

The role of NPO boards in funding sustainability

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ABSTRACT

Purpose: The purpose of this exploratory research study was to gain a deeper understanding of the lived experiences of South African non-profit boards, thereby contributing to the evolving discourse on non-profit board strategies aimed at achieving financial sustainability. It focused on three objectives: understanding funding perceptions, exploring governance frameworks' impact on sustainable funding strategies and examining strategic intent in strategy development. Through this exploration, the study aimed to illuminate the pivotal role of NPO boards in enhancing funding sustainability.

Research relevance: The volatile funding landscape in the non-profit sector globally amplifies its vulnerability. As the primary governing body, NPO boards bear substantial responsibility for steering the organisation's economic sustainability. However, there remains a significant gap in understanding the strategies used by NPO boards to secure funding and enhance organisational sustainability.

Design/methodology/approach: The use of an inductive approach facilitated a mono-method qualitative study involving 14 participants interviewed in a semi-structured format. The search for rich and in-depth data mandated this methodological choice.

Key findings: NPO boards' role is to embrace innovative strategies to ensure long-term financial sustainability and cultivate organisational resilience.

Implications: The findings furnish NPO boards and policymakers with invaluable insights into the dynamic capabilities and challenges influencing the development of funding strategies within NPO boards strengthening financial sustainability. These insights guide the formulation of pertinent learning experiences and support mechanisms, adding to managing expectations and demands for organisational sustainability.

Keywords: non-profit boards, funding sustainability, funding strategy, dynamic capabilities, South African non-profit organisation

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Philosophy in Change Leadership at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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TABLE OF ABBREVIATIONS AND FREQUENTLY USED TERMS

| | |
|---------------|--|
| BM | Board Members |
| CEO | Chief Executive Officer |
| DCT | Dynamic Capability Theory |
| FO | Funding Opportunities |
| FS | Funding Sustainability |
| GIBS | Gordon Institution of Business Science |
| NPC | Non-Profit Company |
| NPO | Non-Profit Organisation |
| OL | Organisation Leader |
| P(n) e.g. P10 | Participant |
| RQ | Research Question |
| SE | Stakeholder Expert |

CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1. Introduction

1.1 Non-profit Organisation Significance in Society

The evolving landscape of charitable giving, compounded by governmental efforts to impede international donor funding, has posed significant challenges to the sustainability of NPOs (Faulk et al., 2021; Toepler et al., 2020). Despite these adversities and governmental restrictions on civil society, the NPO sector has demonstrated resilience, funding innovative avenues to augment their revenue streams, such as generating income through fees for services, earning revenue and forming partnerships with for-profit entities (Bocquet et al., 2020; Faulk et al., 2021; Toepler et al., 2020). Notably, NPOs in the United States continue to place significant emphasis on individual donations as a cornerstone for their funding strategy, recognising their fundamental role in sustainability (Faulk et al., 2021).

Scholars concur that NPOs constitute a vital component of civil society and confront a multitude of challenges, including political interference, funding insecurity, and limited access to networks restricting funding sustainability (Abiddin et al., 2022; Choto et al., 2020a; Toepler et al., 2020). Despite these obstacles, NPOs play a pivotal role in filling the void left by ineffective government services, particularly in critical sectors such as healthcare, community services and social justice (Abiddin et al., 2022). While concerns persist regarding the sustainability of NPOs, their enduring value in driving social-economic development and fostering social cohesion cannot be understated (Choto et al., 2020a). However, compared to for-profit enterprises, research on NPO sustainability efforts remains in its infancy and warrants deeper exploration, particularly within the context of sub-Saharan Africa (Choto et al., 2020a; Yang & Babiak, 2023a).

1.2 Creating Funding Sustainability

This study delineates financial sustainability within NPOs as a deliberate strategy to secure funding from current operations while safeguarding future needs, with the ultimate aim of expanding services, geographic reach, and relevance to cater to a broader beneficiary base and improve overall living standards (Richardson & Kelly, 2023; Ye & Gong, 2021). However, the lack of a universally agreed-upon definition of financial sustainability among scholars stems from the varied terminology employed in the

literature, including phrases like financial health, innovation for growth and financial stability, posing challenges for clear conceptualisation by both academics and practitioners (De Almeida et al., 2021; Richardson & Kelly, 2023; Ye & Gong, 2021).

Nevertheless, existing literature consensus underscores the pivotal role of robust governance structures, diverse funding strategies and deliberate institutional alignment in ensuring funding sustainability for NPOs (Tugyetwena, 2023; Ye & Gong, 2021). A wide range of research avenues remains untapped, offering opportunities to enhance comprehension of NPO sustainability through the identification of effective practices and strategies adopted by these organisations, as well as the influential role of boards in fostering innovation for growth and fortifying financial sustainability (Richardson & Kelly, 2023; Tugyetwena, 2023).

1.3 Non-profit Board Roles

The NPO boards are widely recognised by society and scholars as the governing body responsible for providing strategic direction to ensure economic viability of NPOs (Ayinkamiye & Spencer, 2021a; Bornstein, 2006; Eveland & Crutchfield, 2007; Maboya, 2017). Embedded within the agency theory framework, NPO boards are perceived as the de facto owners of the organisation, exercising significant authority. Their effectiveness directly impacts the organisational performance and, consequently, impacts the financial sustainability (Jaskyte, 2018a; Mason & Kim, 2020a; Van Puyvelde et al., 2018a). Despite these views, it is imperative to recognise that NPOs have multiple stakeholders who collectively hold ownership and authority (Van Puyvelde et al., 2012). NPO boards are entrusted with the strategic direction and organisational development, aiming to advance the organisation's mission through their resource allocation and agency functions (Brown & Guo, 2010; McMullin & Raggo, 2020).

The roles and practices of NPO board in pursuing visions for social change are shaped by institutional and organisational factors and characterised by uncertainty and complexity (Adro & Leitão, 2020a). However, within the sector, the implementation of various financial strategies, such as funding models and effective practices like entrepreneurial ventures and collaborative partnerships, often appears more theoretical than practical (Bocquet et al., 2020; Suykens et al., 2019). This discrepancy may stem from a predominant focus on constraints and uncertainties, rather than on recognising organisational capabilities and opportunities (Richardson & Kelly, 2023). To gain deeper insights into intentional strategies for funding sustainability within NPOs, it is essential to

explore the actions and motivations of NPO boards (Nahum & Carmeli, 2020a; Renz et al., 2023). Examining the lived experiences of key leaders and stakeholders within NPO boardrooms can provide valuable insights and contribute to the development of enhanced sustainability practices, potentially prompting policymakers to reconsider expectations and ensure that NPOs are equipped to effectively contribute to global change through community empowerment and action (Adro & Fernandes, 2022a; Brown & Guo, 2010; McMullin & Raggo, 2020; Van Puyvelde et al., 2018a).

1.4 Research Problem

The research problem at hand revolves around exploring the funding strategies and practices NPO boards adopt to strengthen their organisation's financial sustainability in South Africa (Adro & Fernandes, 2022b; Richardson & Kelly, 2023; Tugyetwena, 2023; Van Puyvelde et al., 2018b). By integrating the theory of dynamic capabilities, which encompasses the elements sensing, seizing and reconfiguring opportunities and threats within a complex funding landscape (De Almeida et al., 2021; Richardson & Kelly, 2023; Teece, 2018b), this study seeks to shed light on the strategies employed by NPO boards in navigating the intricacies of financial sustainability.

The validated of the research problem is underscored by a review of literature, which reveals a conspicuous gap in empirical knowledge concerning the leadership of NPO board in ensuring financial sustainability (Adro & Leitão, 2020b; Choto et al., 2022; Dzhengiz, 2020a; Jaskyte, 2018b; Tugyetwena, 2023). Despite the widespread recognition of the NPO sector as a critical pillar within society contributing to social-economic development, the sector faces challenges stemming from limited funding (Adro & Leitão, 2020b). However, there remains a dearth of information regarding NPO board strategies aimed at achieving funding sustainability (Adro & Leitão, 2020b; Jaskyte, 2018b; Tugyetwena, 2023). Given their pivotal role as primary contributors, the strategic direction provided by NPO boards is instrumental in ensuring the continuity sustainability of organisation resources and performance over time (Nahum & Carmeli, 2020a; Zhu et al., 2016). Therefore, Tugyetwena (2023), highlights a significant research opportunity in identifying effective funding strategies within governance structures that can enhance sustainability in NPOs.

1.5 Research Purpose

The purpose of this exploratory research was to delve into the lived experiences of participants, contributing to the growing body of literature on funding sustainability strategies adopted by NPO boards, serving as the accountable and responsible governing structure (Akingbola et al., 2019; Tugyetwena, 2023). Despite the proliferation of theoretical research on NPOs since 1970s, there remains a pressing need for critical and interpretivist-orientated research unearthing hidden phenomena often overlooked due to entrenched historical systems and practices (Adro & Leitão, 2020a; Renz et al., 2023). Consequently, there is a scarcity of learning experiences and support mechanisms available to board members in navigating the current expectations and demands for organisational sustainability. Therefore, empirical exploration of funding strategies and practices presents an opportunity to uncover these concealed phenomena (Renz et al., 2023; Tugyetwena, 2023). Maboya and McKay, (2019) underscore the necessity for increased studies on funding sustainability within the South Africa context, given the limited adaptation efforts by South African NPOs in response to the turbulent funding landscape.

1.6 Research Scope

The research scope was confined to NPO board members, executive leader and stakeholder experts actively involved in decision-making pertaining to funding activities. Data collection from a broader spectrum of stakeholders, such as senior managers, implementation staff and community members, fell outside the purview of this study (Nahum & Carmeli, 2020b).

1.7 Research Aims and Objectives

The research successfully achieved the following objectives:

- Investigated the perspectives and experiences regarding the availability of funding opportunities for NPOs in South Africa.
- Examined how governance frameworks influence the formulation of strategies to respond to funding opportunities or threats within NPOs.
- Explored the nuanced process through which NPO board in South Africa develop and implement funding strategies to ensure funding sustainability.

The rationale for the above objectives were supported by the work of Choto et al., (2022); Maboya and McKay, (2019); Molloy et al., (2023); Perić et al., (2020); Richardson and Kelly, (2023) and Toepler et al., (2020).

1.8 Chapter Conclusion

The evolving regulatory landscape has placed increased responsibilities on NPO boards to ensure the financial sustainability of organisations within the sector. This necessitates a shift towards evolving strategic intent within the NPO sector to effectively navigate the dynamic funding landscape. The urgency for adaptability and proactive engagement in response to the volatility and uncertainty within the funding environment has become paramount. However, preliminary findings from a literature review suggest a significant degree of uncertainty experienced by NPO boards, warranting further research to explore and address these challenges comprehensively.

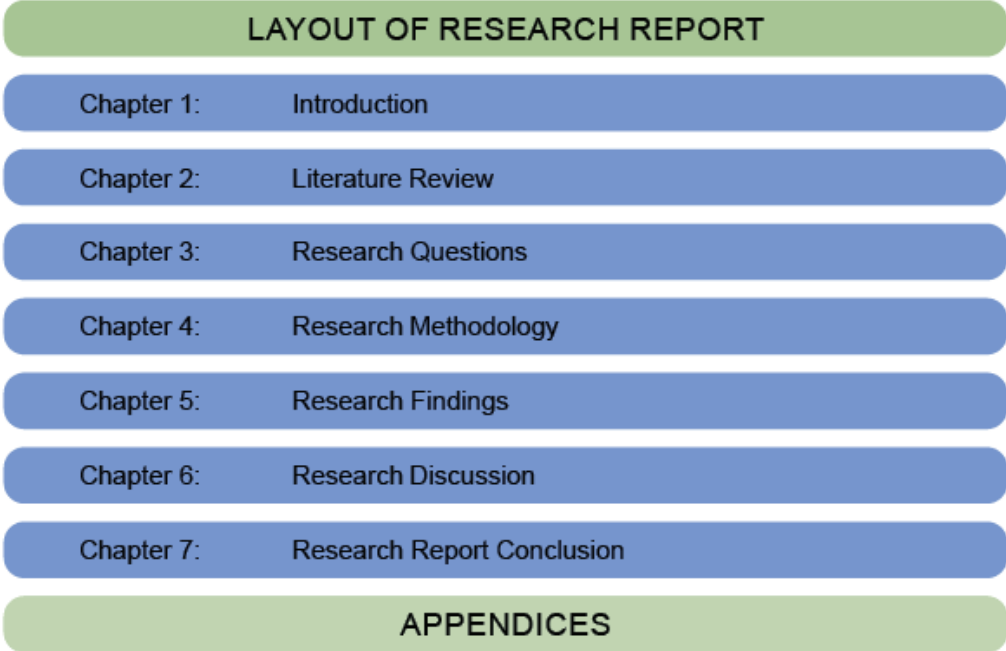


Figure 1:Layout of the research report

CHAPTER 2: LITERATURE REVIEW

2. Introduction

The study aims to examine the practices and strategies adopted by NPO boards to strengthen their funding sustainability, drawing on dynamic capability theory as its theoretical framework (Buzzao & Rizzi, 2021; Choto et al., 2022; Tugyetwena, 2023). Over time, dynamic capability theory has evolved while retaining its core definition and components, providing a robust foundation for exploring how NPO boards integrate, develop and evolve in response to internal and external influences within a turbulent environment (Teece, 2018b).

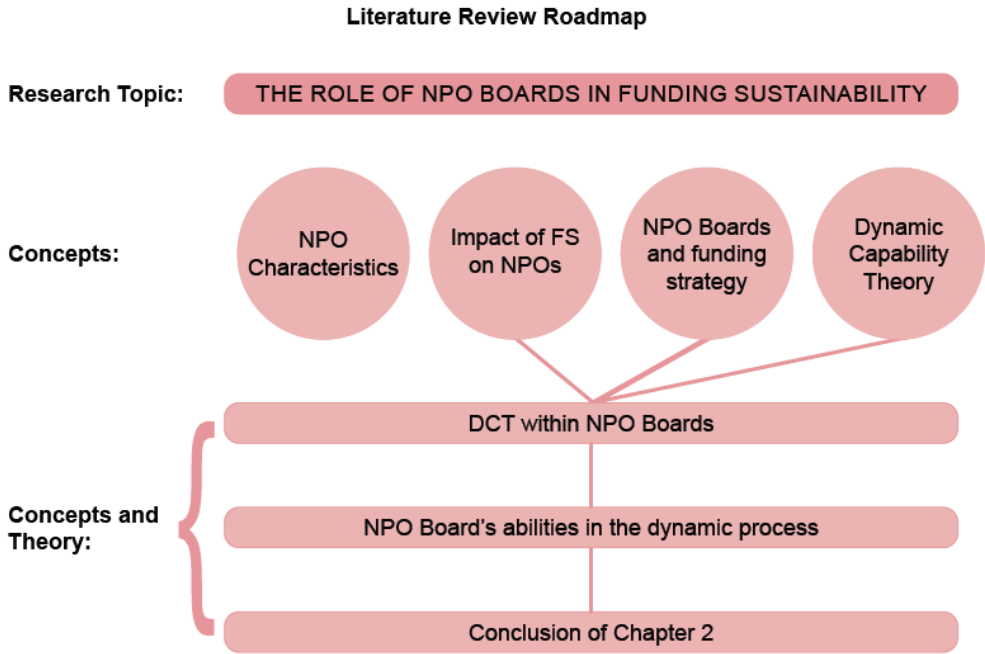


Figure 2: Literature Review Roadmap

To achieve this objective, the paper first outlines the characteristics of NPOs and the concepts of funding sustainability. It then contextualises the unique environment of the NPO sector by discussing the role of the NPO boards and strategies for funding sustainability. Subsequently, the importance of dynamic capability theory in funding sustainability is examined, followed by an exploration of how each component of the theory relates to the phenomenon of financial sustainability.

Initially, the discussion focuses on the resource position, emphasising a shift towards considering both tangible and intangible funding opportunities and re-evaluating the risk NPOs pose to funders in terms of financial capacity and sustainability (Cortis & Lee, 2018). Next, attention turns to the routine process component of dynamic capabilities theory, which delves into the procedures and practices aimed at establishing best practices for funding sustainability (Hung & Hager, 2019; Richardson et al., 2023). Lastly, the discussion addresses the learning paths component, acknowledging the learning experiences are acquired through the implementation of the other components (Pereira et al., 2015; Teece, 2018a).

Following the exploration of NPO board capabilities within the framework of dynamic capability theory, attention is directed towards the board's ability to sense, seize, and reconfigure opportunities as part of an ongoing dynamic process (Teece, 2018b). A conceptual framework depicted in Figure 1 will be presented and will be developed throughout the research project report to elucidate these dynamics.

Finally, before concluding the chapter, the research question and sub-questions are presented to underscore the aim of generating deeper insights through the exploratory study, thereby contributing to the literature on NPO governance and strategic funding sustainability. Moreover, the study seeks to inform policymakers and facilitate leadership development initiatives aimed at enhancing NPO board capacity and capabilities.

2.1 NPO Characteristics

Choto, Iwu, and Tengeh (2020) assert that despite the ongoing challenges faced by Non-Profit Organisations (NPOs) in sustaining themselves, there is a consensus regarding their indispensable role in driving social and economic development in sub-Saharan Africa through the creation of social value and impact. Both governmental entities and corporate sectors rely on NPOs to bridge gaps and address pressing global challenges (Choto et al., 2020a). This sentiment is echoed by Nwauche (2022), who emphasises the significance of the relationship between governments and NPOs within the legislative frameworks governing development and service provision in South Africa.

In the context of building relationships between NPOs and legislative frameworks, the importance of robust governance structures for NPO sustainability is underscored by Tugyetwena (2023), as well as by Vehka and Vesa (2023). Functional NPO boards are expected to exhibit effective decision-making, accountability, and adaptability within

volatile and uncertain environments (Tugyetwena, 2023). Moreover, adherence to regulations and reporting standards set by donors further accentuates the pivotal role of NPO boards in ensuring funding sustainability (Choto et al., 2022). This is evident in a critical comparative study amongst African NPOs indicating The Nelson Mandela Children's Fund (South Africa) and the Newmont Ahafo Development Foundation (Ghana) as high performers in NPO board practices towards funding strategies (Ahmed et al., 2019). This underscores the importance of effective organisational frameworks, building enhanced stakeholder trust and community service.

NPOs often encounter hurdles to financial sustainability stemming from governance-related constraints, including regulatory compliance, stakeholder accountability, and the formulation of a coherent theory of change strategy. These constraints directly influence resource availability and the adoption of best practices within NPO boards (Richardson & Kelly, 2023). The internal power dynamics and subjective normative practices of NPO boards and executive leaders contribute to the ongoing discussions regarding identity, expectations, roles, and functions, all of which significantly influence organisational functionality and sustainability (Mason & Kim, 2020). However, despite their critical role, the internal governance processes of NPOs remain underexplored, thus hindering a comprehensive understanding of the boards' contributions to NPO sustainability (Tugyetwena, 2023; Vehka & Vesa, 2023).

The historical legacy of apartheid has left the NPO sector grappling with numerous policy shifts and partnership alterations, resulting in diminished functionality and increased vulnerability to power struggles with governmental funders amidst a declining donor funding landscape in South Africa (Choto et al., 2020). This situation has been exacerbated by shifts in the funding landscape since the 1980s, as funding streams from entities like the World Bank and the European Union, aimed at effecting political change, have dwindled significantly, thereby failing to contribute adequately to the development and rebuilding of society systems (Maboya & McKay, 2019). As a result, there arises a necessity to re-envision the value proposition of NPOs—moving beyond mere service providers and government contractors to pivotal agents in societal development (Nwauche, 2022). By ensuring funding sustainability, NPOs can fulfil their mandate to provide services to segments of society that remain underserved by both government and private sectors (Choto et al., 2020). Re-establishing balance in accountability towards the government, funders, beneficiary communities, and NPO employees is vital for improving financial sustainability. This can lead to increased support and recognition of the societal value of NPOs (Choto et al., 2022).

Despite the undeniable significance of NPOs in society, there remains an absence of comprehensive research on their functioning and socioeconomic contributions, particularly within the South African context (Nwauche, 2022). Consequently, the misunderstanding of the sector persists, underscoring the urgency for more scholarly attention, especially concerning NPO sustainability (Choto et al., 2022). Furthermore, the absence of scholarly discourse on the role of NPO boards as governance structures further compounds the incomplete understanding of NPO dynamics (Vehka & Vesa, 2023).

Addressing the absence of scholarly discourse on this subject is crucial for developing an understanding of NPO dynamics. This understanding can lead to achieving financial sustainability.

2.2 The Impact of Funding Sustainability

Financial sustainability is viewed as the ability of NPOs to take advantage and respond to opportunities while maintaining the operational capacity. Additionally, financial sustainability encompasses the flexibility of management to reallocate resources according to opportunities and threats the organisation encounters (Ebenezer et al., 2020). This understanding of financial sustainability resonates with an earlier viewpoint by Tuckman and Chang (1991 in Hung & Hager, 2019) who suggests that an NPO's capacity to handle financial fluctuation is reflected in factors such as a healthy equity balance, strong administrative abilities ensuring the operational margins are positive and focusing on diverse income streams providing leeway during financial downturns. Focusing on effective, sound, and ethical financial management and financial capacity heightens the NPOs funding sustainability (Hung & Hager, 2019).

Reaching financial sustainability is critical for the existence of an organisation (Ebenezer et al., 2020). It, therefore, seems that organisation design and business tactics in the execution of the programmes and activities depends on the NPO's business strategy and these two elements' forms part of the business model (Lemus-Aguilar et al., 2019). One can then argue that financial sustainability is imbedded in the business model of an organisation and includes the organisational design (administrative abilities) and the business strategies (financial practices) to withstand volatility and uncertainty of financial influences (Bocken & Geradts, 2020a; Lemus-Aguilar et al., 2019).

Despite the wide agreement amongst scholars that the biggest threat within the NPO sector is funding sustainability, literature studies remain quiet (Ayinkamiye & Spencer,

2021a; Ebenezer et al., 2020; Ye & Gong, 2021). The silence creates a theoretical and practical gap in the funding sustainability practices of the NPO sector. Understanding financial sustainability is crucial for addressing this gap and enhancing the sector's resilience.

2.3 NPO Board and Funding Sustainability Strategies

Financial sustainability refers to an NPO's capacity to utilise resources effectively to meet current financial obligations while ensuring stability and viability for its future operations (Ye & Gong, 2021). Organisations that acknowledge the importance of sustainable existence commit to implementing either minor or radical changes in their organisational structures and practices within their unique contexts (Tipu, 2022). As the primary body responsible for setting strategic direction, providing oversight, and making crucial decisions, the NPO board plays a pivotal role in steering the organisation toward financial sustainability (An, 2021). However, research indicates that strategic planning is often lacking, highlighting the practical challenges faced by NPO boards (Aulgur, 2016). Moreover, the lack of transparency in funding opportunities poses a significant threat to funding sustainability, potentially leading to increased dependency within the NPO sector. Internal organisational factors, such as NPO board characteristics, organisational structure, and operational focus, as well as external factors including national and international political, economic, and policy conditions, all influence the ability of NPOs to combat this threat (Perić et al., 2020b).

NPO boards consist of independent individuals tasked with working as a cohesive group, carrying out complex duties of care, faithfulness, and compliance (Millesen & Carman, 2019). Active involvement of NPO boards in the strategic process contributes to building trust and reducing risk for donors and stakeholders, ensuring the effective accomplishment of the organisation's core mission (Akingbola et al., 2019; Minciullo & Pedrini, 2020). Contrary to misconceptions, larger NPO boards are found to be more effective in managing executive leaders rather than directly engaging in fundraising activities (Van Puyvelde et al., 2018). By expanding their roles and responsibilities, NPO boards actively seek ways to enhance funding strategies. This includes setting manageable goals, creating a structure aligned with the organisation's financial capabilities, evaluating fundraising activities, fostering new support networks, and ensuring mutual beneficial affiliation with funding supporters (Millesen & Carman, 2019). As NPO boards expand their roles and responsibilities to enhance funding strategies, they embody the principles of dynamic capability theory.

2.4 The Importance of Dynamic Capability Theory in Funding Sustainability

The dynamic capability theory contributions developed rapidly. Even though scholars in strategic management studied tested elements within the theory vigorously, the core definition only changed slightly over time (Augier & Teece, 2009; Bocken & Geradts, 2020a; Buzzao & Rizzi, 2021; Roshayani et al., 2018a; Teece, 2018b). In essence dynamic capabilities still reflect the “organisation’s ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments” (Teece et al., 1997 as cited in Teece, 2018, p.360). Drawing from for-profit literature, the dynamic capability approach perceives an organisation as an incubator filled with conceptualised assets difficult to duplicate due to the unique contextual specifications (Augier & Teece, 2009).

According to Barney (2021) this framework focuses on identifying resources that are valuable, rare, inimitable, and non-substitutable and utilising them to benefit the organisation. The resource-based theory offers a managerial framework focusing on the strategic use of internal resources for sustained competitive advantage (Barney, 2021). While the recourse-based view is relevant for exploring strategies adopted by NPO boards, solely relying on internal resources without considering external opportunities and threats may result in a fragmented and incomplete perspective of the complex NPO landscape. In contrast, the dynamic capability theory advocates for both internal and external vigilance, enabling organisations to explore factors and elements throughout the entire organisation system (Teece, 2018). By incorporating insights from both internal capabilities and external environmental dynamics, NPOs can develop more comprehensive and adaptive strategic plans to ensure funding sustainability that align with their overarching objectives and enhance their competitive position to thrive in the turbulent NPO environment.

In dynamic capability theory, resources and strategies are core components that contribute to identifying competencies quickly and utilising them in an organisation's strategic processes within a changing environment (Teece, 2018). The three main elements are positions, processes, and paths. These elements are used to gather data from a volatile environment, leading towards the third central concept of strategy and filtering into dynamic capabilities driving competitive advantage. These elements are outlined below through the lens of funding sustainability within the NPO sector.

2.4.1 Resource Positions

Knowledge, skills, and mind-set as three dimensions provide guidance in the evaluation the resources available within NPO boards towards funding strategies for funding sustainability (Roshayani et al., 2018). These skills improve the ability to recognise unique assets or revenue opportunities and move toward evaluation with the goal to make informed and effective decisions about resources for the present and in the future. (Richardson et al., 2023). The heterogeneity of the NPO sector complicates the comparison of the balance in financial limitations and stewardship principles, requiring knowledge, interpersonal relationships skills, external image, loyalty, commitment, and other intangible assets of board members (Buonomo et al., 2020). The identifying and development of these dynamic capabilities strengthens the resource positions of the organisation (Pereira et al., 2015; Teece, 2018a).

Scholars recognise the board's roles in assisting and obtaining resources, providing legitimacy and oversight roles influenced the blurry line between resource activity and organisational function (Brown & Guo, 2010; Mason & Kim, 2020a). While NPO boards rely on information presented by staff (Mason & Kim, 2020a; Nahum & Carmeli, 2020a), they have developed the capacity to critically assess this information and make prompt, well-informed decisions. This ability is exercised accountably, transparently, and effectively, thereby enhancing the boards' intangible assets (Tugyetwena, 2023). Globally there are organisations such as the Organisation of Economic Co-operation and Development (OECD), the Australian Institute of Company Directors (AICD), and the King VI Report on Corporate Governance in South Africa (King VI) that provide an outline of capabilities for NPO boards and even though the lists are not exhausted, exploring board members' experiences will provide a deeper understanding in the NPO world in South Africa (Ramalho, 2016; Roshayani et al., 2018).

Research is silent on categorising of funding resource positions. However, one study changed their research thinking and presented organisations' financial capacity and sustainability as risk factors for funders, like governments as service purchasers (Cortis & Lee, 2018). By reconfiguring these resources, a value-creation strategy is possible and contributes to obtaining sustainable income (Buzzao & Rizzi, 2021; Pereira et al., 2015; Teece, 2018a). Knowing these categories and the critical shift in the research thinking (Renz et al., 2023) allows for exploring what funding opportunities are available as

resource position categories within NPOs. These answers will add to exploring what funding strategies NPO boards adapt to strengthen their financial sustainability.

2.4.2 Routine Processes

The processes aspect of dynamic capability theory views the efficiency of deliverables and the replication potential of its activities as the foundation of capabilities (Teece, 2018b). This is critical in proven external capabilities while sensing the environmental clues and seizing the response needed to react to opportunities or threats (Teece, 2018b, 2018a). Therefore, in funding the sustainability of NPOs, the process, procedures and best practices will be activities that need to be delivered efficiently and should have the potential for replication. However, Richardson et al. (2023) indicate that the lack of best-practice evidence of NPO boards continues, and others concur that NPO board-led practices and other decision-making processes are silent in literature (Richardson et al., 2023; Vehka & Vesa, 2023). However, recommendations such as those by Schubert and Boenigk, (2021) occasionally encourage NPO boards to avoid specific practices without providing alternative best-practice actions.

Obtaining financial resources from different opportunity streams requires substantial time, attention, and resources from the NPO, leading to increased complexity (Hung & Hager, 2019). Furthermore, well-designed managerial processes and practices focusing on financial health by balancing the constraints, opportunities and pressures while preventing harm to the values and mission of the organisation are also needed, but all these actions should be done reactively within a limited timeframe (Hung & Hager, 2019; Richardson et al., 2023; Teece, 2018b). Therefore, it is sensible if these efforts are available through replication. All NPO boards considering alternative income streams for sustainability, acquire information to understand the interrelationship, risk, volatility, impact, and resources required to maintain the delivery of activities towards their mission (Hung & Hager, 2019; Lu et al., 2019). Understanding how NPO boards determine procedures or practices to respond to environmental changes (either opportunities or threats) will contribute to the aim of this research.

2.4.3 Learning Paths

Learning from experience creates competencies that are part of an organisational process and serve a purpose but are not necessary. The art of intuition is more important than structure and analysis (Teece, 2018a). Learning from the COVID-19 processes

characterised as informal, adaptable and natural decision-making allows organisations to steer through uncertain and turbulent times (McMullin & Raggo, 2020).

Effective reconfiguring practices of capabilities and attracting the investment in the development of dynamic capabilities are driven by the financial benefit the change will bring in the organisation (Bocken & Geradts, 2020). Capabilities involve actions and abilities that enhance performance internally or externally, leading to specific, deliberate actions aimed at achieving outcomes unique to the organisation (Roshayani et al., 2018). Unlike for-profit organisations, which reconfigure primarily to ensure survival and gain a competitive advantage, the reconfiguration of non-profits is driven by the pursuit of financial sustainability. For an NPO this would be the ability to manage current resources responsibly and raise additional capital for current and future activities in pursuit of their mission (Ye & Gong, 2021). The ability and capabilities to implement funding sustainability strategies and practices in NPOs are rooted in the competency of their human capital. These competencies are within the key roles of NPO boards and executive leaderships to navigate their abilities, thus fostering socio-economic well-being within the organisation (Roshayani et al., 2018).

The scarcity of literature on NPO board capabilities and sustainability practices (Buzzao & Rizzi, 2021; Renz et al., 2023) prompted the pursuit of this qualitative exploratory study. This study aims to contribute to the expanding NPO Board literature by offering insights from within the NPO boardroom regarding processes and dynamic capabilities, thus understanding the practices and strategies employed in funding sustainability for NPOs. By utilising the various components of dynamic capability theory, this study provides a lens through which to analyse the practices and strategies adopted by NPO boards to achieve sustainability.

2.5 Theoretical Discussion on Capabilities Within NPO Boards

The interconnectedness of the different core components is needed to develop strategies (Pereira et al., 2015; Teece, 2018a). The capabilities are mainly about what, how and where to create, market and deliver the organisation's services or products. In addition, organisations can identify (sense) and seize opportunities before adapting to the environmental shifts (Augier & Teece, 2009), indicating the organisation's capabilities. It is closely related to a strategy that aims to outwit and outsmart competitors by leveraging internal strengths or identifying and addressing deficiencies in the competitor's product. However, the effectiveness of this strategy depends on both inherent strengths and

acquired capabilities (Pereira et al., 2015; Teece, 2018b, 2020). Therefore, the ability of the NPO board to develop, reason and integrate their expertise during organisational strategies and practices as capabilities to sense, evaluate and seize opportunities and reconfigure their assets in the process to remain viable are using their dynamic capability effectively (Bocken & Geradts, 2020).

Empirical findings of NPO board capabilities affecting funding sustainability are summarised in the Table 1 below. The key capabilities found in literature are placed in relation to the dynamic capability theory categories. The fragmented understanding of NPO board capabilities, when translated into strategies and practices, impacts the NPO board's ability to achieve sustainable funding.

Table 1: Highlights of empirical findings of capabilities in NPO boards

| Author and date | Methods | Finding | Dynamic capability theory category |
|----------------------------|--------------------------------------|--|------------------------------------|
| Yang & Babiak (2023) | Quantitative – longitudinal datasets | Board size improve the likelihood of funding sustainability due to increased contributions. Diversity in background, and professional networks improve access to more external resources. NPO boards are not impacted by gender diversity or chair affiliation. | Routine Positions |
| Van Puyvelde et al. (2018) | Quantitative | Boardroom interactions are influential in the results of the NPO. The meeting practices and group dynamics impacts on the NPO boards roles and responsibility delivery. | Routine Positions |
| Perić et al. (2020) | Qualitative case study approach | The uniqueness of the NPO environment is the dependency on donors for success. Often the donors both partners and users of the service. Variation in cost structures within NPOs are due to funding sustainability. Financial strategic planning can either be mission-driven or an opportunistic approach. | Routine Processes |
| Dolšak & Praskash (2022) | Theoretical synthesis of literature | Governments use NPO failure to justify their actions against NPO. Criticism may be fair due to the examples of failure; however institutional reform could come from the negative view of the sector. Accountability structures arise from the failures and shortcomings in the NPO sector to promote best practices and provide guidance in | Routine Processes |

| | | | |
|--------------------------|--|--|----------------|
| | | output-base measurements to support change within the sector. | |
| Millesen & Carman (2019) | Quantitative – secondary dataset of board self-evaluation scales | Training and orientation of board members are needed. Tailored recruitment process in the NPOs. Clarity is needed on expectations, roles and responsibilities, best practices, value adding and group relationships. | Learning Paths |

2.5.1 Tangible and Intangible Capabilities

Drawn from Table 1 (above) the reviewed literature underlines the pivotal role of tangible capabilities in enhancing funding sustainability within NPOs. Board size and diverse networks of board members are highlighted as funding elements (Yang & Babiak, 2023a). Additionally, the structural components of the organisation, including governance and accountability frameworks, form part of the tangible capabilities of the NPO (Dolšak & Prakash, 2022; Van Puyvelde et al., 2018).

Whereas the abstracted intangible dynamic capabilities found are related to the contributions towards strategic planning, communication, and decision-making processes (Ahmed et al., 2019; Van Puyvelde et al., 2018). The patterns, relationship, and interaction dynamics impact on the effectiveness of the contributions towards funding strategies and practices (Ahmed et al., 2019; Millesen & Carman, 2019; Van Puyvelde et al., 2018).

2.5.2 Routine Practices Towards Best Practice

Effective decision-making within NPO boardrooms is depending on the conscientious implementation of routine practices in evaluating and adjusting the board size to optimise functionality. NPOs recognise the impact of larger boards on funding sustainability attracting more contributions as highlighted by scholarly research (Dolšak & Prakash, 2022; Yang & Babiak, 2023). By harnessing diverse expertise, backgrounds, and capabilities of board members within a collaborative and dynamic group setting, NPOs can activate extensive professional networks and funding opportunities aligned with their organisation values and core missions (Perić et al., 2020; Yang & Babiak, 2023).

Central to this process is the facilitation of effective discussions and decision-making processes, as spearheaded by an impartial board chair (Van Puyvelde et al., 2018).

Moreover, NPOs prioritise facilitating positive interactions and dynamics within the boardroom, combined with effective meeting practices, contributing to the NPOs overall ability to deliver on their roles and responsibilities (Yang & Babiak, 2023). These routine processes foster a culture of transparency, accountability, and collaboration within the boardroom.

2.5.3 Improve Competencies Through Learning Experiences

Comprehensive board training and orientation programs are essential for establishing best practices, clarifying expectations, roles, responsibilities, and outlining the value that board members bring to the organisation (Millesen & Carman, 2019). Empirical evidence indicates that continuous support for the board is critical in elevating competency within the boardroom. The findings continue to highlight that the responsibility is left with the executive officer (Mason & Kim 2020). The learning needs highlight the importance of being better skilled in the understanding of the trends within the NPO field, improving the use of data, enhancing the ability to impose accountability, and effectively expressing their knowledge and values to drive the mission of the NPO (Millesen & Carman, 2019). The above analyses took a journey in understanding dynamic capabilities in NPO boards which entails commitment to continual learning, adaptation, and innovation (Dolšak & Praskash, 2022; Millesen & Carman, 2019; Perić et al., 2020; Van Puyvelde et al., 2018; Yang & Babiak, 2023). The lack of discussion on funding strategies adopted by NPO boards to enhance financial sustainability highlights the poorly understood nature of this phenomenon. There are concerns that scholars avoid an in-depth fundamental understanding of approach-centred aspects like capabilities, skills, dynamics and related factors affecting boards' ability to strategically plan for risk and adversity (McMullin & Raggo, 2020). Given the complexity of the NPO sector and its limited resources, there is an urgent need to understand and implement sustainable funding strategies (Richardson et al., 2023). The value of this research lies in its focus on exploring the funding strategies adopted by NPO boards to enhance their financial sustainability. By delving into lived experiences, this study aims to gain an in-depth understanding of NPO boards' ability in strategic planning for financial sustainability.

2.6 NPO Board Abilities in Sensing, Seize and Reconfigure Opportunities

To enhance sustainability within the NPO sector, it is imperative to adapt and align routines and practices with dynamic capabilities such as sensing, evaluation and seizing

opportunities (Bocken & Geradts, 2020a; Wagner et al., 2017). However, the challenge lies in the ability of NPOs to capitalise on economic opportunities, which is hindered by their often-linear economic approach to practices and strategies, a phenomenon observed across for-profit and non-profits (Khan et al., 2021). Successful strategies depend on the dynamic process employed by organisations to integrate skill, processes, organisational routines and learning experiences reconfigured into coherent plans aimed at achieving sustainable viability. Without this dynamic approach, achieving financial sustainability remains elusive (Khan et al., 2021; Wagner et al., 2017).

Moreover, Tugyetwena (2023) highlights the necessity for scholars to identify effective practices and strategies, examine contextual factors, explore inter-organisational collaboration, and assess the role of technology and innovation in governance-related sustainability challenges within the NPO sector. Understanding the dynamic process of opportunity adoption by NPO boards in their funding strategies will contribute significantly to the existing literature.

A common finding among scholars researching in the NPO field is the persistent struggle NPOs face due to limitations in know-how and expertise to pursue marketing and management strategies and practices (Ayinkamiye & Spencer, 2021b; Choto et al., 2022; Welty-Peachey et al., 2020). The analysis of literature as captured in table 2 below, will provide insight into the state of strategies and practices NPOs use to utilise opportunities effectively.

Table 2: Highlights of empirical findings regarding NPO boards' ability to seize opportunities

| Author and date | Methods | Finding | Opportunity description |
|------------------------|------------------------------|--|--------------------------------|
| Tugyetwena (2023) | Systematic literature review | The sustainability of NPOs is fundamentally supported by their governance structure, funding approaches, and the contextual environment in which they operate. These critical components play a pivotal role in ensuring the long-term viability of NPOs. | Sensing Opportunities |
| Bocquet et.al (2020) | Qualitative | The transformation of the reputational value of NPOs into financial resources through collaborations with for-profit entities represents an alternative strategic approach. Certain sectors of NPO activities and the life cycle stage of the organisation can additionally constrain the potential for varied revenue streams. While administrative | Sensing Opportunity |

| | | | |
|-----------------------------|--------------|---|---------------------------|
| | | expenses may initially appear burdensome, they are often regarded as a hallmark of professionalism and can serve to attract valuable partnerships. | |
| Bloch (2020) | Quantitative | The effectivity of interlocking boards is well known in for-profit operations and the benefit for NPOs for found when they strategical selection of board members with the intention improve governance practices and expanding their fundraising efforts. Efficiency of NPOs improve with interlocked boards. It increases social networks and access to more potential resources. | Reconfiguring Opportunity |
| Welty-Peachey et al. (2020) | Qualitative | Scaling programs face challenges due to scepticism regarding operational tools, such as sports, despite a rising demand for the service programs. Additionally, funding constraints necessitate an entrepreneurial mindset, highlighting a general deficiency in business acumen among key leadership figures. | Seize Opportunity |
| Bruneel et al. (2020) | Qualitative | Significant changes are necessary in the overall composition of governing bodies to incorporate commercial expertise, effectively managing the dual objectives of social and economic impact within NPOs. Legislative frameworks and regulations governing NPOs should be revised to accommodate these changes, thereby eliminating the prevailing influence of social-oriented legacy board practices during decision-making processes. This transformation is crucial for enhancing the sustainability of NPOs. | Sensing Opportunity |

Effective practices and strategies include diverse funding sources, transparent governance structures and strategic planning. Utilising the empiric findings within Table 2 (above) the dynamic process of utilising opportunities into effective strategic planning are further explored within explanation of sensing, seizing, and reconfiguring of opportunities into strategies by using scaling of a project as an example.

2.6.1 Sensing Opportunities

The NPO board structure, funding strategies and the organisation context of NPOs are pivotal elements for ensuring their operational longevity (Tugyetwena, 2023). Given that funding emerges as a predominant challenge within the NPO sector, it is not surprising that discussions often revolve around educating NPO boards and leaders to grasp sustainability gaps, donor priorities and other STEEP challenges (Choto et al., 2022; Tipu, 2022). Table 2 above highlights additional opportunities and threads that NPO boards should consider and make sense of, including board interlocking, the role of technology and innovation, government spending, and administrative controls (Bloch et al., 2020; Bocquet et al., 2020; Bruneel et al., 2020).

Scaling projects presents an opportunity that demands critical strategies, entrepreneurial mindsets, and a willingness to diversify funding streams (Welty-Peachey, 2020). This necessitates the NPO board to engage in an analytical process within a structured framework to gather and analyse information from internal and external sources, encompassing stakeholders, competitors, and other relevant entities (Wagner et al, 2017).

Scaling a project is not merely an adjustment to management strategy, it entails reshaping social capital, re-thinking partnership as a concept and process and integrating complex elements (Welty-Pachey, 2020). Structured frameworks such as “the future as a strategic landscape” (Tibbs, 2021, p. 11) and “the integrated strategy cascade” (Lafley & Martin, 2013, p. 15) are available, but they may require introduction by board members with exposure to the business world to bring them into the boardroom. Undoubtedly, during the opportunity sensing phase, NPO board must consider their structure, approaches, their sustainable paradigm, and context.

2.6.2 Seizing Opportunities

Following the analytical process of sensing and seizing opportunities involves mobilising internal and external resources to pursue the opportunity and develop new products, processes, and service activities (Khan et al., 2021; Wagner, 2017). These developments and selection of business processes should consider the strengths and weaknesses of the organisation and the contextual environment. Avoiding threats is just as important as successfully utilising opportunities (Kump et al., 2019).

The role of the NPO board is critical in seizing funding sustainability for the organisation as it involves restructuring or reorganizing the organisational structure required to implement the opportunity successfully (Khan et al., 2021). However, the holistic and complex process of seizing and striving for funding sustainability influences organisational functioning both internally and externally (Singh & Mthuli, 2021).

Bureaucratic scepticism is experienced in seizing a scaling project, and a network and relationship strategy should form part of the development process for the project (Welty-Peachey, 2020). Organisational sustainability depends on identifying new and profitable opportunities; failure to seize these opportunities can be detrimental to funding sustainability (Khan et al., 2021). Advocating for legislative and regulative reform is necessary to accommodate changes for funding sustainability (Bruneel et al., 2020).

2.6.3 Reconfiguring Opportunities

The reconfiguring of tangible and intangible assets to align with the seized opportunity complete the set of capabilities needed for responding to environmental change and maintaining financial viability (Wagner, 2017). Collaboration, networking, and knowledge sharing during the seizing brings value to the reconfiguring process. Utilising tools and techniques like brainstorming and inter-organisational networks not only unveil opportunities, but also contribute to learning experiences (Khan et al., 2021).

Interlocking boards build networks and ensure the strategic selected board members which bring knowledge, good governance practices, and fundraising opportunities to NPO boards, thereby enhancing their effectiveness in funding sustainability (Bloch et al., 2020). The prevalent lack of business acumen within the NPO sector is compounded by the fact that few NPO leaders proactively seek to enhance their business-related knowledge (Welty-Peachey, 2020), highlighting the need for improved training and orientation of board members (Millesen, Carman, 2019).

Findings from Table 2 (above) underscore the importance of encouraging NPOs to diversify funding sources and explore different fundraising methods to enhance financial sustainability and reduce the reliance and survival mindset in the NPO sector (Ayinkamiye & Spencer, 2021; Bocquet et al, 2020).

However, the impact of tangible and intangible capabilities, routine practices aimed at best practise, and enhanced competencies gained through learning experiences within

NPO boards on the strategic development process of sensing, seizing, and reconfiguring dynamics towards achieving funding sustainability remains unclear. To shed light on these relatively unknown practices and strategies within the NPO sector, the researcher aims to explore the funding strategies adopted by NPO boards to strengthen their financial sustainability. The conceptual framework depicted in Figure 1 below, illustrate the foundation structure of the developed research project aimed at elucidating these dynamics.

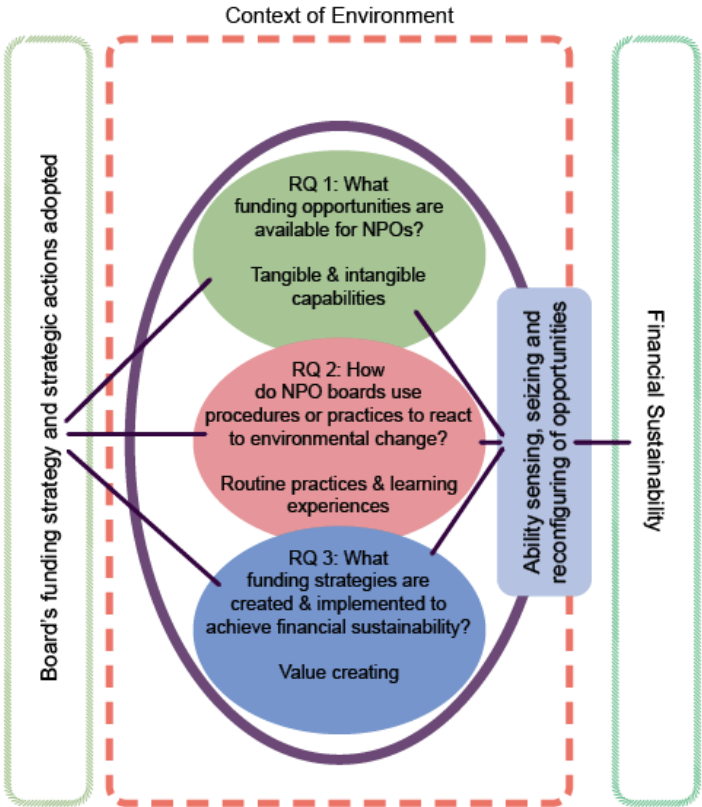


Figure 3: NPO Board funding strategies for sustainability: A Dynamic Capability Perspective

Source: Author's own

To ensure a comprehensive understanding, three sub-questions were formulated, firstly the research seeks to identify the available funding opportunities for NPO boards. Secondly, it aims to understand how NPO boards determine procedures or practices to seize their reaction to environmental change. Lastly, the research seeks to examine the funding strategies created and implemented by NPO Boards to work towards financial sustainability.

2.7 Chapter 2 Conclusion

The literature review provided contextual framework for understanding the factors influencing the effectiveness of NPO boards, funding strategies, and stakeholder engagement, all crucial elements for achieving funding sustainability within the NPO sector. Recognising the significance of political, economic, and social environments is essential for tailoring strategies to the unique context and environments of NPOs, thereby maximising their impact. By prioritising governance structure, funding approaches and institutional context, NPOs can enhance their capacity to develop transformative and innovative strategies aimed at achieving funding sustainability through proactive actions by NPO boards.

CHAPTER 3: RESEARCH QUESTIONS

3. Introduction

This research study explored the funding strategies NPO boards adopt to strengthen their financial sustainability by answering three specific research questions. The critical review of the literature in Chapter 2 formed the basis for these questions. In gaining deeper insight into the lived experiences of the participants an open-ended questions strategy was followed to gather needed data. The data were shared freely by participants allowing the researcher to review the data across all the sources and organising them into codes and themes (Creswell & Creswell, 2017). The three specific research questions will be explained in the next section.

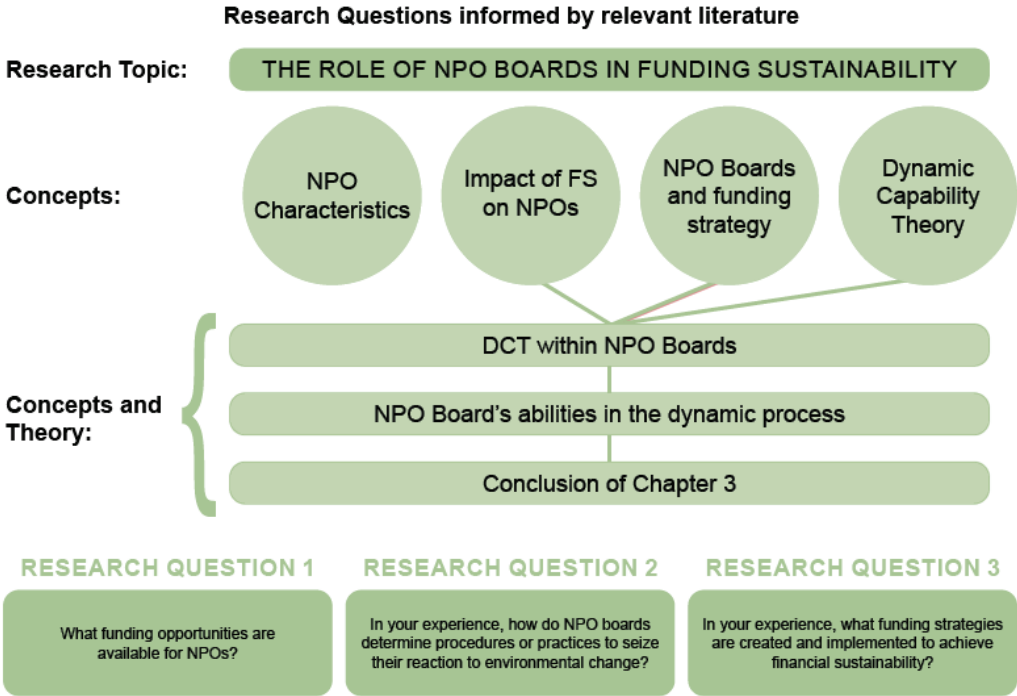


Figure 4: Research Questions informed by relevant literature

3.1 Research Questions

Research Questions 1: What funding opportunities are available for NPOs?

The primary aim of Research Question 1 is to delve into the perceptions, comprehension, and encounters of the participants regarding the accessibility of funding opportunities within the non-profit sector. This research seeks to offer a comprehensive understanding of how individuals perceive and engage with both intangible and tangible resources within the organisation enabling the NPO Boards to identify funding avenues and effectively convert opportunities into financial sustainability support.

Research question 2: In your experience, how do NPO boards determine procedures or practices to seize their reaction to environmental change?

The primary aim of Research Question 2 is to discern the policies, procedures, and practices employed by NPO boards to guide their actions and decisions within the ever-changing funding landscape. This investigation seeks to uncover insights that can facilitate the identification of cohesive and best practices, thereby aiding in the establishment of a financially sustainable framework tailored to the specifications of the non-profit sector context.

Research question 3: In your experience, what funding strategies are created and implemented to achieve financial sustainability?

The central objective of Research Question 3 is to delve into the innovative and creative strategies NPO boards are currently exploring and implementing to diversify their funding sources. This investigation aims to provide insights into the novel approaches being adopted by NPO boards in their efforts to enhance the financial sustainability of NPOs, thereby expanding their capacity to fulfil their roles as the governance body effectively.

Tugyetwena (2023), emphasised the necessity to identify specific effective practices and strategies adopted by NPOs to enhance their sustainability. Furthermore, Buzzao and Rizzi (2021), underscored the importance of exploring skills, processes, capabilities, and managerial practices to comprehend sustainable challenges across diverse industries.

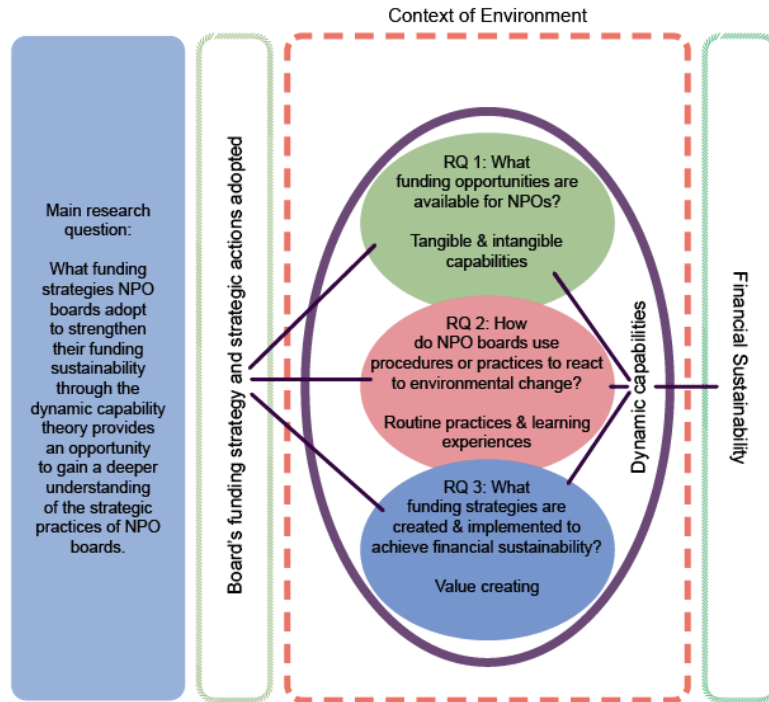


Figure 5: Research Questions relating to the Dynamic Capability Perspective
 Source: Author's own

3.2 Conclusion

This chapter delineates the scholarly underpinnings utilised to substantiate the research questions and provides a succinct overview of the purpose behind each question. The next chapter elucidates the research methodology employed to address these research questions.

CHAPTER 4: RESEARCH METODOLOGY

4. Introduction

In Chapter 3 the research questions and a succinct overview of each were presented. This chapter outlines the research methodology used to address these questions encompassing the research purpose and providing an outline of the research design elements. The chapter continues to explain the data collection process and subsequently the data analysis procedures. It concludes the research design with a discussion on data quality, limitations, and ethical considerations, before ending with a chapter conclusion.

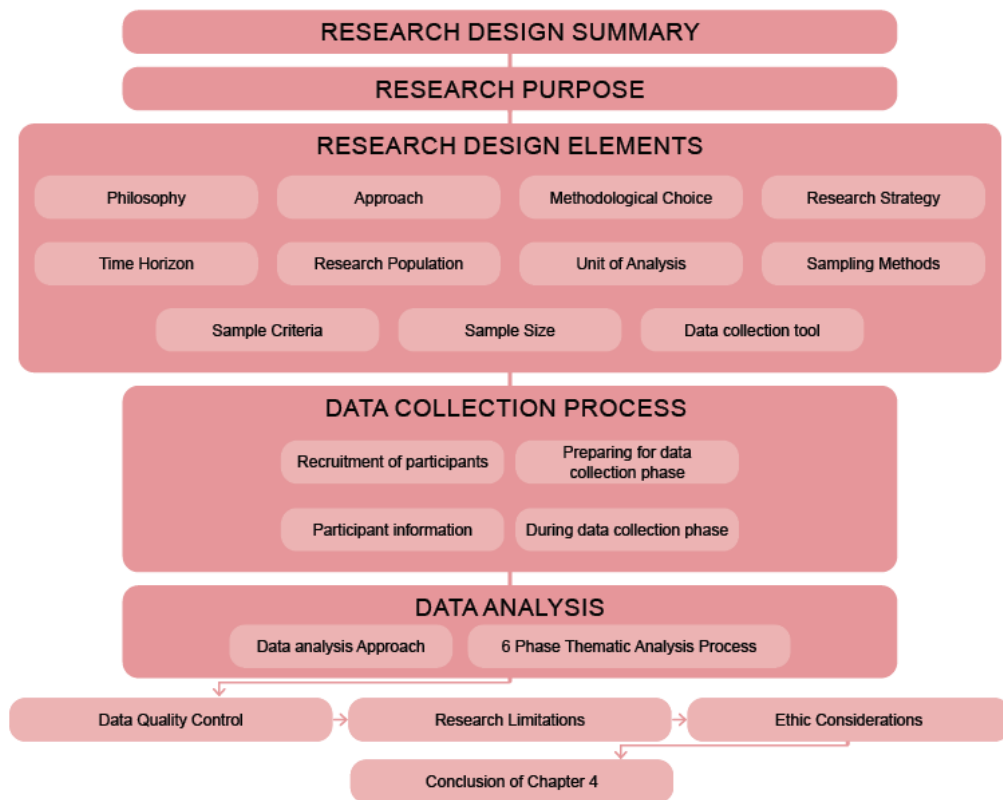


Figure 6: Roadmap for Chapter 4

4.1 Research Purpose

The purpose of this research study was to explore and gain insight into the lived experiences of individuals who serve as NPO board members, as well as those who work closely with them, recognising their role as influential leaders crucial to securing the funding sustainability of nonprofit organisations. This study aimed to provide a

comprehensive depiction of the realities encountered by these individuals, employing an exploratory approach rooted in phenomenological research (Creswell & Creswell, 2017).

4.2 Philosophical research approach

Philosophical worldviews are moulded by disciplinary orientations and the researcher's own experiential background, influencing the selection of research methodologies and data collection strategies (Creswell & Creswell, 2017). This study aims to provide a profound and comprehensive understanding of the phenomenon. Given that the researcher is immersed in the process of gathering and analysing data, it is inevitable that the worldview will inevitably influence the research process (du Plooy-Cilliers et al., 2021; Rashid et al., 2019a; Saunders et al., 2019; Wong, 2020). While the research topic draws upon the researcher's personal and professional experiences conscious biases efforts were made to mitigate any potential biases that could impact data collection, analysis, interpretation, and reporting.

The main objective of this research study is to gain a deeper understanding of what dynamics occur within NPO boardrooms, specifically regarding the funding strategies NPO board members adopt to strengthen the organisation's financial sustainability. It is noteworthy that NPO board members serve as the accountability body of an organisation, as outlined in the King IV Report on Corporate Governance (Ramalho, 2016). Adopting a Hermeneutic phenomenological perspective, the researcher concentrated on the description of the individuals' experiences and collaboratively constructing meaning within their natural environment. This approach aligns with the interpretivist research philosophy (du Plooy-Cilliers et.al., 2021).

4.3 Research approach

The research is centred on interpreting and comprehending human experiences within a particular context as an integral aspect of the phenomenon under investigation. The theory is used to make sense of the experiences and rich descriptions derived from general gathered data, which the researcher applied as part of an inductive research approach (du Plooy-Cilliers et al., 2021; Saunders et al., 2019)

4.4 Choice of research methodology

The research study undertook a mono-data collection method within a qualitative research design (Saunders et al., 2019). The researcher aimed to thoroughly explore and understand the lived experiences of participants within a specific context, determining a qualitative approach as more appropriate for achieving this objective compared to a quantitative (Rashid et al., 2019; Saunders et al., 2019). To facilitate a more in-depth analysis, the researcher opted for fewer research participants (McCracken, 1988; Sebele-Mpofu, 2020). Data were gathered through a combination of twelve virtual and two face-to-face semi-structured interviews using an interview guide (Creswell & Creswell, 2017). Analysis was conducted using open coding, progressing from the initial granular level of one-code analysis 'to the development of more general three level themes (Creswell & Creswell, 2017).

4.5 Research strategy

The research strategy was based on a phenomenological approach, using semi-structured interviews to capture individual lived experiences and provide a descriptive account of the phenomenon (Creswell & Creswell, 2017). This strategy choice was driven by researcher's keen interest in comprehending participant's conscious perceptions and perspectives while maintaining a natural stance (Creswell & Creswell, 2017; du Plooy et al, 2021). Semi-structured interview offered a balance between providing guidance to ensure relevance to the research question while allowing flexibility to adjust the question sequence as needed, thus optimising participant engagement and the quality of responses (Leech, 2002).

4.6 Time horizon of the research

The data collection period for this study spanned from November 2023 and January 2024, making this a cross-sectional research study (Creswell & Creswell, 2017).

4.7 Research population

The research population encompasses all registered non-profit organisations based in South African. (Saunders et al, 2019). However, due to the extensive scope of this population and the time limitation of the research project, a sample criteria and sample size outline were implemented to narrow down the research population as documented further below.

4.8 Unit of analysis

For this research study, the unit of analysis was focused on conducting a detailed examination of the lived experience of NPO board practices and strategies concerning financial sustainability. The emphasis was placed on exploring the individual participant's personal experiences and perceptions of these practices and strategies (Neubauer et al., 2019).

4.9 Sampling method

The utilisation of purposeful/judgmental sampling was deemed the most suitable qualitative sampling technique for this research study. This method enabled the researcher to select expert participants from the target population who met specific criteria and could address the research questions. This approach ensured rigour and credibility at the onset of data collection process (Sauders et al., 2019). As the research study progressed, additional sampling techniques emerged including snowball sampling and convenience sampling (Sauders et al, 2019).

4.10 Sampling criteria

The sample criteria outlined the research sampling scope (Creswell & Creswell, 2017). The criteria are not based on the researcher's judgement, but individuals are selected based on their knowledge and expertise in the NPO field (du Plooy et al., 2021). For individuals to be included in the research study, they needed to meet any one of the sampling criteria in Table 3 below.

Table 3: Sampling criteria outline

| | |
|--|---|
| South African registered non-profit organisations | Participants should be affiliated with a registered NPO operating in South Africa and actively providing services within the community. |
| NPO operational level | The NPO may operate within South Africa at various levels, including local, inter-provincial, national or have international ties. |
| NPO Board members | Any board member currently serving on a board, with a minimum of three years of experience serving on any NPO board. |

| | |
|---|--|
| NPO Operational managers | NPO operational leader, responsible for overseeing the day-to-day operations of the organisation and employed by the NPO board, should possess a minimum of three years of experience in the sector. |
| Fund management consultants | Experts in fundraising and fund management within the nonprofit sector, who specialise in advising NPOs on funding strategies. |
| Government Compliance Panel Member | Senior government officials at the national, provincial, or regional levels responsible for conducting monitoring and evaluation of organisational compliance, with a minimum of three years of experience in a government department. |

4.11 Sampling size

Qualitative studies do not inherently rely on representative sampling, thus determining an appropriate sample size is not a strict requirement (du Plooy et al., 2021). Moreover, within interpretive phenomenological analysis, a smaller sample size is often preferred to facilitate the collection of in-depth information (Bartholomew et al., 2021).

The homogenous nature of the individuals involved influences the determination of the exact sample size, which was contingent upon the researcher's observation that no new data emerged from the interviews and that the research questions were sufficiently addressed (du Plooy et al., 2021). Given the uncertainty regarding when data saturation would be reached, the sample size guideline outlined by Saunders, Lewis, and Thornhill (2019) suggested aiming for 15 – 20 research interviews. Ultimately 15 participants were interviewed, although one participant had to be excluded from the results due to failure to submit the consent form.

4.11.1 Description of Sampled Participants

The identities of the participants have been kept private by giving each participant a special participant code. When participants referred to specific individuals or NPOs in their answers, pseudonyms were employed in their responses. In order to gain a deep understanding of the phenomenon and ensure the trustworthiness of the findings, the researcher set out to explore the perspectives of NPO board members, operational leaders, and funding experts in the study. Based on the sample criteria, the following

fourteen interview participants were chosen using judgment and snowball sampling and captured in Table 4.

Table 4: Research Study Participants

| | Participant Code | Province operating | Operational level | NPO field | Position | Expertise |
|---------------------|------------------|--------------------|-------------------|---|-----------------------------|-----------------------|
| Board Members | P12 | KZN | International | Social development and environmental conservation | Board Member | Community Development |
| | P6 | Gauteng | Regional | Child protection services | Board Member | Financial and Comers |
| | P7 | Gauteng | Local | Child protection services | Chairperson of the Board | Legal and Marketing |
| | P1 | Eastern Cape | Local | Child and Youth Care Centre | Board member | Social worker |
| | P14 | Gauteng | Local | Language and Culture services | Founder Board member | Politician |
| | P15 | Gauteng | Local | Educational | Founder Board member | Educator |
| Operational Leaders | P3 | KZN | International | Social development and environmental conservation | Chief Executive Officer | Commercial |
| | P4 | Gauteng | Local | Child protection services | Chief Executive Officer | Social worker |
| | P5 | Freestate | Regional | Health services | Chief Executive Officer | Medical Doctor |
| | P8 | Gauteng | International | Infrastructure Organisation | Chief Executive Officer | Social worker |
| Stakeholder Experts | P10 | Gauteng | National | NPO Fundraising expert | Fundraiser | Marketer |
| | P2 | Gauteng | International | NPO Fundraising expert | Fund manager | Social worker |
| | P11 | Gauteng | Provincial | Department of Social Development | Compliance Committee member | Social worker |
| | P13 | Gauteng | Provincial | Department of Social Development | Compliance Committee member | Social worker |

The entire sample consists of six board members currently serving on unrelated NPO boards (BM) along with four operational leaders (OL) from different NPOs and

operational fields. Notably, two board members and two OL (P12; P3 and P7; P4) originate from the same organisations, namely those focused on social development and environmental conservation and child protection. Additionally, four stakeholder experts (SE) were involved, hailing from two distinct entities – a government agency and a fundraising consultancy, each with diverse divisions. One of the SE (P2) possesses extensive experience as a board member, currently serving on international boards. Given his significant insights into fundraising and fund management pertaining to financial sustainability, he is categorised as a funding expert. Two interviews were conducted face-to-face (P11 and P14). the remaining twelve were conducted using MS Teams as a videoconference tool.

Relevance and heterogeneity in the sampling process were prioritised by the researcher to ensure relevant information related to the topic. Obtaining applied information is important during the interviews, an important position in qualitative research (Lester & O'Reilly, 2021).

4.11.2 Evidence of Suitability of Participants

To ensure that interview participants met the sample criteria of experienced board members, which include the operational manager position within the organisation, specific guidelines were established. The criteria mandated that participants possess a minimum of three years of experience attending board meetings. The interview question, Research Question 1, was designed to prompt participants to provide detailed insight into their professional trajectory within the NPO sector. The inclusion of BM, OL, and NPO SE specialising in funding management serves to validate the breadth of expertise and involvement within current NPO boards across various sectors within the industry.

The participants openly shared their experiences as NPO BM and OL, as depicted in Figures 7 and 9 below. Although Participant 7 (P7) did not specify the duration of their involvement in the organisation, the narrative indicates an engagement exceeding three years. Additionally, Participants 14 (P14) and 15 (P15) serve as founders of their respective NPOs, with their roles as board members intertwined with operational responsibilities. While both acknowledged the involvement of other board members, their level of investment and experiences within these organisations differs from that of other participants. However, these discrepancies lie beyond the scope of this research and could serve as a potential topic for future scholarly investigation.

"I think it was about 2007, 2008 around about the first time that I got with them. I do not necessarily know what I was getting myself into or what was expected of me, but as time, gradually grew into what the organisation does, and what the requirements and the strings within the organisation. Where I am now playing a more active role in the organisation itself. So, it's been a journey. I think about 16 years old at this point. So, I do feel that I've got quite a bit of experience in there." - P6

"My first exposure to NGOs was when I was in standard 9 or grade 11 and I listened with interest when she told stories about the children and how they help the children. And I realised very soon that that was exactly what I wanted to be involved in. So it started when I was 17 years old..... my studies the manager of that particular children's home then approached me because they wanted to have a committee that dealt with disciplining the children and it had to be someone with the legal background and I at the time studied law and I agreed. Immediately to do that I joined firstly the committee... I progressed from the brand new Children's Home Committee. I became the chairperson of that committee. And then by virtue of being the chairperson, I landed on the board of the NPO board. Later became the chairperson of that committee as well as the chairperson of NGO." - P7

"The one that doesn't count was the one where I was running my own organisation, being everything from the CEO, and board member to the cleaner. But I think J of H was the first where I was part of the Board for 11 years. Currently, I am part of this board for my expertise in community development and ABCD knowledge." - P12

"I wanted the slow learners and those who cannot make it in class. I went to the principal, to say, give me those who are, you know, those who have challenges... Those kids started to pass and then it grew and grew. And then I started to look for funding. But I couldn't get funding, you know? But my kids were helping me through that, and I have kids. My son was working then... That's how it all started 2013/14/15. Those are the times and year. After retirement in 2015 I then started an NGO..." - P15

"The fact that I am originally a social worker and the fact that I no longer play that role, you know, I felt this is an opportunity for me to be giving my services back to the Community. So yes, I gladly accepted it when she asked me. It's been 10 years, I think." - P1

"We came together and said there's a language deficit here... If they collapse the African wisdom and all its information will collapse, because then you cannot turn it over to a generation one after the other. We then said... This NGO is called in existence, and we registered an NGO at the end of 2019, December 2019." - P14

Figure 7: Participants' years of experience as NPO board members

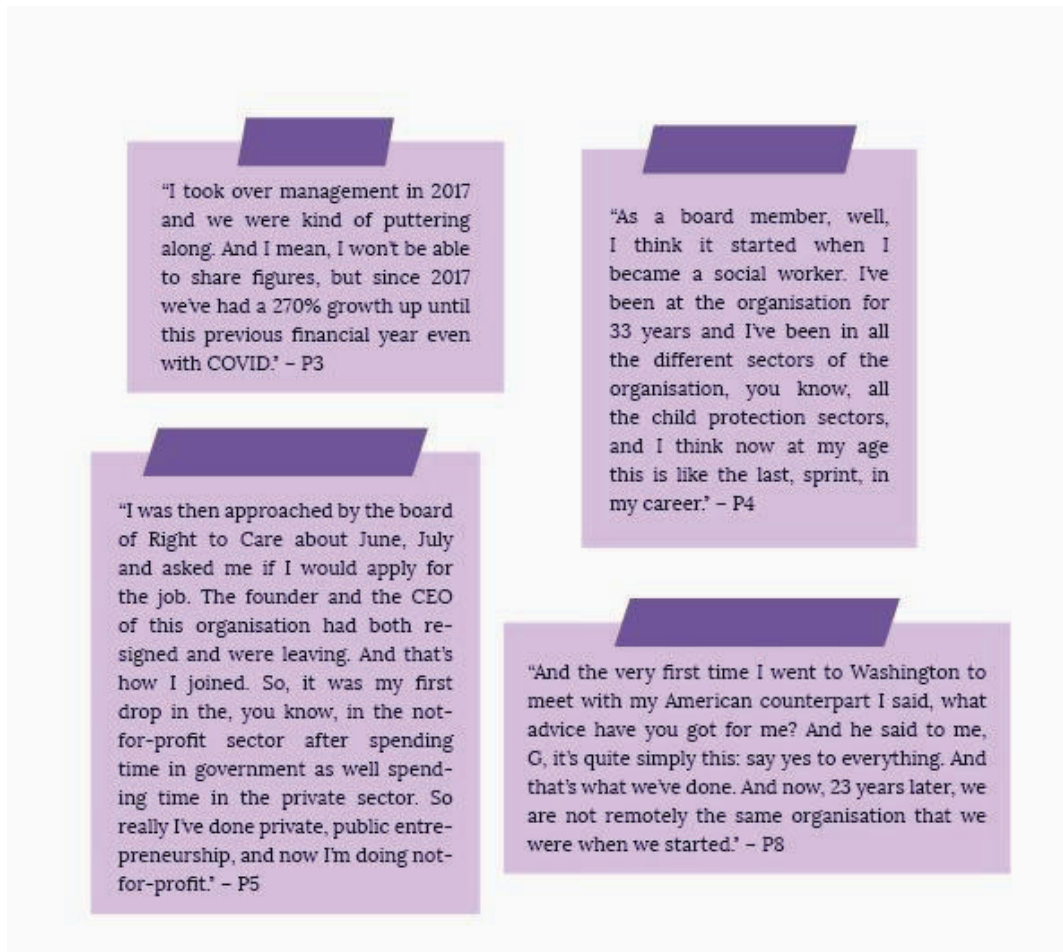


Figure 8: Participants' years of experience in serving as operational leaders

The SE include fundraising consultants and government officials tasked with compliance monitoring and evaluation of NPO's board and operational competencies showcased in Figure 12, below. As experts, they have access to NPO board meetings and experience NPO board capabilities, processes, practices, and strategies objectively.

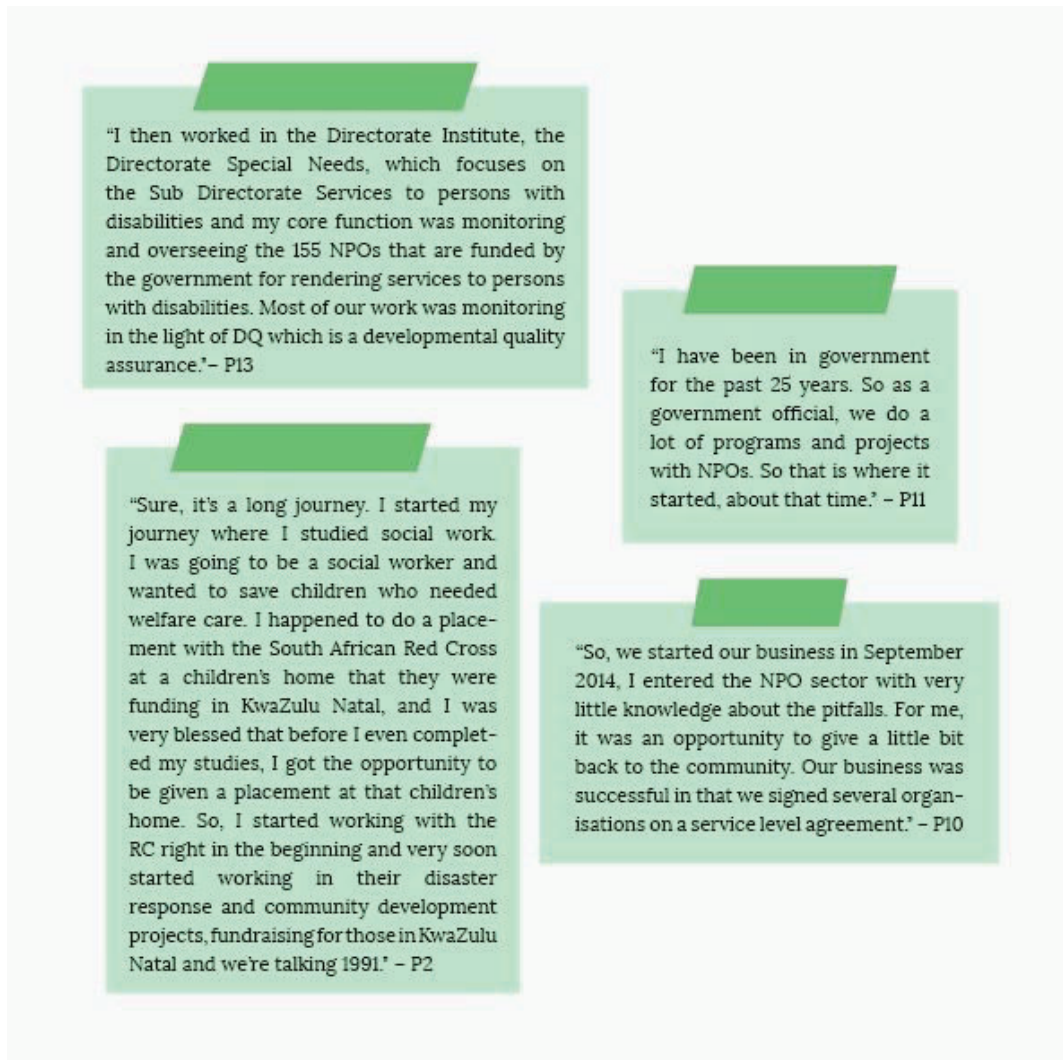


Figure 9: Participants' years of experience in working with NPO boards as stakeholder experts

The researcher sent out research briefs to inform the participants indicating the nature and expectation of the study. The external environmental forces of financial uncertainty within the sector especially within Gauteng escalated during the research time due to changes expected by the Department of Social Services in their funding applications. Other organisations declined to participate in the research due to their workload and because they could benefit directly from participating in the research. One interview was conducted but the participant was reluctant to sign the consent form and the insights obtained from this interview were excluded from the study.

4.12 Data gathering process

The primary data were gathered through open-ended questions as part of a structured interview guide. Twelve semi-structured interviews were conducted virtually using MS Teams, while others were conducted face-to-face. One session was recorded via MS Teams, while another was recorded using Samsung Voice Recording. The decision to utilise MS Teams was motivated by the necessity to involve NPOs from various provinces and the researcher's familiarity and proficiency with virtual meeting platforms.

The sample criteria were validated during the interview to ensure the participants met one or more of the research criteria. Interviewing was selected as the method for data collection to deepen understanding of the funding practices and strategies utilised by NPO board to enhance funding sustainability. Open-ended questions were designed to elicit the live experiences, perspectives, and opinions from research participants (Creswell & Creswell, 2017).

An interview guide was developed to guide the interviews consistently across all participants (Saunders et al., 2019). Prior to conducting interviews ethical clearance had been obtained from the Ethics Approval Committee of the Gordon Institute of Business Science (GIBS), University of Pretoria. To refine and finalise the interview guide, a pilot interview was conducted with a non-research participant who was a Doctoral degree holder and served on an NPO board possessing familiarity with the requirements of research data collection. This pilot interview served to confirm the clarity of the question, their effectiveness in prompting relevant content and the appropriateness of 60-minute appointments. Following the successful pilot interview, the interview guide (see Appendix 3) was finalised and used consistently throughout the data collection process.

Upon finalising the research topic., the researcher identified two collaborative association groups' leaders to facilitate contact with individual organisations with the network for potential participation in the research study. Introductory emails were dispatched through these leaders to various candidates. However, the response rate via this method was limited, resulting in only three participants. Subsequently, the researcher reached out to personal contacts with introductory emails, resulting in the inclusion of eight participants. Additionally, three participants were recruited through the MPhil Change Leadership cohort's extended networks.

Despite anticipating a more substantial response from the association groups, it became evident that assuming individuals' willingness to participate in research and share their lived experiences and opinions regarding financial sustainability practices and strategies within the NPO sector was unwarranted. Ultimately, the personal network proved to be most fruitful avenue for recruitment, emphasising the importance of continuously cultivating and maintaining strong relationships with both immediate and extended networks.

Appointments with participants were carefully scheduled to accommodate their individual calendars while considering the time constraints of the research project. Participants demonstrated a strong commitment to the agreed-upon dates, with no requests for postponements and all appointments were honoured. To secure data validation the sample criteria and voluntarily consent form presented in Appendix 1 were included in the meeting invites and repeated as an introduction to the interview. The validation of the sample criteria was followed up with an introduction question about the participants journey within the NPO sector.

In one isolated incident, a technical issue resulted in the failure of the MS Team recording, capturing only a few seconds of the interview. To address this, the researcher provided manual notes made during the and populated in the interview guide to the participant for review and reflect on the content. The participant had the option to add or correct the captured information. It was subsequently confirmed by the participant that the interview content was true reflection of the information she provided during the interview and the data was included in the analysis. Additionally, a fifteenth interview was done, however, the participant failed to submit the consent form, rendering the gathered data ineligible for inclusion in the results.

The indicative nature of the research project allowed the researcher to collect the data from participants and retrospectively calculate saturation. Following analysis of the gathered data, it was observed that 94% of new codes emerged within 12 interviews, indicating that saturation of new information has been achieved (Guest et al., 2020). Consequently, continuing data collection beyond the 14 participants would likely be of little value.

4.13 Data analysis process

Thirteen of the interviews were recorded via MS Teams and transcribed verbatim, while one interview was recorded using a Samsung device and transcribed verbatim using the MS Word transcribe functionality. These transcripts required a substantial amount of time to cleanse, involving the removal of repetitive words and correction unknown or misunderstood terms due to linguistic disparities (Saunders et al., 2019). Initially, the researcher undertook the task of cleaning up the transcripts. However, due to time constraints associated with completing the research study, a volunteer transcriber was used to review all fourteen audio-recordings and refine the transcribes. The benefit in using a volunteer transcriber was the ability to seek clarification to ensure accurate interpretation of sector-specific language, thereby enhancing the comprehensibility of the transcribes (Saunders et al., 2019).

The Braun & Clarke, (2006) six-phase framework thematic analysis were adopted in the analysis process. This approach facilitates the emergence of themes and moves beyond mere description of gathered information to focus on interpretation and explanation. Utilising this thematic approach, the important and interesting themes were identified to make sense of the phenomenon of funding sustainability within the NPO sector (Maguire & Delahunt, 2017).

Data analysis only after all interviews were concluded, and the transcribes were available for the researcher to familiarise themselves with the dataset. Subsequently initial codes were generated through an indicative perspective, with the researcher employing Atlas.ti. software and annotated manual open-coding relevant and compelling data segment capturing participants' responses. These initial codes were then organised into categories to facilitate the identification of relationships and descriptive key themes (Maguire & Delahunt, 2017; Saunders et al., 2019). The newly generated codes are shown in Figure 10 and indicate a downward trend.

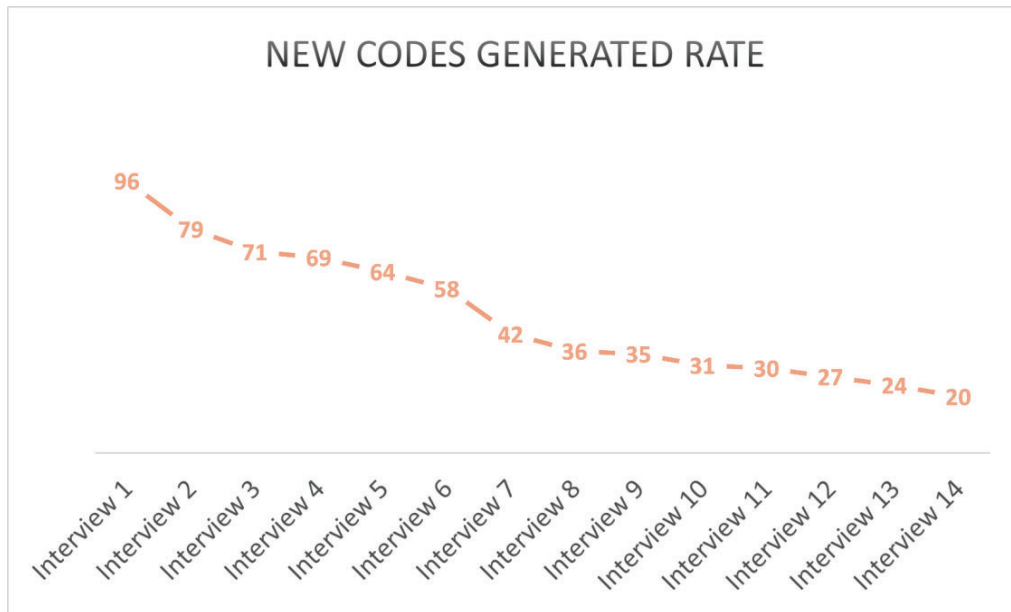


Figure 10: New codes generated rates

The themes underwent a comprehensive review including peer-review of the research supervisor, modification, and refinement process, which involved interactively assessing the relevance of themes and supporting evidence within the dataset. This interactive process ensured the alignment of the themes with the research questions, despite the thematic analysis being primarily data-drive. Theoretical underpinnings were considered, linking the emerging themes to the specific research question (Braun & Clarke, 2006).

The results of each iteration are detailed in Appendix 4 to 6, which connect the categories and emerged themes to each interview question. Figure 11 below demonstrates the thematic analysis process undertaken in this research study.

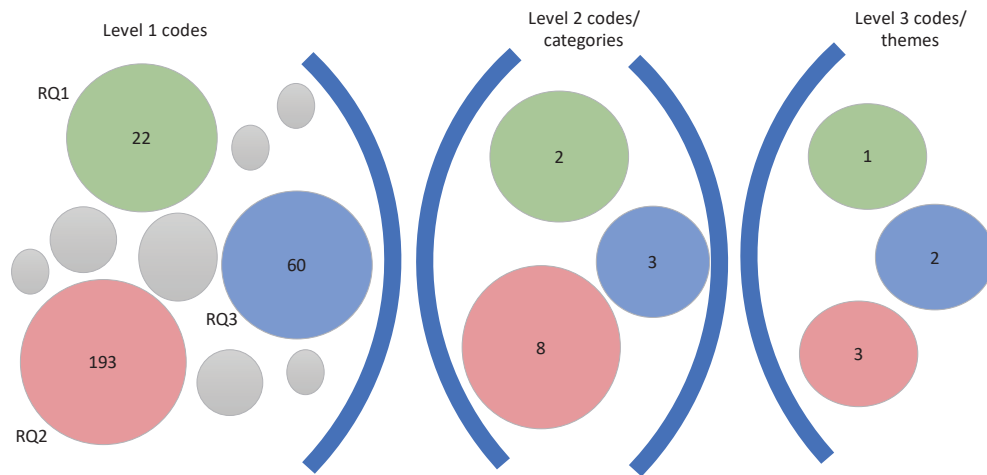


Figure 11: Diagram showing thematic coding refining process
 Source: Author's own

Furthermore, the participants were grouped into three distinct groups: NPO board members (BM), operational leaders (OL), and stakeholder experts (SE). NPO board members and operational leaders play integral roles within the governance structure of NPOs, collaborating closely to devise effective funding strategies (Bradshaw et al., 1992). In addition to these groups a third category comprised stakeholder experts who collaborate with NPO boards, offering consultancy and advisory services aimed at enhancing financial sustainability and ensuring compliance with funder's requirements. The full code analysis, presented in Appendices 4 to 6, contributes to the study's trustworthiness, credibility, and rigor by showcasing the consensus among multiple participants regarding the research findings.

The frequency of participants' responses to identified themes was analysed relative to the different participant groups, yielding a frequency percentage for each category within the themes. Table 5 captures the level three codes as themes for each research question. The occurrence of the themes within each participant group is included in the table. This analysis constituted a crucial aspect of the overall process.

Table 5: Themes and frequency per research question

| Research Question | Theme | Participant group frequency | | | Total theme frequency |
|---|--|-----------------------------|--------|--------|-----------------------|
| | | BM (6) | OL (4) | SE (4) | |
| What funding opportunities are available for NPOs? | Financial Sustainability Opportunities | 22 | 14 | 4 | 40 |
| In your experience, how do NPO boards determine procedures or practices to seize their action to environmental changes? | Capabilities contributing to funding practices | 39 | 20 | 18 | 77 |
| | Policies and Practices Use in Funding Strategies | 72 | 65 | 68 | 205 |
| | Organisational functioning | 38 | 26 | 38 | 102 |
| In your experience, what funding strategies are created and implemented to achieve financial sustainability? | Learning experiences to improve competencies | 42 | 24 | 33 | 99 |

4.13.1 Data Saturation

The data saturation within the fourteen interviews is justified in this study through the statistical evidence that saturation declined rapidly after the first six interviews (Marshall et al., 2013). In the first six interviews, 64% of the grounded codes were generated. In the next six interviews, only 29% of new codes were generated; followed by 7% of new codes coded in the last two interviews. Indicating that thematic data saturation was reached within the first 12 interviews (94%) and additional data collection beyond the 14 interviews would be of little value, as shown in Figure 12 below.

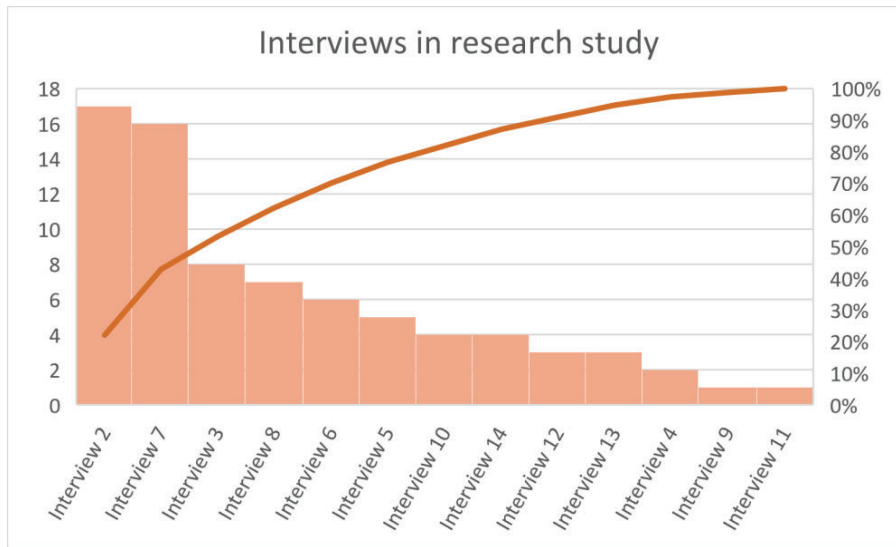


Figure 12: Data Saturation – NPO experts

4.14 Data quality control

Phenomenology research aims to gain insight into live experiences, seeking truth and understanding from the participants' perspective, facilitated by a cooperative research-participant relationship (Walker, 2007). Given the researcher's integral role in the research process from design to reporting, research bias is an inherent concern (McCracken, 1988). The unstructured nature of the dataset necessitates the researcher's role as an instrument to objectively present the gathered information (McCracken, 1988, Saunders et al., 2019; Walker, 2007).

To mitigate research bias and enhance the study's quality, various strategies were implemented. These included peer-review and debriefing sessions aimed at raising awareness of conscious and unconscious biases within the research supervisor (Morse, 2015). Table 6 outlines the deliberate actions taken by the researcher in each criterion to improve data quality throughout the research process (Morse, 2015; Saunders et al., 2019).

Table 6: Methods and criteria for enhancing data quality.

| Criteria | Techniques employed to ensure data quality |
|---------------|--|
| Dependability | <ul style="list-style-type: none"> Highlight changes in research process, including data gathering context (e.g., MS Teams interviews, and Samsung recording device) and evolving data analysis techniques. |

| | |
|-----------------|--|
| | <ul style="list-style-type: none"> • Integrate Chapter 2 literature seamlessly with Chapter 6 findings to enrich analysis and contextualise results within established theories. |
| Credibility | <ul style="list-style-type: none"> • Ensure adherence to sample size and criteria. • Employ a systematic framework for data analysis to mitigate anticipated research bias. • Engage in reflection and data code review with research supervisor and peers. • Practice non-directive listening during interviews to avoid influencing gathered data. |
| Transferability | <ul style="list-style-type: none"> • Enlist participants meeting sample criteria and allow their suitability in their own words. • Employ a standardised interview guide for all participants. • Verify the verbatim transcripts and audio data. • Ensure Chapter 5 of this report provides a balanced representation of participants. |
| Debriefing | <ul style="list-style-type: none"> • The researcher engaged the research-supervisor, to validate code development and approve final codes. • Peers were utilised to engage the code development process and validate emerging themes, mitigating judgement and professional bias. |
| Triangulation | <ul style="list-style-type: none"> • The diverse range of participants in the dataset enabled triangulation of views and opinions. • Ensure inclusivity in reporting by incorporating quotations from almost all participants across the dataset. • Cross-reference sources including peer-review articles and credible materials (books and reports), to enhance research credibility. |

4.14.1 Data Triangulation

The researcher undertook the views of NPO BM, OL, and SE to explore comprehensive insights regarding the phenomenon of funding sustainability in NPOs. This strategy of triangulation within the project provides validation and rigour to the perspective on the research questions (Morse, 2015). The emerging themes were verified by the NPO BM,

OL and SE groups adding credibility to the research findings. The emerging themes per research question and frequency of responses are presented in Table 7. The detailed frequency analysis containing the themes, categories and frequency participants commented per categories can be found in Table 5, in section 4.14 above.

Table 7: Triangulation Matrix

| Categories | No. of Board Members Respondents (out of 6) | No. of Operational Leader Respondents (out of 4) | No. of Stakeholder Experts Respondents (out of 4) | Total Respondents (out of a total of 14) |
|---|---|--|---|--|
| Research Question 1 | | | | |
| Theme 1: Financial Sustainability Opportunity | | | | |
| Perception regarding FO | 6 | 4 | 2 | 12 |
| Innovative FO | 2 | 3 | 2 | 7 |
| Research Question 2 | | | | |
| Theme 2: Capabilities contribute to funding practices | | | | |
| Intangible capabilities: Skills | 5 | 4 | 3 | 12 |
| Intangible capabilities: Knowledge | 5 | 3 | 4 | 12 |
| Theme 3: Policies and practices used in funding strategies | | | | |
| Routine practices driving funding strategies | 6 | 4 | 4 | 14 |
| Current funding practices | 6 | 4 | 4 | 14 |
| Policies, risk practices and tools guiding funding strategies | 6 | 3 | 4 | 13 |
| Theme 4: Organisational functioning | | | | |
| Internal organisation environment influencing FS | 4 | 4 | 4 | 12 |
| External environment influencing FS | 4 | 4 | 4 | 12 |
| Adopting the change for FS | 3 | 3 | 4 | 10 |
| Research Question 3 | | | | |
| Theme5: Learning experiences to improve competencies | | | | |
| Internal board capacity modification | 5 | 4 | 4 | 13 |
| Broader learning opportunities improving competencies | 2 | 3 | 3 | 8 |
| Theme 6: Learning from others | | | | |
| Collaboration and collective action | 4 | 4 | 2 | 10 |

4.15 Research constraints

External elements faced by the researcher impacting the research study are listed below. Indicating these limitations creates meaning and value for the study through the critical assessment of the research study (du Plooy et al., 2021).

The following research limitations are highlighted:

- Due to time constraints, a cross-sectional research design was employed, limiting data collection to a specific period. It is acknowledged that findings may vary if the study were conducted at a different time (Saunders et al., 2019). The researcher had no control over the study's timeframe.
- Access to NPO board members is regulated by gatekeepers, and introductions often require facilitation through organisational structures. Additionally, the research timeline coincided with the annual funding process of the Department of Social Services, South Africa in 2023, with a last-minute change to the funding proposals. This constrained organisations and boards, affecting their willingness and availability to participate in the research. Furthermore, the voluntary nature of their involvement in organisations make them hesitant to prevail themselves.
- While technology facilitated interviews, it potentially excluded participants from small, under resourced NPOs in South Africa. Despite improved access to technology during the Covid-19 pandemic, disparities persist in communities and their service providers. However, leveraging technology allowed for broader participation from NPOs across different provinces in South Africa, enabling a diverse range of perspectives to be include in the study.

4.16 Ethical considerations

Ethical clearance obtained from the Gordon Institute of Business Science (GIBS) Ethic Committee prior to the data collection of the research study. Informed consent was obtained for all the participants included in the dataset. Participants were briefed on their right to withdraw at any time during the data gathering process. These aspects were communicated and confirmed during the interview introduction. One participant did not formally indicated withdrawal but failed to return the consent to the researcher, resulting in their data being omitted from the dataset.

Efforts was made to protect the confidentiality of participants through anonymity. Additionally, the types of questions asked were formulated in manner to ensure no harm or offence were unintentionally inflicted on participants (du Plooy et al., 2021). Ethical data storage practices were observed, and password-protected file storage were done on a password-protected computer and on a personal external hard drive and uploaded to the central allocated password-protected GIBS space.

4.17 Chapter conclusion

This chapter provides a comprehensive explanation of the research design elements and methodology employed in this study. Special attention is given to detailing the data collection process to aid future researchers in replicating the study. Subsequently, a thorough explanation of the data analysis approach is provided. Data quality is rigorously assessed against scholarly guidelines to establish the validation of the qualitative research study. The researcher transparently disclosed research limitations, shedding light on contextual factors and potential influences that could impact future findings of similar research projects. Ethical principles are strictly adhered to, with data collection proceeding only after obtaining approval. The subsequent chapter will present the findings derived from the collected and analysed data discussed herein.

CHAPTER 5: FINDINGS OF THE RESEARCH

5. Introduction

Upon completion of the analysis of data gathered through semi-structured interviews, the primary conclusions are delineated in Chapter 5. This chapter initiates with a description of the sample to provide context to the findings, followed by a discussion of the sample appropriateness, affirming its alignment with the study's requirements. Subsequently, the significant themes derived from the qualitative analysis method concerning each research question posed in Chapter 3 are sequentially presented. Within each theme, the thirteen categories associated with it are grouped together. Prior to each discussion, the research questions are outlined to provide clarity and context.

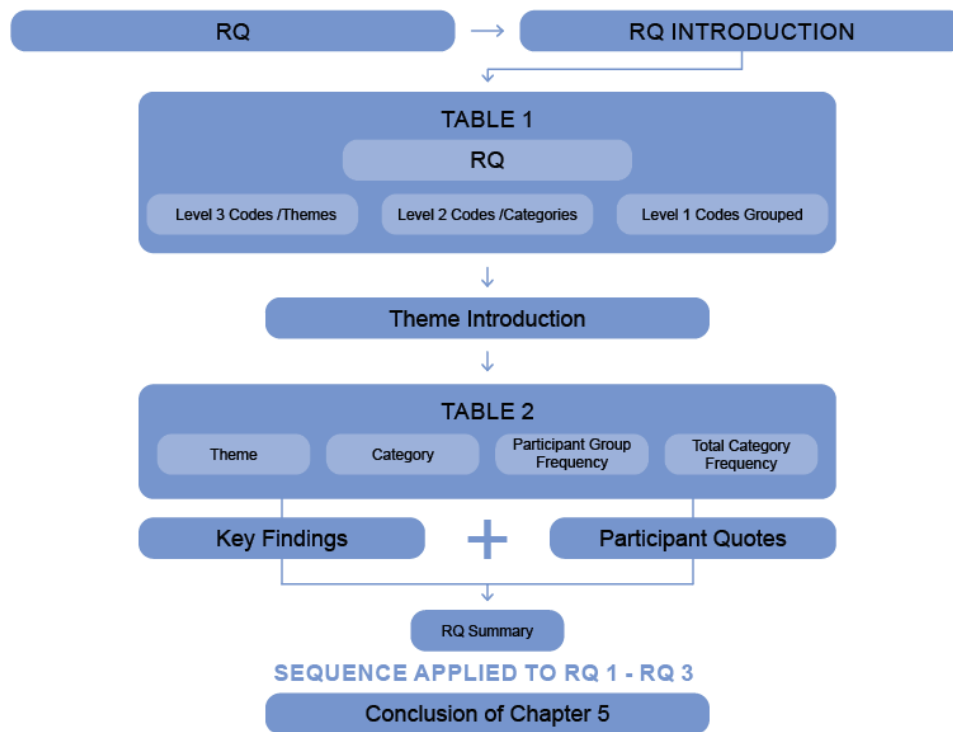


Figure 13: Roadmap of Chapter 5

The chapter roadmap offers a preview of what readers can anticipate within its pages.

5.1 Presentation of the Gathered Data and Findings

Literature indicates funding strategies are critical for sustainability and should be driven by NPO boards as the governance body to ensure the economic viability of NPOs. Through sustainability, NPOs contribute at grassroots levels within local communities

towards global social, economic and environmental changes. However, in practice, it does not appear to be the case. The research sought to explore a deeper understanding of funding strategies NPO boards adopt to strengthen their financial sustainability (the interchangeability of leadership dynamics between board members and head of operation falls outside of the scope of this study and was therefore not explored).

The findings are clustered around each research question and will follow a repetitive feedback format which will include the emerged themes and related categories that will be discussed in a sequential manner that reflects their frequency ranking. The ranking corresponds with the number of times the participants contributed to the related theme, arranged from the highest to the lowest. Despite conducting 15 interviews, Participant 9 voluntarily withdrew from the study resulting in the exclusion of their inputs from the analysis. The participant responses according to each participant group, per category, theme and research question will form part Table 8 of the analysis of the data presented in this chapter.

Table 8: Participant response summary

| Research question | Theme | Categories | No. of Board Members Respondents (out of 6) | No. of Operational Leader Respondents (out of 4) | No. of Stakeholder Experts Respondents (out of 4) | Total Respondents (out of 14) |
|---|--|---|---|--|---|-------------------------------|
| What funding opportunities are available for NPOs? | Financial Sustainability Opportunities | Perception regarding FO | 6 | 4 | 2 | 12 |
| | | Innovative FO | 2 | 3 | 2 | 7 |
| In your experience, how do NPO boards determine procedures or practices to seize their action to environmental changes? | Capabilities contributing to funding practices | Intangible capabilities: Skills | 5 | 4 | 3 | 12 |
| | | Intangible capabilities: Knowledge | 5 | 3 | 4 | 12 |
| | Policies and Practices Use in Funding Strategies | Routine practices driving funding strategies | 6 | 4 | 4 | 14 |
| | | Current funding practices | 6 | 4 | 4 | 14 |
| | | Policies, risk practices and tools guiding funding strategies | 6 | 3 | 4 | 13 |
| | Organisational functioning | Internal organisation environment | 4 | 4 | 4 | 12 |

| | | | | | | |
|--|--|---|---|---|---|----|
| | | influencing FS | | | | |
| | | External environment influencing FS | 4 | 4 | 4 | 12 |
| | | Adopting the change for FS | 3 | 3 | 4 | 10 |
| In your experience, what funding strategies are created and implemented to achieve financial sustainability? | Learning experiences to improve competencies | Internal board capacity modification | 5 | 4 | 4 | 13 |
| | | Broader learning opportunities improving competencies | 2 | 3 | 3 | 8 |
| | | Collaboration and collective action | 4 | 4 | 2 | 10 |

5.1.1 Presenting Findings for Research Question 1

Research question 1: What funding opportunities are available for NPOs?

The aim of Research Question 1 was to identify the participants' views, hopes and experiences of funding opportunities within the NPO sector to access diverse funding sources. Participant 12's opinion in the following quote summarises the overall experience of the participants.

“Organisations are in survival mode; they feel that they are doing something wrong or would be in trouble if they make money. Therefore, they struggle.” (P12)

In exploring current roles in NPO Boards about funding sustainability the theme of financial sustainability opportunities and participants shared common viewpoints which were categorised into two categories:

- (1) Perceptions around funding opportunities and
- (2) innovative funding opportunities.

The category will be discussed in descending frequency order. Sequentially the key findings of the theme will conclude the analysis of the theme.

Table 9 below presents a synopsis of Research Question 1's findings related to the deriving theme, emerging from the two categories and a frequency indication. The table shows the frequency of each category per participant group and a total category frequency percentage.

Table 9: Research Question 1: Findings Overview

| Theme | Category | Participant group frequency | | | Total category frequency % |
|--|--|-----------------------------|----|----|----------------------------|
| | | BM | OL | SE | |
| Financial Sustainability Opportunities | Perception regarding funding opportunities | 18 | 6 | 2 | 65% |
| | Innovative funding opportunities | 4 | 8 | 2 | 35% |

5.1.2 The Financial Sustainability Opportunities Theme

Understanding funding perceptions is crucial for gaining insights into participants' experiences and perceptions of financial sustainability within the NPO sector. By categorising these experiences and perceptions, it becomes possible to analyse the various factors influencing funding sustainability strategies. Delving into each category to delineate the extent of engagement represented by the total frequency percentages provides valuable information about the prevailing sentiments and priorities within the sector. Integrating additional insights into the frequency of how various stakeholders perceive and approach funding sustainability, thereby informing strategic decision-making in this regard.

5.1.2.1 Perception Regarding Funding Opportunities

Table 10: Research Question 1: Theme 1, Category 1 Finding Overview.

| Theme | Category | Participant group frequency | | | Total category frequency % |
|--|--|-----------------------------|----|----|----------------------------|
| | | BM | OL | SE | |
| Financial Sustainability Opportunities | Perception regarding funding opportunities | 18 | 6 | 2 | 65% |

Twelve of the 14 participants (from Table 8) provided feedback on the perception regarding the funding opportunities. The analyses revealed that BMs' perceptions and experiences regarding the funding landscape were predominant, with 18 mentions in contrast with the OL and SEs' mentions only accounted for a total of eight mentions, as indicated in Table 8. These expressions underscored sentiments of depreciation,

overwhelmingness and a sense of limitations in their ability to navigate the funding environment, often leaving NPOs in survival mode. The following quotations highlight the primary experience and emotions evident in the data.

P7: “We are not necessarily well equipped to access the funding opportunities even if they existed... I think a lot of NGO boards do not strategize. They do not plan, and they are basically in survival mode, and I think most of us are in survival mode.”

PM15: “But though we don't know them, we don't have contact. We don't have access to them, we know that the government will come up and say we NGOs, come. When you are there, there's corruption.”

P12: “There are funding opportunities available but NPOs should learn to navigate through the system”

These quotations captured the frustration and uncertainty surrounding the accessibility of funding, despite the acknowledgement that NPO board members and leaders needs to navigate the funding landscape. The prevailing survival mode mentality contribute to the sluggish progress sustainability funding.

5.1.2.2 Innovative Funding Opportunities

Table 11: Research Question 1: Theme 1, Category 2 Finding Overview.

| Theme | Category | Participant group frequency | | | Total category frequency % |
|--|----------------------------------|-----------------------------|----|----|----------------------------|
| | | BM | OL | SE | |
| Financial Sustainability Opportunities | Innovative funding opportunities | 4 | 8 | 2 | 35% |

In this category half of the participants provided their view on funding opportunities. In contrast with the previous category, the frequency of innovative solutions to access funding predominantly came from the OLs, with eight mentions. Contributions from the BM and SEs were notably low, as illustrated in Table 11. The OL showed a willingness to adopt business models and activities to ensure financial viability. However, the willingness of organisations to adapt and evolve within the turbulent sector is seen in the longevity of NPOs. Some organisations hold on to their core mission, their reinvention is

shaped and changed in shifting services towards societal and funder needs and is not always visible at first glance.

P8: “So, we've actually sort of morphed from really being essentially an intermediary to being an implementation partner.”

P7: “I can just share with you very confidentially that we did scenario planning at the beginning of the year... So, we made those very, very difficult decisions quite early and the reason for that was that we have a very strong financial committee that drives and manages the organisation like a business.”

The SE identified funding opportunities and gaps within services delivery NPOs could pivot on, even though they indicate that in their experience NPOs are unwilling to adapt and reinvent themselves to access funding.

P11: “And there the NPOs and NGOs need to come in and provide what government can't provide. And then for the government to buy the services. However, if an organisation is doing the same services for a hundred years, that is a problem.”

Although the response frequency from the BM was low, Participant 6's feedback shed light on the shadow of government funding dependency, highlighting how it stifles innovative actions.

“The government, in most instances drives the funding and they have no need to let you grow the base of funding that you want in this organisation, because the moment they do that, they lose control of the process and on the other hand, in my opinion and the worst part of it is 99% of the NPO has grown complacent in this and is happy in the way that it happens. NPOs are not going to rock the boat. We're not going to expose ourselves in the space, and therefore we are pretty comfortable to keep on suffering the way that we've been suffering forever and ever.” (P6)

5.1.2.3 Findings from Research Question 1

A key finding regarding the NPO board's role in funding opportunities exists. However, NPOs struggle to navigate through the funding network and find it difficult to identify the opportunities, even when they are accessible the capabilities to change the opportunity into sustainable funding contributions. The finding in these categories further revealed

that navigating the funding network is clouded towards available funding opportunities by their perceptions and attitudes as indicated by the high frequency percentage of 65%, as seen in Tabel 10 above.

It is also found that those NPOs that do identify opportunities and who are willing to adopt innovative approaches increase their fundability through business model and framework changes and evolution towards funding viability approaches. With a frequency percentage of 35% (Table 11), the discussion of innovative funding opportunities is taken place within the NPO boardroom but the shadow of government funding dependency reducing innovative actions:

5.1.3 Presenting findings for Research Question 2

Research question 2: In your experience, how do NPO boards determine procedures or practices to seize their reaction to environmental change?

The aim of Research Question 2 was to deepen the understanding of current procedures and practices implemented by NPO boards to drive financial sustainability within a turbulent and changing environment. The exploration evolved into the emergence of the following three themes:

- 1) Capabilities contributing to funding practices,
- 2) Policies and practices used in funding strategies,
- 3) Organisational functioning.

These themes developed from eight categories. The findings of each category will be discussed in descending frequency order within their related themes. Key findings will be discussed to conclude this research question.

Table 12 below presents a synopsis of Research Question 2’s findings showing the three deriving themes with their eight emerged categories. The frequency of the mentioned category is broken down into the different participant groups and indicates the total category frequency percentage for each category.

Table 12: Research Question 2 Findings Overview.

| Theme | Category (Level 2 codes) | Participant group frequency | | | Total category frequency % |
|-------|-----------------------------|--------------------------------|----|----|-------------------------------------|
| | | BM | OL | SE | |
| | | | | | |

| | | | | | |
|--|---|----|----|----|-----|
| Capabilities contributing to funding practices | Intangible capabilities: Skills | 25 | 11 | 7 | 11% |
| | Intangible capabilities: Knowledge | 14 | 9 | 11 | 9% |
| Policies and Practices Use in Funding Strategies | Routine practices driving funding strategies | 38 | 31 | 41 | 29% |
| | Current funding practices | 21 | 20 | 13 | 14% |
| | Policies, risk practices and tools guiding Funding Strategies | 13 | 14 | 14 | 11% |
| Organisational functioning | Internal organisation environment influences financial sustainability | 13 | 8 | 14 | 9% |
| | External environment influencing financial sustainability | 12 | 8 | 14 | 9% |
| | Adapting to change for financial sustainability | 13 | 10 | 10 | 9% |

5.1.3.1 Capabilities Contributing to Funding Practices Theme.

Exploring the impact of governance frameworks on sustainable funding strategies is closely tied to understanding participants' experiences and perceptions of financial sustainability within the NPO sector. By categorising these experiences and perceptions, it becomes possible to analyse how governance frameworks shape the formulation and implementation of funding strategies. Delving into each category and assessing the extent of engagement represented by total frequency percentages provides valuable insights into how governance structures influence decision-making processes related to funding sustainability. Integrating additional insights into the frequency of contributions from different participant groups offers a comprehensive understanding of the diverse perspectives and experiences within the sector, thereby informing discussions and actions aimed at enhancing the effectiveness of governance frameworks in driving sustainable funding strategies.

5.1.3.2 Intangible Capabilities: Skills

Table 13: Research Question 2: Theme 1, Category 1 Findings Overview.

| Theme | Category (Level 2 codes) | Participant group frequency | Total category |
|-------|--------------------------|-----------------------------|----------------|
|-------|--------------------------|-----------------------------|----------------|

| | | BM | OL | SE | frequency % |
|--|---------------------------------|----|----|----|-------------|
| Capabilities contributing to funding practices | Intangible capabilities: Skills | 25 | 11 | 7 | 11% |

The category of intangible skills as capabilities was identified by 12 participants (see Table 8), encompassing the significance of strategic planning, access to expertise, forward-thinking, and effective decision-making as essential for achieving funding sustainability. Amongst the BM, perceptions and experiences regarding intangible skills demonstrated the highest frequency of 25, followed by OL with a frequency of 11, as seen in Table 13. The main perception is the need for capable, skilled future-thinking experts to volunteer on NPO boards. The provided quotations below encapsulate the perspectives expressed by participants.

P1: “Approaching more people with capacity on the board. Not that you're saying you don't need ordinary community members, but you need more people that have contacts and resources so that when something needs to be done, they are available and competent”.

P7: “So the board must firstly understand the situation and environment and must have an opportunity to assess these factors. We should get good advice from the people informing the board about what is happening. Then we must have resources to access need advice if needed or provide any expert guidance on the matters arising, and then finally, [the board] must be able to make swift decisions.”

P6: “If you should surround yourself with people that do not see the future, that do not see the bigger picture that cannot contribute to move you from where you are currently to a future different state, you're going stay where you currently are.”

P14: “So we rely on their skill. We rely on their knowledge, but also it comes with a heavy price that you can't put a timeline for. If it's kindness, it's hard to enforce the timeline and pressure people to get it done.”

P7: “So I think from my perspective, or my experience tells me that planning is probably the most important, you know, part of it, and it takes a lot of time, but if you've done it, you've done it and then you just basically implement.”

The intangible skills underscored by participants encompassed networking, forward-thinking, interpersonal, and professional expertise among board members are crucial. They enable the board to offer advice, make timely decisions, spearhead strategic planning, and facilitate the execution of plans effectively.

5.1.3.3 Intangible Capabilities: Knowledge

Table 14: Research Question 2: Theme 1, Category 2 Findings Overview.

| Theme | Category (Level 2 codes) | Participant group frequency | | | Total category frequency % |
|--|------------------------------------|--------------------------------|----|----|-------------------------------------|
| | | BM | OL | SE | |
| Capabilities contributing to funding practices | Intangible capabilities: Knowledge | 14 | 9 | 11 | 9% |

Within the domain of intangible knowledge capabilities, 12 participants contributed their insights (refer to Table 8). Despite a relatively even distribution of comments across various participant groups, the frequency of responses from board members' perspectives was slightly higher. Specifically, the frequency of expressions regarding tangible knowledge capabilities accounted for 9% of responses to Research Question 2, as illustrated in Table 14. Emphasised within this category are the significance of diverse expertise, a business-orientated approach, seasoned board members, strategic input, and the capacity for innovation, all deemed essential for NPO board members to effectively fulfil their roles within funding strategies. The following quotations provide a deeper understanding of these perspectives.

P5: "It's very rare that you find a very well-resourced and well-placed board,"

P11: "I think it needs to be people from different professions. I also think that board members must not be there for the money they need to be there because of their knowledge. I think that it must be knowledge-based... A board needs to look at an NPO as a business because that is what at the end of the day it is. They need to look at it as a business, where there are constantly new innovations in that regard."

P2: "I think it's the board's role to give input into the strategy. The strategy should be owned by the CEO and the exec team. The board's responsibility is to ensure to the best

of their ability that the strategy is going to meet the business needs and the business expectations...”

P6: “You are limited by your capacity to think outside of the box, and for me, that's where longest-term sustainability lies.”

P7: “The NPO board needs to be experienced and the composition of the board then will assist you greatly in your dealings with the change in environment.”

From the insightful quotations provided, it becomes evident that cultivating a well-rounded, knowledgeable, and strategic NPO board is paramount for the effective fulfilment of the roles crucial to funding sustainability. Among these perspectives, one overarching theme emerges: the strategic direction of knowledge for the benefit of the organisation’s funding sustainability.

5.1.3.4 Policies and Practices Use in Funding Strategies Theme

The findings derived from participants’ encounters and viewpoints on policies and practices in managing funding strategies within the NPO sector stemmed from three specific categories: routine practices driving funding strategies, current funding practices and policies, risk practices and tools guiding funding strategies. These categories will be expounded upon to demonstrate the extent of participation among the total frequency percentages. Additionally, differentiation based on the frequency of contributions from each participant group will be integrated.

5.1.3.5 Routine Practices Driving Funding Strategies

Table 15: Research Question 2: Theme 2, Category 1 Findings Overview.

| Theme | Category (Level 2 codes) | Participant group frequency | | | Total category frequency % |
|--|--|-----------------------------|----|----|----------------------------|
| | | BM | OL | SE | |
| Policies and Practices Use in Funding Strategies | Routine practices driving funding strategies | 38 | 31 | 41 | 29% |

Engage in ongoing evaluation of internal operations, program efficacy, and financial well-being to enhance fundraising strategies. These facets should be congruent with organisational objectives and donor requirements, constituting standard practices illuminated by 14 participants (refer to Table 8). In Table 15, this category stands out

with the highest frequency within this theme, comprising 29% as the total. Participants provided both positive and negative feedback regarding routine funding strategies. The effectiveness of the funding practices was not evaluated and fell outside the scope of the research question. The quotations reflect participants' experiences with practices aimed at fostering funding sustainability.

P10: “NPOs, and especially the ones that have been trading for a while are just treading water, they're not, they're not growing.”

P2: strategy is an internal process and includes evaluating if your programs are correct. Are they affordable? Are they cost-effective? What are your statistics your impact and your return on investment? And then how well run is your Organisation? Are your finances clean? Is your broadband clean? Are your audits clean? Are you in the red? Have you got savings? Those factors influence your fundraising strategy as well, because donors, when they do their due diligence, can have the best project, and write the best proposal, but if you've got a board member that's on the front page of the mail and Guardian for corruption, or you're in the red and you can't pay your rent, that donors are not necessarily going to invest in your Organisation because of the risk.”

The prevailing experiences suggest that organisations are experiencing limited growth, with many merely maintaining operations and reacting to ongoing challenges. There is a consensus on the importance of strategic evaluation as a vital aspect of ensuring financial sustainability.

5.1.3.6 Current Funding Practices

Table 16: Research Question 2: Theme 2, Category 2 Findings Overview.

| Theme | Category (Level 2 codes) | Participant group frequency | | | Total category frequency % |
|--|-----------------------------|-----------------------------|----|----|----------------------------|
| | | BM | OL | SE | |
| Policies and Practices Use in Funding Strategies | Current funding practices | 21 | 20 | 13 | 14% |

Insights into current funding practices were obtained from all 14 participants, although the frequency of contributions was lower than in the preceding category, accounting for 14% of total contributions as seen in Table 16. Participants delved into discussions on board oversight, strategic alignment, and effective decision-making processes in funding management, offering valuable insights that strategy is left to the senior operational

leadership and is supported or frustrated by the guidance of the board. The following quotations are indicative of the insights provided.

P2: “[the management team’s] role is to make sure the commitment is realistic and then the board's role is to ensure that the strategy is robust and that it is achievable.”

P5: “Experience is that it [funding strategies] really starts with management. Management has to craft some strategies, and some ideas and present those to the board. The board will then, you know, interrogate that particular strategy and ideas, and assist the management actually do the right things.”

P10: “The decision maker is the person that sits at the top, guided by the board. If the board structure is not right, it's not going to facilitate the flow of money into the organisation and it's not, that person at the top is actually just going to be frustrated.”

Furthermore, routine practices in funding strategies included expertise in securing stable, multi-year funding partnerships and diversifying funding sources. Participants also emphasised the importance of exercising caution when relying solely on government funding.

P5: “Funding that is multi-year, not just once off because then you cannot plan over time many programs without multiyear programs...we're doing now is to look for another source of income. And currently, we do work for the South African government where we get paid for the work we do, but more importantly, is the partnerships with the private sector.”

P15: “My funding strategy is we just pray. We are just praying. And then we don't know why the government continues telling people there is funding when there's none, or maybe the people who are inside are getting it for the people whom they know at certain things.”

Despite the necessity of effective fundraising practices, which entail active board engagement, strategic planning, clear delineation of roles and responsibilities, and a proactive approach to seeking funding opportunities, there exist contradictory practices as evidenced by the experiences shared by participants.

P10: “Boards that are not engaged, that don't understand their role, and that they don't understand that they have any responsibility towards sustainability of the organisation.

Cause if you ask, most community elected board members what's their role, they are there to represent the community, but they have equal accountability to somebody who sits there with the master's degrees in finance.”

P14: “Members have promised to draft us a marketing strategy and one was saying financial management strategy and we really for now still relying on, it because we do not have our own funding.”

P15: “No. No. No, no. there is only person who does support within the board tasks and roles. The others are just sitting there. Like I say, one of them is a signature. When I need money, I go with him to withdraw money. But they, I don't remember them doing that [providing guidance in funding sustainability]. So, it solely and squarely lies on me.”

P1: “Unfortunately, we are not yet that mature in terms of putting the strategy down, no. We don't have a strategy written down as to how we're dealing with funding. It's just waking up thinking, hey, we struggle, putting down a memo or a mini motivation. Go and knock at this door. Go and knock at that door.”

The lack of commitment, engagement, and understanding of the board responsibilities foster a dependency of goodwill and benevolence for board inputs and tasks, exacerbated by the demanding nature of board members' other commitments. This dynamic results in unequal distribution of responsibilities between board members and organisational leaders.

5.1.3.7 Policies, Risk Practices and Tools Guiding Funding Strategies

Table 17: Research Question 2: Theme 2, Category 3 Findings Overview.

| Theme | Category (Level 2 codes) | Participant group frequency | | | Total category frequency % |
|--|---|-----------------------------|----|----|----------------------------|
| | | BM | OL | SE | |
| Policies and Practices Use in Funding Strategies | Policies, risk practices and tools guiding Funding Strategies | 13 | 14 | 14 | 11% |

Thirteen out of the 14 participants (refer to Table 8) contribute to the category, providing valuable insights into the necessity of establishing financial policies and procedures for boards. Even though these policies are seen to direct decision-making and actions during both routine and unexpected operational circumstances it seems as if they do not form part of the board practices in the experience of the participants. But rather form part

of the operational governance frameworks. The frequency of discussion, as illustrated in Table 17, within this category is calculated at 11%. The subsequent quotes encapsulating the direct perspectives of the participants.

P7: “The problem with a quickly changing environment, is there is no policy or procedure that will tell you what to do. You really need skills, and you need expertise, and you need committed people to make those decisions... policies guide everyday life. The procedures guide things go sort of according to plan, but for example, if we do receive our subsidy late, which can sometimes be two or three months late, there's no policy that says, you know, now we go and loan money at the bank and strategy and business acumen determines those steps.”

P12: “Our board went through this process recently to reduce the number of board members. Some board members are filling up space due to the prestige of serving on a board, but board members should be committed and contribute actively towards the course.”

P13: “There's a report that needs to hand over report [from one board to newly elected board members]. All of those are those things that are legislated about elections. If we then get to the board then elected. The provincial office Department of Social Development has a mandate to train board members basically on the NPO Act and their roles and responsibilities. If we can say, is there a manual or a guideline within NPOs? To be honest, wouldn't be sure DSD uses a standardised presentation which probably comes from the NPO. But we often see that these things are not implemented correctly. And I think what for me, the biggest challenge is that managers in NGOs who are paid officials know the business of the NGO better than the board members.”

P8: “GovCO will look at policies, processes, etcetera in the organisation. This will help us update those and write standing operating procedures for the organisation. Look at our finance policy, our HR policies, etcetera within the organisation structure, but not related to the board functioning.”

In this category, certain specific tools were cited as practical methodologies for organisations to formulate strategies, mitigate risks, and maximize opportunities for securing funding and optimizing financial sustainability are evident in the following participants' feedback.

P3: “Quickly do risk analysis of, you know, where is our, where are our biggest threats and what are the quick and easy simple, cheap steps that we can pin now to protect, number one, our beneficiaries, that's always a question is what we're doing.”

P8: “Do a 360 review, to see who's the clients, the founders, and what are we missing. Who else can we go to? Would a particular NPO be of interest, for example, to either an Investec or Anglo or a Mackenzie Scott... use an authority matrix that's in place for our board of trustees and, every single department, broken down all the major decisions “

It is recognised that policies and procedures governing the day-to-day operations of the organisations, yet there is a notable absence of policies and procedures specifically designed to guide the NPO board in engaging with funding opportunities.

5.1.3.8 Organisational Functioning Theme

The findings obtained from participants' experiences and viewpoints of organisational functioning as a role NPO boards use to strengthen the organisational funding sustainability unfold from three specific categories: Internal and external organisational environment influencing the financial sustainability and adapting to change for financial sustainability. These categories will be explained to demonstrate the extent of participation towards the total frequency percentage. Furthermore, the frequency of contributions from each participant group will be integrated.

5.1.3.9 Internal Organisation Environment Influences Funding Sustainability

Table 18: Research Question 2: Theme 3, Category 1 Findings Overview.

| Theme | Category (Level 2 codes) | Participant group frequency | | | Total category frequency % |
|----------------------------|---|-----------------------------|----|----|----------------------------|
| | | BM | OL | SE | |
| Organisational functioning | Internal organisation environment influences financial sustainability | 13 | 8 | 14 | 9% |

Proficient resource allocation, flexibility, stakeholder involvement, and internal assessment are key elements contributing to financial viability within the organisational framework as indicated by 13 of 14 participants (refer to Table 8) in the research exploration. These dimensions were highlighted by participants, accounting for 9% frequency within this thematic category, as seen in Table 18 above. A more nuanced comprehension is garnered from the subsequent quotations provided by participants.

P6: “Look at the resources that you already have available. The dormant resources that you are not using. Go back and understand what is the context that you're working in. Who are the role players that are involved with you?... I'm saying break the cycle. Get yourself ready. Yes, you need to submit a budget and get some funding to get it started but put one person in your office who does different work. Put a second person into your office that does the 2nd set of work and put a marketing person in your office...”

P7: “Influence the appointment of the right marketing, communication and fundraising individual, because that is the lifeline of the Organisation other than your, you know, your main stakeholder... do stakeholder mapping, to make sure that you know who your stakeholders are and how to manage them and how to communicate to them and how to thank them.”

P8: “Clean audit every single year throughout, so that's been helpful. Our board has been supportive, but it's been a very, very challenging, trading environment.”

P3: “We review it annually, you know, are things changing? Do we need to add more? Does this not work or whatever the case is?”

The feedback highlights the internal factors critically for optimising resource utilisation, emphasising the significance of financial accountability and responsible governance. It underlines the need for reviewing and adaptation strategies during fundraising processes to ensure effectiveness and sustainability.

5.1.3.10 External Environment Influencing Funding Sustainability

Table 19: Research Question 2: Theme 3, Category 2 Findings Overview.

| Theme | Category (Level 2 codes) | Participant group frequency | | | Total category frequency % |
|----------------------------|---|-----------------------------|----|----|----------------------------|
| | | BM | OL | SE | |
| Organisational functioning | External environment influencing financial sustainability | 12 | 8 | 14 | 9% |

Emphasising the significance of comprehending and adjusting to the wider funding context, rectifying misconceptions, exploiting collaborative possibilities, and cultivating capacities to access various funding channels sustainably, 12 out of 14 participants (as indicated in Table 8) provided detailed insights into this category, representing a frequency of 9% as seen in Table 19. The quotations succinctly encapsulate the external influences discussed.

P2: Fundraising, I always say to people, that your fundraising manager is no different to the sales director. You know the fundraising manager is there to facilitate and guide the business. It's not about how many proposals you write. I've seen charities that write five good proposals, and they are fully funded. I've seen other charities that write 500 proposals, and they get no funding. So, that's the business landscape."

P6: "Each of us sits on their own heap of straw, and they want to manage the heap of straw instead of understanding... cross-pollination that I can do this, you know that, and all of a sudden your limited pool of funding become an unlimited pool of opportunities and you realised that you at it single dimensionally."

P13: "I always say that donations are probably, for me, the biggest thing that causes government issues in an organisation because it's so easy to misuse."

P15: "Misconception. People don't understand that I have a passion for this. For me, it's passion. I lose a lot of personal money in serving children from the community through running the NPO."

P2: “And often we see in hard times where people start fussing, and if the government cuts their budget or if a donor cuts their budget. We've had this, our donors have had to do retrenchments because the business is not doing well. They must cut the budget to the charity as well.”

The participants' experiences regarding external influences indicated the importance of personal commitment and passion in driving contributions to the NPO sector. Moreover, they emphasise the necessity for collaboration and synergy to address donor challenges, advocating for a strategic, business-orientated approach.

5.1.3.11 Adapting to Change for Funding Sustainability

Table 20: Research Question 2: Theme 3, Category 3 Findings Overview.

| Theme | Category (Level 2 codes) | Participant group frequency | | | Total category frequency % |
|----------------------------|---|-----------------------------|----|----|----------------------------|
| | | BM | OL | SE | |
| Organisational functioning | Adapting to change for financial sustainability | 13 | 10 | 10 | 9% |

Out of the 12 participants (as see in Table 8) 10 provided detailed insights into their experiences concerning adaptability, creativity, diversification, and proactive strategic planning in response to changes in funding dynamics, aiming to sustain financial stability. Conversely, BM exhibited less engagement with this aspect, with only four of the six participants contributing to this category, resulting in a frequency count of 13. In contrast, all stakeholder experts commented on this aspect collectively providing a frequency count of 10 for OL and SE bringing the total frequency of this category to 9%. This frequency information is captured in Table 20.

P6: “Both from a funding side and from a strategy side. In my point of view, you need to be in control. You need to take ownership and power into your own hands. You need to position yourself to the extent that your services are wanted that your services are paid for and that you have more than one stream of income that you bring into the organisation perhaps one or two of the streams are lucrative streams and they could help fund the streams that you need to do within your regulatory requirement work that you need to do as well, but if you do not diversify the base that you income.”

P7: “The environment around us, was, stable to the extent that change happened over a long time. At the moment change happens quite quickly and actually, your example

earlier about the premier Lesufi changed the funding model and we needed to laterally change overnight earlier this year.”

P13: “We have seen pre-COVID because I think that's very important because post-COVID fundraising looks totally different. Very few NPOs can fundraise effectively post-COVID.”

P2: “And often we see in hard times where people start fussing, and if the government cuts their budget or if a donor cuts their budget. We've had this, our donors have had to do retrenchments because the business is not doing well. They have to cut the budget to the charity.”

P13: “Even if you want to become creative in the work that you do as an NPO, that work will not be funded... funding strategies are very rigid and I think one of the biggest things also for me as a policy developer for national policies, white papers is that government expects funding approach is that they fund for wheelbarrows. I think in essence says everything about the funding strategies of the government. Funding strategies are not individualised to accommodate NPOs.”

The perspectives of participants regarding adaptation to change encompass a spectrum of insights, spanning from an acknowledgement of the vulnerability of NPOs within the funding landscape to encountering rigidity in funding partnerships and recognising the profound impact of the Covid-19 pandemic on funding sustainability. Additionally, participants underscore the significance of diverse income streams as an aspect of financial resilience.

5.1.3.12 Findings from Research Question 2

The pivotal findings pertaining Research Question 2 centre on the fluidity of skills and knowledge among NPO board members who are willing to combine pre-existing capabilities and apply them within a unique NPO setting, notwithstanding the challenges in attracting volunteer board members who are willing to contribute their time, knowledge, influence, and skills to the board. The NPO board member's influence and networks form part of the financial sustainability.

The exploratory study highlighted constraints and deficiencies in board functioning practices, in their oversight and funding management. It is revealed the tendency that

strategy is directed by senior. operational leaders with different degrees of support and influence from the board.

Routine funding strategies comprising of fundraising events, multi-year partnerships and seeking diversification funding sources in the midst of over-reliance on government funding. Participants acknowledge the vulnerability of NPOs within the funding landscape, particularly during the Covid-19 pandemic, where rigid funding partnership agreements exacerbated challenges and amplified their impact on funding sustainability.

5.1.4 Presenting findings for Research Question 3

Research question 3: In your experience, what funding strategies are created and implemented to achieve financial sustainability?

The aim of Research Question 3 was to explore insight into the creation and adoption of additional funding and implementation strategies to assist the NPO board in its role to strengthen its financial sustainability.

The exploration led to two themes:

- 1) Learning experiences to improve competencies
- 2) Learning from others

These themes emerged from the synthesis of perspectives shared by the participants, originating from three distinct categories. The findings of each category will be deliberated in descending order of frequency within their perspective themes. Subsequently, the key findings of the research questions will be presented to culminate the thematic discussion.

Table 21 below presents a review of Research Question 3, focusing on two emerging themes derived from three distinct categories. The frequency of each mentioned category is separated across various participant groups, alongside the total category frequency percentage for each category.

Table 21: Research Question 3 Findings Overview.

| Theme | Category | Participant group frequency | | | Total category frequency % |
|--|---|-----------------------------|----|----|----------------------------|
| | | BM | OL | SE | |
| Learning experiences to improve competencies | Internal board capability modification | 32 | 15 | 28 | 76% |
| | Broader learning opportunities improving competencies | 3 | 4 | 3 | 10% |
| Learning from others | Collaboration and collective practices | 7 | 5 | 2 | 14% |

5.1.4.1 Learning Experiences to Improve Competencies.

The insights gathered from participants regarding their learning experience to improve their competencies are closely related to the objective of strategic intent. By understanding how NPO boards and individuals within them seek to modify internal capabilities and seize broader learning opportunities, it become possible to align these efforts with strategic objective. Analysing the frequency of contributions from different participant groups provides further insight into the level of engagement and commitment to strategic learning initiatives. This information can inform the development of targeted strategies aimed at enhancing organisational and individual competencies to fulfil strategic objectives effectively.

5.1.4.2 Internal Board Capability Modification

Table 22: Research Question 3: Theme 1, Category 1 Findings Overview.

| Theme | Category | Participant group frequency | | | Total category frequency % |
|--|--|-----------------------------|----|----|----------------------------|
| | | BM | OL | SE | |
| Learning experiences to improve competencies | Internal board capability modification | 32 | 15 | 28 | 76% |

The substantial occurrence frequency of 76%, as illustrated in Table 22, in this category can be attributed to the collective expertise and perspectives of both board members and stakeholder experts. Notably, OLs make a significantly lower contribution, accounting for nearly half of the frequency in comparison with the other groups. Within this context, the articulated experiences and viewpoints encompass various aspects, such as misconceptions regarding the requisite time commitment for meaningful

participation in decision-making within the boardroom, establishing connections with networks and furnishing expert counsel.

P2: "But it's a lot of hard work and people don't realise how much hard work it actually is. And we struggle to get board members... NPOs live in a bubble and communities live in their bubbles. So, if you have a lot of community members or technical experts on your board, it's not balanced. One needs to make sure you got that balance of businesspeople, technical experts, and community members to understand the real world and how the real world operates and brings that constructive balance."

P6:" The younger generation that's getting through into the management structures now. Once you think about it differently from what they did in the past that's happy and that's fine and everything that is cool in there. But don't leave them on a limb. Create the network that they can bring their thinking to and get the network excited about where you're doing it because if you get the network excited, your organisation is going to change."

P11: "I think there's quite a lack of expertise within a board, they are just using the same old footsteps that were put there 100 years ago. But the board needs to bring renewal. New thinking ways, new ways to do things..."

Regrettably, the experiences also encompass reports of constrained time availability, underestimation of the requisite effort to achieve impactful outcomes and challenges in securing the necessary funding. Organisational leaders perceive a sense of responsibility to intervene on behalf of the board, striving to safeguard the operational integrity and financial sustainability of the organisation.

P2: "Having honest conversations with boards and educating boards. Board members are interesting beasts and animals because they serve a very important purpose, and we often see there is a big grey area or big misunderstanding between the role of the board in governance and the role of the management team and the CEO."

P1: "Resources in the current board, we don't have the capacity... Not that you're saying you don't need ordinary community members, but you need more people that have contacts and resources so that when something needs to be done, even if we don't have the capacity within the board currently."

P2: "They very seldom in the community and very seldom understand where we actually work and the impact we do."

P5: "And as a CEO my job is to make sure that the board is comfortable and owns up to that strategy, so they act like this is their strategy you know."

Nevertheless, the participants also imparted insights into the adaptation of barriers related to board capabilities and emphasised the necessity for orientation, training, and developmental initiatives. These measures aim to enhance role fulfilment and refine the practices of NPO boards, thereby strengthening their financial sustainability endeavours.

P7: "The orientation is around what the organisation does, how the structure looks, what our Constitution says and what the policies and procedures are in the organisation, but those skills that you bring from outside basically are already self-taught or learned from previous experience."

P10: "Very in-depth training session so that they first of all understand what their responsibilities are."

P2: "We cannot cover finance and programs and M&E and buying a vehicle and performance management and increases and budget and bank overdrafts and marketing strategy all in the three-hour meeting. You can't do that. It's physically impossible... if this is 100 million Rand NPO, compared to a 100 million Rand commercial business and you were a director and you had 25% shares in their business, would you decide everything on that business only four times a year in a two- or three-hour meeting."

Participants emphasises the urgency for in-depth training and coaching of NPO board members to enhance their understanding of commitment, the gravity of responsibilities and level of accountability. This training should begin from the onboarding of new board member and continue consistently thereafter.

5.1.4.3 Broader Learning Opportunities Improving Competencies

Table 23: Research Question 3: Theme 1, Category 2 Findings Overview.

| Theme | Category | Participant group frequency | | | Total category frequency % |
|--|---|-----------------------------|----|----|----------------------------|
| | | BM | OL | SE | |
| Learning experiences to improve competencies | Broader learning opportunities improving competencies | 3 | 4 | 3 | 10% |

Within this category, a diminished frequency count of 10% was observed, with merely eight participants engaging in its discourse, as illustrated in Table 23 above. Notably, BMs emerged as the last active contributors to this category. The experiences delineated within this subset encompassed insights garnered from studying competitors, assimilating diverse board practices, conducting research, and integrating business-oriented perspectives into NPO boards. Furthermore, strategies included expanding connections to commercial networks, engaging with investors, and partaking in conferences beyond the confines of the NPO sector to acquire knowledge and adapt learnings conducive to enhancing financial sustainability practices. The subsequent participants quotations voice these mentioned sentiments.

P10: “Often those competitors are doing well, are doing something that's different and that's why they attract funding. Don't just look at their programs but look at their structure and look at their board members specifically because those are the guys that are bringing innovation into the Organisation.”

P12: “The lesson learned from the smaller board is that each one should commit and contribute effectively. There also needs to be a good team relationship.”

P3: “We then started researching and found other organisations have done a similar thing... definitely looking for abnormal opportunities. There are lots of great ideas out there and we need to be open and willing to hear. They may not be normal, but it is there for us to evaluate and keep our government structures in place.”

P6: “Bring businesspeople into the system that understand how the wheel sticks, how the processes work, how our systems are changed and how that affects people. Your current way that it's set up from the government side and implemented in NPOs. In my

opinion, it is absolutely not conducive to creating a sustainable funding model in this manner to make sure that the required services are delivered properly, expanded and there is actually value creation on the table.”

P3: “I think we must definitely speak to our commercial networks and engage with banks and engage with investors to understand, the changing funding landscape. And we, often get the information, so keep those channels open.”

5.1.4.4 Learning From Others Theme

The thematic emergence of learning from others was evident within the category of collaboration and collective practices. This category will be elaborated upon to illustrate the extent of engagement represented by the total frequency percentage. Additionally, the frequency of contributions will be analysed based on participant groups to provide a comprehensive understanding of the level of involvement in strategic intent development.

5.1.4.5 Collaboration and Collective Practices

Table 24: Research Question 3: Theme 2, Category 1 Findings Overview.

| Theme | Category | Participant group frequency | | | Total category frequency % |
|----------------------|--|-----------------------------|----|----|----------------------------|
| | | BM | OL | SE | |
| Learning from others | Collaboration and collective practices | 7 | 5 | 2 | 14% |

This category garnered responses from ten of the participants, as indicated in Table 24, amounting to a frequency of 14%. Predominantly, the feedback stemmed from BMs and OLs. Participants experiences and views are captured within the following quotes accumulated during the research project.

P10: “NPOs think that the corporate sector owes them as much by giving them money, they don’t, and they forget that it’s a partnership. In the partnership, both entities want something, the one wants money and the other one wants to make sure that it’s a good investment.”

P6: “We don’t let the one speak to the other one and we don’t engage in the process of unlocking the value that sits actually in our partnership environment.”

P7: “In the current funding crises the NPO worked together collectively, through this action legal agency could put our points across to the government.”

P3: “The organisation is spearheading a collaborative regional strategy for all the different NPOs in the area. I mean, we know, there are many different NPOs in the same service area and often stand on each other’s feet. All doing the same thing and tapping into the same donors and all these different things. So, we kind of pulled together a bit of a committee made up of the NPOs and donors that are really kind of investing in the area, but also interested in collaborating.”

Notably, there is a heightened anticipation for NPOs to secure funding, particularly from corporate entities. A prevailing perception suggests that organisations fail to engage with one another in pursuit of funding as a collective rather than individual entities. Additionally, it was discerned that NPOs undertake inter and intra sectoral collaborative initiatives to extend their funding strategies.

5.1.4.6 Findings from Research Question 3

A key observation is the notable lower frequency contribution of the OLs in Research Question 3 in comparison with the other research questions and nearly half of in frequency during this research question.

The key finding emerging from Research Question 3 underscores the multifaceted nature of the NPO landscape, highlighting both the challenges and opportunities inherent within NPO board learning practice. It highlighted the misconception of the time commitment in undertaking the responsibility and accountability as an NPO board member. This underscores the paramount importance of ongoing development and training initiatives needed.

Another significant finding strongly advocates for a shift towards a more business-oriented strategic approach for NPO boards. It is imperative to enhance engagement between NPOs and other sectors as part of collaborative efforts, integrated into the role of the NPO board.

Another crucial finding involves the recognition amongst NPO boards of the need to enhance their capabilities to contribute effectively towards financial sustainability. This

necessitates comprehensive training and developmental initiatives encompassing formal, informal, inter and intra-sectoral knowledge and skills.

This concludes the analysis of the findings deriving from the gathered data and the chapter will conclude with the following summary conclusion.

5.2 Conclusion of Chapter 5

The research objective has been successfully achieved, as evidenced by the comprehensive presentation of findings derived from the analysis of responses to the three research questions addressed in this chapter. The primary aim of the research was to explore the strategies employed by NPO boards to enhance their financial sustainability. In fulfilling the research objectives as set out originally the research findings answered the three Research Question, and is as follows:

- Investigated the perspectives and experiences regarding the availability of funding opportunities for NPOs in South Africa.
- Examined how governance frameworks influence the formulation of strategies to respond to funding opportunities or threats within NPOs.
- Explored the nuanced process through which NPO board in South Africa develop and implement funding strategies to ensure funding sustainability.

Table 25 summarises the findings in relation to each research question in relation to themes deriving from the data analysis. This provides a snapshot of the findings from this chapter.

Table 25: Summary of Finale Findings.

| Research Question | Theme | Summary of findings |
|--|---|--|
| What funding opportunities are available for NPOs? | 1) Financial Sustainability Opportunities | <ul style="list-style-type: none"> • Value perceptions • Navigation hurdles • Business module adaptation • Structural barriers |

| | | |
|--|---|--|
| <p>In your experience, how do NPO boards determine procedures or practices to seize their action to environmental changes?</p> | <p>2) Capabilities contributing to funding practices. 3) Policies and Practices Use in Funding Strategies. 4) Organisational functioning.</p> | <ul style="list-style-type: none"> • Adaptation deficiency • Policy absence • Strategy delegation • Expert recruitment strategy • Regulatory barriers • Mindset shifts require |
| <p>In your experience, what funding strategies are created and implemented to achieve financial sustainability?</p> | <p>5) Learning experiences to improve competencies</p> | <ul style="list-style-type: none"> • Formal on-boarding and continues training • Engagement enrichment |

The findings presented in this chapter are rich and inclusive of input from all fourteen participants interviewed. Apart from one participant, each was able to provide multiple supporting quotations, underscoring the relevance of their experiences to the research questions.

CHAPTER 6: DISCUSSION OF FINDINGS

6. Introduction

Chapter 5 presented the key findings and supporting quotes from 14 research participants. Key findings from Chapter 5 will be cross-referenced with key insights from the literature review as outlined in Chapter 2 are presented in this chapter. The basis of the analysis and discussion is built from the research questions as set out in Chapter 3. All six themes and 13 level two codes per theme, from Chapter 5, are discussed in this chapter. The discussion will include similarities as well as differences between the literature and the findings throughout the chapter. Literature gaps are highlighted when they arise.

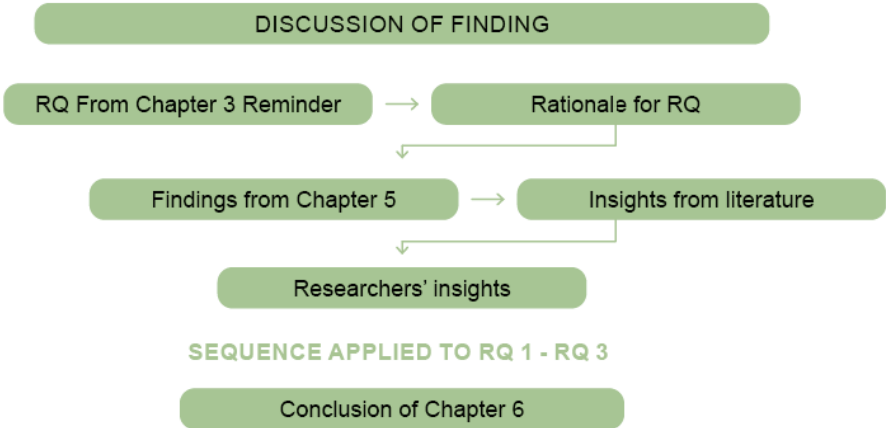


Figure 14: Roadmap of Chapter 6

6.1 Discussion of Findings

6.1.1 Reminder of RQ1

Research question 1: What funding opportunities are available for NPOs?

6.1.2 Rational for RQ1

The DCT underscores the importance of both internal and external vigilance within organisations, utilising elements such as positions, processes, and paths to gather data (Teece, 2018). These interconnected components are rooted in routine practices, values, and norms, serving as the foundation for strategy development (Pereira et al., 2015). In South Africa, as in other Sub-Saharan African countries, the NPO sector faces challenges stemming from dwindling funds, historical legacies, and shifting economic, and geo-political landscapes, leading to power struggles between governmental funders and NPOs (Choto et al., 2020; Maboy & McKay, 2019).

As NPOs increasingly fill gaps left by the government and private sector in addressing societal issues, their role evolved from mere service providers to active agents of social and economic change in Africa, contingent upon achieving financial sustainability (Choto et al., 2020, Maboy & McKay, 2019; Nwauche, 2022). The NPO board, as the primary body responsible for strategic planning, plays a critical role in building trust and mitigating risks for the organisation, donors, and other relevant stakeholders (Akingbola et al., 2019; An, 2021; Minciullo & Pedrini, 2020).

Utilising their expertise and capabilities, NPO boards should identify and respond to opportunities and threats effectively (Bocken & Geradts, 2020). However, there remains a gap in the literature regarding dynamic capabilities and sustainability across various industries (Buzzao & Rizzi, 2021). Moreover, there is a pressing need for focused research on NPO board dynamics to deepen the understanding of governance systems within the sector (Renz et al., 2023). Addressing the identified literature gaps, RQ1 aimed to explore the spectrum of funding opportunities available to NPOs.

The participants' experiences regarding funding opportunities for NPOs were grouped into one theme (level three code) and two categories (level two codes) as illustrated in in Table 25 below.

The theme, financial sustainability opportunities, emerged from the following two categories:

1. Perception regarding funding opportunities
2. Innovative funding opportunities

6.1.3 RQ1 Theme 1: Financial Sustainability Opportunities

Table 26: Research Question 1's theme, categories, and frequency overview.

| Theme | Category | Participant group frequency | | | Total category frequency |
|--|--|-----------------------------|----|----|--------------------------|
| | | BM | OL | SE | |
| Financial Sustainability Opportunities | Perception regarding funding opportunities | 18 | 6 | 2 | 26 |
| | Innovative funding opportunities | 4 | 8 | 2 | 14 |

Table 26 presents the theme of financial sustainability opportunities, highlighting the frequent discussion surrounding perceptions about funding opportunities. Participants' frequencies are categorised based on their roles within the NPO, either as NPO board members, NPO organisational leaders or NPO stakeholder experts.

Understanding funding perceptions closely relate to participants recognise the critical role played by the NPO board in achieving financial sustainability. Board actions, decisions regarding funding opportunities are shaped by perceptions. In identifying participants' perceptions will provide insights and understanding in how they develop strategic decisions. The two factors influencing the scanning of the NPO landscape for funding opportunities were categorise into:

- i) Perception regarding funding opportunities.
- ii) Innovative funding opportunities.

This structured categorisation allows for a clearer understanding of the various perspectives and approaches discussed regarding financial sustainability within NPOs.

6.1.3.1 Perception regarding funding opportunities

The study reveals the multifaceted challenges associated with accessing diverse funding sources beyond government partnerships within the NPO sector. While participants acknowledge the potential benefits of government funding for social transformation,

there is a recognition of the inherent dependency it creates, which may impede economic growth and financial sustainability. Additionally, participants highlight the complexity of accessing and leveraging alternative funding streams, such as corporate social investments (CSI), for-profit-non-profit partnerships, philanthropic grants, and donations. These opportunities require extensive networking, collaboration, and adaptation to the specific context of the NPO's field of services. The perception fostered by NPO boards is that these opportunities are overwhelming and inaccessible, further complicating the process of identifying, matching, seizing, and reconfiguring them into tangible financial resources for NPOs.

Despite efforts to explore alternative funding sources, the study finds that NPOs continue to rely heavily on government funding dependency and fundraising events as consistent revenue streams. While participants acknowledge the importance of diversifying funding sources, the challenges associated with accessing and leveraging alternative opportunities perpetuate reliance on these traditional methods. This reliance may limit NPOs' financial resilience and hinder their ability to adapt to changing funding landscapes. The study underscores the need for NPOs to develop strategies for diversifying revenue streams and reducing dependency on government funding and fundraising events to enhance long-term financial sustainability.

The findings of this study are supported by a breadth of literature, with various scholars affirming the expectation that NPO boards should possess the ability and capacity to effectively manage resources while adapting to the shifting funding landscape (Richardson & Kelly, 2023; Roshayani et al., 2018). This literature underscores the complexity of the NPO sector, highlighting the expectations placed on boards to be responsible and accountable despite often being comprised of volunteers with limited experience and expertise in this intricate domain (Bocquet et al., 2020; Choto et al., 2022; Schuller, 2021).

While empirical evidence specifically addressing the influence of government funding on organisations may be limited, broader literature indicates consensus on the potentially compromising nature of the government-nonprofit relationship against NPO missions (Lee & Woronkowitz, 2019; Lu & Zhao, 2019). Scholars caution that government-nonprofit partnerships, while facilitating program spending, also raise concerns among NPO leaders about the implications of funding dependency, the full extent of which is not yet fully understood (Dolšak & Prakash, 2022; Lee & Woronkowitz, 2019; Lu & Zhao, 2019).

6.1.3.2 Innovative funding opportunities.

The study reveals that discussions around innovative funding opportunities within NPO boardrooms are not as frequent as desired. Even when such discussions occur, younger generation board members or organization leaders often encounter a lack of support and face a "wait-to-fail" attitude. This reluctance to embrace innovation perpetuates government dependency and hampers organisational survival within some NPOs. Despite recognizing the importance of diversifying funding sources, the study highlights a gap in fostering a culture of innovation and risk-taking within NPOs, hindering their ability to adapt to evolving funding landscapes and achieve financial sustainability.

On the contrary, the study finds that NPOs actively identifying opportunities and adopting innovative approaches tend to enhance their financial sustainability. These organisations make changes to their business models and frameworks, evolving towards funding viability. Participants discuss strategies such as providing conduit opportunities, utilising cause marketing, and introducing piggyback opportunities for larger companies to promote products for social responsibility targets. These innovative funding approaches demonstrate the potential for NPOs to diversify revenue streams and reduce dependency on traditional funding sources, thereby enhancing their financial resilience and sustainability in the long term.

While the findings of this study were anticipated, the research initially aimed to uncover more robust and innovative discussions, particularly given the volatile geo-political landscape in South Africa during the study period. However, scholarly discourse highlights a prevailing sense of scepticism and hesitance to innovate within NPO boards, often identified as a significant barrier to funding (Ayinkamilye & Spencer, 2021; Bruneel et al., 2020; Welty-Peachey et al., 2020). This reluctance to embrace change is further compounded by concerns regarding reputational risk and the entrenched nature of existing systems, policies, and practices, which can perpetuate funding dependency within NPOs (Bocquet et al., 2020; Roshayani et al., 2018; Toeple et al., 2020; Tugyetwena, 2023).

Bruneel et al. (2020) advocate for a radical shift in NPO board structures and functions, emphasising the board's responsibility to bridge the gap between the organisation and its external environment. They suggest moving away from compliance with externally imposed structures towards a more proactive approach aimed at building funding sustainability. This calls for a reconfiguration of power dynamics within NPO boards,

striking an equilibrium that enables effective engagement with external stakeholders while retaining internal coherence and accountability (Bruneel et al., 2020; Nahum & Carmeli, 2020).

This concludes the discussion of Research Question 1 and will be followed by the findings of Research Question 2.

6.2 Reminder of for RQ2

Research question 2: In your experience, how do NPO boards determine procedures or practices to seize their reaction to environmental change?

6.2.1 Rational for RQ2

It is stated that NPOs are challenged by their ability to capitalise on economic opportunities due to the linear economic frameworks used to practice and develop strategies (Khan et al.2021). It was also underscored that these struggles of NPOs persist due to the limitations of knowledge and experience within business-orientated strategies and practices (Ayinkamiye & Spencer, 2021; Choto et al., 2022; Welty-Peachey et al., 2020). Financial sustainability will remain elusive without adopting a dynamic approach (Khan et al., 2021; Wagner et al., 2017). Without examining the contextual factors, inter-organisational engagements, technology and innovations, and governance structures in the identification of effective practices and strategies within the NPO the sustainability challenges will remain unknown (Tugyetwena, 2023). RQ2 set out to explore how NPO boards sense, evaluate and seize opportunities and how they reconfigure their funding approach to react to the turbulent funding landscape in South Africa.

In exploring governance frameworks' impact on sustainable funding strategies, the participants' experiences of reconfiguring practices and procedures in reaction to volatility in the funding landscape for NPOs were grouped into three themes (level three code) and eight categories (level two codes) as depicted in Tabel 27 below.

By grouping these experiences into themes and categories a deeper understanding of how governance frameworks shape organisational responses to funding challenges will develop. Applying the lens of dynamic capabilities provides insight into how governance structures influence the adaptation and responding strategically to changes within the funding environment. This understanding informs the development of governance

frameworks that better support sustainable funding strategies within NPOs. The three themes deriving from the gathered data were:

1. Capabilities contributing to funding practices.
2. Policies and practices used in funding strategies.
3. Organisational functioning.

Table 27: Research Question 2's themes, categories, and frequency overview

| Theme | Category (Level 2 codes) | Participant group frequency | | | Total category frequency |
|---|---|-----------------------------|----|----|--------------------------|
| | | BM | OL | SE | |
| Capabilities contributing to funding practices | Intangible capabilities: Skills | 25 | 11 | 7 | 43 |
| | Intangible capabilities: Knowledge | 14 | 9 | 11 | 34 |
| Policies and Practices Used in Funding Strategies | Routine practices driving funding strategies | 38 | 31 | 41 | 110 |
| | Current funding practices | 21 | 20 | 13 | 54 |
| | Policies, risk practices and tools guiding Funding Strategies | 13 | 14 | 14 | 41 |
| Organisational functioning | Internal organisation environment influences financial sustainability | 13 | 8 | 14 | 35 |
| | External environment influencing financial sustainability | 12 | 8 | 14 | 34 |
| | Adapting to change for financial sustainability | 13 | 10 | 10 | 33 |

The following section of the chapter discusses research question 2's, theme 1 of capabilities contributing to funding practices in relation to the literature. The section will include further insights from the researcher.

6.2.2 RQ2 Theme 1 of 3: Capabilities Contributing to Funding Practices

Table 28 below illustrates the theme of capabilities contributing to funding practices, with a significant emphasis on the awareness of the necessary capabilities to effectively contribute to funding opportunities strategies.

Table 28: RQ 2: Theme 1, categories, and frequency overview

| Theme | Category (Level 2 codes) | Participant group frequency | | | Total category frequency |
|--|---|--------------------------------|----|----|--------------------------------|
| | | BM | OL | SE | |
| Capabilities contributing to funding practices | Intangible capabilities: Skills | 25 | 11 | 7 | 43 |
| | Intangible capabilities: Knowledge | 14 | 9 | 11 | 34 |
| | Adapting to change for financial sustainability | 13 | 10 | 10 | 33 |

Participants were consistently categorised within three different roles. They acknowledged the critical role played by the NPO board in achieving financial sustainability. The two factors influencing dynamic capabilities required by NPO boards to plan effectively for funding sustainability were:

- i) Intangible capabilities: Skills
- ii) Intangible capabilities: Knowledge

The continuation of the structured presentation allows a clearer understanding of the perspectives of the roles NPO boards play in financial sustainability practices.

6.2.2.1 Intangible capabilities: Skills

The study highlights a significant concern regarding the reluctance of individuals to volunteer for NPO board positions. Participants emphasise that this reluctance poses a considerable threat to the governance of NPOs, hindering their ability to access experts and community members with essential skills, passion, and commitment. This reluctance impacts the organisation's governance structure and its ability to make informed decisions regarding sustainable funding strategies. Without a diverse and skilled board, NPOs may struggle to effectively navigate the complexities of the funding landscape, thereby compromising their long-term sustainability.

Despite the recognition of the importance of intangible skills in achieving funding sustainability, participants identified a mismatch between the skills possessed by individuals and the governance needs of NPOs. While critical intangible skills such as communication, problem-solving, decision-making, and forward-thinking were acknowledged, individuals often struggle to effectively showcase these skills within the

NPO boardroom. This mismatch undermines the governance effectiveness of NPOs and their ability to develop and implement strategic plans for sustainable funding.

The anticipated finding underscores existing literature indicating the reliance on volunteers for governance and supportive roles within NPOs. Scholars recommend efforts aimed at enhancing and reconfiguring skill sets while clarifying expectations to improve the effectiveness of volunteers as decision-makers and advocates for the NPO (Minciullo & Pedrini, 2020; Welty-Peachey et al., 2020). Moreover, research highlights the significance of effective board dynamics and processes in stimulating the involvement and engagement of board members (Aulgur, 2016; Van Puyvelde et al., 2018b; Zhang et al., 2017).

6.2.2.2 Intangible capabilities: Knowledge

The key finding is the participants are aware of the importance to included professionals from diverse backgrounds to enrich the board's perspectives and knowledge base, enhancing its effectiveness in serving the organisation. They recognise the place of the seasoned board members, in particular, the value they bring in their expertise and experiences to navigate the complex challenges within the NPO landscape. They also want to compose a board with diversity of experiences and skills, who will equipping the board with the necessary tools to steer the organisation towards funding sustainability successfully. But in practice they find it difficult to source willing volunteers with this knowledge.

Additionally, there are a difference in opinions among participants regarding the origin and formulation of organisational strategies. Some advocate for a collaborative approach involving the board, executive team, and staff in crafting strategies, while others argue for executive team-driven strategies aligned with the organisation's core mission for board approval. On the contrary, some participants acknowledge their excitement and wish to be involve in finding innovative strategies for funding sustainability with a mindset of "thinking outside the box" but the shadow of dependency and survival-focused perspectives are found in many of the discussions.

The finding was expected regarding the needs and knowledge of NPO boards as it aligns with existing literature. Scholars highlight the significance of experiences, expertise, and relationships as components of the human capital within NPOs, contributing to innovation towards sustainability (Nahum & Carmeli, 2020; Roshayani et al.2018). Moreover,

literature emphasises the capacity of NPO boards to engage with and gather data from diverse structures and frameworks, enabling the analysis and reconfiguration of information into effective strategies (Wagner et al., 2017; Lafley & Martin, 2013). While human capital is available within boards, identifying and attracting suitable board members remains a persistent obstacle. Adopting an interlocking board member structure could potentially benefit NPOs by enhancing knowledge and overcoming the scarcity of board members, thereby capitalizing on a broader range of skills and expertise (Bloch, 2020).

Despite the limited literature on innovation within the NPO sector, examination of motivational factors for innovation suggests that it does not arise from a single event or action, but rather evolves over time through unexpected triggers that drive change (Molloy et al., 2023). This underscores the dynamic nature of innovation processes within NPOs, highlighting the importance of adaptability and responsiveness in navigating sustainability challenges.

The theme of capabilities contributing to funding practices are concluded, and the discussion will move into theme 2, policies and practices used in funding strategies to further the discussion on how NPO boards determine their change of actions during uncertainty.

6.2.3 RQ2 Theme 2 of 3: Policies and Practices Use in Funding Strategies

Table 29 provides an insightful oversight of the frequency of the theme policies and practices used during the exploration of current funding strategies implemented in NPOs.

Table 29: RQ 2: Theme 2, categories, and frequency overview

| Theme (Level 3 Code) | Category (Level 2 codes) | Participant group frequency | | | Total category frequency |
|---|--|--------------------------------|----|----|--------------------------------|
| | | BM | OL | SE | |
| Policies and Practices Use in Funding Strategies | Routine practices driving funding strategies | 38 | 31 | 41 | 110 |
| | Current funding practices | 21 | 20 | 13 | 54 |
| | Policies, risk practices and tools guiding Funding Strategies | 13 | 14 | 14 | 41 |

Underlining a critical awareness that the financial success of NPOs hinges upon the implementation of effective funding strategies. The examination of routine practices within NPOs, as reflected upon by participants, focuses on the actions undertaken in practice rather than evaluating their efficacy or the effectiveness of associated policies.

Participants in the study were consistently grouped into three different roles. The following three factors influence the current practices and procedures of NPO boards in working towards funding sustainability:

- i) Routine practices driving funding strategies.
- ii) Current funding practices.
- iii) Policies, risk practices and tools guiding Funding Strategies.

The following structured discussion provide insights into this theme.

6.2.3.1 Routine practices driving funding strategies

The key finding of routine practices within NPO boards, including strategic planning and evaluation processes, have transitioned into mere tick-box exercises to fulfil funding obligations, rather than serving as critical moments for self-evaluation and reflection. This shift suggests a disconnect between the intended purpose of these practices and their actual implementation within NPO governance. Moreover, the delegation of strategic planning responsibilities to senior operational staff, with limited oversight from the board, indicates a lack of strategic engagement and leadership from board members in guiding organisational direction.

The anticipated finding aligns with existing research indicating a deficiency in strategic planning within NPOs, despite literature emphasising the responsibility of the NPO board to provide strategic direction as part of good governance (An, 2021; Aulgur, 2016). Active involvement of the NPO board in strategic planning not only fosters trust with funders by mitigating risks but also enhances organisational effectiveness (Perić et al., 2020a). This underscores the imperative for NPO boards to reassess their routine practices, ensuring they play a meaningful role in developing sustainable funding strategies rather than merely fulfilling compliance requirements.

6.2.3.2 Current funding practices

The study underscores the fluidity of skills and knowledge among NPO board members, who demonstrate a willingness to combine pre-existing capabilities and apply them within the unique context of an NPO. Despite challenges in attracting volunteer board members, those who contribute their time, knowledge, influence, and skills play a crucial role in the financial sustainability of the organisation. The influence and networks of NPO board members are identified as integral components of financial sustainability.

The exploratory study also finds constraints and deficiencies in board functioning practices, particularly in oversight and funding management. It was observed that strategy direction often comes from senior operational leaders, with varying degrees of support and influence from the board. Routine funding strategies, such as fundraising events and seeking diversification of funding sources, are prevalent, highlighting over-reliance on government funding. The vulnerability of NPOs within the funding landscape, exacerbated by rigid funding partnership agreements during the Covid-19 pandemic, emphasises the critical importance of diversifying income streams for financial resilience, as acknowledged by study participants.

The findings largely aligned with our expectations, with one notable exception: the unexpected discovery that strategic direction was primarily delegated to senior operational leaders. This departure from anticipated board involvement in strategic decision-making underscores a critical gap in fulfilling the vital role that NPO boards play in instilling trust and ensuring the organization's continued fundability (An, 2021; Aulgur, 2016). The unique composition of an NPO board, comprising independent individuals tasked with collective responsibilities for transparency and accountability, should ideally involve active engagement in securing financial sustainability (Millesen & Carman, 2019; Akingbola et al., 2019; Minciullo & Pedrini, 2020). This finding suggests the need for NPO boards to expand their involvement in strategic direction to fulfil their complex duties effectively.

6.2.3.3 Policies, risk practices and tools guiding Funding Strategies

The key finding is the critical gap in operational governance frameworks specifically designed for NPO boards. This absence poses risks for volunteer board members in the organisations they serve, hindering transparency, accountability, and fundability. The lack of tailored frameworks leads to fragmented approaches in navigating funding

sustainability, underscoring the urgent need for comprehensive governance frameworks tailored to NPO board roles and practices. Such frameworks would enhance effectiveness and sustainability while mitigating risks in the nonprofit sector.

The unexpected finding contradicts existing literature that underscores funding sustainability as an integral component of the NPO business strategy, deeply embedded within the organisational business model (Ebenezer et al., 2020; Lemus-Aguilar, 2019). The King VI report, serving as a recommended practice guide for good governance in South Africa, advocates for the approval of a governance framework by governing bodies. This framework encompasses various elements, including directive authority and relationship structures, as well as governance and operation policies across the organisation (Ramalho, 2016).

This discovery contributes to the significant gap identified, both theoretically and practically, in the comprehension of financial sustainability practices within NPO boards (Ayinkamiye & Spencer, 2021; Ebenezer et al., 2020; Ye & Gong, 2021). It underscores the need for further research and development in understanding how NPO boards navigate and integrate funding sustainability within their governance structures and operational frameworks.

6.2.4 RQ2 Theme 3 of 3: Organisation Functioning

Table 30 illustrates the theme of organisational functioning contributing effectively to the funding sustainability of NPOs, persisting with categorising participants within three different roles.

Table 30: RQ 2: Theme 3, categories, and frequency overview

| Theme (Level 3 Code) | Category (Level 2 codes) | Participant group frequency | | | Total category frequency |
|-------------------------------|--|--------------------------------|----|----|--------------------------------|
| | | BM | OL | SE | |
| Organisational functioning | Internal organisation environment influences financial sustainability | 13 | 8 | 14 | 35 |
| | External environment influencing financial sustainability | 12 | 8 | 14 | 34 |
| | Adapting to change for financial sustainability | 13 | 10 | 10 | 33 |

Participants highlighted key elements needed within organisational functioning to contribute to financial sustainability. The three factors influencing the functionality of an organisation that NPO boards are responsible for are:

- i) Internal organisation environment influences financial sustainability.
- ii) External environment influencing financial sustainability.
- iii) Adapting to change for financial sustainability.

The following structural discussion will provide clarity on these categories.

6.2.4.1 Internal organisation environment influences financial sustainability

The study reveals that comprehensive analyses of resource utilisation, coupled with internal organisational evaluations, empower NPO boards to strategically influence financial sustainability. By prioritising financial transparency, accountability, and compliance, NPO boards enhance their organisation's profile and access to funding opportunities. Adhering to regulatory requirements, maintaining robust financial controls, and conducting independent audits build stakeholder trust and pave the way for financial sustainability.

Furthermore, recognising the importance of internal organisational environments, including the NPO board's structure, enables the identification of underutilised resources. Understanding the reasons behind this underutilisation provides insights for potential reactivation or reallocation of resources. Additionally, aligning the skills, abilities, and job descriptions of key leaders and staff with financial sustainability objectives facilitates strategic recruitment and appointment processes, directing the NPO board's focus towards achieving financial sustainability outcomes.

The researcher anticipated discovering well-organised structures within NPOs, characterised by adherence to regulatory systems, as scholars have emphasised the sector's capacity for accountability and transparency despite shortcomings in strategic planning (An, 2021; Aulgur, 2016; Ebenezer et al., 2020). It is acknowledged that the operational longevity of NPOs hinges on various factors, including the effectiveness of their board structure, their funding strategies, and the organisational context within which they operate (Tugyetwena, 2023).

6.2.4.2 External environment influences financial sustainability

Volunteer board member recruitment emerged as a significant finding, emphasising the importance of personal commitment and passion. However, the recommitment of actively involved board members, willing to leverage their professional and personal networks for the organisation's benefit, contradicts stakeholders' prevailing view. Stakeholders often perceive board members as imposed onto organisations due to regulatory emphasis on community-driven board membership, leading to concerns about misconduct and self-interest.

Board composition and diversity in skills and expertise are crucial for conducting in-depth analyses of potential funding and collaboration partnerships. However, this time-consuming process is often delegated to management staff, with decisions based on findings and recommendations derived from secondary inputs. Consequently, board members remain somewhat disconnected from the NPO context within the broader geopolitical system of the NPO sector.

This anticipated finding aligns with the research by Millesen and Carman (2019), which underscores the need for a tailored recruitment process based on insights from self-evaluation scales completed by NPO board members over an extended period. The research emphasises the importance of clarifying the expectations regarding time commitment and the complexity of the organisational setting during the recruitment process (Hung & Hanger, 2019; Millesen and Carman, 2019).

The unexpected novel finding arises from the perception that regulatory requirements impose board members onto organisations, potentially leading to unmotivated, non-contributing, and self-interested conduct. This insight diverges from the existing literature, indicating a gap in current research. Further investigation is necessary to explore the implications of regulatory mandates on board dynamics and organisational effectiveness.

6.2.4.3 Adapting to change for financial sustainability

The key finding highlights the NPO boards face the dual challenge of recognising their sector's vulnerability while repositioning themselves as essential actors in societal problem-solving. This entails moving beyond traditional survival tactics to embrace adaptive strategies that renegotiate funding partnerships, navigate post-pandemic

uncertainties, and diversify income streams. By enhancing their understanding of financial resilience and embracing dynamic approaches, NPO boards can effectively address the cyclical dependency on funding and drive sustainable change within the sector.

The anticipated finding aligns with scholarly discussions highlighting the evolving funding landscape within the nonprofit sector. Existing literature supports this perspective, emphasising the power dynamics between funders and NPOs, as well as the shrinking global funding pool, underscoring the sector's significance (Choto et al., 2020; Maboy & McKay, 2019). Moreover, scholarly literature underscores concern regarding funding dependency and governmental tendencies to view NPOs merely as service providers or contractors rather than agents of social change (Nwauche, 2022; Lu & Zhao, 2019).

6.3 Reminder of for RQ3

Research question 3: In your experience, what funding strategies are created and implemented to achieve financial sustainability?

6.3.1 Rational for RQ3

The concern in literature is the silence and limited deep understanding of the NPO board's ability to approach-centred strategic planning, monetising opportunities, and reform from risk-averse behaviour (McMillin & Raggo, 2020). Engagement and learning practices like collaboration, networking and knowledge sharing combined with tools and techniques unveil opportunities and enable skills transference (Khan et al., 2021). RQ3 seek to explore and clarify how the NPO board develop and implements funding strategies to achieve financial sustainability.

Examining strategic intent in strategic development relates to the participants' experiences in developing and implementing funding strategies with a sustainability aim. By grouping these experiences into themes and categories will allow the understanding on how strategic intent influences the formulation and execution of funding strategies within NPOs. These two themes (level three code) and three categories (level two codes) as depicted in Table 31.

Theme one is derived from two categories, while theme two only has a category grouping for each theme. The two themes were:

1. Learning experiences to improve competencies.
2. Learning from others.

Table 31: Research Question 3's themes, categories, and frequency overview

| Theme | Category | Participant group frequency | | | Total category frequency |
|--|---|-----------------------------|----|----|--------------------------|
| | | BM | OL | SE | |
| Learning experiences to improve competencies | Internal board capability modification | 32 | 15 | 28 | 75 |
| | Broader learning opportunities improving competencies | 3 | 4 | 3 | 10 |
| Learning from others | Collaboration and collective practices | 7 | 5 | 2 | 14 |

The discusses of research question 3's, theme 1 of learning experiences to improve competencies in relation to the literature will follow. The section will include further insights from the researcher.

6.3.2 RQ3 Theme 1 of 2: Learning Experiences to Improve Competencies

Table 32 illustrates the theme of learning experiences to improve competencies, emphasising how such experiences can enhance NPO boards' abilities to play a significant role in funding opportunities.

Table 32: RQ 3: Theme 1, categories, and frequency overview

| Theme (Level 3 code) | Category (Level 2 code) | Participant group frequency | | | Total category frequency |
|--|---|-----------------------------|----|----|--------------------------|
| | | BM | OL | SE | |
| Learning experiences to improve competencies | Internal board capability modification | 32 | 15 | 28 | 75 |
| | Broader learning opportunities improving competencies | 3 | 4 | 3 | 10 |

Participants were consistently categorised within three different roles. The high frequency number reflects the pivotal need to enhance learning to meet expectations, change attitudes, and behaviours to ensure NPO boards can contribute to achieving financial sustainability. The two factors influencing the improvement of learning

experiences and capabilities by NPO boards to effectively plan for funding sustainability were:

- i) Internal board capability modification
- ii) Broader learning opportunities improving competencies.

The following structured discussion will contribute to the final findings of this research study.

6.3.2.1 Internal board capability modification

The key finding in this category is despite efforts to safeguard operational integrity, barriers related to board capabilities persist, underscoring the need for comprehensive training and ongoing development initiatives to enhance role fulfilment and refine NPO board practices, thus strengthening financial sustainability efforts. Participants stress the importance of in-depth training and coaching for board members, starting from onboarding and continuing consistently thereafter.

This finding is surprising given the participants' tenure. Drawing insights from successful organisations such as the Nelson Mandela Children's Fund in South Africa and the Newmont Ahafo Development Foundation in Ghana can serve as valuable motivation and inspiration for enhancing board practices and strategic intent (Ahmed et al., 2019). There is a pressing need to improve the composition of NPO boards to better address social and economic challenges. This effort should be driven not only by the boards themselves but also by revised and improved legislative frameworks and regulations governing the sector (Bruneel et al., 2020).

6.3.2.2 Broader learning opportunities improving competencies.

The key finding suggests that NPOs are slowly strategically expanding their connections to commercial networks, engaging with investors, and participating in conferences beyond their traditional sector boundaries to acquire knowledge and adapt learnings aimed at enhancing financial sustainability practices. This strategic intent reflects an optimistic perspective among some NPOs to diversify funding sources and strengthen their financial resilience.

This finding aligns with theoretical expectations. While there is evidence of scepticism regarding the dynamic capability process to seize opportunities (Welty-Peachey, 2020), it is overshadowed by the positive experiences of engagement and collaborative learning (Khan et al., 2021; Wegner, 2017; Bloch et al., 2020).

6.3.3 RQ3 Theme 2 of 2: Learning from Others

Table 33 illustrates the theme of Learning from others, highlighting the significant emphasis on collaboration and engagement contributing to NPO boards' abilities to guide organisations towards funding sustainability.

Table 33: RQ 3: Theme 2, category, and frequency overview

| Theme (Level 3 code) | Category (Level 2 code) | Participant group frequency | | | Total category frequency |
|-------------------------|--|-----------------------------|----|----|--------------------------|
| | | BM | OL | SE | |
| Learning from others | Collaboration and collective practices | 7 | 5 | 2 | 14 |

Continuing with the sequence the participants were consistently categorised within three different roles. However, there is a lower frequency in some circles regarding learning from others. The higher frequency comes notably from participants with a business background or those with exposure to this business environment. The value of engagement towards funding sustainability was experienced, influencing the contributing factors of learning from others.

The single category of this theme: Collaboration and collective practices, will be discussed below in relation to the literature and combined with the researcher's insights.

6.3.3.1 Collaboration and collective practices

The key finding within this category exhibit a heightened anticipation for funding by NPOs, especially from corporate entities, yet there is a prevailing perception that they often fail to collaborate collectively in pursuit of funding. However, the study reveals that some NPOs are actively engaging in both inter and intra-sectoral collaborative initiatives to extend their funding strategies.

This anticipated outcome aligns with scholarly discussions highlighting the transformation of NPOs towards monetising their reputation through collaborations with for-profit entities, thereby revealing innovative collaboration opportunities (Bocquet et al., 2020). Moreover, the expansion of capabilities within collaborative group settings and professional networks has been identified as instrumental in accessing funding opportunities (Perić et al., 2020; Yang & Babiak, 2023).

The consolidated discussion of this chapter are the next session of this chapter.

6.4 Consolidated Discussion of Findings and Conclusion

Funding strategies are paramount for ensuring the sustainability of non-profit organisations, which in turn, is crucial for the survival of the NPO sector as a whole. The literature strongly supports the notion that perceptions of funding opportunities, governance structures, and strategy development play significant roles in shaping these funding strategies. While much of the existing literature provides valuable insights, this study uncovered some knowledge gaps and novel findings, particularly concerning NPO board practices in the South African context.

Figure 15 below illustrates the framework of the study within the dynamic capability theory approach, highlighting the findings from each research question. The colours used in the figure correspond to the colours consistently used throughout the report for each research question. This visual representation aids in understanding the analytical process leading to the findings and underscores the theoretical support provided within this chapter.

In conclusion, the study reveals that NPO board perceptions of funding opportunities significantly influence their ability to leverage dynamic capabilities and human assets in developing sustainable funding strategies with intent. Furthermore, the absence of tailored government frameworks for NPOs perpetuates stifled government-non-profit partnerships and policy frameworks. Consequently, there is a clear need for further research and leadership education at all levels of NPOs to address these challenges and foster a more resilient and sustainable NPO sector.

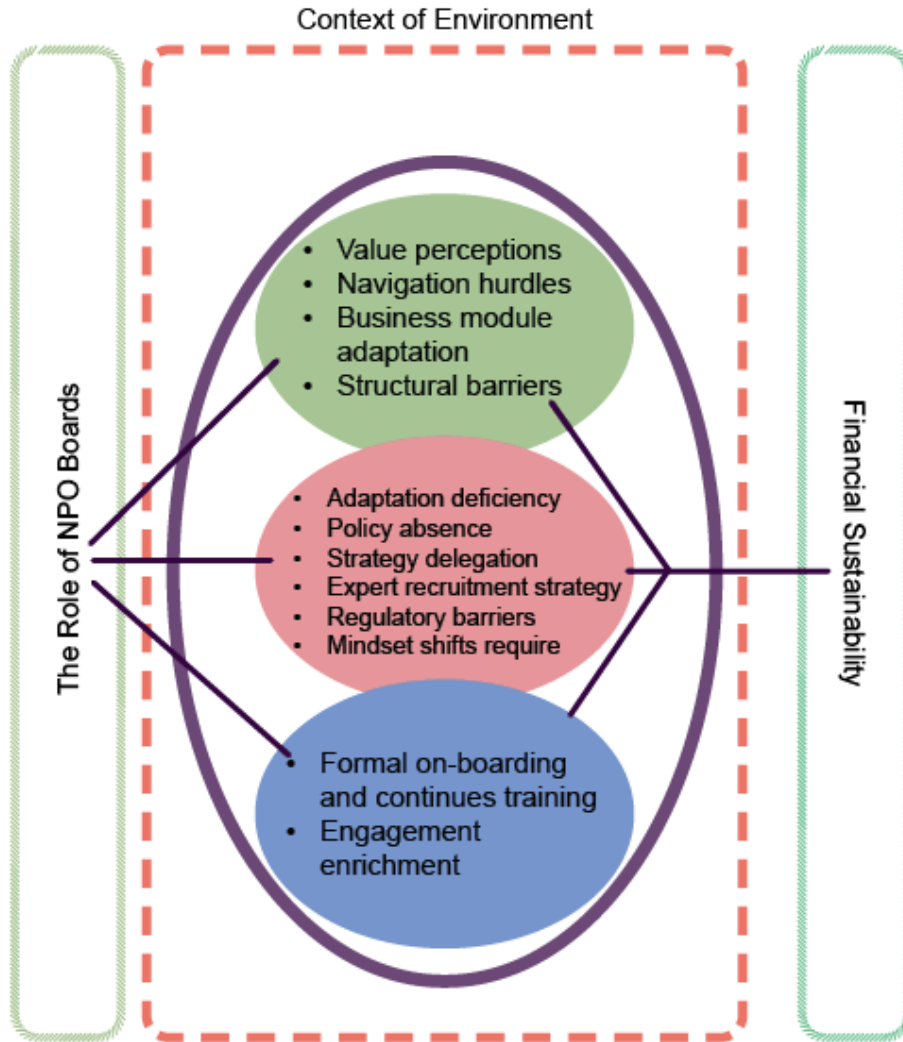


Figure 15 The Role of NPO Boards
 Source: Author's own

CHAPTER 7: CONCLUSION

7. Introduction

The non-profit sector demonstrates remarkable resilience, leveraging innovative strategies to diversify funding sources, including generating income, forming partnerships with for-profit entities, and seeking alternative funding streams to mitigate the impacts of government restrictions and funding challenges (Bocquet et al., 2020; Faulk et al., 2021; Toepler et al., 2020). Despite facing global geopolitical obstacles and ongoing concerns about sustainability, non-profits continue to play a pivotal role in addressing gaps left by ineffective government services across various sectors (Abiddin et al., 2022; Choto et al., 2020a). However, despite the critical importance of financial sustainability, there remains limited empirical knowledge about NPO funding sustainability within Sub-Sahara Africa. Therefore, this study aims to explore the funding strategies adopted by NPO boards to strengthen the financial sustainability of their organisations (Choto et al., 2020; Yang & Babiak, 2023). In this chapter, we will outline the research outcomes and theoretical conclusions for each of the research questions. The flow of the chapter is depicted in the Figure 16 below.

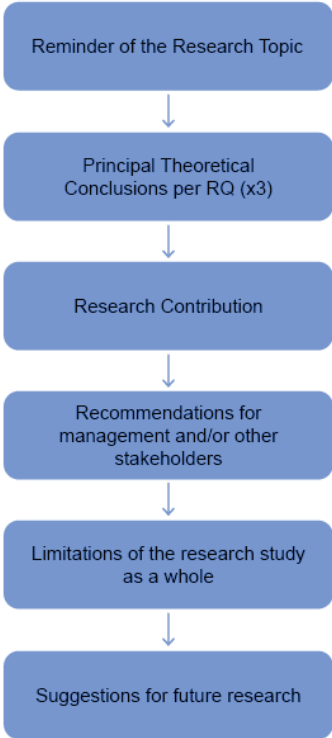


Figure 16: Roadmap of Chapter 7

7.1 Reminder of the research topic and research problem

Figure 17 outlines the research topic and research problem serving as a reminder of the research project conducted.

Figure 17: The research topic and research problem

| Research Topic | Research Problem |
|--|---|
| The role of NPO Boards in funding sustainability | What funding strategies do NPO boards adopt to strengthen the financial sustainability of their organisation? |

The theoretical conclusions per research question are discussed in the next section.

7.2 Principle Theoretical Conclusions for RQ1

Research question 1: What funding opportunities are available for NPOs?

The findings underscore the intricate challenges faced by NPOs in diversifying their funding sources beyond government partnerships, exacerbated by a continued reliance on government funding and a lack of support for innovative approaches within NPO boardrooms. Despite the persistent challenges even from this research study NPOs continue to exist and contribute to the social and economic development in all parts of the world (Choto et al., 2022; Nwauche, 2022). While there is recognition of the potential impact of innovative funding approaches on financial sustainability, the prevailing barriers hinder NPOs from fully capitalising on these opportunities. The understanding of the practices and strategies including innovation within governance of NPO are needed to understand the factor inhibiting sustainability of NPOs (Tugyetwena, 2023)

This highlights the pressing need for NPOs to overcome internal and external obstacles and embrace innovative strategies to ensure long-term financial sustainability and organizational resilience. The avoidance and silence in the discussion on adopted NPO funding strategies leaves the question if the factors effecting the lack of strategic planning reflects on the capabilities and skills of the NPO board themselves (McMullin & Raggio, 2020).

7.3 Principle Theoretical Conclusions for RQ2

Research question 2: In your experience, how do NPO boards determine procedures or practices to seize their reaction to environmental change?

The findings highlight the significant influence of governance frameworks on sustainable funding strategies within NPOs. Even though best practice evidence are lacking within the NPO board (Richardson et al., 2023), the limited literature persist (Richardson et al., 2023; Vehka & Vesa, 2023). Key challenges such as reluctance in board volunteering, skills mismatches, and deficiencies in practices underscore the critical role of board composition and the need for tailored governance frameworks. Accountability, transparency and effectivity are entrenched within intangible assists of the human capital NPOs attract to serve on the NPO board (Brown & Guo, 2010; Mason & Kim, 2020b; Tugyetwena, 2023).

Divergent perspectives on strategy formulation and business orientation, coupled with routine practices compliance over strategic best practices, further accentuate the complexity of the governance landscape. The elements needed for a business module seems to rest on the organisational design and the strategic tactics (Lemus-Aguilar et al., 2019). However, through holistic strategic analysis and financial compliance, NPOs can drive funding sustainability, supported by effective volunteer board member recruitment strategies and networking initiatives. This is critical for withstanding volatility and uncertainty in the financial landscape (Bocken & Geradts, 2020b; Lemus-Aguilar et al., 2019).

Nevertheless, despite scholarly consensus on funding sustainability as the biggest threat to the NPO sector, literature development remains limited.

7.4 Principle Theoretical Conclusions for RQ3

Research question 3: In your experience, what funding strategies are created and implemented to achieve financial sustainability?

The exploration of strategic intent in strategy development underscores the persistent capacity-building needs within the NPO sector, alongside a growing emphasis on expanding networks beyond traditional boundaries. Board development is essential and this study concur with literature as the need arises from within the boardroom (Millesen & Carman, 2019). Literature indicate this task is left with the operational leader (Mason

& Kim, 2020b). However, it's noteworthy that some participants revealed a shift in responsibility towards government, raising concerns for the sustainability of NPOs.

This shift reflects a heightened anticipation for funding opportunities, highlighting the imperative for NPOs to proactively engage with external stakeholders and leverage diverse networks to enhance financial sustainability. The alignment of NPO boards with the mission and vision allow a larger size diverse, collaborative and connected board members to contribute to the organisation's sustainability strategy sported by scholarly research (Dolšak & Prakash, 2022; Perić et al., 2020a; Yang & Babiak, 2023b).

7.5 Academic Contribution of This Study

The study made a significant contribution to the emerging literature on board leadership and financial sustainability within the nonprofit sector. It influenced four specific areas of literature:

- **Dynamic capability theory and its application to NPO board funding sustainability strategies**

The study contributed to the academic context in contextualising factors influencing the effectiveness of NPO boards, funding strategies, and stakeholder engagement within dynamic capability theory. Emphasising the importance of tailoring strategies to the unique context and environments of NPOs to enhance their capacity for transformative and innovative strategies aimed at achieving funding sustainability.

- **Perceptions of funding opportunities**

While scholarly literature acknowledges the significance of diversifying funding sources, the study reveals a gap in nurturing a culture of informed board members within NPOs. This gap pertains to familiarising board members with sector-related policy frameworks and internal organisational structures, as well as enhancing their skills in engaging and collaborating for funding opportunities. These initiatives are crucial for fostering innovation and risk-taking within NPOs.

Furthermore, the study advocates for a radical shift in NPO board structures and functions to better align with the organisation's external environment. This shift aims to bridge the gap between the organisation and its external stakeholders, ultimately contributing to building funding sustainability.

- **Impact of governance frameworks on sustainable funding strategies**

The study significantly contributes to the understanding of governance frameworks' impact on sustainable funding strategies within the nonprofit sector. It unveils a critical gap in operational governance frameworks specifically designed for NPO boards. This gap poses risks for volunteer board members, hindering transparency, accountability, and ultimately, the organisation's fundability. By identifying this absence, the study sheds light on the fragmented approaches prevalent in navigating funding sustainability within NPOs.

Moreover, the study reveals an unexpected finding regarding the delegation of strategic direction primarily to senior operational leaders, indicating a critical gap in fulfilling the vital role of NPO boards. This insight underscores the necessity for NPO boards to expand their involvement in strategic direction to effectively fulfil their duties. These findings underscore the urgent need for comprehensive governance frameworks tailored to NPO board roles and practices.

- **The role of strategic intent in sustainability development**

The study reveals insights into the need to enhance the composition of NPO boards to address social and economic challenges. It underscores the importance of reviewing and advocating for radical change in legislative frameworks and regulations governing the sector to include the drive for strategic intent sustainability within the NPO sector.

7.6 Recommendations for NPO boards and Other Stakeholders

- **Improved recruitment strategy**

Develop strategies to address constraints and deficiencies in board functioning practices and attract volunteer board members from diverse sectors (Millesen & Carman, 2019).

- **Onboarding and continues development**

Implement comprehensive onboarding programs for new board members to ensure they understand their roles, responsibilities, and the organisation's mission and values. Provide ongoing training and development opportunities for

board members to enhance their skills, knowledge, and effectiveness in fulfilling their duties (Millesen & Carman, 2019). Offer coaching and mentorship programs to support board members in their roles and facilitate their professional growth and development over time (Mason & Kim, 2020b).

- **Address regulatory mandates**

Evaluate the impact of regulatory requirements on board dynamics and organisational effectiveness. Advocate for regulatory reforms that promote effective governance practices while allowing flexibility for NPOs to adapt to their unique contexts and challenges (Bruneel et al., 2020). Engage with regulatory bodies to ensure that governance mandates align with best practices and contribute to the overall success and sustainability of NPOs (Choto et al., 2022).

While the study offers valuable insights that can benefit various stakeholders, it is important to acknowledge its limitations. The following section discusses these limitations.

7.7 Limitations

The critical assessment of the limitations create meaning and value (du Plooy-Cilliers et al., 2021), the following research limitations are highlighted:

- Research methodology limitations from Chapter 4 are repeated here.
 - Due to time constraints, a cross-sectional research design was employed, limiting data collection to a specific period. It is acknowledged that findings may vary if the study were conducted at a different time (Saunders et al., 2019). The researcher had no control over the study' timeframe.
 - Access to NPO board members is regulated by gatekeepers, and introductions often require facilitation through organisational structures. Additionally, the research timeline coincided with the annual funding process of the Department of Social Services, South Africa in 2023, with a last-minute change to the funding proposals. This constrained organisations and boards, affecting their willingness and availability to participate in the research. Furthermore, the voluntary nature of their involvement in organisations make them hesitant to prevail themselves.
 - While technology facilitated interviews, it potentially excluded participants from small, under resourced NPOs in South Africa. Despite improved access to technology during the Covid-19 pandemic, disparities persist in

communities and their service providers. However, leveraging technology allowed for broader participation from NPOs across different provinces in South Africa, enabling a diverse range of perspectives to be include in the study.

- Participants in the study had diverse backgrounds and experiences with NPO boards, which could have influenced their perspectives on funding sustainability strategies. A more homogeneous sample might yield different insights.
- The range of participants' tenure on NPO boards varied, potentially affecting the feedback received. Consistency in experience levels could lead to different findings.
- Participant demographics, such as race, gender, and age, as well as the characteristics of the NPOs they served, were not considered in the selection process. These factors could have influenced their feedback on funding sustainability strategies.
- Information about the NPOs' age, size, service type, and regulatory compliance was not documented. Similarities in these organisational characteristics among participants could have influenced the study's outcomes.
- The study included only expert stakeholders from board consulting and government officials involved in monitoring and evaluation. Inclusion of a broader range of stakeholders could have provided diverse perspectives and potentially different results.

Despite these limitations, the study's findings remain reliable. However, further investigation into the areas identified could enhance the understanding of funding sustainability strategies within NPO boards and contribute to the existing literature.

7.8 Suggestions for Future Research

- Further investigation is warranted to understand how regulatory requirements shape the behaviour and effectiveness of NPO boards. This could involve examining the motivations, contributions, and engagement levels of board members under different regulatory frameworks.
- Research could delve deeper into the consequences of regulatory mandates on organisational effectiveness within NPOs. This may involve studying the organisational culture, decision-making processes, and performance outcomes influenced by regulatory requirements.

- There is a need to explore the design and implementation of tailored government frameworks specifically designed for NPOs. This research could investigate the impact of such frameworks on fostering effective partnerships between government and nonprofit sectors and enhancing policy environments conducive to NPO sustainability.
- Future research could focus on designing and evaluating leadership education programs aimed at enhancing the governance and management capabilities of NPO leaders at all levels. This may involve assessing the effectiveness of training initiatives in addressing challenges related to funding sustainability and organisational resilience.

Further research in these areas can contribute to addressing the identified challenges and advancing knowledge in the field of nonprofit governance and sustainability.

7.9 Conclusion

The literature review initially revealed a dearth of recent research in the non-profit sector. However, as the study progressed, newer literature emerged, albeit still limited compared to the for-profit sector. This scarcity underscores the need for further exploration into non-profit leadership, business practices, and related topics to enrich scholarly discourse.

The study was prompted by the observation of persistent trends in funding strategies within the non-profit sector and ongoing discussions on navigating the complex funding landscape. This led the researcher to investigate the strategic intent and development towards funding sustainability, particularly examining the pivotal role of NPO boards in these processes.

A comprehensive literature review on NPO boards, funding strategies, and funding sustainability unveiled several gaps in existing knowledge. Motivated to contribute to this evolving field, the research aimed to raise awareness among non-profit leaders and policymakers about critical NPO board matters.

Drawing on the theoretical lens of dynamic capability theory, the study identified various constructs to explore. Through thematic analysis informed by existing literature, the

research culminated in insightful findings that shed light on non-profit leadership and funding sustainability, particularly from a South African perspective.

The study significantly contributes to the non-profit literature by offering unique insights gleaned from the contributions of participants. It adds depth to our understanding of non-profit leadership dynamics and underscores the importance of effective governance in achieving funding sustainability.

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APPENDICES

8. Appendix 1: Example consent form

Example Consent Letter

Informed consent for interviews

I am a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfilment of an MPhil in Change Leadership.

I am conducting research on *The Role of NPO Boards in financial sustainability*. The interview is expected to last *60 minutes* and will help in understanding *what funding strategies NPO boards adapt to strengthen their financial sustainability*.

Your participation is voluntary, and you can withdraw at any time without penalty.

By signing this letter, you are indicating that you have given permission for:

- The interview to be recorded.
- The recording to be transcribed by a third-party transcriber, who will be subject to a standard non-disclosure agreement.
- All data will be anonymised when reported and stored.
- Verbatim quotations from the interview may be used in the report, but your name and the name of the organisation(s) will not be mentioned.
- The data to be used as part of a report will be publicly available once the examination process is completed.

If you have any concerns, don't hesitate to get in touch with my supervisor or me. Our details are provided below.

| | | | |
|-------------------|--|------------------|--|
| Researcher's name | | Supervisors Name | |
| Email | | Email | |
| Phone No. | | Phone No. | |

Signature of participant: _____ Date: _____

Signature of researcher: _____ Date: _____

9. Appendix 2: Consistency Matrix

| Research problem | Research Purpose | Research Objective | Lit Review/ Theory | Mian Research Qs/HOs/ Propositions | Interview sub-questions | Data Collection Tool | Analysis Method | | |
|---|--|--|--|--|--|--------------------------------|---|---|---|
| <p>The research problem at hand revolves around exploring the funding strategies and practices NPO boards adopt to strengthen their organisation's financial sustainability in South Africa. By integrating the theory of dynamic capabilities, which encompasses the elements of sensing, seizing and reconfiguring opportunities and threats within a complex funding landscape. this study seeks to shed light on the strategies employed by NPO boards in navigating the intricacies of financial sustainability.</p> | <p>The purpose of this exploratory research was to delve into the lived experiences of participants, contributing to the growing body of literature on funding sustainability strategies adopted by NPO boards, serving as the accountable and responsible governing structure</p> | <p>Object 1: Investigated the perspectives and experiences regarding the availability of funding opportunities for NPOs in South Africa.</p> | <p>Adro & Fernandes, 2022; Richardson & Kelly 2023; Tugyetwena, 2023; Van Puyvelde et al., 2018; De Almeida et al., 2021; Richardson & Kelly, 2023; Teece, 2018; Akingbola et al., 2019;</p> | <p>The primary aim of the research was to explore the strategies employed by NPO boards to enhance their financial sustainability.</p> | <p>RQ1: What funding opportunities are available for NPOs?</p> | <p>Qualitative methodology</p> | <p>ATLAS.ti. Digital coding analysis tool</p> | | |
| | | <p>Objective 2: Examined how governance frameworks influence the formulation of strategies to respond to funding opportunities or threats within NPOs.</p> | | | | | | <p>RQ2: In your experience, how do NPO boards determine procedures or practices to seize their action to environmental changes?</p> | <p>Semin-structured interviews with individual NPO board members, organisational leaders, and stakeholders.</p> |
| | | <p>Objective 3: Explored the nuanced process through which NPO board in South Africa develop and implements funding strategies to ensure funding sustainability.</p> | | | | | | <p>RQ3: In your experience, what funding strategies are created and implemented to achieve financial sustainability?</p> | |

10. Appendix 3: Interview Schedule

INTERVIEW GUIDE

Administrative information (anonymized during research)

Name:

NPO board(s) serving on:

Board position:

Place of interview:

Start time:

Ent time:

I appreciate your willingness to spend the following 60 minutes with me to participate in the research it is greatly appreciated.

For many years, the NPO sector has experienced financial uncertainty and turbulence in funding, like the recent funding cuts announced by the Gauteng Premier for service delivery NPOs.

NPO boards are the decision-makers who guide and implement practices and strategies for NPOs to remain financially viable and continue with the vision and mission of the organisation. Literature highlights funding strategies are a critical aspect of sustainability.

Sensitive information will be shared in the session, but I encourage you to speak as freely as you can. The information you share will remain confidential, and you will remain anonymous. You may withdraw at any time without penalty.

Before we start, I will take you through the interview consent form. I would also like to request your permission to record the interview. And if you do not mind, I would like to take notes during the interview.

Researcher instruction: Start the recording.

Research questions

Icebreaker question: Tell me about your journey as an NPO board member, when and where it all started for you.

Probe: How long, how many, different boards/only one board, a specific category of organisation, how do you get involved?

Introduction question: Tell me about NGOs' funding strategies for sustainability.

Probe: Understanding, view, feelings

Research question 1: What funding opportunities are available for NPOs?

Probe: funding activities, events, business modules, internally and externally – resource mobilisation strategies and funding strategies

Research question 2: In your experience, how do NPO boards determine procedures or practices to seize their reaction to environmental change?

Probe: Practices, actions, opinions, feelings, skills, capabilities, lessons learned – board manuals/charter governance documents – do they know their framework of practice & guidance

Research question 3: In your experience, what funding strategies are created and implemented to achieve financial sustainability?

Probe: Policies, proposals, committee, integral/external resources, no evaluation of the strategies — resource mobilisation strategies and funding strategies

Concluding question: If you could advise NPO boards to change in order for them to be financially sustainable organisations, what would that advice include?

Once again, thanks for the time you spent creating this sketch and answering my questions.

Enjoy a lovely day.

Researcher instruction: End recording.

11. Appendix 4: Code List Research Question 1

| Research question 1: What funding opportunities are available for NPOs? | | | |
|--|--------------------------------|-------------------------------------|--|
| Level 1 Codes | Level 1 Codes Grouped | Level 2 Codes/Categories | Level 3 Codes/Themes |
| Community want something in return (e.g. car) | Accessibility perception | Perception on funding opportunities | RQ 1: Financial sustainability opportunities |
| Difficulty in accessibility to funding opportunities | Accessibility perception | | |
| FO available but the process of application is overwhelming | Accessibility perception | | |
| FO available if they understand philanthropy landscape | Accessibility perception | | |
| Government funding entitlement attitude | Accessibility perception | | |
| Mistrust accessing Government funding | Accessibility perception | | |
| Need financial resources for learning and advice | Accessibility perception | | |
| Survival focused due to perception of not making money | Accessibility perception | | |
| Adding donation to products FO | Innovation financial growth FO | | |
| Commercial activity to support NPO FO | Innovation financial growth FO | Innovative Funding opportunities | |
| Endowment funding strategy | Innovation financial growth FO | | |
| Entrepreneurial practices are needed | Innovation financial growth FO | | |
| Forming Social Enterprise as FO strategy | Innovation financial growth FO | | |
| Identify unique opportunities | Innovation financial growth FO | | |
| Innovative partnership collaboration FO | Innovation financial growth FO | | |
| Innovative staff structure reduce costs | Innovation financial growth FO | | |
| Investment funds as a FS | Innovation financial growth FO | | |
| Legacy funding | Innovation financial growth FO | | |
| Property investment FO | Innovation financial growth FO | | |
| Responsible procurement sourcing funding strategy | Innovation financial growth FO | Innovation financial growth FO | |
| Source goods and services at the best prices | Innovation financial growth FO | | |
| Trust funding | Innovation financial growth FO | | |

12. Appendix 5: Code List Research Question 2

Research question 2:
In your experience, how do NPO boards determine procedures or practices to seize their reaction to environmental change?

| Level 1 Codes | Level 1 Codes Grouped | Level 2 Codes/Categories | Level 3 Codes/Themes |
|---|--------------------------------|--|-------------------------------------|
| Appoint competent staff | Internal environmental factors | Internal organisation environment influences on FS | RQ 2: Organisational functioning |
| Appoint proper CEO | Internal environmental factors | | |
| Board micromanagement | Internal environmental factors | | |
| Business and fundraising strategy alignment FO | Internal environmental factors | | |
| Collaboration fail due to misconduct | Internal environmental factors | | |
| Day to day function efficiency | Internal environmental factors | | |
| Donor mistrust after irregularities | Internal environmental factors | | |
| Embrace evolving NPOs change | Internal environmental factors | | |
| Expert staff needed | Internal environmental factors | | |
| Internal communication must be clear | Internal environmental factors | | |
| Lack of resources influence HR | Internal environmental factors | | |
| Limited funding poses risk for NPO | Internal environmental factors | | |
| NPO structure adaptability and agility to change environment | Internal environmental factors | | |
| Operational policies and procedures are available | Internal environmental factors | | |
| Operational policies and procedures boards should not get involve | Internal environmental factors | | |
| Operational policy accountability | Internal environmental factors | | |
| Operational policy updated | Internal environmental factors | | |
| Optimal internal functioning | Internal environmental factors | | |
| Program show impact | Internal environmental factors | | |
| Provided security for staff | Internal environmental factors | | |
| Rarely well resourced board | Internal environmental factors | | |
| Small NPOs have more challenges in effective board structure | Internal environmental factors | | |
| Smaller more effective board | Internal environmental factors | | |
| Staff work for stipend but are professionals - high turnover | Internal environmental factors | | |

**Research question 2:
In your experience, how do NPO boards determine procedures or practices to seize their reaction to environmental change?**

| Level 1 Codes | Level 1 Codes Grouped | Level 2 Codes/Categories | Level 3 Codes/Themes |
|--|---------------------------------------|---------------------------------------|-------------------------------------|
| Adapt to environment change (e.g. Covid) | React to environment change | Adapt to change for FS | RQ 2: Organisational functioning |
| Respond to operational needs | React to environment change | | |
| Adjusting according to financial changes | React to environment change | | |
| Consider organisation development cycle | Value-creating strategy | | |
| Determine competitive advantage | Value-creating strategy | | |
| Effective strategy planning is time-consuming | Value-creating strategy | | |
| Good strategy are impacted by change | Value-creating strategy | | |
| Inter and intra sectoral network building | Value-creating strategy | | |
| Digital giving replaced direct mail giving | Adapt to approach change | | |
| Insight in internal and external environment | Adapt to approach change | | |
| Single funding dependability bring limitation | Adapt to approach change | External environment influencing FS | |
| Support innovative strategic change | Adapt to approach change | | |
| Business landscape influence giving | External environmental factors | | |
| Community mistrust and misconception influence funding opportunities | External environmental factors | | |
| Economy changes donor giving | External environmental factors | | |
| Exposed to geo-political environment changes | External environmental factors | | |
| Geo-political change impact giving | External environmental factors | | |
| Regulatory frameworks impose different accountability and commitment of boards | External environmental factors | | |
| Socio-economic changes impact giving | External environmental factors | | |
| Turbulent environment | External environmental factors | | |
| Unsuccessful application for Government funding | External environmental factors | Power dynamics in funding environment | |
| Funders fund from their perception and not community needs | Power dynamics in funding environment | | |
| Funding partnership has a lifespan | Power dynamics in funding environment | | |

**Research question 2:
In your experience, how do NPO boards determine procedures or practices to seize their reaction to environmental change?**

| Level 1 Codes | Level 1 Codes Grouped | Level 2 Codes/Categories | Level 3 Codes/Themes |
|--|---------------------------------------|---------------------------------------|--|
| Funding structure rigid and strict | Power dynamics in funding environment | External environment influencing FS | RQ 2: Organisational functioning |
| Funders' value for money is unrealistic | Power dynamics in funding environment | | |
| Funders want dependency to predict services | Power dynamics in funding environment | | |
| Compete for same funding | Competitive environment | | |
| Government buy services they can not provide | Competitive environment | | |
| Many good proposals do not guarantee funding | Competitive environment | | |
| Many organisation approach same donors | Competitive environment | | |
| Program show return of investment | Competitive environment | | |
| Agile learning | Skills | | |
| Board owning and driving strategy | Skills | | |
| Board skills and time in kind | Skills | Intangible capabilities: Skills in FS | RQ 2: Capabilities contributing to funding practices |
| Boards must engage | Skills | | |
| Boards needs good team relationship | Skills | | |
| FO in well-written proposals | Skills | | |
| Good reporting ability | Skills | | |
| Improve funding strategy through research | Skills | | |
| Leadership use their skills and knowledge | Skills | | |
| Planning guide implementation | Skills | | |
| Planning is important to position organisation effectively | Skills | | |
| Recruit right people on board | Skills | | |
| Reliable funding practices of board | Skills | | |
| Seek advice to provide trustworthy information | Skills | | |
| Skills, expertise and commitment to make decisions | Skills | | |

**Research question 2:
In your experience, how do NPO boards determine procedures or practices to seize their reaction to environmental change?**

| Level 1 Codes | Level 1 Codes Grouped | Level 2 Codes/Categories | Level 3 Codes/Themes |
|---|------------------------------------|---|---|
| Strategic decisions skills is internal expert skills they bring to the table | Skills | Intangible capabilities: Skills in FS | RQ 2: Capabilities contributing to funding practices |
| Understand environment to identify opportunities | Skills | | |
| Willingness to adapt | Skills | | |
| Combining and applying preexisting knowledge, experience & skills in a unique setting | Knowledge | Intangible capabilities: Knowledge drives FS | |
| FO are link to accountability | Knowledge | | |
| Know about fund managers | Knowledge | | |
| Learn from external fund management operators | Knowledge | | |
| Learn from competitors about valuable board members who bring innovation | Knowledge | | |
| Learn from past funder relationships | Knowledge | | |
| Learn from project and replicate FO | Knowledge | | |
| Learn within sector | Knowledge | | |
| Program affordability and cost-effectiveness | Knowledge | | |
| Redirect funding to meet community needs | Knowledge | | |
| Review processes and procedures annually | Knowledge | | |
| Role of board in strategy is to meet business needs and expectations | Knowledge | | |
| Stakeholder mapping | Knowledge | Policies and procedures for boards | |
| Strong governance expert | Knowledge | | |
| Stakeholder mapping | Knowledge | | |
| Strong governance expert | Knowledge | | |
| Authority matrix document | Policies and procedures for boards | Policies and risk practices guiding FS | RQ 2: Policies and practices used in funding strategies |
| Improve board structure | Policies and procedures for boards | | |
| Lack of strategies, board policies and procedures | Policies and procedures for boards | | |
| No policy or procedure guiding quick changes | Policies and procedures for boards | | |

**Research question 2:
In your experience, how do NPO boards determine procedures or practices to seize their reaction to environmental change?**

| Level 1 Codes | Level 1 Codes Grouped | Level 2 Codes/Categories | Level 3 Codes/Themes |
|--|------------------------------------|--|---|
| Policies and procedures guide funding practices holistically | Policies and procedures for boards | Policies and risk practices guiding FS | RQ 2: Policies and practices used in funding strategies |
| Policy guides the manner of implementation of decisions | Policies and procedures for boards | | |
| Standard engagement procedure documents | Policies and procedures for boards | | |
| Sustainability positioning policies non-existent | Policies and procedures for boards | | |
| No policy for strategic decisions exist | Policies and procedures for boards | | |
| Lack of funding balance pose risk | Risk practices | | |
| Once off events and funding high risk | Risk practices | | |
| Reserve funding | Risk practices | | |
| Risk analysis practice is clear | Risk practices | | |
| Risk management strategy visible | Risk practices | | |
| Strategy realistic, robust & achievable | Risk practices | | |
| Use faith and prayers | Risk practices | | |
| History of funding relationships provide insight | Tools and techniques knowledge | | |
| Innovative thinking | Tools and techniques knowledge | | |
| Investigate and understand FO opportunities | Tools and techniques knowledge | | |
| Objective evaluation of organisation direction | Tools and techniques knowledge | | |
| Reinvent organisation to grow | Tools and techniques knowledge | | |
| Research analysis for agility and adaptation | Tools and techniques knowledge | | |
| Restructure resources, allocate to change strategy | Tools and techniques knowledge | | |
| Use products and services as vehicle to obtain funds for outreach projects | Tools and techniques knowledge | | |

**Research question 2:
In your experience, how do NPO boards determine procedures or practices to seize their reaction to environmental change?**

| Level 1 Codes | Level 1 Codes Grouped | Level 2 Codes/Categories | Level 3 Codes/Themes |
|---|-----------------------|--|---|
| Annual risk reviewing practice | Routine practices | Routine practices driving funding strategies | RQ 2: Policies and practices used in funding strategies |
| Annual strategy reviewing practice | Routine practices | | |
| Balanced Fundraising Mix | Routine practices | | |
| Board provide signatures as prescribed | Routine practices | | |
| Board availability for meetings | Routine practices | | |
| Board balance between community members, technical experts, business people to reflect the real world | Routine practices | | |
| Board commitment | Routine practices | | |
| Board consistency | Routine practices | | |
| Board less attentive to operational functioning | Routine practices | | |
| Board serve important purpose | Routine practices | | |
| Brand ambassadors | Routine practices | | |
| Brand building | Routine practices | | |
| Build funding relationships | Routine practices | | |
| Clear goal of FS by outlining activities | Routine practices | | |
| Clear on direction of NPO services | Routine practices | | |
| Commit to making swift decisions | Routine practices | | |
| Compliance is core to FO reputation | Routine practices | | |
| Decisions guided by board through CEO | Routine practices | | |
| Desperation budget plan | Routine practices | | |
| Donor stewardship practices | Routine practices | | |
| Effective strategy need buy-in - board, senior leadership and staff | Routine practices | | |
| Evaluate board member contribution effectiveness | Routine practices | | |
| Expect board to actively participate in funding relationships | Routine practices | | |
| External communication plan and implement | Routine practices | | |
| Financial management accountable and reputable | Routine practices | | |

**Research question 2:
In your experience, how do NPO boards determine procedures or practices to seize their reaction to environmental change?**

| Level 1 Codes | Level 1 Codes Grouped | Level 2 Codes/Categories | Level 3 Codes/Themes |
|--|------------------------|--|---|
| Focus on operational deliverables before looking at funding | Routine practices | Routine practices driving funding strategies | RQ 2: Policies and practices used in funding strategies |
| Friends and family support to fund activities towards service delivery | Routine practices | | |
| Full agenda impact on effective decision making | Routine practices | | |
| Fundraising not part of board responsibility | Routine practices | | |
| Government document - constitution | Routine practices | | |
| Government funding dependency | Routine practices | | |
| Guidelines for governance and operations | Routine practices | | |
| Identify influences, change and impact to leverage on funding | Routine practices | | |
| Identify opportunities within mission focus | Routine practices | | |
| Improve board meeting practices | Routine practices | | |
| Lack of innovative practices | Routine practices | | |
| More than governance and oversight it is leadership | Routine practices | | |
| Need for honest conversations | Routine practices | | |
| NPO strengths and assets audit practice | Routine practices | | |
| Services practices show impact | Routine practices | | |
| Solid governance is needed for funding | Routine practices | | |
| Spend time knowing funder you want approach | Routine practices | | |
| Staff, exec team and CEO should own strategy | Routine practices | | |
| Strategy includes 5 year, annual plan and quarterly review practices | Routine practices | | |
| Demonstrate service offering | External communication | | |
| Document and showcase value proposition | External communication | | |
| Face-to-face and individual giving vs digital giving | External communication | | |
| Gain community support | External communication | | |
| Piggyback on iconic figures | External communication | | |

**Research question 2:
In your experience, how do NPO boards determine procedures or practices to seize their reaction to environmental change?**

| Level 1 Codes | Level 1 Codes Grouped | Level 2 Codes/Categories | Level 3 Codes/Themes |
|--|--------------------------------|---------------------------|---|
| Charity shops FS | Charity shop income | Current Funding practices | RQ 2: Policies and practices used in funding strategies |
| FO craft station selling products of participants | Charity shop income | | |
| Advisory and consulting service BS | Internal skills as product FO | | |
| FO selling services | Internal skills as product FO | | |
| Manage capital and infrastructure project funding strategy | Internal skills as product FO | | |
| Selling Goods and services | Internal skills as product FO | | |
| Use internal assets and skills for FO | Internal skills as product FO | | |
| Corporate (CSI) as FS | Corporate giving | | |
| Focus on Corporate social investment | Corporate giving | | |
| Look for companies' support even though restricted lifespan | Corporate giving | | |
| Foundation funding | Grant and beneficiary services | | |
| Global associations provide FO locally | Grant and beneficiary services | | |
| Government funding | Grant and beneficiary services | | |
| International donor strategy | Grant and beneficiary services | | |
| Lotto funding | Grant and beneficiary services | | |
| National donor strategy | Grant and beneficiary services | | |
| New services to attract government funding FO | Grant and beneficiary services | | |
| Public and private sector pay for services | Grant and beneficiary services | | |
| Unrealistic expectations of service targets in relation to funding | Grant and beneficiary services | | |
| Unrestricted grants FO strategy | Grant and beneficiary services | | |
| US government funding | Grant and beneficiary services | | |
| Fundraising events | Once-off events | | |

**Research question 2:
In your experience, how do NPO boards determine procedures or practices to seize their reaction to environmental change?**

| Level 1 Codes | Level 1 Codes Grouped | Level 2 Codes/Categories | Level 3 Codes/Themes |
|---|----------------------------|---------------------------|---|
| National raffle | Once-off events | Current Funding practices | RQ 2: Policies and practices used in funding strategies |
| Create philanthropy opportunities through awareness of needs in communities | Philanthropy opportunities | | |
| Independent funders provide assistance (Philanthropy) | Philanthropy opportunities | | |
| Payroll-giving funding strategy successful | Philanthropy opportunities | | |
| High risk to find new or replacement funders | Funding practices | | |
| Holistic funding sustainability practice | Funding practices | | |
| Multi year funding is essential | Funding practices | | |
| Multiple income channels | Funding practices | | |
| Once off Section 18A donation turn into bigger income | Funding practices | | |
| Take on challenging opportunities | Funding practices | | |
| Telling the story build donor buy-in | Funding practices | | |
| Fundraising events | Funding practices | | |

13. Appendix 6: Code List Research Question 3

| Research question 3: In your experience, what funding strategies are created and implemented to achieve financial sustainability? | | | |
|--|--|--|--|
| Level 1 Codes | Level 1 Codes Grouped | Level 2 Codes/Categories | Level 3 Codes/Themes |
| Collaboration stakeholder mapping | Collaboration and collective practices | Collaboration and collective practices | RQ 3: Learning from others |
| Collaboration strategy | Collaboration and collective practices | | |
| Collective NPO funding bargaining strategy innovation | Collaboration and collective practices | | |
| Partnership must be value for money | Collaboration and collective practices | | |
| Partnership with stakeholders like Cities and Government Department | Collaboration and collective practices | | |
| Sub-committees important to add experts | Collaboration and collective practices | | |
| Use national fundraising initiatives like Mandela day | Collaboration and collective practices | | |
| Willingness to mine FO | Collaboration and collective practices | | |
| Careful strategy in approaching funding partners | Collaboration and collective practices | | |
| Attend conferences in and outside of NPO sector | Collaboration and collective practices | | |
| Conversation on what impacts NPO | Engagement learning opportunities | Broader Learning opportunities to improving competencies | RQ 3: Learning experiences to improve competencies |
| Future thinking is needed | Engagement learning opportunities | | |
| Global association expand learning opportunities | Engagement learning opportunities | | |
| Holistic understanding of the world to open ideas | Engagement learning opportunities | | |
| Learn from competitors about FO, structures and approaches | Engagement learning opportunities | | |

**Research question 3:
In your experience, what funding strategies are created and implemented to achieve financial sustainability?**

| Level 1 Codes | Level 1 Codes Grouped | Level 2 Codes/Categories | Level 3 Codes/Themes |
|--|-----------------------------|--|--|
| Board active involvement in FO using networks and skills | Board member behaviour | Internal board capability modification | RQ 3: Learning experiences to improve competencies |
| Board chair active in fundraising | Board member behaviour | | |
| Board members are very busy people | Board member behaviour | | |
| Depend on board Chair to find FO | Board member behaviour | | |
| Engage within changed funding landscape | Board member behaviour | | |
| Expert background to advise | Board member behaviour | | |
| Inactive board contribution despite CEO efforts | Board member behaviour | | |
| Lack adapting to change environment | Board member behaviour | | |
| Navigate and adapt to change quickly | Board member behaviour | | |
| New generation bring new opportunities | Board member behaviour | | |
| Respectable board members | Board member behaviour | | |
| Tick box board is dangerous | Board member behaviour | | |
| Under involved board | Board member behaviour | | |
| Volunteer boards lack commitment | Board member behaviour | | |
| Wrong reasons to serve on board | Board member behaviour | | |
| If you were investor would you conduct board meetings | Board member behaviour | | |
| Board not understanding efforts to obtain funding | Board inabilities reflected | | |
| Despite technical expertise lack of understanding of BS and governance practices | Board inabilities reflected | | |
| Lack of board effective capabilities | Board inabilities reflected | | |
| Lack of time to support funding strategy | Board inabilities reflected | | |
| Lack skills, and knowledge | Board inabilities reflected | | |
| Lack strategic planning | Board inabilities reflected | | |
| Misconception of strategy vs execution of plan | Board inabilities reflected | | |
| Misconceptions lead to mission drift and influence fundability | Board inabilities reflected | | |

**Research question 3:
In your experience, what funding strategies are created and implemented to achieve financial sustainability?**

| Level 1 Codes | Level 1 Codes Grouped | Level 2 Codes/Categories | Level 3 Codes/Themes |
|---|-----------------------------|--|--|
| Misunderstand role of the board | Board inabilities reflected | Internal board capability modification | RQ 3: Learning experiences to improve competencies |
| Misunderstanding of civil society and government relationship in service delivery | Board inabilities reflected | | |
| Need more skilled board members | Board inabilities reflected | | |
| No initiative to identify FO | Board inabilities reflected | | |
| Not equipped to access funding | Board inabilities reflected | | |
| NPC registration more accountability-focused and understands responsibility | Board inabilities reflected | | |
| NPO registration informal accountability and less committed | Board inabilities reflected | | |
| NPOs stay dependent due to comfortability | Board inabilities reflected | | |
| Operational-focused, not governance and guidance focused | Board inabilities reflected | | |
| Request funding before formalization of organisation | Board inabilities reflected | | |
| Board training members about NPO functioning | Board training needs | | |
| Deep training to understand responsibilities | Board training needs | | |
| Not enough volunteer board members available | Board training needs | | |
| Train media relation skills | Board training needs | | |
| Board assist in decision making processes | Expectation of BM | | |
| Board invested NPO purpose | Expectation of BM | | |
| Board must allow NPO to identify and fit services in gaps to solve problems | Expectation of BM | | |
| Encourage innovative thinking | Expectation of BM | | |
| Fundraising facilitates & guides business of NPO | Expectation of BM | | |
| Leadership conversation needed with board members | Expectation of BM | | |
| Plan ahead to make swift decisions | Expectation of BM | | |
| Lack strategic planning | Board inabilities reflected | | |
| Misconception of strategy vs execution of plan | Board inabilities reflected | | |
| Misconceptions lead to mission drift and influence fundability | Board inabilities reflected | | |