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# REDEFINING THE COMMUNICATION RELATIONSHIP BETWEEN DONORS AND NON-PROFIT ORGANISATIONS IN THE CONTEXT OF CORPORATE SOCIAL INVESTMENT

## ABSTRACT

*This article proposes redefined relationship indicators for the stakeholder relationship between corporate donors and the non-profit organisations (NPOs) they fund as part of their corporate social investment (CSI) activities. The study is based on exploratory factor analysis and reliability analysis of data from two corresponding surveys, one conducted amongst CSI representatives of South African organisations and one amongst social development NPO managers. The analysis and interpretation of the survey results were supplemented by literature and the findings from partially structured interviews with six key informants. The redefined relationship indicators are based on two key findings from the survey results and subsequent interpretation. The first finding is that the relational indicators by theorists such as Hon and Grunig (1999) are not entirely suited to describe and measure the relationship between the private sector organisations and NPOs. The second key finding is that the relationship is viewed differently by the two parties and indicators used to describe and measure the relationship should reflect these differing views. The redefined relationship indicators reflect the specific context of the relationship between corporate donors and recipient NPOs and not only inform practitioners and future researchers on approaching corporate-NPO relations, but also illustrate the importance of context in stakeholder communication.*

**Keywords:** corporate social investment; NPO management; development communication; stakeholder relationships

## INTRODUCTION

As part of the bigger notion of businesses' citizenship, their contribution to sustainable development and their societal involvement, many corporate organisations fund non-profit organisations (NPOs) as catalysts, partners and implementers of their corporate social investment (CSI) agendas (Coronado & Fallon 2011; Gokulsing 2011; Karoula & Halme 2008; Lewis 2003; Rossouw 2010). With the allocation of CSI budgets as cash, goods and services to social development NPOs, the importance of these NPOs as a stakeholder group to

donor organisations becomes undeniable (Burgos 2012; Karoula & Halme 2008; Matthews 2014).

When considering this corporate-NPO relationship against the stakeholder theory, it is clear that other stakeholder groups, such as shareholders, customers, suppliers and employees seem to fit better into the framework of value creation, trade, capitalism and ethics that the stakeholder theory propagates (Freeman, Harrison, Wicks, Parmar & De Colle 2010; Freeman, Wicks & Parmar 2004), while groups like communities and activist groups show complexities which the stakeholder theory cannot really accommodate (Van Dyk & Fourie 2012b).

Against this background, corporate-NPO relationships were 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 NPO respondents that serve as a guideline for measuring and describing stakeholder relationships in this context.

## STAKEHOLDER LITERATURE

Stakeholder theory is a capitalistic theory of organisational conception that developed from the general systems theory. Stakeholder theory postulates that organisations have stakeholders who are influenced by the organisation and could be harmed or benefitted by their association with the organisation (Freeman 2001), and who in turn could benefit or harm the organisation to the point that organisational survival depends on these individuals or groups (Freeman *et al.* 2010).

Differentiating itself from the stockholder theory, 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). Managing of stakeholder relationships seems to focus on balancing the interests or needs of the parties in the relationship (Ledingham 2003), which must be done through deliberation and two-way communication (Steyn & Puth 2000), and which should have a long-term focus (Broom, Casey & Richey 2000; Friedman & Miles 2002; Hon & Grunig 1999; Ledingham 2003).

### Relationship indicators

The relationship indicators defined in the seminal work by Hon and Grunig (1999) are control mutuality, trust, commitment and satisfaction. The first indicator, control mutuality, represents the power balance and level of agreement about the power arrangement in the relationship (Hon & Grunig 1999). The issue of power sharing has also been identified as an important indicator of stakeholder relationships by other researchers (cf. Jahansoozi 2002; Ledingham & Bruning 1998). 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. Goodman & Hirsch 2010; Grunig 2002; Jahansoozi 2002; Ledingham 2003; Ledingham & Bruning 1998; Schnackenberg & Tomlinson 2014). Trust is a complex and latent issue and Hon and Grunig (1999) 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). Authors such as Bruning and Galloway (2003), Ledingham and Bruning (1998), and Matzler and Renzl (2007) 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 (Hon & Grunig 1999; Matzler & Renzl 2007).

Despite being more than 15 years old, the indicators and instrument developed by Hon and Grunig (1999) are still influencing scholars today and are widely used in empirical studies (cf. Dhanesh 2014; Daewook & Choi 2013; Eyun-Jung & Shin 2015). 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 its popularity and respectability. The work of Hon and Grunig (1999) and Grunig (2002) forms the starting point for researching corporate-NPO relationships in the context of CSI as reported in this article.

## DEVELOPMENT CONTEXT OF CORPORATE-NPO RELATIONSHIPS IN SOUTH AFRICA

CSI is a local and international priority and the importance of CSI for developing nations can be seen in international trade discussions and government priorities in recent years (Bernstein 2005; Steyn & De Beer 2012). In South Africa, corporate governance is defined by the King Code of Corporate Governance as consisting of three aspects, namely leadership, sustainability and corporate citizenship (IoDSA 2009). 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. CSI is usually 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.

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).

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). The most important resource NPOs are dependent on is donor funding (Helmig, Jegers & Lapsley 2004; Hodge & Piccolo 2005; Lewis 2003). 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).

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 was executed in the spirit of interpretivism. An interpretivist stance is 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; Bruning & Ledingham 1999). Interpretive 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; Blaikie 2004). 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.

### Sampling and data collection

After initial qualitative interviews with six industry informants, the 46 items by Hon and Grunig (1999) were adapted and newly formulated items were added to form the inventory of 5-point Likert-scale items that, after expert panel review, came to 106 items. 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 (or mirroring) items, but two separate questionnaires, enabling the researcher to formulate the items specifically for each population.

For each of the two populations (South African NPOs and CSI representatives of private sector organisations doing business in South Africa) two separate samples

were drawn. The sample for the NPO survey was drawn randomly from the Prodder NGO Directory of 2008 and the sample for the CSI representatives were drawn using purposive and snowball sampling. The CSI sample was drawn from the 2000 and 2012 Trialogue CSI Handbook, a client list from a Black Economic Empowerment consultant firm and internet searches to obtain contact details of CSI representatives of companies listed on the Johannesburg Stock Exchange. Of the 413 questionnaires e-mailed to NPOs a total of 106 were returned. A total of 137 survey questionnaires were distributed to CSI representatives via e-mail link of which 67 were completed.

### Data analysis

The data was statistically analysed using IBM SPSS. 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).

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; CCS 2011) specifically because a diversity of constructs consisting of mostly latent variables were measured (Field 2009). 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) 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). The same qualitative interviews used to guide the formulation of additional items for the item-inventory were again analysed using the factor groupings from the surveys as themes. The interview data was used to interpret, together with literature, the survey results.

### Ethical considerations and limitations

Because the research was based on the participation of people and the collection of their perceptions to gain an understanding of the indicators of the relationships between them, the ethical principles of voluntary participation and anonymity were of importance. Informed consent was obtained from all participants and respondents to ensure that their participation was voluntary. All participants and respondents were given the option to withdraw from the project at any time before, during or after the interview (two-week limit). As donor relations are a sensitive topic, especially for NPOs, the anonymity of every participant and respondent was ensured.

The exploratory approach to this study resulted in three noteworthy methodological limitations:

- As a result of the small realised samples the statistical calculations were limited in terms of scope and usability.
- The intent of measuring the relationship from both sides posed various challenges. The fact that the exploratory factor analysis and reliability analysis as population-specific calculations were done separately for each of the two surveys resulted in different measures for the two surveys, making a comparison of means impractical.
- The surveys were further limited because respondents were asked to judge their relationship with donors in general (in the NPO survey) or with NPOs in general (in the donor survey). This decision made the measurement accurate but less specific because it disregarded the unique circumstances of each individual relationship.

## PRESENTATION AND INTERPRETATION OF RESULTS

The results are based on the factor groupings that proved to be reliable as well as meaningful in the bigger context. The results reveal two aspects of corporate-NPO relationships; one is that the relational indicators by relationship theorists such as Hon and Grunig (1999) are not entirely suited to describe and measure the relationship between the private sector organisations and the NPOs which receive funding from their CSI expenditure. The factor groupings reveal that the context of the relationship itself is part of how the relationship is described and perceived by the parties in it. The second key finding is that the relationship is viewed differently by the two parties and indicators used to describe and measure the relationship should reflect these differing views. By analysing the data separately for the two populations that took part in the study, it is clear from the way respondents answered that NPOs and corporate organisations do not always view the relationship the same.

Figure 1 illustrates and summarises the factor groups and the discussion that follows is structured according to the relationship indicators control, trust, commitment and relational realities.

### Control and power

Control and power in the donor-NPO relationship were in some respects similar to the generalised idea of control in 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 similar to 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” (Factor loading for donor survey 0.693 and for NPO-survey 0.830) and “[The other party] believes our opinions are legitimate” (Factor loading for donor survey 0.656 and for NPO survey 0.799) loaded highly in both sets of responses.

**FIGURE 1: FACTOR SOLUTION FOR RELATIONSHIP INDICATORS AND CONTEXTUAL ELEMENTS AS VIEWED BY BOTH PARTIES**

Donor indicators and factors			NPO indicators and factors		
Relationship indicator	Alpha	Factor groupings (contextual elements)	Relationship indicator	Alpha	Factor groupings (contextual elements)
Control/Power	0.855	Control mutuality (7 items)	Control/Power	0.884	Control mutuality (8 items)
	0.770	Acceptance of donor dominance (3 items)		0.669	Acceptance of donor dominance (3 items)
	0.741	Sustainability and responsibility (4 items)		0.809	Donor dominance (2 items)
Trust	0.947	Integrity and intention (11 items)	Trust	0.543	Possible future independence (2 items)
	0.839	Skills (3 items)		0.888	Integrity and intention (9 items)
	0.794	Willingness to allow decision making (2 items)		0.883	Competence (5 items)
	0.765	Consideration of the other (2 items)		0.722	Willingness to allow decision making (3 items)
Commitment	0.767	Desire to relate and maintain (3 items)	Commitment	0.811	Desire for long-term relationship (5 items)
	0.735	Loyalty and importance (4 items)		0.782	Affective commitment and desire (4 items)
	0.765	Obligation to relate (3 items)		0.614	Compliance commitment (2 items)
Relational realities	0.856	Own transparency (3 items)	Relational realities	0.504	Cause commitment (2 items)
	0.800	Transparency of the other (3 items)		0.902	Own transparency (4 items)
	0.700	Accommodation (4 items)		0.831	Transparency of the other (7 items)
	0.708	Profit/Output demands (2 items)		0.804	Accommodation (4 items)
	0.601	Expenditure reporting requirements (2 items)		0.536	Insatiable needs (2 items)
	0.526	Understanding differences (2 items)			
	0.555	Internal constraints (2 items)			

Mirroring the qualitative findings (Van Dyk & Fourie 2012a) and literature on donor-recipient relations (Helmig *et al.* 2004; Lewis 2003), 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). 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” (Factor loading for donor survey 0.955 and for NPO survey 0.916) and “[The other



party treats] us fairly and justly” (Factor loading for donor survey 0.922 and for NPO survey 0.806) 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 similar to general 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. Boafó 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” (Factor loading for donor survey 1.040) and “The [NPOs] are known to be successful at the things they try to do” (Factor loading for donor survey 0.485), 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) 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” (Factor loading for donor survey 0.844 and for NPO survey 0.765) and “I am willing to let [the other party] make decisions for us” (Factor loading for donor survey 0.831 and for NPO survey 0.952) together.

For the donors, consideration and concern with the opinion of the other party was 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 indicates 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” (Factor loading for donor survey 0.582 and for NPO survey 0.719) and “It is important to comply with the regulations that guide corporate social investment” (Factor loading for donor survey 0.577 and for NPO survey 0.686) 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-NPO 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 grouped with factors regarding transparency by both parties:

- “[The other party is] free to access our financial reports” (Factor loading for donor survey 1.035 and for NPO survey 0.622).
- “We are financially transparent to [the other party]” (Factor loading for donor survey 0.931 and for NPO survey 0.981).
- “We openly share information with [the other party]” (Factor loading for donor survey 0.781 and for NPO survey 0.655).

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” (Factor loading for donor survey 0.850 and for NPO survey 0.894), “[The other party is] open about their real situation” (Factor loading for donor survey 0.798 and for NPO survey 0.953), and “[The other party shares] information openly with us” (Factor loading for donor survey 0.788 and for NPO survey 0.875).

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” (Factor loading for donor survey 0.911 and for NPO survey 0.730) and “[The NPOs] understand that it is important for [the donors] to be profit-driven” (Factor loading for donor survey 0.879 and for NPO survey 1.003). 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-NPO 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; Helmig *et al.* 2004).

Further highlighting the context of corporate-NPO 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 discussion and interpretation of the results 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. Taking the interpretation of the results one step further, the authors suggest a redefined set of relationship indicators that accommodate the context of the relationship as well as the context and perceptions of both the parties.

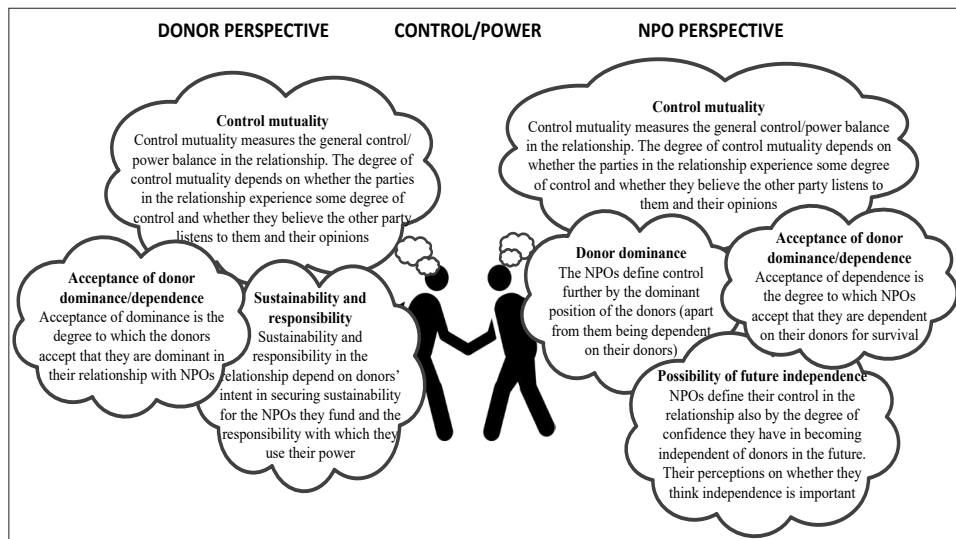
## CONTEXTUALISED RELATIONSHIP INDICATORS

The discussion that follows explicates the redefined relationship indicators contextualised for donor-NPO relationships. Summarised definitions are presented in Figures 2 to 5 to serve as suggestion for how this relationship and its indicators could be viewed and measured in future studies.

### Control/Power

Figure 2 summarises the redefined relationship indicators for control or power in the relationship between corporate donors and recipient-NPOs.

**FIGURE 2: 'CONTROL/POWER' REDEFINED FOR DONOR-NPO RELATIONSHIPS**



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.

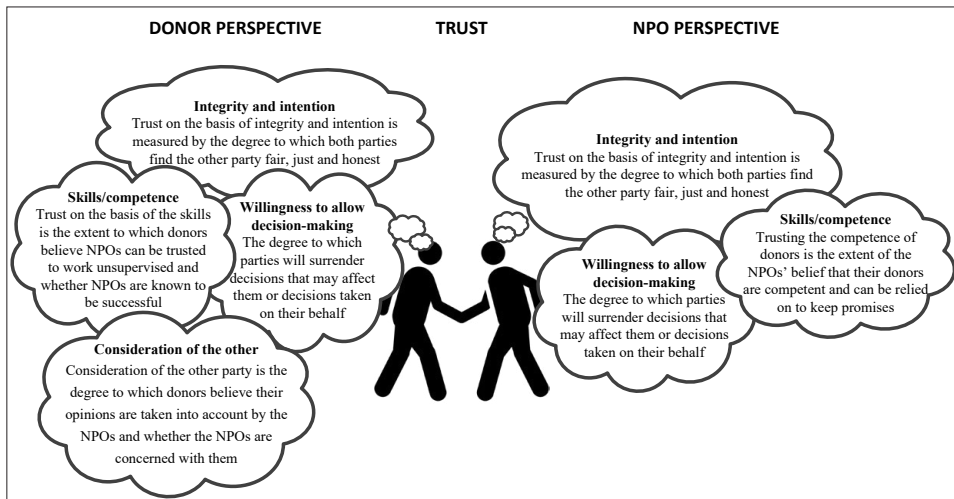
Acceptance of the dependent NPO/dominant donor position was seen slightly differently by donors and NPOs. For donors, acceptance of their dominance was defined as the degree to which the donors accepted their dominance in their relationship with NPOs. NPOs saw this element as the degree to which they 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

Trust, as redefined as an indicator of the relationship between corporate donors and NPOs on the receiving end of corporate funding, is summarised in Figure 3.

**FIGURE 3: 'TRUST' REDEFINED FOR DONOR-NPO RELATIONSHIP**



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.

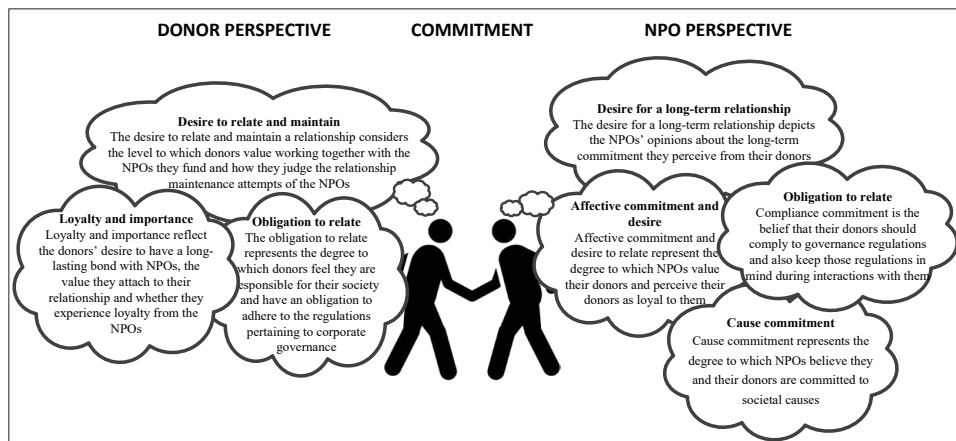
Both donors and NPOs saw willingness to allow the other party some decision-making power as the willingness to surrender some decisions to be made by the other party on their behalf. This included relationship decisions by the other party that may affect them.

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 in the relationship between donors and recipients is summarised in Figure 4:

**FIGURE 4: 'COMMITMENT' REDEFINED FOR DONOR-NPO RELATIONSHIPS**



Commitment was defined differently by donors and NPOs. According to donors, commitment is defined by the 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.

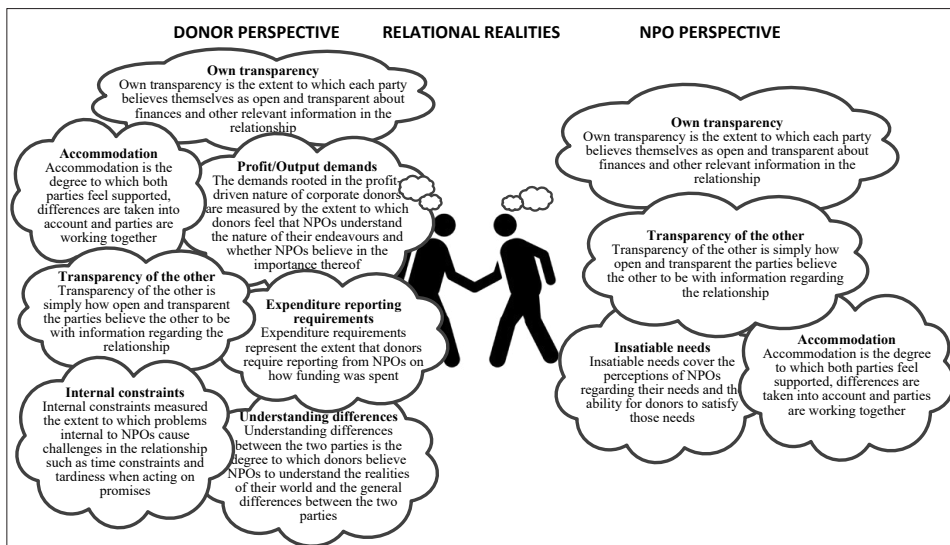
For donors, the desire to relate and maintain indicated the level to which donors value working with NPOs and their judgement of their relationship maintenance attempts. Loyalty and importance reflect the desire of donors to have a long-lasting bond with the NPOs they fund, the value they attach to the 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

The realities of a relationship between groupings from two sectors in society as viewed by the two parties in such a relationship are summarised in Figure 5.

**FIGURE 5: 'RELATIONAL REALITIES' REDEFINED FOR DONOR-NPO RELATIONSHIPS**



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 and 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 the 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 communicate in and approach corporate-NPO relationships, but also illustrate the importance of context when considering all stakeholder relationships. Understanding the context of a specific relationship will be beneficial in accurately describing and effectively managing that relationship. A better understanding of individual relationships can aid in corporate goal achievement and will further strengthen the managerial power of the stakeholder theory, even when the stakeholder group in question shows complexities not usually encountered in either's separate circumstances.

The research was exploratory in nature; 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-NPO relationships will help ensure that even this complex stakeholder relationship can be experienced by both parties as being positive and successful. Understanding corporate-NPO relationships South Africa can help set the scene for scrutinising both corporate goal achievement and social development through CSI in South Africa and other developing contexts.

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