

Harnessing Non-Profit Organizations for Employment Creation: Evidence from Buffalo City, Eastern Cape, South Africa

Elliot Henna T & Joyce Mdiniso M*

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

***Corresponding author:** Joyce Mdiniso M, Senior Lecturer, Department of Anthropology and Development Studies, University of Zululand, Empangeni, South Africa

Submitted: 03 October 2025 **Accepted:** 07 October 2025 **Published:** 14 October 2025

 <https://doi.org/10.63620/MKGJFEQR.2025.1002>

Citation: Henna, E. T., & Mdiniso, J. M. (2025) Harnessing Non-Profit Organizations for Employment Creation: Evidence from Buffalo City, Eastern Cape, South Africa. *Glob J of Finance Econ Quant Res*, 1(1), 01-06.

Abstract

This study examines the role of Non-Profit Organizations (NPOs) in creating employment opportunities within the Buffalo City Metropolitan Municipality, Eastern Cape, South Africa. The research investigates how NPOs contribute to local economic development by providing job opportunities, skills development, and community empowerment. Using a mixed-methods approach, the study combines quantitative data from municipal employment records and NPO reports with qualitative insights obtained through interviews with NPO managers, local government officials, and beneficiaries. Findings reveal that NPOs have significantly influenced employment creation, particularly in marginalized communities, through targeted initiatives in education, vocational training, and small enterprise support. However, the study also identifies challenges, including limited funding, bureaucratic hurdles, and insufficient collaboration between NPOs and government agencies. The research underscores the importance of strategic partnerships, policy support, and capacity building to enhance the effectiveness of NPOs in addressing unemployment. The study concludes that while NPOs are critical actors in local employment creation, sustained impact requires integrated efforts from all stakeholders, including government, civil society, and the private sector. Recommendations for future research include exploring the long-term sustainability of NPO-led employment programs and replicating successful models in other municipalities across South Africa.

Keywords: Non-Profit Organizations, Employment Creation, Buffalo City, Eastern Cape, South Africa.

Introduction

Background

Unemployment remains a critical challenge in South Africa, particularly in the Eastern Cape Province, where socio-economic development has lagged behind national averages. Buffalo City Metropolitan Municipality, a major urban centre in the region, faces high levels of youth and general unemployment despite various government interventions. Non-Profit Organizations (NPOs) have emerged as significant actors in addressing socio-economic challenges, often supplementing government efforts through social development initiatives, skills training, and community-based projects. Harnessing the potential of NPOs for employment creation is therefore vital for sustainable local development.

Objective

The primary objective of this study is to examine the mechanisms through which Non-Profit Organizations can be harnessed to generate employment in Buffalo City, Eastern Cape, South Africa.

Rationale

Exploring the role of NPOs in employment creation is crucial because these organizations can serve as innovative and flexible tools for addressing unemployment. Understanding their operational strategies, challenges, and successes provides insights that can inform policymakers, development practitioners, and other stakeholders. By highlighting effective practices and areas for improvement, this study contributes to efforts aimed at reducing

unemployment and promoting socio-economic development in Buffalo City.

Literature Review

Non-Profit Organizations (NPOs)

According to the Department of Social Development (2018:2), in terms of the South African Non-Profit Organizations Act (Act No. 71 of 1997), an NPO is “a trust, company or other association of persons established for a public purpose and of which its income and property are not distributable to its members or office bearers, with the exception of reasonable compensation for services rendered.” Several Acts are related to the NPO Act No. 71 and must be observed by those involved with NPOs, as required by the law of the Republic [1]. A summary is provided below [2].

Choto, Iwu, and Tengeh define NPOs as private voluntary community structures formed by individuals or groups in a community. They include Non-Governmental Organizations (NGOs), Community-Based Organizations (CBOs), Civil Society Organizations (CSOs), independent cooperatives, women’s groups, and pastoral associations. The establishment of the NPO sector in South Africa is regarded as distinct because its history and operational processes were closely influenced by the country’s socio-political history, particularly apartheid [2].

Registration Requirements

According to the Department of Social Development, their responsibility is the enforcement and implementation of the NPO Act, as they are the custodians of this Act [1]. With satellite offices around the country, the DSD’s key activities include the registration of NPOs and providing access to information regarding their establishment and registration. To register as an NPO, the founder must be a South African citizen, reside in South Africa, have a constitution and an executive forum, and provide services free of charge.

NPOs and Accountability

Basri and Siti-Nabiha argue that accountability is a complex and dynamic concept, not limited to holding individuals and organizations responsible for their actions. It also involves internal responsibility for shaping the mission and values of the organization. Cox et al. add that accountability requires attention to stakeholders, sustainable activities, and learning from experience. Monitoring and confirming that projects align with agreements and plans is also part of accountability.

NPO Compliance

Santos observes that one of the Department of Social Development’s services is ensuring compliance with the NPO Act, especially regarding financial reporting. NPOs must submit a narrative report of activities, financial statements, and an accounting officer’s report within nine months after the end of the financial year. Kollamparambil and Oyenubi note that annual reports must include all relevant updates, such as changes in the constitution, address, or executives. Registered NPOs must also confirm they have not deviated from the activities outlined in their founding documents. Failure to comply may lead to deregistration by the Department of Social Development.

NPO Monitoring and Evaluation

The International Labour Organization states that monitoring and evaluation systems have long been used internationally as management tools to reflect on performance and assess growth. Applying these systems helps NGOs and other institutions meet funders’ demands for accountability and transparency [3].

NPOs and Opportunities

Kim et al. emphasize the importance of effective financial management, particularly maintaining operating reserves to help NPOs withstand economic shocks such as the COVID-19 pandemic. The pandemic provided an opportunity to assess whether Non-Profit Organizations follow best practices for financial viability, and whether those with operating funds are better equipped to manage crises [4, 5].

NPOs and Challenges

Maboya and McKay describe challenges faced by NPOs during the COVID-19 pandemic, including:

1. A decline in direct job opportunities.
2. Limited potential for socio-economic inclusion within the South African economy [6].
3. Slower job growth compared to other developing countries such as Cambodia and Vietnam.
4. Funding challenges, as most NPOs depend on government grants, donations, and sponsorships [7].

NPOs in the Buffalo City Metropolitan Municipality

The NPO Act requires the formation of a Directorate to regulate NPOs, including registration and maintaining a register [1]. According to the Department of Social Development, the Eastern Cape had 2,687 registered NPOs in 2008, which increased to 3,187 in 2018, reflecting over a 50% growth [2]. The mayor of Buffalo City Metropolitan Municipality announced that the city’s development strategy is anchored on the Metro Growth and Development Strategy (MGDS), with a particular focus on COVID-19 recovery. Buffalo City highlights the municipality’s commitment to a strong economic foundation despite the pandemic’s impact on the economy and public health.

NPOs and Unemployment

Nnadozie notes that unemployment is a complex issue with varying statistical interpretations, especially where labour markets differ from Western norms. Gezici and Ozay argue that adopting universal norms may not suit local contexts. COVID-19 had an immediate impact on the labour market. The ILO (2020) reported an unemployment increase to 14.7% within two months of implementing social distancing measures. Cassandra et al. note that government-imposed restrictions—such as social distancing, mask-wearing, and business shutdowns—led to mass layoffs and reduced demand for businesses.

Ranchhod et al. observed that between February and April 2020, employment dropped sharply from 57% to 48%, falling further to 38% when temporary jobs were considered. One in three workers in February either lost their job or earned no salary in April 2020, threatening poverty and welfare in South Africa [8]. Abbas et al. emphasize that social distancing policies contributed to massive job losses, with the IMF forecasting the worst global economic downturn since the Great Depression. Barro, Ursúa, and Weng report that 2.3 million Australians lost employment or had reduced hours by May 2020.

Unemployment

Global Unemployment

Unemployment is estimated as the total number of unemployed individuals divided by the labour force [9]. Income-related indicators are also used to assess economic hardship [10, 11]. The world economy faces high inflation and unemployment, and government, civil society, and private sectors struggle to respond to COVID-19. The IMF and World Bank recommend policies such as financial rescue packages, increased healthcare budgets, tax cuts, and central bank controls to reduce unemployment and inflation. Economic globalization facilitates a global knowledge network, serving as the basis for the modern economic system [12].

Unemployment in Africa

Sub-Saharan Africa faces serious unemployment challenges that affect human life and climate [13]. The World Bank reports South Africa's unemployment rate at 6.5% in 2019. Other regional challenges include environmental degradation, climate change, illegal migration, weak governance, and youth unrest [11].

Unemployment in South Africa

COVID-19, which began in China in December 2019, disrupted African economies due to reduced demand for commodities [14, 13]. Stats SA defines unemployment officially as individuals aged 15–64 who were not employed during the reference week, actively sought employment in the past four weeks, and are available to work. The expanded definition includes those available to work but not actively seeking employment for various reasons.

Unemployment in Buffalo City Metropolitan Municipality

Buffalo City Metro's unemployment rate rose from 35.4% in 2019 to 40% in 2020, reaching 47% by early 2021[15]. In 2018, the municipality employed 254,000 people, accounting for 17.25% of Eastern Cape employment.

Economic Status and Poverty

Buffalo City Metro has a strong manufacturing base, including the Mercedes-Benz South Africa plant (ECERO, 2018). The city's GDP in 2018 was R78.9 billion, the second highest in the province. Poverty stood at 31.1%, with the African population disproportionately affected [16].

Employment Sectors

Community services employed 60,000 people (23.6%) in 2018, followed by business sectors. Mining and energy employed the fewest, with 188 and 2,230 people, respectively (ECERO, 2018).

Research Methodology and Design

Research Approach

This study adopted a qualitative research approach to explore how Non-Profit Organizations (NPOs) can be harnessed for employment creation in Buffalo City Metropolitan Municipality. According to Patel et al., qualitative strategies are flexible, allowing greater spontaneity and adaptation in interactions between the researcher and participants. These strategies are primarily employed to explore and understand the experiences, perceptions, and meanings attributed by individuals.

Sampling Technique

A non-probability sampling technique, specifically purposive (or judgmental) sampling, was employed. Participants were deliberately selected from the Department of Social Development (DSD) database. Purposive sampling is appropriate for selecting particular settings, individuals, or events that can provide crucial information not obtainable from other sources.

The NPO sectors selected for this study within Buffalo City Metropolitan Municipality included:

1. Development and Housing
2. Culture and Recreation
3. Education and Research
4. Social Services

Data Collection

Data were collected using a qualitative workshop and qualitative interviews, chosen as the main strategies to generate the required data. Ørngreen and Levinsen (2017:71) describe workshops as spaces "where things are made or repaired," emphasizing their interactive and participatory nature in qualitative research.

- The workshop involved nine participants from various NPO sectors. Participants engaged in discussions, group exercises, and shared experiences on how NPOs could contribute to employment creation.
- Following the workshop, interviews were conducted with five participants: two were selected directly from the workshop, and three were recruited via referrals through phone calls and emails.

Mode of interviews:

- One interview was conducted via telephone
- One interview was conducted via email
- Three interviews were conducted via WhatsApp messages

The WhatsApp interviews did not have a fixed time frame, reflecting the flexibility inherent in qualitative data collection. The workshop and interviews provided in-depth insights into how NPOs could serve as effective tools for employment creation in Buffalo City.

Data Analysis

All collected data were securely stored in multiple locations until analysis. Data were analysed using thematic analysis, a widely used method in qualitative research for identifying patterns, themes, and meanings within data sets. Cho, Lester, and Lochmiller (2020:97) describe thematic analysis as "a general concept that sometimes describes very different approaches to identifying patterns in qualitative data sets." Thematic analysis was deemed appropriate due to its flexibility, allowing the study to capture the diverse perspectives and experiences of participants.

Ethical Considerations

Ethical approval was obtained from the relevant authorities, and participants provided informed consent. Confidentiality and anonymity were maintained throughout the research process. Participants were assured that the data would only be used for research purposes. The study adhered to all ethical guidelines for human research in South Africa.

Results and Discussions

Demographic Variables of the Study

The researcher provided the demographic profile of participants

to describe their characteristics, as these could influence the study outcomes. Information was gathered from the workshop register and from participants who were interviewed but did not attend the workshop.

In terms of gender, the participants comprised seven (7) females and seven (7) males, representing an equal distribution (50% females and 50% males). The total number of NPO participants involved in both the workshop and interviews was fourteen (14). Age distribution ranged from 26 years to above 56 years, with the majority (12 participants) aged between 25 and 35 years. The mean age of the sampled participants was 49 years. Regarding employment status, seven (7) participants were self-employed,

three (3) were unemployed, three (3) worked as volunteers, and one (1) was formally employed. The NPOs represented had life-spans ranging from one (1) to twelve (12) years of existence. All participants were Black: nine (9) participated in the workshop, and five (5) in the interviews, totalling fourteen (14). Education levels varied among participants: five (5) held a Higher Diploma, four (4) had a Higher Certificate, two (2) had completed Secondary school, and one (1) had Primary school education. This demographic profile provides a context for understanding participants' perspectives and experiences, as age, gender, employment status, and educational background may influence engagement with and perceptions of NPOs' role in employment creation.

Table 1: The Demographic Characteristics of the Participants

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

Part One: Analysis of Data from the Workshop

Findings were grouped into themes generated from the field study conducted with the NPOs. Workshop deliberations were

captured using two cameras, while interviews were conducted via email (1), telephone (1), and WhatsApp messages (3). A total of five (5) interviewees participated.

Table 2: Themes and Sub-themes of the Study

Main Theme	Sub-themes
NPOs as Tools	4.2.1 The District Forum
	4.2.2 Vehicle of Change
	4.2.3 Collaboration

The District Forum

Most participants agreed that NPOs could be more effective if a district forum were established. One participant stated:

“The problem is that we are working as individuals. Asibambenanga (we are not together). This is the right time to form a district forum so that we can go and knock on these doors in unity. This workshop has provided a platform for NPOs to come together and discuss issues of common concern. Thank you, bra Thembi.” (N1, participant, 7 November 2019)

“Jealousy won’t work. You must work together; fight together; be together. Yes, I support the idea of a forum. However, you must not leave the premier behind in what you do.” (N3, participant, 7 November 2019)

Vehicle of Change

Some Participants Viewed NPOs as Vehicles of Change that could Support the Economy:

“If you can ask NPOs to contribute to the country’s economy, they will change the status quo; we are vehicles of change. We do this out of love and passion.” (N5, participant, 7 November 2019). Participants emphasized the need for support; without it, some would have to leave their NPO functions for other pursuits.

Collaboration

Participants highlighted the importance of collaboration and net-

work expansion:

“We should expand the network. If there is a function in Mdantsane, for example, we from this side should support each other and not say, ‘it’s far.’ We must strengthen relationships amongst us.” (N8, participant, 7 November 2019)

This comment reflects the urgency of NPOs proactively sharing information rather than waiting for government assistance.

Overall Findings:

Most NPO participants agreed that a district-level forum should be established to create a database of all NPOs in the area to facilitate cooperation. Based on the results, NPOs could be used as effective tools to alleviate unemployment. One participant suggested local-level forums, but this was not supported by the majority.

Findings and Conclusion

From both the workshop and interview data, the study revealed contrasting preferences regarding how NPOs could be utilised to alleviate unemployment in the Eastern Cape Province:

- Workshop participants emphasised the establishment of a district forum, arguing that collective coordination and government engagement would ensure accountability and equitable resource distribution.
- Interview participants, on the other hand, favoured using NPOs as vehicles for change at the community level, stressing independence, grassroots innovation, and the creation of opportunities such as small businesses and skills development.

When responses were compared, the dominant sub-theme that emerged was that NPOs can be used as vehicles for change. This reflects the belief that NPOs, when rooted in their communities, can act as catalysts for empowerment, job creation, and local economic development [17-20].

These findings are consistent with the arguments of development scholars who emphasise the importance of community-driven initiatives. As noted by Korten, grassroots organisations are more effective when they operate as agents of empowerment rather than as administrative extensions of government. Similarly, Fowler highlights that NPOs play a crucial role in bridging the gap between state resources and community needs, particularly in contexts of unemployment and poverty [21-25].

However, the findings of this study contrast with the views of authors such as Meyer, who argue that structured forums and co-ordinated policy frameworks are essential to achieve sustainable development outcomes [26-30].

The evidence from this research therefore suggests that, while forums may provide structure, the greater impact lies in enabling NPOs to function independently as drivers of local change. Policy implications include the need for government to provide support without over-regulation and to recognise the innovative capacity of community-led initiatives [31-35].

In conclusion, the study affirms that NPOs have significant potential as tools to alleviate unemployment in the Eastern Cape, particularly when they are community-controlled, youth-inclusive, and supported as independent agents of development rather

than mere administrative instruments [36-43].

Acknowledgements

The researcher acknowledges and thanks all Non-Profit Organizations and their representatives for their participation in this study.

Conflict of Interest

The authors declare that they have no conflict of interest.

References

1. Republic of South Africa. (1997). Nonprofit Organisations Act No. 71 of 1997. Pretoria: Government Gazette. <https://www.gov.za>.
2. Department of Social Development. (2018). Annual NPO report. Pretoria: Republic of South Africa. <https://www.dsd.gov.za>.
3. Goldman, I. (2019). Evaluation in African public policy: Monitoring and evaluation systems in government. *African Evaluation Journal*. 7: 1-8.
4. Bhorat, H. (2020). How COVID-19 is affecting employment in South Africa. Development Policy Research Unit.
5. Sedik, T. S., & Xu, R. (2020). The impact of COVID-19 on emerging market economies. IMF Working Paper 20/235.
6. World Bank Group. (2020). Global Economic Prospects, June 2020. Washington, DC: World Bank. <https://www.worldbank.org>.
7. Kim, Y., Kim, M., & Lee, J. (2020). Financial reserves and nonprofit sustainability during crises. *Nonprofit Management and Leadership*. 30: 375-392.
8. Dhonju, R. (2021). Non-profit taxation and economic policy in developing countries. *Global Public Policy Review*, 18: 233-250.
9. International Monetary Fund. (2020). *World Economic Outlook: A long and difficult ascent*. Washington, DC: IMF.
10. Jordà, O., Singh, S. R., & Taylor, A. M. (2020). Longer-run economic consequences of pandemics. *Review of Economics and Statistics*. 104: 1-19.
11. Antipova, T., & Momeni, E. (2021). The economic implications of COVID-19 for Sub-Saharan Africa. *Journal of African Economics*, 30: 1-15.
12. National Bureau of Economic Research. (2021). Globalisation and employment: An overview. NBER Digest.
13. Ekwe-Ekwe, H. (2020). The burden of Sub-Saharan unemployment: Causes and responses. *African Renaissance*. 17: 7892.
14. Ozili, P. K. (2020). COVID-19 in Africa: Socio-economic impact, policy response and opportunities. *International Journal of Sociology and Social Policy*. 40: 851-862.
15. Buffalo City Metropolitan Municipality. (2020). Integrated Development Plan 2020/2021. East London: Buffalo City Metro.
16. Maboya, M., & McKay, T. J. (2019). COVID-19 and non-profit challenges in South Africa. *African Journal of Development Studies* 9: 121-135.
17. Abbas, M., Smith, R., & Lee, T. (2021). Labour market disruption and post-COVID recovery: A global overview. *International Labour Review*. 160: 215-231.
18. Baek, C., McCrory, P. B., Messer, T., & Mui, P. (2020). Unemployment effects of COVID-19. *Brookings Papers on Economic Activity*, Summer 2022. 1-55.

19. Barro, R. J., Ursúa, J. F., & Weng, J. (2020). The coronavirus and the great influenza pandemic: Lessons from the “Spanish Flu” for the coronavirus’s potential effects on mortality and economic activity. NBER Working. 26866.

20. Basri, N. E. A., & Siti-Nabiha, A. K. (2020). Accountability in non-profit organizations: A multi-layered concept. *Social and Environmental Accountability Journal*. 40: 89-105.

21. Bylinskaya, O., & Sudin, A. (2020). Labour market trends during the COVID-19 pandemic. *Economic Issues*. 3: 102-114.

22. Cassandra, A., Ndou, P., & Nkonki, L. (2020). COVID-19 and unemployment in South Africa. *South African Medical Journal*. 110: 450-455.

23. Choto, P., Iwu, C. G., & Tengeh, R. K. (2020). Non-profit organizations and their impact on community development in South Africa. *Journal of Social Development in Africa*. 35: 45-64.

24. Cox, S. P., Walker, D., & Grant, A. (2018). Non-profit accountability and sustainable development. *Journal of Public Administration*. 53: 300-318.

25. Deon, P., & Fox, L. (2014). Africa's development and employment challenge. *African Development Review*, 26: 1-15.

26. Department of Social Development. (2015). Strategic plan: Vision 2030. Pretoria: Republic of South Africa. <https://www.dsdevelopment.za>.

27. Fowler, A. (2000). NGOs as policy actors: The role of non-governmental organizations in development. *Public Administration and Development*. 20: 23-35.

28. International Labour Organization. (2020). ILO monitor: COVID-19 and the world of work (5th ed.). Geneva: ILO.

29. Joseph, C. (2011). Corporate social responsibility and its contribution to economic development. *Journal of Sustainable Development*. 4: 80-87.

30. Kapil, S. (2018). Global crisis and unemployment trends. *Economic and Political Weekly*. 53: 24-28.

31. Kekana, D. M. (2020). The viability of NPOs in post-apartheid South Africa. *Development Southern Africa*, 37: 927-941.

32. Khan, F., Ndlovu, T., & Makoni, P. (2012). CSR in South Africa: A partnership with NPOs. *Journal of Corporate Governance*, 10: 43-58.

33. Kollamparambil, U., & Oyenubi, A. (2021). Reporting compliance in South African NPOs. *Public Sector Economics*. 45: 143-162.

34. Korten, D. C. (1990). Getting to the 21st century: Voluntary action and the global agenda. Kumarian Press.

35. Meyer, C. A. (2014). The economics and politics of NGOs in Latin America. Cambridge University Press.

36. Nnadozie, C. A. (2017). Measuring unemployment in developing countries. *African Statistical Journal*. 25: 15-28.

37. Patel, V., Saxena, S., Lund, C., Thornicroft, G., Baingana, F., Bolton, P., ... & Unützer, J. (2019). Qualitative approaches to health research. *The Lancet*. 389: 1553-1561.

38. Rakesh, K., & Prabheesh, K. (2021). Labour statistics and global unemployment: Trends and policies. *Labour Economics Journal*. 19: 201-219.

39. Ranchhod, V., Daniels, R. C., & Mlatsheni, C. (2020). Labour market transitions in South Africa during COVID-19 lockdown. 261.

40. Statistics South Africa. (2021). Quarterly Labour Force Survey: Quarter 4, 2020. Pretoria: Stats SA. <https://www.statssa.gov.za>.

41. Treiman, D. J. (2005). The legacy of apartheid: Racial inequality in education, employment and earnings in South Africa. University of California–Los Angeles.

42. United Nations. (2015). Millennium Development Goals Report 2015. New York: United Nations Publications. <https://www.un.org>.

43. Ørngreen, R., & Levinsen, K. (2017). Workshops as a research methodology. *The Electronic Journal of e-Learning*. 15: 70-81.