

CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1 INTRODUCTION

Part and parcel to the idea of communication within an organisational context, relationships with stakeholders have dominated how organisational management have been conceptualised since R. Edward Freeman published *Strategic management: A stakeholder approach* in 1984. Stakeholders are defined as all the groups and individuals who can influence goal attainment and survival of the organisation and are not limited to only those who own stocks in the organisations (Freeman, 1984:46; Freeman & Reed, 1983:91). The needs of stakeholders should be identified and managed strategically to ensure organisational success (Freeman, Harrison, Wicks, Parmar & De Colle 2010:6; Steyn & Puth, 2000:210).

When considering the larger environment of an organisation (as the stakeholder theory suggests), it is clear that it is not only the stockholders that count, but also the society and ecology in which the organisation is embedded (Littlejohn & Foss, 2008:40). While this larger environment may not hold immediate benefits for an organisation, an outward orientation that focuses on multiple stakeholders implies reciprocation, mutual benefit, symmetry, harmony, openness and balance (Grunig & White, 1992:44) that is in line with the bigger goal of sustainability; meeting the needs of the present without compromising the ability of future generations to meet their own needs (WCED, 1987).

In the spirit of sustainable development where business, society and the natural environment are seen as being intertwined, one of the ways in which business turns outward and assumes its social responsibility is corporate social investment (CSI) into the community that surrounds it. Organisations cannot implement all CSI activities on their own and often make use of non-profit organisations (NPOs) from those communities to act as implementation agencies for CSI. The relationship between corporate donors and recipient NPOs is the focus of this study.

In this chapter, the study on the relationship between corporate donors who fund NPOs as part of their CSI-spend and the NPOs who receive this funding will be introduced by means of a contextualisation of the research, an explication of the research problem and objectives, a clarification of the terms used throughout, the theoretical statements on which the inquiry was built and the scope of the research.

1.2 CONTEXTUALISATION OF THE STUDY

Sustainability is a concept that is central to living in the present and becomes more important with every extra kilogram of carbon emissions and each additional poor family in the developing world. Increasing expectations from society about issues of sustainability and recent financial scandals have emphasised the importance of sustainability of business and governments even more (Scherer & Palazzo, 2007:1096). In South Africa, specifically, our history has led to a disproportionate number of chronically poor people and to ensure that not only this generation but also generations to come can improve their livelihoods, a focused and sustainable development effort is needed from all role-players (Aliber, 2003:487; Pearce & Atkinson, 1998:251).

Sustainable development is best known by the definition of the Brundtland Commission (WCED, 1987): "Development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs". The development referred to in this definition does not only refer to economic development, but also to the other two pillars of sustainable development: social development and environmental protection (UN, 2005). The three pillars of sustainability are interdependent and reinforce each other (ibid.).

Pearce and Atkinson (1993:106) introduced a differentiation between two approaches to sustainability that led to the development of two models of sustainable development. The distinction made by Pearce and Atkinson (1993:106) is what they refer to as the difference between weak and strong sustainability. Weak sustainability represents a view of development that assumes that one resource can be substituted by another: for instance, while mineral reserves may decline, they can be fully replaced by say, human capital. The idea of strong sustainability assumes that the replacement of one resource with another is constrained. An example of such a constraint is that natural resources could be depleted and technological advances will not necessarily replace the need for that natural resource. This argument by Pearce and Atkinson (1993), which was used in the formulation of proposed sustainability indicators for the purpose of international comparison by the United Nations Economics and Social Council (ECOSOC, 2008:55), forms the basis of the two forthcoming models of sustainability.

The three pillars of sustainability, also called the triple bottom line in business terms, are the environment, social dimensions and economic dimensions. If seen from Pearce and Atkinson's (1993:106) perspective of weak sustainability, these three dimensions are separate and competing for resources (PCE, 2002:15).

The model for weak sustainability can be visually illustrated by the Venn diagram (Figure 1.1):

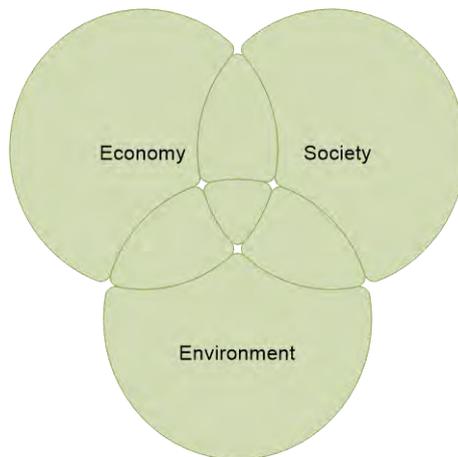


Figure 1.1: Weak sustainability (Grossman, 2011)

When seen from a business-orientated stakeholder perspective, the model of weak sustainability is comparable to an asymmetrical worldview that guides the relationship and communication between the organisation and its stakeholders (Grunig 2001:15; Grunig & White 1992:42). From this viewpoint, the organisation is considered as being separate and in competition with society and the natural environment (Grunig & White, 1992:42). The relationship is characterised by manipulation, persuasion and a struggle for power (Grunig, 2001:15; Roper, 2005:77; Plowman, 1998:255).

While weak sustainability is viewed as the three dimensions that are interlinked but largely separate, strong sustainability recognises that the economy exists within a social context and that society is dependent on and contained within the larger environment (PCE, 2002:7). The environment is seen as the service provider that enables society to exist, with society supporting economic activity (Grossman, 2011). In this model, the three dimensions of sustainability are mutually dependent and nested in each other, as illustrated in Figure 1.2.

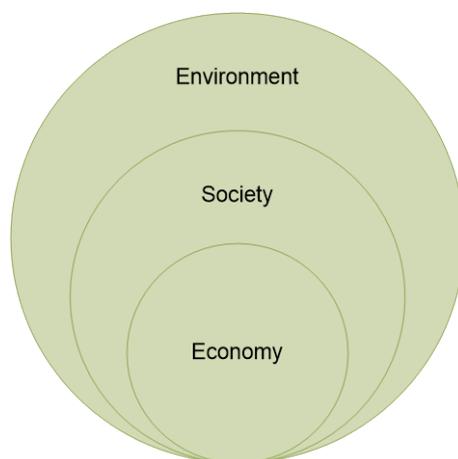


Figure 1.2: Strong sustainability (Grossman, 2011)

From the organisational communication perspective, the assumptions of strong sustainability coincide with those of a symmetrical perspective that views business-society relationships as open, harmonious and cooperative (Grunig, 2001:16; Grunig & White, 1992:44). In this kind of relationship the parties submit to mutual adjustment and business is considered part of a larger system (Littlejohn & Foss, 2008:40).

Just like the idea of strong sustainability, such a business-society relationship implies that business is part of society which in turn is embedded in the natural environment. This view assumes that there may be many important ecological and social issues that do not necessarily involve economic benefit or reasoning, but that business, society and the environment are so intertwined that business can never be seen as being separate from society and the natural environment. The link between business and society is explained by the World Commission on Environment and Development (WCED) of the United Nations in their famous Brundtland Report (WCED, 1987). They describe the complexity of the link between population growth and economic development in developing societies where economic development stimulates population growth that in turn both stimulates and hampers economic growth. In order to balance the need for resources and the rate of resource development, concerted social efforts are necessary. From business' side such social efforts include taking responsibility for the impact of the decisions it makes on society and the environment (IoDSA, 2009:51).

One of the ways in which business turns outward and assumes its social responsibility is corporate social investment (CSI).

1.3 SCOPE OF THE RESEARCH

CSI is the business function that embodies organisations' responsibility towards the society and environment in which they operate and most often refers to donations and other contributions to the needs of the community around them (IoDSA, 2009:9). In a developing country such as South Africa, the plight of underdeveloped societies makes it even more necessary for organisations to share the responsibility of upliftment, empowerment and development (Skinner & Mersham, 2008:239; Catalyst Consortium, 2002: 1). Organisations do not only contribute to share the social burden of a developing society, but also contribute to society because they are bound to by various legislative and normative rating scales and codes, and form part of the broader requirement of corporate governance (Rossouw, 2010; IoDSA, 2009).

On the receiving end of CSI, NPOs regularly act as implementation agencies and receive funding from CSI budgets. NPOs fit into the bigger social development environment as implementation agencies that apply for funding from, among others, corporate organisations to ultimately effect social change in their communities (Rossouw, 2010). The development work of NPOs is driven by the needs

of these communities and participation and sustainability are vital for their success (Du Plessis & Steyn, 2005:1; Jacobson & Kolluri, 1999:268).

The distinct roles of organisations and NPOs in broad-based development in South Africa and their various reasons for relating to each other make the communication relationship between the parties important for sustainable development as well as for corporate goal attainment. The relationship between organisations and their societal stakeholders is important because of their business value (Hall, 2006:7) and social development (Skinner & Mersham, 2008:249).

1.4 RESEARCH PROBLEM STATEMENT

Both corporate organisations and NPOs have a role to fulfil in the collective drive for sustainability in South Africa. Their roles may complement each other as funder and implementer, but their worldviews and day-to-day realities are worlds apart. On the one hand are corporate organisations that are driven by profits, a balance between the needs of all their stakeholders and compliance to governance requirements. On the other hand are groupings such as recipient communities, civil society organisations and NPOs. Motivated by various social ills, poverty and other societal challenges, the community representatives enter the CSI environment with expectations of participation while the corporate representatives see this engagement as another stakeholder to manage on behalf of the organisation.

From a theoretical stance the corporate organisations are capitalistic, market-driven and focused on stability while NPOs can be said to have a non-market driven nature, a historical association with anti-capitalism and values transformation. While the principles of ethics, fairness, dialogue and people-centeredness emerge from both stakeholder ideas of organisational management and participatory ideals on which many NPOs function, their ideological natures differ greatly.

They enter into a relationship with each other in the context of CSI, but the reasons for the relationship are unique to each party; their needs and expectations are different and these differences could translate into disparities in the relationship. Emerging from the context described above this compilation of articles aims *to explore and describe the stakeholder relationship between corporate organisations and the NPOs funded by them within the context of CSI.*

1.5 RESEARCH QUESTIONS AND OBJECTIVES

The research aim gives rise to four specific research questions translated into four specific research objectives that will be addressed in five articles contained in this thesis:

1.5.1 Specific research questions

RQ 1 How do donors and NPOs view their relationship in terms of control, trust, commitment and other relational realities?

RQ 2 What is the conceptual nature of stakeholder relationship management between corporate organisations and the NPOs they fund?

RQ 3 How can the relationship between corporate organisations and NPOs possibly be defined and measured?

RQ 4 What are the predominant communication challenges in the relationship between corporate organisations and the NPOs they fund?

1.5.2 Specific research objectives

RO 1 To explore the latent constructs of control, trust, commitment and other relational realities in donor-NPO relationships as perceived by the parties reflected in the results of partially structured interviews and a quantitative online survey among employees of corporate social investment departments of corporate organisations in South Africa.

RO 2 To explore the conceptual nature of stakeholder relationships between corporate organisations and the NPOs they fund by means of partially-structured interviews and a critical appraisal of literature.

RO 3 To suggest redefined stakeholder relationship constructs based on the findings and results of both qualitative interviews and quantitative surveys.

RO 4 To describe the predominant communication problems in the relationship between corporate organisations and NPOs they fund, based on the findings and results of both qualitative and quantitative methods.

1.6 CLARIFICATION OF TERMS

Since this study focuses on stakeholder relationships between corporate donors and recipient NPOs in the context of CSI, it is appropriate that the concepts in the topic be explicated below.

1.6.1 Stakeholders

Simply put, stakeholders are those groups on which the survival of an organisation depends (Freeman et al., 2010). Initially the concept was used as an alternative to the argument that only shareholders or stockholders of an organisation were important with stakeholder theorists arguing that the needs and expectations of everyone with a stake in the organisation (monetary or not) should be considered, related to and managed (Freeman & Reed, 1983:91). The origin of the concept is unclear, but Dodd (1931) is believed to have been the first to argue the principles of what is now known as the stakeholder approach. It was, however, the work of Freeman (1984) that popularised this concept that changed the way in which business management is considered today. For the purpose of this study, corporate organisations and NPOs are regarded as stakeholders of each other; the survival of NPOs that receive funding from corporate donors are dependent on these donors for survival. It can therefore be argued that the relationship with NPOs also holds benefits for donors in terms of honouring their societal responsibilities and attaining organisational goals (Freeman et al., 2010:6; Freeman, Wicks & Parmar, 2004:364).

1.6.2 Stakeholder relationships

Because stakeholder groups are interdependent, a relationship between them is implied. In order to create value for both parties and to retain the relationship, the interactions between parties are based on the constant exchange of bilateral needs and expectations between parties (Freeman et al., 2010:9; Broom, Casey & Ritchey, 2000:14).

Various authors have described stakeholder relationships (cf. Hung, 2007; Bruning & Ledingham, 2000), but a concrete, generally accepted definition remains absent. Bruning and Ledingham (1999) argue that when both parties realise that they influence each other, a relationship emerges that can be described and analysed according to the perceptions of both parties.

1.6.3 Corporate donors

In the context of corporate social investment, the term 'donor' is used interchangeably with other words such as 'funder' or 'partner' depending on the specific philosophy and activities of the recipients or donors themselves (cf. HSF, 2013; Matthews, 2011:34; CABSAs, 2010). Donors provide aid in order to stimulate growth, promote development activities and reduce poverty (Collodel, 2011:2) where donations are the financial or material assistance given without the expectation of receiving a direct return (such as publicity) from that assistance (Skinner, Mersham, Von Essen & Motau, 2011:236).

For the purpose of the current study, the term 'donors' refers specifically to corporate donors and indicates those corporate organisations that provide financial assistance/funding to NPOs as part of their CSI activities.

1.6.4 Non-profit organisations (NPOs)

Defined by the national Department of Social Development in South Africa, a non-profit organisation (NPO) is an organisation established for public purpose and of which no property or income is distributable to the members or office bearers other than as reasonable compensation for their services (DSD, 2011). Camay and Gordon (1997:1) define NPOs as organisations that are privately run and independent from government. NPOs are established and managed in terms of the Nonprofit Organisations Act 71 of 1997 (South Africa, 1997:2). Generally NPOs also include nongovernmental organisations (NGOs), community-based organisations (CBOs) and civil society organisations (CSOs).

For the purpose of this study the term 'NPO' is used interchangeably with community organisations and specifically refers to those NPOs/community organisations that receive funding from corporate donors.

1.6.5 Corporate social investment and corporate social responsibility (CSI/CSR)

Sometimes used interchangeably, the terms 'corporate social responsibility' (CSR) and 'corporate social investment' (CSI) refer to corporate organisations' interaction with the society in which they function. According to the King III report on corporate governance, CSR is an important component of corporate citizenship and calls organisations to be responsible for their societies and the environment (IoDSA, 2009:51). In the last half-century, the concept of corporate social responsibility has been developed, debated and reconsidered by researchers and practitioners alike. In the 1950s Howard Bowen defined social responsibility by referring to the obligations of businessmen to pursue those politics, decisions, and lines of action that are desirable to society (Carroll, 2006:4).

CSI is seen as the manifestation of CSR, and King III states that it should be part of the sustainability strategy of organisations (ibid.). In its narrower sense, CSI refers to the donations and charitable payments and in a broader sense it includes other non-financial contributions. In South Africa, CSI is central to the practice of CSR and according to Trialogue (2012), corporate organisations in South Africa invested R6.9 billion in CSI in the 2011/2012 financial year.

1.6.6 Participation/participatory approach/participatory development

The World Bank classifies definitions for participation into two main approaches: a social movement perspective and a project-based or institutional perspective (Tufté & Mefalopulos, 2009:4). The latter is of importance for this study. According to the institutional perspective, reaching and including the inputs by relevant groups in the design and implementation of a development project are essential. This inclusion of NPOs – and implicitly the recipient communities – in decision-making and design (or strategic choices) is important when thinking about the relationship between corporate organisations

and the NPOs they fund. The institutional perspective on participation is in line with the idea of participation and communication as interaction and relationships in the development process (Servaes, 2008:17).

1.7 MAIN THEORETICAL ARGUMENTS

The article format of the thesis implies that the specifics of the relevant theories are addressed in each article, but the whole study is framed by the stakeholder theory and informed by the overarching theoretical framework and arguments discussed below.

1.7.1 Theoretical framework: Stakeholder theory

The stakeholder theory postulates that organisations have stakeholders that are influenced by the organisation and could be harmed or benefitted by their association with the organisation (Freeman, 2001:41) 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., 2010:50).

The stakeholder theory was first introduced by Freeman (1984) as an expansion and alternative to the stockholder/shareholder-favouring arguments of, inter alia, Friedman (1962:120) who claimed that business has only one responsibility and that is to increase profits. The stakeholder theory expands the stockholder concept to include other groups that are paramount to organisational survival and success. It also provides an alternative to stockholder-focused organisational theory by claiming that business is seated in society, the realm of humanity, and should also be responsive to their stakeholders to create sustainable and responsible business that goes beyond profits (Freeman et al., 2010:24).

The stakeholder theory is suited as the theoretical framework for this study based on three characteristics of the theory. Firstly, stakeholder theory is concerned with the effective management of organisations as well as with ethics in business, making it a suitable theoretical point of departure for this study that is concerned with relationships as part of CSI. Secondly, the stakeholder theory does not refer to one single theory, but rather to a set of ideas that could form a framework for a wealth of applications and the development of a number of *stakeholder theories* (Freeman et al., 2010:63; Freeman, 1994:413). The breadth of the stakeholder framework makes it all the more suited for this inquiry that explores and describes context-specific stakeholder relationships and also contributes theoretically based partly on this exploration and description. Despite the importance of the context and the realities of the parties involved, the stakeholder relationship remains the unit of analysis, making the stakeholder theory the appropriate frame. Thirdly, the diversity of the stakeholder theory also suits the nature of this particular study, and the descriptive, normative and (to some extent) instrumental stakeholder paradigms as classified by Donaldson and Preston (1995:66-67) are

applied to investigate the stakeholder relationship between the corporate donors and recipient NPOs in the context of CSI.

The current study makes use, in part, of the instrumental stakeholder theory as it argues that in harbouring positive stakeholder relationships with NPOs funded through CSI, an organisation embodies its role in the pursuit of sustainable development of the economy, society and environment. The study could also be said to be descriptive as it partially intends to explore and describe the stakeholder relationship under scrutiny in order to understand the relationship and to diagnose potential relational challenges. Lastly, the research also draws on the normative stakeholder theory by scrutinising the relational indicators used to measure stakeholder relationships and investigating the suitability of those indicators in the management of the relationship with NPOs proposing new indicators based on how relationships should be managed in this context.

From the framework of the stakeholder theory and the context of this specific relationship, the following five theoretical arguments elaborate on the framework for this study.

1.7.2 Theoretical argument 1: Organisations should be attentive to all their stakeholders by building and maintaining relationships with them

Based mainly on the principles of the stakeholder theory as conceptualised by Freeman (1984) and explicated further by Freeman et al. (2010), Agle, Donaldson, Freeman, Jensen, Mitchell and Wood (2008) and Jones, Wicks and Freeman (2002), this study first assumes that organisations should attend to the needs of all their stakeholders and not only those stakeholders with a monetary stake in the organisation. The consideration of stakeholders is based on the quest for creating value for both stakeholders and the organisation, not separating ethical and business behaviours and approaching the organisation with a managerial mindset (Freeman et al., 2010:4).

Expanding on the work of Freeman (1984), communication theorists further explicated the stakeholder theory by holding that in attending to the needs of both the organisation and its stakeholders, the relationship between the two should be managed (Ledingham, 2003:181). Broom et al. (2000) summarised the theoretical contributions that support current understanding of stakeholder relationships. One of their conclusions is that stakeholder relationships form when parties have certain perceptions, needs and motives to relate to each other.

In order to elaborate on the pragmatic aspects of harbouring stakeholder relationships, theorists identified antecedents, indicators, outcomes and maintenance strategies (cf. Kim, 2007; Ledingham, 2003; Broom et al., 2000; Grunig & Huang, 2000; Hon & Grunig, 1999). Goal achievement, loss of autonomy/shared control, commitment, trust, satisfaction and routine behaviour were some of the relational outcomes identified by authors like 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 relationships, but were also used as the indicators of positive stakeholder relationships for the purpose of measuring actual stakeholder relationships.

For the purpose of the current study, it is assumed that stakeholder theory is made applicable to organisational management by the pursuit and maintenance of relationships with stakeholders and that an understanding of the stakeholder relationship between corporate donors and NPOs is the starting point to managing the relationship in order to maintain a positive bond.

1.7.3 Theoretical argument 2: The society in which an organisation operates is an organisational stakeholder and corporate social investment is an expression of business-society relationships

The relationship between business and society within a bigger ecological system is recognised as crucial for sustainability (ECOSOC, 2008:35). The idea that organisations are embedded in the society in which they operate forms the basis of the assumptions of strong sustainability models and coincides with that of a symmetrical perspective that views relationships between organisation and stakeholder as open, harmonious and cooperative (Grunig & White, 1992:440). This view further assumes that there may be many important issues that do not involve economic benefit or reasoning, but that are social or ecological in nature.

CSI is defined by the King III report on corporate governance as one of the manifestations or the responsibility organisations has toward the society and environment in which they operate (IoDSA, 2009:9); therefore CSI is one of the links between organisations and their societies and an expression of the business-society relationship. According to the Catalyst Consortium (2002:2,) CSI has the potential to create mutual benefit for the organisation and community.

From the perspective of sustainability, it is assumed that a relationship with society is important for both parties. It is further assumed that CSI is a link between organisations and society and a way in which the relationship between the two is facilitated.

1.7.4 Theoretical argument 3: NPOs represent society in many respects and relate to corporate donors through corporate social investment

NPOs exist with the purpose of serving public interest (South Africa, 1997:2) and because they cannot generate funds like private organisations do, they rely on donor funding for survival (Byrne & Sahay, 2007:71; Hodge & Piccolo, 2005:175; Helmig, Jegers & Lapsley, 2004:107). Based on research by Trialogue for their annual *CSI Handbook*, almost a quarter of the funding received by NPOs comes from corporate organisations (Duff, 2013).

From an organisational perspective, NPOs are valuable for the implementation of CSI projects as they can link the recipient communities in a society to the corporate donor and mobilise funding (Shumate & O'Connor, 2010:578). In the 2011/2012 tax year, South African corporate organisations spent R6.9 billion on CSI of which R4.78 billion was channelled through CSI departments and the largest proportion of this funding was allocated to NPOs (Duff, 2013).

For the current study it is assumed that CSI departments are one of the main funders of NPOs and NPOs are important implementation agencies for CSI budgets.

1.7.5 Theoretical argument 4: The relationship between organisations and NPOs is unique in many respects

With corporate organisations providing funding for development through their CSI function (Duff, 2013) and NPOs being one of the main mobilisers of those funds (Rossouw, 2010; Lewis, 2003:333-334), a relationship between the two parties is implied. With corporate organisations and NPOs having perceptions of each other, needing resources from each other and having a motive to relate to the other, a stakeholder relationship between the two is confirmed (Broom et al., 2000:17).

For the purposes of the research, it was assumed that corporate organisations and NPOs are stakeholders of one another and have a relationship with each other – NPOs are one of the societal stakeholders of corporate organisations and link corporate organisations to other stakeholders such as the communities for which their CSI funding is aimed at. Corporate donors are primary stakeholders for NPOs as their survival depends on donor funding.

For this research it was also assumed that the relationship between corporate organisations and NPOs is unique and distinguishable from other stakeholder relationships based on the specific context that frames it. The assumption is argued as a result of the divergent needs, motivations and expectations of the two parties as well as the environment of CSI-activities.

NPOs are mandated to serve the broader public, and the needs of the communities in which they work are central to their functioning (South Africa, 1997:2). Participation from their communities is vital for sustainability and success (Jacobson & Kolluri, 1999:268). Inherent to their needs-driven, non-market nature, NPOs experience constraints ranging from lacking infrastructure, competition from other NPOs and staffing problems (Byrne & Sahay, 2007:71; Boafo, 2006; Helmig et al, 2004:112). Their relationship with donors is a relationship for survival as they are dependent on donors for funding (Hodge & Piccolo, 2005:175; Helmig et al., 2004:107).

Corporate organisations are driven by value creation and trade, capitalism and a managerial mindset (Freeman & Phillips, 2002:334; Freeman, 2000:174). It is clear, therefore, that based on the stakeholder theory, ethical and responsible business are also important (Agle et al., 2008:161) and it

is compliance with governance codes and legislation as well as the sense of responsible capitalism that motivates organisations to contribute to society via their CSI activities.

The differences in motives, needs and expectations frame the stakeholder relationship between corporate organisations and the NPOs they fund.

1.7.6 Theoretical argument 5: The unique context of the relationship implies contextualised theory, measurement and description

Following on the fourth assumption, the differences between corporate donors and NPOs and the context of the union itself imply that stakeholder theory (developed for a corporate context) would also need contextualisation in order to accurately theorise, describe and measure stakeholder relationships in this context.

The needs-driven, non-market nature of NPOs and the value-driven, market-orientated mind-set of corporate donors allude to the underlying ideologies of the two sectors these groups belong to. While corporate organisations have capitalism at their core and attend to their various stakeholders in order to stimulate the attainment of corporate goals (Freeman et al, 2010:4), NPOs are founded on the principles of sustainable development where the needs of communities are central (Tandon, 2000:319). While corporate organisations are theoretically linked to the stakeholder theory (Freeman et al, 2010:9), NPOs are rather part of the search for participation and sustainability (Smillie, 1997:563).

Participatory development is known for its grass-roots and bottom-up nature, based on the argument that a community's own perceptions of poverty and ideas on how to fix it differs considerably from the ideas of outsiders (Akindola, 2010:164). Together with the idea of participation, also comes the idea of empowerment (Mohan & Stokke, 2000:247) whereby power and control over the process and outcomes of the development process lies in the hands of the recipients (Servaes & Malikhao, 2008:169; White, 1994:16).

While stakeholder theory remains the theoretical starting point for investigating stakeholder relationships, the context of the relationship should be served by the theory to be applicable and realistic in this specific setting. Theoretically then, the context of the relationship also involves participatory ideals of the development sector and in order to understand, describe and measure this relationship the underlying theoretical ideologies and practical realities of both stakeholder theory and participatory development theory should be considered.

For the purpose of this study it is assumed that stakeholder theory alone cannot account for the donor-NPO relationship and the participatory ideals that underlie the development sector play a role in

the relationship and should be fill the theoretical gaps where stakeholder theory is found not to be suited.

1.8 SCOPE AND DEMARCATION

The focus of the research was on the relationship between corporate donors and the NPOs funded by them in South Africa. The theoretical arguments discussed above delimitate the theoretical scope of the research, but because it was not feasible to include all aspects of CSI, NPOs and funding issues, the research was demarcated as follows:

- The inquiry focused on the function of CSI departments that provide funding to NPOs. No CSI contributions by other departments of the organisations and no other functions of the CSI departments were considered. Similarly, no other funders of NPOs were considered and the focus was solely on funding from corporate donors' CSI departments.
- The representatives of CSI functions of the donor organisations and the managers of NPOs who were included in the study were included on the basis that they were involved with the other party on a day-to-day basis and were able to report on the relationship itself. The study did not include top management from the corporate organisations or board members from NPOs. The decision to include only these groups was based on the need that these people understood the real challenges and could report from their own lived experiences.
- The study is seated within the organisational communication domain and it should be mentioned that many other perspectives and specialist research fields exist within this space. The theoretical and methodological approach to research and the interpretations made in this thesis are from the perspective of organisational communication research within this context – the study was not intended as policy research, monitoring and evaluation research or economic research.

1.9 RESEARCH APPROACH

As the thesis has been written up in compilation format, the methodology for each article is different. The research on the whole, however, was seated in the interpretative paradigm and included a literature review, qualitative and quantitative methods and spanned both basic and applied research.

1.9.1 Interpretative paradigm

The theme of the research presented in this thesis implies a fundamentally interpretative paradigm. Relationship studies in general lend themselves to interpretative research as the relationship is formed and judged by the perceptions of the parties in that relationship (Hon & Grunig, 1999:26). Although the relationship is created by parties having perceptions of each other, the relationship itself can be studied as a phenomenon distinct from these perceptions (Broom et al., 2000:17). It is not only

the relationship itself and the perceptions of the parties in that relationship but also the subjective view of an outsider that can be used to interpret the relationship.

The exploration and description of stakeholder relationships between donors and NPOs go further than merely providing an account of the communication between the two parties; it interprets the phenomena by also searching for the meanings behind the perceptions and actions of the parties as they relate to each other, critiquing the communication between the parties and considering the broader social order in the relationship (Terre Blanche et al., Durrheim & Painter, 2006:7; Deetz, 1985:126; Fish, 1990:71).

Interpretivism is about understanding people (Babbie & Mouton, 2001:28) and forms a golden thread throughout the study. While the research methodology includes both qualitative and quantitative components, the overarching interpretivist paradigm remains.

1.9.1 Research design

The research design for this study facilitated the interpretative nature of the inquiry by including triangulation of both the methods and the data sources. These two types of triangulation were initially described by Denzin (1970:301) who argued that combining different perspectives and methods is superior to single-method approaches.

Though this study makes use of triangulated methods, the predominant research design remains qualitative. The general research principles in support of triangulation of methods are that employing multiple methods in data collection is likely to increase the overall reliability of the results, especially in qualitative designs (Du Plooy, 2009:41; Babbie & Mouton, 2001:275; Mouton, 1996:156). Because they were used together, the two methods (partially structured interviews and two corresponding surveys) complement each other and the shortcomings of each individual method are balanced out (Mouton, 1996:156).

Qualitative methods on the whole are intent on investigating subjective, personal and socially constructed realities where the human experience and context of a phenomenon are central to the research (Mouton, 1996:169; Sullivan, 2009). Qualitative data usually offers a wealth of new information and qualitative analysis focuses on understanding the underlying meaning of responses by identifying themes and patterns in the data (Mouton, 1996:169; Terre Blanche et al., 2006:47). The centrality of people's perceptions, contexts and lived experiences made a qualitative component important for this study (Walliman, 2011:216). Partially structured interviews were employed to gather initial explorative data on their relationship.

As the name alludes to, partially structured interviews are guided by means of an interview schedule, but the interview is adapted based on the replies of participants to stimulate more in-depth information

and openness by the participants (Du Plooy, 2009:198). Interviewing is a popular and effective method of collecting qualitative data because of its cost-efficiency and relative ease of with which they can be conducted (Cook, 2008:423). Like with many other means of collecting qualitative data, bias from the interviewer and the possibility of data distortion during analysis can never be totally eliminated when collecting data by means of partially structured interviews (Walliman, 2011:13).

Balancing out the shortcomings of the qualitative interviews and strengthening the overall research design, the quantitative component of this study consisted of two corresponding surveys. Quantitative methods in social research are often the expression of interest by a researcher to understand how a larger population perceive a specific phenomenon (Allan, Titsworth & Hunt, 2009). To achieve this, standardised methods are employed to collect data systematically that is then analysed with precision in order to refine and expand on research problems (Allan et al., 2009; Terre Blance et al., 2001:47). Survey research is a method that is ideal to describe the characteristics and perceptions of a large population (Babbie & Mouton, 2004:263; Sullivan, 2009). For the current study, self-administered questionnaires in two corresponding surveys were used to enhance understanding and refine the applied and theoretical contribution of this study.

The triangulations of qualitative and quantitative methods allowed the researcher to gather a diversity of perceptions as well as in-depth understanding of the relationship between corporate donor and recipient NPO.

Triangulation of sources was used because a relationship includes two parties and the perspectives of both parties are important for describing the relationship accurately (Guion, Diehl & McDonald, 2011:1; Denzin, 1970:301). The partially structured interviews included data sources from corporate donors, recipient NPOs and CSI consultants. Also, conducting two corresponding surveys, one among corporate donors and one among recipient NPOs, was motivated by the need to gain the perspective of both parties in the relationship.

1.9.2 Literature review

A review of the literature was used to examine the existing literature on stakeholder relationships, participatory development communication, CSI and business-society relationships.

A search was conducted to determine the uniqueness of this study and the availability of literature for the purposes of this research. The following databases were consulted: Nexus, FP Catalogue, UNISA Catalogue, SA Catalogue, EBSCOHost, Emerald and JSTOR. The search revealed no comparable studies. It was found that although numerous research projects about the management of development, the management of NPOs and the management of relationships with donors were mentioned, these topics were mostly unexplored within the context of CSI.

Various studies describing the role of business in society from both theoretical and applied angles have been completed; recent works include Burger (2009), Ismael (2005) and Nteso (2003). The management and function of NPOs are also covered in recent studies that include Burnhams (2006) and Human (1996).

Even though no overlapping studies could be found, the search did provide the assurance that enough literature on the topic existed for a feasible literature overview.

For the theoretical component of the research (Chapter 4/Article 3), literature on the foundations and principles of stakeholder relationships and participatory development communication were critically analysed to produce a conceptual view on the relationship. Understanding the divides and likenesses between the theoretical principles that guide the actions of corporate organisations and recipient NPOs respectively allows for certain suggestions to be made about opportunities and challenges within the relationship between the two. In this component of the thesis the opportunities implied by the theoretical similarities (integrity, dialogue, consideration and compassion) and the challenges (turbulence, lack of shared meaning and the challenges of the different worlds the parties come from) are discussed and ideas are offered towards using these theoretical insights in an applied setting.

1.9.3 Empirical research

As described above, the empirical part of this research included both qualitative and quantitative methodologies. The qualitative research consisted of partially structured interviews with key informants and the quantitative research was conducted by means of two corresponding surveys.

1.9.4 Partially structured interviews

Data collected from six key informants in the industry were used to initially explore the relationship and relationship indicators used to define it. A qualitative design is suitable in this case because the perceptions of participants are central to the analysis (Henning, Van Rensburg & Smit, 2004:5).

The sample consisted of two managers of social development NPOs who received funding from corporate donors and two representatives of corporate organisations who managed the relationships with NPOs. To add to the richness of the data, the sample also included two independent consultants who worked in this space and could provide information regarding the perceptions of corporate donors and NPOs as well as their own opinions regarding the context of the relationships.

Drawn purposively to ensure the inclusion of the three groups mentioned above, the researcher based the selection on previous knowledge of the target population. The data was collected by using partially structured interviews with the participants in their places of work. Each of the interviews lasted between 45 and 55 minutes and - were recorded for later transcription.

To suit the exploratory nature of this part of the study, the Grunig (2002:2-6) qualitative interview guide for evaluating stakeholder relationships was adapted for use in this inquiry. This instrument was used because it has its roots in award-winning measurement research (IPR, 1999) and additional constructs could be added to the interview guide with ease.

To allow the researcher to further explore the possible link between the developmental realities in the work of the NPOs and the framework set by CSI practices for the relationship, items about the role of both parties in the broader social development sphere were added to the interview guide. Probes to explore the approaches to development and CSI of both parties in the relationship between corporate donors and NPOs were also included in the interview guide.

The data was analysed using qualitative thematic analysis of the content of the interviews where the relationship constructs of control, trust, satisfaction, commitment and type of relationship are used as the initial themes. The data analysis for this exploration was based on Carney's (1990) ladder of analytical abstraction. This ladder suggests three levels of analysis comprising steps overall and it also indicates the tasks for each step (Miles & Huberman, 1994:92).

1.9.5 Two corresponding surveys

Quantitative methodology was employed for data collection and analysis by means of two corresponding surveys. Based on qualitative and contextual information, preliminary relationship indicators were defined and operationalised and Likert-scale items formulated to represent those preliminary constructs. The Hon and Grunig (1999) questionnaire was adapted to form two separate questionnaires (one for each party in the relationship) and the newly formulated items added to each questionnaire. After pilot-testing and review by an expert panel, the two corresponding surveys were conducted – one survey among CSI staff members and the second among managers of NPOs. The sample for the NPO survey was randomly drawn from the Prodder NGO Directory of 2008 which was chosen for accessibility reasons – firstly, the directory itself was available to the researcher and secondly, the NPOs listed in the directory were all said to have internet access and e-mail addresses that were necessary for the online completion of the questionnaire.

For the sample of CSI representatives, various sampling methods were used, including purposive and snowball sampling, by accessing contact details from the 2000 and 2012 Triologue CSI Handbook, a client list from a Black Economic Empowerment consultant firm and internet searches focused on obtaining contact details for CSI representatives of South African organisations listed on the Johannesburg Stock Exchange. A total of 106 NPO respondents and 67 CSI respondents responded to the two surveys.

The data was statistically analysed using IBM SPSS. A principal component analysis was conducted for each construct and the factors that emerged from the analysis were then tested for internal consistency (by calculating the Cronbach's Alpha coefficient for each). The factor groupings and internal reliability scores were interpreted to redefine the relationship indicators as perceived by the parties in donor NPO relationships and used to describe the current state of the relationship.

1.10 THE STUDY IN TERMS OF KNOWLEDGE ACQUISITION

Mouton (1996:8-9) describes research in terms of his *three worlds framework*: knowledge and knowledge acquisition are described in the everyday world, the world of scientific research and the world of metascience. In the everyday world, practical problems are encountered that are addressed by lay knowledge (Mouton, 2001:138; Mouton, 1996:8). The world of science involves creating phenomena or objects of the practical events and topics of the everyday world which are studied rigorously and systematically (Mouton, 1996:9). By acquiring knowledge through research, scientists can address complex problems from the everyday world. This is also called applied research (Du Plooy, 2009:50). The third world described by Mouton (1996:8-9) is the world of metascience where reflection on scientific research is central. Research in this last world is also called basic research as it generally reflects on the philosophy or methodology of scientific inquiry (Du Plooy, 2009:50; Mouton, 1996:9).

This study comprises both basic and applied research as research questions 1 and 4 are clearly in the realm of scientific inquiry about applied, practical problems from the real world. Research question 3 could be said to include aspects of basic metatheoretical research because the development of contextualised relationship indicators and constructs reflects on the theory and methodology of stakeholder relationships. Research question 2 includes aspects of both basic and applied stances as literature informed both the descriptive and reflective research in this study.

Herein, also, lies the contribution of this study: both the description of the relationship between corporate donors and NPOs in South Africa as well as the redefinition of relationship indicators specifically for this context represent the main contribution of this study. Exploring the appropriateness of corporate communication theory in this regard and the resulting reformulation of relationship indicators resulted in an academic and theoretical contribution.

1.11 CHAPTER OUTLINE

This thesis is organised in seven chapters: the first serves as an introduction to the study, the second to sixth chapters contain the five interrelated articles that present different aspects of the study and the concluding chapter answers the research questions and addresses the main research issue.

Chapter 1 introduces the study by contextualising the research, unpacking the research problem, questions and objectives, clarifying terminology and summarising the theoretical statements in which the study is based.

Chapter 2 presents the first article of this thesis titled 'Exploring the communication relationship between corporate donors and social development NPO recipients'. The article reports on the initial exploration into the relationship centred on initial literature and six partially structured interviews with key informants in the industry.

Chapter 3 contains the second article titled 'Towards contextualising stakeholder relationship indicators for corporate-community relationships'. In this article the authors recommend a redefinition of relationship indicators for the specific context of this relationship and proposes a starting point for such a redefinition based on the results of the partially structured interviews also reported on in Chapter 2/Article 1.

Chapter 4 comprises the third component of this thesis, namely an article titled 'Explicating theoretical aspects of corporate-community relationships in the context of corporate social investment'. This article is a reworked version of a conference paper delivered at the 2012 IAMCR conference and conceptualises the theoretical underpinnings of the corporate-community relationship that could pose challenges and opportunities for the relationship between donors and recipient NPOs.

Chapter 5 expands on the findings in the article contained in Chapter 3/Article 2 by proposing redefined relationship indicators for the context of donor-NPO relationships based on the results of two corresponding surveys. The article is titled 'Redefining relationship indicators for donor-NPO relationships for corporate social investment'.

Chapter 6 presents a description of the challenges in the relationship between donors and NPOs by interpreting the results of two corresponding surveys measuring the relationship from both sides. The article is titled 'Challenges in donor-NPO relationships in the context of CSI'. This last article is based on descriptive research and is used to elaborate on the qualitative findings reported in Chapter 2/Article 1.

Chapter 7 concludes the study by answering the research questions, reviewing the extent to which the research objectives were met and addressing the main research problem.

The structure of the thesis entails that research questions are addressed in a somewhat fragmented manner and research questions cannot be directly linked to a single method, chapter or article.

Figure 1.3 presents the research process and chapter logic of the study and will be used to indicate the progress of the study throughout the thesis.

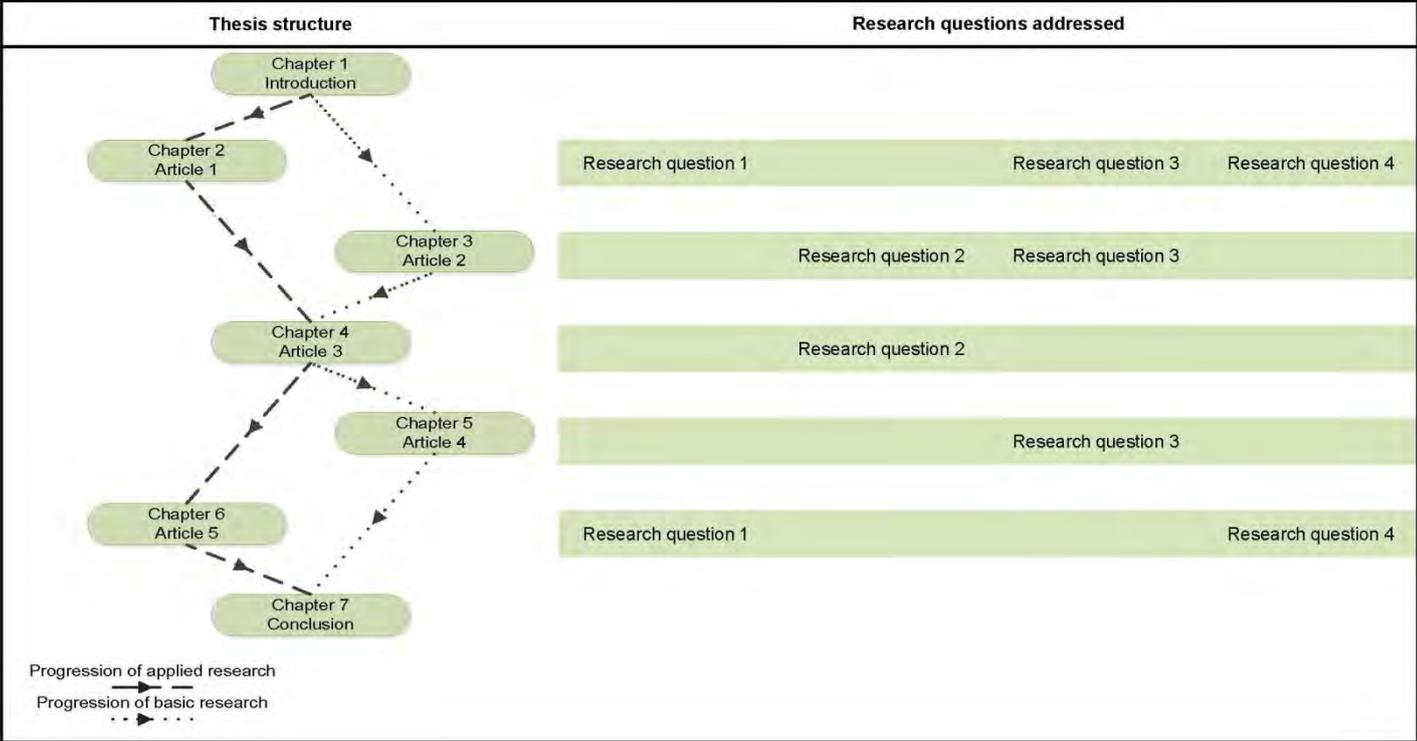


Figure 1.3: Thesis structure