

An Investigative Study into Good Governance in the Non-Profit Sector in South Africa: A Systems Approach Perspective

Authors : Frederick M. Dumisani Xaba, Nokuthula G. Khanyile

Abstract : There is a growing demand for greater accountability, transparency and ethical conduct based on sound governance principles in the developing world. Funders, donors and sponsors are increasingly demanding more transparency, better value for money and adherence to good governance standards. The drive towards improved governance measures is largely influenced by the need to 'plug the leaks', deal with malfeasance, engender greater levels of accountability and good governance and to ultimately attract further funding or investment. This is the case with the Non-Profit Organizations (NPOs) in South Africa in general, and in the province of KwaZulu-Natal in particular. The paper draws from the good governance theory, stakeholder theory and systems thinking to critically examine the requirements for good governance for the NPO sector from a theoretical and legislative point and to systematically look at the contours of governance currently among the NPOs. The paper did this through the rigorous examination of the vignettes of cases of governance among selected NPOs based in KwaZulu-Natal. The study used qualitative and quantitative research methodologies through document analysis, literature review, semi-structured interviews, focus groups and statistical analysis from the various primary and secondary sources. It found some good cases of good governance but also found frightening levels of poor governance. There was an exponential growth of NPOs registered during the period under review, equally so there was an increase in cases of non-compliance to good governance practices. NPOs operate in an increasingly complex environment. There is contestation for influence and access to resources. Stakeholder management is poorly conceptualized and executed. Recognizing that the NPO sector operates in an environment characterized by complexity, constant changes, unpredictability, contestation, diversity and divergent views of different stakeholders, there is a need to apply legislative and systems thinking approaches to strengthen governance to withstand this turbulence through a capacity development model that recognizes these contextual and environmental challenges.

Keywords : good governance, non-profit organizations, stakeholder theory, systems theory

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