organise the transcribed narrative statements according to individual and collective themes (Burns & Grove, 2011: 522; Holloway & Wheeler, 2010: 146). The research participants' level of understanding of the research topic, together with their lived experiences (professional and occupational profiles) contributed to the identification and development of the relevant themes.

## **4.2 PARTICIPANTS' BIOGRAPHIC DATA**

As mentioned earlier, the participants' biographic data does not necessarily constitute a revelation of their personal identities, but merely reflects some aspect of the study's selection criteria from which valuable information could be inferred. Table 4.1 below indicates a global perspective of the participants' biographic data and information.

From the population of 18 members (eight males and ten females), the researcher eventually interviewed a total of fifteen participants, consisting of six males (40%) and nine females (60%). It is interesting to note that in both the population and sample domains, the females were in the majority; with 60% of the sample size and 55% of the study population.

Most of the participants in this study have, and are currently still serving as directors and non-executive directors of The Aurum Institute and other healthcare NGOs in South Africa. The fact that none of the participants were aged between 25 and 35 years of age is a probable indication that The Aurum Institute's leadership is constituted by 'veteran' experienced professionals; attested to by the fact that 100% of the executive and senior management of the participants were over 35 years of age; with 3 males (20%) occupying the most senior positions, followed by 7 (seven) females (about 47%) in various directorship positions. All ten (10) - 3 males and 7 females form part of the executive committee of The Aurum Institute. One of the participants is the organisation's CEO for the Southern Africa region, and serves as an executive director and board member of The Aurum Institute. The CEO is also part of the governance committee led by a Group Management Executive that support The Aurum Institute's

Board of Directors. He holds a Master's Degree in Business Administration and a Bachelor of Commerce Degree. He has been with The Aurum Institute from its inception in 1998.

Educationally, 40% males (n=6 (six)) possess qualifications *above* the Master's level, including the CEO. Sixty percent of the female participants 60% (n=9) hold Master's qualifications. The educational state of affairs at Aurum undeniably reflects that education (which is the source of strategic knowledge) is valued highly in the organisation. Almost all the participants hold a Master's degree in health-related and management fields, with other participants having a medical background. These participants' professional profile spans across academia, research and training in public health management. In addition, most of these participants possess over 10 years of experience in health programmes management and implementation, research-clinical and implementation with some of the participants having a medical background. All the participants have documented track records in the field of TB, HIV and AIDS. Some of these participants also serve as members of the Technical Expert Group (TEG) of the organisation.

**Table 4.1: Participants' Demographic Data**

Number of Participants	Designation/ Position	Leadership Role	Gender		Age			Education			Total
			Male	Female	25-30	30-35	above 35	Dr/ Prof	Master's	Below Master's	
1	<b>CEO:</b> Aurum SA Region	Executive Director; Exco Board Member	x				x	x			1
1	<b>CEO:</b> Aurum Innova	Exco Board Member	x				x		x		1
1	<b>Managing Director:</b> Health Systems Division	Exco Board Member	x				x		x		1
1	<b>Managing Director:</b> Public Health Division	Exco Board Member		x			x	x			1
1	<b>Managing Director:</b> Implementation Research Division	Exco Board Member		x			x	x			1
1	<b>Director:</b> Finance	Exco Board Member		x			x		x		1
1	<b>Director:</b> Public Relations	Exco Board Member		x			x		x		1
1	<b>Technical Director:</b> Health Services	Non-Exco Board Member		x			x	x			1
1	<b>Technical Director:</b> Health and Pharmacy Services Management	Non-Exco Board Member		x			x	x			1
1	<b>Technical Director:</b> Quality Implementation and Training	Non-Exco Board Member		x			x		x		1
1	<b>Technical Director:</b> Data Management	Non-Exco Board Member		x			x		x		1
1	<b>Senior Programme Manager</b>	Non-Exco Board Member	x				x		x		1
1	<b>Senior Programme Manager</b>	Non-Exco Board Member	x				x		x		1
1	<b>Senior Programme Manager</b>	Non-Exco Board Member	x				x		x		1
1	<b>Senior Programme Manager</b>	Non-Exco Board Member		x			x	x			1
<b>Total</b>			<b>6</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>6</b>	<b>9</b>	<b>0</b>	<b>15</b>

### 4.3 EMERGING THEMES AND SUB-THEMES

The findings in this research study have been arranged according to the common themes that emerged from the semi-structured interviews conducted with the selected Aurum research participants. Key themes were formulated using study research objectives to ensure that information collected from the interviews responded to the research questions. As such, the findings were established in accordance with the following key themes which emerged from both the open and axial coding processes:

- The impact of the decline in donor funding;
- The nature and possible effects of NGOs' dependency on donor funding;
- Potential strategic responses to decreased donor funding in relation to the resource dependency theory; and
- Possible NGO strategic responses to decreased donor funding.

The above themes represent the typical construction and development of individual and grouped (categorised) themes in the open and axial modes of coding/ classification. (The categorisation of themes and attendant sub-themes is discussed in more detail in sub-sections 4.3.1 to 4.3.4 (pp. 82-106)).

#### 4.3.1 The Impact of the Decline in Donor Funding

The above theme identifies with the first research objective; that is, the investigation of the perceived impact of the decline in donor funding in the healthcare sector. The corresponding key question was: *What is the perceived impact of the decline in donor funding in the healthcare sector?* Table 4.2 below presents themes and sub-themes which were derived from the research participants in response to the above key question.

**Table 4.2: Emerging Themes Pertaining to Declining Donor Funding**

Major themes	Sub-themes	Concepts
- Reduced donor funding	- Reduced healthcare sector donor funding	- Reduction in donor funding due to the external factors such as the global economic recession
- Changes in the external donor	- Changes in donor strategic objectives;	- NGOs affected by changes in the external environment

funding environment	- Changes in donor funding landscape	
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Table 4.2 above illustrates emerging themes on whose basis Objective 1 was responded to by the research participants. Whereas Objective 1 constitutes the superstructural thematic terrain, the main themes in Table 4.2 not necessarily stand-alone by themselves. The latter themes in the above table are therefore subservient to the superstructural Objective 1 terrain, and are further categorised into: reduced donor funding, and changes in the external donor funding environment. The latter were then sub-categorised into sub-themes and concepts in order to communicate findings from the information collected from the interviews in the context of Objective 1.

#### 4.3.1.1 Reduced Donor Funding

According to Oberth, Mumba and Bhayani (2016) “one fifth of Global Fund grants are implemented by civil society organisations”. Earlier work likewise indicates that middle-income and developing countries face severe funding cuts from the Global Fund (Bhardwaj, 2016). As such, this will have a severe impact on NGOs which rely on grants by the Global Fund. The findings revealed that the global economic recession (especially in 2007 to 2008) is one of the major contributing factors leading to the withdrawal in donor funding. The findings obtained in this study also revealed that the global economic downturn has affected a whole range of inter-sectorial institutions and governments, from the upper-income countries to the lowest or rather poorest countries. Sixty percent of the participants (9 out of 15) are of a general consensus that the global economic melt-down is the leading factor in the withdrawal of donor funding. Blecher et al., (2016) agree with the latter view, and cite further that the global economic recession has led to shrinking in donor funding and resulted in a considerable cut in funding provided for health care in both developed and developing countries.

As a result of the global economy constantly shrinking further and further into a recession, countries such as South Africa – which are regarded as upper middle-income countries – are understood to be capable of taking care of their own socio-economic challenges (Blecher et al., 2016: 203). Participant No. 10 corroborates the latter view, citing that: “because of South Africa’s middle income status, major funders

like the United States are questioning why they should take tax payers' money from the United States to fund projects, while South Africa itself also creates revenues through taxes". According to Blecher et al., (2016: 203), the growth and share of HIV and AIDS treatment budgets over the medium-term in the current fiscal period accounts for a significant portion of the constrained South African health budgets. At the same time, in terms of bilateral agreements, there is a decline in funding from donors such as PEPFAR (Blecher et al., 2016: 203) (see table 4.3 below which shows a steady decline from 2014 to current). The findings revealed further that in spite of current reductions in donor funding, there is an intention by donors to reduce funding even further. From a financial point of view, it has been realised that most of the funding agencies comprehend the need to spend money more efficiently. To this effect, Participant No. 8 said: *"I think the days of this multi million rand grants where there is really not a clear idea of the impact that this grants are going to make, are behind us"*.

Participant No. 9 concurred with the perspective of the global economic meltdown as a critical factor of donor funding. Participant No. 9 mentioned further that the 2016 International AIDS Conference in Durban also predicted significant reductions in the funding of NGOs by the Global Fund. *"I think at that level [global perspective] because there seems to be a problem at the larger economic scale, the amount of funds that comes through to our country is being reduced"* (Participant No. 9).

Table 4.3 below illustrates the 2012 to 2017 financial plan of the National Strategic Framework (NSF). This table indicates projected commitments for HIV by the SAG and PEPFAR that covers the Partnership Framework Implementation Plan in Support of South Africa's National HIV, STI and TB Response timeframe. The table itself is intended to indicate the magnitude of donor funding in South Africa alone, by just a single funding donor (PEPFAR, 2012).

**Table 4.3: NSF Financing Plan, 2012-2017 (ZAR and USD Millions)**

Year	2012	2013	2014	2015	2016	2017
Government of South Africa	R9,574	R11,378	R13,130	R13,787	R14,476	R15,200
	\$1,197	\$1,422	\$1,641	\$1,723	\$1,810	\$1,900

PEPFAR	R3,872	R3,872	R3,672	R3,304	R2,800	R2,000
	\$484	\$484	\$459	\$413	\$350	R\$250
<b>Total ZAR (R)</b>	<b>13,446</b>	<b>15,250</b>	<b>16,872</b>	<b>17,091</b>	<b>17,276</b>	<b>17,200</b>
<b>Total USD (\$)</b>	<b>1,681</b>	<b>1,906</b>	<b>2,100</b>	<b>2,163</b>	<b>2,160</b>	<b>2,150</b>

**Source:** PEPFAR , 2012.

It should be noted that allocations for PEPFAR are subject to appropriation and approval by the Global AIDS Coordinator (PEPFAR, 2012: 35). Although these allocations are based on projections for the HIV needs and contributions by both PEPFAR and the SAG, the table above illustrates that PEPFAR funding in South Africa is projected to decline over the next five years of the Partnership Framework Implementation Plan (PFIP) from \$484 million to \$250 million by 2017 (PEPFAR, 2012:32). At the same time, various other development partners such as the UK and the Netherlands have reduced their HIV and AIDS contributions to South Africa. In addition, the Global Fund is in the midst of a restructuring, leading to a temporary pause in new grants to South Africa and other countries (PEPFAR, 2012: 32).

As mentioned previously, The Aurum Institute comprises of four divisions: the public health division, the health systems division, the clinical research division, and the implementation research division. From a programmatic point of view, the findings revealed that there is a notion that donors are firmly addressing the HIV/AIDS and TB situation (i.e., that HIV and TB are under control); hence the need to redirect funding to other priority areas. This is true when one reads President Obama's (2016) statement that, "when we help African countries feed their people and care for the sick, it's the right thing to do, and it prevents the next pandemic from reaching our shores. Right now, we're on track to end the scourge of HIV/AIDS. That's within our grasp" (Obama, 2016). Participant No. 6 agreed, citing that, "*Donors come with an idea that they would come into a country, help set-up systems and once systems are setup, they would want to leave*". However, other participants did not necessarily think this was true, and that the HIV prevalence is not yet under control. For example, Participant No.1 confirmed thus: "*in some settings there is a sense that donors are getting on top of this HIV/TB game, even though it's not necessarily true as HIV prevalence is not yet under control and they will declare victory in their homes*".

With regards to The Aurum's research projects, which fall under the clinical research and implementation research, Participant No.2 indicated that the funding is shrinking, in that there is more controlled research compared to what donors previously called translational research. Participant No. 2 agreed thus: *"at a more specific level, starting with research, I will call it donor fatigue in terms of research where donors have a sense that they have invested a lot in research but this is not translated into any meaningful impact or outcomes"*. Therefore, donors hold the view that there is nothing new coming out of research, and that there is no impact on the ground. Other participants maintained that fund reduction is due to NGOs not meeting funder requirements. For instance, Participant No. 9 commented: *"I think other reasons for funding to be cut is that maybe on some projects NGOs do not meet the requirements of the funders. So reports are not handed in on time or objectives are not met, or the total number of people enrolled are not met and so funders would not want to continue funding projects like that"*.

#### **4.3.1.2 Changes in the Donor Funding Environment**

In the context of the above, the findings revealed that the political and economic environments of the major donor states such as the United States are changing. These changing donor funding landscapes have resulted in concomitant changes in donor strategic objectives and priorities. The latter is supported by Participant No. 4, who declared that, *"there is a suggestion that funding streams to address the global HIV epidemic are likely to decline as countries integrate HIV control programmes into their routine practice and national budgets"*. The prevalence of new developments such as the ZICA virus and Ebola virus, and calls for sustainable environments has also compounded the donor environment for competing funding priorities, leading to less funding being available for HIV and TB.

The changing donor funding landscape is exemplified by PEPFAR's strategic focus on a data-driven approach, which is tailored to enhance impact on health (CDC, 2016). In support of this approach, Participant No. 2 added thus: *"donors also usually stipulate conditions which are normal like strengthening capacity building, from the point of view of research, these are the conditions that they put. Also, other conditions that are coming recently is the sharing of data, and particularly for the US funded projects. And*

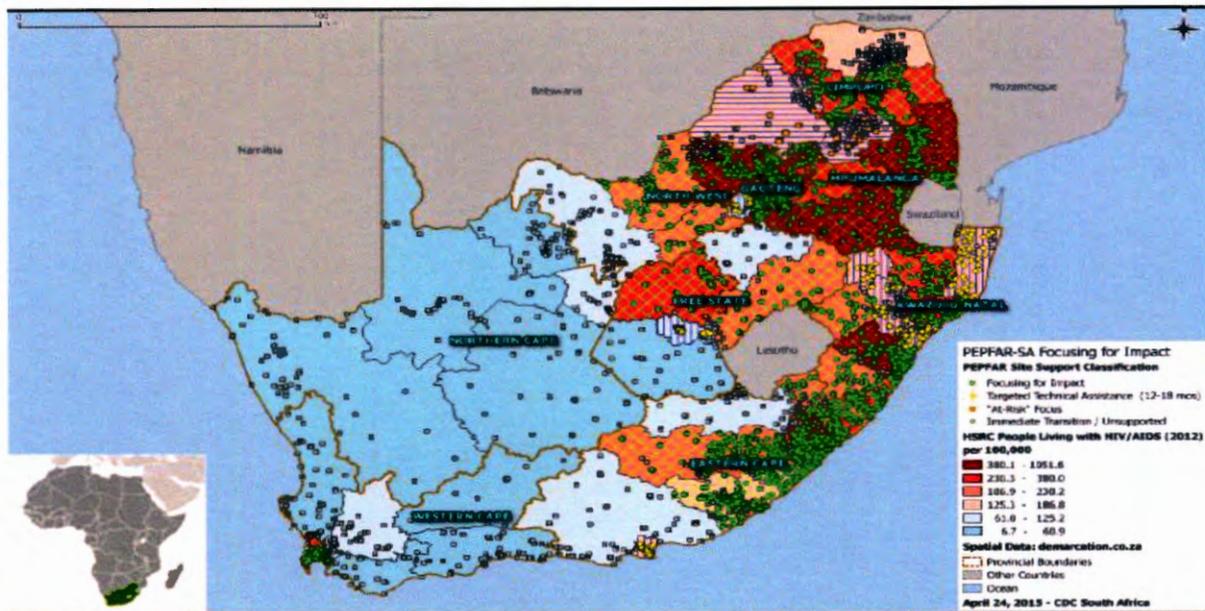
*there is now this concept of combining data across different countries to inform policies better and some of the conditions that are set”.*

Russell, Mwanza and Milanga (2016) indicate that PEPFAR investments are a potential area not tapped into by community advocates and key populations groups, which can be a potential for the global HIV response if sufficiently tapped into. A study titled “*Potential Domestic Source Financing for Scaled up Antiretroviral Therapy in 97 Countries from 2015 to 2020*”, found that more resource mobilisation is still required from domestic or innovative financing sources to meet the global ART (Antiretroviral Treatment) targets (Dutta & Barker, 2016). Therefore there is an expectation that countries should start taking ownership of some of these programmes, as continuous reliance on donors poses issues of sustainability for the government.

There is no doubt that PEPFAR is one of the largest funders, especially for HIV/AIDS (Kates, Michaud, Wexler & Valentine, 2013: 2). Therefore, PEPFAR is implementing changes to its programmes in order to achieve efficiency gains that deliver better results for its investments. Earlier research indicates that PEPFAR is the largest source of HIV support in the most affected countries. PEPFAR also makes a third of the Global Fund contribution (Kaiser/UNAIDS, 2012; PEPFAR, 2016; 75; Russell, Mwanza & Milanga, 2016). PEPFAR has been working with the Global Fund since 2012 to control HIV, TB and Malaria as a shared approach.

There is a joint agreement between the US and SA governments to transition PEPFAR’s South Africa investments from direct service delivery support to health system strengthening, prevention, OVC, and health services innovation. It is expected that the transition would not jeopardise the well-being of patients and vulnerable and affected populations who rely on these interventions (PEPFAR, 2012). Figure 4.1 below illustrates the estimated HIV prevalence and proposed sites for COP15 PEPFAR support in the 27 PEPFAR focus districts.

**Figure 4.1: COP15 PEPFAR Support in the 27 Priority Districts of SA**  
**Geographic Prioritization**



**Source:** President's Emergency Plan for AIDS Relief (PEPFAR), 2015

#### 4.3.1.3 Consequences of the Decline in Donor Funding

The interviews revealed the negative consequences of the decline in donor funding. The interviews determined further that the effects of the decline in donor funding will vary amongst NGOs, depending on the diversity of their activities and diversity of funding sources (Participant No. 4). A significant finding of this study is that the effects are both negative and positive. In this regard, Participant No. 5 stated: "so, the question asks: what is the impact of the decline – so there are the positives and the negatives. The positives, from my perspective is that the governments that are being funded, such as the SA government, has to step up and when they realise that donor funding is not going to be a perpetual reality, so they have had to see what it is they are capable of doing and also realise what they are not capable of doing, and they have sought this technical assistance whose aim is to get the government to be functioning as optimal as possible, that is possible. I mean that is the positive...The negative, obviously are, especially in the HIV and TB environment, the funding is declining just as the epidemics are maturing. So with every epidemics, you getting complications or you getting harder to treat patients or diseases that are now largely resistance, infectious diseases that are resistant, and it is becoming a much more expensive program to run than initially. So the fact that the need for financial support

*is increasing is coming at the time when financial support is actually decreasing, that is a real negative. And there is a very frightening possibility that should funding cease before the governments are able to take up that responsibility in the end it may be patients who are at risk”.*

The interviews revealed that on the positive side, governments that have received funding, such as the South African government, have also received a lot of concomitant technical assistance from the NGO and other various sectors. This has promoted optimum functioning. The decline in donor funding has led to NGOs collapsing and closing down, even downsizing (Weideman, 2015: 3). Most participants alluded to the possibility of the collapse faced by many NGOs due to a lack of funding that was experienced in 2012 (Velaphi, 2012). Such an observation was also supported by Participant No. 1, who noted that should funding decline, *“there is going to be an absolute reduction in the number of NGOs through them unfolding or consolidating or becoming more efficient and effective to be moving to areas where there are funding”.*

#### **4.3.2 The Nature and Possible Effects of NGOs’ Dependency on Donor Funding**

This sub-section presents findings in accordance with research Objective 2, whose intention is: To explore the nature and possible effects of NGOs’ dependency on donor funding. The following concomitant key question was asked: What is the nature and possible effects of NGOs’ dependency on donor funding?

Table 4.4 below illustrates emerging themes on whose basis Objective 2 was responded to by the research participants. Whereas Objective 2 constitutes the superstructural thematic terrain, the main themes in Table 4.2 are not necessarily stand-alone by themselves. The latter themes in the table below are therefore subservient to the superstructural Objective 2 terrain, and are further categorised into: organisational purpose, and effects of dependency. The latter were then sub-categorised into sub-themes and concepts in order to communicate findings from the information collected from the interviews in the context of Objective 2.

**Table 4.4: Emerging Themes Pertaining to Possible Effects of NGOs' Dependency on Donors**

Major themes	Sub-themes	Concepts
- Organisational purpose	- NGOs are formed in response to: <ul style="list-style-type: none"> <li>o a social need;</li> <li>o the donor objective; or</li> <li>o a particular course</li> </ul>	- NGOs established as non-profit making institutions in response to social needs that government alone cannot provide.
- Effects of dependency	- Threats to NGOs continuity - Threats to NGOs' sustainability - Threat to collapse - Communities, beneficiaries and stakeholders suffering - Compromise over NGOs identity	- How dependency on donor funding affects sustainability and future of NGOs.

The main themes pertaining to organisational purpose and the effects of dependency on donor funding are discussed below in the context of the research participants' verbatim narrated statements.

#### 4.3.2.1 Organisational Purpose

The manner in which NGOs are formed has been identified as the contributing factor that leads to NGOs' dependency on donor funding. The interviews revealed that organisations are formed for various reasons – in response to societal needs and in response to the donor objectives (Participant No.1).

The findings from this study revealed that NGOs continue to play a critical developmental role. NGOs are also viewed as effective service delivery agents in the provision of services which the government is unable to provide to communities. This is supported by Participant No. 3 thus: *"NGOs are very important because in certain cases they actually respond to local community needs which in some cases the government takes a while to close. So there is still a big role for NGOs and that role evolves overtime because things change over time. So I think NGOs are still quite important. I think in many years to come, they will still play a major role"*. On this basis, Participant No. 2 noted that: *"NGOs are going to always remain relevant and thinks*

*that their role will move to more support to the government programs as we are doing now and more of advocacy as civil society organisations”.*

NGOs are not always financially capable to fund their projects even though they have the technical expertise to help alleviate the burden. This is so because they are established as non-profit making institutions. Historically, prior to the economic recession of 2007 and 2008, the donor funding model has always been adequate for NGOs to remain reliant on such a model. As such, many NGOs have been reliant on this model and thereby setting up their vision and mission to be in alignment with donor objectives. As a result of their vision intransigence, NGOs have not been able to pursue their own agenda because their strategies are set up to meet donor objectives. Therefore, a lack of strategic vision beyond donor funding leaves organisations vulnerable to absolute dependency on donor funding. As a result, when funding ceases, organisations collapse or change scope, and as such the support that they have been providing ceases. Then beneficiaries of such services suffer the most (Robinson & Friedman, 2005: 34; Weideman, 2015: 3).

In addition to the above-cited organisational purposes, Participant No. 3 commented that: *“I think there should never be a situation where the role of the NGO is ever downplayed or considered ineffective. I think NGOs have really made the contribution of assisting in hard to reach areas and services that are, for instance, if you talk about health, that the government has not been able to do and it really has been a resource issue. You know, so if NGOs have resources such as staffing and equipment you know they can turnaround bottlenecks to help service delivery a lot faster than what can happen in government. So I think NGOs have certainly a big role to play. Aurum, specifically because we are involved in direct service delivery and also in research, we certainly have a big role to play because ultimately you want your work to inform policy and the government institutions themselves do not have the capacity to provide the evidence for policy. So certainly NGOs fill a huge gap in terms of providing that evidence to lead local and internal policy. So there is certainly a need for them”.* Habib and Taylor (1999: 73) and Kihato (2001: 9) corroborate this view by citing that NGOs continue to play a prominent role as socio-economic development partners to the government and in working closely with the community and responding to their needs. Furthermore, NGOs are formed in response to donor objectives. Donors aim to identify some form of social effort and fulfil society's expectations. Participant No.3 and

Participant No.4 explained that it is for this reason that NGOs are by nature dependent on donor funding. In this regard, Participant No. 8 augmented thus: *"the dependency is part and parcel of the NGO. I don't think if you are a non-profit, how your model cannot include a dependency on donor funding, so that is really in the crux of an argument what it's really all about"*.

Based on the totality of the above responses, it does appear that the organisational purposes (as prescribed by the vision and mission statements) of NGOs – especially those in their nascent stages of financial dependence – are the most prone to shifting or reorienting their purposes of existence in order to comply with changing donor demands or requirements. In doing so, these (weaker) organisations may risk their vision and missions becoming subsumed by those of the donor organisations.

#### **4.3.2.2 Consequences of NGOs' Dependency on Donor Funding**

The findings revealed that NGOs are vulnerable to various threats including a threat to their continuity and sustainability. Lack of relevant skills in financial sustainability was identified as one of the factors leading to the threat of an organisation's sustainability.

Some participants expressed that many NGOs are dependent on donor funding as there are limited options available for funding elsewhere. As such, many NGOs get used to receiving money from donors, and thus become complacent and lack the innovative skills to source alternative means of financial sustenance for their NGOs (Participant No.1, Participant No.4 & Participant No.8). In addition, Participant No. 2 corroborated this dependency syndrome thus: *"I don't think there are many options to be honest, apart from donors. If you look at private companies who are also donors they also have specifics depending on their corporate image etc. So there are not really other options. So that is the major contributing factor hence the environment is still donor driven"*.

Donor funding is driven by a need. Participant No. 6 asserted that *"donor funding will not be there forever, so the minute it is withdrawn, or reduced, it also means you have to reduce whatever you are doing and change your scope. So I think one needs to be aware that donor funding will not be there forever and donor funding is usually driven by need. So if that need is no longer there, they cannot just continue to give us money"*.

Therefore, should donors change strategic focus, NGOs have to adapt to the new strategic focus even if that is not of interest to them in order to continue to get funding. As a result the agenda for the work NGOs are doing is donor driven and controlled. Dependency on donor funding leads to the recipient organisation's identity being compromised. For instance, when NGOs become totally focused with the delivery of programmes for the particular donor, they end up not having the time to pursue their own agenda.

Politics of the United States also play a major role in determining the sustainability of NGOs. Participant No.1 agreed with this view and stated that *"the other thing is that the politics of the major donor countries are changing. So taking the US which is saying, why we should look after countries when we have our own issues? There is also change in economic growth which is also affecting NGOs"*. Given this background, it could be argued that, on the one hand, NGOs have no control of their future. On the other hand, countries will never own their own agenda, and as such will always do what donors requires of them to do. Participant No. 2 alluded to this view by asserting that, *"we are not interested in American politics, but when we hear elections, the issue is: "if the government changes, what we think of is what is going to happen to us. So our sustainability is actually out of our control. NGOs do not really have control over their future. Grants are given for a period of time. Even though you may want to be optimistic, but we do not have any grounds to projects over five years and beyond. I know there is always an anxiety where people change from donor agencies and all this points to what the future holds. Another effect is that countries will never own their own agenda, and will always do what donors require"*.

#### **4.3.3 Potential Strategic Responses to Decreased Donor Funding in Relation to the Resource Dependency Theory**

This section presents findings according to research Objective 3, whose intention is: To investigate potential strategic responses to decreased donor funding in relation to the resource dependency theory. The associated key question asked was: What are the potential strategic responses to decreased donor funding in relation to the resource dependency theory? Table 4.5 below illustrates emerging themes on whose basis Objective 3 was responded to by the research participants. Whereas Objective 3 constitutes the superstructural thematic terrain, the main themes in Table 4.5 not

necessarily stand-alone by themselves. The latter themes in the below table are therefore subservient to the superstructural Objective 3 terrain, and are further categorised into: knowledge of the resource dependency theory, sustainability of NGOs, and intra-organisational collaborations. The latter were then sub-categorised into sub-themes and concepts in order to communicate findings from the information collected from the interviews in the context of Objective 3.

**Table 4.5: Emerging Themes Pertaining to Potential Strategic Responses to Decreased Donor Funding**

Major themes	Sub-themes	Concepts
- Knowledge of Resource Dependency Theory	- Knowledge of the Resource Dependency Theory - No knowledge of the Resource Dependency Theory	- Participants with knowledge of the resource dependency theory - Participants without knowledge of the Resource Dependency Theory
- Sustainability of NGOs (The Aurum Institute)	- Organisation's strategies - Diversification (in terms of streams of income, programmes, fields of work)	- NGOs have strategies that are formulated to ensure organisation's sustainability beyond donor funding (Financial & Programmatic sustainability) - Organisations sustainability is donor driven
- Intra-organisational Collaborations	- Internal collaborations - External Collaborations	- Collaborations within Aurum and collaborations with the government, other institutions, consortiums (within and outside SA), and Universities (inside and outside SA)

#### 4.3.3.1 Knowledge of the Resource Dependency Theory

It emerged from the interviews that there is limited knowledge of the resource dependency theory. All the 15 participants indicated that they have no knowledge of the above-cited theory. One of the key questions asked in this research sought to find out whether NGOs depended entirely on donor funding for their survival, or whether they could be sustainable beyond donor funding. In response to this question 13 of the 15 participants (about 87%) believed that NGOs *do* depend on donor funding for their survival. For instance, Participant No. 6 concurred thus: *"I think they cannot survive on their own because for them to survive they need some form of core funding.*

*So unless they have some form of core funding. I know there are some examples of NGOs that have core funding from let's just say a university or government but without that core funding, I don't see how they can survive. So they will always be dependent on donor funding unless if they are co-funded from somewhere". In agreement with this view (of dependence), Participant No. 7 asserted: "they definitely depend on donor funding and I think any NGO that thinks it can survive without donor funding is naïve. The strategies that they use to supplement that donor funding is all good and well, but the bulk of the funding has to come from donors".*

It also emerged from the findings that NGOs are dependent on donor funding for their own survival because their strategic options are limited (Pfeffer & Salancik, 1978: 39). The findings further revealed that NGOs exist mainly to execute the donor's agenda. Participant 1 concurred thus: *"If there were no donors, there would be no rational to exist. Maybe existing here does not make any sense".* Participant No. 1 confirmed the dependency syndrome in this manner: *"for our particular industry or for part of our NGO world, largely we are dependent on the donor agenda. However, we do try to pursue our own agenda and seek donors to support it. That opportunity is somehow limited but it isn't the majority of what we do. The majority of what we do is to effectively chase the donor agenda".*

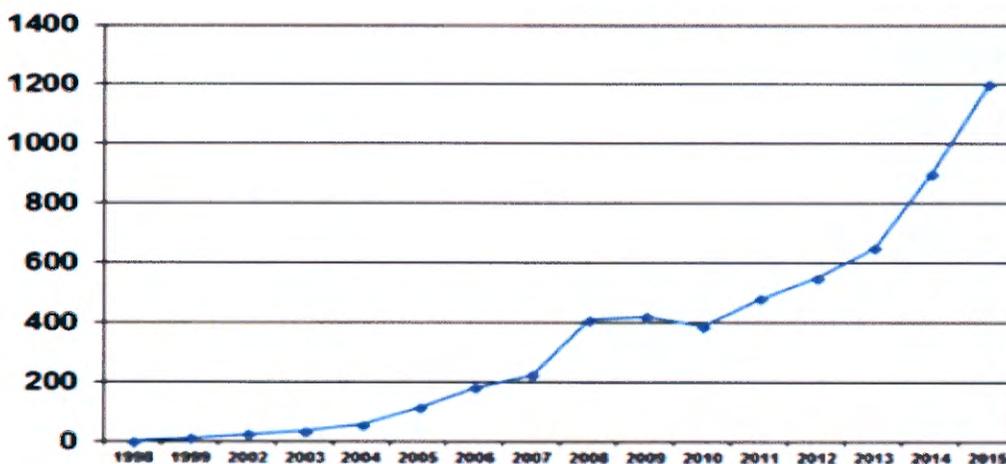
While it appears that there is a general consensus on the NGOs' dependency on donor funding for their existence, some of the participants indicated a number of various factors do influence this. Firstly, the nature of how NGOs are formed, does influence their dependency on donor funding. Secondly, well-established NGOs that have existed for a longer time and have been able to diversify their funding, are less dependent on donor funding than smaller or newer NGOs are most at risk of being dependent. While resource dependency is irrefutable, there is also a view that NGOs could employ to overcome this dependency such as diversifying their funding models and diversifying fields of work.

#### **4.3.3.2 Sustainability of The Aurum Institute**

The findings revealed most poignantly that sustainability and future growth of The Aurum Institute are key to the organisation, and a lot of effort is expended in this direction. It also emerged from the findings that strategic planning and execution, financial and programmatic sustainability, raising core funding, engaging in fundraising

activities, globalisation, diversification and collaboration, constitute an integral part of Aurum's sustainability (Aurum, 2015: 75). Aurum has been in existence for more than 18 years, and part of this fortitude can be linked to the growth and strategic direction of the organisation, whose revenue growth has risen from R282 million in 2012 to R519 million in 2015 (Aurum, 2015). Apart from the financial growth, Aurum experienced tremendous staff growth. Participant No. 13 testified to this growth: *"in 2010 we were 350 staff and in 2016 we are recording 1338, I think it's the number on our payroll at the moment. So it shows the growth that Aurum is thinking in the future of sustainability that we are growing the organisation"*. Literature available at the case study organisation revealed that over the past 18 years, Aurum has grown from small beginnings to a well-established organisation with good reputation. Figure 4.2 below depicts Aurum's exponential growth from 200 staff members in 2006, to approximately 1200 in 2015.

**Figure 4.2: Staff Complement of Aurum: 2006-2015**



**Source:** *The Aurum Institute, 2015*

At the core of its human resources strategic planning and execution, Aurum has the following strategies which is key to its sustainability and future growth: the design and successful implementation of strategic talent management; addressing succession planning; employee engagement initiatives; an effective performance management system; and the necessary governance and legislative compliance (The Aurum Institute, 2015:75).

Although Aurum has a sustainability plan in place and has established a profit making arm aimed at generating income for the organisation (The Aurum Institute, 2015), the findings from this research study revealed that the organisation could still do more to ensure its sustainability. This includes *“selling some of its services to create revenue for sustainability. For example, the Management Development Programme (MDP) that the organisation is running which the organisation is offering to other institutions for a fee”* (Participant No. 3). Participant No. 7 highlighted an opportunity to generate revenue out of foreign exchange market (forex) gains, stating: *“we look for alternative means to generate profit, such as commercial units and private companies. We look at ways in which we can exploit the decline in currency to generate more reserves. However, that in itself is not a sustainable thing, it’s a temporary thing because a year ago when the Minister of Finance was set, the rand went to R14/\$1 then R16/\$1, then we saw an opportunity for lots of money to be made here. However, it went back to R14 then R13, and in an appreciating currency scenario, forex is not a sustainable means of generating a surplus. So it comes down to: are we able to generate a business out of our intellectual property?”*

The findings revealed that the organisation was already making use of this opportunity. However, this study argues that this is not a sustainable initiative as the strengthening of the Rand will have a negative impact on forex (Cheng, 2011: 23). Thus it remains critical for organisations to continuously look for alternative revenue sources.

When participants were asked whether Aurum had a sustainability plan in place, all participants responded affirmatively. However, the findings indicated a lack of clarity and some form of contradiction from participants on whether the sustainability plan was adequate beyond donor funding. For instance, Participant No. 1 illuminated thus: *“we have a reserve plan base in place but it is sustainability beyond donors”*. In contrast, the same participant (Participant No. 1) indicated: *“we have a sustainability strategy in place, but it is not an infinite one. It is broadly centred on donor specification of revenue sources”*. Participant No. 8 added that, *“Aurum has a longer sustainability plan in place but thinks that “in its current form, they will always be dependent on donor funding because I think there is no mechanism right now that we can consider that afford us largely of not being able to rely on donor funding and I think it is very pressurizing that you have to work under that kind of an environment because with us here on the research side it just means we have to constantly think of the next big idea*

*to be able to bring funding in and that can be quite pressurizing times*". Other participants think the existing sustainability plan is still donor related.

The discussions narrated above have highlighted some of the strategies that this NGO (The Aurum Institute) could adopt in order to maintain its sustainability and remain relevant. Diversification of both funding streams and scope of work was cited as one of the options to generate sustainable income. In this regard, Participant No. 1 said that, *"if an organisation is only reliant on one type of funding stream and if that funding stream diminishes, then the organisation runs into the risk of closing down due to a lack of diversifying its sources and streams of funding"*.

#### **4.3.3.3 Collaborations**

The findings revealed that collaborations are key to the organisation's sustainability. To this effect, Participant No. 2 commented thus: *"collaborations are key. If an organisation is funded, let's say we have the same research area, the pooling of resources means that even NGOs that used to compete for the same thing and are now collaborative in terms of pooling resources together"*. In addition, Participant No. 6 commented: *"I know now we are growing our wings and we have now opened an office in the US, it's another way of trying to get funded using those collaborations. Take for example, if donor funding is withdrawn from South Africa, especially when I look at research, rather than Aurum being the main recipient of grants, we can be a sub-recipient of American organisations or UK collaborators, because they are most likely be able to attract funding from there as opposed to having funding being sitting in South Africa"*.

The findings also revealed that collaboration within the organisation is critical. For instance, there is a close alignment between research and health programmes in that some of the research projects are dependent on the health care programmes. As such, when the health care programmes are funded, research benefits from this funding as some of the research rely on the health programmes. Furthermore, when funding applications are put for healthcare programmes, they include an evaluation component. In support of the internal collaborations perspective, Participant No. 2 remarked: *"within HIV, there was a time when we only focused on epidemiology of HIV/TB and now donors are also requesting basic sciences. So we are now seeing implementation people partnering with basic science people because that is also*

*becoming a donor requirement to have health economics components included. Now we have seen the growth with the collaboration between health economists and statisticians because it's important".*

The other area of collaboration that emerged from the findings is the formation of competitive consortiums with other institutions within, and outside South Africa. In this regard, The Aurum Institute is collaborating with local universities such as the University of the Witwatersrand and international universities such as the London School of Hygiene and Tropical Medicines (LSHTM) on various research projects which run between the period of three to five years (The Aurum Institute, 2015). On this basis, it could be reliably stated that collaboration is also a diversification means in that it leads to sustainable outcomes and as an alternative funding stream. Participant No.2 corroborated this view and asserted that *"other sustainability plans also include collaborations - collaborations with other institutions. One of the things that we started doing is actually establishing consortiums with other organisations within and outside South Africa just to make sure that we are more competitive advantaged and that pipeline of projects also continues"*.

#### **4.3.4 Possible Strategies that NGOs Employ in Response to Decreased Donor Funding**

This section presents findings which respond to the intentions of research Objective 4, which is: To explore the possible strategies that NGOs such as The Aurum Institute employ in response to decreased donor funding. The corresponding critical questions were: How do NGOs react to changes in the donor agencies' funding objectives? What are the possible strategies that NGOs employ in response to decreased donor funding? What are the major sources of operational and/or programme funding? What is the role and work of NGOs in the future understanding of the concept of social entrepreneurship (SE) in relation to the NGO sector? How could an NGO diversify its sources of income?

Table 4.6 below illustrates emerging themes on whose basis Objective 4 was responded to by the research participants. Whereas Objective 4 constitutes the superstructural thematic terrain, the main themes in Table 4.6 do not necessarily stand-alone by themselves. The latter themes in the table below are therefore subservient to the superstructural Objective 4 terrain, and are further categorised into:

adaptation; diversification; social entrepreneurship; other possible sources of funding; establishing efficiencies; and future role of NGOs. The latter were then sub-categorised into sub-themes and concepts in order to communicate findings from the information collected from the interviews in the context of Objective 4.

**Table 4.6: Emerging Themes Pertaining to Possible Strategies to Decreased Donor Funding**

Major themes	Sub-themes	Concepts
- Adaptation	- Adaptation in terms of focus/influence - Consolidate / rearrange their work/ change completely	- NGOs adaptable to changes in the internal and external environment
- Diversification	- Funding streams - Business activities - Risks - Fields - Programme	- Diversification in terms of revenue income - Diversification in terms of scope expansion
- Social Entrepreneurship	- Capitalism versus socialism	- Social entrepreneurship is an alternative model to NGO's sustainability
- Other possible sources of funding	- Corporate social investment - Fundraising initiatives - Innovations	- Poor and hard to get sources of funding - Massive funding
- Establishing efficiencies	- General cutting of unnecessary costs - Forex gain	- Organisations establishing efficiencies from a financial point of view
- Future Role of NGOs	- Closing the gap that government cannot close - Influence on policy development	- Deliberate choice by NGOs to be in the space - No choice but to comply to funder needs

#### 4.3.4.1 Adaptation

One of the strategies employed by NGOs in response to decreased donor funding is that of adapting to the changing donor environment (Abouassi, 2012; Pfeffer & Salancik, 1978 & 2003). Yin's (2014) research indicates that NGOs adapt to conditions dictated by donors and donors' revised funding priorities and interests. Participant

No.2 alluded to these views and added that: *“so, basically as organisations, we just do what we are supposed to do to ensure that our proposals are competitive and it is not only being competitive in terms of the contents of the proposal; but even the makeup of the investigative team – which is something that now funders are what they are looking to. So we basically just adapt to what donors require”*. In addition, Participant No. 3 said *“NGOs have to adapt their strategies, which means that NGOs must be very good in strategic management which includes strategic planning. NGOs must keep up-to-date with what is happening in the environment and be able to adapt their strategies. So they have to adapt their strategies and adapt their programs so that they respond to the objectives of the donors”*.

Empirical research conducted by Boyd (1990); Bryant and Davis (2012); Davis and Cobb (2009); Hessel and Terjesen (2010); Mitchell (2014); Rauh (2010); Ruggiano and Taliaferro (2012); Sheppard (1995); illustrate that organisations are not self-sufficient and therefore rely on the external environment for certain resources. Approximately sixty percent (9 out of 15) participants from this research study indicated that a number of NGOs adapt in various ways to changes in donor strategic objectives. In some instances, NGOs do this by adapting where their focus is or where they have influence. In other cases NGOs consolidate with other organisations or rearrange their work. The interviews revealed that to a certain extent, NGOs adapt by changing completely or doing completely different things. In this regard, Participant No. 10 said, *“well, most of the times NGOs try to adapt to donor agencies’ funding objectives, either by reducing in size or by increasing the number of donors that they applied to or by changing the work that they do. So mostly they try to adapt to that change. They might also be amalgamating with bigger entities that might have more stability”*. Participant No. 13 added that *“I think the strength of The Aurum Institute is the fact that we are able to adapt to change and our structures and systems in place are being put up is such a way to open up that flexibility. Also, every year, as the Senior Leadership Group (SLG) we are constantly looking at our structure and seeing if we need to change our structure in any way to accommodate changes in the funding environment”*. Moreover, Participant No.14 said *“as an NGO you need to be adaptable. So if donors change their funding strategies, then you need to be able to be adaptable to change as well so you align yourself with the new funding strategies”*.

#### **4.3.4.2 Diversification**

The findings most explicitly revealed that diversification, in terms of risks, funding streams and programmes, is useful for organisational sustainability. For example, Participant No.3 contended that: *"in other instances NGOs can diversity funding in order to ensure sustainability". Participant No. 3 further said that "Aurum has the strategy and the core of the strategy is sustainability. One strategic objective is delivery of projects funded. Another core of the strategy is diversification of programmes".* Participant No. 7 alluded to this view and added that *"so over the last couple of years, 2-3 years, sustainability of the organisation beyond donor funding has been top of the strategy list of questions, and Aurum has been actively looking at being much less dependent on donor funding, so some of the strategies include diversifying the fields we work in".*

With regard to programmatic diversification, the findings revealed that Aurum is currently focused on HIV and TB programmes. Participant No. 15 indicated that, *"the organisation needs to diversify in the fields of work and services that are provided including strengthening clinical trials, moving into non-communicable diseases and approaching other donor arenas outside PEPFAR such as e.g. UNAIDS, UNOPS, DFID".*

The findings also revealed that The Aurum Institute should increase its footprint and apply for various funding opportunities beyond HIV and TB research programmes and health systems strengthening. Participant No. 2 made an example of untapped funding sources in the area of substance abuse as an area in which a paucity of interventions exists. Participant No.2 emphasised that, *"NGOs need to expand their scope. By remaining focused on one particular area, we have seen some NGOs actually becoming irrelevant. So, for example, one thing that I know in research is that there is a lot of untapped funding when it comes to substance abuse because no one is doing anything. So, it becomes an untapped resource because it is not part of the scope of an organisation".*

#### **4.3.4.3 Social Entrepreneurship (SE) as a Strategic Response**

Currently, social enterprises exist as Section 21 non-profit organisations. In South Africa, social enterprises are creating an enabling environment for high levels of investments through a favourable taxation system (Steinman, 2010). Some of the

participants cited that SEs can work only for smaller NGOs. Aurum is currently employing over 1224 staff members, approximately 60% of whom are core staff (Human Resources, Finance, Grants Administration and Management, and Public Relations (PR) departments). The weakness with the current system is that core staff is linked to projects. Therefore, should funding cease in terms of specific projects, the organisation runs into a risk of having to retrench staff, which may harm the reputation of the organisation in the long-term.

Two out of the thirteen participants with good knowledge of the SE model, strongly think that although SE model could help generate reasonable income for NGOs, the model alone is not self-sustaining. Participant No. 4 commented thus in support: *"I think that social entrepreneurship can generate a defined funding stream for NGOs, but by the very nature of NGO work – i.e. delivering services to the needy and impoverished communities – this will never generate enough of an income stream to make an NGO self-sustaining"*. Participant No. 12 added further: *"relating SE to the NGO sector is actually a challenge in the sense that there is a lot of tiding issues in terms of the administration but if the programme is well structured and processes and systems are in place, it could run extremely well ... the organisation should step outside its boundaries and look at the business point of view that could really work if processes are streamlined"*. This suggests that there is a strong feeling about the SE model's incapacity to become the sole source of funding stream aimed at generating enough income for NGOs to remain self-sustaining.

With regard to the risks and challenges associated with the SE model, some participants mentioned that it was risky to adapt this kind of a model since the model is still new. For instance, Participant No. 5 remarked that, *"as new as the model is, it has shown that NGOs are quite capable of making profit but it is too early to say that developing a for-profit wing to be able to run. I suppose time will tell but the potential is there"*. Furthermore, 26% of the participants (n=4) mentioned that the risk of running an unsuccessful NGO model could be obviated by ensuring that the governance thereof is well managed and continuously monitored.

Moreover, with regard to factors that might limit the potential of SE, other participants highlighted the risk of having to rely on using existing projects to find opportunities for the profit arm, and encourage NGOs implementing the model to go outside their own boundaries and explore other areas. The interviews revealed that the SE model

affords NGOs the opportunity to set their own agenda rather than having someone's agenda being imposed on them. The model also still revolves around service delivery which is what people value the most. Thirteen percent of the participants (2 out of 15) indicated that they had no prior knowledge of the concept.

One needs to find a balance between the social aspect and profit making aspect/ entrepreneurship. There is a notion that if one focuses more on social aspects, one runs the risk of not making profit, thus remaining unsustainable. On the other hand, if one focuses on the entrepreneurial side, one runs the risk of being exploited, which indicates the need for a balance between capitalism and socialism (Fox & Ntiyana, 2010: 36). In this regard, Participant No. 7 augmented thus: *"social entrepreneurship is a way of being sustainable, but the problem that we have is that there is a very careful tension between the social and the entrepreneurial. If we focus too much on the social side, we won't be sustainable. If we focus too much on the entrepreneurship or profit side, you exploit. So capitalism without a social conscience leads to exploitation. Socialism without a profit incentive is not sustainable. So you have to find a healthy balance between the two"*.

From an investment point of view – which is another mechanism to help organisations remain sustainable – it could be stated that investing in social enterprise development (SED) offers the opportunity to stimulate financially sustainable enterprises (Tshikululu Social Investments, 2010: 3). However, one of the challenges highlighted with the SE model is that it is rather difficult to find people who are prepared to invest in a model that produces reasonable returns as compared to a model that produces maximum returns. Adding to the viability or otherwise of the SED model, Participant No. 7 illuminated that *"those company Cooperate Social Investments are just too small to sustain big NGOs. Well, they can bring in billions of Rands and that is interesting, and it does help, but it is not going to create massive impact. So Corporate Social Investment (CSI) is just a top-up mechanism rather than a core-funding mechanism"*.

#### **4.3.4.4 Other Possible Sources of Funding**

The Corporate Social Investment (CSI) model tended to dominate the narrative on alternative funding sources. About 34% (n=5) of the participants held that CSI was indeed a viable alternative funding model. However, the findings presented here revealed that funding received through the CSI mechanisms and philanthropies are

often too small, poor and hard to get; and cannot be viable alternatives for big organisations such as The Aurum Institute. For instance, Participant No.1 mentioned that, *“there are other sources of funding out there, but they are not fantastic. So, your typical ones are trying to get funding from Philanthropies or the CSI – all these typical funding sources, but there are actually amounts of money coming from those who are usually small and very hard to get compared to the big donors”*.

On the other hand, a view existed that the size of an organisation may positively or negatively influence the viability or otherwise of CSI as a fundraising enterprise. In this regard, Participant No. 8 commented that, *“if I think of Aurum as an example, the organisations have tried to explore these avenues. And beyond the big funders, there are other medium to small funders who Aurum has looked at, such as EDCPT, and other local government funding initiatives; for instance, the local MRC South Africa. Other funding mechanisms which we have also tried to explore are CSI projects where companies like mining companies for instance. Larger listed companies have corporate social initiatives that they fund. The only downfall to that one is that it is always at a down scale, there is not large amounts of money”*.

Eighty-seven percent (n=13) of the participants mentioned that there are copious other funding sources which are not tapped into by NGOs. These included CSI projects, philanthropies, fundraising activities, government funding, the private sector, and scope expansion. Only 13% (n=2) of participants mentioned that they were not sure of any other funding sources which Aurum was not tapping into. One participant (about 7%) held an optimistic view of possibilities presented by these other sources of funding. Participant No. 1, on the other hand, presented a pessimistic view: *“there are other funding sources available but that they are not fantastic”*.

Aurum's major source of funding is largely grant funding, which is mostly a diversified funding stream (The Aurum Institute, 2015). Furthermore, there is no doubt that Aurum's major source of operational or programme income is largely externally funded by the US government in the form of PEPFAR through various agencies, including the National Institute of Health (NIH), CDC and USAID. The largest amount of Aurum's funding comes from PEPFAR. The second biggest Aurum funder is the Global Fund, although the Global Fund is also facing its own challenges. Other external funders include the UK through the Department for International Development (DIFD), and South Africa's Medical Research Council (MRC), the European Union through

European & Developing Countries Clinical Trials Partnership (EDCPT;) and philanthropic organisations such as BMGF. Most of the internal funders include support from the South African government and the mining sector, such as the Anglo American Chairman's Fund.

The findings have revealed that funding raised from other ways of obtaining core funding from business initiatives is insignificant to sustain big organisations like Aurum. There is a notion that business initiatives such as CSI do not create massive impact, as they are regarded as mechanisms that are able to generate additional income, but not the core-funding required for sustainability. The ILO (2010: 3) stated the primary objective of social enterprises is to tackle social problems through financially sustainable business models, where profits are reinvested into the programme, to eradicate social problems, and not to raise core funds. In addition, the term 'financial sustainability' means that the social enterprise is a self-sufficient entity, capable of generating income to cover its operational costs with the possibility of making profit (ILO, 2010: 25). However, this is often not viable because the manner in which NPOs are formed is prohibitive to profit generation.

#### **4.4 CONCLUSION**

This chapter presented the findings of the study as derived from a very critical stakeholder in this research process – the participants selected in respect of the inclusion criteria. These findings are most indispensable insofar as illuminating on units of analysis, such as: the extent to which the research problem was resolved or not; the extent to which the research objectives were achieved or not; the extent to which the research questions were responded to (satisfactorily or not); as well as the extent to which the selected research instrumentation was (ir)relevant, (in)appropriate or (in)efficacious. The chapter outlined the case study of The Aurum Institute and provided an analysis and discussion of the strategies that NGOs employed in response to decreased donor funding. The analysis was based on common themes that emerged from the interviews conducted that were formulated using study objectives. It is absolutely imperative to note that the resource dependency theory constituted a very central role in the discussion of various tenets of donor funding in the context of Aurum and its senior employees as reference points.

The findings pertaining to research Objective 1 revealed that NGOs are dependent on donor funding for their survival. According to the findings from this study, NGOs exist to execute donor objectives. Thus, it should be noteworthy that while NGOs continue to play an extensive role in the development arena, their existence is often to effectively pursue the donor's agenda (Participant No. 5). The findings pertaining to research Objective 2 identified changes in the external environment as the major contributing factor that leads to reduced donor funding. The global economic recession and changes in the donor strategic objectives have been identified as the major contributing factors in this regard.

Adaptation, diversification, social entrepreneurship, and establishing efficiencies have been identified as the possible strategies that NGOs employ in response to decreased donor funding as per research Objective 3. In terms of research Objective 4, the findings revealed that the organisational purpose of NGOs leads to their dependency on donor funding. NGOs are formed in response to the social needs, and therefore, rely on donor funding for their survival. The next chapter presents conclusions and recommendations of the study.

## **CHAPTER 5**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

The previous chapter presented the findings of the study in accordance with each of the four research objectives. The interpretation and discussion of the findings were provided on the basis of the key themes which were formulated in conjunction with the research questions. An overview of The Aurum Institute as a case study organisation was also presented.

The current chapter (Chapter 5) concludes the study by presenting the summary of each chapter, the results of the study, and a presentation of the conclusions and recommendations of the study. The first sub-section summarises each chapter of this study. The second sub-section offers an overview of the major findings according to the research objectives. The third sub-section provides the study's recommendations according to each research objective. The fourth subsection discusses the limitations of the study. The last sub-section makes recommendations for direct future research.

#### **5.2 STUDY SUMMARY**

Chapter 1 outlined the introduction of the study by discussing the decline in donor funding and the effects of this decline on many NGOs working in the South African healthcare sector. Not much research has been conducted on the strategies adopted by NGOs in response to decreased donor funding in the context of NGOs based in South Africa. In addition, there is limited formalised research on the response strategies that NGOs adopt to decreased donor funding in relation to the resource dependency theory. The problem is that NGOs operating in the healthcare sector are struggling to become financially self-sufficient, and are dependent on donor funding for their survival (Mitchell, 2012: 66). Against this background, this study was then aimed at contributing to the utilisation of the resource dependence theory by exploring and analysing the strategies that NGOs in the South African healthcare sector employ in response to decreased donor funding.

Chapter 2 positioned the review of the literature relevant to the research topic. The literature review addressed relevant scholarly work in the area of strategies adopted

by NGOs in response to decreased donor funding. The researcher interpreted relevant literature on the resource dependency theory; the role of NGOs in the healthcare sector; the nature and effects of NGOs' dependency on donor funding; the state of donor funding in the South African healthcare sector; the changing funding landscape for NGOs in South Africa (Pratt, 2014: 1); the challenges of decreased donor funding for NGOs in South Africa, and the strategies adopted by these NGOs in response to the changing donor environment. The literature review contained the contributions of relevant studies, and also identified gaps in the literature for the purpose of justifying the research questions. The researcher realised that most of the theoretical aspects in the literature have been positioned to demonstrate strategies that NGOs employ to deal with donor requirements and constraints. These aspects include theoretical studies on sustainability of NGOs. However, as mentioned in the discussion above, the study found that there are limited studies on NGOs' behaviour and strategies in response to decreased donor funding. These strategies are better understood in the context of the resource dependency theory.

Chapter 3 presented the research design and methodology of the study. This predominantly qualitative, descriptive and exploratory research study was entirely premised on qualitative research methods; the semi-structured interviews, document review, and a case study in order to analyse the strategies adopted by NGOs in response to decreased donor funding. By utilising these qualitative data collection methods, the researcher was able to extract the views, experiences and opinions of the senior management and leadership personnel of The Aurum Institute on this specific research topic (Hesse-Biber & Leavy, 2011: 17; Ulin et al., 2005: 17).

Chapter 4 presented data analysis and discussion of key findings in accordance with the research objectives. The data affirmed that NGOs exist to execute donor objectives, and are dependent on donor funding for their survival. While NGOs continue to play a meaningful role in the development field, their existence is often centred on chasing donor objectives (Abouassi, 2012). Moreover, changes in the external environment have been identified as the major contributing factor to reduced donor funding. Therefore, the possible response strategies that have been identified by this study to decreased donor funding include adaptation, diversification, social entrepreneurship, and establishing efficiencies.

This final chapter (Chapter 5) concludes the study by presenting the conclusions on the perceived impact of the decline in donor funding; the nature and possible effects of NGOs' dependency on donor funding; potential strategic responses to decreased donor funding in relation to the resource dependency theory; and the possible strategies that NGOs with the organisational verisimilitude of The Aurum Institute employ in response to decreased donor funding. This last chapter also presents suggested areas for further research in order to present a broader overview and understanding of the strategies that NGOs employ to decreased donor funding that could build on this study.

### **5.3 SUMMARY OF FINDINGS**

The sub-section presents a summary of each study objective in the context of the research findings in Chapter 4, and the literature review presented in Chapter 2. The aim of this research study was to explore the strategic responses to decreased donor funding by South African NGOs in the healthcare sector. Against this intended aim the following research question had to be addressed: *How can NGOs in the South African healthcare sector strategically respond to decreased donor funding?* The Aurum Institute was identified as the most suitable case study organisation due to its reputation in the healthcare sector, with 18 years of experience in the field. The researcher conducted in-depth interviews with senior leadership and management of the organisation. Ultimately, the study intended to achieve the following objectives:

- To describe the perceived impact of the decline in donor funding;
- To explore the nature and possible effects of NGOs' dependency on donor funding;
- To investigate the potential strategic responses to decreased donor funding in relation to the resource dependency theory; and
- To explore the possible strategies that NGOs like The Aurum Institute employ in response to decreased donor funding.

#### **5.3.1 The Perceived Impact of the Decline in Donor Funding**

There is no doubt that the political and economic environments of the major donor countries are changing, thus leading to changes in donor strategic objectives and changes in the donor funding landscape (Russell, Mwanza & Milanga, 2016). A

notable example is that of changes in PEPFAR's strategic direction. PEPFAR was established as an emergency response initiative. From 2009, it changed from emergency response to direct service delivery and sustainable health outcomes. Currently, PEPFAR focuses mainly on health systems strengthening and sustainable control of the epidemic (PEPFAR, 2016).

It is clear from the evidence in this study that the Global Fund is also going through some difficulties and consequently reducing its funding. This funding reduction has led to the collapse of NGOs, with others completely shutting down. The other impact could be felt in the rise in unemployment rates due to the retrenchment of staff employed by these NGOs. In some instances this may ultimately affect the reputation of these NGOs. Other consequences include reduction in the quality of services offered to beneficiaries, poor quality of data collected, loss in the skill base and massive burden on the part of governments since they are unable to continue support and sustain their own activities. It could then be concluded that the perceived impact of the decline in donor funding is massive, and could negatively affect communities that rely on services provided by these NGOs.

### **5.3.2 The Nature and Possible Effects of NGOs' Dependency on Donor Funding**

The study identified various factors that lead to NGOs' dependency on donor funding. The most dominant factor is the manner in which NGOs are established. Other factors identified include a lack of vision and poor strategies, as well as a lack of adaptation of certain business models. Similarly, the literature review also indicated that many NGOs lack sustainable models and future sustainability plans, hence their dependency on the external support for their continued existence (Mitchell, 2012). The study further identified the possible effects of such dependency, which include threats to continuity, stability and sustainability; collapse of NGOs – which eventually leads to the rise in unemployment rates and interruption of services, amongst other factors. Thus, it could be argued that NGOs' dependency on donor funding has negative consequences and negative impact (Weideman, 2015: 3). On this basis, it could then be concluded that funding is the most common factor that leads to the NGO-donor dependency trap.

### **5.3.3 Potential Strategic Responses to Decreased Donor Funding in Relation to the Resource Dependency Theory**

This research study was carried out with the resource dependency theory prominently focusing on organisational behaviour and the external environment. This research study contributes to the resource dependency theory by identifying the strategies that NGOs in the South African healthcare sector employ in response to decreased donor funding. The resource dependency theory is a comprehensive approach that is also concerned with NGOs and how they relate to their donors in the external environment. Thus, the relationship between NGOs and donors is mainly driven by the need for acquisition of resources. From the interviews conducted, it emerged that none of the fifteen participants knew or have had any prior knowledge of the resource dependency theory. However, the study established that there was a general consensus regarding NGOs' dependency on donor funding for their survival. The dependency syndrome delays sustainability beyond donor funding. In some instances, where some NGOs have established mechanisms to raise core funding, it appears that these mechanisms are not sustainable and external funding remains the major source of programme and operational income. Therefore, the study's contribution to the debates on NGO-donor relationship, is that funding is the leading factor that leads to NGO-donor dependency trap (Mitchell, 2012).

### **5.3.4 The Possible Strategies that NGOs like The Aurum Institute Employ in Response to Decreased Donor Funding**

The study established that donor funding is declining; firstly, due to the recent global economic crises and secondly; due to the fact that countries like South Africa are regarded as upper middle income countries with the capacity to take care of their socio-economic problems. On this basis, the study established that The Aurum Institute has recently undergone a restructuring process; which resulted in changes in strategic direction with the aim of increasing its sources of funding. Although the study revealed that the current source of the organisation's programme and operational income is largely donor-driven, the findings provided some evidence that Aurum is employing various mechanisms to raise core funding in order to remain relevant in the future. One of the sustainable mechanisms the organisation is employing is diversification in terms of the streams of income, fields of work and the expanding geographic scope to have presence globally. Thus, it could be concluded that there

are various probable strategies that exist that can help organisations to raise core funding and remain sustainable beyond donor funding (Mitchell, 2012). NGOs have to constantly and effectively explore other avenues of raising funds and effectively look into areas where there are untapped resources and continuously evaluate such mechanisms to see if they are sustainable.

While available literature depicts NGOs as passive funding recipients (Hendrickse, 2008: 39), data collected from the interviews reveal that there is a range of strategies that NGOs could employ in order to limit their dependency on donor funding and become financially sustainable. The specific strategies that NGOs employ include adaptation, diversification, expanding into areas where there are untapped resources and establishment of profit making initiatives such as social enterprise models. Overall, diversification of revenue streams and programmes was the most frequently mentioned strategic response.

An interesting observation from the review of literature is that the following organisations are able to continue operating despite the decrease in donor funding:

- organisations which are able to adapt to the changing donor strategic objectives and changing environment;
- organisations which are able to diversify their programmatic and financial scopes; and
- organisations which constantly expand scope and look into the fields where there are a lot of untapped resources.

The social enterprise model has also been commended as a possible alternative strategy. However, while these factors provide a leeway for NGOs to continue to exist, the researcher would argue that these models require constant monitoring and evaluation to see if they really work.

#### **5.4 RECOMMENDATIONS OF THE STUDY**

This sub-section aims to provide various recommendations for consideration by the case study organisation as well as the funders. The recommendations are linked to the study objectives. However, additional recommendations are also provided. The recommendations of the study are proposed in order to increase the organisation's autonomy and limit its dependency on donor funding. The recommendations further

aim at introducing and strengthening some of the existing models that the case study organisation could employ in order to ensure their sustainability.

#### **5.4.1 Recommendation 1**

The impact of the decline in donor funding includes the collapse of NGOs due to a lack of funding (Velaphi, 2012; Weideman, 2015: 3). The decline in the available skills base necessitates the retention of the relevant human resources capacity (Weideman, 2015: 3). Within this context, the findings revealed that The Aurum Institute is a well-established organisation with an operational presence in all 9 provinces of South Africa. The organisation also has a global presence, with offices recently opened in the US. However, the interviews revealed that the organisation is still not well known and still has a low profile. Therefore, *it is recommended that the organisation should expand its presence and increase its profile both locally and globally in order to define its impact. In addition, the organisation should step outside its boundaries and look into diversifying its fields of work and expand its scope beyond HIV and TB programmes and research in areas where there are a lot of untapped resources such as non-communicable diseases.*

The Aurum Institute is currently dependent on external funding for its sustained existence. The problem is that the organisations' ability to develop and implement innovative programmes could be limited by the control from the external environment. Such control may compromise its organisational goals and co-existence with donors (Mitchell, 2012). To a certain extent, when donor funded-projects reach their contractual expiration, the organisation has to retrench staff working on those specific projects if it is unable to deploy them on other existing projects. *It is therefore recommended that the organisation should continue to pursue and enhance its own sources of funding.*

In addition, findings in section 4.3.2.1 indicated that the organisation lacks relevant skills in the area of financial sustainability, which could help the organisation raise core funding. *It is therefore recommended that the organisation should have a dedicated professional fundraising human resource capacity that is directly focused on raising core funding for the organisation.*

#### **5.4.2 Recommendation 2**

The findings from this study revealed a range of the possible effects of NGOs' dependency on donor funding which include threats to continuity, stability and sustainability; collapse of NGOs and interruption of services. Since funding has been identified as the most dominant factor leading to the NGO-donor dependency trap, *it is therefore recommended that future research that focuses on the resource dependence theory should examine the effects of resource dependence with the aim of identifying additional response strategies that NGOs could employ to limit their exposure to external control.*

#### **5.4.3 Recommendation 3**

The discussions narrated above have highlighted some of the strategies that NGOs could adopt for their financial and organisational sustainability. These strategies could help organisations avoid the dependency trap mentioned in the previous recommendation above. The findings revealed further that: *"if an organisation is only reliant on one type of funding stream, and if that funding stream diminishes, then the organisation runs into the risk of closing down due to a lack of diversifying its sources and streams of funding"* (Participant No. 1). Thus, *it is recommended that the theoretical and conceptual parameters of the resource dependency theory should incorporate the concepts of diversification, collaborations, social entrepreneurship, adaptation, innovations and fundraising, and establishing efficiencies as a possible leeway of ensuring organisations' sustainability beyond donor funding.*

#### **5.4.4 Recommendation 4**

Existing literature indicates that South Africa is still in the process of creating an enabling environment in which social entrepreneurship promotes high levels of investment through a favourable taxation system (Steinman, 2010). Poon (2011) and Greater Capital (2012) mention that social entrepreneurship is a vital solution for helping organisations to remain financially sustainable. Furthermore, social entrepreneurship is capable of earning income from various business and operational activities (ILO, 2011). On this basis, it is recommended that The Aurum Institute's self-financing strategies should extend to employ and enhance business strategies within the confines of South Africa's legal and tax legislation in order to generate a sustained income. Recognition is given to the development of Aurum Innova, the profit-making

arm of the organisation. Notwithstanding, *it is recommended that The Aurum Institute should constantly evaluate this profit making arm in order to avoid a situation whereby The Aurum Institute will end up financially sustaining the newly established Aurum Innova.*

It also emerged from the findings that The Aurum Institute's underlying sustainability strategy is diversified in terms of the geographic scope, programmes and funding. However, it seems that this diversity-based model is also donor dependent. Therefore, *in conjunction with the recommendation mentioned above, Aurum should constantly evaluate its models to be less dependent on funding from external sources.*

#### **5.4.5 Recommendation 5**

It emerged from the findings in sub-section 4.3.2.1 (p. 90) that NGOs in the South African healthcare sector continue to have a pertinent role to play in society. In this regard, NGOs mainly set the development agenda by linking their core business to policies and programmes designed to address the donor funding goals and objectives. *Therefore, it is recommended that funders should recognise the important role played by NGOs in human development by contributing to the sustained existence of NGOs and provide protracted training in fundraising activities and financial management endeavours.*

### **5.5 LIMITATIONS OF THE STUDY**

The study's limitations are premised on the conceptual/ theoretical, operational, empirical, and methodological constraints which are most likely to weaken or reduce the scientific integrity and intellectual worth of the study (Grove, Burns & Gray, 2013: 598). Notwithstanding these possible shortcomings, the overall value and scientific integrity of this study was not compromised. Instead, these possible limitations reflect the researcher's declared intention to make a contribution towards organisational development in the healthcare NGO sector from the perspectives of the resource dependency theory.

This research study only focused on one organisation, The Aurum Institute, as a case study. Information gathered is limited to this specific organisation and might differ from strategic responses employed by other organisations in response to the changing external environment. In addition, this research study utilised in-depth, semi-structured qualitative research instruments with the aim of eliciting the general and specific views

on the strategic responses to decreased donor funding. However, it should be mentioned that organisations differ and adopt different strategies from their competitors. Therefore, the results of this study cannot be used more broadly to determine the strategies that NGOs employ in response to decreased donor funding. It is also important to note that NGOs' modes of responses may be dependent on the nature of its work, even within the same healthcare sector. Therefore, strategic options presented in this research study may be limited to the Aurum case study only.

Originally, the study proposed to interview thirty-eight staff members - eighteen members who formed part of the executive and twenty programme managers. However, during the process of seeking approval from Aurum's management to conduct the study, it was discovered that the organisation recently went through a restructuring process and currently consist of the Southern Africa Region and International Region. The Southern Africa Region consists of fourteen members who form part of the Executive Committee of the organisation. As a result, the sample size for this study was reduced from thirty-eight to eighteen participants, which includes four senior programme managers. From the targeted number of eighteen participants, the researcher ultimately interviewed fifteen participants only. Two members have since resigned, and one was not available during the time of the interview. Thus, this limits the information gathered as the number of participants in the interviews prevents generalisation of conclusions drawn to the strategies that organisations employ in response to decreased donor funding.

This research study is further limited by the fact that scheduling time for and conducting interviews with all the relevant people identified and targeted for the study because of their competing job demands. This delayed the process of data collection as participants identified for the study realigned their meetings, despite meetings being scheduled ahead of time. In two instances, the researcher could not meet face-to-face with two participants, due to their unavailability during the time of data collection. As a result, both participants were then requested to complete the questionnaire and send back to the researcher. This limits the findings as the researcher did not have the opportunity to utilise probing questions as a mechanism to elicit more spontaneously derived additional information and divergent views.

## **5.6 DIRECTIONS FOR FUTURE RESEARCH**

This section outlines general recommendations to direct future research. This section is linked to the previous two sections –the findings of this study as well as the study limitations as these sections present valuable opportunities for prospective future research ideas in the field of healthcare sector NGO development. This study only focused on the strategic responses to decreased donor funding for NGOs in the healthcare sector, only focusing on The Aurum Institute as a case study organisation. Of specific importance is for future research to be undertaken on other healthcare sector organisations, as well as other sectors in order to obtain a comprehensive understanding of how other NGOs have responded to the challenges posed by the changing external donor environment.

Furthermore, this research thoroughly considered the major sources of operational and programmatic funding for The Aurum Institute. The study further examined the possibility of other untapped sources of funding. It has been emphasised from the findings that core funding is the driving source for an organisation's continued existence. However, this research study did not comprehensively provide adequate discussion on these sectors. The focus was basically on The Aurum Institute and only a brief discussion was presented within this context. Therefore, future research should examine various fundraising mechanisms that NGOs could adopt in order to ensure organisational sustainability beyond donor funding. Also, future research should also explore available, but untapped other resources which organisations within the healthcare sector could resort to.

As noted above, this research focused exclusively on the strategies adopted by NGOs in response to decreased donor funding in order to remain sustainable beyond donor funding. However, there are several opportunities for future research to focus on ways in which funders can contribute to the sustained existence of NGOs. This research study is also carried out in the context of the resource dependency theory, which also focusses on the relationship between donors and NGOs. Thus, future research could be undertaken on the exit strategies that funders adopt to help NGOs remain sustainable beyond their funding. This could provide a more comprehensive understanding of the NGO-donor relationships. In this context, the study further recommends that future research should be carried out on the sustainability index for

donor funded NGOs to measure and track NGOs' continued existence beyond donor funding.

The results obtained in Chapter 4 indicate that the social entrepreneurship model is a new concept that has just been identified in South Africa to help NGOs remain sustainable. In addition, Steinman (2010:3) mentions that "South Africa still has a long way to go in creating an enabling environment where social enterprises could indeed flourish and contribute to the economy". Therefore, a need arises for constant monitoring and evaluation of this new model to see if this really works. It is recommended that future studies should look into the evaluation of social entrepreneurship model as a financial mechanism to ensure the sustainability of NGOs.

## **5.7 CONCLUSION**

This research study shows that NGOs continue to play an important role in filling in the service gaps left by government. However, many NGOs still rely on the external environment for financial support, thus exposing themselves to resource dependency. As a result, these NGOs are vulnerable to the possibility of control by the external donor environment which threatens their autonomy. However, NGOs could employ a range of strategies in response to decreased donor funding.

The purpose of this study was to explore the strategic responses to decreased donor funding by NGOs in the healthcare sector. The fundamental research question for this study premised on the strategies that NGOs in the South African healthcare sector employ in response to decreased donor funding. In order to do these, the researcher identified The Aurum Institute as a case study organisation and explored the mechanisms utilised by this organisation to deal with decreased donor funding. This was done in the light of the resource dependency theory – a theoretical approach that is also concerned with organisational behaviour within the external environment.

This research study is different from other studies on the resource dependency theory in that it identifies and discusses the strategies that NGOs employ in response to decrease donor funding in order to limit dependency on donor funding. In the environment of the recent global financial crises and decreased donor funding, The Aurum Institute has been able to keep pace with the changes in the external environment by adopting various strategic responses. These response strategies

include diversification, collaborations, social entrepreneurship, research innovations, and adaptation. Therefore this research study concludes by stating that while NGOs are susceptible to various modes of external control by the external environment – given their dependency on donor funding – they are not reflexive recipients as there are various strategic response options at their disposal that they could adopt.

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## **ANNEXURE 1:**

### **INTERVIEW GUIDE**

#### **GUIDING QUESTIONS FOR SEMI-STRUCTURED INTERVIEWS**

##### **Research Title**

Strategic responses to decreased donor funding for NGOs in the health sector: the case of the Aurum Institute.

##### **Target Audience**

Executive Leadership Personnel and Programme Managers

##### **Instructions**

The following are the guiding questions for the researcher. The questions are open-ended questions. No names or distinguishing personal, social, behavioural, geographical or individual identifying characteristics will be evident to the reader of the final research paper. The information will be used purely as a tool to gather insight on the strategic responses to decreased donor funding by NGOs in the health sector, using the Aurum Institute as a case study.

##### **The following will be used in the informational phase for each interview.**

1. Thank you so much for agreeing to talk with me today.
2. As I told you in the letter and on phone, this research is for a Master Dissertation titled "strategic responses to decreased donor funding for NGOs in the healthcare sector: the case of the Aurum Institute.
3. Should we veer off into any area that makes you uncomfortable, please let me know and we will move on to something else.
4. Kindly correct me, if you think I have missed a point or misread your answer.
5. Your participation is strictly voluntary and you do not have to respond to every question.
6. I want to assure you that complete confidentiality will be maintained.
7. The interview will last 40-50 minutes and will be audio taped for transcribing purposes.
8. Please feel free to ask any questions at any time.

##### **Confidentiality**

Please note that the researcher makes an undertaking that the responses provided in this interview will remain anonymous and strictly confidential. No reference will be made to any individual's name in the research results. Actual names of participants are not necessary; only the name of the occupied post is necessary. A copy of the final report will be made available to the Aurum Institute.

##### **Objectives of the study**

- 1) **To investigate potential strategic responses to decreased donor funding in relation to the resource dependency theory (RDT)**

The RDT focuses on the relationship between donor agencies and NGO sector. The RDT also focuses on strategies that NGOs employ to increase their own autonomy

and pursue their own interest. The aim of RDT is to ensure organisations survival beyond donor funding.

- a) Have you heard about the resource dependency theory?
- b) Do you think this can work or not based on the following questions?
  - i) Do you think NGOs dependent on donor funding for their own survival or can they be sustainable beyond donor funding?
  - ii) What conditions do donors put for your organisation and other organisations in general?
  - iii) Does these conditions hinder your activities and to what extent? How do you handle this?
  - iv) How are decisions made regarding resource allocation within your organisation?
  - v) Does the Aurum Institute have the sustainability plan in place? If so, what are the plans?

**2) To describe the perceived impact of the decline in donor funding**

- a) What do you think are the contributing factors that lead to the withdrawal of donor funding?
- b) What do you think are the consequences of such decline?

**3) To explore the possible strategies that NGOs like the Aurum Institute employ in response to decreased donor funding**

- a) How do NGOs react to the changes in the donor agencies' funding objectives?
- b) What are the possible strategies that NGOs employ in response to decreased donor funding?
- c) What do you think are the major sources of operational and/or program funding?
- d) Are there other sources available but not tapped on?
- e) How do you perceive the role and work of NGOs in the future and what do you think are the requirements for such role?
- f) What do you think about the concept of social entrepreneurship (SE) in relation to the NGO sector and do you think SE is a possible leeway for NGOs?
- g) For purposes of financial sustainability, do you think social enterprise can help generate enough income to cover operational costs, and may even show a surplus?
- h) How could an NGO diversify its sources of income and do you think a diversified basis of funding is useful and why so?

**4) To explore the nature and possible effects of NGOs' dependency on donor funding**

- a) What do you think are the contributing factors that leads to NGOs' dependency on donor funding?
- b) What do you think are the possible effects of such dependency?

**THANK YOU FOR YOUR PARTICIPATION**

**ANNEXURE 2:  
REQUEST FOR PERMISSION TO CONDUCT STUDY  
ON THE AURUM INSTITUTE**

1263 Wonderpark Estate  
Extension 23  
Karenpark, 0182  
08 March 2016

Dr. Dave Clark  
Aurum Institute, NPC  
The Aurum House, the Ridge  
29 Queens Road, Parktown  
Johannesburg, 2193

**REQUEST FOR PERMISSION TO CARRY OUT RESEARCH ON THE AURUM INSTITUTE**

I hereby request for permission to carry out a research study titled "Strategic responses to decreased donor funding for NGOs in the health sector: the case of the Aurum Institute".

This research will be carried out with relevant staff members from the Aurum Institute.

This study will utilize qualitative research methods in which data will be collected by means of a case study and semi-structured interviews through implementation of a structured interview questionnaire. The semi-structured interviews will be administered to leaders and programme managers of the Aurum Institute.

The research is part of my degree in Masters in Development Studies (MDS) that I am undertaking at the University of the Free States (UFS). I will strictly adhere to the UFS Research Ethics regulations.

The study aims to explore and analyse the strategic responses to decreased donor funding by NGOs in the health sector in South Africa. The ultimate aim hereto is to limit dependency on external funding by NGOs in the health sector in South Africa. Therefore, the Aurum Institute will be used as a case study to highlight challenges faced by NGOs as result of decreased donor funding and introduce possible approaches that could be used to address these challenges. The benefit of the study is that other NGOs will learn from the strategic approaches adopted by the Aurum Institute in the era of decreased donor funding and the future funding landscape for NGOs in South Africa.

In order to realise this aim, the following objectives are identified for the study:

- 1) To describe the perceived impact of the decline in donor funding;

- 2) To explore the nature and possible effects of NGOs' dependency on donor funding;
- 3) To investigate potential strategic responses to decreased donor funding in relation to the resource dependency theory; and
- 4) To explore the possible strategies that NGOs like the Aurum Institute employ in response to decreased donor funding.

The study will be conducted under strict confidential arrangements and without prejudice to any participants' integrity. The actual names of participants will not be revealed. The final copy of the dissertation will be forwarded to you for perusal.

Please acknowledge receipt of this letter and feedback concerning the request thereof at your earliest convenience will be highly appreciated.

Yours sincerely,

Sibongile Radebe  
Masters Student at UFS  
Student number: 2014066217

## ANNEXURE 3A:

### PERMISSION TO CONDUCT THE STUDY AT THE AURUM INSTITUTE

1263 Wonderpark Estate  
Extension 23  
Karenpark, 0182  
08 March 2016

Dr. Dave Clark  
Aurum Institute, NPC  
The Aurum House, The Ridge  
29 Queens Road, Parktown  
Johannesburg, 2193

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In order to realise this aim, the following objectives are identified for the study:

- to investigate whether the resource dependency theory can be used to accurately predict strategic responses to decreased donor funding;
- to describe the extent to which donor funding has declined in the South African health sector;
- to identify challenges faced by NGOs as result of decreased donor funding;
- to explore the potential benefits of well-managed donor funding reduction; and
- to explore the possible strategies that the Aurum Institute employ in response to decreased donor funding;

The study will be conducted under strict confidential arrangements and without prejudice to any participants' integrity. The actual names of participants will not be revealed. The final copy of the dissertation will be forwarded to you for perusal.

Please acknowledge receipt of this letter and feedback concerning the request thereof at your earliest convenience will be highly appreciated.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Radebe', written in a cursive style.

Sibongile Radebe  
Masters Student at UFS  
Student number: 2014066217

**ANNEXURE 3B:**  
**APPROVAL TO CONDUCT THE STUDY AT THE AURUM INSTITUTE**

1263 Wonderpark Estate  
Extension 23  
Karenpark, 0182  
08 March 2016

Dr. Dave Clark  
Aurum Institute, NPC  
The Aurum House, The Ridge  
29 Queens Road, Parktown  
Johannesburg, 2193

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This study will utilize qualitative research methods in which data will be collected by means of a case study and semi-structured interviews through implementation of a structured interview questionnaire. The semi-structured interviews will be administered to leaders and programme managers of the Aurum Institute.

The research is part of my degree in Masters in Development Studies (MDS) that I am undertaking at the University of Free States (UFS). I will strictly adhere to the UFS Research Ethics regulations.

The study aims to explore and analyse the strategic responses to decreased donor funding by NGOs in the health sector in South Africa. The ultimate aim hereto is to limit dependency on external funding by NGOs in the health sector in South Africa. Therefore, the Aurum Institute will be used as a case study to highlight challenges faced by NGOs as result of decreased donor funding and introduce possible approaches that could be used to address these challenges. The benefit of the study is that other NGOs will learn from the strategic approaches adopted by the Aurum Institute in the era of decreased donor funding and the future funding landscape for NGOs in South Africa.

In order to realise this aim, the following objectives are identified for the study:

- to investigate whether the resource dependency theory can be used to accurately predict strategic responses to decreased donor funding;
- to describe the extent to which donor funding has declined in the South African health sector;
- to identify challenges faced by NGOs as result of decreased donor funding;
- to explore the potential benefits of well-managed donor funding reduction; and
- to explore the possible strategies that the Aurum Institute employ in response to decreased donor funding;

The study will be conducted under strict confidential arrangements and without prejudice to any participants' integrity. The actual names of participants will not be revealed. The final copy of the dissertation will be forwarded to you for perusal.

Please acknowledge receipt of this letter and feedback concerning the request thereof at your earliest convenience will be highly appreciated.

Yours sincerely,



Sibongile Radebe  
Masters Student at UFS  
Student number: 2014066217



*Agreed with modifications to make the  
thesis generic and descriptive.*

**ANNEXURE 4:**  
**INFORMED CONSENT FORM**

**Primary Researcher:** Ms. Sibongile Radebe, Centre for Development Studies, University of the Free State.

**Study Project Title:** Strategic responses to decreased donor funding for NGOs in the healthcare sector: the case of the Aurum Institute.

**Study Supervisor:** Prof Willem Ellis – Centre for Development Studies, University of the Free State

Dear \_\_\_\_\_,

You are kindly invited to participate in a research study that forms part of my formal degree Masters in Development Studies. You are invited to participate because of the role you play in the organisation. Your participation is voluntary and your views and participation will be highly appreciated.

This information leaflet will help you decide if you would like to participate in the study and to provide you with the full understanding of what is involved in the study and process.

This study seeks to explore and analyse the strategies that NGOs employ in response to decreased donor funding. The focus will be on the Aurum Institute. The following are the main objectives of the study:

- 1) To describe the perceived impact of the decline in donor funding;
- 2) To explore the nature and possible effects of NGOs' dependency on donor funding;
- 3) To investigate potential strategic responses to decreased donor funding in relation to the resource dependency theory; and
- 4) To explore the possible strategies that NGOs like the Aurum Institute employ in response to decreased donor funding.

By participating in this study, you will make a great contribution towards identifying the possible strategies that NGOs in the South African healthcare sector can employ in response to decreased donor funding. The results of the study will be beneficial to the Aurum Institute as the organisation will be aware of the possible strategies that NGOs can employ in response to decreased donor funding and other funding opportunities that the organisation can tap on.

Please be informed that all your responses will be confidential. Your individual identity and responses will not be described. What is required of you as a participant is to answer open-ended questions according to your knowledge and understanding which will take 40 - 50 minutes and should be done at one time in one sitting in a quite

environment. Please note that the interview will be audio taped to make sure that your responses are accurately reported.

If you decide to take part in the study, you will be required to do the following:

- To sign this informed consent form; and
- To ensure that you have read and understand the information written above.

Your rights to participate in this study include:

- Voluntarily agreeing to participate in this research;
- Refusing to participate (in part or wholly) with no penalty or punishment whatsoever;
- Withdrawing from participating at any time without penalty; and
- Responses to be treated with strict confidentiality and anonymity.

Please note that you will not be financially compensated for participating in the study.

Please note the following with regards to confidentiality and anonymity:

- The information you provide will be used for the research purpose only to ensure confidentiality and anonymity,
- You have the right to participate or withdraw your participation in the study should you feel that there is no anonymity and confidentiality in this study.

If you have any questions or comments/suggestions about this study or your participation in the study, please contact me via cellphone; 073 211 2109 or by email at [Sibongile.radebe42@gmail.com](mailto:Sibongile.radebe42@gmail.com).

**ANNEXURE 5:  
RESEARCH PARTICIPANTS' CONSENT**

I..... (Please print your name) have read and understood the nature of the research project and agree to participate as requested. I also grant consent for my interview to be tape-recorded.

I understand that my identity and that of the Aurum Institute will be kept anonymous and that any information provided by me will be treated confidential.

I understand that my participation is voluntary and that I am not obliged to share information that I am not comfortable revealing.

Signed: \_\_\_\_\_ .....Date \_\_\_\_\_  
Sibongile Margaret Radebe dd/mm/yyyy

## ANNEXURE 6: EDITOR'S LETTER

### EDITOR'S LETTER

I hereby confirm that I have rendered the following services in respect of the Master's thesis of Ms Sibongile Margaret Radebe (Student Number: 2014066217):

comprehensive language control;  
academic compatibility,  
methodological coherence and logic,,  
technical compliance

**NAME OF INSTITUTION:** University of the Free State, Bloemfontein  
Faculty of Economic and Management Sciences  
Center for Development Support

**RESEARCH TOPIC:** Strategic Responses to Decreased Donor Funding for Non-Governmental Organisations in the Healthcare Sector: The Case of The Aurium Institute

**LEVEL OF STUDY:** Master in Development Studies

**SUPERVISOR:** Mr W Ellis

In the provision of the above-mentioned services, I was guided by Ms SM Radebe's instructions, corrections, and comments in respect of the guidance she received from her academic supervisor.

To the best of my knowledge as an independent editor, my involvement with Ms Radebe's document did not in any way depart from her supervisor's professional guidance.

Academic editing services by: TJ Mkhonto (Dr)

Ph D: University of Johannesburg (2008)

M Ed: University of Massachusetts-at-Boston, USA (1987)

BA Ed: Northwest University, Mafikeng (1985)

**My contact information:**

Cell: 076 035 2929

Email: mkhonto9039@gmail.com

Signed: \_\_\_\_\_



Dr TJ Mkhonto

30 January 2017

dd/mm/yyyy