Impact of COVID-19 Pandemic on Non-Profit Sector in Telangana

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Abstract: Having been on the forefronts of almost every crisis situation, Nonprofit and Nongovernmental Organizations in India have often been more than a helping hand to both governmental establishments and communities in general. In light of the recent outbreak of the novel coronavirus, many NGOs in Telangana, as well as in the other parts of India have experienced a dip in financials and increased demands for their services. As a result, many NGOs in the state of Telangana have adopted new strategies and ways of working in an effort to make themselves thrive and still be relevant in society. This research article primarily focuses on the impact of the novel coronavirus on the social service sector in the state of Telangana in terms of financials, strategies and ways of working that have helped the NGOs thrive sustainably so far. Clean Environment Initiative has taken a step towards investing its efforts in understanding the impacts on the aforementioned factors through a questionnaire-based survey and has presented a detailed summary of its findings in this research article.

Keywords: COVID-19, Pandemic, Non Profit Organisations, financial sustainability

1. Introduction

The World Health Organization has declared COVID-19 (Coronavirus disease 2019) as a pandemic affecting millions of people worldwide. A new disease emerged out of China's Hubei province in December 2019, which was named as the COVID-19 (Coronavirus disease) by the WHO. The outbreak of novel coronavirus is recognized as the most crucial global health calamity (pandemic) of the century, infecting more than 25 million people to date (World Health Organisation, n.d.) 1. It has swiftly spread all over, posing health and socio-economic challenges to the entire humankind and severely disrupting the World and India.

This disease is caused by a recently discovered virus from the coronavirus family. The virus is closely related to Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS), having viruses hailing from the same coronavirus family. Existing research indicates that COVID-19 has different types of mutations, symptoms, and incubation periods in varied regions. A case of pneumonia of an unknown cause in Wuhan city was reported to the WHO-China office on December 31, 2019, was registered as the first coronavirus case. As the virus began mutation and started to spread all over the world, the WHO declared it as pandemic on March 11, 2020 (WHO Director-General's opening remarks at the media briefing on COVID-19)  ii.

1.1 Global Effect

More than 25 million people are affected by coronavirus globally and 844, 312 people have deceased due to this virus as of 31 August, 2020 (World Health Organisation, n.d.). Many countries across the world resorted to lockdowns and strict restrictive measures to “flatten the curve” of the infection. These lockdowns meant confining people to their homes, shutting down businesses, and stopping all economic activity. The global economy is predicted to shrink by over 3 percent in 2020 – the worst slowdown since the Great Depression of the 1930s. (International Monetary Fund, 2020) iii

The global economy is expected to lose nearly $8.5 trillion in output over the next two years due to the COVID-19 pandemic, wiping out nearly all gains of the previous four years. (UN Department of Economic and Social Affairs, n.d.) iv The current coronavirus situation is deeply affecting all types of economies. With the temporary closure of businesses and economic activities, the consequences of the pandemic are even worse for the global economy than the ones following the Great Financial Crisis. The economic slowdown caused by the COVID-19 pandemic is largely because of a fall in demand, meaning that there are not enough consumers in the market. This dynamic can be seen in heavily affected industries like travel and tourism. To slow the spread of the virus, countries placed restrictions on travel. The falling demand is forcing companies to lay off staff to make up for lost revenue, ultimately creating a downward economic spiral when these newly unemployed workers can no longer afford to purchase goods and services. (UN Department of Economic and Social Affairs, n.d.)

1.2 Impact on Indian Economy

The growth of GDP (Gross domestic product) has been down to 4.7% which is lowest in the past decade and unemployment reached 5 decades high. Upon this Indian spends only 1.5% of GDP on the health sector, which is under-prepared for this pandemic. (Chaudhary et. Al) v The government is now compelled to build makeshift hospitals as the cases rise day by day. The informal sector which employs 90% of the Indian workforce is the worst hit because of the liquidity crunch and lack of work. Around 50 million migrant workers reached villages from cities because of a lack of work and shelter. A prime example of this would be the construction labor, as the country wide lockdown is announced, constructions are at a halt and companies ordered the labor to leave their sites due to economic burden. The civil society organizations and Non-Profit Government organizations have taken up the task of providing food and shelter to these migrant Labors. While the intentions of the nationwide lockdown were to prevent the spread of the virus, it led to an array of socioeconomic problems.
1.3 Impact on the Social Service Sector

The social service sector, likewise, is expected to be struck hard as the donations decrease from the public and corporates because of the serious fiscal crisis. Government funding accounted for around 27 billion dollars in the social sector which is around 6% of GDP in 2018. The government funding has grown only 10% per year in the past 5 years from 20 billion dollars to 27 million dollars as private funding from corporates, individual philanthropists and foreign sources increased at 15% per year from 5 billion dollars to 9 billion dollars (Bain and Company, 2019). Although the amount spent is increasing year on year basis, Bain and Company estimates that around 330 million people will be under the poverty line (less than the income of 10, 000 per month) by 2050 (Bain and Company, 2019).

Now the Pandemic has effectively slowed down the economies and the Government may not be able to pump in the grants to NGOs for the charity work. Companies are also looking at cost-cutting methods which may cause a decrease of corporate social responsibility funds and foreign funds.

The pandemic continues to affect all walks of life and is particularly detrimental to people of social groups belonging to vulnerable situations. People living in extreme poverty, older persons and people with disabilities are most affected. Although coronavirus spread is less visible in rural areas, People who migrate to urban cities for employment are the worst affected of the lot. The urban slums are turning into breeding grounds because of the high density of people living in small areas (World Bank Group). The migrants who are now leaving cities due to unemployment in rural areas are carrying a virus with them and pose an enormous threat to society. The World Economic Forum has estimated that India has about 140 million migrant workers who moved to another state for work in the manufacturing and construction industries (World Economic Forum, 2020). As they belong to the informal sector, most of them are daily wage workers and are denied proper food, health care, housing, and sanitation facilities.

Issues such as rural development, sustainable environment, education have taken a back seat in this pandemic period but are essential to address in the immediate future. NGOs are constantly at the forefront to address these issues.

2. Telangana NGOs Outlook

Telangana state has about 2, 114 NGOs registered in the official website of NGO Darpan (NITI AYOG, Government of INDIA, 2020) for Government grants. Around 500 of them are working in Hyderabad city alone in different sectors like health, education, poverty alleviation, rural development, and a sustainable environment. These NGOs get funds from public donations, private donations (Corporate funding), and government grants. NGOs are also outsourced by the government for non-core functions and specific developmental activities because of their expertise in those fields. They also bring along the characteristics like flexibility, cost-effectiveness, and prime motivation in the activities. COVID-19 has halted all these developments and social activities and the mere survival of NGOs day-to-day operations is looking tough.

2.1 Main research question

Civil society organizations are facing huge disruption in the operations due to COVID 19 pandemic. They are also likely to face a financial crunch as governments and companies are slashing the budgets in a bid to save money (KC, Bhandari, & Mahat, 2020). Civil Society Organisations and NGOs have a huge step to climb to get to normal operations after scaling down the operations due to the pandemic. They emphasize the role of communication, cultural support, the role of volunteers, and keeping the long term goal at the forefront. (KC, Bhandari, & Mahat, 2020) This provided motivation for us to research on NGOs in Telangana. Our main research focus is to put forth the effects of the COVID-19 pandemic on the operations of NGOs in Telangana.

This research aims to find out the impact of COVID-19 on NGOs through a series of questions directed towards the generalized working of an NGO. We find the working size to understand the basic profile of an average NGO. We analyze the affected areas of work, such as events that might or might not be planned in the nearby future, and the damage done because of various similar factors. The research also studies the financial aspects of these NGOs while viewing their source of income and donation rise/drop, or if any possible layoffs. Through the research, we also see how NGOs are coping up during this global pandemic and how they are evolving and adapting to the new norms of society.

2.2 Aims:

1. To understand the impact of COVID-19 on NGOs in Telangana
2. To find out how they plan to handle tasks post COVID
3. To analyze the organizational structure of the NGOs in Telangana
4. To understand the effects and threats posed by COVID-19 on operations of NGOs
5. To try to develop a mitigation plan in times of crisis

2.3 Objectives:

1. To understand how COVID has affected the NGO’s primary objective
2. To understand how Covid-19 has affected NGOs monetarily (difficulties faced)
3. To find out how the pandemic has affected the staff in the NGOs
4. To find out how the volunteer base has been affected because of the pandemic
5. To understanding how NGOs will try to function during the pandemic (post lockdown)
6. To understand how COVID has affected events planned by NGOs and their roadmap for the year.
3. Related Work

3.1 Research Gap

Continuous research is going on in all aspects to identify the damage caused by this pandemic. Research is also going on to find a cure to the virus and set the economic growth on the up track. As the social service sector is also the principal component of the country’s substantial growth, it is thus very important to concentrate on research in the social service sector. As the COVID-19 pandemic is increasing the economic and social disparities in the society, the poorer are becoming poor and richer becoming rich at an alarming pace (World Inequality Lab, n.d.) xxiv. The governments are in a rebuilding phase of the economy and thus it becomes the NGOs’ and Civil society’s job to look after the needy in all difficult situations. This study is significant in multiple aspects in Analysing the way NGOs work in Telangana state. Firstly assessing the organizational structure of the NGOs which will help to design an effective structure for the future. Secondly assessing the financials and grants received by the NGOs for the work, and lastly building and working towards an effective civil society ecosystem in the country which has a high potential for growth under the right circumstances.

3.2 Experimentation Setup

3.2.1 Questionnaire-based method

Questionnaire-based data collection is used for collecting quantitative and qualitative data depending on the nature of the question for integrative analysis. Answers from close-ended questions are used to draw conclusions using quantitative analysis methods. This method gives enough time for the respondent to check the questions and respond to them. The questionnaire-based method has advantages such as cost-effectiveness, a high number of participation, voluntary participation, and high objectivity. This study uses a mail-based questionnaire method using an online Google survey form (Google survey form, n.d.) xxv. The reason for approaching our target population through the internet is convenience. The respondent is free to respond to the survey at their own time and respondents’ answers were recorded into a spreadsheet. We reached participants through Email and had to click on the link of the study to answer the questionnaire.

The first page of the survey contained the purpose of the study, background information of the researchers and institution conducting research, assured security of their data, and had our contact information for their queries. We aimed to create a safe and anonymous environment where participants could share their experiences and attitudes at no potential risk.

3.2.2 Study design strategy

The questionnaire has various sections like NGO aspects, Basic operations, Donations, and workforce. To understand the in-depth of NGOs’ functioning style and how they are affected throughout this pandemic period, 25 questions were outlined for the NGOs to respond. The factors such as digital presence of NGOs, the size of NGOs, volunteers associated with them, Effect on Future events and operations, Change in donations, Number of layoffs, and change of the primary goals during the pandemic period are analyzed through the questions. We made 17 mandatory questions for the respondent to answer that are essential in understanding the NGOs. Other questions were Text-based questions in which the respondent was free to explain their mitigation plans, change in work style, and suggestions.

The survey form starts with taking basic details such as the name of the NGO, Contact Email, and Social Media activity.

NGO Operations 1:

This segment comprises closed-ended questions such as the impact of the pandemic on forthcoming events, the timeline of events, and scale of events with all questions mandated to respond. The effect of the pandemic on future events is measured on a linear scale and the other two questions were provided with options such as smaller-scale/larger scale/cancelled/postponed.

Impact on Donations:

We designed this section to understand the impact of COVID-19 on donations and CSR funding. It contains questions on how donations and CSR funding have varied with options such as increased/decreased/no change. The percentage of difference is measured by presenting options range from 0%-10% to 80%-100%. An open-ended question on how the NGO has altered their working style is provided to the respondent to describe elaborately.

NGO workforce:

This segment focuses on understanding the workforce and volunteer base. Questions such as the size of the NGO, Percentage of workforce with salaries, Percentage of workforce laid off through this period, volunteer base, and influence on volunteer base with choices are provided in this section. We provided the percentage questions with options ranging from 0%-20% to 80%-100%. We have maintained uniformity in composing the options so that respondent doesn’t get frustrated with various types of options.

NGO Operations 2:

In this section, we asked questions such as a change of primary goal and risk mitigation plan with a simple yes/no option. An open-ended question is provided for the respondents who have mitigation to explain it briefly for our understanding.

4. Results

Based on the responses sent by NGOs for the survey, we have witnessed their impacts in Education, Health and family welfare, Child Welfare, Women empowerment, and Rural development sectors. A total of 103 NGOs has responded to the survey. Each NGO is of a different size.
When measured on a scale of 0-100 people 64% of the NGOs are operating with 0-20 people as their workforce and 30% of NGOs have up to 50 people as their operating workforce. Most of the NGOs are very small in scale and focus only on particular sectors of their expertise. We observed the average workforce for the surveyed NGOs as approximately 23 personnel per NGO, Also the NGOs profoundly rely on volunteers to carry out their activities. These volunteers may change from time to time or event to event. Each NGO has about 18 volunteers helping them in carrying out their activities.

NGOs have donations as a main financial source for their social activities. There was no clear picture of the impact on donations as 40% reported an increase, 41.74% reported a decrease and, rest reported there is no change in donations during COVID-19 pandemic time.

4.1 Tool Used:

Microsoft Power BI is a Data Visualization and Business Intelligence tool that visualizes your data through immersive, coherent, and interactive dashboards that give you insights at scale and enable you to take strategic, actionable insights. (Microsoft, n.d.)

It offers a broad range of detailed and attractive visualizations. We can create reports and dashboards using simple visualizations as we want to represent our data set. It also supports complex computations, key performance, and indicators, which can further be used by data analysts for prototyping and doing analysis of different situations.

5. Analysis

5.1 Overall Picture

As the figure indicates about 58.25% of the NGOs have reported that the pandemic has affected their future events, another 13% have said they are unable to decide, and remaining reported that there is no effect on their events. The majority (80.58%) of the NGOs are looking at a smaller scale and cancelled events, only 18% of the NGOs have declared that their events will take place as planned with the same number of people as pre-COVID times. There was no clear distinction in the timeline of events as 33 NGOs reported that they would assess situation post lockdown and 37 NGOs reported they had more events than usual.

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Although NGOs are reeling in tough times, 80.50% of them laid-off only 0-20% of their workforce, other NGOs have laid-off employees where percentage varies from 20%-100% where operations were severely affected. Also, most of the NGOs have a high percentage of unpaid workforce who are working voluntarily. Around 3 in every 5 of the NGOs have only 0%-40% of their workforce as paid employees.46% of the NGOs have changed their working style in this pandemic period. When we asked to describe it elaborately, Most NGOs reported that they are working remotely by conducting virtual meetings. While working on the field, Volunteers were divided into small groups so that physical distancing rules can be maintained. As the lockdown in the country was announced at a short notice 54% of NGOs failed to adapt to the conditions immediately. We have filtered out the responses based on the change of NGO’s primary objective during this pandemic situation. We have observed a drastic change in every aspect of the NGO’s functioning. NGOs that have pivoted and changed their primary objectives had a positive rise in Events, donations, volunteers.

5.2. Events and Workforce

When NGOs changed their primary objectives, The Events and workforce results are as follows:

NGOs have reported that events have increased during the lockdown or postponed to lockdown instead of cancelling, only 4% of NGOs have cancelled their events. Only 15% of the NGOs have cancelled their events during the lockdown period.80% of the NGOs have either created new events/programmes or continued with their events as planned to help the poor.
Also, 84% of the NGOs which have changed their objective have laid off of only 0-20% of their workforce which may be inclined to 0 layoffs. 3 out of 4 NGOs have reported that they can pay wages as they have pivoted.

When NGOs have not changed their primary objectives, The Events and workforce results are as follows:

Most NGOs reported that events are cancelled or they have to assess situation post lockdown in Telangana. Also, 40% of the NGOs have reported that their future events are cancelled. Only 4 in every 10 NGOs have funds to pay salaries and others are struggling to keep up with the fiscal deficit but still, they have not laid off massively as 76% of the NGOs reported they have laid off only 0-20% of their workforce.
This shows a clear distinction in NGOs which have added or changed their primary goals during the pandemic period fared better than those who have not changed their primary goals. For some NGOs, it may not be viable to change their activities and they directly need support. When we asked to elaborate on how they have changed their primary goals, the majority of NGOs have provided food and ration for poor people in slums and migrant labour who lost their jobs. Other works carried out by NGOs during this lockdown are helping people with psychological problems because of forced shutdown and helping students in their skill development through online classes and seminars. Although there are considerable differences between the NGOs the similarity is that even in the tough times most of the NGOs have not let go of their employees and are fighting it out collectively.

5.3. Donations and Volunteers

When NGOs changed their primary objectives, The Volunteers and Donations results are as follows:

Though people were struggling with lockdown restrictions, people were still willing to help by joining hands with NGOs. Volunteer base has been increased for 57.53% of NGOs and it has been the same as pre-COVID times for 24.66% of NGOs. Only 16% reported that they have been struggling to find volunteers. This change can be seen in donations. Around 66% of the NGOs have got an increment in donations or have been the same as pre-COVID times.

When NGOs have not changed their primary objectives, the volunteers and donations results are as follows:

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It is evident that for NGOs which have not pivoted, 70% of NGOs have reported no change or decreased in their volunteer base whereas only 23.33% reported that their volunteer base has been increased. We have recorded the amount of increase and decrease of volunteers on a 0%-100% scale which has been displayed in the bar graphs. A similar pattern can be observed in donations as well. Around 605 of NGOs have reported that there is a decrease in donations, 23.33% reported no change. Only 16.77% reported an increase in donations. This paints a very bleak picture for NGOs which have not pivoted or changed their goals during this pandemic period in terms of survival and operations without donations and funds.

5.4. Social Media and Corporate social responsibility funding

As people have resorted to their mobile phones and laptops during the lockdown, NGOs were successful in expanding their digital footprint. Around 77.66% of the NGOs reported that there is either increase or no change in their social media followers. NGOs could make ground by innovative digital campaigns on COVID precautions and other issues. NGOs also used their social media campaigns to raise money for the activities during the lockdown period.

When it comes to corporate social responsibility, companies run their social activities using their trusts and social groups. Most NGOs are yet to acquire funding from corporate companies. Around 7 out of 10 NGOs reported that they don’t have any corporate social responsibility funding.
6. Literature Review

According to (Tzifakis, Petropoulos, & Huliaras, 2017) Economic crisis has a mixed impact on NGOs in Greece. It has presented threats as well as opportunities. Small individual donations have decreased considerably due to socio-economic conditions. The private institutional funding has increased in times of crisis in which losses have not occurred. The crisis also motivated NGOs to adopt different adaptation strategies to become more resilient. The deteriorating conditions also motivated and mobilized people to participate and volunteer in social activities. (Scriven, 2007) stated that Organisations can be evaluated on basis of different sources such as Organisational goals, professional standards, organizational structure, Nature of the organization, and needs of the people combined with cultural traditions, risk, and financial stability.

(Kilby, 2011) points out that Indian NGOs have a choice to make: between becoming the government’s arm to deliver developmental activities or doing real empowerment with women which enables the poor to claim rights from the government. They are also under pressure from donors and are accountable to them, to deliver activities according to their priorities which are deviating from the NGO’s actual motive and path of empowerment. NGOs should always be accountable to the beneficiaries who are benefited from their activities like the membership associations or societies which are accountable to their members.

COVID-19 has a negative effect on both developed and underdeveloped economies. It has affected the manufacturing, agriculture, and service sectors equally. India has about 22% of people living in urban slums which have a low residing area, unhealthy conditions, overcrowding, and shortage of food. This exposes the fact that social distancing is not possible in these slums and the fragility of urban health facilities. India also has about 90% of people working in the informal sector which is characterized by the lower middle class and poor people. Studies estimate that poverty may jump by about 10%-15% than the previous year (Buheji & Cunha, 2020).

Although Individual philanthropy is rising in India, the Government is the major contributor to development funding. India needs about 4.6 lakh crores per year to achieve at least 5 of the sustainable development goals. This compels each stakeholder to rethink their approach with a radical increase in funding. They have suggested 5 elements of field approach: field outcomes, data-driven policy, collaborative action, government allies, and design for scale. (Bain and Company, 2019)

7. Conclusion

- 58.25% of the NGOs have reported that the pandemic has affected their future events
- The impact on donations on the NGOs was unclear, as both increase and decrease was reported.
- 46% of the NGOs have changed their working style in this pandemic period remotely by conducting virtual meetings.
- 77.66% of the NGOs reported that there is either increase or no change in their social media followers

When NGOs have changed their primary objectives

- Only 15% of the NGOs have cancelled their events during the lockdown period.
- 84% of the NGOs which have changed their objective have laid of only 0-20% of their workforce which may be inclined to 0 layoffs.
- Volunteer base has been increased for 57.53% of NGOs
- 16% reported that they have been struggling to find volunteers.

When NGOs have not changed their primary objectives,

- Only 4 in every 10 NGOs have funds to pay salaries and others are struggling to keep up with the fiscal deficit
- 40% of the NGOs have reported that their future events are cancelled.
- 70% of NGOs have reported no change or decreased in their volunteer base whereas only 23.33% reported that their volunteer base has been increased.

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Acknowledgement

The completion of this research paper was undertaken by members of Clean Environment Initiative. Clean Environment Initiative is a not-for-profit initiative in the business of changing and shaping lives. CEI is focused towards addressing environmental issues through field work and increasing awareness. This initiative was born with the intention to not only make a change but also to provide an opportunity to people who want to make a change. Dealing with the challenges of today requires problem-solvers who bring different perspectives and are willing to take risks. CEI emerged out of a pursuit to inspire and support the community, and a desire for actions to speak louder than words. (https://www.ceingo.org/)

We would like to express our deep appreciation and gratitude to all NGOs that expended time in filling our extensive survey forms.

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