CHAPTER 5: REDEFINING RELATIONSHIP INDICATORS FOR DONOR-NPO RELATIONSHIPS OF CORPORATE SOCIAL INVESTMENT

5.1 PREFACE

Building on the findings reported on in articles 2 and 3, this article attempts to answer research question 3.

**Research question 3: How can the relationship between corporate organisations and NPOs possibly be defined and measured?**

The quantitative approach was followed in this article. The research was conducted by compiling an inventory of items based on the qualitative findings and literature. The Likert-scale items of Hon and Grunig (1999:3) were used as a basis and new items as well as adapted versions of their formulations were added to their items. Thereafter the items were refined and reviewed by an expert panel (see Addenda B and C for the questionnaires).

Data was collected by means of two corresponding surveys (similar questionnaires, but tailored to the donor and NPO populations). For the two surveys two samples were drawn, one from the population of corporate organisations who donate to NPOs as part of their CSI activities and the other from the population of NPOs who receive corporate funding. The realised sample of donor respondents finally came to 67 and the total for NPOs was 106. Exploratory factor analysis was conducted at a construct level and yielded 24 factors from the donor survey and 22 factors from the NPO survey. The results of reliability analysis were used to test the internal consistency of the factors and interpreted by the researcher for meaningfulness. Based on the results the number of factors was reduced to 17 and 15 factors respectively grouped into the four main constructs; control, trust, commitment and relational realities (see Addendum A for a comprehensive analysis report).

This article reports on the results of these analyses and concludes with the redefined relationship indicators suggested by this study. *In other words, this article is a basic, quantitative, cross-sectional exploration of the relationship indicators as defined by the respondents of two corresponding surveys.*

Based on the results, the number of factors was reduced to 17 and 15 factors which were grouped into the four main constructs control, trust, commitment and relational realities.

5.2 DRAFTED ARTICLE 4

The fourth article is yet to be published, but a final drafted version is included in the following pages.
REDEFINING RELATIONSHIP INDICATORS FOR DONOR-NPO RELATIONSHIPS OF CORPORATE SOCIAL INVESTMENT

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ABSTRACT

Despite the rigour of the stakeholder theory as a theory of organisational conception, the established indicators used to distinguish a positive stakeholder relationship from a problematic one are not entirely relevant to corporate-community relationships within the context of corporate social investment in South Africa. In order to obtain a better understanding of corporate-community relationships, the research for this article revisited the corporate-community relationship theory. Relationship indicators for the specific context of this relationship were redefined, based on exploratory factor analysis and reliability analysis and derived from literature, partially structured interviews with key informants, and two corresponding surveys. The findings suggest that the relationship is viewed differently by the two parties in the relationship and this reflects its uniqueness. The redefined relationship indicators therefore add relevance to the rigour of stakeholder theory, which can enhance both practitioners’ and researchers’ understanding of corporate-community relationships.
INTRODUCTION

Corporate organisations in South Africa spent R6.9 billion on Corporate Social Investment (CSI) in the 2011/2012 tax year and CSI spending of the last 10 years has outstripped inflation by 77% (Trialogue, 2012). As CSI budgets are allocated as cash, goods and services to the benefit of the community, the importance of the community as a stakeholder group to these organisations becomes undeniable. In this regard, Rossouw (2010) declared that CSI has become a licence to operate in South Africa. Yet, stakeholder theory cannot fully account for the relationship between corporate organisations and the recipient NPOs who receive funding from their CSI activities (Van Dyk & Fourie, 2012a:211).

The link between the maintenance of positive stakeholder relationships and corporate success is well established in corporate communication literature (Freeman et al., 2010:10; Ledingham, 2003:195). Scholars have paid attention to the descriptive, prescriptive and managerial nature of the stakeholder theory (cf. Donaldson & Preston, 1995; Freeman et al., 2004), described the characteristics, identified the antecedents and predicted and measured the consequences of stakeholder relationships (cf. Broom et al., 2000; Grunig & Huang, 2000; Hon & Grunig, 1999; Hung, 2007). However, stakeholders are diverse and their nature is complex – and each one exhibits unique characteristics. Some stakeholder groups, such as shareholders, customers, suppliers and employees seem to fit better into the broad strokes of value creation, trade, capitalism and ethics that the stakeholder theory propagates (Freeman et al., 2010; Freeman et al., 2004), while groups, like communities, activist groups and labour unions show complexities for which the stakeholder theory cannot really account (Van Dyk & Fourie, 2012b:362).

The specific stakeholder relationship and the specific context under scrutiny in the research on which this article is based is the relationship between corporate organisations and NPOs that receive funding from the corporate organisations’ CSI activities (corporate-community relationships) in South Africa. These corporate-community relationships were explored by Van Dyk and Fourie (2012b) who found that the relationship is problematic in the sense that stakeholder theory and the literature on managing stakeholder relationships are not entirely relevant to this context, making the well-known indicators of stakeholder relationships unsuited in this relationship context.

We argue that NPOs, and therewith their relationships with corporate organisations, do not fit the mould of stakeholder relationships in the corporate sector. This relationship context should be taken into consideration when describing and measuring these relationships.
Against this background (cf. Van Dyk & Fourie, 2012b) the corporate-community stakeholder relationships were further explored by means of two corresponding surveys, one amongst CSI representatives of South African private sector organisations and one amongst NPO managers.

In this article the results present a set of redefined relationship indicators as perceived by both corporate and community respondents that serve as a guideline for measuring and describing stakeholder relationships between corporate donors and recipient NPOs.

STAKEHOLDER LITERATURE

The main premise of the stakeholder theory is that an organisation should be attentive to all individuals and groups with a legitimate stake in the organisation and not only to those groups with a monetary stake (Freeman et al., 2010:50). Managing of stakeholder relationships seems to focus on balancing the interests or needs of the parties in the relationship (Ledingham, 2003:181), which must be done through deliberation and two-way communication (Steyn & Puth, 2000:210) and which should have a long-term focus (Broom et al., 2000:17; Friedman & Miles, 2002:3; Hon & Grunig, 1999:2; Ledingham, 2003:195).

Although the ideas propounded by Freeman (1984) and his stakeholder theory changed the conception of the corporate world for ever (at least from an organisational communication point of view), they are criticised for not being clear on how the relationship should be managed and what the indicators are of a positive relationship (Ledingham, 2003). Various relationship theorists and communication scholars have addressed the gap and described antecedents, outcomes, indicators and maintenance strategies for stakeholder relationships that proved to be valuable contributions to the managing and measuring of stakeholder relationships. Broom et al. (2000) summarised the theoretical contributions that support current understanding of stakeholder relationships. One of their conclusions was that stakeholder relationships are formed when parties have certain perceptions, needs and motives in relating to each other. These perceptions, needs and motives are the precursors of a stakeholder relationship and include elements such as social and cultural norms, collective expectations, the need for resources, an uncertain environment and other legal or voluntary reasons to relate (Broom et al., 2000:16; Ledingham, 2003:195). Relational outcomes or consequences are another related concept that has contributed to a better understanding of the practical value of stakeholder relationship management.
Goal achievement, loss of autonomy/shared control, commitment, trust, satisfaction and routine behaviour were some of the relational outcomes identified by authors such as Grunig and Huang (2000) and Broom et al. (2000). The relational outcomes were not only used to describe stakeholder relationships as a phenomenon and theorise about such relationships, but were also used as the indicators of positive stakeholder relationships for the purpose of measuring actual stakeholder relationships.

The relationship indicators defined by Hon and Grunig (1999:3) are control mutuality, trust, commitment and satisfaction. The two types of relationships to which they refer are exchange relationships and communal relationships. The first indicator, control mutuality, represents the power balance and level of agreement about the power arrangement in the relationship (Hon & Grunig, 1999:3). The issue of power sharing has also been identified as an important indicator of stakeholder relationships by other researchers (cf. Jahansoozi, 2002:8; Ledingham & Bruning, 1998:58). It is not infrequent that power imbalances are found in relationships, but some control must reside on both sides. The second indicator, trust, is the relationship indicator about which there is most agreement among relationship theorists (cf. Grunig, 2002:2; Jahansoozi, 2002:15; Ledingham, 2003:188-189; Ledingham & Bruning, 1998:55).

Trust is a complex and latent issue and Hon and Grunig (1999:3) operationalised trust, in the context of stakeholder relationships, as consisting of integrity (the belief that the other party is fair and just), dependability (the conviction that the other party will make good on promises) and competence (the belief that the other party has the ability to do as it promises). The third indicator, commitment, can be summarised as the extent to which the parties perceive the relationship in question as actually worth their energy and time (Hon & Grunig, 1999:3). Authors such as Bruning and Galloway (2003:316) and Ledingham and Bruning (1998:55) also regard commitment as an important relationship outcome. The fourth indicator, satisfaction, represents the extent to which parties perceive the relationship as being positive. Enforced feelings of positivity are said to entice the parties in the relationship to engage with each other and to try to maintain the relationship.

The two types of relationships identified by Hon and Grunig (1999:3) are exchange relationships and communal relationships. As the name suggests, exchange relationships are focused on the expectation of getting something in return for giving to the other party. The parties expect benefits in exchange for benefits. In contrast, communal relationships are focused on the welfare of the other party. In communal relationships there is no expectation of receiving anything in return.
The Hon and Grunig (1999) relationship questionnaire and the Grunig (2002) interview schedule are measuring instruments frequently adapted/applied in relationship studies. The solid reputation of the creators of the instruments and the recognition the questionnaire received from the Institute for Public Relations (IPR, 1999) also reflect the popularity of these instruments and their respectability. The work of Hon and Grunig (1999) and Grunig (2002) forms the starting point for researching corporate-community relationships in the context of CSI as reported in this article.

CONTEXT OF CORPORATE-NPO RELATIONSHIPS IN CORPORATE SOCIAL INVESTMENT

Corporate governance has gained prominence in all business sectors in recent years (Steyn & De Beer, 2012a:32). Corporate governance, as seen by the King Code of Corporate Governance, consists of three aspects: leadership, sustainability and corporate citizenship (IoDSA, 2009:9-10). The leadership required for good governance is leadership characterised by ethical values, responsibility, accountability, fairness and transparency. The code sets out principles for the board of directors and management of organisations. The sustainability guidelines refer to issues of economic, natural and societal sustainability and responsibility. Corporate citizenship basically refers to the fact that organisations are like people who are supposed to act sustainably and within the spirit of the constitution (ibid.).

Linked to both the sustainability and corporate citizenship principles, corporate social responsibility (CSR) refers to the responsibility of organisations towards the society and environment in which they operate, whereas corporate social investment (CSI) represents the manifestation of that responsibility (IoDSA, 2009:51). Usually, CSI is demonstrated by donations, financial assistance and other contributions to act on the aforementioned responsibility towards the broader economic, social and environmental needs of the community around them.

CSI is a local and international priority and the importance of development for the world’s poor can be seen in international trade discussions and government priorities (Bernstein, 2005:2). In South Africa, the King Codes of governance (specifically King II and King III), listing requirements of certain indexes on the Johannesburg Stock Exchange, the new companies act and the requirements of Black Economic Empowerment (BEE) direct organisations which operate locally, towards greater involvement in socio-economic development. In South Africa, these best-practice benchmarks and
legislated requirements make CSI activities a *licence to operate* for South African organisations (Rossouw, 2010).

Through financial assistance and other contributions within the context of CSI, corporate organisations relate to the communities around them. NPOs often fit into the development sector as implementation agencies that act as a link between corporate organisations and the communities themselves, thereby playing a significant role in distributing social investments to the community and effecting social change (Rossouw, 2010). From a funder’s perspective, the link that NPOs provide to recipient communities enables the donor to mobilise their social investment (Shumate & O’Connor, 2010:578).

Whatever the special role of NPOs in social development might be, they do not function without operational challenges such as lacking infrastructure and other resources (Boafo, 2006), as well as dependence on and competition for resources (Byrne & Sahay, 2007:71). The most important resource NPOs are dependent on is donor funding (Helmig et al., 2004:107; Hodge & Piccolo, 2005:175; Lewis, 2003:332). Their dependence on donor funding is a direct result of the non-market nature of NPOs where they cannot generate funds in the same way that profit organisations do (Helmig et al., 2004:101).

Both corporate organisations and NPOs are instrumental in developing South Africa and the fact that they have to relate to each other in order to affect the CSI mandate of corporate organisations emphasises the importance of the relationship between the parties. Therefore this relationship is worthwhile investigating.

**RESEARCH PROCESS**

Despite relying heavily on a quantitative statistical approach in the analysis of responses, the research approach overall was executed in the spirit of interpretivism. An interpretivist stance was specifically suited for this inquiry as the state of a stakeholder relationship lies in the perceptions of the parties in that relationship (Babbie & Mouton, 2001:28; Bruning & Ledingham, 1999:159). Interpretative research is focused on the meaningfulness and nature of social patterns and actions and understanding these relationships is based on people’s interpretations thereof (Babbie & Mouton, 2001:28; Lewis-Beck, Bryman & Liao, 2007).
In order to ensure the inclusion of the different variables that were required to inform the measurement of this stakeholder relationship, the research was conducted systematically. It included the generation of items, the refinement of those items, collecting the data and testing for validity and reliability.

**Item generation**

Using the Hon and Grunig (1999) relationship indicators as the basis of the inquiry, the first step in the research process was the generation of a list of Likert-scale items including items that could possibly be used to measure and define the corporate-community relationships in CSI.

The pool of items was based on the four relationship indicators and two types of relationships as defined by Hon and Grunig (1999) and the new items were formulated for each of the indicators as well as for an additional theme consisting of items covering the specific context of this relationship. The newly formulated items were based on a detailed literature review ([Chapter 4/Article 3]) and themes that emerged from partially structured interviews with key informants in the industry ([Chapter 2/Article 1]; [Chapter 3/Article 2]).

The 46 items by Hon and Grunig (1999:29-30) were adapted and newly formulated items were added to form the inventory of items that came to a total of 112 items for each of the two survey questionnaires of the corresponding surveys. The term ‘corresponding surveys’ is used because the two surveys set out to measure the stakeholder relationship between corporate donors and the NPOs from both sides of the relationship. This was done by using corresponding items, but two separate questionnaires, enabling the researcher to formulate the items specifically for each population.

**Refinement of items**

After generating 112 items for each of the two questionnaires, the researcher set out to refine the formulation and compilation of items before administering the questionnaires. An expert panel of three communication researchers critically reviewed the two questionnaires and reported on the clarity and appropriateness of each item in terms of the relationship indicators and technical correctness. The review process resulted in the reformulation of some items, the deletion of some items and the addition of other items to measure the intended variables. Finally, 106 items were retained for administration in the survey questionnaires.
Data collection
For each of the two populations (South African NPOs and CSI representatives of organisations doing business in South Africa) two separate samples were drawn. For the NPOs a simple random sampling method was used and the sample drawn by using the Prodda NGO Directory of 2008 as the sampling frame. This directory was used because of its accessibility to the researcher and the comprehensive contact information (including e-mail addresses) provided for the listed NPOs. Of the 413 questionnaires e-mailed to NPOs a total of 106 were returned.

Accessing CSI representatives proved to be a difficult task as these individuals seemed to be ‘hidden’ in businesses with very little direct contact details generally available. The researcher decided to use various non-probability sampling methods including convenience sampling (Trialogue CSI Handbook and a client list from a Black Economic Empowerment consultancy), as well as purposive and snowball sampling during internet searches for contact details of CSI representatives. A total of 137 survey questionnaires were distributed via e-mail link of which 67 were completed. The surveys were administered in August and September 2012 using surveymonkey.com followed up via e-mails and telephone calls to request potential respondents to react.

Exploratory factor analysis
With the purpose of redefining the relationship constructs in mind, the data was reduced by means of exploratory factor analysis at a construct level. The small realised samples prevented calculations of all the items combined. A principle component analysis was conducted for each construct with an oblique rotation (Promax rotation) in order to establish the underlying constructs. The exploratory factor analysis of the responses to the donor survey yielded 24 factors for the four relationship indicators (control, trust, commitment and relational realities) and the NPO survey yielded 22 factors for the four relationship indicators represented by 80 and 83 items respectively (of the original 106 items).

Reliability analysis
The factors that emerged from the analysis were tested thereafter for internal consistency (by calculating the Cronbach’s Alpha coefficient for each). Cronbach’s Alpha values of 0.6 and upward were considered an acceptable internal consistency (Abu-Bader, 2011:12; CCS, 2011:40) specifically because a diversity of constructs consisting of mostly latent variables were measured (Field, 2009:675). In addition, for some factors emerging from the exploratory factor analysis, only two items were grouped into a factor. In three of these cases a Cronbach’s Alpha value lower than 0.6 was considered acceptable, as Field (2009:675) indicated reliability analysis on very few items may turn up
a lower Cronbach’s Alpha value. As a result of the reliability testing the number of items was reduced to 60 items grouped into 17 factors (donors) and 62 items grouped into 15 factors (NPOs).

PRESENTATION AND INTERPRETATION OF FINDINGS AND RESULTS

The findings and results are discussed according to the relationship indicators control, trust, commitment and relational realities. For each relationship indicator the relevant findings and results are merged and concurrently discussed.

Figure 1 illustrates and summarises the factor groups on which the redefinition of relationship indicators is based.
Figure 1: Factor solution for relationship indicators and contextual elements as viewed by both parties
The redefined relationship indicators for donor-NPO relationships in CSI are based on the factor groupings that proved to be reliable and meaningful in the bigger context. The definitions of relationship indicators are based on the factor groupings and the items that loaded onto those factors, qualitative findings yielded from partially structured interviews with six key informants and literature on the context of CSI and NPO management.

**Control and power**

Control and power in the donor NPO were in some respects similar to the generalised idea of stakeholder relationships, yet in other respects unique to this context. Likewise, in some respects donors and NPOs viewed control and power in their relationship similarly, but in other respects they had very different perceptions of control and power.

The first contextual element of the indicator *control and power* was *control mutuality*, which was defined similarly as for other stakeholder relationships. However, while this aspect formed the total picture for general stakeholder relationships it was only an element of *control and power* in this context. Donors and NPOs defined this contextual element very similarly with the statement “We have some sense of control over our relationship with [the other party]” loading the highest in both analyses (0.918 in the donor survey and 0.837 in the NPO survey). Statements such as, “[The other party] really listens to what we have to say” and “[The other party] believes our opinions are legitimate” loaded highly in both sets of responses.

Mirroring the qualitative findings (Van Dyk & Fourie, 2012a:205) and literature on donor-recipient relations (Helmig et al., 2004:107; Lewis, 2003:332), the *dominance* of the donor and *dependence* on those donors were discernible contextual elements of the indicator *control and power* in this relationship. The level of *acceptance of their dominance* by the donors and the *acceptance of donor dependence* by the NPOs therefore describe a part of the control and power within this context. Donor respondents grouped the following statements together to describe this contextual element of control and power in their relationship with recipient NPOs:

→ “We dominate our relationships with the [NPOs] because we provide the money” (Factor loading: 0.892).
→ “We dominate in our relationship with the [NPOs] because we must comply with governance regulations” (Factor loading: 0.765).
→ “We dominate in our relationship with the [NPOs]” (Factor loading: 0.742).
The NPOs also grouped together statements to represent their perceptions of the dominance of the donors in their relationship:

→ “We cooperate with our donors because we want to secure future funding” (Factor loading: 0.784).
→ “We are dependent on our donors for survival” (Factor loading: 0.679).
→ “Our donors hold a powerful position in our relationship” (Factor loading: 0.522).

For donors, concern with sustainability and responsibility in their relationship with NPOs formed part of their perception of control and power. This contextual element centred on the donors’ intention to help secure sustainability for the NPOs, and the responsibility in terms of their own power; and their responsibility to ensure participation by the NPOs formed part of the element. Statements grouped together to define this contextual element included the following:

→ “We try to secure sustainability for the [NPOs]” (Factor loading: 0.888).
→ “When we interact with the [NPOs] we try to go about our powerful position in a responsible way” (Factor loading: 0.777).

It is not surprising that donors viewed sustainability and responsibility as important in their relationship with recipient NPOs as this element is exactly what CSI is known to be, namely a manifestation of corporate responsibility (IoDSA, 2009:9). Furthermore, it falls within the greater quest for sustainable development in South Africa.

When linked to the donor-specific element of sustainability and responsibility, NPOs defined the control and power by also referring to perspectives on their possible future independence from donors. This contextual element was unique to the view of NPOs and revolved around their perception on donor independence. Their perceptions are expressed in the following statements:

→ “Independence from donors is an important long-term goal for us” (Factor loading: 0.899).
→ “In the future, we will be able to survive without our donors” (Factor loading: 0.692).

Trust
Trust in this relationship was also a mixture of general stakeholder ideas and context-specific aspects. The first contextual element to define the trust in this relationship is trusting on the basis of integrity and intention. For both parties in the relationship it was important to consider their own and the other party’s attempt at doing good. The statement “[The other party is] fair in their relationship with us” loaded highest for both donors (0.963) and NPOs (1.014) and the statements “[The other party is] honest with us” and “[The other party treats] us fairly and justly” loaded highly onto the factor that formed the contextual element of trust on the basis of integrity and intention.
The second contextual element of trust was trust based on the skills or competence of the other party. The perception that the other party can work independently and has the ability to be successful formed part of this element. The competence of donors was defined, in the view of NPOs, like the description by Hon and Grunig (1999) with statements such as:

→ “Our donors have the ability to accomplish what they say they will do” (Factor loading: 0.914).

→ “I feel confident about the skills of our donors” (Factor loading: 0.650).

While the competence of the donors was defined as for other stakeholder relationships, the skills of NPOs were not viewed in the same light. The limitations in terms of access to skilled staff and infrastructure as seen in literature on NPO management (cf. Boafo, 2006; Coffman, 2005) were different for NPOs than for other stakeholders. This unique characteristic was reflected in statements such as “The [NPOs] can be left to work unsupervised” and “The [NPOs] are known to be successful at the things they try to do” and should be reflected in the interpretation of these statements.

The willingness to surrender decision-making power to the other party was another contextual element of trust in this relationship and this willingness to let the other party make decisions in the relationship was important to both parties. Hon and Grunig (1999:28) grouped statements about the willingness to surrender decision-making power with other issues of dependability, but in this relationship it seemed as if the respondents viewed it as a specific element of trust. Both parties grouped the statements “We are willing to allow the [other party] to take decisions that could affect us” and “I am willing to let [the other party] make decisions for us” together.

For the donors, consideration and concern with the opinion of the other party were a distinct contextual element of trust in the relationship. Consideration of the other party was also centred on attitude during decision making and links to the willingness to let the other party make decisions. The statements “The [NPOs] take our opinions into account when making decisions” (Factor loading: 0.995) and “Whenever the [NPOs] make an important decision, I know they will be concerned with us” (Factor loading: 0.729) both loaded highly onto this factor.

**Commitment**

Unlike many elements of the indicators control and power and trust, the indicator commitment was viewed differently by the two parties. While some similarities were evident, the contextual elements for each party were unique.
While donors seemed to view the desire to have a relationship and the desire to maintain that relationship as the same element and linked loyalty to the importance of the other party, the NPOs viewed the desire to have a long-term relationship as a separate element and other desires as part of a more affective commitment. From the donor survey, the statements were grouped together to form the contextual element:

→ “The [NPOs] are trying to maintain a long-term commitment to us” (Factor loading: 0.922).
→ “The [NPOs] want to maintain a relationship with us” (Factor loading: 0.776).
→ “I would rather work together with the [NPOs] than not” (Factor loading: 0.625).

NPOs, on the other hand, grouped statements together to focus the elements solely on the term of the commitment:

→ “Our donors are trying to maintain a long-term commitment to us” (Factor loading: 0.956).
→ “There is a long-lasting bond between us and our donors” (Factor loading: 0.784).
→ “Our donors commit to long-term (longer than three years) funding” (Factor loading: 0.725).

Their desire to have a relationship with their donors, the loyalty they perceived and perceptions about them caring about their donors were grouped together (separate from perceptions about the term of the commitment). This difference goes to show that the dependence on donor funding made the NPOs more sensitive to the funding term while other things were considered to be niceties.

Perceptions of the obligation to relate to NPOs formed another contextual element of overall commitment of the donors. This element of commitment was viewed similarly by both parties in the relationship. The duty of corporate organisations to contribute to their societies and adhere to governance requirements are at the core of the contextual element obligation to relate. The statements “When we interact with the [NPOs], we keep compliance to governance requirements in mind” and “It is important to comply with the regulations that guide corporate social investment” loaded highly on to this contextual element of commitment.

The NPOs added another perception to their definition of commitment by grouping together two statements regarding commitment to a cause. The statements that loaded together to form this contextual element are “Corporate companies should contribute to the society in which they operate” (Factor loading: 0.849) and “We are committed to the causes we promote” (Factor loading: 0.757).

**Relational realities**

The realities experienced by the two parties in this relationship are to some extent similar, but the differences are undeniable. Transparency was seen as being especially important in the donor-community relationship and was demanded from both sides. The perceptions each party had of its own
transparency and the transparency of the other party defined the relational realities. The following statements loaded onto the factors regarding transparency by both parties:

→ “[The other party is] free to access our financial reports.”
→ “We are financially transparent to [the other party].”
→ “We openly share information with [the other party].”

The NPOs also saw the expectations of donors regarding the transparency of NPOs as part of their transparency in this relationship, as reflected by the following statements:

→ “Our donors require us to be transparent regarding our operational expenses” (Factor loading: 0.835).
→ “Our donors require us to report all the details of how our funding was spent” (Factor loading: 0.776).
→ “Our donors expect us to disclose other sources of funding to them” (Factor loading: 0.418).

The transparency of the other also formed part of the conception of the realities in this relationship and the latter perception was defined by these statements: “[The other party is] truthful about funding issues”, “[The other party is] open about their real situation” and “[The other party shares] information openly with us.”

The profit-making nature of the corporate donors is a distinct characteristic and is specifically important when contrasted with the non-profit nature of the NPOs. The pressure on NPOs resulting from the profit-driven demands of the donor is a reality for corporate-NPO relations and dissonance about these demands could be the cause of conflict. Both parties regarded the demands originating from the profit-driven nature of the donors as part of their perceptions of the relationship and both parties included the statements “[The NPOs] realise the fact that [the donors] try to make as much profit as possible” and “[The NPOs] understand that it is important for [the donors] to be profit-driven.” From the factor groupings it is clear that the NPOs also viewed other realities of their donors together with the profit-driven nature, as can be seen from the statements “We understand the realities of the corporate world” (Factor loading: 0.742) and “We try to take the realities of the corporate world into account when we interact with our donors” (Factor loading: 0.697).

While the NPOs viewed the requirements of their donors as part of the demands rooted in their profit-driven nature, the donors viewed the requirements around funding issues as a separate element of the realities of this specific relationship, as indicated by the statements “We require the [NPOs] to report all the details of how our funding was spent” (Factor loading: 0.875) and “We require the [NPOs] to be transparent regarding their operational costs” (Factor loading: 0.787).
Other contextual realities experienced by donor organisations included *accommodation* in the relationship. Aspects such as feelings of support, consideration and satisfaction are included in accommodation. Linked to *accommodation*, donors also used the level of *understanding of the differences* between the parties to distinguish between a good corporate-community relationship and a bad one.

The donors indicated that they saw accommodation of the other party as a distinguishable element of the realities of this relationship. They grouped the following statements together to define their perception:

- “When we fund [NPOs], we support the goals of that [NPO]” (Factor loading: 0.806).
- “The different needs of the [NPOs] are greater than what we can satisfy” (Factor loading: 0.716); “We try to take the realities of the [NPOs] into account when we interact with them” (Factor loading: 0.688).
- “The [NPOs] and funders can work together when it comes to social development” (Factor loading: 0.588).

Instead of grouping some of the differences with statements on the nature of business as the NPOs did, the donors understood differences between the two parties as a separate contextual element that spoke of the realities of this relationship. The statements that loaded highly on to this factor are: “The [NPOs] understand the realities of the corporate world” (Factor loading: 0.881) and “Both parties in a corporate [NPO] relationship understand the difference in organisational goals between them” (Factor loading: 0.460).

Another contextual element that formed part of how donors defined their relationship with the NPOs who received funding through their CSI is the internal constraints faced by the NPOs. By grouping the statements “The [NPOs] themselves are the main cause of time constraints when it comes to implementing funded projects” (Factor loading: 0.894) and “The [NPOs] are slow when acting on promises made to us” (Factor loading: 0.501) together to form this factor, the donors indicated an agreement with the literature on NPO management that lists various internal constraints that restrict the efficiency with which NPOs operate (cf. Brown & Kalegaonkar, 2002:235; Helmig et al., 2004:101).

Further highlighting the context of corporate-community relationships, NPOs perceived their *insatiable needs* as one reality of their relationship with donors that defined the relationship. The statements that loaded onto this factor are “Our different needs are greater than what our donors can satisfy” (Factor loading: 0.755) and “Our different needs seem never-ending” (Factor loading: 0.693).
The vast needs of NPOs tie in with many other realities such as understanding and accommodating differences and the contrasting profitable nature of corporate donors.

The redefined relationship indicators are summarised in Figure 2.
Figure 2: Relationship indicators redefined for donor-NPO relationships
Figure 2 summarises the redefined relationship indicators contextualised for donor-NPO relationships and suggested for the measuring of this relationship in future studies. These indicators are discussed below.

**Control/Power**
For donors control and power in this relationship consist of control mutuality, acceptance of their dominance and the dependence of NPOs on them and the sustainability and responsibility with which they accept their control. For NPOs control and power in the relationship were defined as control mutuality and their acceptance of their dependence on donors. Control as perceived by NPOs also included their ideas on the possibilities of being more independent in the future.

Control mutuality was defined as the measurement of the balance of power/control in the relationship. The degree of control mutuality depends on whether both parties experience some sense of control and whether they believe the other party is attentive to them and their opinions.

Acceptance of the dependent NPO/dominant donor position was seen slightly differently by donors and NPOs. For donors acceptance of their dominance was defined as the degree to which the donors accepted their dominance in their relationship with NPOs. NPOs saw this element as the degree to which they accept that they depend on donors for survival. NPOs saw the dominant position of donors as being separate from their dependence on donors and they defined control by distinguishing between the two.

Donors indicated that they saw control as the sustainability and responsibility with which they play their part in their NPO relationships. Sustainability and responsibility depend on whether donors intend to secure sustainability for the NPOs they fund and whether they use their powerful position in a responsible way. For NPOs control also meant the possibility of gaining independence from donors in the future. The degree of confidence they had in the possibility of their own dependence and whether they value independence partly defined control from their perspective.

**Trust**
Both parties defined trust in this relationship as consisting of integrity and intentions, skills and competence and willingness to allow the other decision-making power. Donors also viewed consideration of the other party as part of trust in their relationship with NPOs.
They indicated that integrity and intention can be measured by the degree to which both parties find the other party to be fair, just and honest. Both donors and NPOs valued integrity and intention in their relationship with each other.

While both donors and NPOs considered skills and competence as part of trust, donors defined it as the extent to which donors believe NPOs can be trusted to work unsupervised and whether they (NPOs) are known to be successful. NPOs defined skills and competence as part of trust as the extent to which NPOs believe their donors are competent and can be relied on to keep their promises.

Both donors and NPOs saw willingness to allow the other party some decision-making power as the willingness to surrender some decisions to be made by the other party on their behalf. This included relationship-decisions by the other party that may affect them.

Donors also indicated that consideration of the other party is important for trust. Consideration of the other is the degree to which donors believe their opinions to be taken into account and the degree to which they believe the NPOs are concerned with them.

**Commitment**

Commitment was defined differently by donors than by NPOs. According to donors, commitment is defined by desire to relate to NPOs, loyalty and importance as well as the obligation to relate to NPOs. NPOs, on the other hand, defined commitment as the desire for a long-term relationship, affective commitment and desire perceived from donors, commitment to compliance and the cause.

For donors, the desire to relate and maintain the relationship indicated the level to which donors value working with NPOs and their judgement of their relationship maintenance attempts. Loyalty and importance reflect the desire of donors to have a long-lasting bond with the NPOs they fund, the value they attach to the relationship and the degree to which they experience loyalty from the NPOs they fund. Lastly, from the perspective of the donors, their obligation to relate to NPOs as part of CSI represents the degree to which they believe they are responsible for the society in which they operate and the obligation they have to adhere to governance requirements.

NPOs saw the desire for a long-term commitment as the opinions about the length of commitment they perceive from their donors. Affective commitment, on the part of NPOs, represents the
degree to which NPOs value their donors and perceive their donors as being loyal. Furthermore, NPOs defined compliance commitment as the belief that their donors should comply with governance regulations and keep those regulations in mind when interacting with NPOs.

**Relational realities**

Both parties’ perceived transparency and accommodation to be the unique realities that help define donor-NPO relationships. Donors experienced NPOs’ understanding of the profit demands, expenditure reporting requirements and other differences as important and also saw internal constraints on the side of NPOs as part of the realities of this relationship. NPOs viewed their insatiable needs as part of the relational realities of relating to their donors.

They saw transparency as an important contextual element of the realities of this relationship; defined it in terms of each party’s own transparency as well as the perceived transparency of the other party.

Accommodation was viewed from both sides of the relationship as the degree to which both parties feel they are supported and the parties are working together.

Donors’ perception of their profit/output demands points to the extent to which donors felt NPOs understand the nature of their activities and the extent to which they believed NPOs view their profitable nature as important. For donors, the understanding they perceive NPOs to have about their profit/output demands, form part of the realities of the donor-NPO relationship. Donors also viewed internal constraints on the side of NPOs as a reality in this relationship and defined it as the extent to which problems that are associated with NPOs cause challenges in their relationship with their donors.

From the perspective of NPOs, a reality in their relationship with donors is their insatiable needs and the ability of donors to satisfy their needs.

**CONCLUSION**

The research reported in this article used the relational indicators as formulated by Hon and Grunig (1999) as a starting point for the exploration of corporate-NPO relationships within the context of CSI in South Africa. It was found that the relational indicators are not entirely suited to define and measure the relationship between corporate organisations and the NPOs which receive
funding from their CSI expenditure. Although the indicators by Hon and Grunig (1999) and other relationship theorists are by no means worthless in this context, redefining them can facilitate a much better understanding of the relationships.

The redefined relationship indicators that emerged from the analysis do not only inform practitioners and future researchers on how possibly to approach corporate-NPO relations, but also illustrate the importance of context when considering stakeholder relationships. Understanding the context of a specific relationship will be very beneficial in accurately describing and effectively managing that relationship. A better understanding of individual relationships could aid in corporate goal achievement and could further strengthen the managerial power of the stakeholder theory, even when the stakeholder group in question shows complexities not usually encountered.

The research was exploratory in nature and the results and findings are not generalizable. The small realised sample size limited the statistical calculations that could be applied. However, the research remains valuable as it addresses a need for CSI practitioners, NPO management and other researchers to consider both rigour and relevance in relationship management.

The rigour of established theory and the relevance of considering the specific context of corporate-community relationships will help ensure that even this complex stakeholder relationship can be experienced by both parties as being positive and successful. Understanding corporate-community relationships can ultimately contribute to both corporate goal achievement and social development through CSI in South Africa*.

* For the purpose of the thesis, sources are given in a centralised reference list.
5.3 PROVISIONAL CONCLUSIONS

The results of the factor and reliability analysis led to the identification of context-specific relationship indicators that could be used in defining and measuring this relationship leading to partially address research question 3.

**Research question 3: How can the relationship between corporate organisations and NPOs possibly be defined and measured?**

The four relational indicators were all redefined to some extent and individualised for each party according to the results of factor and reliability analysis.

5.3.1 Control and power

Control and power issues are defined by both donors and NPOs to include some general power balance or control mutuality where both parties feel at least some sense of control and experience the other as attentive. The acceptance of the dominance of donors and the dependence of NPOs is also regarded by both as relevant to defining power. The responsible use of power and attempting to secure sustainability for NPOs are part of donors’ definition of control while the possibility of being independent in the future also fit the NPOs’ definition.

Trust is firstly defined by both groups as the integrity and intention of the other party. Then donors also defined trust on the basis of skills of NPOs and whether they could be left to work unsupervised. NPOs also regarded the competence of donors as important. The willingness to allow the other party some decision-making power featured in both groups’ definitions of trust while only the donors specifically identified the consideration they believe the NPOs show towards them as part of the trust relationship.

5.3.2 Commitment

Commitment was viewed differently by the two parties with NPOs seeing the long-term commitment and long-term funding as important. NPOs also defined commitment as affection and the desire they experience from their donors to relate to them. Donors, on the other hand, viewed loyalty and importance as the value they attach to their relationship with NPOs and linked the length of the term of commitment to these feelings of loyalty and importance. Both parties saw the obligation to relate as part of commitment to this relationship. NPOs also viewed commitment to a cause, as meaning the degree to which they believe their donors are committed to social causes.
5.3.3 Relational realities

The relational realities experienced similarly by both parties include the importance of transparency on your own side and the side of the other party, as well as accommodation of the other in the relationship. Donor respondents define the relational realities of this context as the extent to which NPOs understand the profit-driven nature and demands of donors, the requirement of reporting expenses and NPOs’ understanding of the differences between them and their donors. NPOs believe that their insatiable needs and the ability of their donors to address those needs are part of the realities of this relationship.

The redefined relationship indicators summarised here and reported on in the fourth article could be used to describe the relationship between corporate donors and NPOs in the context of CSI better than the originally defined relational indicators can.

5.4 PLACE IN THE STUDY

By partially addressing research question 3 and research objective 3, the conclusions made in this article contribute to the redefinition of relational indicators for donor-NPO relationships. The findings, when viewed with those presented in the second article (Chapter 3/Article 2) will fully answer research question 3 and contribute to the bigger study in this way. The place of this article within the bigger study is indicated in Figure 5.1.

![Figure 5.1 Place of the fourth article within the thesis](image-url)