

# **CHAPTER 3: TOWARDS CONTEXTUALISING STAKEHOLDER RELATIONSHIP INDICATORS FOR CORPORATE-NPO RELATIONSHIPS**

## **3.1 PREFACE**

Following the findings from the first article, the second article reports on the first steps towards contextualising the stakeholder relationship indicators to the context of corporate-NPO relationships (the article refers to community organisations, but the definition remains the same). In order to explore the suitability of the indicators the research was an applied, qualitative, cross-sectional exploration of the context of the relationship and an initial redefinition of the relationship indicators.

Set within the larger study, the research reported in the article was aimed at partially answering research questions 2 and 3 and partially addressing research objectives 2 and 3.

**Research question 2: What is the conceptual nature of stakeholder relationship management between corporate organisations and the NPOs they fund?**

and

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

The main aim of the second article was thus to preliminarily redefine the constructs evaluating the relationship between NPOs and their donors. Specifically, the article briefly outlines the theoretical underpinnings of stakeholder relationship theory that guided the exploration, reports on the findings of the inquiry and describes the context of the corporate-NPO relationship by referring to both the findings and literature on the context.

After first analysing the responses of participants in partially structured interviews, the researcher realised that the current relationship indicators could lack relevance to this specific relationship. The data is the same as for the first article, but the analysis highlighted problems with the theoretical foundation of the interview schedule proposed by Grunig (2002:4-5) when applied in this context (see Addendum D for the interview schedule).

As in the research method for the research reported in the first article, the sample was drawn purposively to include representatives of corporate donors, NPOs and CSI consultants. The six participants all had self-proclaimed experience on the relationship between donors and NPOs.

For the partially structured interviews the measuring instrument designed by Grunig (2002:4-5) was adapted to include issues typical of organisations working in the social development sector, namely expectations and time and resource constraints. The data was analysed using qualitative thematic analysis of the verbal transcriptions of the responses based on Carney's Ladder of analytical abstraction. The three levels of analysis as described by Miles and Huberman (1994:92) were used to guide the analysis.

The second article was published as an article in *Communicatio: South African Journal for Communication Theory and Research* (ISSN 0250-0167) co-by Routledge/Taylor & Francis and UNISA Press as:

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### **3.2 AUTHOR GUIDELINES AND ARTICLE 2**

The pages that follow contain the author guidelines for *Communicatio* and second article as it appeared in 2012.

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#### **In text:**

(Sturkin 1997, 20-30) **book**

(Schellinger, Hudson and Rijsberman 1998) **three-author book**

(Secher et al. 1996, 243) [Note: *et al* is not italicised] **multiple-author book**

(Michelangelo 1999, 122B134) **a translated book**

(UNDP 2003, 14) **organisation as author**

(Anon, 1547)

(Garcia 1987, vol. 2) **book volume**

(Johnson 1979, sec. 24) **section**

(Wiens 1983) **chapter in a multi-author book**

(Weber, Bulet and Abel 1928) **edition**

(Allison 1999, 26) **journal**

(Wright 1968-1978, 2:241) **multivolume work**

(Barnes 1998, 2:244B255, 3:29) **journal volume number with page reference**

(Tulchin and Garland 2000) **series**

(H. J. Brody, pers. comm.) **personal communication**

(Kurland & Lerner 2000, chap. 9, doc. 3) **part of a document**

(Fischer & Siple 1990, 21Zn3) **note**

**In reference list:**

Allison, G. W. 1999, The implications of experimental design for biodiversity manipulations, *American Naturalist* 153 (1):26-45.

Anon. 1547 *Stanze in lode della donna brutta*. Florence.

Kurland, P. B. and L. Lerner, eds. 2000. The founder's constitution. Chicago: University of Chicago Press. <http://press-pubs.uchicago.edu/founders/> (accessed 2 April 2004).

Michelangelo, 1999. *The complete poems of Michelangelo*. Trans. J. F. Nims. Chicago: Chicago University Press.

Schellinger, P., C. Hudson and M. Rijsberman, eds. 1998. *Encyclopedia of the novel*. Chicago: University of Chicago Press.

Secher, J. A., S. M. Pfafflin, F. L. Denmark, A. Griffen and S. J. Blumenthal, eds. 1996. *Women and mental health*. Baltimore: Johns Hopkins University Press.

Sturkin, M. 1997. *Tangled memories*. Berkeley and Los Angeles: University of California Press.

Swidler, A. 1986. Culture in action. *American Sociological Review* 51:273-286.

Tulchin, J. S. and A. M. Garland, eds. 2000. *Social development in Latin America: The politics of reform*.

Woodrow Wilson Center Current Studies on Latin America. Boulder, CO: Lynne Rienner.

UNDP see United Nations Development Programme.

United Nations Development Programme. 2003. *The economic cost of AIDS*. Pretoria: University of South Africa Press.

Weber, M. H. M. de Burtet and O. Abel. 1928. *Die Säugetiere*, 2nd ed, 2 vols. Jena: Gustav Fischer.

Wiens, J. A. 1983. Avian ecology: An iconoclastic view. In *Perspectives in ornithology*, ed. A. H. Brush and G. A. Clark Jr, 355-403. Cambridge: Cambridge University Press.

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The main aim of this article is to redefine the constructs evaluating the relationship between social development community organisations and their donors. Specifically, the focus here is to briefly outline the theoretical underpinnings of stakeholder relationship theory that guided the exploration; to report on the findings of this enquiry and to describe the context of the corporate–community relationship by referring to both the findings and the literature on the context.

## **INDICATORS OF STAKEHOLDER RELATIONSHIPS IN THE CORPORATE COMMUNICATION DOMAIN**

Freeman and Reed (1983, 91) formulated a two-pronged definition of stakeholders by claiming they could be groups/individuals who influence the attainment of organisational goals on which organisational survival depends, while the survival of these groups/individuals also depends on their relations with the organisation. The basic argument of the relationship perspective is thus that organisations must realise that they influence the lives of stakeholders, and vice versa. When both parties realise their influence and dependency, a relationship emerges. This relationship can be described in terms of the perceptions the parties have of each other (Bruning and Ledingham 1999, 159). A number of authors considered various characteristics and indicators to describe and measure relationships (Bruning and Galloway 2003, 316; Jahansoozi 2002, 4; Ledingham 2003, 188–189; Ledingham and Bruning 1998, 63). The most frequently used relationship indicators are the two types (exchange and communal relationships) and the four relationship indicators (control mutuality, trust, commitment, satisfaction) formulated by Hon and Grunig (1999, 3). The simplicity of Hon and Grunig's indicators as well as their solid reputation for award-winning research in relationship measurement (IPR 1999) motivated the selection of this framework as conceptual starting point in the enquiry.

Guided by the stakeholder relationship literature, the enquiry reported on in this article includes the additional two indicators of *shared goals and expectations* and *time and resource constraints*, as these were prevalent in highly regarded publications on stakeholder relationships (Jahansoozi 2002, 8; Ledingham and Bruning 1998, 58; Ledingham 2003, 188), but were not included in Hon and Grunig's (1999) model.

### **Exchange versus communal relationships**

To be categorised as an exchange relationship, both parties in the relationship expect some benefit from their relations (Grunig 2002, 1). In contrast, communal relationships are formed because parties care about one another's welfare (ibid, 1). Unlike the strategic perspective of exchange relationships, communal relationships are in line with postmodern thinking, where non-material dimensions are integrated with material ones (Burger 2009, 188).

### Control mutuality

Control mutuality represents the level of agreement regarding who holds a position of higher power and influence in the relationship (Hon and Grunig 1999, 3). The issue of power sharing has been identified as an important indicator of stakeholder relationships by a variety of researchers (Jahansoozi 2002, 8; Ledingham and Bruning 1998, 58). Power imbalances are not uncommon, but some degree of control must be in the hands of both parties, and they should be in agreement about this power balance.

### Trust

Trust is the one relationship indicator on which most relationship authors agree (Grunig 2002, 2; Jahansoozi 2002, 15 and 55; Ledingham 2003, 188–189; Ledingham and Bruning 1998). Grunig (1999, 3) operationalised the highly complex issue of trust, for the purpose of describing stakeholder relationships, as consisting of *integrity*, *dependability* and *competence*. Integrity refers to the belief that the other party is fair and just. Dependability indicates the conviction that the other party will make good on promises, and competence implies the belief that the other party has the ability to do what it says it will (ibid.).

### Commitment

Hon and Grunig (1999, 3) summarised commitment to be the extent of the parties' perception that the relationship is worth the energy spent to maintain and develop it. Various other researchers also refer to commitment as an important relationship indicator (Bruning and Galloway 2003, 316; Ledingham and Bruning 1998, 55).

### Satisfaction

The extent to which parties feel their positive convictions are met and their expectations of the relationship are fulfilled, reflects the level of satisfaction in the relationship (Hon and Grunig 1999, 3). Enforced positive feelings then lead both parties to engage with each other in a positive manner, to maintain and promote the relationship.

### Shared goals and expectations

This indicator is added to the Hon and Grunig (1999) model for the sake of this enquiry, because donor expectation and the conflict between profit-goals and CSI regularly feature in governance and funding literature.

### **Time and resource constraints**

Short timeframes and resource constraints on the part of the donors are regularly cited as challenges facing funding relationships and as indicators of the state of the relationship (Rajesh 2000, 327; Smillie 1997, 567). Also mentioned by Ledingham (2003, 189) is the importance of the participants' opinions regarding time orientation. Perceptions related to the influence of resources and time constraints on the relationship were also included in the investigation reported on in this article.

With the rigorous and popular relationship indicators of mainly Hon and Grunig (1999) as background, the research procedure in which these indicators were constructed, is discussed below.

### **EXPLORING CORPORATE–COMMUNITY RELATIONSHIPS**

The research for this article was conducted as part of an interpretative study that explored the perceptions of the various role-players in the CSI environment regarding the relationship between corporate donors and recipient community organisations. (For the purpose of this article 'community organisations' includes entities such as non-profit organisations, non-governmental organisations, charities and faith-based organisations.) The study highlighted possible problems in the theoretical basis of the measuring instrument used to analyse stakeholder relationships when applied in this specific context.

The sample was drawn purposively to include participants from all three groups (corporate donors, community organisations and CSI consultants). The selection criteria were simple: participants had to represent a corporate company, a social development community organisation or a CSI consultant which was active in South Africa and had self-proclaimed experience of the relationships between corporate donors and community organisations. Six participants were interviewed (two corporate participants, two community participants and two consultants). Because the sample was small, the intention was not to draw inferences as to how it compares with the target population (see Lindlof and Taylor 2002, 129).

For the partially structured interviews the measuring instrument designed by Grunig (2002) was adapted to include issues typical of organisations working in the social development sector, namely: expectations, and time- and resource constraints. The data were analysed using a qualitative thematic analysis of the verbal transcriptions of the responses.

### **CORPORATE–COMMUNITY RELATIONSHIPS IN CONTEXT**

The findings and resulting theoretical discussion are organised to report on the different contextual dynamics framing the relationship between corporate donors and recipient community organisations.

## The milieu of community organisations

South African society is one of multicultural abundance, with 11 official languages and many more dialects and cultural groupings (South Africa info 2009). South Africans also live with some harsh realities: unemployment and poverty (Smith 2007), low levels of literacy and education (UNICEF 2008), and inadequate government response to social ills (CASE 2003).

Due to government's limited ability to address all social problems (Fourie and Meyer 2010, 8), the private sector and civil society are required to fill this void (R. Rossouw, pers.comm). This brings the discussion to how community organisations fit into the bigger societal context.

Community organisations' activities are driven by the needs of the recipient communities and therefore the participation of those communities is vital for sustainability and success (Du Plessis and Steyn 2005, 4; Huesca 2002, 502; Jacobson and Kolluri 1999, 268).

Besides the complex and diverse environment in which community organisations function (Helmig, Jegers and Lapsley 2004, 101), they also face challenges such as donor dependence, mounting competition for limited resources, and strains caused by the non-market nature of community organisations. Financial sustainability, which is one of the biggest challenges facing community organisations in the development sector, therefore helps define the context-specific relationship. The fact that community organisations are dependent on donors for financial sustainability decreases their autonomy, and the resulting demands from donors adds to the list of priorities the management of such organisations have to face (Byrne and Sahay 2007, 71; Helmig et al. 2004, 107; Hodge and Piccolo 2005, 175).

Another distinctive challenge which community organisations face is their non-market nature and the difficult task of participating in the economy while deviating from the standard economic model (Helmig et al. 2004, 111). Apart from not distributing resources to owners and not having access to equity capital, community organisations cannot depend on supply and demand to drive their survival. As regards the social development needs of a community, it is rather the demand (for social development by the community organisations) that drives the supply (intervention).

## Contextual realities for relationship indicators

The South African social development environment, and the specific characteristics and challenges of local community organisations are clearly noticeable in the responses of important role-players. The relationship indicators that are interpreted through the lens of context include control mutuality, trust, as well as time and resource constraints.

### *Implicit power imbalance*

As regards mutual control in the relationship, it could be concluded that community organisations voluntarily hand control to corporate donors, instead of striving for a power balance in the

relationship. Such surrendering of power does not necessarily happen of their own free will, but is an attempt to secure further funding, which constitutes a move from the community organisation which is aimed at survival, rather than claiming power in their relationship with their donors.

This is confirmed by participants from both the corporate sector and community organisations, as is evident from quotes from the interviews:

*It is donor-driven development - They sit in their offices and decide on what they think will work well and then they just drop it on you and say that this is what you must do if you want our funding – community organisation participant*

*We do what they say: they say jump, we ask how high ... We do not have any control as an NGO; we do not even try to have – community organisation participant*

*There is a certain degree of control due to the agreements that we put in place which are legally binding – corporate participant.*

The frank responses from participants representing community organisations and the confident tone in the response from the corporate participant are in line with the theoretical notion that community organisations are dependent on donors (corporate donors, in this case) for their survival and that this dependence partly defines their relationship.

### ***Perceptions of incompetence***

Trust is the second relationship indicator that is interpreted specifically to suit this context. Participants' responses as regards the perceived competence (an element of trust) of the parties in the relationship strongly reflected the view that corporate donors are generally competent, while community organisations are generally incompetent. A lack of competence on the part of community organisations was evident in each participant's response. A lack of skills, resources, access to technology, dependence on volunteers and exposure to environmental variables beyond their control, are some of the reasons proffered. These quotes illustrate the point:

*It is sometimes circumstances that do not allow them [community organisations] to deliver on promises. One example that I can give you is [name of community organisation], they depend on government to give them money, they could not pay their staff and the staff went on strike. They are not always in control of whether they can deliver as promised – consultant participant*

*We work with local people in our company that also do not have the capacity. Corporate companies really do not understand that, they think that we should run just as smoothly as a department in their company where they pay very high salaries – community organisation participant.*

Trust seems to be an important indicator of this relationship and defines it appropriately in part, but it seems that the element of competence is interpreted within the context of the community

organisation's set of operational realities, and cannot be properly reflected by the Hon and Grunig (1999) model. These realities include a lack of highly skilled staff, heightened exposure to environmental changes, and a lack of crucial resources that make the community organisation incompetent (in corporate terms) from the start. This almost inherent incompetence needs to be taken into account when measuring trust in the relationship.

### *Time and resource constraints*

Being less competent than their corporate counterparts could also be linked to the community organisations' time management skills. It also highlights the dependence on donor funding, which plays a role in constraining the relationship. Corporate and consultant participants perceive community organisations as being responsible for time constraints. They claim that time constraints could also result from a community overpromising the time a project will take during the application phase, in order to secure funding. Their inability to deliver on deadline impacts on their perceived competence and, by implication, the aspect of trust.

*It [development] is not predefined; it comes with enormous challenges, it doesn't happen, funny enough, in twelve-month cycles – consultant participant*

*Then you start something and after a year they say sorry, we don't have funding for next year or cut your funding in half, then you are stuck – community participant.*

When describing the relationship between corporate donors and recipient community organisations, the context in which the community organisation functions and its specific role and unique challenges cannot be ignored. The indicators identified by Hon and Grunig (1999) are not sufficient to take such special circumstances into consideration.

### **The functioning of CSI in corporate companies**

At the other end of the spectrum is the private sector, which contributes to society by funding (among others) community organisations. CSI in corporate companies is largely driven by various legislative and normative rating scales and codes, and forms part of the broader requirement of corporate governance (R. Rossouw, pers. comm). It also frames the context of the relationship corporate companies have with recipient community organisations.

The King codes of governance for South Africa (King II and King III) form the touchstone of corporate governance requirements in this country, and have largely stimulated the efforts of the private sector to invest in the development of the communities in which they operate. Especially important for the current article is the King III-report stipulation that all stakeholders need to be considered by the company, not only those who are instrumental in ensuring the financial success of the company (IoDSA 2009, 11).

The Johannesburg Stock Exchange's Socially Responsible Investment (JSE's SRI) Index is an additional governing code that consists of a set of criteria aimed at measuring the social and environmental responsibility of companies. It also serves as a platform where potential investors can access the sustainability and responsibility of companies' business practices (JSE 2010).

The third governing mechanism is the *Companies Act*, 71 of 2008. The purpose of the act is to encourage transparency and high standards of corporate governance, given the significant role companies play in the social and economic life of South Africa. It places a high value on the responsibility, transparency, accountability and integrity of enterprises in the country (SA 2009, 42).

Another act that promotes CSI is the *National Black Economic Empowerment (BEE) Act*, 53 of 2003, which has the broad aim of righting inequalities brought about by apartheid, by deliberately transferring equities to the black community (Babarinde 2009, 360). The CSI pillar of the BEE scorecard even stipulates the sum of money companies must spend on CSI: a compliance target of one per cent net profit after tax (SA 2007, 73).

These legal requirements and best-practice benchmarks support the idea that corporate South Africa should contribute to positive societal change, and complying with them is what drives CSI.

The second factor (from the corporate side) that contextualises the relationship between corporate donors and recipient community organisations is the existence of specific practices in CSI departments. Most participants agree that the funding cycles set by the corporate CSI departments regulate the timelines in these relationships. Community participants tend to feel that the funding cycle is something they would not even attempt to negotiate, just as they would not question the control corporate donors exert over time in the relationship.

Also prevalent in the responses relating to time and resource constraints is strong critique against the current practices of monitoring and evaluating projects. Community participants claim that such reports are used to impress shareholders, customers and staff, instead of really reporting on the impact made by the project.

### **Contextual realities for relationship indicators**

The context provided by the codes and guidelines according to which corporate donors operate, and the specific practices of their CSI departments, are evident in participants' responses. The context has a bearing on the way the relationship indicators *control mutuality* and *commitment* are viewed.

#### ***Relationship dominance by corporate donor***

From the responses it is evident that the context of CSI is often cited as important when looking at control in the relationship. Corporate donors feel they themselves need to report in a certain way and to comply with legislated requirements, therefore they need to exert control.

*Corporates are only attentive to community organisations to the extent where their objectives and impact are at stake – consultant participant*

*We have clear outcomes that we wish to see and we require that they measure, track and report on them – corporate participant.*

Control mutuality very clearly helped define the relationship between corporate donors and their community recipients, judging from the responses. It seems, however, that control in this relationship is different from other stakeholder relationships, because corporate donors are driven by their compliance to regulations and codes. This almost implicit dominance needs to be recognised when the relationship is described, but the current theoretical framework on stakeholder relationships does not provide for the unique circumstances of this context.

### ***Commitment to the relationship***

When reporting their perceptions regarding commitment to the relationship, the period of time of such commitment proved to be a contentious issue to participants. In an industry where funding cycles are an average of 12 months and a long-term commitment is three years, the sustainability of this CSI practice was questioned and criticised by most participants. They had this to say about the sustainability that most funding cycles allow:

*Sustainable impact does not come overnight and if you have annual funding cycles you cannot create sustainable impact with a child for instance – it is just a crazy expectation – consultant participant*

*You cannot create impact in twelve months and a million rand – consultant participant.*

Commitment as a factor is certainly prevalent in this relationship, but the elements should be redefined specifically for this context, because the situation demands that the parties form a relationship (CSI framework). Those elements of commitment which show whether the relationship is worth spending energy on become redundant, while the duration of the commitment is a watershed indicator in the success of the relationship.

Given participants' impressions that the context of the community organisation as well as the context of corporate governance and social investment play important roles in defining the relationship, a combination of the contexts provides a third context – that of the relationship itself.

### **The context of the relationship itself**

With the community organisation's actions framed by the context in which it functions, and with the corporate donor subject to the context of corporate governance and CSI, the relationship between the two parties is said to be context-specific. The two contextual factors prevalent in both

the research findings and the literature are 1) that the relationship is formed for a cause (social development); and 2) it is not a voluntary relationship.

The contextual factor in the relationship between corporate companies and the community organisations they fund, is that neither party benefits from the relationship – rather, the recipient community benefits from a relationship which is ‘for the greater good’ (Steurer 2006, 56). Stakeholder theorists refer to this as a conceptual relationship (*ibid.*).

Hon and Grunig (1999) differentiate between exchange and communal relationships. Participants’ responses to questions about exchange and communal relationships revealed some confusion. All parties were clear about a very definite exchange taking place in this relationship: money flows from the corporate to the community organisation, which acts as an implementation agent in the social development field. From the responses it is clear that this type of relationship cannot possibly be defined as suggested by the model of Hon and Grunig (1999), since the context of corporate–community relationships involves an exchange of resources between two parties (corporate and community organisations) for the benefit of a third party (community). The relationship includes elements of both exchange and communal relationships, but the context determines the type of relationship, and makes it unnecessary to differentiate between its exchange and its communal characteristics.

Another relationship indicator noted by Hon and Grunig (1999, 3), which is seemingly redefined by the context of the relationship, is satisfaction. Participants who responded to questions about their level of satisfaction, equated satisfaction to the indicators of trust and commitment, thereby showing that satisfaction (in the sense of fulfilment) takes a back seat in the relationship. Satisfaction may be important when the market model of supply and demand is present, but in this relationship the benefit derived by the community overshadows relationship satisfaction.

That the corporate–community relationship is contextualised by the greater cause it serves, is evident from the fact that the relationship cannot be described as either an exchange or a communal relationship, and the fact that relationship satisfaction is relatively unimportant. With corporate governance and CSI being required of South African corporate companies (policy and legislation), and given the aforementioned dependence of community organisations on funding from donors, it is clear that the relationship is not natural and voluntary – rather, both parties are obliged to relate to each other. Although the parties should relate, it could be argued that community organisations depend on corporate donors for their survival, whereas corporate donors do not face their own demise in the absence of community organisations. However, having a relationship with society would definitely influence a corporate company’s organisational goal attainment (Freeman et al. 2010, 12; Freeman and Reed 1983, 91) and would also enforce or hamper the corporate company’s compliance with legislated and normative requirements.

### Contextual realities for relationship indicators

Contextual factors (given that corporate–community relationships are formed to serve a cause and solely to benefit the parties in the obligatory relationship) imply certain prerequisites for those indicators used to describe the relationship.

#### *Goals and expectations*

Aligned with the view that the parties in the relationship are required to relate with one another, is a new take on the relationship indicator of shared goals and expectations. As argued earlier, corporate donors and community organisations have very different organisational goals. One participant voiced an opinion which is seemingly held by all of the participants, namely that they are from two different worlds. However, when participants discussed the various roles of the corporate donors and community organisations in social development, a whole new point of view emerged, with the two parties no longer having unrelated goals, but in fact having related and supporting social development goals.

When participants shared their opinions and their experiences of the special characteristics of this specific relationship, the responses told a story of nuanced expectations and motivations – sometimes shared, sometimes conflicting. From the responses it is clear that the expectations held by community organisations represent the most divisive topic among participants. Corporate companies perceive that community organisations demand a level of independence, yet do not have sufficient skills to warrant such independence. The goals and expectations of the two parties are perceived to have a significant influence on the state of the relationship. Parties to this relationship understand that they must be in a relationship with each other, but their vastly different goals and expectations are driven by the context and by needs-related considerations.

### **RETHINKING STAKEHOLDER RELATIONSHIP INDICATORS**

To understand the true nature of these context-specific stakeholder relationships, context-specific indicators must be used to describe the relationship, while the perceptions of the parties on relevant issues must also be discovered. As a first step in attempting such a contextualisation, context-specific indicators are displayed in Figure 1.

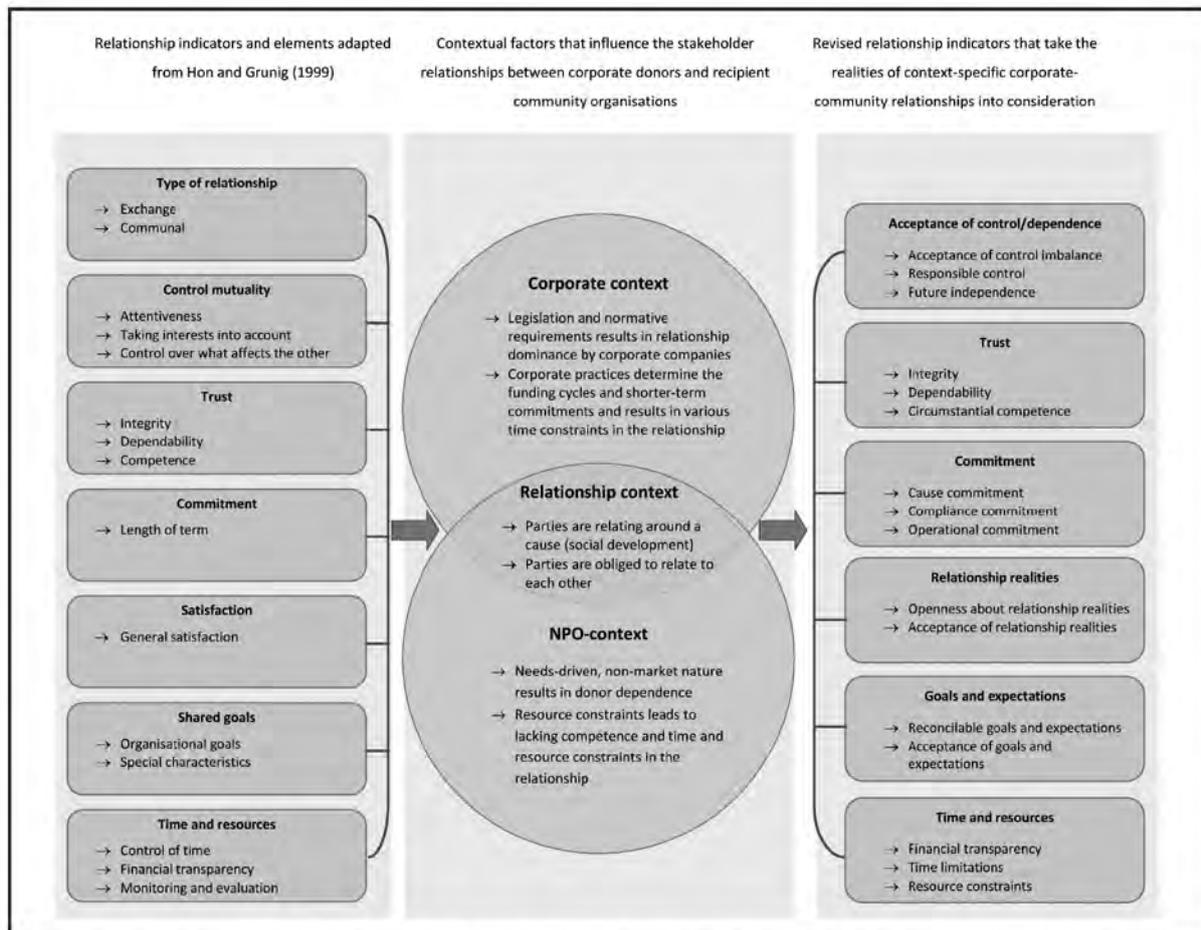


Figure 1: Stakeholder relationships within the context of corporate-community-relationships

### Acceptance of control/dependence

In this specific relationship, the power imbalance is implicit to the context. Rather than describing the imbalance, perceptions as regards 1) the level of acceptance of the control a corporate company has, and 2) the dependence of the community organisation on funding from that corporate, would provide much more insight into the relationship. Another relevant element pertaining to the control imbalance is the responsibility with which the corporate company accepts its dominance.

If a community organisation perceives a corporate company as acting responsibly while in a powerful position, it offers a glimpse of the true nature of the relationship. Also relevant for control/dependence could be the probability of the community organisation becoming more independent in future. Perceptions related to the possibility of future independence may avail the enquirer of certain relationship truths.

## Trust

Trust defines a part of this relationship appropriately, but the element of competence may be redefined for this context, i.e. where community organisations and corporate donors function with a set of realities that is not taken into consideration in the current model. If emphasis is placed on the circumstances of either party when judging the competence of both parties, it may offer a more relevant indication of perceptions. Reducing focus on operational competence and placing greater emphasis on the successes of the community organisation, despite challenging circumstances, will change the perception of competence in this specific relationship. Judging the competence of community organisations by looking at their competence in serving their community (their core business) may provide a more just perception of overall competence.

## Commitment

Commitment is prevalent in this relationship, but the indicator should be redefined specifically for this context. The situation demands that the parties form relationships which will result in elements of commitment (i.e. showing whether the relationship is worth spending energy on) becoming redundant. However, the duration of the commitment is a watershed indicator of the success of the relationship – it could translate into ‘operational commitment’, which relates to the perception of the extent to which the parties are committed in terms of the duration of funding cycles.

Two other elements could be added to expand this indicator: perceptions on 1) the level of commitment to the cause at hand, and 2) the commitment to comply with governance requirements. Such perceptions could provide relevant information about what both parties deem to be worth spending their energy on.

## Relationship realities

The extent to which parties are open and truthful about the realities they face, and the acceptance of these realities, could be relevant indicators of the state of said relationship. Perceptions about openness and acceptance of the reality in which both parties find themselves may, in turn, reveal context-specific perceptions that are important for describing the relationship.

## Goals and expectations

The goals and expectations of the parties are perceived to have great influence on the state of the relationship, but the meaning of *shared goals and expectations* is misleading. The familiar phrase could rather be substituted with *reconcilable goals and expectations*, and should be defined to accommodate differences between organisational goals and possibly even different relationship goals. It may also help define the level of acceptance of differences between the parties, as such acceptance seems to influence their perceptions of each other.

### Time and resources

Constraints due to timelines and resources play a role in this relationship context. This indicator could be expanded to include details of the different resources and time pressures which emanate from various sources. Perceptions of time and resource constraints will, especially together with perceptions of relationship realities, give an accurate indication of the state of the stakeholder relationship.

### CONCLUSION

Hon and Grunig (1999) and other relationship theorists designed indicators that have been proven by numerous researchers to be rigorous and accurate when describing stakeholder relationships. While these indicators may be ideal for stakeholder relationships in the corporate sector in Western society, they are not resilient in the context of corporate–community relationships in South Africa. Themes emerging from data collected for this article suggest that context-specific indicators are necessary to accurately describe this relationship. Findings by Holtzhausen and Fourie (2010, 12) and Greeff (2011, 113) support the notion that relationship indicators, as defined by Western authors for corporate settings, are not sufficient to define relationships in specific circumstances.

The inefficacy of current indicators supports the argument that the context-specific nature of the relationship determines how the relationship should be described. This article offers suggestions as to what such indicators could possibly entail. The suggested indicators could serve as a starting point for adapting measuring instruments and, ultimately, the way these relationships are perceived, measured and managed. Stakeholder theory resulted in the development of numerous rigorous measuring instruments, and as a result the importance of this theory and its application to the organisational communication domain cannot be denied. The challenge in South Africa is to move from using general tools focused on solving general problems, to developing new tools relevant to specific circumstances. The contribution of this article is to provide a launch pad for future research and the possible application of a contextual view and contextualised research tools for describing and measuring stakeholder relationships. In fact, the quantitative exploration of these contextual indicators is already underway.

In a time of global financial turmoil and increased volatility in local government support, community organisations are fighting for survival, and considering their real-life contexts is undeniably important.

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### **3.3 PROVISIONAL CONCLUSIONS**

The qualitative inquiry reported on in article 2 resulted in a greater understanding of the context of the NPO-donor-relationship and enabled the researcher to propose provisional redefined relationship indicators that could be used as a starting point to accurately describe the relationship.

As the first attempt to redefine relational indicators, the conclusions from the second article partially answer research questions 2 and 3. The conclusions drawn are presented to indicate the conceptual argument and to illustrate how they contribute to insights into measuring stakeholder relationships in this context.

#### **3.3.1 Conceptual explication of the context of the relationship**

The interpretation of participants' responses led the researcher to believe that in understanding the context of the relationship and by viewing the responses in light of the context it would become clear how the relationship indicators could possibly be adapted to suit this relationship.

##### **Research question 2: What is the conceptual nature of stakeholder relationship management between corporate organisations and the NPOs they fund?**

The context that is highlighted here is a combination of the context of corporate donors, the setting of NPOs and the special circumstances when the two relate to each other. Through understanding that NPOs are mostly needs-driven and participatory, that they function in complex and diverse communities, that they are dependent on external funding and that they face resource limitations due to their non-market nature the researcher was able to comprehend participants' responses about power imbalance, the perceived incompetence of NPOs and the time and resource constraints. By understanding the position of corporate organisations – driven by compliance to governance requirements and managed from within a corporate framework where some timeframes and evaluation practices are difficult to negotiate – the researcher became aware of the practice of CSI. Essentially, by grasping the context of CSI the researcher was able to gain insight into responses that showed dominance by donors and issues around long-term commitment.

In view of the diverse worlds of corporate donors and NPOs, it is evident that they do not relate and get together for CSI entirely voluntarily (NPOs are forced to relate in order to survive and corporate donors relate because they try to comply with demands for governance) and that a development cause is central to their relationship (mostly the cause or community served by the NPO). The researcher was able to re-interpret the goals and expectations participants expressed in the interviews once she was able to understand the context of the relationship itself.

### **3.3.2 Provisional contextual indicators to define and measure this relationship**

Based on understanding the context of this relationship, article 2 proposes contextualised relationship indicators that could possibly reflect the true nature of donor-NPO relationships.

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

The conclusions of the second article make it clear that the existing notions of stakeholder theory are unsuitable for accurately describing the relationship between corporate donors and recipient NPOs. Being unsuited for this context implies that the relationship cannot be accurately defined, described and measured using the current tools. This article forms the starting point towards contextualising the relationship indicators for this specific relationship.

The contextualised relationship indicators include an acceptance of a dominant/dependent relationship where the responsibility with which donors handle their power; and what the possibilities are for future independence will describe the relationship better than merely focusing on the fact that a control imbalance exists. It is proposed that trust be reconceptualised by taking into account the circumstances of the parties when considering their competence, and judging the competence of NPOs not only in the relationship, but also when it comes to serving their communities (their main purpose). It is also proposed that commitment in this context be viewed differently. Instead of simplifying commitment to the length of the commitment, commitment to the cause and commitment to compliance should also be considered. The second article further puts forward the idea that relational realities such as openness and truthfulness, reconcilable social goals, and resource and time limitations should be taken into account when describing donor-NPO relationships.

### **3.4 PLACE IN THE STUDY**

By partially addressing research questions 2 and 3 and research objectives 2 and 3, the conclusions drawn in the second article were used to create a pool of items for the survey questionnaire used in the quantitative part of this study. The finding here also led the researcher to a critical analysis of the literature to gain a deeper understanding of the milieu of both parties and the theoretical principles that guide their actions. The place of the second article is indicated in Figure 3.1.

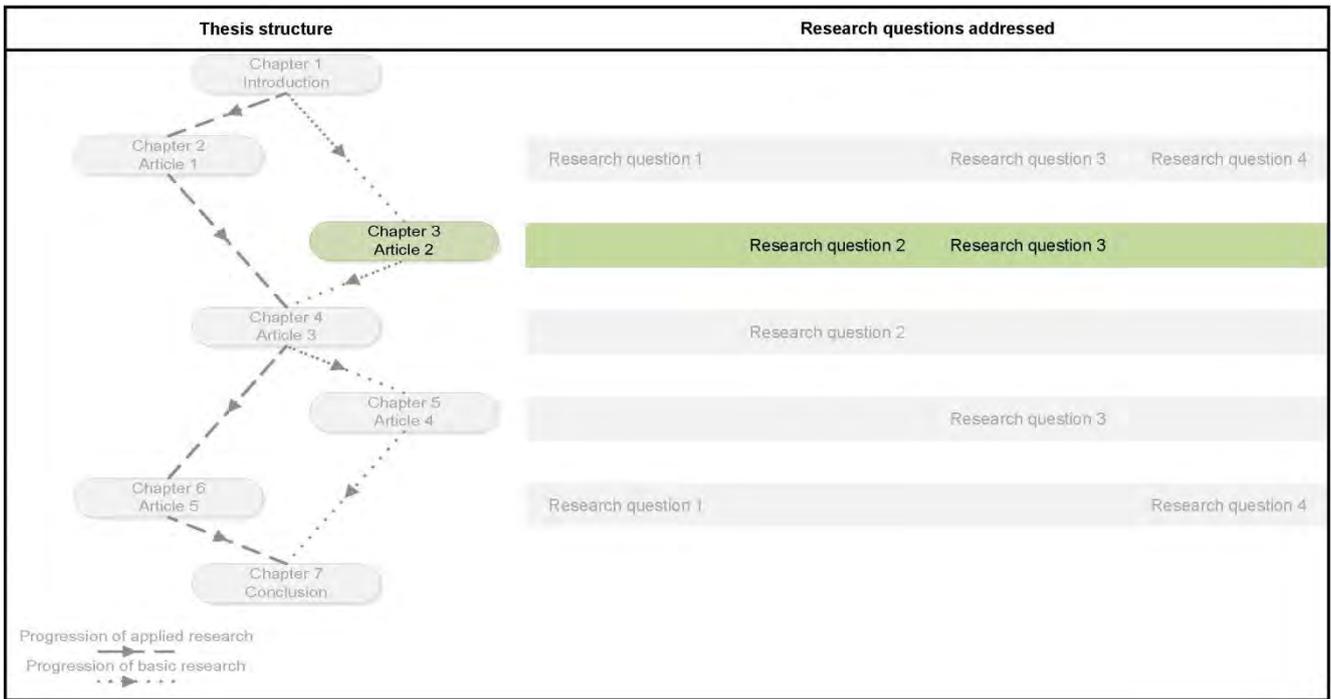


Figure 3.1: Place of the second article within the thesis