



LUND UNIVERSITY

Donor relationship management practices in the South African non-profit sector

Wiggill, MN

Published in:
Public Relations Review

2014

[Link to publication](#)

Citation for published version (APA):

Wiggill, MN. (2014). Donor relationship management practices in the South African non-profit sector. *Public Relations Review*, 40(2), 278-285.

Total number of authors:

1

General rights

Unless other specific re-use rights are stated the following general rights apply:

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal

Read more about Creative commons licenses: <https://creativecommons.org/licenses/>

Take down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

LUND UNIVERSITY

PO Box 117
221 00 Lund
+46 46-222 00 00



Donor relationship management practices in the South African non-profit sector



M.N. Wiggill*

North-West University, Potchefstroom Campus, Potchefstroom, South Africa

ARTICLE INFO

Keywords:

Non-profit organisations
Donors
Relationship management
Strategic communication management
Relationship management

ABSTRACT

The importance of non-profit organisations (NPOs) in the South African development sector is undisputed, especially after the economic recession that negatively affected government's delivery of social services. Despite its important role, NPOs experience great difficulties, obtaining sustained funding.

This paper assumes that NPOs should manage donor relationships as informed by the principles of two-way communication, with the aim of building strong and mutually beneficial relationships. However, because of NPO's lack of funding, they mostly cannot afford to appoint trained communication and relationship practitioners to manage NPO–donor relationships in order to ensure sustained funding. The purpose of the research was to determine how NPOs practice donor relationship management within their unique context and whether these NPOs' donor relationship practices correspond with theory?

It was found that NPOs intuitively practice donor relationship management according to most of the theoretical principles of relationship, management.

It is recommended that NPOs stay committed to their mission, and not deviate from it only to obtain funding. Furthermore, focusing on donors' need for self-actualisation seems to be important for continued donor support.

© 2013 Elsevier Inc. All rights reserved.

1. Introduction and background

Present-day South Africa is characterised by many societal and developmental issues, such as HIV-Aids awareness and prevention, environmental protection, poverty alleviation, job creation, violence and victim aid (Du Preez, 2010; Ferreira, 2006; Gumede, 2010; Pityana, 2010). However, it is widely acknowledged that government itself cannot effectively address these issues alone. The role of non-profit organisations (NPOs) in addressing service delivery and social and development issues in South Africa is therefore increasingly emphasised (Gastrow, 2010; Pillay, 2012; Van de Walle & Johnston, 1996; Zhang, 2005).

After democracy in 1994, donors diverted resources and funds to the government's developmental priorities, and NPOs were expected to align or subsume themselves with, and in government programmes (Habib & Taylor, 1999; Morrow, 2004). Donors provide funds to government, and government subcontracts an organisation, such as a NPO to work on a specific campaign or project. However, many NPOs struggle with accountability and measurable outcomes set by government and donors. This is not a challenge facing only South African NPOs though, since donors worldwide are increasingly demanding better accountability and transparency from NPOs (Anon, 2010; Dibetle, 2010; Waters, 2008).

* Correspondence address: North-West University, Potchefstroom Campus, Private Bag X6001, Noordbrug, South Africa. Tel.: +27 18 2991641; fax: +27 18 2991651.

E-mail address: Marlene.Wiggill@nwu.ac.za

Several studies show that NPOs' are constrained by a lack of funding as well as a lack of knowledge concerning the value of strategic communication and relationship management (Bennett & Barkensjo, 2005; Brennan & Brady, 1999; MacMillan, Money, Money, & Downing, 2005; Naudé, 2001; Polonsky & Sargeant, 2007; Sargeant, 2001; Wiggill, 2009). These constraints form a vicious cycle in which the lack of funding prevents NPOs from appointing trained communication and relationship management practitioners, which in turn leads to the NPO not obtaining sufficient funding. Waters (2008, 2009) emphasises that NPOs have to spend more time and resources to develop relationships with donors in order to continue providing programmes and services to the community. This endorses Strong's (2008) view that poor communication is the most important reason for donors ending their support.

Donor relationship management is a very important part of communication management for NPOs, because strong relationships encourage donors to repeat and increase the value of donations (Brennan & Brady, 1999). Nudd (as cited in Waters, 2008) maintains that strong relationships with existing donors are very important because past donor performance is the greatest indicator of future giving. Furthermore, recruiting new donors is more expensive than maintaining a strong relationship with existing donors (Ahern & Joyaux, 2008). NPOs also operate in a competitive environment where an ever-increasing number of NPOs rely on a small number of donors (Knox & Gruar, 2007; Macmillan et al., 2005).

Donors cease to support a NPO for several reasons: they can no longer afford it; they believe that they would receive better service from another NPO; they have changed their attitude towards a specific issue; or it might be easier to donate funding to another NPO (Sargeant, 2001). However, when donors cease to donate funds, they usually elect to support other organisations that they perceive to be more deserving (Sargeant, 2001). Building and maintaining strong relationships with donors are necessary because most donors cease to support a NPO after their first or second donation (Polonsky & Sargeant, 2007; Strong, 2008), indicating that strong donor relationships could ensure a sustained source of income for NPOs.

Despite many NPOs not realising the value of formal strategic communication management, most NPOs know that building and maintaining strong relationships with donors are important for their survival. The fact that many NPOs do survive, and even thrive in difficult economic circumstances, indicate that they have to *intuitively* apply some sort of communication and relationship management with donors (Wiggill, 2009; Wiggill, Naudé, & Fourie, 2009). It is against this background that the present study investigates the *donor relationship management practices* of NPOs in South Africa, by comparing these practices to relationship management theory.

2. Theoretical background

2.1. Donor relationship management in the NPO sector

There are mainly two types of relationships that exist between a NPO and its donors, namely exchange and communal relationships (Hon & Grunig, 1999). An *exchange relationship* is one in which members benefit from one another in response to specific benefits received in the past or expected in the future (Hung, 2005; Hung, 2007), and are therefore derived from economic exchanges (Clark & Mills, 1993). *Communal relationships* are characterised by commitment and goodwill, and as partners in the relationship each party is concerned about the other's welfare (Clark & Mills, 1993; Grunig, 2000; Paine, 2003). Communal relationships are therefore one in which benefits are provided in order to please the other party, without the benefactor expecting the beneficiary to return the favour (Hon & Grunig, 1999; Hung, 2007). A NPO's motivation for survival in the institutional environment affects the type of relationship it aims to form with its donors. This implies that NPOs do not engage in only one type of relationship with all their donors, but interchange these depending on their situation and goals (Hung, 2001; Hung, 2007). On the one hand, NPOs receive funding from donors without having to return funds, which indicate a communal relationship. On the other hand, NPOs also have exchange relationships with donors because donors expect NPOs to deliver certain services to their beneficiaries, which are indirectly also the donor's beneficiaries (Wiggill et al., 2009).

In addition to the types of relationships, different *relationship outcomes* indicate the quality of the relationship between the NPO and its donors (Hon & Grunig, 1999; Huang, 2001; Hung, 2001):

- *Trust* refers to one party's level of confidence in and willingness to expose itself to the other party. Trust has three underlying dimensions namely *integrity*, *dependability* and *competence*.
- *Control mutuality* refers to the extent to which parties agree on who has rightful power to influence the other.
- *Commitment* entails that all parties involved feel that the relationship is worth the time and energy spent on it.
- The level of *relationship satisfaction* refers to the extent in which all parties involved are satisfied with the relationship.

In order to build strong relationships with donors, NPOs can use the following symmetrical relationship-cultivation strategies (Grunig & Huang, 2000; Hung, 2001; Hung, 2007; Plowman, 1998; Plowman, 2005):

- *Access* to organisational decision-making processes.
- *Positivity* refers to efforts making donors feel content in the relationship.
- *Openness or disclosure* refers to both the NPO and donors' willingness to openly discuss the nature of their relationship.
- *Assurances of legitimacy* refers to all the parties in a relationship expressing their commitment to maintain the relationship.

- *Networking* pertains to the NPO building networks with the same groups as its donors, such as environmentalists, unions, or community groups.
- *Sharing of tasks* refers to the NPO and its donors solving problems together.
- *Cooperating* refers to the NPO and its donors working towards a mutually beneficial relationship.
- *Being unconditionally constructive* means that the NPO is doing its best for the relationship, even if it has to give up some of its aims.
- *Stipulating win-win or no deal* pertains to the NPO and its donors agreeing that if they are not be able to find a mutually beneficial solution, they agree not to make a deal rather than making a decision that is not beneficial for both parties.
- *Keeping promises* refers to the NPO delivering on its promises.

O'Neil (2007) notes that NPOs need to develop communication programmes that build long-term relationships with donors in order to obtain continued financial support. Waters (2009) adds that when NPO–donor relationships are cultivated and managed properly, NPOs should experience less difficulties obtaining and retaining funding. Communication not only aids in keeping donors informed but is also considered a predictor of trust, commitment and satisfaction which are all essential in increasing donor support (O'Neil, 2007; Shaw & Allen, 2006). According to Sargeant and Lee (2002), especially trust is critical in NPOs' relationship with donors. Having a strong, trusting relationship with donors will ensure that donors might be more willing to offer support on a regular basis (Polonsky & Sargeant, 2007). Two-way communication, with the NPO actively *listening* to its donors will assist NPOs in identifying donors' needs, motivation and opinion about the organisation (Ahern & Joyaux, 2008; Macmillan et al., 2005). Two-way communication is therefore crucial in creating mutual understanding of both parties' needs and motivations (Shaw & Allen, 2006). According to Ahern and Joyaux (2008), it is important for NPOs to identify the shared interests between donors and themselves. It would then be easier to focus relationship building practices to create a mutually beneficial exchange between the NPO and its donors.

3. Research method

A qualitative research approach was followed to obtain a deeper understanding of the way in which NPOs manage donor relationships (Denzin & Lincoln, 2011; Leedy & Ormrod, 2001; Lindloff, 1995). Four NPOs working towards the alleviation of adult illiteracy; a non-profit development trust; four welfare NPOs; a labour union with large welfare and civil rights divisions; and one animal rights NPO participated in the study. Large, as well as small NPOs were included in the study to ensure a diverse sample to identify general trends with regard to donor relationship management practices. The reason for this being that larger NPOs are more likely to be able to afford a communication practitioner or department, while smaller NPOs are likely not to be able to afford such luxury but still need to communicate with donors.

All the NPOs were selected because of their willingness to participate in the research project, and therefore formed part of a convenience sample (Leedy & Ormrod, 2001). The aim of the research was not to generalise the findings (Denzin & Lincoln, 2011; Leedy & Ormrod, 2001), but to obtain a better understanding (Denzin & Lincoln, 2011; Mason, 2002) of how NPOs practice donor relationship management.

Semi-structured interviews (Leedy & Ormrod, 2001; Rubin & Rubin, 1995) containing open-ended questions (Babbie, 2001; Du Plooy, 2002; Sarantakos, 2005) were conducted with the CEOs and/or communication practitioners of the NPOs. Understanding the operational context and nature of donor relationship management by NPOs was emphasised. Therefore, the interviews aimed to:

- Determine how NPOs practice donor relationship management within their unique context?
- Determine in what way, if at all, the donor relationship practices of NPOs correspond with theory?

In the next section the findings of the study are discussed by referring to the type of relationships NPOs have with their donors, as well as to the outcomes of strong relationships, namely trust, control mutuality, commitment and relationship satisfaction. The relationship cultivation strategies employed by the NPOs to build and enhance specific outcomes of strong donor relationships, will be highlighted.

4. Results and discussion

4.1. Type of relationship

All the participating NPOs agreed that they have both communal and exchange relationships with their donors. Donors provide funding to enable the NPO to render services to its beneficiaries. In these communal NPO–donor relationships, both are partners working towards a communal mission. However, the NPO and its donors also have an exchange relationship in which the NPO deliver services on behalf of its donors. In this relationship, the donor provides funding in exchange for services rendered to the NPO's, as well as the donor's beneficiaries.

4.2. Outcomes of strong relationships

4.2.1. Trust

Several researchers posit that building and maintaining trust, particularly with regard to donors, is a very important aspect in the NPO sector (Ahern & Joyaux, 2008; Bennett & Barkensjo, 2005; Macmillan et al., 2005). This statement was reinforced by the interviewees, who view trust as the most important donor relationship outcome to be achieved.

All the interviewed NPOs emphasised that they operate with *integrity*, and that they are known as being ethical, well managed and honest. Integrity strengthens both the communal and exchange relationship between NPOs and donors, because donors are ensured that their funds are applied well.

The interviewees agreed that *dependability* and *competence* are important dimensions underlying trust. One of the interviewees noted that doing what you promise to do is important because donors want to know how their money is spent. The interviewees emphasised that reliability concerning delivering promised services and timely reporting about it enhance trust between the NPO and its donors. Keeping promises is also an indicator of the NPOs commitment to its cause, as well as to its relationship with its donors. When donors feel that they can trust the NPO to deliver on its promises, they are most likely to continue supporting the organisation.

Other relationship cultivation strategies applied by the NPOs to enhance donor trust are *openness* and *access* to information. In this regard the interviewed NPOs strive towards completing reports on time; keeping in touch with donors, especially by e-mail because it is not intrusive, as well as by telephone; honouring all agreements; enabling donors to visit the NPO, beneficiaries or a project site; and providing regular updates regarding a project's progress or any problems experienced. One of the NPOs continually communicates with donors to ensure that donors provide "feedback on feedback" from the organisation. Several interviewees noted that when a project is not going as planned, it is important to inform the donors about the situation. When there is trust between a donor and the NPO, the donor would most probably allow the NPO to adjust the plan and continue with the project. One of the interviewees noted that in such a case they ask the donor for their opinion on the situation, and take it into account when proceeding. In this way trust, as well as control mutuality is enhanced.

Another aspect concerning building trust is to *plan communication* with donors. One interviewee said that they agree with donors on what feedback is expected at what date, and then plan their communication accordingly. If NPOs do not communicate as expected, it could affect future funding applications negatively. A NPO in the adult literacy sector added that if donor communication is not planned beforehand, it might even happen that not all donors are communicated with. Planned communication would ensure that donors view the NPO as having integrity, being dependable and would indicate competence. This finding is in line with Balser and McClusky (2005) who posit that consistent, predictable communication increases the NPO's perceived effectiveness. However, all the interviewees said that while it is good to be accountable, report writing takes a lot of time, which they do not have considering their staffing constraints. To overcome their staffing constraint, one of the interviewees said that she writes a short, informal and honest monthly report to donors. When something is wrong, this is mentioned and/or explained. An advantage of this informal report is that it provides quick feedback instead of a long annual report that takes time to go through. The success of this form of communication indicates that it is not always necessary to write formal reports to keep the donors updated, but that a more informal approach could also be effective. However, informal reports do not replace the required formal reports. Another interviewee from an adult literacy NPO views corporate donors as being demanding concerning report writing, which is time consuming. This NPO therefore rather try to recruit and retain individual donors who are viewed as more reliable, giving consistently, and not interfering with projects. These actions indicate that the interviewed NPOs take different actions to solve the impact of funding shortages on their organisation.

The non-profit development trust emphasised that they communicate to donors to determine what type of information the donor wants, as well as how they want to receive the it. This NPO can therefore personalise communication and communicate it in a way their donors prefer. Only two other NPOs ask donors how they would like to receive information, while the other NPOs communicate the same message to all donors in the way the NPO finds the most suitable. Polonsky and Sargeant (2007) as well as Ahern and Joyaux (2008) propose personalised communication and providing a choice of communication channels as a way for NPOs to nurture their relationship with donors.

4.2.2. Control mutuality

All the interviewees agreed that control mutuality plays a significant role in the quality of NPOs' relationship with donors, specifically donors' participation in decision-making processes and control over the NPO's application or spending of funds. Many times control mutuality proves a difficult and conflicting issue because NPOs feel limited by donors' prescriptive behaviour.

A challenge in this regard, as noted by both a welfare and adult literacy NPO, is that especially international donors do not always understand the South African social, economic and political environment. Many international donors have preconceived ideas about applying funding, which is not always practical in the South African context. The interviewees illustrated the point by saying that many international donors follow a "hit and run" approach where funding is provided for a short-term project, without them realising that development should be sustainable in the long run.

Another NPO emphasised that to prevent conflicting interests, they carefully communicate with a potential donor to identify the donor's needs, and to convey the community's needs to the donor. Although the NPO has the final say in all

decisions, they are willing to listen to donors, and if possible, take donors' needs and views into consideration in order to strengthen their relationship with donors. They emphasised though that the NPO always operate in the best interest of their beneficiaries.

The labour union interviewee, speaking about donors of their welfare and civil rights divisions, said that they have contracts with donors, stipulating the rights of the donor as well as that of the NPO. This contract clearly states the level of donor involvement, and how the NPO will manage the funds and/or project. The interviewee made it clear that the contract is preceded by two-way communication to determine the donor's needs and how it can be reconciled with that of the NPO. This two-way communication, by means of personal telephone calls, meeting in person and formal reports, is continued throughout the donor's association with the NPO, and serves to build trust, commitment and relationship satisfaction. The interviewee is convinced that especially personal contact ensures donors that the NPO wants the donor to have mutual control over the application of funds or managing a project, even if the control is within the limits of the contract. The interviewee said that in this way donors stay loyal, because they view it as their personal project. In his communication with donors, he also refers to projects as "our" project, enhancing the donor's feeling of doing good (see the Section 4.2.3 on donors and their sense of self-actualisation under Commitment).

4.2.3. Commitment

The labour union interviewee remarked that it is very important for donors to view the NPO as being totally committed to its cause. He emphasised that NPOs must always keep its mission in mind, and do its utmost to fulfil it. He is adamant that when a NPO deviates from its original mission in order to obtain funding, the NPO sends out a message to donors, as well as the general public, that it is not totally committed to its cause. This NPO found that although they might lose some funding being true to their mission, they gain much more funding from donors who also identify strongly with the NPO's mission. In this study it was found that only the above-mentioned NPO and an adult literacy NPO refuse to deviate from its mission to obtain funding. All the other NPOs have in some instances accepted donor proposals that are not "quite aligned" to their mission in order to survive financially. Ahern and Joyaux (2008) agree that a NPO should not deviate from its mission because donors align their dreams with the NPO's dreams and mission. This indicates that NPOs deviating from its original mission might alienate existing donors.

The interviewee from the animal welfare NPO said personal contact ensures that their donors stay committed to the NPO. He aims to remember all his donors and animal adopters and when he sees them he will make a point to greet and speak to them in order to build a friendship. This NPO encourages donors to visit them to observe the services they provide and how funding is applied.

The labour union interviewee shared another tactic they employ to ensure donor commitment. He believes that NPOs must address donors' need for self-actualisation,¹ in other words, donors must believe that they make a *real difference* in someone's, or in the case of animals, an animal's life. When a donor believes that he/she makes a difference, he/she will be less likely to cease donating funding for that specific cause. This NPO therefore always provides results and testimonies to donors to enable them to fully realise the impact of their funding. It is for this reason that the NPO also encourages donors to visit them or the project they are funding. According to Ahern and Joyaux (2008), NPOs can also invite donors to share why the NPO matters to them and what they are trying to accomplish by giving to the NPO.

4.2.4. Relationship satisfaction

Besides having donors, many NPOs have partners that cooperate with them to achieve both parties' mission. An example is where churches place their buildings at the adult literacy NPO's disposal to present adult literacy and skills training classes in impoverished areas. The church conveys the community's needs to the NPO, recruit learners and serve as a gathering point for the NPO as well as learners. By *cooperating*, both the NPO and its partners fulfil their respective missions, and this leads to improved relational satisfaction between all parties concerned.

Despite the fact that the interviewed NPOs apply several relationship cultivation strategies to enhance trust, control mutuality, commitment and relationship satisfaction, they still experience debilitating challenges regarding donors and funding. These challenges will be discussed briefly in the next section to provide a more nuanced view of NPO–donor relationship management in the South African context.

4.3. Donor relationship management challenges

The four participating NPOs in the adult literacy sector noted that it is difficult to build a personal relationship with some donors, since funding application management at large organisations is often outsourced to funding organisations. The same external funding organisations also manage funding of many large donor organisations, and if funding applications are made to several donor organisations, the same external organisation receives all the applications. Furthermore, these NPOs mentioned that the physical distance from large donors hampers strong NPO–donor relationships.

¹ Refer to Maslow's theory of motivation, starting with survival needs and culminating in self-actualization. See Maslow, A. H. (1970). *Motivation and personality*. New York: Harper Collins.

Only two of the interviewed NPOs are not dependent on funding from government. All the other NPOs emphasise the difficulties in obtaining regular funding from government to run government projects (see Section 1), especially because government mostly follow a top-down management approach prescribing to NPOs how funding should be spent, without taking their constraints into account. One of the welfare NPOs mentioned that they focus mainly on promoting preventative actions, but the South African government tends to provide more funding for aftercare, for instance care of HIV-positive people. This implies that the NPO has either to deviate from its main function to obtain funding from government, or seek alternative sources of funding.

One adult literacy NPO replaced its pre-1994 donor-funded work with work directly or indirectly linked to government funding. This NPO has found though that over-dependence on work from the government sector left them financially vulnerable. According to the interviewee, government contracts are characterised by a lack of long-term planning and time delays between conceptualisation, implementation, and payment. This situation also harms the NPO's (and indirectly government's) beneficiaries as services frequently have to be ceased due to lack of funding. In this regard, another NPO in the welfare sector mentioned that staff members frequently accept a pay-cut while waiting for government funding. Nonetheless, they had to close their offices many times for months due to problems with government funding.

Furthermore, the interviewed NPOs find fundraising difficult because donors or government change their criteria² for funding without letting them know about the changes in advance. This leads to a feast and famine situation where there is more than enough money in one year, but in the next year, there is a shortage of funds. NPOs therefore find it difficult to plan for the future. Contributing to the feast and famine situation is the extremely difficult process to obtain funding from the national lottery, which also provides NPOs with funding. Due to a backlog in processing funding applications, many NPOs receive their funding only every second year. All the interviewed NPOs considered this a main constraint impeding their organisational operation.

A lack of funding leads to NPOs not being able to appoint trained communication and relationship practitioners. All the interviewed NPOs were of the opinion that a dedicated communication practitioner would be invaluable to the organisation, especially regarding donor relationship management. However, NPOs first need to raise funding to appoint a communication and relationship manager. According to most of the interviewed NPOs, it is difficult to obtain funding for such an appointment as most donors do not value communication and is of the opinion that all funding must be spent on beneficiaries.

Three of the interviewed NPOs mentioned that they do try to engage with donors, or representatives of donors, despite it being time-consuming. However, it takes time to build a relationship with a specific person and when the person leaves the organisation, the whole process has to begin again. One of the interviewed welfare NPOs mentioned in this regard that they build strong relationships with people such as the secretaries in the donor's organisation since they have access to many other influential people in the organisation.

Despite a lack of funding to appoint a dedicated communication and relationship manager, all the interviewed NPOs agreed on the importance of building *personal* relationships with donors. However, the small number of staff at most of the participating NPOs impedes building personal, close relationships with donors. To overcome this staffing constraint, three of the NPOs identified donor relationship owners to build relationships with specific donors. In other words, senior employees and/or board members are responsible for engaging with specific donors. Nonetheless, it is difficult to communicate a uniform message to all donors because the NPOs do not have a formal communication strategy.

Regarding personal contact with donors, one of the interviewees from an adult literacy NPO stated they previously had breakfasts with small groups of donors to obtain feedback on their quality of work and to build personal relationships. Although this practice was very successful, it had to be cancelled because it was very expensive.

5. Conclusion

The interviewed NPOs agreed that the theoretical outcomes of strong relationships, namely trust, control mutuality, commitment and relationship satisfaction as discussed by, amongst others, [Hon and Grunig \(1999\)](#), [Huang \(2001\)](#) and [Hung \(2001\)](#) are also dimensions characterising their relationship with donors. This research therefore confirms the validity of the above mentioned research. The interviewees view trust and commitment as especially important relationship outcomes to ensure continued, long-term funding and support from donors. However, the interviewees emphasised that without a clear policy or understanding regarding mutual control, relationship satisfaction could be affected negatively.

All the participating NPOs said that clearly stipulating the donor's level of control over funding and projects, preferably in a legal contract, adds to strong NPO–donor relationships. In this instance there should be a fine balance between trust and control because the donor has to trust the NPO to do what it promised. On the other hand, the NPO has to allow the donor

² Many for-profit organisations' funding criteria is changing due to legislation concerning Black Economic Empowerment (BEE) Charters. Sector specific charters require of organisations to focus corporate social investment in their own sector. Some organisations invest in the communities in which they operate. It is therefore important for NPOs to understand why an organisation wants to be involved in corporate social investment, and to direct requests for funding to organisations or donors who have an imperative to invest in the NPO's specific line of work. In November 2012 amendments to the BEE Codes of Good Practice was announced, proposing that for-profit organisations could lose black economic empowerment points for making donations to charities that do not have 100% black beneficiaries. This might have a detrimental effect on charities benefiting all races in South Africa.

some form of control because, in a sense, the donor is making an investment and wants to see results and be updated with the project's progress. As trust develops, the donor would be likely to exert fewer measures of control.

Most of the NPOs accentuate the importance of two-way communication to clearly understand the needs of donors, as well as to convey the needs of the NPO and its beneficiaries to donors. Some interviewees emphasised that two-way communication is especially important to assist international donors to understand the South African developmental context. However, when prompted for examples of two-way communication, all but one of the NPOs referred to technical communication such as reports and newsletters. This indicates that the participating NPOs do not focus on facilitating two-way communication with donors to determine their views, motivation and needs. Cultivating opportunities for two-way communication and for *listening* to donors' needs and views would enable NPOs to build on the initial interests both the NPO and the donor shared. Two-way communication would furthermore assist NPOs in identifying possible changes in or threats to its relationship with a particular donor, which in turn might enhance donor retention. Since many donors feel that NPOs only contact them in case of problems or to ask for more donations (Ahern & Joyaux, 2008), continuing, sincere two-way communication might lead to donors experiencing their relationship with the NPO as more satisfying.

Ensuring existing donors to stay committed to the NPO's cause is very important to all participating NPOs. In cultivating a *personal* relationship with donors, the NPOs personally contact donors to ensure donors of their commitment to their work. Ahern and Joyaux (2008), Polonsky and Sargeant (2007) as well as Shaw and Allen (2006) found that personal, informal and customised communication with donors enhances the NPO–donor relationship, and it was affirmed by the participating NPOs. One of the NPOs focus very strongly on addressing donors' need for self-actualisation by providing communication on the impact of the donor's funding on someone's life. Focusing on self-actualisation is in line with Ahern and Joyaux (2008) saying that a NPO is the means by which donors express their philanthropic interests and aspirations. This is therefore an excellent example of communicating in a specific and personal way with donors.

With reference to the above, an important finding of this study is that the two NPOs that stay true to their mission do not experience financial constraints on the scale that the other interviewed NPOs do. Both mentioned that their donors are committed to their (both the NPO and the donors') cause, and therefore they are loyal donors. One might argue that the other NPOs do not have a choice but to deviate from their mission in order to obtain funding, but perhaps strategically planned communication, in which the organisation's mission, values and goals are communicated clearly to donors, as well as relationship building activities can prevent donor retention.

All the interviewed NPOs agree that building trust and commitment, as well as managing control mutuality contributes to a satisfying relationship with donors. However, several donor relationship challenges, such as outsourced funding management organisations, strained government relations, changing donation criteria, being unable to afford appointing a trained communication and relationship manager, and the high cost of personal contact with donors hamper strong NPO–donor relationships. One of the ways in which NPOs communicate and build relationships with donors, is by appointing donor relationship owners, for instance board members to build relationships with specific donors.

Despite only one of the participating NPOs having a trained communication practitioner, the NPOs' donor relationship management practices *intuitively* correspond with theory. However, it can be argued that without managing donor relationships strategically, NPOs would struggle to contribute to developing South Africa.

References

- Ahern, T., & Joyaux, S. (2008). *Keep your donors: The guide to better communications and stronger relationships*. New Jersey: John Wiley.
- Anon. (2010). How donor millions have just vanished. *Citizen*, 10 June, 23.
- Babbie, E. (2001). *The practice of social research* (9th ed.). Belmont, CA: Wadsworth.
- Balser, D., & McClusky, J. (2005). Managing stakeholder relationships and nonprofit organization effectiveness. *Nonprofit Management and Leadership*, 15(Spring (3)), 295–315.
- Bennett, R., & Barkensjo, A. (2005). Causes and consequences of donor perceptions of the quality of the relationship marketing activities of charitable organisations. *Journal of Targeting, Measurement and Analysis for Marketing*, 13(February (2)), 122–139.
- Brennan, L., & Brady, E. (1999). Relating to marketing? Why relationship marketing works for not-for-profit organizations. *International Journal of Nonprofit and Voluntary Sector Marketing*, 4(4), 327–337.
- Clark, M., & Mills, S. J. (1993). The difference between communal and exchange relationships: What it is and is not. *Personality and Social Psychology Bulletin*, 19(6), 684–691.
- Denzin, K., & Lincoln, Y. S. (2011). *The SAGE handbook of qualitative research*. Los Angeles: Sage.
- Dibetle, M. (2010). NGO uses donor funds to fight legal battles. *Mail and Guardian*, February 11, 16.
- Du Plooy, G. M. (2002). *Communication research: Techniques, methods and applications*. Lansdowne: Juta.
- Du Preez, M. (2010). Die nuwe struggle. *Burger*, July 24, 5.
- Ferreira, R. (2006). New security thinking: Defence and societal transformation in South Africa. *Acta Academica*, 38(2), 155–190.
- Gastrow, S. (2010). The forgotten role of civil society: Donors are subsidizing the state with NGOs providing services the government can't or won't. *Cape Argus*, March 4, 15.
- Grunig, J. E. (2000). *Qualitative methods for assessing relationships between organizations and publics*. Gainesville, FL: Institute for Public Relations.
- Grunig, J. E., & Huang, Y. H. (2000). From organizational effectiveness to relationship indicators: Antecedents of relationships, public relations strategies, and relationship outcomes. In J. A. Ledingham, & S. D. Bruning (Eds.), *Public relations as relationship management* (pp. 23–53). Mahwah, NJ: Lawrence Erlbaum.
- Gumede, W. (2010). Facing hurdles on the way to SA's success. *Sunday Independent*, September 19, 15.
- Habib, A., & Taylor, R. (1999). South Africa: Anti-apartheid NGOs in transition. *Voluntas*, 10(1), 73–82.
- Hon, L., & Grunig, J. E. (1999). *Guidelines for measuring relationships in public relations*. Gainesville, FL: Institute for Public Relations. Retrieved April 7, 2012 from http://www.instituteforpr.org/research_single/guidelines_measuring_relationships/
- Huang, Y.-H. (2001). OPRA: A cross-cultural, multi-item scale for measuring organization–public relationships. *Journal of Public Relations Research*, 13(January (1)), 61–90.

- Hung, C. F. (2001). *Toward a normative theory of relationship management*. Retrieved April 7, 2012 from <http://www.instituteforpr.org/research-single/normative.theory/>
- Hung, C. F. (2005). Exploring types of organization–public relationships and their implications for relationship management in public relations. *Journal of Public Relations Research*, 17(4), 393–425.
- Hung, C. F. (2007). Toward the theory of relationship management in public relations: How to cultivate quality relationships? In E. L. Toth (Ed.), *The future of excellence in public relations and communication management: Challenges for the next generation*. (pp. 443–476). Mahwah, NJ: Lawrence Erlbaum.
- Knox, S., & Gruar, C. (2007). The application of stakeholder theory to relationship marketing strategy development in a non-profit organization. *Journal of Business Ethics*, 75(2), 115–135.
- Leedy, P. D., & Ormrod, J. E. (2001). *Practical research: Planning and design* (7th ed.). Upper Saddle River, NJ: Merrill Prentice-Hall.
- Lindloff, T. R. (1995). *Qualitative communication research methods*. Thousand Oaks, CA: Sage.
- Macmillan, K., Money, K., Money, A., & Downing, S. (2005). Relationship marketing in the not-for-profit sector: An extension and application of the commitment-trust theory. *Journal of Business Research*, 58(6), 806–818.
- Maslow, A. H. (1970). *Motivation and personality*. New York: Harper Collins.
- Mason, J. (2002). *Qualitative researching* (2nd ed.). London: Sage.
- Morrow, S. (2004). Don't bite the hand that feeds you: South African education NGOs in a period of change. In L. Chisholm (Ed.), *Changing class: Education and social change in post-apartheid South Africa* (pp. 317–337). Cape Town: HSRC Press.
- Naudé, A. M. E. (2001). *Interactive public relations: The World Wide Web and South African NGOs*. Unpublished doctoral dissertation, Department of Communication Studies, Potchefstroom University for Christian Higher Education.
- O'Neil, J. (2007). The link between strong public relationships and donor support. *Public Relations Review*, 33(1), 99–102.
- Paine, K. D. (2003). *Guidelines for measuring trust in organizations*. Gainesville, FL: Institute for Public Relations. Retrieved April 29, 2012 from <http://www.instituteforpr.org/wp-content/uploads/2003-MeasuringTrust.pdf>
- Pillay, K. (2012). Government failing in its duty, claim concerned citizens. *Daily News*, April 27, 2.
- Pityana, S. (2010). There are dark clouds gathering. *Star*, November 24, 15.
- Plowman, K. D. (1998). Power in conflict for public relations. *Journal of Public Relations Research*, 10(4), 237–261.
- Plowman, K. D. (2005). Conflict, strategic management, and public relations. *Public Relations Review*, 31(1), 131–138.
- Polonsky, M. J., & Sargeant, A. (2007). Managing the donation service experience. *Nonprofit Management and Leadership*, 17(Summer (4)), 459–476.
- Rubin, H. J., & Rubin, I. S. (1995). *Qualitative interviewing: The art of hearing data*. Thousand Oaks, CA: Sage.
- Sarantakos, S. (2005). *Social research* (3rd ed.). Houndmills: Palgrave Macmillan.
- Sargeant, A. (2001). Relationship fundraising: How to keep donors loyal. *Nonprofit Management and Leadership*, 12(Winter (2)), 177–192.
- Sargeant, A., & Lee, S. (2002). Individual and contextual antecedents of donor trust in the voluntary sector. *Journal of Marketing Management*, 18, 779–802.
- Shaw, S., & Allen, J. B. (2006). "We actually trust the community:" Examining the dynamics of a nonprofit funding relationship in New Zealand. *Voluntas*, 17(September (3)), 211–220.
- Strong, S. (2008). *Donor relationship management*. Paper presented at the AFP Congress, November 24. Retrieved March 3, 2012 from <http://afptoronto.org/media/G-02SuzetteStrong.pdf>
- Van de Walle, N., & Johnston, T. A. (1996). *Improving aid to Africa*. Washington, DC: Overseas Development Council.
- Waters, R. D. (2008). Applying relationship management theory to the fundraising process for individual donors. *Journal of Communication Management*, 12(1), 73–87.
- Waters, R. D. (2009). Comparing the two sides of the nonprofit organization–donor relationship: Applying coorientation methodology to relationship management. *Public Relations Review*, 35(June (2)), 144–146.
- Wiggill, M. N. (2009). *Strategic communication management in the non-profit adult literacy sector*. Potchefstroom Campus: Unpublished doctoral dissertation, School of Communication Studies, North-West University.
- Wiggill, M. N., Naudé, A. M. E., & Fourie, L. M. (2009). Strategic communication management by NPOs in the adult literacy sector in South Africa. *Communicare*, 28(July (1)), 50–67.
- Zhang, J. (2005). *A comparative study of NGOs in China and South Africa*. University of the Western Cape: Unpublished masters dissertation, Department of Public Administration.