Decision making criteria to fund Civil Society Organisations

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ABSTRACT

Post-1994 civil society in South Africa plays two roles, that of social service delivery and that of social watchdog. The former has civil society organisations providing services government should be delivering but is unable to. In order for civil society organisations to be able to fulfil this role effectively, they require financial resources. These financial resources are sourced from various entities such as government, corporates, foundations and high net worth individuals. Currently this funding environment is considered to be constrained albeit debatable but the civil society organisations requirement for funding has not changed.

The purpose of the research is to gain insight into the decision making criteria organisations use to fund civil society organisations. Government and business are critical sources of funding to civil society that allow the civil society organisation to carry out their activities mainly of service delivery. Like most funding organisations management or a committee conducts budget approvals. To achieve the purpose of the research an exploratory qualitative method of study was used, 13 structured interviews were conducted with heads of Corporate Social Investment departments or foundations in selected corporates and state owned enterprises to establish the decision making criteria they use to allocate funding to civil society organisations.

The data was analysed and common themes were extracted. The findings highlighted the funding strategies, a list of factors as well as influences of decision making styles and processes as the criteria used to make the decisions in funding civil society organisations and how these criteria are applied.

KEYWORDS

Civil Society Organisation, decision making, criteria, funding

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other university. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Phumela Rulashe

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GLOSSARY

CSO   Civil Society Organisation

CSI   Corporate Social Investment

SED   Socio Economic Development

NPO   Non-Profit Organisation

NDA National Development Agency

1. INTRODUCTION TO THE RESEARCH PROBLEM

1.1 Introduction to Research Problem

Coyte, Rooney & Phua, (2013) highlight the growing significance of Civil Society Organisations (CSOs). In South Africa civil society went through enormous transitions with two distinct periods emerging. The first period resulted from funding largely by international donors in the 1980s while the second period followed the fall of the apartheid government post-1994 as a catalyst to CSOs re-emerging as important players in South African society (Pugh, 2014). Over 1 billion dollars of international aid contributed to South Africa's transition during this period (Hearn, 2000). In the present day, CSOs are reported to be on the verge of collapse because of lack of funds (Krige, 2014). This research therefore aims to answer the question of how donors make the decision to fund these CSOs within the environment of constrained funding.

It is argued that financial viability continues to be the weakest point of CSOs sustainability (Clayton, Oaklley, & Taylor, 2000) as sources of funding in South Africa are considered to be sporadic (NDA, Review of the state of the civil society organisations in South Africa, 2008). Very few countries, including South Africa reported that CSOs obtained substantial amounts of funding from their governments, even as donors progressively prefer to channel development assistance through governments (USAID, 2014).

In line with the Paris and Accra accords, international funding is increasingly being channelled to governments and aligned to country spend. The consequence for CSOs is that less funding is channelled directly to them, which is positioned as one of the primary reasons for the constraint (OECD, 2011). The results of Trialogue's analysis of Corporate Social Investment (CSI) expenditure of large South African companies and state owned enterprises were that CSI expenditure in South Africa was estimated to amount to 8.1 billion rands in 2014/2015 (Trialogue, The authoritative guide to Corporate Social Investment in South Africa, 2015).

It was reported that in 2014 it was the first time CSI expenditure experienced negative growth as it had continued to grow until 2013 (Trialogue, The authoritative guide to Corporate Social Investment in South Africa, 2015).

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The other primary source of funding for CSOs is government through the Department of Social Development, whose mandate mirrors that of service-providing CSOs. With these sources of funding for CSOs reported to be constrained, what decision making criteria do organisations use to actually provide funds to CSOs? If we can understand this, there is an opportunity to strengthen the environment for social service delivery.

Van Arensbergen, van der Weijden, & van den Besselaar (2014) consider it vital to develop a good understanding of underlying decision making processes in funding decisions. De Geoffroy, Léon, & Beuret (2015) state that the decision making process for distributing funds has to be analysed, containing the type and quality of the evidence stated, the criteria used and how other factors like media, political influences, and the aptitude to take into consideration information are addressed to warrant consistency.

1.2 Relevance of the Research

The National Development Agency (NDA) (2008) identifies CSOs as organisations that exist for the benefit of the public even though they are not public, have a shared goal typically around service delivery, promote advocacy, conduct research and are not for profit. The civil society organisations that dominate the civil space in South Africa are largely focused on either advocacy or service delivery with service delivery taking up the majority of focus.

From the literature review it became clear that the view on the state of funding for CSOs is divided. Funding sources are drying up and there is a decrease in donor funding and funding opportunities (Nga, 2015). They also assert that the recent economic recession has led to many CSOs struggling to survive. This is supported by Krige (2014) who cites a number of articles, reports that funding has mainly tapered down over time and will continue to do so. O'Riordan (2014) on the other hand proclaims that there has been an increase in international funding for CSOs, and what is missing is motivated foresight to attract donors. Limited literature could be found to support this view besides the report by Trialogue (2015) that holds that CSI expenditure had been increasing until 2013.

Regardless of whether there is a funding shortage or not, consensus is that funding is a requirement for the sustainability of CSOs. A popular constraint in accessing donor funding is the failure of smaller or less formal CSOs to access funding due to strict application and reporting processes (NDA, 2008).

According to Uzonwanne (2014) every decision is the result of a strong process that is influenced by certain factors. The process can be seen as a sequential one involving a number of steps that enable decision makers to examine each element in a standard progression that steers to a decision (Uzonwanne, 2015). The criteria donors use to decide on funding have an impact on the funding of CSOs. While a few scholars resolved that decision makers naturally combine both rational and intuition decision making styles in their decision making processes, (Simon, 1987; Dane & Pratt, 2007; Epstein, 2010; Woiceshyn, 2011; de Geoffroy, Léon, & Beuret, 2015) declare that connecting evidence-based information to decision-making is important to guarantee a useful and efficient utilisation of constrained resources.

The purpose of the research is therefore to investigate and to contribute to the limited body of knowledge on how donor organisations make their decisions to fund civil society organisations particularly in South Africa. Understanding how organisations make decisions to fund CSOs in constrained environments may provide insights in other industries on how to develop their decision making processes.

1.3 Research Objectives

The researcher acknowledges that funding for CSOs in South Africa is constrained and that this has an impact on the sustainability of the CSOs as a result have a negative outcome on poverty alleviation and social development in the country. To add to existing information to deal with this problem, this study explores the decision making criteria donor organisations use to allocate funds to CSOs by recognising factors that can influence these decisions and for CSOs to gain insight and be able to use the information to their advantage.

The objective of the study is to address questions regarding the criteria used in decision making for funding of CSOs. The approach was to first review the existing literature on the role or composition of CSOs in South Africa, funding/donation or grant making to CSOs, the current state of the funding and decision-making. This led to the development of three research questions with hopes of contributing to existing literature;
Research question 1:

What funding strategies do organisations have in place to frame their funding of Civil Society Organisations?

Research question 2:

What decision making criteria do organisations use to fund civil society organisations?

Research question 3:

What factors are influencing the decision making for funding?

It is anticipated that the findings will allow conclusions to be presented on what criteria donor organisations use to allocate funds to civil society organisations.

Understanding will hopefully be gained in how donor organisations fund and that the conclusions made in this research will be useful for CSOs that do not yet have an understanding of the influences on donor funding and their decision-making process to start exploiting this area for their own benefit. It is the researcher's view that if CSOs have this understanding they will be able to sustain themselves through sourcing of funding from the correct channels and in any financial climate.

1.4 Context of the Research

This exploratory study works to understand the decision making criteria donor organisations use to allocate funds during this time of constraint. The sample group was selected through a purposive process and were found to be appropriate as donors to Civil Society Organisations. The study focuses on two donor types: private companies and state-owned enterprises.

The study was abstracted to deliver exploratory insight into what factors influence the decision making criteria to direct funding actions. It is anticipated that the research will add to the body of knowledge on decision making for funding and will have an impact on the understanding of the funding of CSOs.

It investigates decision making theory in the form of decision making processes, styles and approaches. It therefore sketches widely the role of CSOs globally and in South Africa. It explores generally the funding of CSOs internationally and in South Africa, the state of the funding in South Africa and how in that state of funding the sample group decide to fund and what influences these decisions and linking these with the literature review.

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1.5 Research Structure

The study comprises of seven chapters. Chapter 1 outlines the research problem, research objectives, the context of the research which is the scope and the structure of the report. While Chapter 2 reviews the literature on the role of civil society organisations, their funding and decision making theory.

The research questions that will be addressed by the study are described in Chapter 3. Chapter 4 details the methodology used in conducting the study. The research findings and the following discussion are presented in Chapters 5 and 6 respectively. The findings are analysed in Chapter 6 against the literature findings in Chapter 2. Chapter 7 is the concluding chapter that provides recommendations for further studies.

2. LITERATURE REVIEW

2.1 Introduction

This chapter reviewed the existing literature on the role or composition of CSOs in South Africa, funding/donation or grant making to CSOs, the current state of the funding and decision-making. The main objective of this research was to try to identify the criteria donor organisations use for decision making in funding CSOs.

A report on funding constraints and challenges of CSOs in South Africa that was commissioned by the NDA (NDA, 2013) states that only eight percent of CSOs became consistently sustainable over an 11 year period. Out of the number of CSOs that were surveyed only 14% of them believed they had a decent outlook for long-term financial sustainability as contrasted to 22% in 2001. It explains that this decline can be attributed to CSO funding constraints and challenges, an explosion of CSOs and weak internal CSO management (NDA, 2013).

Historically funding in South Africa was dominated by donors funding civil society movements that were fighting against the apartheid regime and unlike in other African countries, this formed a major part of foreign aid to South Africa (Hearn, 2000). This focus went through a couple of changes after 1994, first to political stability and eventually to supplement state programs and ensure state accountability. Since going through these changes, CSOs are now in a weakest position compared to the period of 11 years post-1994 as they rely heavily on funding from other organisations (Warshawsky, The Perpetual Uncertainty of Civil Society: Case Study of an Anti-Hunger Organization in South Africa, 2015). What criteria do these donor organisations use then to allocate the much needed funds? It should be noted that the terms "funds", "grants" and "donations" may be used interchangeably in this literature review and can be taken to mean the same thing.

2.2 Description of Global Civil Society Organisations

Hutter & O'Mahony (2004, pg.1) define Civil Society Organisations as a term that is "broad and inclusive on non-governmental organisations (NGOs), charities, trusts, foundations, advocacy groups, national and international non-state associations, which are all particular types of organisations in civil society".

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The purpose of civil society in the neo liberal system is service delivery and advocacy (social service delivery and social watchdog), and they are therefore considered to have an extensive role in social development (Anheier & Themudo, 2002). Their supposedly apolitical nature enables this, and they are able to influence public opinion because they are detached from normal politics (Nielsen, Berg, & Roll, 2009; OECD, 2011). The fact that CSOs are a-political is one of the reasons they are also termed NGOs (OECD, 2011) however the term "civil society organisation" encompasses many more types of groups than the term 'non-governmental organisation' might propose (Anheier & Themudo, 2002).

In terms of global CSOs, Anheier & Themudo (2002, pg.191) take a broader view that encompasses "non-profit corporations with franchises in a number of countries; specialised service providers; both democratically managed organisations and dictatorial factions; groups against globalisation and environmental drives; Christian renewal groups and trade unions; and savings clubs of migrant societies dispersed across different countries".

According to the Organisation for Economic Co-operation and Development (OECD) (2011) the validity of CSOs is developed from the values that drive their actions and established philosophy, in terms of the outcomes they bring, expertise and experience, governance and responsibility mechanisms and the transparency of their operations. Worthington & Pipa (2010) explain that they tend to be independent of donors as they have their own priorities, plans, strategies and approaches that are not aligned to the donor priorities and plans. They receive funding for their development activities and also act as intermediaries between official donors and other CSOs.

According to Pearce (2000) in the early 90s, CSOs specifically the NGO community gained respectability and possible funding from the sphere of formal donors but by the end of the 90s this had changed. In the neo-liberal system CSOs were seen as entities used to shield government's inaction to human needs through the reformation of welfare states by letting CSOs move into the social services delivery area that was temporarily relinquished by the state (Pearce, 2000; Habib & Kotze, 2002). The neo-liberalism logic damaged the image of CSOs as value driven catalysts to change. One would assume that this became important to donors who would rather not be seen as supporting a government indifferent to human needs. The outcome of this was dwindling interest in CSOs and eventually governments presented restraining measures regulating international funding that included bilateral aid and cross-border philanthropy (Rutzen, 2015).

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2.3 Civil Society Organisations in South Africa

Habib & Kotze (2002, pg.3) define civil society as "the organized expression of various interests and values operating in the triangular space between the family, state, and the market". Post-1994 civil society began to disintegrate into a wide range of different interests and activities (Pugh, 2014). Habib (2003) declares that civil society in South Africa was transformed in significant ways post-apartheid and resulted in the formation of three different sections.

The first one was that of an enabling environment where security, political and fiscal environments were transformed to facilitate the establishment of a partnership or collaboration between government and formal civil society organisations. The second and third sections were seen as an outcome of globalisation where the South African government firstly implemented neo-liberal economic policies and secondly normalised the South African society in a neo-liberal global environment (Habib, 2003).

Through this transformation process civil society in South Africa emerged to work with government as a partner in providing service delivery or as a watchdog to government and business (Ranchod, 2007; Habib, 2003). Previous studies (Stacey & Aksartova, 2002; Everatt & Gwagwa, 2005; Habib & Maharaj, 2008; Hendricks & Wyngaard, 2010; Pugh, 2014) on South Africa's civil society indicate that several elements have contributed to the current state of civil society in the country. The NDA report describes these elements as survival and solidarity; what CSOs have done to survive and be united, the racial biases that existed at different periods, class as a consequence of the huge gap in inequality, the anti-apartheid struggle that was the foundation of many CSOs and colonialism and euro-centric models (NDA, 2013).

In South Africa the culture of resistance to the apartheid government in South Africa gave rise to a strong and active civil society pre-1994. The South African government, corporate social investment, direct foreign government funders and private foreign funders were the major sources of income and support for CSOs (Chetty, 1998). Post-1994 South Africa's CSOs were defined as formalised, well-financed and professionalised NGOs that are better equipped to access structured channels of funding and also informal and poorly financed as a result of having difficulty accessing channels of funding (Warshawsky, 2011).

Chetty (1998) explains that for most CSOs in South Africa, post-1994 has been a challenging time, during which the environment had to undergo drastic changes that had an impact on the survival and character of the sector. A consequence was the movement of skills out of the sector as demonstrated by Stacey & Aksartova (2002) who estimated that up to 60% of the employees that worked for the organizations of anti-apartheid civil society all through the apartheid era left after 1994 to occupy government posts. Those who remained ended up having a sympathetic ear in government which became an advantage that perhaps civil society concerns were given power they did not have before (Stacey & Aksartova, 2002).

There were also other shifts that had disastrous effects on the sector (Chetty, 1998). He claims there was evident racial bias in the way services were delivered for the CSOs that were formed pre-1994. This did not fare well for the relationship between the CSOs and government; it developed to be oppositional and confrontational.

2.3.1   Civil society organisations relationship with the state

According to Jagwanth (2003), civil society organisations in South Africa have had an inconsistent relationship with the state. He asserts that post-1994 it became challenging for CSOs to reframe their relationship, as a result to move from a state of total conflict and opposition to one of interdependence and collaboration continues to be a challenge for most.

Another reason for this inconsistent relationship is how government is structured in the sense that it is still leaning more towards centralism. This is a disadvantage to the population especially the disadvantaged groups in South African society who are not organised as they then struggle to access their representatives to articulate their positions (Jagwanth, 2003). This is supported by (Greenstein, 2003, pg. 15) in that there are still structural restrictions of formal democracy in South Africa as the state is still hampered by the unchanged "bureaucratic mentality and organisational culture" that reigned under apartheid.

The Department of Social Development (DSD) report on Non Profit Organisations (NPO) impact assessment proclaims that there is a dividing difference between "better resourced and organised NPOs" and "poor community-based organisations" where the organised NPOs benefit more from registration processes for tax exemption as Section 21 companies (DSD, 2005).

2.3.2 Different Roles played by Civil Society Organisations

There is a belief that the strength of a country's civil society is often used as a measure to determine the power of its democracy (NDA, 2013). Civil society organisations play many essential roles in South Africa. CSOs play amongst others the roles of humanitarian relief, welfare and service delivery, innovation, community based, co-operatives, faith-based and economic interest associations (Clayton, Oaklley, & Taylor, 2000; Everatt & Gwagwa, 2005; Hutter & O'Mahony, 2004).

2.4 Funding of Civil Society Organisations

According to (Chetty, 1998, pg.1) the main source of income and sustenance for CSOs is "direct foreign government funders, private foreign funders, the South African government and corporate social investment". Currently the environment that they operate in is resource constrained, hence the need for them to solicit funding that will enable them to meet the needs of their constituents (Drucker, 2005). Olivier & Wodon (2014) add that although there is an indication that the number of CSOs has increased tremendously over the decade, local and less formal CSOs are still substantially misaligned with donor funding streams as there is bias towards structured funding supporting formal organisations. They claim that funding blocks have caused resources to reach communities in inadequate volumes.

The increase in the number of CSOs mentioned above and the scope of their activities have caused funding to surface as one of the debatable issues within civil society as a result they face significant challenges in terms of financial sustainability and their ability to continue with their activities (Elagati, 2010). Olivier & Wodon (2014) and Pinter (2001) believe that more organised, formal CSOs are more adept at accessing donor funding systems. Funding support of CSOs needs to consider not only the immediate goals of the funding organization but also the probable broader social impact on the community in which the CSO or programme is entrenched (Edwards , et al., 2014).

2.4.1 State of funding

There is inconsistent data on whether the funding environment in South Africa is constrained. According to Kabane (2011) a number of factors have contributed to the constrained state of funding of CSOs.

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Kabane (2011) deems that the recent economic recession, the limited spending by the South African government as well as the fact that South Africa is now regarded as a middle income economy have all aided to the decrease in donor funding. She claims that the growing operating costs, escalating debts, and the powerlessness of some CSOs to maintain the same amount of work as they used to before are few of the challenges that are intensifying the crisis.

This view is opposed by O'Riordan (2014) who argues the amount of international OECD funding is increasing, which is contrary to the perception that this funding stream is decreasing but that Government and donors' salary budgets are increasing. He alleges that in 2012 South Africa had its highest receipt of aid amounting to just over R15 billion. This puts forward questions about the perceived funding crisis in the country as well as whether the available funding is reaching CSOs.

2.4.2 Funding sources

CSOs naturally access a wide range of funding streams for sustainability from both private and public institutions; government funds and Corporate Social Investment (CSI) funds from corporates (Olivier & Wodon, 2014). The corporate funds also fund intermediary organisations that carry out programmes on a prescribed basis i.e. to provide services or provide grants (Pinter, 2001).

For the purposes of this research, the focus is on only two of the funding sources; government and CSI (within corporates and state owned organisations) with the reasoning explained below. According to Olivier & Wodon (2014) funding sources tend to recognise CSOs of the non-profit organisation (NPO) type even though the less formal initiatives may be having just as much impact. They also highlight that there is a funding funnel where at a national level, the sizable NGOs receive the majority of donor support with this constricting significantly as increasingly inadequate funds trickle down to local CSOs again highlighting the argument mentioned above that structured CSOs are better positioned to access funds.

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2.4.2.1 Government

The International Centre for Not-for-Profit Law (ICNL) report (ICNL, 2010) claims that one part of an attempt to create a well-functioning and mutually favourable relationship between government and CSOs is government funding. Section 2.3.1 of this report details the relationship that government has with CSOs, therefore this raises a question whether this mutually favourable relationship aligns with the schizophrenic role prescribed to CSOs in the neo liberal partnerships as described above. A fundamental principle of public funding is that CSOs are a delivery partner for government on services that government should be delivering but are not in a position to deliver. This is fundamentally critical for the relationship between the two parties (ICNL, 2010).

Sources of government funding amongst others are the Department of Social Development (DSD), National Development Agency, National Lottery Distribution Trust Fund and the Independent Development Trust. The funding is targeted towards specific government priorities as described in the government's National Development Plan 2030 (NDA, 2013). According to the DSD report (DSD, 2005) 42% of NPO funding comes from government, the researcher could not find a more recent figure.

Figure 1 illustrates the share of CSO transfers of a total allocation for each programme (Budlender & Francis, 2014). Development and research is the only programme that has a different trend to the other programmes with an increase from 21% in 2010/2011 to 24% in 2016/2017 while the rest of the programmes are showing a trend of a steady decrease with social welfare decreasing from 44% in 2010/2011 to 23% in 2016/2017, children and families with the highest share from 68% in 2010/2011 to 54% in 2016/2017 and restorative services with a decrease from 34% in 201/2011 to 31% in 2016/2017.

Figure 1: Funds allocation on primary programmatic areas (Budlender & Francis, 2014)
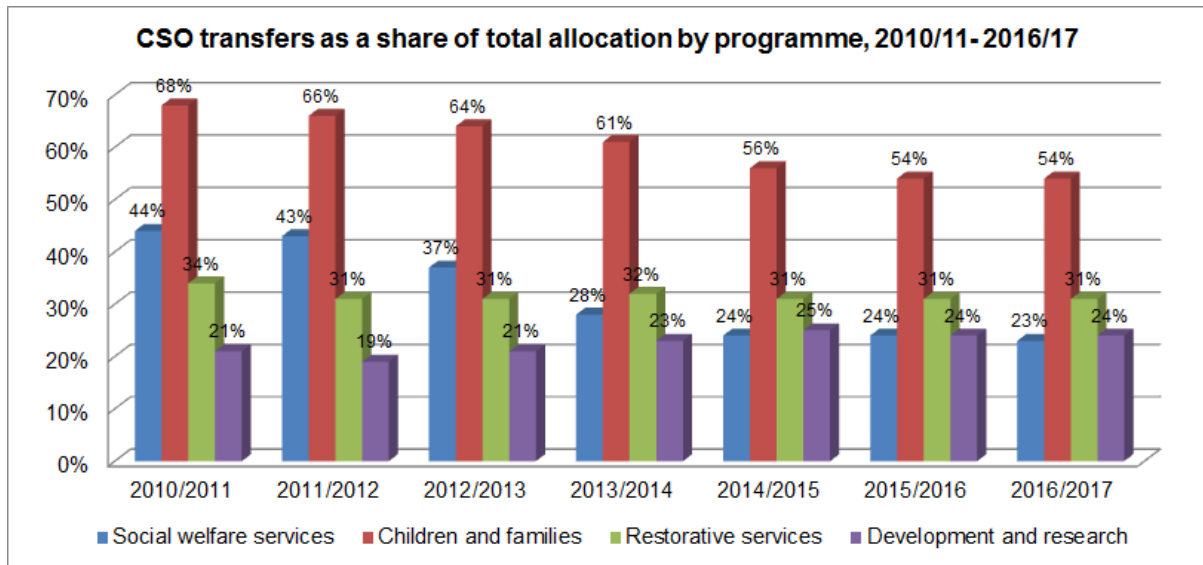
The decrease in funding from government to CSOs is an indication that the funding environment is limited, and is likely to continue being constrained. The supposedly increasing funding from international organisations according to O'Riordan (2014)'s argument does not hold ground as Krige (2014) in an analysis of the funding flows to CSOs finds that funding is controlled through government and the increase in funding is not being channelled to CSOs.

2.4.2.2 Corporate Social Investment

Beginning with the democratic elections in 1994 and specifically after 2002, and after the Broad-Based Black Economic Empowerment (B-BBEE) Act of 2003, there were growing forces on companies to occupy a more involved role in nurturing development goals like the reduction of inequalities and alleviation of poverty. As a result corporate participation in the development agenda has become both essential and assumed (Skinner & Mersham, 2008).

Non-governmental organisations (NGOs), not-for-profit organisations (NPOs), charities and affiliated schools are the channels through which the majority (70%) of private sector provide funding for development (Besharati, 2015). One of the most significant and earliest debates according to Skinner & Mersham (2008) related to the social role of corporate action in South Africa during the apartheid era where the practise of using the term "corporate social investment" became a uniquely South African occurrence.

They explain that businesses began to respond more positively to the notion of "investment" than they did to the notion of "responsibility" which connected them to the evils of apartheid. This showed that South African companies became committed in their approach to social change and reviewed their role, moving from responsibility to investment and shifted from an aid approach to an economic one with social gains.

Skinner & Mersham (2008) mention that corporate social investment (CSI) implies a preferred business oriented result than doing something because it is the "responsibility" of the business. They explain that as a result CSI emerged as a feature of Corporate Social Responsibility (CSR). Performance-centred CSR measures were accepted in some developed and developing countries, while the accountability rating has in different periods been employed in South Africa, Hungary, and Turkey (Hinson & Ndhlovu, 2011).

Unlike other funding streams, we have a fairly detailed view of CSI in South Africa through the annually published CSI Handbook for the past 18 years. The objective of this survey is to understand what corporates are funding and how they are doing it as well as how non-profit organisations are using the funds. This surveys 81 organisations, tracking trends in funding and funding organisations by industry sector.

The CSI Handbook (Trialogue, 2006) highlights that there has been a requirement for CSI to be strategic, to be aligned to the company's strategy in order to promote South Africa's development agenda. This is reinforced by Skinner & Mersham (2008) as they explain that strategic CSI is the element of balance where value is optimised for both the business and the development objective. They further claim that for CSI to be strategic, interventions should be at an investment or social change level. Introducing measurement and evaluation is also viewed as a key differentiating factor in making CSI programmes more effective (Trialogue, 2006).

According to CSI Handbook (Trialogue, The authoritative guide to Corporate Social Investment in South Africa, 2015) the total CSI expenditure in South Africa is approximated to amount to R8.1 billion in 2014/15. They state that they constantly found that the total annual estimated CSI expenditure was increasing in real terms. In 2014, it was the first time CSI expenditure suffered a negative growth in real terms, implying that the growth experienced between 2001 and 2013 is starting to decline.

Figure 2: Growth in CSI Expenditure (Trialogue, 2015)
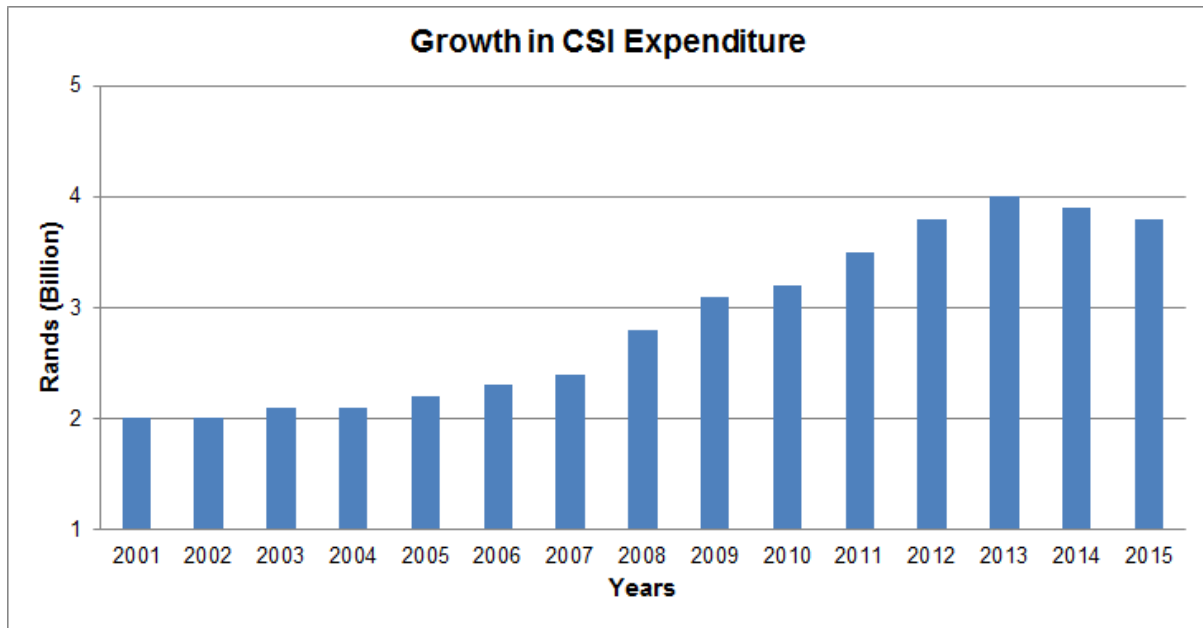
The CSI Handbook (Trialogue, The authoritative guide to Corporate Social Investment in South Africa, 2015) claims that in spite of the reduction in total CSI expenditure, social investment continued to grow within their primary research sample. Although this appeared to oppose the total expenditure findings, they explain that the primary research group was smaller and was a chosen sample while the overall CSI spend is extrapolated from a wider expenditure of companies sourcing publicly available data.

Some of their findings have been detailed as that CSI expenditure is focused nationally and in Gauteng, the education sector is allocated the most funds, NPOs obtain 52% of the total CSI expenditure, governments not companies were the major source of NPO funding in 2015, 76% of corporates allocated funds to more than 10 organisations in 2015, most companies stated that there was no connection between CSI and skills or enterprise development. A high rate of companies and NPOs measure all CSI projects, large companies remain unfocused, funding remains mostly traditional to projects managed by NPOs with them rarely thinking about new forms of financing (Trialogue, 2016).

But while CSI funding is growing, these funds are a drop in the ocean compared to total government spending, especially in priority sectors such as education and health (Hinson & Ndhlovu, 2011). According to Hinson & Ndhlovu (2011) the addition of CSI on the BBBEE Scorecard has validated the private sector's contribution to community development through their CSI departments within the various businesses.

They state that the CSI status in South Africa is ascending with widely reaching effects as CSI has become a key performance indicator among businesses looking for an improvement in their BBBEE scores, meaning businesses require the CSOs they fund to comply to this requirement to improve their BBBEE scores.

According to the Department of Trade and Industry (DTI) BBBEE scorecard's definition of Socio Economic Development (SED) is that while CSI can be seen as SED, there is a significant overlap. Therefore private organisations are encouraged to amend their CSI activity not to be limited to a narrow definition of social giving. This is the driving factor in organisations using BBBEE as one of its criteria to fund CSOs (DTI, 2012).

2.5 Decision making

Driver (1979) explains decision making as "a habitual pattern" (p. 68), while Harren (1979) explains it as an individual's characteristic mode of perceiving and responding to tasks. Uzonwanne (2015) defines decision making as the ways individuals make sense of the information collected and method of choosing between numerous alternatives to realise a particular outcome (Knighton, 2004) and concerns many criteria applied to categorise those alternatives of a decision (Saaty, 2012). Managers or leaders that work for funding organisations, make funding decisions on a frequent basis. The primary job of managers is to make decisions (Brousseau, Driver, Hourihan, & Larsson, 2006). Brousseau, Driver, Hourihan, & Larsson (2006) state that "at any moment in any day, most executives are engaged in some aspect of decision-making: exchanging information, reviewing data, coming up with ideas, evaluating alternatives, implementing directives, and following up" (pg.1).

Decision makers use both intuition (capacity to discern without sufficient information) and reasoning (use information to make a decision) in the decision making process by moving forward and backward between the two, based on the circumstances (Woiceshyn, 2009; 2011). Woiceshyn (2009; 2011) explains this movement as a sifting process of repetitive rounds where the movement is between new evidence and the historical information deposited in the sub-conscious mind in a manner of models or standards. Knighton (2004) states that biases can be established into decision-making by the cognitive shortcuts used to deal with the complications and ambiguity of environments.

To understand decision making, it is vital to explore the different aspects. Knowledge on the cognitive – Long (2013) describes it as an act of perceiving or reasoning - processes behind decision making is afforded by system thinking. The next sections outline the primary literature in decision making styles and processes, and their connection to the funding environment. The sections start with system thinking, an important element in understanding the reasoning behind decision-making processes and styles. Decision making styles and processes are important in order to understand how organisations make decisions to fund CSOs.

2.5.1 System Thinking

There is agreement by academics on the characteristics that distinguish the two types of cognitive processes (Chaiken & Trope, 1990; Gilbert, 2002; Sloman, 2002; Stanovich & West, 2002). These characteristics are depicted in Figure 3 below. For better classification, Stanovich & West (2000) recommended the impartial labels of System 1 and System 2.

"The operations of System 1 are governed by habit, and are therefore difficult to control or modify" while the "operations of System 2 are relatively flexible and potentially rule-governed" (Kahneman, 2003, pg. 1451).

This is corroborated by Jefford, Fahy, & Sundin (2011) that all reasoning processes begin when the decision-maker assumes "cue acquisition and cue interpretation" (p. 249). System 1 (intuition) is used by the decision-maker if cue acquisition and cue interpretation agree with total patterns of knowledge. However, if cue acquisition and cue interpretation does not agree with the stored patterns in memory then the decision maker is said to use System 2 (analysis). This means that a decision maker uses both feeling and thinking in how they process information, if the decision maker is both feeling and thinking at the same time (agree with total patterns of knowledge) then they are using System 1 but if they are not feeling and thinking at the same time (do not agree with total patterns of knowledge) then they are using System 2.

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Figure 3: Two Cognitive Systems (Kahneman, 2003)
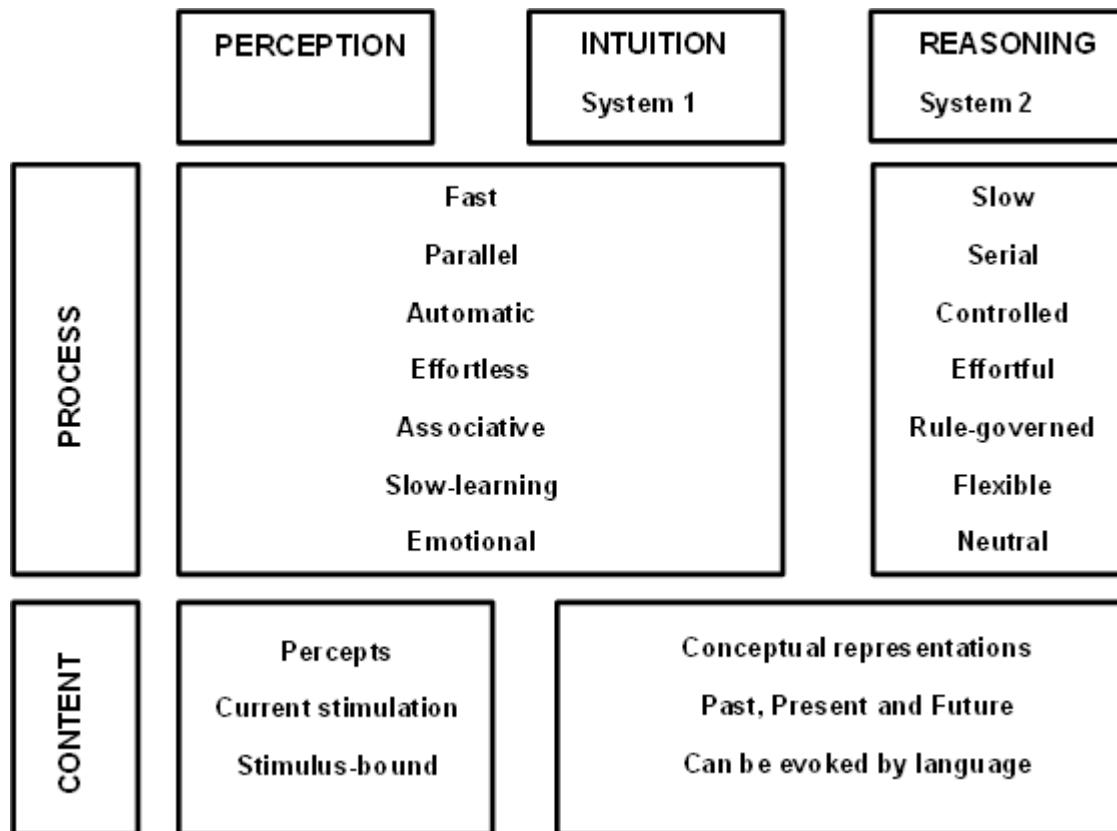
To attribute information processing to either System 1 or System 2 is only determined by the amount of effort applied where processes that require a lot of effort are mostly likely to disturb each other while those that require less effort are most likely not to disturb each other or other processes they are combined with (Kahneman, 2003).

2.5.2   Decision making process

The decision making process is an active process of handling strategic contradictions through selective and blending practices, where selective practices emphasise the unique characteristics of investigation and use while blending practices on the other hand emphasise collaborations and shared dependence (Smith, 2015). He defines the selective practices' design of moving between the areas of investigation and use as regularly variable and also declared that these two areas are variable with each other, yet for long term viable success, they are both crucial.

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This agrees with Turpin & Marais's (2004, pg. 156) description of the decision making process as having two phases: a "divergent" – investigative phase and "convergent" – reducing the number of options to come to a decision. Russo & Schoemaker (2002) have a similar view as they call the phases expansive and convergent where expansive is a creative step where alternative answers are created and convergent is where possible courses of action are formed. This is best illustrated by figure 4 below.

Figure 4: Stages of the decision process (Turpin & Marais, 2004)
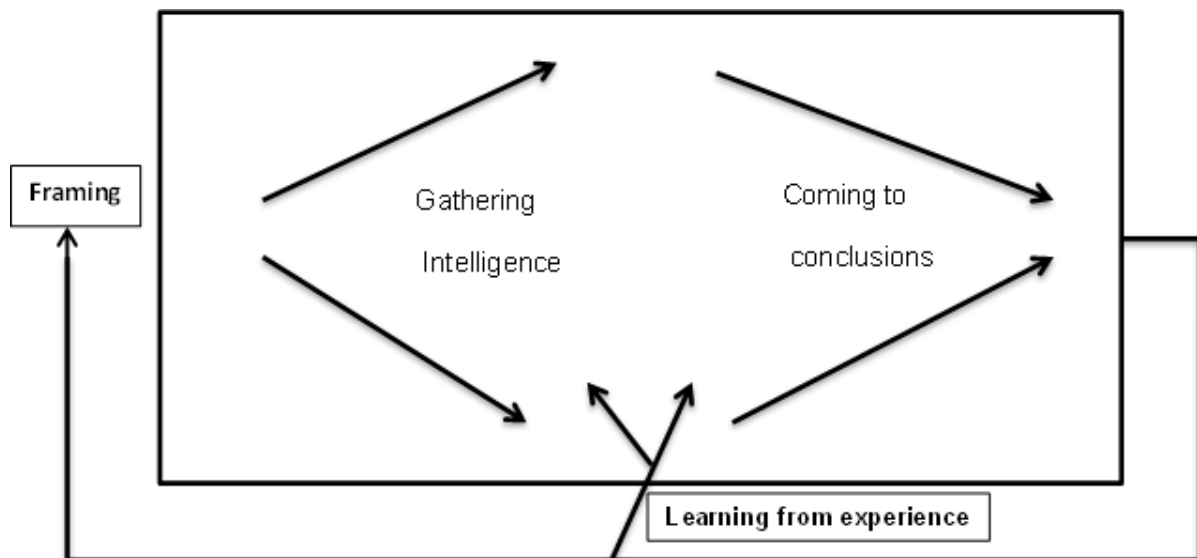
Hey & Knoll (2011, pg. 400) add another layer to the decision making processes by categorising them into three decision approaches, namely; aided-analytical strategies where decision tools are utilised to arrive at a decision, unaided-analytical strategies where the decision maker makes the decision in their mind without the use of decision tools and lastly non-analytical strategies where information is minimal so fast decisions are made.

2.5.3   Decision making styles

Decision strategies are sourced to accelerate the decision making process by depending on intuition and experience (Erez & Grant, 2014). It is critical to delve into the theory of intuition, rationality/reasoning and knowledge through experience in decision making in order to be able to understand how decisions are made.

The model shown below describes factors involved in decision making styles. (McCown, 2010) describes how analysis 'feeds' the intuitive thinking systems.

Figure 5: Decision Model (McCown, 2010)
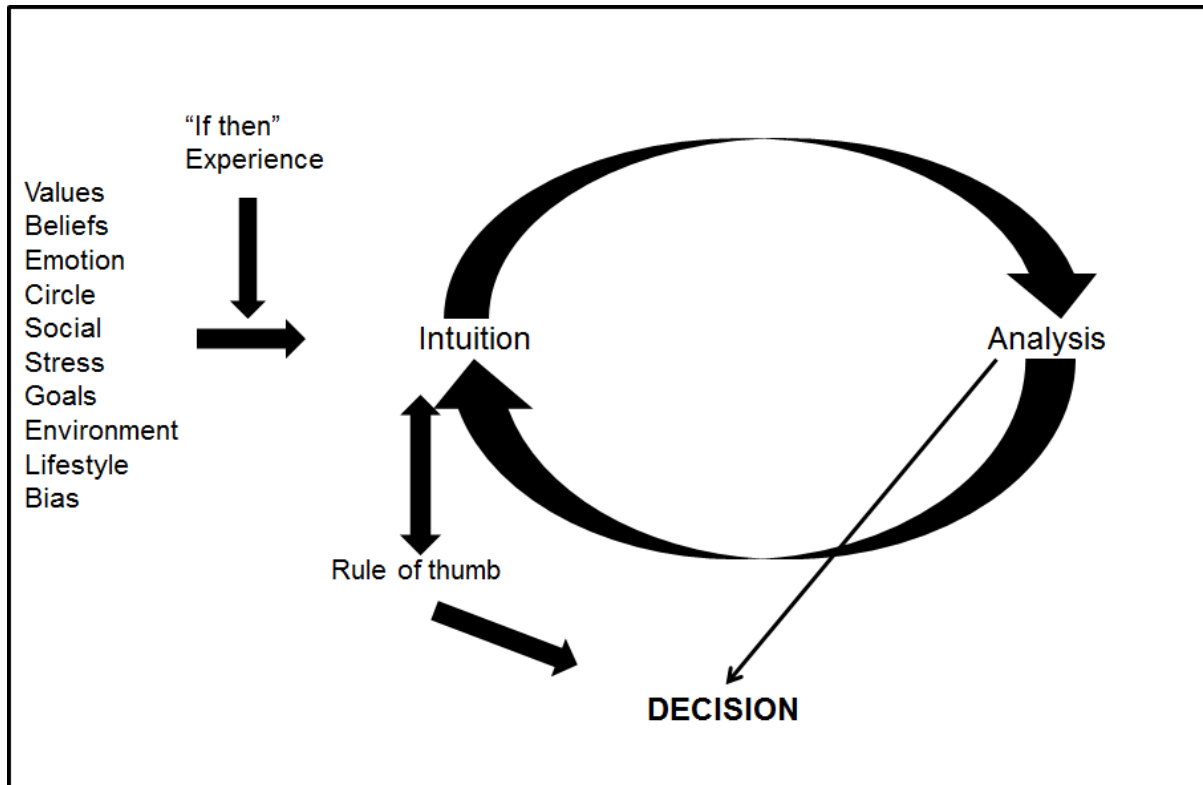
This seems to be supported by Dane & Pratt (2007) who attest that intuition is applied following the progression of rational analysis even though intuition is the commonly used decision making style. They also state that to have an impact in the decision making process it is good not to implement a rigid approach or step by step sequence.

Based on Simon (1987)'s concept of bounded rationality, it is argued that for great effectiveness there should not be a choice between rational analysis and intuition. It seems this can also be attributed to the level or amount of experience of the decision maker as Franklin (2013) claims that the decision making style between experts and novices is remarkably different. Experts use knowledge and expertise gained in previous similar experiences while novices highly depend on rational analysis.

2.5.3.1 Intuitive decision making

Accor ding to Nita & Solomon (2015), there is no question of the importance of intuition in corporate decision making. Intuition gives the possessor the skill to recognize and promptly react to events demanding correction, and that it is an important decision making tool for managers (Nita & Solomon , 2015; Saaty, 2012).

Nita & Solomon (2015, pg. 84) assert that "intuition is the central intentionality of being", the process by which items are exposed or submitted to the conscience. They assert that some intuitive actions are: perception, imagination and memory and that it is the source of knowledge. Hassani, Abdi , & Jalali (2016, pg. 7) define intuition as "presence", "visible", "clear "and "insight". It is a human capacity for discerning or taking action without sufficient reasons and is also a way of recognising truths without rational thinking. This view is supported by Dane & Pratt (2007) and Polic (2009).

Nita & Solomon (2015) add another level to the understanding of intuition by amplifying that decisions can be classified as rational and emotional at the same time or rational based on emotional and intuition. So based on this understanding, intuition contains both logic and emotional decisions. This seems to be supported by Epstein (2010) who claims that intuitive expertise can shape rational thinking even though the rational thinking system does not recognise that it is being shaped.

According to Francis-Smythe, Robinson, & Ross (2013), senior management prefer intuitive methods and a reliance on experience when making decisions. They function at their best when operating in an environment where colleagues have similar thinking and working patterns (Malewska & Sajdak, 2014).

2.5.3.2 Rational decision making

Mason (2015) describes rational decision making as evidence based or fact based. She further explains that it is about decisions that are data driven that promote learning and continuous improvement where specific drivers such as strategy, leadership and speed of decision making are needed.

Franklin (2013) claims that the seeming variety and difficulty of management decisions inspire the use of a certain criteria to bring order to a discussion of decision-making. Also that the rational process can be improved by introducing the following characteristics: "Systemic, Iterative, Adaptive, Self-correcting and Active" (pg.24).

There has been criticism against the practise of rational decision making in literature as well that rational thinking is too slow, a lot of effort is required for daily application and can limit creativity and innovation, as a result the use of both rational (analytical) thinking and intuitive thinking is encouraged (Epstein, 2010; Sadle-Smith & Burke-Smalley, 2015).

2.5.4   Factors influencing decision making

According to Strydom, et al. (2010) there are a number of factors that influence the decision making process. These contain organisational factors such as function, structure and composition, socio-economic environments, communication and the aspects of the message, the reliability of the information, the integrity of the source and the degree to which policymakers and scientists make an effort to understand each other's view points, priorities and ethics.

In addition to these, several other human elements influence decision-making; "personal value systems and beliefs, perceptions, limitations of human ability, influence of political power, as well as time constraints" (pg. 2). Also understanding the environment, packaging of information to be visually appealing and simple technologies used as decision making tools assist in the decision making process (Turpin & Marais, 2004).

Long (2013) also mentions decisional biases as factors that influence decision making and he lists a number of possible types such as selection extraction where only the evidence that suits the situation is picked, availability effect - easily obtainable information is accessed, primacy effect - first information offered is remembered, recency effect - one remembers the last information given and the framing effect where information is presented in a positive way.

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2.5.5 Decision making for funding Civil Society Organisations

The funding organisations' criteria and processes for decision-making on funding allocations are seldom made public, with the outcome that the topic often continues to be under-documented (de Geoffroy, Léon, & Beuret, 2015). This explains the limited literature that the researcher found.

As processes of grant allocation generally involve quality assessment by panels, they can be considered to be social, emotional, and interactional processes (van Arensbergen, van der Weijden, & van den Besselaar, 2014).

2.6 Summary

If we accept that effective decision making involves both intuition and rational decision making processes then we can look to these two dimensions to assist in our analysis with funders. In this way we can see which of these dimensions dominates in their decision making on who to fund, when, and for how much.

The aim of the literature review was to identify what constitutes civil society, the characteristics of CSOs with the argument looking globally and then in South Africa, the role of civil society was then explored, key features in post-apartheid South Africa as well as how they are funded, the funding/donor environment for CSOs in South Africa, understanding of the key funding streams and the current funding status. It was also to understand what decision making is, explore the theory on decision making, investigate decision making processes and styles and how these have been defined by researchers in the past.

All decisions made in an organisation will ultimately affect its triple bottom line (financial, environmental and social). The guiding principles of these decisions could be based on facts or the use of intuition or a combination of both. Literature has shown that over the years the two decision making styles, intuition and rational have been discussed tremendously. The common thread from the reviewed literature has been that both intuition and rational decision making styles are encouraged for effective decision making. Decisions are made to fund CSOs and a specific criteria is used, as a result it is important to understand the CSOs funding environment over the decade as (Lister & Nyamugasira, 2003) warned that a "new architecture of aid" (pg. 93) has come to control the methods of many donors to development support.

The theoretical foundation of this research is outlined by decision theory. For over fifty years how decisions are made has been the focus of active research. This indicates the significance of decisions in influencing society and businesses. The researcher relies on the funding organisation's perceptions on the elements that influence their funding decision making process. The findings and analysis in Chapters 5 & 6 will shed some light as to the decision making criteria used for funding CSOs.

3. RESEARCH QUESTIONS

3.1 Introduction

The literature on decision making, funding of CSOs and what constitutes CSOs was reviewed in the previous chapter. The term CSO encompasses the organisations that make up civil society and therefore play an important role in South Africa's civil society. From the literature review we got to understand that CSOs do not specifically exist to supplement governments' focus on poverty and the reduction of inequality but in the neo-liberal system the role of civil society became one that had a dual mandate of watchdog and social service delivery (Krige, 2014).

Questions have also been raised about the funding for CSOs through giving, asking if this creates a constraint as relying on benevolence is not a sustainable way to enable the sector to do its work. Because of this the researcher is looking, using the framework of decision making theory, to identify what the criteria are for donors (corporate and state owned enterprises) when making the decision on what organisations or services or causes they wish to fund. This research is framed by three research questions:

3.1.1 Research question one

What funding strategies do organisations have in place to frame their funding of Civil Society Organisations?

This question sought to understand whether funding strategies are in place in organisations with regards to their CSO funding and if so, the role these strategies play in the decision to allocate funds, to determine how these strategies are conceptualised and how these strategies are aligned with the broader corporate strategy. In understanding these sub points, it is hoped that the research will provide insight into the prevalence of funding strategies and their influence on decision making by CSOs.

3.1.2 Research question two

What decision making criteria do organisations use to fund civil society organisations?

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This question aimed to uncover the considerations that are taken into account in the decision making process of the donor organisations from both an external and an internal point of view. External is regarded as the environment the organisations operate in and internal is regarded as the structures and policies within the organisation.

3.1.3   Research question three

What factors are influencing the decision making for funding?

The objective of this question was to get insight into the decision making styles of intuition, rationality/reasoning used by the decision makers in these donor organisations, why the use of these styles and what influences these styles have on the decisions made. To also understand the influence the organisational structures in place have on decision making styles.

These three questions will give detailed insight into the decision making process used by funding organisations in allocating their funds.

4. METHODOLOGY

4.1 Introduction

(Kothari, 2004) describes research as a search for pertinent information on a specific topic and the research methodology as the technique used to search for this information. This study is designed to provide insight into the decision making criteria that organisations apply in their funding of civil society organisations as a result a qualitative method was deemed to be appropriate by the researcher.

According to (Khankeh, Ranjbar, Khorasani-Zavareh, Zargham-Boroujeni, & Johansson, 2015, pg. 635) qualitative research methods involve "systematic collection, organizing, and interpretation of material in textual form derived from talk or observations". They assert that qualitative methods are suitable in exploring the meanings of social phenomena as felt by individuals in their normal environment. Based on this definition the researcher has used qualitative methods to gain insights into the decision making criteria of organisations through the interpretation of data collected from interviews conducted.

This thesis is investigative and exploratory to generate insights to the three research questions that will not necessarily be conclusive (Kisely & Kendall, 2011). The "diagnostic and exploratory nature" of qualitative methods is invaluable in creating concepts from the data (Khankeh, Ranjbar, Khorasani-Zavareh, Zargham-Boroujeni, & Johansson, 2015, pg. 636). The data analysis is mainly inductive, allowing for meaning to emerge from the data and it is recognised that there are multiple truths not only one neutral reality.

4.2 Research Methodology and Design

Research design is the conceptual structure within which the research would be conducted and Bryman (2007) says its function is to ensure that data obtained enables answering of the research questions. He says "the function of a research design is to ensure the evidence obtained enables us to answer the initial question as unambiguously as possible" (pg.6). Long (2014) asserts that research methodology is important because it drives the selection of research methods and expresses philosophical theories.

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Saunders & Lewis (2012) explain exploratory research as that which is used to seek fresh insights into a new topic or an appraisal of an existing topic in a new direction. This is supported by Struwig & Stead (2011) who state that exploratory studies seek insights into a phenomenon. The researcher sees this approach as valuable because it seeks to gain new insights into the decision making criteria applied by organisations to fund CSOs. This approach therefore suits this research because insights are anticipated to emerge from the data from the perspective of the respondents.

Primary data was gathered through in-depth, structured interviews found in Appendix 2, that probed for answers and clarifications where required. This opportunity was provided to the researcher through the use of an exploratory approach. The research process uncovered the emerging concepts and data analysis inductively developing from general to specific themes (Creswell, 2014). An inductive approach naturally puts emphasis on the in-depth understanding of the research environment, this is the reason the researcher decided to adopt an inductive approach in order to fully understand the decision making criteria used for funding CSOs and to also develop theory from data generated through interviews (Struwig & Stead, 2011).

4.3 Research Population

Because it is a difficult task to use a total population most of the time for research, samples are instead used (Kothari, 2004). The population for this study is both the private companies - listed and non-listed companies that are required to comply with BBBEE and King III, therefore have a CSI mandate and state owned enterprises that fund CSOs also through their CSI mandate. Samples were drawn from both types of organisations for structured interviews. The organisations are described below:

- Large and small (number of employees) private organisations that fund CSOs directly (without an intermediary).
    - Private intermediary organisations that fund CSOs on behalf of large private companies.
- State owned enterprises that also fund CSOs directly.

The final sample group of 15 organisations was drawn through available networks and further whittled down to 12 organisations based in Gauteng based on permissions to participate.

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4.4 Unit of Analysis

According to Zikmund (2000) it is important to first establish the unit of analysis in a study to be able to define a research problem to which the applicable themes can be attached. The unit of analysis for this research was the funding organisations in evaluating their decision making criteria in allocating grant funding to CSOs. So through the lenses of decision making theory the researcher is trying to understand how organisations / funders make decisions.

4.5 Research Sample

Kothari (2004) explains that the characteristics of a good sample design are that it must be representative, resulting in a small sampling error, systematic bias can be best controlled and the results can be applied to the rest of the population. Sampling is a process that uses a small fraction of the classified population "to make a conclusion about the entire population" (Zikmund, 2003).

4.5.1 Sampling technique

A purposive sampling technique was applied for the study where units of the population for the sample were selected deliberately by the researcher (Kothari, 2004) according to their capability to provide data that is pertinent to the topic of interest, and to have input into the emerging theory (Kisely & Kendall, 2011). This technique is also known as judgement sampling as the researcher makes the judgement in the selection.

4.5.2 Sample size

According to (Griffith, 2013) sample size in qualitative studies tends to be small emphasising a balance between breadth and depth. This is supported by Dworkin (2012) who reasons that this is because qualitative research methods often focus on gaining an in-depth understanding of a problem or meaning (and sameness in meaning) which are always targeted on the how and why of a specific issue, practice, setting, culture, landscape or group of social relations.

He adds that in-depth interviews do not make generalizations to a bigger targeted population and are not inclined to depend on hypothesis testing but are quite inductive and emergent in their process.

The sample consisted of 13 organisations comprising of 7 private companies (5 listed and 2 non-listed), 3 state owned enterprises, 2 intermediaries and 1 foreign government embassy as a pre-test all based in Gauteng except for 2 based in Cape Town. This allowed for most of the interviews to be face-to-face. The sample size was relatively small because of unavailability of identified potential respondents.

The organisations all had the following characteristics:

- For profit and not for profit organisations
- Wide range of size in the number of employees.
- Diverse industries

Thirteen respondents were interviewed for the study from the different organisations that fund CSOs. Through non-probability purposive sampling, the respondents were selected. Below these methods were used to ascertain that the required number of respondents was obtained:

- Use of personal and professional networks
- Obtained the contact details (mainly email addresses) for individuals heading the CSI departments of the sample organisations and emailed them directly and following up with a phone call where I had telephone details as well requesting their participation in the research. This method eventually obtained a high response rate with half of the sample enlisted through this method.

4.6 Research Measurement

4.6.1 Interview schedule design

According to Barriball & While (1994) a flawed design in the development of a research tool will misrepresent the final results. In this study the researcher made an effort to ensure that the design of the interview schedule was both standardised to safeguard comparability between respondents during analysis and exploratory to draw out intangible concepts such as perceptions.

It is recommended by Barriball & While (1994) that respondents be considered throughout the development of an interview schedule since they will be providing the answers to the questions as it is sometimes easy to include ambiguous or complex questions that don't follow a logical sequence with respondents' experiences. In order to be considerate to the respondents, a pilot interview was done, interview questions were forwarded in advance and transcripts of the interviews were shared with those that were interviewed.

To meet the study objectives and to be mindful of the scholars' recommendations, the researcher made an effort in ensuring that the interview schedule also conformed to the following; open ended questions – used to gather more insight into the respondents' experiences and to permit free associations of concepts. Simple language and phrasing – used to ensure consistency in understanding by respondents and to eliminate ambiguity. There was flexibility during the interviews as the respondents answered the questions in a conversational form. Most of the respondents appreciated the opportunity to review their own understanding of decision making criteria to fund CSOs.

4.7 Data Collection

The data collection was done through structured interviews. 11 interviews were conducted face to face and only three were telephonic interviews (including the pre-test). After the respondents were identified, they were then contacted by email and telephone to confirm participation. 10 face to face interviews took place in the respondents' workplace except for one where the respondent was on leave but offered to be interviewed at the researcher's workplace.

There were a number of advantages to using the face to face interview as the method for data collection (Barriball & While, 1994) it improved the response rate compared to a potential poor response rate of questionnaire surveys, allowed for the exploration of attitudes, values, beliefs and motives, allowed for the opportunity to assess the authenticity of the respondent's answers by observing non-verbal signs and guaranteed that the respondent did not receive assistance from others when answering questions. Conducting the interviews at respondents' work place meant that there was a lot of traveling involved for the researcher and there was also preparation time required before each interview to ensure that all required material is available and in the required condition as well as arriving at each venue 15 minutes before each interview.

The length of the interviews ranged between 30-60 minutes with the office environments providing a quiet and safe space to conduct the interviews in. Consent was sought before each interview (Appendix 2). Permission from respondents was obtained for voice recordings except for two interviews where recordings were not taken but detailed notes were made and emailed for confirmation after the interview. The voice recordings were then transcribed verbatim, and information that could be used for identification was removed from transcripts. An average of 40 minutes per interview was conducted and 12 of the interviews were conducted during office hours.

4.8 Data Analysis

Data analysis in research aims to summarise the amount of data collected and to present the results in a manner that conveys the most important features (Hancock, Ockleford, & Windridge, 2009). A computer-assisted qualitative data analysis software (CAQDAS) known as ATLAS.ti, was used to code and analyse all the interview transcripts.

According to Hancock, Ockleford, & Windridge (2009), ideally data analysis should be cyclical with data collection to enable researchers to improve the research question and the data collection process in view of new findings so that ideas that emerge during analysis can be explored in future interviews. They state that it is also important to evaluate transcripts as they are transcribed and to carry out informal adjustment of early guides. Kisely & Kendall (2011) support this view by adding that the data collection and analysis occurs in cycles which inform the following steps to eventually develop a theory.

Professional services were employed to transcribe the recordings. The transcripts were authenticated by the researcher against the researcher's notes and the voice recordings to confirm accuracy. The transcripts were then cleaned to remove any identifying data such as names of organisations, respondents' names, referenced organisations, locations of organisations and publicly available information that can be used to easily identify the organisations. The transcripts were then reformatted to have the same font size, line spacing and differentiation between the interviewer and the respondent lines through a formatting convention i.e. bold font.

Data analysis was started through the use of ATLAS.ti, a computer-aided qualitative data analysis software. To shape and test theory, an inductive data analysis style was followed through the constant comparative process. Grounded theory approach was used for the data analysis. The data was analysed on two levels; the basic level where the exact version of the data (words taken at face value in terms of what was said) is given with nothing interpreted into it or thought about it and the next level that is interpretative which focuses on what was meant or implied (Hancock, Ockleford, & Windridge, 2009).

No coding frame was developed prior to analysing the data to ensure that no preconceived ideas were imposed on to the data analysed. The first stage was open coding which took place by selecting a set of excerpts (in terms of relevance to the research objective and questions) on a line-by-line basis. These were then organised into categories and subcategories as stated by Wolfswinkel, Furtmueller, & Wilderom (2013, pg. 46) that the ultimate goal of open coding is to "identify a set of categories or a bird's eye" view of the research results. The categories were then grouped into themes or patterns. Open coded phrases/words were grouped into three code families; namely criteria or influence, decision making and funding strategies. These code families were found to have a connection with the research questions. An attempt was also made to link the individual codes to highlight relationships between them which were found to be insignificant.

4.9 Reliability and Validity

In qualitative research, reliability can be thought of as the "trustworthiness of the procedures and data generated", it involves the extent to which the findings of a study can be repeated in different circumstances while validity is judged in terms of how well the tools measure the variables under investigation (Roberts, 2006, pg.44). (Morse, Barrett, Mayan, Olson,, & Spiers, 2002, pg. 2) citing Guba and Lincoln replaced reliability and validity with trustworthiness comprising of four aspects; credibility, transferability, dependability, and confirmability. Within these aspects to demonstrate thoroughness were approaches such as the "audit trail, member checks when coding, categorizing, or confirming results with participants, peer debriefing, negative case analysis, structural corroboration, and referential material adequacy".

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To introduce reliability and validity to the study, the researcher confirmed results with participants, performed member checks during coding, ensured an audit trail through keeping a notebook where notes and any changes were recorded on each interview and in the manner in which the interview guide was structured and the sequence of the questions to establish consistency.

4.10   Research limitations

Possible limitations of and compromises made in the research are listed below:

- Interviewee constraints – availability of interviewees which resulted in the researcher conducting interviews over the telephone rather than face to face. Missing the opportunity to have an understanding of the environment of the respondents, respondents' attitude as well as the non-verbal communication.
- Sampling bias – the use of judgement sampling is depended on the researcher's perspective and understanding, this may have limited the data collection process of the research and in turn influence the findings.
- Researcher bias – the communication style, culture, perspectives and interests of the researcher might influence the interpretation of the findings in that an exploratory research is subjective (Saunders & Lewis, 2012).
- Respondent bias – Most of the respondents had worked in the funding environment for long periods as a result have an in-depth understanding of the drivers and structures in place, this affects the transferability of the findings of this research.
- Communication – understanding of the language used for the respondents that are not English speaking might have prevented the respondents from expressing their views succinctly.

4.11   Ethics

Ethical clearance from the University of Pretoria was granted on the 11th of August (Appendix 3). Interviews were held between September and October. All the interviews were conducted in English, there were no translator requirements during the interviews. Consent forms were presented to the respondents during the interviews or prior with the emails that were sent requesting participation.

This gave the respondents an opportunity to understand the requirements and formalise their consent by signing the consent letter. An example of the consent letter that was used is attached in the appendices. As stated in the letter that "all data will be kept confidential and anonymity will be maintained throughout and after the course of the research as data will be stored without identifiers and no names will be recorded", all transcripts have been anonymised. Respondents have been referred to by their initials and organisations referred to as numbers as presented in Table 5.1.

5. RESULTS

5.1 Introduction

This chapter presents the findings of the study in line with the research questions outlined in Chapter 3 following the data collection as outlined in the methodology in Chapter 4. The aim is to attempt to make sense of the data generated to adequately address the research question. However, the interpretation of the data after analysis will be discussed in the next chapter, the objective of this chapter is only to present the relevant findings. Data was collected through the method of structured interviews and analysed by categorising, analysing, describing and uncovering the decision making criteria organisations use to allocate funding to CSOs.

The interview guide comprised of two sections and the data generated will be organised as follows:

The first section gathered descriptive data such as the position the respondent occupies within the organisation and characteristics of the organisation i.e. type, size (employee) and the length of time the organisation has been in operation. The second section gathered data using a structured interview to answer the research questions.

5.2 Sample description and summary of interviews

Initially a minimum of fifteen interviews was planned to be conducted, with five interviews representing each type of organisation as explained in the methodology section. Due to difficulty in being able to secure interviews in the 15 organisations initially approached, the researcher was able to secure 13 interviews where respondents were available to be interviewed.

Although the total number of interviews conducted amounted to fifteen the representation on the type of organisations was skewed and slightly different to the original plan. Seven interviews were conducted with private companies , three were conducted with state owned enterprises, two with intermediaries (agencies) and one as a pre-test was conducted with a donor international government supporting the South African government through funding of its national priorities.

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Information on the organisations that were interviewed was organised according to the role of the respondent in the organisation, type of organisation (business/industry the organisation is in) and the size of the organisation is illustrated below in Table 1. Although it was not part of the objective of the study, this set of data was anticipated to explain the sample and to evaluate any influence on the research results.

Table 1: Roles of respondents and organisation descriptions

Number	Role of respondent	Description of organisation	Size of the organisation (number of employees as of June 2016)	Respondent Code (Respondents initials)
1.	Head of Corporate Social Investment	An industrial brand management company.	19 745	VN
2.	Corporate Social Investment Manager	Multinational oil and gas company.	79 800	AN
3.	Head of Fund and Volunteers Programme Manager	Financial services (provides banking, insurance and investment products and services to retail, commercial, corporate and public sector customers) holding company and a subsidiary.	38 989	DS and YN
4.	Corporate Social Investment Trust Manager	Fast food restaurant chain specialising in fried chicken.	+19 000	LA
5.	Finance Manager	Testing and consulting laboratories providing testing, auditing, consulting, training and research services.	205	FM

6.	Corporate Social Investment Manager	Financial services holding company.	30 739	LF
7.	Head of Foundation	An integrated energy and chemical company.	30 400	GZ
8.	Co-operation and Development Officer	Country Embassy in South Africa.	50	LB
9.	Executive Director	Advisory and funding consulting.	50	KM
10.	Head of Marketing and Communications	Advisory, consulting and management of funding.	65	DN
11.	Corporate Social Investment Manager	Government owned development finance institution.	1 000	MN
12.	Programme Manager	State owned Water Utility organisation.	-1000	CL
13.	Head of Corporate Social Investments and Grants Manager	State owned rail, port and pipeline organisation.	49 078	CM and LD

Slightly more than half of the organisations are large in size in terms of the number of employees ranging from 1000 to 79800 and the rest are small in size ranging from 50 to 1000. Eight out of thirteen held the title CSI/Foundation Head/Manager.

5.3 Research Question 1 Results

What funding strategies do organisations have in place to frame their funding of Civil Society Organisations?

The respondents were asked open ended questions about the funding strategies they use to fund CSOs. Each transcript was analysed to find the funding strategies executed in the funding process. What has been articulated by nine respondents is that funding organisations need to have a strategy on the model of funding which includes the focus areas, the type of organisations/areas to fund as well as to address the different needs of these organisations. A number of funding strategies emerged from the data gathered from the respondents. These were identified through common words and phrases.

Table 2: Funding strategies

Rank	Funding strategies	Frequency
1	Funding cycle	13
2	Philosophy	12
2	Performance measurement	12
6	National Development Plan	8
7	Partnerships	7

5.3.1   Funding cycle

When all the respondents were asked about their funding cycle during the interviews, all of them highlighted that they have a funding cycle. 11 of them mentioned that they had a three year cycle where funding was allocated to organisations for a three year period however the organisations had to reapply on an annual basis to receive the funding. Reports had to be submitted during the reapplication process to verify the progress of the programmes the CSO is funding. Three out of the 11 stated that it is often difficult to walk away even after the 3year period so the tendency would be to allocate funding for another term taking the total funding period to six years.

In Table 3 below are some of the quotes from the respondents on their funding cycles.

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Table 3: Funding Cycle

Respondent	Quote
DS	*"we give three year charges"*
LF	*"I think we would love to do 3 years and walk away, but it is not always possible. we will relook at projects and if it looks like after 3 years we still need to be there for some time, the board will consider it".*
GZ	*"When we fund them we commit to three years but we review every year".*
YN	*"3-year funding cycles fewer grants larger grants to fewer organisations within more sort of strategic and carefully formulated focus areas"*
FM	*"3 year period renewed by re application or site visits or reports submitted"*
MN	*"So that we don't fund then over one year, so we can say, we will fund you this much over a period of 3 years, so that there is sustainability".*

5.3.2 Philosophy

The respondents were asked to describe their philosophy or approach to funding, the question was open ended so that the respondents could articulate in their own words what the organisation's funding philosophy is. The main finding for this question was the indication of alignment amongst all the respondents in terms of the driving philosophy, this was seen as the balance between investment and providing social value without creating dependencies. The alignment can be seen from some of the respondents' quotes below.

Table 4: Philosophy

Respondent	Quote
VN	*"It's a balance. We want to have a balanced approach in terms of how you apportion the funding"*
YN	*"the basic point is the philosophy, and the pillars around an investment and the good reputation of partners in that space".*
KM	*"not creating dependencies firstly, but secondly how we can assist in other elements"*
DN	*"Creating strategic social investment solutions for a greater good".*

5.3.3   Performance measurement

What became obvious from the data was that performance measurement in terms of the impact of the funding is very important to the funding organisations. This is echoed by a number of respondents:

Table 5: Performance Measurement

Respondent	Quote
AN	*"You want to have a program that's going to have an impact that you can measure, so at some point you need to say I have made an impact or I have not made an impact"*
DS	*"Monitoring and Evaluation is very important, we have to balance our investment philosophy with our social value philosophy. We are now realising that we have to have a social impact on the business, on how we do CSI, and it has to be measured and we have to report on it"*

LF	*"Official proper monitoring and evaluation and impact assessment; that is exactly what we do, you want to measure for more impact"*
GZ	*"We do develop indicators and have a measurement tool that we put in place that will help us to monitor what we are doing"*

Two of the respondents were elaborate in explaining how they previously did not measure the funding and how it made it difficult for them to report to the board especially in terms of tracking performance and for the organisations to be able to understand the impact their funding is having on their chosen areas of focus. They further explained the processes they went through to establish a monitoring and evaluation system even going to the extent of sourcing external agencies to provide this service to them. They also highlighted that it is important to set out clear objectives for each organisation to be able to put key performance indicators in place.

5.3.4   National Development Plan

10 of the respondents mentioned their focus areas as being cascaded down from the National Development Plan (NDP) which is a detailed blueprint of how South Africa can eliminate poverty and reduce inequality by the year 2030. The researcher found that all the focus areas of all the organisations that were interviewed were determined from the NDP and form part of their business strategies. This is what the respondents conveyed:

Table 6: National Development Plan

Respondent	Quote
VN	*"Our funding strategy is really about trying to make sure that we focus on a burning platform, for instance the issues of - it's about trying to infuse the systematic issues. It has to touch base to issues, elements of the National Development Plan in the South African context, our strategy aligns to those key elements. There is a score card so it obviously fits into the CEO's score card, because we are driving a business strategy".*

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LF	*"It depends on the thinking of the board and the impact from the government; the pressure on corporates, and where they want to actually allocate funds, so your vision and mission and strategy if that's the word you are going to use and changes from time to time".*
GZ	*"We have the NDP for instance that has outlined the areas that need attention for us. This country strategy is of projects that are forthcoming and then it also benefits us as the organisation. So that will be our contribution, but it will also be a contribution to a country strategy".*

As can be seen from the responses this was at a high level of the strategy process specifically the mention of the NDP which is at a country level. This was alluded to by the rest of the respondents without actually mentioning the NDP with phrases "policy at government level" and "strategy changes it depends on the thinking of the board and the impact from the government". Two of the respondents mentioned that they also seek guidance or consult with experts in the field to ensure that their funding strategies are aligned with the objectives of the business strategies.

5.3.5   Partnerships

There are a number of elements that drive the need for collaborations or formation of partnerships for funding. These are partnerships or collaborations formed between the funding organisations to fund common causes/areas. The respondents have mentioned elements like budget limitations, lack of knowledge in the relevant areas, focus area synergies, ministerial directives from government specifically for state owned enterprises.

Table 7: Partnerships

Respondent	Quote
AN	*"Basically looking for partners that we can you know learn their synergies"*

DS	*"This is basically what we will take into account, is we have cross-cutting priorities, where we can start leveraging partnerships and actually break it down into partnership funding".*
YN	*"We do carry enough surplus so that in any given year if we had a really terrible year and we were all gone we would be able to support our partners for a full financial year. We also felt that we had a lot of very different partners".* *"We look at partnerships where possible to get organisations to think about the focus areas together often makes for significant cost savings for each of them".* *"So we see our partners at least once a year. We call all of our partners to come together for two sometimes three days where we look at requirements, the one was monitoring and evaluation, we co-designed the framework".*

Based on this data, it is evident that collaborating or forming partnerships is one of the key funding strategies that funding organisations have to consider when preparing their funding budgets and it enables optimisation of the limited budgets. It was explained by one of the respondents that sometimes in cases where there is an application for a specific amount and the organisation due to budget limits cannot provide the requested amount, the organisation would then partner with another funding organisation or even another NGO that provides funding to grant the required funding to the applicant.

There were also other strategies that were identified based on the researcher's understanding of the meaning conveyed by the respondents and not based on common words or phrases, these are listed below.

5.3.6 Responsible giving

Eight respondents detailed the objective of keeping away from creating dependency on the funding organisation. This was implemented through the process of the funding cycles where although most funding cycles were over a three year period, the organisations had to submit proposals for funding on an annual basis. This was endorsed through the following statements:

Table 8: Responsible giving

Respondent	Quote
LF	*"It's going to be responsible giving with the real outcome, also very important because that kind of funding can lead to dependency. So we will relook at projects and if it looks like after three years we still need to be there for some time, the board will consider it".*
GZ	*"When we fund them we commit to three years but we review every year, so they can sustain themselves"*
FM	*"We fund for three years but renew this every year so it is a year at a time, no automatic renewal for anything. So basically it is re-applying"*
KM	*"Because we don't want to create dependency we have a ruling of not funding more than 10 percent of their annual budget"*
VN	*"Allow them to be able to source funding from other sponsors, not rely on us".*

Difficulties have also been experienced in this process mentioned by one respondent (AN) in that   "*these organisations don't understand business processes*". She explained that the organisations don't understand that they have to re-apply annually even though the agreement is for three years.

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Some of the respondents also explained that one of the elements that they assist with in capacitating the organisations they fund is fund-raising. They provide training to the organisations to have the skills for fund-raising in order to be able to sustain themselves instead of totally depending on the funding organisations.

5.3.7 Consulting experts

One of the respondents commented that seeking out the opinion and advice of agencies currently advising organisations that have been impactful in doing what you want to do is always beneficial. Costly mistakes made out of naivety will be avoided. Under normal circumstances any strategy formulation process requires input from external stakeholders specifically advisors and consultants. There are a lot of reasons that can be found for seeking advice from experts but the finding from the data gathered was that the main reason for the interviewed organisations was for information purposes where advice on different funding strategies was presented.

Table 9: Consulting experts

Respondent	Quote
LF	*"We were advised. We took advice from people like company X who came and presented; they represent a number of corporates. They presented and our board had their input".*
LA	*"What we would do is get someone in like a company X for example, so we would get them in and every third, second year or however its needed we would ask them to do a review".*

5.3.8 Systematic approach to funding

Systematic is seen as something that is done structurally or methodically. From the results it is apparent that a lot of funding organisations wanted to follow a systematic approach to funding, meaning they wanted to have an impact through a previously tested approach.

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An approach that would allow for logic and practicality and in the process facilitate quick decision making. This approach is also evident in the funding process that the organisations have in place.

Table 10: Systematic approach to funding

Respondent	Quote
VN	"*Our funding strategy is really about trying to make sure that we focus on the burning platform, for instance the issues of - it's about trying to infuse the systematic issues. So our strategy, in a sense, is trying to be systematic in influencing the systematic issues that are happening in the country*".
YN	"*…strategic, sensitive, thorough, systematic and flexible*".

5.3.9   Summary of Results: Research Question 1

It is presented from Research Question 1 results that funding strategies that donor organisations have in place are determined by the country objectives. This informs the focus areas for funding with specific philosophical objectives i.e. encouraging fund-raising to avoid dependency and is the first step of the decision making process in terms of which organisations to fund.

As part of this process it is also clear that advice is sought from those that have expertise in this field. What is also evident from the results is the aim to optimise funding budgets i.e. forming partnerships or collaborations. A systematic approach in funding is also followed for appropriate performance measurement against the set objectives.

5.4 Research Question 2 Results

What decision making criteria do organisations use to fund civil society organisations?

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Funding of civil society organisations is an option not an entitlement, so the relationship between a funding organisation and the organisation that is funded is deemed to be an independent one (respondent DS). The criteria for funding CSOs, are closely connected to the priorities that the donor wants to support and also determine the effectiveness of that support. The respondents cited that a transparent funding process is evident by clear criteria.

Table 11: Decision making criteria

Rank	Decision making criteria	Frequency
1	List of criteria	13
1	Priorities	13
1	Budgets	13
1	Geographical location	13
3	BBBEE requirements	11

5.4.1 List of criteria

Several funding criteria was found to be in place for most respondents. This varied from a set list available on the organisation's website to a checklist that is part of the organisation's CSI Policy. The finding here was that all the organisations were using the same criteria which are:

- Profile
- Address and contacts
- Governance structure with ID documents
- Previous funders
- Budget breakdown
- BBBEE certificate
- NPO registered certificate
- Tax Clearance Certificate (good standing)
- Income Tax Exemption Certificate (Section 18A)
- Letter from the bank confirming the organisation's banking details

- Audited financial statements (latest)

Table 12: List of criteria

Respondent	Quote
VN	*"The criteria you will find it on our policy, because we try and describe what it is"*
GZ	*"We do have a criteria but because we are in the process of reviewing everything, policies and frameworks and all the criteria, but we do have a criteria in place. One of the things that we don't fund is your beauty contests and all of that, religious organisations. We do have a policy although it is not - again it is undergoing review, but it guides us for instance" (GZ).*
AN	*"So you want to actually impact the communities in which you operate in. So that's also quite a big criterion. Which you would do the profiling, is the school next to any of our operation, be it a filling station or a depot. Due diligence, in terms of financials, you send that to Cape Town, the KPI, like the projects that have actually been running the previous years, you know your typical due diligence exercise and then you award based on that. Finance where they check, they are based in Cape Town. I think the biggest one was obviously the BEE element. So is it a compliant BEE NGO, and the community also, aspect. Is that NGO or is that initiative would benefit any community where the organisation operates? Audited financials of the NGO. Do they have prior record? Do they have financial statements? How do they demonstrate compliance?"*
DS	*"What would inform us on our decision, is we would need to look at each one of these elements before we actually made a decision, and all agree on that, do we get their reports on time, in terms of when we ask for their report, are they robust reports, based on the criteria that we have asked them for when they applied for funding, when they got the funding"*

LF	*"A copy of their annual financial statements. All the criteria that they need, has to be there. NPO registered; we want to know their mission, their vision, their actual application, a copy of the recent financials, and we want to know who is on their board, we want to know what number of the beneficiaries and in this case, the BEE for the beneficiaries is what we look at. And then any awards, any partnerships they are working with, and other donors that are funding them. I know how they assess, I know what they look for, and so it's a way of cross referencing. It's very important to us, we want to know that the beneficiaries we are supporting have gone to those donors. We want to know who they are partnering with. It's one of the questions"*

What has become clear is that the respondents are quite rigorous in screening the applicants considering the approval levels and the groundwork performed to be able to motivate for approval, so it is important for the applicants to understand the requirements or the criteria when applying for funding.

5.4.2 Priorities

Organisations have their own priorities, which are areas that they have chosen to focus on in terms of funding. These are based on the funding strategy that an organisation has developed and opted to follow to achieve their specific objectives. It has been mentioned by respondents that these tend to address the needs that are prevalent in the environments that they operate in.

Respondent VN following the outline of their focus areas or priorities also mentioned that the mandate comes from group highlighting that all business units within the organisation have to align to the mandate when they fund within their regions. This seems to be the same approach adopted by respondent DS's organisation as she articulated that and the implication here is that the priorities cut across the organisation's different business units or divisions.

Table 13: Priorities

Respondent	Quote
GZ	*"It is education and skills, one portfolio. The second portfolio is environment and then the third portfolio is community development".*
FM	*"We actually find that we have a tendency towards children. That is something that comes from our staff".*
DN	*"Our funding priorities are based on the strategy agreed in the sectors of Education, Healthcare, Environment and Community Development".*
MN	*"Its 2 port, internal and external. And the internal focus is for building one of the key stakeholders, which is the staff, as a community which we focus on. Then there is the external, which will be the priorities that, if I were to put it my way, takes care of a person from the womb to the tomb. That is one of the board members, I know how passionate she is".*
CL	*"So like I have explained that we have got six programs that we run. The organisation or NGO must align to the Foundation key focus areas, which is the six that I have told you about".*
CM	*"These are aligned with the national priorities and consist of 6 portfolios of Health, Education, Sports, Heritage which has a regulatory duty and is seen as an asset with historical value, socio economic development - infrastructure refocused to community centres aligned to where the operations are and the final one is the employee volunteering program which is also a vehicle for the government through the SAPS and also working with policing communities".*
LA	*"So our mandate is, is pretty much straight forward, its children, and we do feeding".*
VN	*"No, we all focus on these three, that's a group mandate".*
DS	*"the cross-cutting priorities are mainstreaming disabilities, embracing technology and building capacity in our non-profit partners"*

Majority of the respondents only outlined what the priorities were without an explanation as to whether these cut across divisions or are only head office focused. One of the respondents mentioned that their priorities are aligned with the national priorities again emphasising the fact that priorities come from the strategies that are informed by the national strategy. In the table below are the quotes of the respondents.

5.4.3 Budgets

A direct question was asked to understand the typical funding budgets that the funding organisations have access to, to fund programs. The budgets ranged from 1.5million per annum to 215 million depending on the size of the organisation, available budget and organisation's adherence to the 1% net profit after tax legislation requirement.

Table 14: Budgets

Respondent	Quote
LA	*"Last year we had a budget of 58million"*
CL	*"On an annual basis it varies from almost five - look, let's say roughly 9 million as a proportion of the 1% of the net profit after tax for the foundation"*
KM	*"we distribute 100 million a year'*
YN	*"This year we are looking to put 17 million rand into those three spaces that I mentioned; into the water and land pilot. Mostly, we looking at the student space"*
DS	*"We are really big now, the financial based on company's performance ... 215 million, that is what we have got to spend".*

5.4.4 Geographical location

Common words and adjectives were classified from the data collected in interviews, to the question whether there was a connection between the geographical location of organisations and the organisations they choose to fund. All the respondents cited their geographical locations described as provinces within the country in South Africa. However what became clear was the differences in the reasons for the geographical preferences where three sub themes emerged as the causes for the mentioned preferences.

The first one of these sub themes was funding within the communities that the organisations operate in. This can be seen from responses in the table below. The second sub theme was that of reach or could even be grasped as impact, this is evident in one of the respondent's answer with phrases like "footprint" and "outreach". This is supported by six of the respondents as they also prefer to fund organisations from all nine provinces ie. nationally. The last sub theme was where the "need" is. This is the comment from two of the respondents and it is evident that this sub theme with each of the two already mentioned sub themes are not mutually exclusive. An example of this is that of the two respondents, one cites both countrywide and needs for geographical location preference.

Table 15: Geographical location

Respondent	Quote
AN	*"So you would give preference to any NGO any school that is actually in the Gauteng region and there was also the requirement: is it actually closer to any of our depot filling stations? which you would do the profiling, is the school next to any of our operation, be it a filling station or a depot"*
VN	*"Decision would be based on geographic footprint, that is number one. So that would be at least the determining factor in terms of, this one has an outreach to more than three provinces or four, and the other one only reaches one province or a different province. failing which they may decide to fund both if they are not touching at the same provinces so that at least it gives a whole - because they look at a national imperatives basically".*

DS	*"We go countrywide, where the need is"*
LF	*"Until 18 months ago it was in 4 provinces in South Africa. Mainly where our businesses were, so it was in Gauteng, Kwa-Zulu, Eastern Cape and Western Cape. we actually change it to be in all nine provinces. Again, decision made on need".*
GZ	*"Our first interest or priority is our host communities and then it is maybe very difficult to define what we mean by host community beyond the plant areas. there is a narrow definition and there is a broader definition because whilst our communities think that they are the only host community and within a particular radius, we source labour from as far as the Eastern Cape, for instance. in mining you find that we have a lot of people that come from the Eastern Cape, as an example. So that is in fact your community because we source our labour from there".*
FM	*"We are all over South Africa but yet we do tend to focus on the Western Cape and Gauteng, but we do try to balance it between the two".*
KM	*"Our area of criteria is Africa, so we have the three regions, we only fund within South Africa, Sub-Saharan Africa and the meaner regions. we don't plan geographically, we try to actually have a national footprint so we - we are in all your major hubs but we are also in smaller areas".*
DN	*"There is a regulatory requirement for companies to be doing social development in the communities in which they operate".*
MN	*"We are a SADC development bank, we operate beyond the borders of South Africa and even to some extent beyond the borders of SADC, into the African continent. Ideally we would fund where there is a need, and we have a presence in terms of CSI, because we have a presence there, we have a responsibility to the community".*
CL	*"The Foundation is established to work in the nine provinces".*
CM	*"Yes preference is given to projects in the communities where the organisation operates".*

| LA | *"We look at the organisation's holistic approach to the development of the child we are national specifically".* |

5.4.5 BBBEE compliance

Government states that the private sector has an important role to play in community development. There is a code from the BBBEE scorecard that prescribes that organisations spend one percent of net profit after tax (or 0.125 percent of total turnover) on Socio-Economic Development (SED) in order to score five points out of a total hundred on the BBBEE scorecard. Refer to the Literature review in Chapter 2. Below is Table 3 illustrating a selection of answers captured in interviews.

Table 16: BBBEE Compliance

Respondent	Quote
VN	*"We use the South African formula, where it is influenced by the formula that comes from the BEE legislation".*
AN	*"The organisation to get points, they need to donate. You would need an NGO that would have a BEE certificate"*
LF	*"Your trust instrument which is critical in your tax exemption resource and your founding principles"*
YN	*"1% net profit of the tax of every business within a business gets taken across the holding organisation foundation, put in a separate trust".*
KM	*"BEE compliance isn't the motivator, however we are wanting to achieve as required but it is not the motivator".*
MN	*"The policy decision that is implemented there is that it will be guided by the triple BEE codes. It will be 1% of the net profit for the previous year"*
CM	*"As mentioned above we far exceed the 1% NPAT that is the minimum BEE requirement".*

5.4.6 Summary of Results: Research Question 2

The findings show that the decision making criteria of BEE compliance, funding criteria, funding priorities, geographical location and social impact are the elements used in ensuring that funding is allocated to the correct organisations. They show that more than half of the organisations interviewed use all of these criteria in their funding processes and the decisions made to fund are totally determined by these criteria.

5.5 Research Question 3 Results

What factors are influencing the decision making for funding?

Understanding the factors that influence decision making is important to understand what decisions are made. That is, the factors that influence the process may impact the outcomes. There are several important factors that influence decision making. Significant factors amongst others include past experiences, cognitive biases and individual differences (Dietrich, 2010). These all impact the decision making process and the decisions made.

Table 17: Factors influencing decision making

Rank	Decision making	Frequency
1	Styles	13
1	Influences on decision making	13
1	Process	13
4	Number of organisations funded	10

5.5.1 Decision making styles

Past experiences can influence future decision making. Juliusson, Karlsson, and Garling (2005) as cited by Dietrich (2010) denoted that past decisions impact future decisions. So it should not be difficult to understand then that when positive results can be shown from a decision, people will probably decide in a similar manner, given a comparable situation. Alternatively, people are inclined to avoid making the same past mistakes (Sagi & Friedland , 2007).

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This is important to the degree that future decisions made centred on past experiences are not automatically the soundest decisions. For example in finance people do not make decisions on investments based on past unsuccessful results but through exploring options without relying on past experiences however this opposes what one would expect (Jullisson, Karlsson , & Garling, 2005).

The question that was asked if decisions were made based on intuition or facts, ten of the respondents stated that it was based on past experience and facts so it was based on the combination of the two. Of the ten, eight of them mentioned that going through the facts would be the initial approach however what would provide the final answer to the assessment, they mentioned, was a number of fundamentals which would be visits, referrals, feelings and general interest.

Two of the respondents stated that their decision making was based simply on the right "feeling" with one respondent basing their decision making on only facts. A lot of value was attached to experience as illustrated by the quotes in the table below, as stated by seven of the ten respondents who cited the combination of the two.

Table 18: Decision making styles

Respondent	Quote
VN	*"Yes, we are talking to experienced executives. The people sitting at trustee level, they have been there, they are business people, so, as a business person you would use your intuition to a certain extent, but obviously be guided by the due diligence and the risk and the policies of the organisation. There are organisations that are flying that we supported them from inception, that's purely on concept, on intuition. This concept that you are presenting, is sound, you have identified a gap, you have done your research, you have presented a business plan basically and based on their intuition they believe this thing can work, it is feasible and it has worked. So it's a combination of both".*
DS	*"There is quite a lot of intuition, most of us have now been doing this for eight years, I have been doing it the longest we have learnt a lot of lessons, we bumped, we have realised what does or doesn't work".*

LF	*"I have been in this job for such a long time for over 21 years. I know what's going on out there. We attend conferences, we attend functions, so does my colleague; who you speak to. We hold functions for the MPO sector. So, you start seeing programmes that are out there, and you know how difficult it is for them to fund. So, it opens up a door way, at least.* *So experience, board member experience; knowing the field. And there is no doubt that there is a sense of a guts. Sometimes, something doesn't ring true and you don't know what it is. It helps you in your assessment. I have been doing this a long time So, I will tell you how you can check. Sometimes there's just a gut feel that something doesn't ring true".*
KM	*"It is based on facts but there is only so much that you can get from facts because people can also spin stories with their facts. So it is based on facts, I suppose it has got to do with the level of experience, being able to see if certain figures probably aren't true, and just questioning around that. I would say it's more experience than intuition".*
CL	*"It is the facts, it is a combination. It is a combination of everything that we have mentioned. It is the facts, it is the intuition, it is experience. They will be able to pick up this. That kind of experience and the documentation that they would be looking at in front of them and the presentation that would accompany everything".*
CM	*"We would say because of the long existence of the projects and us have been here for some time most decisions are made using both rationality and intuition as the criteria is used but also experience and intuition determine which projects we will fund especially for the additional grant that is driven from the Group CEO's office as it most depends on the Group CEO's area of interest or passion".*
LA	*"Yes, I think there's always a bit of intuition right you can just hear something is not lekker there. So we definitely count a lot on our local store marketers because before they even nominate someone, they have to go there, they have to go see the place, they have to get a feel for the organisation. So there's definitely a bit of intuition that goes into it and the thorough check that goes into it besides what we only get on paper.*

	I mean I after being here for four years know have a better idea of what to look out for I think it doesn't matter what program you work on there's always something that you come across that you've never seen before".
FM	*"When I start getting a bad feeling then I walk away, when you struggle to get supporting documentation out of a company then you can also pick up that it is an indication of bad management. Combination of the two there is a reasoning because you go through the facts and then also the gut feel"*
MN	*"But what is intended is that there should be visits, see and have a feel of things and then make a decision. Those are there, so we would need to not only rely on paper and this will also be part of criteria to say that when we grant. We might accommodate both. On paper it is good but it's not necessarily correct"*
YN	*"But there's an earnest interest on the committees to make decisions based on their focus areas their DNA etc. I find that people struggle to make a decision based on paper I always try to make sure that we… that a couple of people have met with program partners before a proposal comes through. We will never approve or decline a proposal when nobody's met with the people involved ever"*

5.5.2   Influences on decision making

A number of elements influence the outcome of the decisions being made. For the state owned organisations where three organisations were interviewed, the response was similar. They are influenced by the laws of the state as state owned entities so their decisions were in alignment with the government requirements. The rest of the organisations stated different elements that influenced their decisions a common one that emerged was that they were filling an identified need or gap.

Table 19: Influences on decision making

Respondent	Quote
VN	*"its problems that are created between business and government, so we find ourself in the middle road, really so - because they respond to other things and then it creates this marginalised group or things that nobody focuses on, then it takes a different transitional mind-set to actually try and solve or close this gap"*
AN	*"urban areas for instance the information is there so and there's a lot of opportunities and the learners are quite clued up. Whereas if you take a learner from a school that is like whatever quintal, like the lowest of the quintals, they are not exposed so you want to expose them and ideally they should be the first generation when going to varsity".*
DS	*"we are so involved in fees must fall" "chairman is busy working on a huge project, we have put seven million into it to develop what is going to be called ISFAP, changing, doing away with NAFSAS".*
LF	"*the board can look at it, and say look, look at these results, is there any impact here? Should we be funding? So those discussions get held at board meetings".*
GZ	*"It is also because of demands sometimes and something called a social licence to operate"*
YN	*"So South Africa's corporate investment spent. If you think about that versus government's capacity to spend in each of the sectors, we are influenced or prevented or blocked or whatever; by we governed by politics because it's actually small amount in comparison, its significant but small; and I think that corporate south Africa over the years are starting to look at what is the significance of this spent and then the big questions around that what do we do we use private spent to influence public spent? So do we look at civil society organisations we often get funded by oversees donors".*
FM	*"actually just based on needs".*

5.5.3   Decision making process

All the respondents indicated to have a decision making process in place where the core of the process was found to be quite similar for all the organisations with the identified differences attributed to their governance structures. The process was found to be slightly different for the eight organisations that have CSI operating out of a foundation. The main difference was that the approval committee was the Board of Trustees and formal motivations (an administrative process) needed to be prepared for submission to the board.

Figure 6: Process for funding
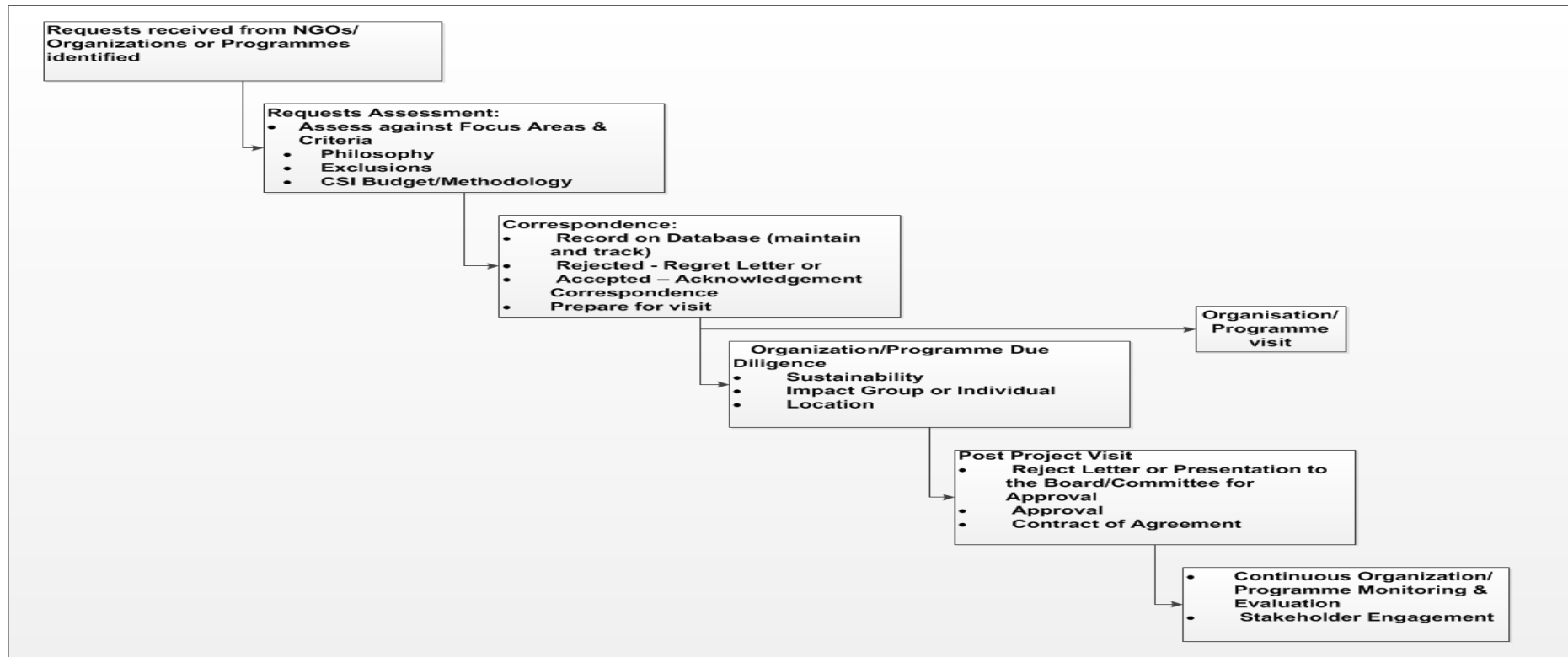
5.5.4 Number of organisations funded

One of the questions that were asked during the interviews was the number of organisations or programmes funded. It was found that on average the organisations were funding 32 organisations or programme per annum. The large foundations were found to be funding between 70-110 organisations across the country while the smaller ones were ranging from 3-18. This was found to be in correlation with the budget figures where the large foundations had big budgets and the smaller organisations with low budgets respectively. However all the respondents emphasised the fact that their budgets were always above the 1% net profit after tax legislation requirement.

Other themes that emerged are outlined below, that were not identified as frequent words or phrases.

5.5.5 Individual differences

According to de Bruin, Parker, & Fischoff (2007) and Finucane, Mertz, Slovic, & Schmidt (2005) cited by Dietrich (2010) some individual differences like cognitive abilities may also influence decision making. A theme that emerged from the results is the individual differences of the board members that can influence their decision making even though no question was specifically asked about the characteristics of the board members. What was found was that some of the members on the boards had specific interests that they were passionate about or resonated with them and in return tended to be one of the factors that influence the decision making.

This was stated by more than half of the respondents, below are two of the examples:

Table 20: Individual differences

Respondent	Quote
LF	*"Every board member is slightly different, that is why your board is critical and every board member, so on Maths and Science we have got a previous VC, a vice chancellor of the University so education is his passion, so don't put Maths literacy and call it Maths because he won't fund it.*

	It's a big problem because he knows; you can't call it a subject. So, it's interesting each board member brings something important and sometimes even if it is only a matter of an emotive social background. One of the board has got a social background so that was critical in the child and the youth case base, it's still critical in life skills, because you can't just pay the cost of skills development, the actual theory cost".
MN	*"That is one of the board members, I know how passionate she is. Saying that if we look at pregnant women and the care that has to be given to the unborn baby, that already takes care of the child, so that when the child is born, the child is sound, balanced etc. then their future is defined. There in terms of her passion, what should and what shouldn't be, and in discussions with her I got a view that, hence the view I said from the womb to the tomb, that it's a comprehensive development approach to a human being, which takes into account the various aspects, the various milestone and circumstances like rural".*

5.5.6   Cognitive biases

König-Kersting , Pollmann, Potters, & Trautmann (2016) by citing Baron and Hershey (1988) explain outcome bias as a term that describes the concept by which assessors are inclined to take information regarding the outcome into account when assessing the quality of a decision. Whenever the quality of a decision is assessed after its consequences have been visible and have become known, there is a probability of being a victim of outcome bias.

The finding here was that respondents affirmed that funding was sometimes allocated based on the envisaged impact that the programmes would have. So funding will be granted based on a known probability of success rather than the quality of the decision to fund. The evidence of which could be unearthed from the respondents below.

Table 21: Cognitive biases

Respondent	Quote
KM	*"Portion of funds set aside that we use for strategic initiatives, so if something comes along our path that we think will have a real leveraging effect and create lots of opportunities and have lots of impact, it doesn't necessarily fall within our narrow mandate. Then we will partner for a lump sum to get them going because we think that that thing, will actually have massive impact, if they don't fall properly within our mandate".*
DN	*"Everything is based on how we believe impact will be best achieved with the funding".*

5.5.7   Summary of Results: Research Question 3

The findings pertaining to factors that influence decision making covered themes about decision making styles of intuition and rationality exhibited through experience or feelings or physical visits and reasoning based on facts, individual differences where decision making is influenced by the different characteristics of the members of the group making the decision and lastly cognitive biases specifically outcome bias that bases a decision on outcome instead of the quality of a decision.

5.6 Conclusion

Chapter 5 presented the results of the research questions focusing on the funding strategies organisations apply to fund Civil Society Organisations, the decision making criteria they use to fund and the relationship between intuitive and rational decision making during the process of making the decisions to fund. The primary themes found are discussed in the next Chapter.

6. DISCUSSION OF RESULTS

6.1 Introduction

The purpose of the research was to provide a better understanding of decision making criteria to fund Civil Society Organisations. The objective was to explore the decision making in funding strategies, the criteria organisations use to fund as well as the factors that influence the decision making process.

Chapter 6 aims to make conclusions on the findings based on theory as reviewed in Chapter 2, to realise the objectives in Chapter 1 and address the research questions discussed in Chapter 3. Data was collected through face to face semi-structured interviews as outlined in Chapter 4, the results of which were discussed in Chapter 5. This chapter will analyse and interpret the results presented in Chapter 5. The construction of this chapter follows the order of the research questions as outlined in Chapter 3, repeated below for ease of reference:

Research question 1: What funding strategies do organisations have in place to frame their funding of Civil Society Organisations?

Research question 2: What decision making criteria do organisations use to fund civil society organisations?

Research question 3: What factors are influencing the decision making for funding?

6.2 Research Question 1

What funding strategies do organisations have in place to frame their funding of Civil Society Organisations?

With the highest ranking, the funding strategy that donors execute to frame their funding is the funding cycles that they put in place. All the respondents cited funding periods of between three to six years per organisation or programme with a requirement to reapply yearly to continue receiving funding for the three to six year period. Respondents also mentioned that as part of the criteria for funding a request for a sustainability plan was presented.

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Elagati (2010) as cited in the literature review stated that with the significant growth of CSOs and the scope of their activities funding has emerged as an issue within civil society as a result created significant challenges of financial sustainability and the CSOs' ability to continue with their activities. The interview findings have been consistent with the literature review finding that as more competition grows among CSOs, the more important it is for CSOs to be able to do their own fund-raising in order to remain sustainable (Elagati, 2010). As mentioned in Chapter 5 a number of the organisations have also taken part in capacitating the funded organisations to be able to raise funds and increase their group of donors.

The requirement for the application and annual reapplication processes is due diligence to be performed on the organisations applying for funding. The implication here is that CSOs are required to be formalised and structured in order to be able to access the funding or to continue receiving funding for a full cycle. This finding supports the literature which states that local and less formal CSOs are substantially misaligned with donor funding streams as there is bias towards formal organisations as a result resources are reaching communities in inadequate volumes (Pinter, 2001; Jagwanth, 2003; Olivier & Wodon, 2014).

Another finding as one of the funding strategies that organisations put in place was the philosophy that most respondents had in driving their funding. The organisations were found to have a belief that CSI should be a balance between investment and providing social value without creating dependencies. There is alignment with the literature on this finding in that Edwards , et al. (2014) proclaim that funding support of CSOs needs to consider not only the immediate goals of the funding organisation but also the probable broader social impact on the community in which the CSO or programme is entrenched. This is an indication of how corporates are embracing the important responsibility that has been given, to participate in the development agenda (Skinner & Mersham, 2008). This is also evident in how corporates in South Africa responded positively to the notion of investment than responsibility, this showed commitment of corporates in their approach to social change moving from an aid approach to an economic one with social gains (Skinner & Mersham, 2008).

Performance measurement emerged as an important element for all the respondents. The focus of the measurement was on the impact that the funded organisations or programmes were supposed to have or already displaying in the respective communities. This has become important for organisations in that the funded organisations struggle to develop alternate quantitative measures of organisational performance as their objectives are fluid and carry out intangible services (Kaplan & Norton, 2001).

Kaplan & Norton (2001) also mention that the subject of performance measurement and accountability is viewed as crucial by organisations as competition for funding rises. It can be inferred from the respondents' quotes where the objective of "*having an impact that can be measured*" is repeatedly mentioned that performance measurement is important for the interviewed organisations and because performance measurement specifies the accomplishment and whether impact is being achieved, it therefore becomes a serious element in executing the funding strategy. Although this factor has not necessarily been extensively covered in the literature review, it has come out as vital in the study for organisations to have a monitoring and evaluation system or mechanism to be able to measure the impact of the funding.

The CSI Handbook (Trialogue, 2006) cited measurement and evaluation as a key differentiating factor in making CSI programmes more effective. The Handbook also highlighted the requirement for CSI to be strategic. Porter (2008) defines strategy as necessary thinking and action to position an organisation in a way that will assure its sustainability. So for CSI to be strategic, organisations need to have the necessary thinking to position their CSI in a way that will assure the organisation's sustainability not only through business value but also social value. The Handbook also mentions that for CSI to be strategic it must be aligned to the organisation's business strategy to promote the country's development agenda.

The influence of the country priorities based on the South African National Development Plan on the funding provided by organisations that were interviewed was cited by almost all the respondents (10). This finding is aligned with the literature which states that funding in South Africa is targeted towards specific priorities as described in the government's National Development Plan 2030 (NDA, 2013) as most respondents stated the National Development Plan as their guide in determining their funding priorities. It therefore makes sense that national priorities would influence business strategies as the process of strategy formulation involves the scanning of the environment (framework of macro-environmental factors) that the organisation is operating in looking at the political, economic, social, technological, legislation and environmental elements known as the PEST analysis (Babatunde & Adebisi, 2012).

Beer, Voelpel, Leibold, & Tekie (2005) state that for organisations to operate effectively they need to 'fit' their environment, they further explain that an organization's strategy has to be aligned with that of its environment and it is also important for the organization to have the competences that fit its strategy.

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To achieve this alignment, leaders have to embrace the learning of how their decisions contribute in fitting the environment. This explains the finding of the alignment of the funding strategies with business strategy and inherently the NDP which constitutes the environment the organisation is operating in.

According to the respondents in some cases in their funding strategies, situations are presented where the donors would need to form partnerships with other donors to either optimise the available funding to increase the impact by ensuring wide reach or to collaborate where there are synergies. Another example that the respondents mentioned was in cases where the budgets were not adequate for what the applicants had requested, then an organisation would form a partnership with another organisation to be able to meet the applicant's funding requirements. This is supported by the CSI Handbook in the requirement for CSI to be strategic (Trialogue, 2006), forming partnerships or collaborating is a strategic action where more resources can be leveraged for greater impact.

Due to the funding constraints cited in the literature review where Kabane (2011) declared that the recent economic recession, the limited spending by the South African government as well as South Africa now being regarded as a middle income economy have all aided to the decrease in donor funding, corporates embarked on a journey of being creative around the funding strategies that they employ by forming partnerships which is consistent with the literature review. This has an influence on the decision to fund in terms of what organisations/programmes to fund, where and how to fund. This is in line with Budlender & Francis (2014) view that the funding environment is constrained and it will remain constrained.

Another key finding was that for state owned enterprises creation of partnerships as a funding strategy was seen as the norm due to periodic ministerial directives that would be imposed on them. So in this case partnerships would be formed between two or amongst a number of state owned enterprises to address a specific government priority. In terms of the budget, the responsible government departments would then fund these programmes.
This finding confirms the literature as per Budlender & Francis (2014) again of a constrained environment and declining funds processed through government that necessitate for organisations to collaborate. Respondents stated that when looking for opportunities to maximise the impact of their funding, they would seek advice from experts on funding strategies.

Particularly with intentions of elevating the funding strategies to a level of advocacy as some of the respondents aimed to do, it is always good for an organisation to bring in experts before they are needed. The finding from the interviews was that the organisations sought external expertise for information purposes which eventually translates to knowledge. Knowledge can help an organisation run more efficiently, decrease risks and exploit opportunities. Birkinshaw (2001) declares that an organisation's only stable source is its knowledge, that of its individual employees and the knowledge that gets entrenched into its structures and systems.

Respondents declared that this knowledge allowed them to have a deeper understanding of their funding priorities in the respective sectors in terms of new developments in funding, challenges and available opportunities. It also kept them informed about the environments and communities that they operate in. Organisations can use this gained knowledge as input into their future funding strategies.

The goal of a systematic approach is to identify the most efficient means to generate consistent, optimum results. The finding was that organisations had started to look at strategic funding in their aim to be innovative and the expertise they sought had highlighted the need for a systematic approach in their funding strategies. The benefits to being systematic they discovered were transparency in the process that applicants had to follow, the objectives were clear so could be measured and the governance structures were in place to support the process.

However this is contradictory to what Dane & Pratt (2007) have highlighted in the literature, that to have an impact in the decision making process it is good not to implement a rigid approach or step by step sequence. So although there are benefits to having a systematic approach organisations need to have some level of flexibility to be more effective in their decision making for funding.

6.2.1　Conclusion for Research Question 1

The funding strategies that organisations have put in place to frame their funding of CSOs were found as conveyed by the respondents to be the funding cycles that organisations implemented as funding periods, the philosophy that they use to drive their funding of maintaining a balance between investment and providing social value without creating dependencies, the importance of performance measurement to be able to track the impact of the funded organisations or programmes, the influence of the macro environment on funding priorities and being strategic through the formation of partnerships and collaborations as well as the consultation of experts and the introduction of a systematic approach to funding.

These findings are aligned to the literature reviewed with a few displaying a contradictory view. There is alignment of some of these strategies to the nature of strategies that they line up with their environment, have an impact on the whole organisation and have a long term impact.

6.3 Research Question 2
What decision making criteria do organisations use to fund civil society organisations?

The respondents were asked to explain the decision making criteria they use to fund when allocating funding. The results of this research question are outlined in the previous chapter of this report. The objective of asking the question was to understand the key elements that organisations look at to decide on who to fund.

Central to BBBEE compliance as one of the criteria used to fund, a requirement for a BBBEE certificate is part of the list of the given criteria. This is aligned with the literature specifically with Hinson & Ndhlovu's (2011) assertion that the addition of CSI on the BBBEE Scorecard has validated the private sector's contribution to community development through their CSI departments and that the CSI status in South Africa is rising with widely reaching effects as CSI has become a key performance indicator among businesses looking for an improvement in their BBBEE scores. Organisations can use this legislative requirement to their own advantage, besides ensuring community involvement they can use it as an opportunity to create a new potential market for their businesses in years to come. Above and beyond the obvious advantages of complying, a successful investment should make strategic sense for the business and reasons for any such investment should extend beyond the scorecard.

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An example of this is a media house that funds an organisation that has a literacy programme where readers are effectively being generated for future publications and as a result cultivating a long term market for its products. This is the missing thread from the responses obtained in the interviews. All the responses tended to focus on the BBBEE requirement as only a compliance issue instead of nurturing a view of creating opportunities for their businesses. This challenges the view that was articulated of a funding strategy being part of the organisations strategy.

A number of criteria were found to be in place for most respondents. However what the researcher did not find from all the interviews was the existence of a methodical approach in applying the criteria. This is normally found in a decision making tools like multi-criteria decision making (MCDM). According to Arunachalam, Idapalapati , & Subbiah (2015), MCDM is a tool that functions in producing a reliable, mathematically justified decision that is rational and efficient. A simpler adaptation of the technique is the weighing of the criteria and listing them in order of importance where decision makers can make decisions accordingly. What the researcher deduces from the results is that although the criteria is set and published, it is used as a mere guide and the decision approach that is used in terms of decision making processes is that of unaided-analytical strategies where decision tools are not used, instead the decision making process is entirely carried out in the decision maker's mind (Hey & Knoll, 2011). This is aligned to the literature of decision making processes that is categorised into three approaches, namely; aided- analytical strategies, unaided-analytical strategies and non-analytical strategies cited in Chapter 2 of this report from (Hey & Knoll, 2011).

It would appear that the environment CSOs are operating in is funding constrained and that they would need to obtain adequate funding to meet the needs of their constituents (Drucker, 2005). Budlender & Francis (2014) reported that the constraint is multiplied in that South African CSOs provide services on behalf of government but without reward. Even though there is no incentive for government to transform this model (Krige, 2014), government is mostly responsible for determining the funding priorities that funding organisations focus on as per the results outlined in Chapter 5. The common funding priorities from all respondents were social welfare and children and families. This correlates with Budlender & Francis (2014)'s graph presented in in Chapter 2 of this report which indicates that these two priorities have the highest budget allocation by government.

The budget allocations therefore support the finding that government priorities are the same priorities adopted by funding organisations confirming that the organisations funding strategies are influenced by the government or country strategy through the NDP. Although national focus in terms of geographical location was found to be a common factor for all respondents, what also came out from the interviews was that funding preference was given to the communities that the organisations were operating in (see Figure 7 below), secondly where there is already a footprint or a potential footprint of the funded programmes or organisations and where the greatest need could be found. The preference of funding communities that the funding organisations operate in is supported by literature as Budlender and Francis (2014) assert that provinces that best fund their CSOs are the Western Cape and Gauteng. This correlates to the location of the organisations that were interviewed which is Gauteng and the Western Cape.

Figure 7: CSI expenditure concentration
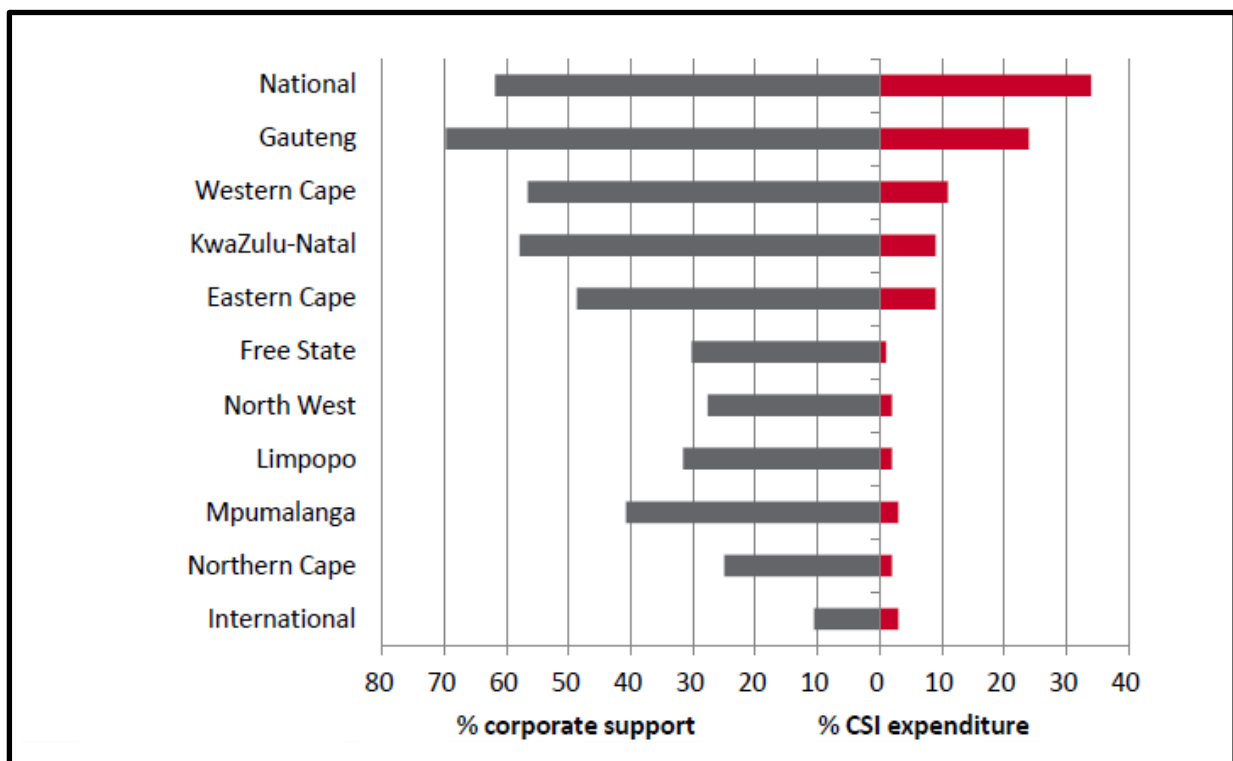
The CSI Handbook (Trialogue, 2015) estimates CSI expenditure for 2014/2015 to be about R8.1billion. The Handbook has also indicated that the expenditure is declining after a period of steady growth until 2013. It also cites that the expenditure remains concentrated among larger companies.

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The decline was attributed to decreasing profits which is a driving factor in budgets as large companies are required to spend 1% of net profit after tax on SED by legislation. Although the surveyed organisations reported that on average their expenditure was 1.7% for 2015, a decline in budgets for CSI spend was a finding.

The budget for transfers to fund CSOs for 2016 was estimated to be R184 million by the Department of Social Development (DSD, 2005), while the NLDTF allocated an amount of R2 billion for funding CSOs in 2016 (NLC, 2016). Based on this information a combined budget of approximately R10 billion was spent on CSOs for the year 2016. A report of insufficient funding is still prevalent in the sector despite the huge amounts spent. The (NDA, 2016) reports that funding tended to be exhausted before programmes were fully implemented. Problems were identified with the government entities decision making on which programmes or organisations to fund, the complaints were that there were no clear strategies and no concern for basic services that needed to be provided.

This is supported by literature where Drucker (2005) and (Elagati (2010) cite that the environment that CSOs operate in is currently resource constrained and by Kabane (2011) that the recent economic recession, limited spending by the South African government and South Africa being regarded as a middle income economy are the contributing factors to the constrained resources. These are important contributors in that for CSI, funding is based on the profits of the organisations (1% net profit after tax requirement by government) and in economic recessions minimal profits are realised.

6.3.1 Conclusion for Research Question 2

The analysis of research question 2 has provided a number of criteria that organisations use to fund CSOs. There is a set of criteria that organisations are using to make their decisions. This is supplemented by a number of other factors found to be the funding priorities, available budgets, geographical locations and legislative requirements. This implies that there is an industry established criteria, that are used in the allocation of funds which could be beneficial for CSOs to master in order to improve their probabilities of being funded. What can be concluded here is that the list of criteria are not the determining factors, there are other factors that form part of the criteria some of which have been highlighted.

6.4 Research Question 3

What factors are influencing the decision making for funding?

Respondents were asked about the factors that influence the decision making process when assessing which organisations to fund. Based on the results obtained from interviews conducted as detailed in Chapter 5, arguments emerged as factors influencing decision making. The objective of the question was to understand the decision making styles used when making the decisions and what influences these styles. The arguments were about decision making styles, influences on decision making, the decision making process and the number of organisations funded. These are discussed below in detail.

A total of ten respondents out thirteen declared that the decision making styles that they used were a combination of facts and intuition based on the years of experience they had in their respective roles. Woiceshyn (2009) states that decision makers use both intuition and reasoning in their decision making process and he describes intuition as the capacity to discern without sufficient information while reasoning is the use of evidence to make a decision. Based on Long (2013)'s decision model, it can be understood that analysis feeds the intuitive thinking system while intuition guides the rational thinking system. The cited literature supports the findings of this research as majority of respondents reported using both decision making styles. A respondent stated: *"there is reasoning because you go through the facts and then also the gut feel".* This is an example of the indication of how decision making styles are a factor in influencing decision making. Simon (1987) claims that for great effectiveness there should not be a choice between rational analysis and intuition.

Six respondents out of the ten above, mentioned that because of the number of years they have had occupying their roles when it comes to decision making after assessing all the available documentation as per set criteria, they just 'know' whether to approve the funding or not. Franklin (2013) asserts that effectiveness can also be attributed to the level or amount of experience of the decision maker as the decision making style between experts and novices is remarkably different. He states that experts use knowledge and expertise obtained in past experiences while novices highly depend on rational analysis.

Klein (2008) says the role of experience is that it enables people to swiftly classify situations to make effective decisions. This is addressed by one of the respondents who noted that: *"Sometimes something does not ring true and you don't know what it is. Because I have been doing this for a long time I will tell you how you can check".* The literature verifies this fact that experience does have an impact on an individual's decision making style (Knighton, 2004; Brousseau, Driver, Hourihan, & Larsson, 2006).

Strydom, et al. (2010) stipulate that there are human factors that influence decision making such as personal value systems and beliefs, perceptions, limitations of human ability and political power. Evidence of this from the findings is the influence of the perception of need or gap, demonstrated by this response from one of the respondents: *"urban areas for instance the information is there so there is a lot of opportunities but in rural areas they are not exposed so you want to expose them".* One of the respondents was also quite animated in describing their chairman's belief in education that he has single-handedly started a new project to make a contribution to the "fees must fall movement" that is currently taking place throughout the country where students are protesting for free education. Also different interests and passions in decision makers are a big influence, this is evident in another respondents' comment that *"so education is his passion, so don't put Maths literacy and call it Maths because he won't fund it".*

Decision making requires individuals to make sense of information processed in order to make an effective decision (Uzonwanne, 2015). How the information is processed by different individuals is a unique process, each individual is influenced by their own cognitive abilities or limitations of human ability (Strydom, et al., 2010). Sometimes people tend to take outcome evidence into account in a method that is not logically justified, Baron & Hershey (1988) labelled this tendency as outcome bias. The use of cognitive biases may be beneficial in some circumstances but can lead to serious errors in others. The research findings were that funding was sometimes granted based on a known probability of success rather than the quality of the decision to fund. Outcome bias in these situations was an influencing factor in the decision making process.

Turpin & Marais (2004) describe the decision making process as consisting of two phases: an investigative phase where intelligence is gathered and a convergent phase where the number of options are reduced to get to a decision. This literature supports the decision making process that all the respondents use to fund CSOs.

The decision making process applied is outlined in Chapter 5, section 5.5.3 and it can be grasped that steps 1-4 of the process are the gathering intelligence phase. During these steps the respondents mentioned that a lot of information is collected from the applicants based on the criteria specified, the information is then presented and analysed for approval. The analysis step of the process is where most of the factors that influence the decision making are active. Factors like the decision making styles and experience (as depicted on Turpin and Marais' model displayed in Figure 4). The outcome of the analysis where programmes or organisations to be funded are shortlisted is the convergent phase where possible courses of action are formed and a decision is made. The use of a defined process for decision making can reduce flexibility, this is where the need for discretionary funds could play a role. Rigidity in following a process can also deter innovation where opportunities can be missed.

Depended on the available budgets and the funding organisations priorities, the number of organisations that needed funding were determined through this process. The number of organisations funded varied amongst the organisations that were interviewed even between two large organisations of similar size. Based on the elements stated above with regards to funding strategies, decision making criteria and influences on decision making it is understandable why there would be these variances. Each organisation is influenced by its own structure, composition and function (Strydom, et al., 2010).

6.4.1   Conclusion for Research Question 3

It was an interesting singularity in the findings of this research question as all the identified factors that influence decision making are aligned with the literature reviewed. The use of combined decision making styles which are rational and intuition by the funding organisations confirms what was stated in the literature that effective decision making requires a mix of the two styles.

Experience affords the context for decision making as it feeds the human abilities and contributes to knowledge. The finding that the decision making process follows the model of divergent and convergent phases means that a lot of information is gathered as evidence using the rational decision making style to process the information and the intuition decision making style is used to sift through the information and whittle it down to be able to conclude and make a decision. This is consistent with Turpin & Marais (2004)'s model describing the stages of the decision process.

7. CONCLUSION

7.1 Introduction

The research objectives outlined in Chapter 1 are re-examined in Chapter 7 through the evaluation of the research results in Chapter 5 and the discussion of the results in Chapter 6. Principal findings discussed are the funding strategies that organisations employ to frame their funding of CSOs, the criteria they apply to determine which CSOs or programmes to fund and the decision making process and styles involved to arrive at a decision. Attention is drawn to the implications for management while limitations of the research are highlighted. Lastly, the recommendations for future research are identified and briefly discussed.

7.2 Principal findings

7.2.1   Funding strategies

The funding strategies that organisations have put in place to frame their funding of CSOs were found as conveyed by the respondents to be the funding cycles that organisations implemented as funding periods, the philosophy that they use to drive their funding of maintaining a balance between investment and providing social value without creating dependencies, the importance of performance measurement to be able to track the impact of the funded organisations or programmes, the influence of the macro environment on funding priorities and being strategic through the formation of partnerships and collaborations as well as the consultation of experts and the introduction of a systematic approach to funding.

Funding cycles are put in place to avoid creating dependency for CSOs and also give other CSOs a chance to be granted funding. This agrees with Elagati (2010) that it is important for CSOs to raise their own funds to remain sustainable as funding is only allocated for specific periods without a guarantee to be funded again. Organisations' philosophy of creating a balance between investment and providing social value is an important funding strategy and agrees with Habib & Maharaj (2008) that social investment is part of the organisation's core business and should be taken as seriously through making decisions that are based on development impact.

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Without measurement, impact would not be visible and for this reason organisations are committed to measuring the performance of the funded organisations or programmes. Also with the change of social investment being part of an organisation strategy, it will also be influenced by the environment it is operating in and will align to the innovative activities that an organisation as a whole embarks on.

7.2.2 Decision making criteria

The analysis provided a number of criteria that organisations use to fund CSOs. The finding was that there is a set of criteria that organisations are using to make their decisions. This is supplemented by a number of other factors found. These are the funding priorities the organisation has chosen to focus on, available budgets, geographical locations and legislative requirements. This implies that there is an industry established criteria that are used in the allocation of funds which could be beneficial for CSOs to master in order to improve their probabilities of being funded.

7.2.3 Influences on decision making

It was an interesting singularity in the findings of this research question as all the identified factors that influence decision making are aligned with the literature reviewed. The use of combined decision making styles which are rational and intuition by the funding organisations confirms what was stated in the literature that effective decision making requires a mix of the two styles.

Also that experience affords the context for decision making as it feeds the human abilities and contributes to knowledge. The finding that the decision making process follows the model of divergent and convergent phases means that a lot of information is gathered as evidence using the rational decision making style to process the information and the intuition decision making style is used to sift through the information and whittle it down to be able to conclude and make a decision. This is consistent with the model discussed in the literature in Chapter 2.

7.3 Implications for management

This section will highlight the implications for management on both sides i.e. for the donor as well as for the CSOs that are funded.

Funding organisation management:

It is important for organisations to be clear on why they fund CSOs, this means that management has to understand the organisation's strategy (vision, mission and objectives) in the allocation of funds. To understand that times have changed, social investment is no longer about public relations or only for the benefit of the organisation. The current environment demands that organisations play their part in the development agenda. In this climate of constrained funding for CSOs, management should explore further the use of partnerships and collaborations in funding to optimise the limited resources. To have an established process in a form of a measurement system, in following through on the programmes or organisations that are funded.

The set of criteria used for funding can be standardised for the minimum requirements and the supplementary factors to be distinct in terms of their origination for management to have a systematic approach in the evaluation of the provided information that supplements the funding applications. Management should use advisory services of experts to better understand the fund management environment from both the CSOs and funding organisations point of view to make informed decisions.

For effective decision making it is important for management to understand that one decision making style cannot be applied, both rational and intuition styles are needed. Also that experience and knowledge play a critical role in this social environment. Habib & Maharaj (2008) highlight that the environment requires a process of decision making in which learning, wisdom, experience and judgement are employed.

CSO management:

To ensure the understanding of the basic requirements when applying for funding, in terms of legislative and governance requirements, the criteria and processes used. Conduct research on the funding environment to understand the stakeholders involved, how they interact with each other. To build a network to establish relationships with similar organisations to leverage on their experiences and constructive dialogue can build mutual understanding and increase support for improvement.

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Management is also encouraged to yearn for knowledge and to consistently pursue knowledge through reading widely. To consult effectively with all stakeholders and learn the different ways of fund-raising. To also have an understanding of the macro-economic context to be able to form part of forums that can influence policy.

7.4 Research limitations

Limitations that may have influenced the research results are acknowledged and highlighted to safeguard credibility. The limitations of the research that were identified are also detailed in Chapter 4.

- The research was conducted by interviewing CSI managers from private companies and state owned enterprises, no government funding entities were interviewed, to the criteria used to fund CSOs and the factors that influence the decision making process may not be applicable to other entities.
- The non-probability purposive sampling method used and limitations of availability for interviews might have caused an exclusion of some of the key individuals at some of the organisations that were selected.
- Respondent bias – Most of the respondents had worked in the funding environment for long periods as a result have an in-depth understanding of the drivers and structures in place, this affects the transferability of the findings of this research.
- Researcher bias – the communication style, culture, perspectives and interests of the researcher might influence the interpretation of the findings in that an exploratory research is subjective (Saunders & Lewis, 2012).

7.5 Recommendations for future research

A number of areas have been identified to be considered for further research. The findings presented here are not irrefutable as decision making criteria that organisations use to fund CSOs, however they provide a starting point in understanding Civil Society Organisations and how decisions are made by donors that fund them. Civil society is important for development and works with the state to express the needs, injustices, thoughts and opinions of the public, sections and marginalised groups. For this reason it is important for further research to be conducted on the decision making criteria by organisations to fund it.

Additional research is suggested by the researcher to:

- Understand the importance of the CSI role to leadership in organisations. To understand if it is truly part of the company strategy and treated with the same respect as core business and what measures are put in place to ensure that this permeates throughout the organisation.
- Investigate if the CSI field is dominated by females and if that is the case what are the reasons. Based on the interviews that were conducted for this research, all the respondents were females, this seems to be a trend and it would be interesting to find out if this is the reality or it was just coincidence in this case.
- Compare global civil society organisations to South African civil society organisations, looking at the differences and similarities in structures, policies, governance, processes and legislation and the state of funding.
- Conduct research on the challenges faced by civil society organisations in the post-apartheid South Africa. The researcher during this study came across a number of articles that provided an overview of these challenges. This area warrants a focused research to provide a broader view.
- Expand the research to include high worth individuals that also fund civil society organisations to allow for diversification in the decision making criteria.

7.6 Conclusions

In an environment where resources required to fund Civil Society Organisation have been identified as constrained, it is important for donors to allocate the funding with prudence. The findings are that organisations have used a standard list of criteria to make the decisions to allocate funding, supplemented by other factors that are not documented but have an influence on the decisions made. Funding strategies have been identified that are used by organisations, insight has been provided in understanding how the strategies frame the funding. As some of these funding strategies are not documented, this shows that the actual decision making happens in the minds of the committee or board members that approve the applications.

Insights have also been gained in understanding the decision making styles and processes that are applied. It was found that for effective decision making both rational and intuition styles have to be used and augmented by experience and knowledge. The decision making process used was aligned to most literature where information is gathered, processed and analysed after which a few options are selected to make a decision.

One finding that could have been expected was that organisations funding priorities were determined from the National Development Plan. This could have been expected in that funding CSOs is funding civil society which the state governs. So the link between the state and society cannot be separated especially in post-apartheid South Africa where the role of CSOs has been relegated to perform the state's responsibility of service delivery.

8. REFERENCES

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8.1 Appendix 1: Interview Guide

1. Please state your name and position
2. Characteristics of the organisation:
   a. Type (for profit/not for profit)
   b. Size (revenue and number of employees)
   c. Length of time in operation
3. What does the organisation do?
4. What is your funding/donor strategy?
5. What is the funding budget? Does it fluctuate annually?
6. What are the funding priorities of the organisation?
7. How is the organisation measured in delivering on these priorities?
8. What is the length of time the organisation provides funds for (1/3years)?
9. What process is followed to decide on whether to fund or not? How is the decision made?
10. Is there any specific criteria that you use?
11. How much of the decision making is impacted by politics or social responsibility?
12. Is there a connection between the geographical location of your organisation and the organisation you choose to fund?
13. What other factors are most likely to influence the funding decisions?
14. Would you like to add any other information you deem relevant about the funding decisions of the organisation?
15. How many organisations do you fund? What is the budget for each?
16. Is there a specific area that you focus on i.e. sector or discipline?
17. The 1% of profit (as per the code) allocation for CSI, how do you make decisions based on the fluctuation?
18. Are decisions made on gut feel or reasoning? If reasoning, on what basis?
19. How would you describe your approach to distributing funds in one sentence or one word?

8.2 Appendix 2: Research Interview consent letter

Dear Sir/Madam

I am conducting research on the funding of Civil Society Organisations (CSO), and am trying to find out more about the decision making criteria of local donors who fund CSOs. I am conducting the research as part of the fulfilment of a requirement to complete my MBA programme with the Gordon Institute of Business Science (GIBS). The main objective of the research is to understand what principles or standards are used to decide on the funding of CSOs.

Our interview is expected to last about 45 minutes. Your participation is voluntary and you can withdraw at any time without penalty. Please be assured that all data will be kept confidential and anonymity will be maintained throughout and after the course of the research as data will be stored without identifiers and no names will be recorded. The organisation's identity will also be protected by using aliases. If you have any concerns, please contact my supervisor or me. Our details are provided below:

Researcher name: Phumela Rulashe
Email: phumelarulashe@gmail.com
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Research Supervisor name: Kerryn Krige
Email: krigek@gibs.co.za
Phone: 011 771 4296

Participant Signature: _____   Date: _____

Researcher Signature: _____Date: _____

8.3 Appendix 3: Ethical Clearance Letter

Dear Miss Phumela Rulashe

Protocol Number: **Temp2016-01668**

Title: **What decision criteria do organisations use to fund Civil Society Organisations?**

Please be advised that your application for Ethical Clearance has been APPROVED.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards,

Adele Bekker