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**An exploratory study of the financial sustainability of philanthrojournalism in South
Africa**

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**A dissertation submitted in fulfilment of the requirements for the degree of
Master of Commerce in Leadership Studies**

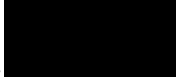
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ABSTRACT

This research study delves into the intricate dynamics of donor funding for news organisations in South Africa, aiming to uncover the advantages and drawbacks of relying predominantly on external financial support. Through a qualitative approach and employing a case study design, the research explores the multifaceted challenges of achieving financial sustainability in philanthrojournalism within the South African context. The study places a keen focus on examining the potential influence that donors may exert on the editorial independence of these entities. Furthermore, it investigates the feasibility of integrating donor funding with traditional revenue sources. Grounded in the interpretivist research paradigm, the study utilises a non-probability purposive sampling method to select its sample, while data collection hinges on semi-structured interviews. Fifteen potential participants were approached, however only 14 responded. The data analysis is anchored in thematic analysis, facilitating the exploration of emerging patterns and themes within the dataset.

Drawing its theoretical framework from Resource Dependency Theory, this research uncovers notable challenges related to sustainability, stemming from the inherent dependence on external sources, which may not always align with the overarching goals and mission of news entities. Moreover, the findings indicate that donor funding may apply noteworthy influence on news agendas and priorities, potentially affecting the coveted editorial independence of these companies.

In light of these findings, the study offers several recommendations to navigate the complex terrain of donor-funded newsrooms. It reiterates the necessity for news organisations to strike a delicate balance between accommodating donor interests and preserving editorial autonomy, thereby safeguarding their credibility and independence. This study underscores the critical significance of establishing explicit boundaries and ethical guidelines to maintain editorial independence in the context of donor-funded media outlets. This research contributes to the ongoing discourse surrounding financial sustainability in the evolving landscape of news organisations and offers valuable insights into the dynamics of donor funding in the realm of journalism.

Key words: Donor, media, funding and sustainability.

ABBREVIATIONS

AIP – Association of Independent Publishers

DUT – Durban University of Technology

M&G – Mail & Guardian

MDDA – Media Development and Diversity Agency

MDIF - Media Development Investment Fund.

NGO – Non-governmental organisation

NPO – Non-profit organisation

PESTEL – Political, economic, social, technological, environmental and legal

SAMIP – South African Media Innovation Program

SANEF – South African National Editor’s Forum

SA – South Africa

OECD – Organisation for Economic Cooperation and Development

OSFSA – Open Society Foundation of South Africa

UDF – United Democratic Front

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CHAPTER 1: INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 INTRODUCTION

Traditionally, news organisations generate revenue from advertising, readers' subscriptions and cover sales (bhekisisaSiegert et al., 2013), although, (Wright et al., 2019) pointed out the growing number of news organisations, particularly those with a niche audience or market, are opting for donor funding. In some instances, donor funding is supplemented with a membership fee and donations from audiences. This has raised critical managerial, business, ethical and sustainability questions such as donor influence on editorial independence, and their vulnerability to political, economic, social, technological, environmental and legal factors, commonly known as PESTEL.

This study has a focus on the five major digital non-profit media houses in South Africa that rely either solely or largely on donor funding, and two commercial outlets that have a mixture of print and digital, as well as a donor funding component. One of these organisations, *New Frame* is a slow news entity. *New Frame*, which folded in 2022 was a not-for-profit social justice media publication, having been launched in 2018.

Commenting on this matter, Richard Pithouse, the former editor in-chief of *New Frame*, said: “*We were very clear from the outset that we weren't going to rush anything. We weren't going to try to be (the) first. We wanted to publish stuff that would illuminate things in new and useful ways*” (Schutz, 2019, p. 1).

The other organisations that this study has a focus on, are *Health-e News*, *GroundUp*, *Bhekisisa Centre for Health Journalism*, *Amabhungane*, *the Daily Maverick* and *the Mail & Guardian*. *Health-e News* is a television and print health news service that has been producing news and in-depth analysis on topical issues as a national media since 1999. Its clientele includes television, online and print media organisations (Health-e, 2021). The other one is *GroundUp*, and it is described, according to (<https://www.groundup.org.za/funders/>, 2021), as a not-for-profit news agency. It was launched in 2012 as a joint project of Community Media Trust and the University of Cape Town's Centre for Social Science Research. Since June 2020, it has been a stand-alone non-profit entity. The other one is the *Bhekisisa – Centre for Health Journalism*, which is an independent media organisation, specialising in narratives, solutions journalism,

focusing on health and social justice issues across Africa (<https://bhekisisa.org/what-is-bhekisisa/>, 2021)

(Amabhungane, 2021) was launched in 2010, and refers itself as an independent, non-profit newsroom, with a focus on investigative journalism, and also aiming to promote free, capable media, independent, accountable, justice and democracy.

Another publication is *The Daily Maverick*, established in 2009. It combines news, investigations, analysis, and opinion. It sees itself as “a South African based publication with a worldview.” Its sources of income are membership, readers’ contributions, advertising, events and grants (Maverick, 2022).

Mail & Guardian (M&G), formerly the *Weekly Mail* is an investigative and commentary news publication, which was founded in 1985. It was the first news entity to launch a website in South Africa, and this was in 1994. While the M&G is a private company, but its majority shareholder is the Media Development Investment Fund (MDIF) (Mail&Guardian, 2022).

The study also explores what impact, if any, the outbreak of COVID-19 has had on donor commitment to these news organisations, and how this will impact their sustainability in the near future.

1.2 BACKGROUND OF THE STUDY

The current crisis and uncertainty in newsrooms was exacerbated by the outbreak of COVID-19, which (StatsSA, 2021) reported as having led to a 7% contraction in the South African economy. It forced companies to reduce advertising even further, leading to the closure of more news outlets. News outlets that closed shop include Associated Media Publishing magazines such as *Cosmopolitan* and *House & Leisure* after 38 years (IOL, 2020). Other closures as reported by (Magubane & Cronje, 2020), were those of Media24 titles such as the print edition of the iconic *Drum* magazine, *Die Burger* and *Volksblad*. Completely shut down were the *Sunday Sun*, *Die Son*, community newspapers such as *Amanzimtoti Fever*, *East Griqualand*, leading to job losses of 660 people. Most of the news organisations that continue to operate have either reduced the number of employees, or cut salaries drastically in an attempt to sustain their operations.

Defining financial sustainability, Gleißner et al. (2022) say it focuses primarily on the firm's long-term financial security as part of the main stability goal of an organisation. They add that this is when the current financial success of a company doesn't jeopardise its future. Sustainability management, they argue, is an important risk management tool.

This study is assessing the financial sustainability of media organisations, which are NPOs in South Africa. Harding (2014) maintained that financial sustainability became an important consideration in the life of an NPO since the 2008 financial crisis.

Just like other entities, NPOs also have operational costs such as salaries, offices and they need a budget to implement programmes. ... posits that over and above the financial crisis, funding from government has changed due to the change of government priorities as well as frustrations from both the National Lotteries Distribution Trust Fund and the National Development Agency.

The South African Broadcasting Corporation (SABC), is among those that retrenched 621 of its employees, the bulk of whom were in the newsroom. This happened at the end of March 2021. Of these employees, 346 opted for voluntary severance packages as some of them were concerned about the impact of lower job scale codes (SABC, 2021).

Prospects have not changed much since then as (Newman, 2023) observed that globally, business leaders of news organisations continue to struggle with sustainability issues.

"This will be a year of heightened concerns about the sustainability of some news media against a backdrop of rampant inflation, and a deep squeeze on household spending. Russia's invasion of Ukraine, the increasingly destructive impact of global warming, along with the after-effects of the COVID pandemic have created fear and uncertainty for many ordinary people. In these conditions journalism has often thrived, but the depressing and relentless nature of the news agenda continues to turn many people away." (Newman, 2023, p. 3)

These struggles have compelled the media industry to seek alternative revenue sources, and there have been greater efforts aimed at educating readers about the need to pay for online news, which news organisations have provided for free in the past. One of these outlets is News24, which in 2020 introduced subscriptions for the first time in 21 years since its inception. Making the announcement, the news site said noted that: *"The move is in line with a growing international trend to charge for online news content as the industry faces increasing economic pressures* (Magubane & Cronje, 2020, p. 1)."

As (Newman, 2023) explained, publishers continue to invest more in subscriptions and memberships, in spite of consumer financial constraints. It is considered to be a critical revenue stream more than advertising. Other publishers are banking on content licensing revenue from tech platforms, while other news organisations have opted for the donor funding model.

According to (Wright et al., 2019) the number of non-profit news entities with niche audience and market, is growing, and they are becoming a critical component of the news ecosystem. This, they argue, is because legacy news media outlets have abandoned the costly, laborious and specialist forms of journalism due to click-bait and role-merging. This was also an observation observed by (Ntibinyane, 2018), who explained that by March 2018, the Global Investigative Journalism Network had approximately 163 investigative journalism members in 72 countries. The NGO model appeals to investigative journalists because it enables them to focus on their objectives without third-party interference on their independence. Donors have poured millions of dollars to investigative journalism; they are drawn to it because of its focus on public accountability, fighting crime and corruption.

Concurring with this are (Schiffrin et al., 2021) who noted that news outlets received more support from donor foundations to weather the COVID-19 storm. However, as (Clarke, 2021) argued, donor funding doesn't offer a silver bullet for news organisations, it also comes with its own challenges. Key among them is the influence it may have on editorial decisions.

Commenting on this matter, (Clarke, 2021) argued that donor-funded journalism can “skew the country's news agenda” to issues that are priorities to donors and inversely turn a blind eye to donor subjects that may need scrutiny.

In South Africa, donor funding is prevalent with organisations such as *Health-e News*, *GroundUp*, *New Frame*, *Amabhungane* and *Bhekisisa – Centre for Health Journalism*.

On a practical level, this study attempts to offer propositions that news organisations can tap into, and thereby strengthen their financial positions and bolster future viability. The study seeks to contribute to the body of knowledge about possible solutions to the financial challenges that threaten the viability of news media industry in South Africa. It specifically explores the challenges of financial sustainability facing philanthrojournalism in South Africa.

1.3 PROBLEM STATEMENT

The problem statement is categorised into two, the literature gap and the actual business problem.

1.3.1 LITERATURE GAP

Donor-funded journalism is gaining momentum around the world, despite the complexities associated with it, as it encourages collaboration between two parties with diversity of interests, as posited by (Malan, 2018). According to (Wright et al., 2019), this is because costly, laborious and niche forms of journalism have taken a back seat in legacy news organisations, which now favour more speed, cost-cutting and role merging models. As such, the need for specialist non-profit news entities that focus on either a particular area or field is increasing. But, these rely heavily on funding by private foundations that belong to wealthy entrepreneurs.

1.3.2 THE ACTUAL BUSINESS PROBLEM

The media industry has been struggling financially due to multiple reasons. Global print and digital revenues decreased by 3% in 2019 when compared to 2018, the bulk of which was print advertising revenue, which saw a decline of 7% (wptdatabase., 2019). Citing Scopen Africa and the Independent Agency Search & Selection Company, (Maggs, 2020) reported that advertising spending in South Africa declined by 58% during the first six months of the lockdown. The report revealed that the biggest losers were cinemas at 81.8%, followed by magazines and newspapers at 65.8% and 64% respectively, and this drop in revenue has led to job cuts. According to the South African National Editors' Forum (SANEF), there were about 10 000 journalism jobs in 2008, but by 2018 they had dropped to about 5 000 (Ngalonkulu, 2019).

While donor funding provides options, but questions have been raised about the sincerity of donors. Expressing their scepticism are (Scott et al., 2017) who questioned whether donors are indeed saving journalism and shielding it from commercial and political pressures, or they have been exploiting the circumstances for their ulterior motives. They argue that donor funding implications for journalism practices have not been scrutinised as studies tend to focus

on theoretical critiques or anecdotes. As (Nicholls et al., 2016, p. 22) explained, “*A key issue with dependence on major donors is vulnerability to grants not being renewed.*”

1.4 AIM OF THE STUDY

The aim of the study is to explore the financial sustainability of philanthrojournalism in South Africa.

1.5 OBJECTIVES

- To explore the challenges of financial sustainability facing philanthrojournalism in South Africa.
- To determine if donor funding is the solution that news media organisations should look to for financial sustainability in the future of philanthrojournalism in South Africa.
- To establish the influence, if any, that donors have on editorial independence.
- To establish if donor funding can be integrated with traditional sources of revenue.
- To establish the vulnerability of donors to political, economic, social, technological, environmental and legal factors, commonly known as PESTEL.

1.6 RESEARCH QUESTIONS

- What are the challenges of financial sustainability facing philanthrojournalism in South Africa?
- Is donor funding the solution that news media organisations should look to for financial sustainability in South Africa?
- What influence, if any, do donor funders have on editorial independence?
- How can donor funding be integrated with traditional sources of revenue?
- How vulnerable are donors to political, economic, social, technological, environmental and legal factors, commonly known as PESTEL?

1.7 SIGNIFICANCE OF THE STUDY

The findings of this study provide an insightful perspective of the challenges facing philanthrojournalism, and propositions that could be applied in addressing such challenges. Various stakeholders, such as the donor funding community and those in the media industry, could use the data from this study in developing policies that could be used in enhancing the relationship between donors and philanthrojournalism, with a view of establishing a mutually

beneficial partnership. Researchers may also use this study to explore other emerging areas of this study that, although significant, but were not adequately investigated. The contribution of this study, in terms of the findings and recommendations, further contribute to the body of knowledge of media, journalism and funding agencies.

1.8 RESEARCH METHODOLOGY

The study employs a qualitative methodology, based on the inductive theory. Data was collected using the semi-structured interview technique, using a purposive technique. The interviews were conducted virtually.

To analyse data, the researcher employed a thematic analysis approach, using NVivo, a data analysis software.

1.9 LIMITATIONS OF THE STUDY

It is rare for a study to be perfect because all methods have limitations. Limitations are factors that prevent a researcher from conducting a perfect study (Hofstee, 2006). This study was limited by the fact that the researcher is not privy to the confidential agreements between the news organisations and their respective funders.

It was also limited by the fact that data was collected virtually, and this limited the ability of the researcher to create a rapport with the participants, and also challenges of instability of connectivity, in respect to internet connections. The other limitations are the cost and time constraints due to the fact that the dissertation had to be finalised within a set period because it was part of fulfilling a degree.

1.10 CHAPTER OUTLINE

CHAPTER 1

Chapter One provides an overview of the entire study, the background, motivation, problem statement, research objectives and questions.

CHAPTER 2

Chapter Two is the literature review. The theoretical framework of the study in terms of a review of the various literature relevant to the study topic.

CHAPTER 3

Chapter Three provides an overview of the various aspects of research methodology employed in this study, such as research approach, research design, how participants were sampled, the methods of data collection and analysis, and how ethical issues were addressed.

CHAPTER 4

Chapter Four is the presentation and discussions of research findings.

CHAPTER 5

Chapter Five is the conclusions and recommendations.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

The rapidly evolving landscape of journalism, particularly in the context of South Africa, has given rise to pressing questions regarding the financial sustainability of news media organisations. As the traditional revenue models for journalism face increasing challenges, philanthrojournalism has emerged as a potential avenue for support. This literature review chapter seeks to examine the multifaceted challenges confronting philanthrojournalism in South Africa. It embarks on an exploration of the viability of donor funding as a prospective solution to bolster the financial sustainability of news media organisations. Furthermore, it examines the complex interplay between donors and editorial independence, a critical aspect of journalistic integrity. The integration of donor funding with traditional revenue sources is another dimension that merits close scrutiny. Finally, this chapter delves into the vulnerability of donors to the intricate web of political, economic, social, technological, environmental, and legal factors (PESTEL), which has the potential to impact the philanthrojournalism landscape in South Africa. By addressing these key objectives, this literature review contributes to a more comprehensive understanding of the intricate dynamics involved in the pursuit of financial sustainability in contemporary journalism.

2.2 THEORETICAL FRAMEWORK

According to (Grant & Osanloo, 2016), a theoretical framework functions as the foundational underpinning of an entire dissertation, providing essential guidance for shaping the research's philosophy, methodology, and analytical approaches. In the realm of academia, each discipline is supported by a multitude of theories, collectively forming the cohesive foundation that underlies global beliefs about a specific subject. Consequently, the theoretical framework assumes the role of a meticulously crafted blueprint for structuring and conducting a research study.

This study is centered on the examination of the financial sustainability challenges associated with donor funding for news entities in the context of South Africa. In this endeavor, the study draws upon two fundamental theories: the resource dependency theory and the agenda-setting theory. These theories are chosen for their pertinence in underpinning the study's exploration of the intricate relationship between donor funding and the media landscape.

2.2.1 RESOURCE DEPENDENCY THEORY

According to (Friedmann & Wayne, 1977) dependency theory acknowledges that the political and economic relations among countries have different consequences for each nation. Andre Gunder Frank, considered the most influential of the dependency theorists, argued that a “development of underdevelopment” outside of Western Europe, North America, and Japan was due to emerging relationships among political-economic formations as capitalism was entrenched. (Schmidt, 2018) noted that the theory emerged from Latin America. Other prominent scholars are Raúl Prebisch and Fernando Cardoso. Later, this theory influenced the world-systems analysis advocated for by Immanuel Wallerstein, Giovanni Arrighi, and Christopher Chase-Dunn.

(Froelich, 1999) found that earlier in 1966, Katz and Kahn observed that to have and maintain adequate resources requires an entity to engage with those that control resources. As such, organisations do not necessarily pursue only that which is their goals because they are dependent on the availability of resources.

In 1978, Pfeffer and Salancik defined resource dependency theory as the “the key” to an entity’s viability because it determines its ability to access and keep resources. This is challenging because generally resources are scarce. As a result, this compels companies to source resources from other providers (Froelich, 1999). Similar to their counterparts in legacy media organisations, (Nicholls et al., 2016) argued that digital-born news media entities are looking for ways to sustain themselves in an economic environment that continues to face the struggle of dwindling advertising revenue, a (reader) culture that doesn’t want to pay for online news and a limited number of foundations or non-profits support for news production. This leaves the existing non-profit news organisations highly dependent on donors, be they private wealthy individuals, the government and foundations linked to corporate entities or readers who contribute through crowd-funding, highly dependent on donations for resources and financial sustainability. *“A key issue with dependence on major donors is vulnerability to grants not being renewed.”* (Nicholls et al., 2016, p. 22).

Over and above making those who require resources vulnerable to the demands of the resource dispensers, (Gleißner et al., 2022; Jiang et al., 2021) pointed out that in the introduction of the second edition of the 1978 seminal work, Pfeffer noted that resource dependency theory typically overlooked “...the importance of place, of geography, of physical locations on

interorganizational relations” This omission, they said was common in studies based on domestic settings.

“With very few exceptions, these studies commonly assume different firms operating in a given domestic context as having the same or similar ways to rely on and exchange with a certain type of stakeholders (e.g., governments, alliance partners, suppliers, customers, etc.), because these firms are dealing with the same socioeconomic and institutional environments in the given country or region. Based on this assumption, RDT studies based on domestic settings generally view a certain type of interdependent relationships as carrying homogeneous contents in terms of “who needs whom for what resources” and primarily study the firm-level variances in terms of “to what extent a firm relies on a particular resource (and the providers thereof).” (Jiang et al., 2021, p. 3)

Editorial independence is one of the most sacrosanct elements of news reporting that journalists guard jealously. The media need distance from other role players to carry out their watchdog function in a democracy. They must be able to give the audience information freely to enable them to form their opinions and shield them from exploitation from (for example) advertisers. Editorial independence also enables a plurality of voices in society (Van Drunen, 2021). According to (Hanretty, 2014), this is the why at the time when the Thomson Organisation decided to offload its flagship titles, the *Times* and *Sunday Times*, in 1981, they were primarily concerned with two issues: the future viability of the publications and that there (would) be no influence on their independence from the new owners.

(Froelich, 1999) argued that the resource dependence theory suggested that reliance on donor funding may lead to a compromise in editorial independence. This challenges the notion then that organisations are totally autonomous and they pursue only what they deem relevant. In the case of news organisations, that, which they classify as newsworthy.

“Consistent with resource dependence theory, non-profits are both modifying the locus of their dependence and developing alternative sources of key inputs by engaging in commercial activity. A potentially more serious side effect of individual contributions is goal displacement, which occurs when goals and activities are modified to satisfy the wishes of contributors. Although contributed funds are typically assumed to be flexible and unencumbered, ‘the discretion and flexibility may be more imagined than real.’” (Froelich, 1999, pp. 249, 250).

This observation was also made by (Jian & Shin, 2015) in relation to crowd-funded journalism. While reader-supported news reporting has been in place for many years in the form of public broadcast services, but the rules of engagement are slightly different in crowd-funded journalism. This is because donors support individual stories, not the organisation and, therefore, the power to decide which story is published lies with the readers, and not the editors or the producers. The resource dependence theory also suggests that donor-funded news organisations may face an ethical dilemma when they have to decide on whether or not to accept money from private wealthy individuals whose reputation is questionable or tainted.

Typically, these donations from large foundations are multi-year commitments, again posing a question of what a donor-funded news organisation should do if serious allegations are brought against their donor in the middle of the contract. Journalists heavily depend on their donors and understandably, they wouldn't want to risk future support (Wright et al., 2019).

This ethical question regarding who or who not to accept money from remains a grey area. "*A recent report by the American Press Institute concluded that the ethics relating to foundation-funded journalism are still evolving.*" A lot of the guidelines have focused on transparency and editorial independence. A small number of news entities admit to have either stopped working with a donor or returned the donation. (Wright et al., 2019, p. 675).

The dependency theory is crucial to this study because sustainability is a management issue and all the points raised above are matters that management of news organisations would have to consider.

2.2.2 AGENDA-SETTING THEORY

It has been more than five decades since the world discovered the agenda-setting theory. The majority regard it as the shift of a prominent issue from the news to dominate the public agenda (McCombs et al., 2014). McCombs and Shaw are considered the founders of the agenda-setting theory. They developed this theory "*by quoting Cohen's (1963) epigram: 'The press may not be successful much of the time in telling people what to think, but it is stunningly successful in telling its readers what to think about.'*" (Russell Neuman et al., 2014, p. 193)

(McCombs et al., 2014) pointed out that the agenda-setting theory has over the years become broader than the traditional news channels to also include communication-political advertising,

conversations, and social media. This is also reflected by (Russell Neuman et al., 2014), positing that the advent of social media has renewed the focus on reverse agenda-setting with others believing that the ability to set the agenda no longer lies with traditional media. However, they are of the view that it is infantile thinking to believe that citizens hold more power than established media houses.

“The standing answer to the question ‘who sets the agenda’ is that the traditional media set it.” (Russell Neuman et al., 2014, p. 196).

The agenda-setting theory is characterised by seven elements, namely:

- (i) *“Basic agenda setting, the impact of the media agenda on the public agenda regarding the salience of issues, political figures and other objects of attention (the first level of agenda setting)”*;
- (ii) *“Attribute agenda setting, the impact of the media agenda on the public agenda regarding the salience of the attributes of these objects (the second level of agenda setting)”*;
- (iii) *“Network agenda setting, the impact of the networked media agenda of objects or attributes on the networked public agenda of object or attribute salience (the third level of agenda setting)”*;
- (iv) *“Central to understanding the strength of agenda-setting effects is the concept of need for orientation, which details the psychology of each individual’s encounter with the media. More recently, dual psychological paths linking media exposure and agenda-setting effects have been detailed”*;
- (v) *“Consequences of agenda-setting effects at all three levels for attitudes, opinions, and behaviour”*;
- (vi) *“Origins of the media agenda, which range from the prevailing cultural and ideological environment to news sources, the influence of the media on one another, the norms and routines of journalism, and the individual characteristics of journalists”* and
- (vii) *“Agendamelding1, the way we merge the civic agendas of the media and our valued reference communities with our personal views and experience to create a satisfying picture of the world.”* (McCombs et al., 2014, p. 782).

The relevance of this theory, agenda-setting theory, is based on the focus of the study, which is about news media organisations, and which play a critical role in setting the national agenda with their coverage as defined by (McCombs et al., 2014). (Ntibinyane, 2018) asserts the underlying principles of agenda-setting theory, arguing that the media does not mirror reality, but instead it filters and configures it. The public concludes on what is important based on the issues that are given more attention by the media. He further posits that this is necessary in democracies because the media is crucial in holding those in power accountable. The media houses explored in this study contribute a great deal in shaping the SA agenda, especially the investigative journalism outlets, *Amabhungane*, *M&G* and *Daily Maverick*.

2.3 IS DONOR FUNDING THE SOLUTION FOR NEWS MEDIA ORGANISATIONS?

2.3.1 THE GLOBAL PERSPECTIVE OF THE CHALLENGES FACING THE MEDIA

Globally, the news media industry, like most sectors, is still counting the losses incurred due to the COVID-19 pandemic. Circulation figures in legacy print media organisations continue to tumble, and advertising shrinks as reader consumption patterns change and businesses struggle against the devastation that is far from over as has been confirmed by subsequent waves and shutdowns in numerous countries. Although the USA is the largest media market, according to (Sheresheva et al., 2021), the annual newspaper revenues are \$35 billion lower than their 2006 peak – a decline exacerbated by the COVID-19 pandemic, and resulted in the folding of more than 2 000 local newspapers in the States (Forman, 2021).

The estimated total U.S. daily newspaper circulation (print and digital combined) in 2020 was 24.3 million for weekday and 25.8 million for Sunday, each down 6% from the previous year. The total estimated advertising revenue for the newspaper industry in 2020 was \$8.8 billion, based on the Center's analysis of financial statements for publicly traded newspaper companies. This is down 29% from 2019. Total estimated circulation revenue was \$11.1 billion, compared with \$11.0 billion in 2019. This is the first year that circulation revenue has been higher than advertising revenue (Pewresearch, 2021). The main consequence of this has been the job losses. While COVID-19 has shown the importance of credible news sources, which has increased the demand for journalists' work it has, however, not been enough to save their jobs. In the United States, about 21 local newspapers came under one umbrella with 1 400

retrenchments. At least 56 entities suspended print editions, while 60 local newsrooms shut down (Schiffrin et al., 2021). This has been the reality in countries such as Bolivia, the UK, the Philippines, Brazil and India. Legacy media and online organisations retrenched staff when advertising and circulation decreased (Schiffrin et al., 2021). “Journalism is the first draft of history,” so said Philip L. Graham, the former *Washington Post* editor (Alexander, 2019, p. 1). Hence it is crucial that what is reported is accurate, fair, and balanced as espoused by the craft’s ethics and code of conduct.

But, like many industries that were caught unawares, the quality and ethics of journalism have been compromised with the advent of social media. The sector has battled to adjust to the technological advances and the social media hype that has threatened to render traditional and legitimate journalism practices redundant as everyone and anyone becomes a “journalist” overnight and every other corporate a “news organisation”. (Sheresheva et al., 2021) note that the downward trend in print media circulation became evident in the early 2010s in Western Europe. In Germany, the daily *Frankfurter Rundschau* went bankrupt, followed by the *Financial Times Deutschland* and others. In France, *La Tribune* refused the printed version, followed by *France Soir*, etc. But, the opposite happened in other countries. In 2016, the UK showed an upward trend with sales of printed versions of books and journals rising by 8%, while the electronic versions declined by 3% (Sheresheva et al., 2021).

In China, the story has also been different to most markets. Chinese newspapers outpaced television by more than 15.6% in terms of advertising revenue growth until June 2011. In China, the print press, in general, remained more resilient by 2020 than the press in most other parts of the world, but internet sources took a leading role too, both in the audience attention and in the advertising market (Sheresheva et al., 2021). Africa has not been spared of job cuts and the closure of news outlets either. According to (Schiffrin et al., 2021), at least four regional vernacular titles were suspended by New Vision in Uganda. It is estimated that South African entities have lost between 40% and 100% of advertising revenue since March 2020, while several Kenya outlets have either reduced salaries or sent staff on compulsory leave. More (2020) shared the sentiment and said it was worse in Africa where proprietors also had to contend with socio-economic dynamics that were not favourable to digital revolution. He argued that the digital transition in African newsrooms failed because it replicated “*strategies borrowed from the developed world*” in an environment where dynamics were the opposite.

2.3.4 THE SOUTH AFRICAN PERSPECTIVE

Below, herein, as per Figure 2-1 is an overview of the media landscape in South Africa.

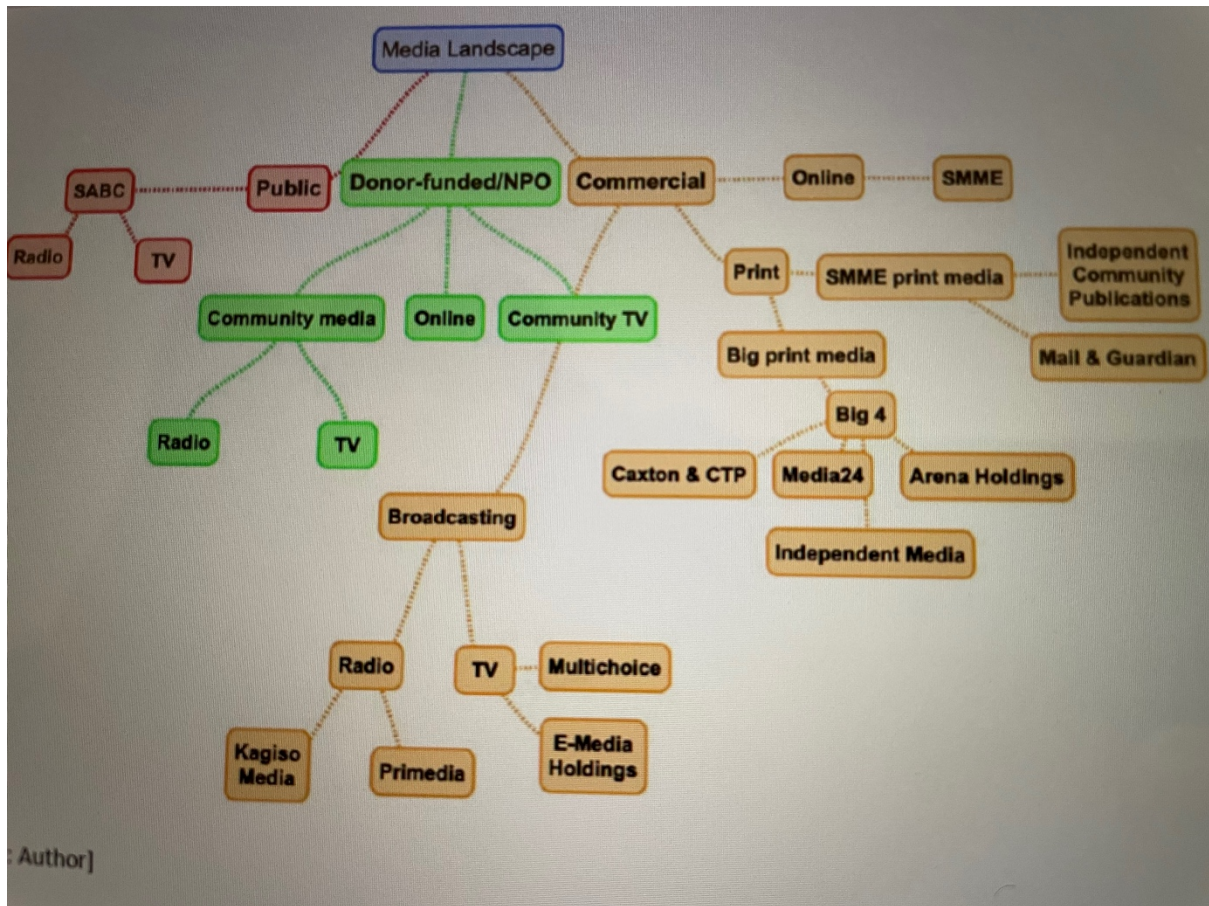


Figure 2-1 Helicopter view of the SA Media sector. Source: (Rumney, 2020, p. 5)

According to (Sanef, 2021b) the downward trend in circulation has progressed at a faster pace since the internet began and even further with the introduction of the smartphone just over a decade ago. Many local newspapers have ceased to exist due to the drastic drop in revenue and just as many national titles are in jeopardy as is their quality.

Signs of economic recovery were emerging. In South Africa, gross domestic product (GDP) quarter one figures showed an annualised growth of 4.6%, with eight of 10 sectors indicating positive numbers. But even with that, the economy is still 2.7% smaller than what it was in the first quarter of 2020 (Oosterwyk, 2021).

However, according to a report by the (TREASURY, 2021), the growth of businesses was disrupted by the unrest in KwaZulu-Natal and parts of Gauteng in July 2021. The social unrest had a negative impact on business confidence in the short and long term. It is also expected that it will reduce private investment and future GDP growth. This will further compromise economic recovery efforts in an environment where business confidence is at levels last seen in the fourth quarter of 2014.

As (Rumney, 2020) pointed out, financial troubles in commercial news media organisations have been there long before COVID-19. Revenue in the media publishing industry consisting of newspapers, magazines, and journals in print and digital format dropped to R17.5 billion in 2017 from R21 billion in 2015. A comparable pattern observed worldwide, where online traffic increased significantly as individuals sought trustworthy information about the disease amid movement restrictions, is also discernible in South Africa. At the initial stages of the pandemic in South Africa, data indicated a notable surge of over 50% in the number of distinct visitors to websites such as News24, Fin24, Citizen, and Business Insider. Normally, these sites experience a monthly traffic fluctuation of around 10% (Rumney, 2020).

This also applies to South Africa, where the growth in online audiences has, however, not translated into revenue growth. Building a viable and sustainable revenue model for online news organisations has eluded publishers for years (Rumney, 2020).

“It is hard to disagree with Axios reporters Fisher and Rosenberg when they comment, ‘The digital era blew up the old business model of the [print] news industry, and it has spent 25 years searching for a new one.’ A model which seems elusive as ever, as online audiences grow, but online advertising does not do so sufficiently to make up for the loss of print ad revenue and subscriptions are the only hope, but not yet sufficient to displace ad revenue permanently.” (Rumney, 2020, p. 12).

According to the South African National Editors’ Forum (Sanef, 2021a), there were about 10 000 journalism jobs in 2008, but by 2018, they had dropped to about 5 000 (Ngalonkulu, 2019). In South Africa outlets that closed shop include Associated Media Publishing magazines such as *Cosmopolitan* and *House & Leisure* after 38 years (IOL, 2020). Also closed were Media24 titles such as the print edition of the iconic *Drum* magazine, *Die Burger* and *Volksblad*. Completely shut down were the *Sunday Sun*, *Die Son*, community newspapers such as

Amanzimtoti Fever, East Griqualand, among others, leading to job losses of 660 people (Magubane & Cronje, 2020).

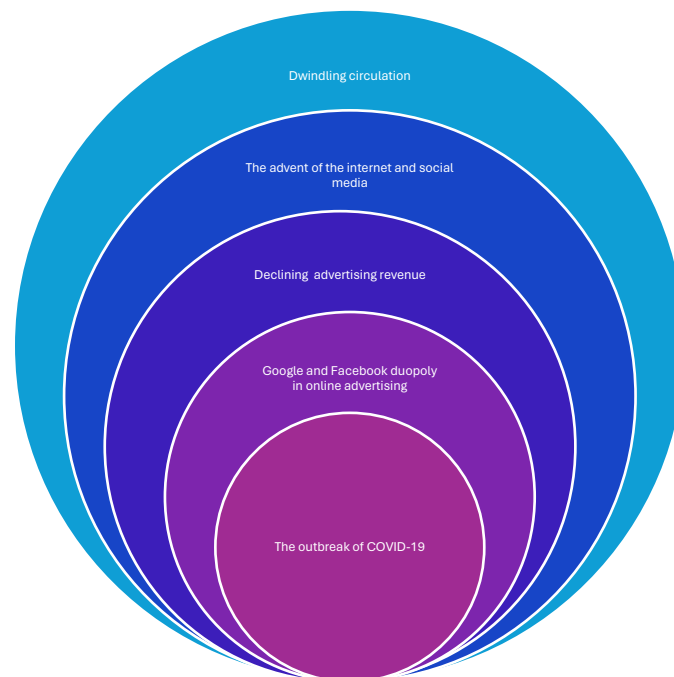


Figure 2-2 Challenges facing the media. Source: A summary of challenges discussed in the literature review

There has to be alternative revenue models to rescue and sustain news media organisations. The industry is desperately needed to shield democracies from the tsunami of the disinformation menace. Donor funding, which according to the Organisation for Economic Co-operation and Development (OECD) reached \$150 billion in 2019, has the potential to provide this solution (Clarke, 2021). While (Schiffrin et al., 2021, p. 4) agree that “*philanthropic support has enabled hundreds, if not thousands, of media outlets around the world to survive*”, but they are also of the view that a “*more systemic support is needed*”. A systemic approach would be useful indeed because the systems thinking lens advocates for introspection, collaboration and it urges people to look at problems holistically, instead of taking a reductionist approach. According to (Stroh, 2015), when you apply systems thinking, you are also mindful of unintended consequences. You are also aware that all parts must work together to improve the whole and that it is changes on a smaller scale done consistently that will ultimately produce large systems change.

2.4 THE CHALLENGES OF FINANCIAL SUSTAINABILITY FOR DONOR-FUNDED NEWS ORGANISATIONS

2.4.1 GLOBAL OVERVIEW

According to (Ntibinyane, 2018) the oldest and possibly the largest not-for-profit news entity in the world is the Associated Press, commonly known as AP, which was formed in 1846. The concept of philanthrojournalism is entrenched in the USA, where it began in the 1800s. Also on the list of journalism NGOs are entities such as the *Christian Science Monitor*, *The Petersburg Times*, *The Manchester Union Leader*, *The Day*, *Anniston Star*, *Delaware State news*, and other publications such as the *Congressional Quarterly*, the *National Geographic*, *Consumer Reports*, *Mother Jones*, *Foreign Affairs*, *Foreign Policy* and *Harpers* (Ntibinyane, 2018). (Scott et al., 2017) noted that, since 2009, media houses such as ABC News, AllAfrica.com, Al Jazeera, El País, the Guardian, National Public Radio, PBS' Newshour and Public Radio International have been recipients of at least \$1 million grants from the Bill and Melinda Gates Foundation to support their public service journalism initiatives. In August 2020, The 19th*, a non-profit newsroom that reports on gender, politics, and policy, was founded in the USA. Errin Haines, the editor-at-large for the publication, said they believed the non-profit business model for newsrooms was the future (reports, 2020). Haines said they had exceeded expectations when looking at the kind of support they had received from a mixture of private donors, philanthropists and members who believed in their journalism (reports, 2020). This is one of the recent testaments to the growing popularity of donor-funded newsrooms, also implying it is a better option than the volatile advertising-driven revenue model.

The number of niche non-profit news entities is growing, and they are becoming a critical component of the news ecosystem. This is because legacy news media outlets have abandoned the costly, laborious and specialist forms of journalism due to click-bait and role-merging (Wright et al., 2019). This was also observed by (Ntibinyane, 2018), arguing that by March 2018, the Global Investigative Journalism Network had approximately 163 investigative journalism members in 72 countries. The NGO model appealed to investigative journalists because it enabled them to focus on their objectives without disruptions. Donors have poured millions of dollars to investigative journalism; they are drawn to it because of its focus on public accountability, fighting crime and corruption.

News outlets have received more support from donor foundations as they try to weather the COVID-19 storm (Schiffrin et al., 2021).

Table 2-1: Some of the recent philanthropic assistance received by news organisations. Source: (Schiffrin et al., 2021)

ORGANISATION	BENEFICIARY	AMOUNT
MTN	Sanef	\$30 000
Open Society	Multiple organisations	\$30 million
Latin America News Relief Fund Grant	44 beneficiaries	\$10 000-\$40 000 per grantee
Ford	Multiple beneficiaries	Average \$15 million a year
The American Journalism Project	11 beneficiaries	\$45million
Google News Initiative	5 300 beneficiaries	\$5 000 to \$30 000 per grantee

However, some of those who have been dependent on donors for the viability of their newsrooms for a longer period share a less sentimental view. While admitting that it can give one a peace of mind – at least in as far as cash flow is concerned, but it has its downside too.

“Donor-funded journalism is a complex sphere, frequently characterised by balancing acts between the priorities of two vastly different environments. Yet this funding model, which Columbia University’s Anya Schiffrin describes as a ‘marriage of convenience’, is becoming ever more popular.” (Malan, 2018, p. 1)

Foreign aid towards funding journalism in Africa has increased, and it has raised a number of critical questions. Key among these questions is the one seeking to establish to what extent has the philanthropic assistance affected the ability of the developing world to nurture a critical and independent media sector (Paterson et al., 2018). (Paterson et al., 2018) criticise donors for enforcing stereotypes about the continent based on the journalism they support. They insinuate that donors may not be as sincere as they appear.

“Our call for a fresh look at the aid–journalism relationship starts from the observation that, since the end of the Second World War, foreign aid has been substantially directed at

disseminating a model of journalism practice and education that is aligned with the interests of (wealthy, industrialised, Northern) donor nations. At its core, this is a journalism that judges the world against an American benchmark, politically, economically, culturally, and ideologically.” (Paterson et al., 2018, p. 3).

Not-for-profit investigative journalism entities have also spiked in Africa. The trailblazer in the continent is Amabhungane Centre for Investigative Journalism and more have been established since 2010 (Ntibinyane, 2018). Below is the list of other investigative journalism NPOs, as illustrated in Table 2-2.

Table 2-2 Not-for-profit investigative journalism entities in Africa (Ntibinyane, 2018, p. 47)

ORGANISATION	COUNTRY
Premium Times Centre for Investigative Journalism	Nigeria
New Narratives	Liberia
African Investigative Publishing Collective	Continental
Norbet Zongo Cell for Investigative Journalism in West Africa	Burkina Faso
INKYFADA	Tunisia
Centre for Investigative Journalism	Malawi
INK Centre For Investigative Journalism	Botswana
Oxpeckers Centre for Investigative Environmental Journalism	Continental
African Network of Centres for Investigative Reporting	Continental
Lesotho Centre for Investigative Journalism	Lesotho
Zimferrets Investigative Journalism Hub	Zimbabwe
The Namibian Investigative Journalism Unit	Namibia
Makanday Centre for Investigative Journalism	Zambia

While bulk of the funding pool continues to come from the North, however, (Paterson et al., 2018) have noticed a trend in the increase of the Chinese media presence in Africa. The relationship varies including academic exchange programmes with Chinese journalism schools. (Paterson et al., 2018) say while China adopts a more positive outlook about Africa, but critics have warned of the dangers of introducing self-censorship in the continent – a culture prevalent in the Chinese media sector.

2.4.2 THE SOUTH AFRICAN PERSPECTIVE

As is the case elsewhere in the world, donor-funded newsrooms are popular with online organisations in South Africa. There are four major non-profit online-only news operations. They are investigative outlet *amaBhungane*, the *Bhekisisa Centre for Health Journalism*, the news agency *GroundUp* and *New Frame*, the social justice media publication (Rumney, 2020).

However, while not major anymore, but the oldest of the lot is Health-e News, which was launched in 1999 (Health-e, 2021).

Table 2-3 The five main donor-funded newsrooms in South Africa. Source: Compiled by the researcher

NAME	DESCRIPTION	LAUNCHED IN	MONEY RAISED	MAJOR DONORS
Health-e News	Television and print health news service	1999	Not disclosed	Global Health; Advocacy Incubator and OSFA
Amabhungane	Independent non-profit newsroom that develops investigative journalism	2010	R19.8m (2022-2023)	OSFA; Luminate; The Claude Leon Foundation; and The Millenium Trust
GroundUp	A news agency that focuses on the stories of the human rights of vulnerable communities	2012	R6.7m (2020/21)	OSFA; Cameron Shrier Foundation; Sigrud Rausing Trust; Millenium Trust; Bertha Foundation and Free Press Unlimited (EU Funds).
Bhekisisa Centre for Health Journalism	Independent media organisation that focuses on health and social justice issues across Africa	In 2013 as part of the Mail & Guardian. Became independent in 2019	Not disclosed	The Bill and Melinda Gates Foundation; Canon Collins Educational and Legal Assistance Trust's Sylvester Stein fellowship; OSFSA; Facebook Journalism Project and International Centre for Journalists
New Frame	Not-for profit social justice publication	2018	Not disclosed	Not disclosed

Though it is primarily international humanitarian organisations that have funded non-profit news organisations in South Africa, but the Media Development and Diversity Agency (MDDA) has also funded newsrooms through their support for community radio stations and newspapers. The MDDA was established in 2003 and it is a partnership between the government and major print and broadcasting companies (MDDA).

In response to COVID-19, the MDDA disbursed R14.7 million to community media organisations. In the 2020/21 financial year, it allocated R65 million in grant funding to print, broadcasting and small commercial community media entities (MDDA).

As (Lloyd, 2013) explained, although the role that the MDDA plays in the media funding ecosystem cannot be diminished, however, there are critics who have pointed out that it has not delivered on the original mandate the ruling ANC had envisaged when it was formulated. The policy paper drafted in year 2000 submitted that the MDDA should support both big and small independent media organisations, but the final act limited it to supporting NPOs or small commercial media houses. Apparently, this was because of a compromise reached with big media organisations who agreed to contribute to the fund voluntarily provided it would not fund their competition (Lloyd, 2013). Recently, criticism has also come from the Association of Independent Publishers (AIP), an organisation of community media, which lamented the way the MDDA has distributed funds from the Competition Commission. The AIP has subsequently launched court action against the MDDA (Publishers, 2022).

According to the (Publishers, 2022), in 2011, an investigation by Competition Commission into large media entities detected uncompetitive behaviour and fined the entities R39 million. The funds were placed under the Economic Development Fund and the MDDA was appointed to administer it. The AIP is of the view that the MDDA has allocated funds to media houses, which were not impacted on adversely by the unfair competition behaviour. However, a news article by (Steyn, 2022) lambasted the MDDA, alledging that that it spent 35% on staff costs and administration, exceeding what is legally permitted by 10%. In the 2019/20 financial year, the agency allocated R40 million less than it had budgeted. The then CEO was suspended, while two other former executives hauled the entity to the labour arbitrator, the Commission for Conciliation, Mediation and Arbitration.

Until recently, donor funded newsrooms in South Africa appeared to have been protected from the pressure brought on by revenue struggles that beset the majority of newsrooms. However, the closure of *New Frame* last year revealed a different picture. The publication, which had the largest team (25 staff), halted publishing due to financial constraints. In an editorial informing its audience, the entity said it knew from the beginning that its approach would be difficult to maintain (NewFrame, 2022).

“Donor funding can be invaluable, but it cannot be a sustainable solution. It can incubate a moment, or perhaps build a bridge, but it cannot build institutions that will see out generations. One part of the structural problems confronted by journalism that is often spoken about, and rightly so, is the capture of the infrastructure of the public sphere by big tech. Another that is less often spoken about is the absence of a well-organised democratic mass politics that could, via subscription or membership fees, create its own media. Many great publications were created in this way in the past” (NewFrame, 2022, p. 1).

The non-profit newsrooms are made up of experienced journalists and industry experts who contribute op-ed articles many an editor in legacy news organisations can only dream of, let alone afford. *Amabhungane* has a core team of 11 people, while *Bhekisisa* has a team of eight people and *GroundUp* has a core team of 10 editorial staff. However, *Health-e News* has the leanest team at five core team members including the managing editor. The team is augmented with a network of citizen journalists in areas where the National Health Insurance pilot sites are situated (Amabhungane, 2021; Health-e, 2021; <https://bhekisisa.org/what-is-bhekisisa/>, 2021; <https://www.groundup.org.za/funders/>, 2021).

The Bhekisisa Centre for Health Journalism demonstrates a commendable alignment with essential criteria. Furthermore, it possesses the financial resources to conduct frequent fieldwork and provide training opportunities for journalists—characteristics that are often rare within conventional, financially constrained newsrooms. However, it is noteworthy to mention that they have expressed concerns about the laborious administrative obligations associated with donor funding packages. According to their feedback, these responsibilities divert journalists from their primary journalistic endeavours (Malan, 2018).

The take-up of donor funding for news organisations may be gaining momentum, but it is not an entirely new phenomenon in South Africa. During apartheid, the alternative press relied on donor funding from international organisations and the church because it could not access advertising as it was considered to be hostile to the then government (Louw & Tomaselli, 1991). It was a 1980s trend that emanated from the United Democratic Front’s intensified fight against apartheid. *“It served this struggle well, but ironically the success of this struggle brought about a reformed South Africa that no longer appeared to have a place for the alternative press”* (Louw & Tomaselli, 1991, p. 19).

According to (Khumalo, 2006) and (M&G, 1997), some of these publications were the *New Nation*, the *Daily Mail*, *UmAfrika* and the *Vrye Weekblad*. The church also played a crucial role in the formation of some of these organisations. The *New Nation*, edited by late Zwelakhe Sisulu, was launched in early 1986 by the SA Catholic Bishops' Conference. *UmAfrika* was established by the Trappist monks of the Marianhill Mission in 1911, initially called *Izindaba Zabantu*, before changing to *UmAfrika* in 1929. The only surviving publication from the alternative press era is the *Weekly Mail*, which is now known as the *Mail & Guardian*. Initially, the M&G battled when there was no foreign aid until the *Guardian* bought a stake, resulting in the name change. The *Guardian* sold its stake to Trevor Ncube in 2002 and he has subsequently also left the publication (Lloyd, 2013).

2.5 DONOR INFLUENCE ON EDITORIAL

While donor funding provides options, but it is not a silver bullet as it also comes with its own challenges. Key to it is the influence it may have on editorial decisions, particularly in the developing world. (Clarke, 2021) observed that donor funding can “skew the country’s news agenda” to issues that are priorities to donors and inversely turn a blind eye to donor subjects that may need scrutiny.

“But these compromises have always been part of the news business. Until that magical day when independent revenue for journalism is so abundant that we don’t need to make compromises, we must not let perfect be the enemy of good. Donor-funded journalism with strong boundaries to prevent interference is a vast improvement from the toxic ecosystem that development actors currently fund” (Clarke, 2021, p. 1).

(Scott et al., 2017) are also sceptical as they question if donors are indeed saving journalism and shielding it from commercial and political pressures or they have been exploiting the circumstances for their ulterior motives. They argue that donor funding implications for journalism practices have not been scrutinised as studies tend to focus on theoretical critiques or anecdotes. The consensus among academics, news organisations and funders are that donor-funded journalism is completely insulated from direct influence of donors. However, there are studies that have shown that donors have a way of indirectly influencing the editorial content. Of concern for some of the scholars is the strong emphasis on impact and audience

targeting, which may hinder journalists from criticising some of the stakeholders they hope to influence, lest they offend them (Scott et al., 2017).

In a study assessing “media capture” by various players in Sub-Saharan Africa (Mabweazara et al., 2020), contend that it is difficult to resist the control of donors in the region due to the scarcity of resources and this sometime results in the unintended consequence of a compromise in editorial coverage.

“News organisations are thus held hostage to the agendas of donors and even forced to turn a blind eye to endemic cases of corruption by the same philanthropic organisations. A good example of the latter is seen in the underreporting of widespread cases of sexual exploitation and abuse of girls by UN and aid agency staff in West Africa, a scandal that according to Csáky (2008), resulted in far-reaching consequences such as abortions, teenage motherhood and exposure to sexually transmitted diseases and social exclusion for the girls. It is this disruption of the editorial independence of media institutions by donors that has forced newspapers like Punch in Nigeria to stand “aloof from outside funding” in an effort “to preserve [their] reputation” (Myers 2018, 34), while other leading newspapers like the Daily Trust and the Premium Times fund their newspapers partly from funds donated by “various funders such as the Ford Foundation and the Open Society Initiative for West Africa (OSIWA)” (Myers 2018, 34)”(Mabweazara et al., 2020, p. 26).

2.6 INTEGRATING DONOR FUNDING WITH TRADITIONAL REVENUE MODELS

In the beginning (Bossert, 1990) argued that the relationship between donors and recipients of funding was structured in a way that created absolute dependency. However, this began to change in the '90s when sustainability of projects beyond the donor's commitment became a consideration for funders. The sustainability question included sourcing other means of funding to continue the work. (Froelich, 1999) posited that the days of frowning upon non-profit organisations having multiple streams of generating revenue were over. She said NPOs must rely on a variety of revenue streams beyond just donor funding in order to have enough resources to fulfil their mission. These include fundraising initiatives and in some cases “controversial” commercial activities, such as selling merchandise to customers. Justifying the need for multiple sources of income particularly for journalism NPOs in Africa,

(Ntibinyane, 2018) argued that the funding model of depending on philanthropic support was flawed, especially for news outlets focusing on investigative journalism. In addition to that, Elaborating (Ntibinyane, 2018) added that this was because philanthropy was weak in Africa, overreliance on international donors, local donor organisations and wealthy individuals were not keen to support investigative journalism due to political reasons and because some may be subjected to investigations themselves due to dodgy dealings, home-grown donor entities preferred supporting health and social-related initiatives, most depended on a single donor and it was short-term funding. An observation by (Nicholls et al., 2016) revealed that while digital-based publications were financially stable, but they were barely profitable. Hence, it made business sense to have a combination of revenue models, ranging from subscriptions, reader donations, crowdfunding to advertising and philanthropic donations.

“Looking broadly beyond news media, it is worth remembering that the majority of new businesses fail and most of those who succeed take years before the break even... Digital-born and legacy news media alike are aiming to sustain themselves in a very competitive market with pressure on advertising revenues, limited growth in the number of people paying for digital news, and without much of a tradition of support for news production by foundations or non-profits.” (Nicholls et al., 2016, p. 12).

Below is a summary of the different funding models for easy reference. These will be subsequently discussed in detail to demonstrate how and why donor news organisations should also consider them to bolster their financial sustainability.

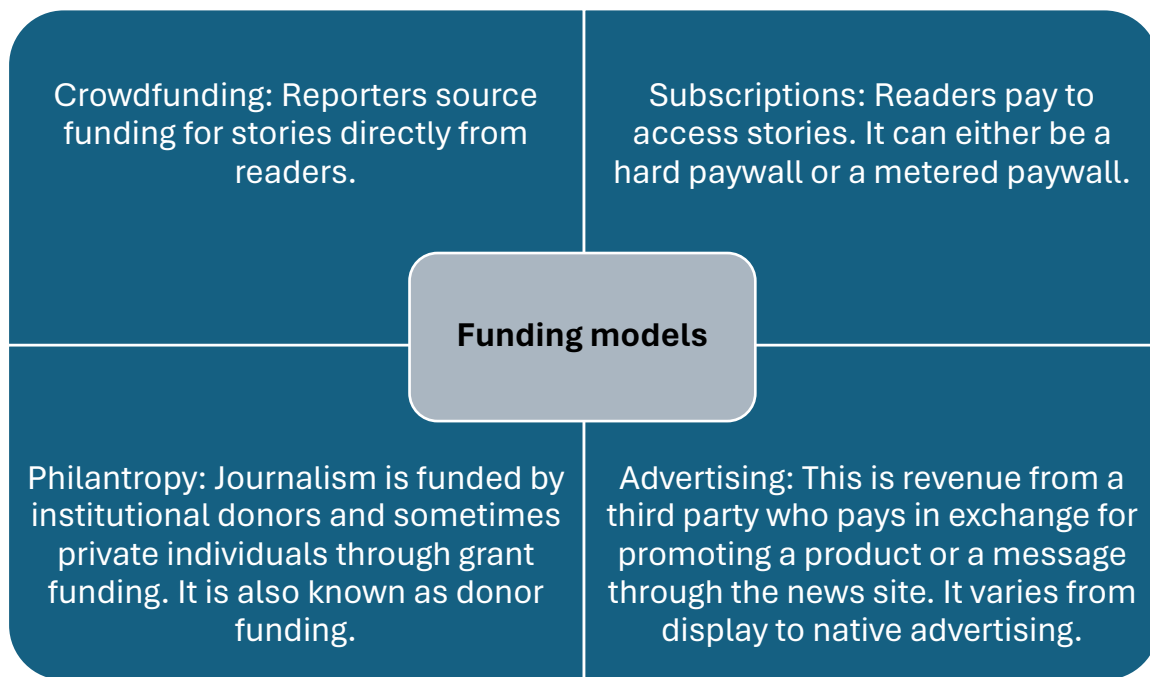


Figure 3-3 Summary of the different funding methods. Source: (Nicholls et al., 2016)

2.6.1 CROWDFUNDING

According to (Jian & Shin, 2015) news organisations have relied heavily on advertising to keep their operations afloat. This has applied to online only news entities, thus threatening their independence in how they approach stories to avoid offending potential advertisers.

This, they argue, has also led to the proliferation of entertainment-focused new outlets instead of those that focus on investigative journalism. Crowdfunding, however, offers an alternative that empowers readers to decide the content.

“From the media economics perspective, crowd funded journalism is a meaningful alternative business model for at least two reasons. First, because the model relies on grassroots funding of small amounts of money collected from ordinary people (Jian&Usher, 2014), it potentially liberates journalists from the pressure of advertisers so that they can focus on producing public interest reporting . Second, although reader-supported news

Reporting (e.g., the Public Broadcasting Service) has existed for many years, crowdfunded journalism is fundamentally different. In this latter model donors select and funding individual stories, not the organization that produces the stories (Jian&Usher, 2014). Therefore, the ultimate power to decide which stories are worth publishing is given to the readers, not the editors or producers.” (Jian & Shin, 2015, p. 167)

(Jian & Shin, 2015) pointed out that crowdfunded models typically have four options, which are donation, reward-based funding, lending and equity.

2.6.2 SUBSCRIPTIONS

(Nicholls et al., 2016) say organisations that opt for subscriptions have models that vary from reader payment, hard paywalls to metered paywalls and paywalls to read the whole articles instead of teasers. Others offer exclusive services, which are not necessarily linked to news content. According to (Picard, 2014) readers favour subscriptions more because of the once-off payment that offers one future access. An emerging trend is that of offering news together with other service.

2.6.3 PHILANTROPY

This is when journalism is funded by institutional donors and sometimes private individuals through grant funding. It is also known as donor funding (Nicholls et al., 2016).

2.6.4 ADVERTISING

This is revenue from a third party who pays in exchange for promoting a product or a message through the news site. It varies from display to native advertising (Nicholls et al., 2016).

2.7 IMPACT OF POLITICAL, ECONOMIC, SOCIAL, TECHNOLOGICAL, ENVIRONMENTAL AND LEGAL (PESTEL) FACTORS ON DONOR FUNDING

2.7.1 DEFINITION OF PESTEL

The environment can either be an opportunity or a threat to an organisation. As such, it is advisable for managers and entrepreneurs to analyse the macro environment to avoid having changes sprung up on them. The PESTEL framework is one of the recommended tools for conducting this analysis (Johnson et al., 2017).

Summarising their definition, (Johnson et al., 2017) say the PESTEL analysis focuses on six environmental factors namely, political, economic, social, technological, ecological and legal. They say this indicates that non-market factors are as critical as the market factors in strategy.

According to (Issa et al., 2010) the PESTEL framework represents the political, economic, social, technological, environmental and legal macro factors, which can either create a conducive business environment or be a hinderance. They are used as a strategic tool to assess if a business opportunity will be viable or not because they enable companies to have a “big picture”.

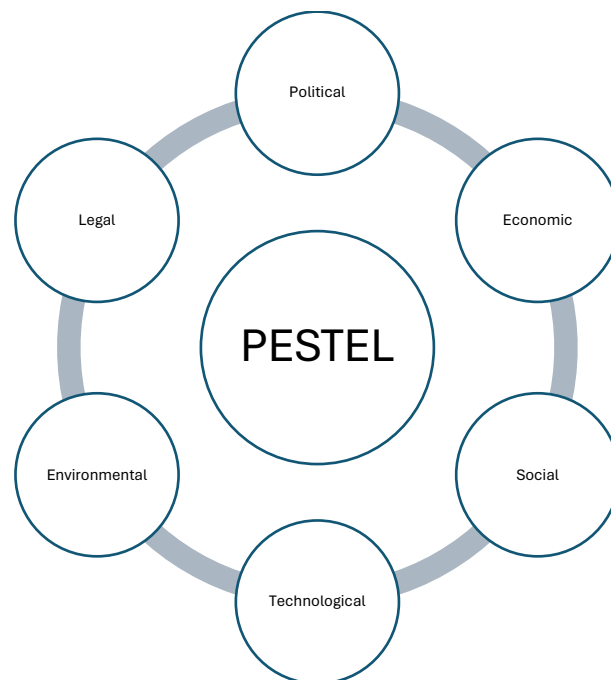


Figure 2-4 The PESTEL Framework. Source: (Issa et al., 2010)

2.7.2 PESTEL INFLUENCE ON DONORS

At the core of why media companies are struggling are PESTEL factors as illustrated in Figure 2-1. Similarly, organisations that rely on donor funding or grants are vulnerable to these factors (Johnson et al., 2017). According to (Dupuy et al., 2015), there has been an increase in the number of countries who have sought to regain control lost to non-governmental organisations. This has led many governments to review the laws that govern the relationship between NGOs, the government, and donors. This is common in the developed world as it is prevalent in the

developing world. Between 1955 and 1994, 17 countries passed more stringent laws to regulate foreign NGOs and their funding. This number rose by an additional 66 countries between 1995 and 2012. Currently, 44% of the countries globally have assented to such laws, while more nations were debating them (Dupuy et al., 2015).

The above is just one example of how political dynamics can shape the donor funding space. (Bossert, 1990) argued that part some of the PESTEL factors could impact the sustainability of an entity in the donor funding space, particularly on the African continent.

“Our analysis suggests that two major factors may contribute to a generally less favourable environment for sustainability in Africa: economic deterioration and weak governmental institutions” (Bossert, 1990, p. 1018).

Over a 44-year period, the Pacific small islands received approximately \$1.5 billion in foreign aid to support its renewable energy initiatives. However, a study by (Keeley, 2017) revealed that it would be difficult to sustain the funding due to a multiple PESTEL factors. It said there were concerns regarding the regulatory framework, financial transparency and lack of an action plan supporting the political will commitment given on paper.

2.8 CHAPTER SUMMARY

This chapter provides an overview of the resource dependence, agenda-setting and collective action theories, which are the two theories underpinning this research. The chapter also outlined the financial struggles that the news media industry has had to contend with in the past few decades and how the outbreak of COVID-19 has exacerbated the challenges. It delved into the history of non-profit news organisations and the reasons behind their growth in recent years. In Africa, the phenomenon has led to a mushrooming of investigative journalism houses. The other financing models for media entities were discussed.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

Chapter three serves as a critical foundation of this study, presenting a comprehensive exposition of the research methodology employed. Hofstee (2006) aptly emphasizes the role of this chapter as the linchpin that connects the intricate aspects of the study, endowing it with essential context and coherence. Within the confines of this chapter, the rationale behind adopting an inductive and qualitative research approach is expounded upon, alongside a meticulous examination of the sampling procedures and strategies applied. Furthermore, this chapter delves into the justification for selecting interviews as the primary data collection tool and delineates the measures undertaken to ensure the study's credibility, trustworthiness, and reliability. The underlying reasons for opting for the thematic data analysis method, in lieu of alternative approaches, are elucidated, as well as the research philosophy underpinning this study. Ethical considerations that shaped the research process, including the delineation of exclusions, are also meticulously addressed. Consequently, this chapter serves as the cornerstone upon which the study's methodological rigor is established, ensuring that it adheres to the highest standards of academic inquiry.

3.2 RESEARCH DESIGN

This research is based on a case study of seven news media organisations, five of whom rely largely on grant funding, while the balance have a partial donor funding component to sustain their operations in South Africa. Studies may either be exploratory, descriptive or hypothesis testing, which means analytical and predictive. It may also attempt to solve the problem by using a case study route (Sekaran & Bougie, 2011).

“The case study, which is an examination of studies done in other similar organisational situations is also a method of solving problems or for understanding phenomena of interest and generating further knowledge in that area. Case studies that are qualitative in nature, are however, useful in applying solutions to current problems based on past problem-solving experiences (Sekaran & Bougie, 2011, pp. 103, 104).

3.3 RESEARCH PHILOSOPHY

It is important to first examine philosophy in the broader context before zoning in on philosophy as it applies to scientific research. This is because philosophy is generally a contentious issue. Also, it is because of the observation made by (Chia, 2002), who noted that the majority of people assume that philosophy is not relevant to the management research field, but nothing could be further from the truth.

(Chia, 2002, p. 2) substantiates this view by stating that “*philosophy, in fact, is more a rigorous and enquiring attitude of mind than an academic theory*”.

Scientific research philosophy refers to the research strategy that the study is based on. The choice that the researcher opts for is influenced by their thought after obtaining new and credible knowledge about the subject being investigated. It allows the researcher to generate ideas to contextualise research (Žukauskas et al., 2018).

“Research philosophy can be defined as the development of research assumption, its knowledge and nature. The assumption is perceived as a preliminary, statement of reasoning, but it is based on the philosophising person’s knowledge and insights that are born as a product of intellectual activity.” (Žukauskas et al., 2018, p. 122)

There are several research philosophies to choose from ranging from positivism, realism, interpretivism to pragmatism (Saunders & Lewis, 2012).

This study is based on interpretivism and pragmatism. The researcher elaborates on them below.

3.3.1 INTERPRETIVISM

Interpretivists are of the view that reality is built by social actors and people's perceptions of it. They say reality is shaped by people's backgrounds, assumptions and experiences and this expands to the broader social context. Due to their subjective nature, these social realities may vary in reality and meaning (Wahyuni, 2012).

“Therefore, interpretivists reject objectivism and a single truth as proposed in postpositivism. To understand the social world from the experiences and subjective meanings that people attach to it, interpretivist researchers favour to interact and to have a dialogue with the studied participants. They also prefer to work with qualitative data which provides rich descriptions of social constructs. As opposed to generalisation or the nomothetic approach adopted by postpositivist researchers, interpretivists use a narrative form of analysis to describe specifics and highly detailed accounts of a particular social reality being studied, which is termed the idiographic approach (Neuman 2011)” (Wahyuni, 2012, p. 71).

In this philosophy, data collection and analysis is guided by the experiences and outlook of both the respondents and researchers (Wahyuni, 2012).

Elaborating on interpretivism, (Saunders & Lewis, 2012) said it was best suited for business and management research due to their complexity and uniqueness. They said business environments offered a particular set of circumstances and individuals who come together to create a particular social phenomenon.

3.3.2 PRAGMATISM

Though there are many options to choose from, reality dictates that a researcher should ultimately choose a philosophy that is practical. In a nutshell, these are the research questions and objectives (Saunders & Lewis, 2012).

(Wahyuni, 2012) asserts that pragmatists are the breed of researchers who feel that being objective is not at odds with being subjective. These are researchers who prefer to work with both quantitative and qualitative methods.

This is in agreement with (Giacobbi et al., 2005), who said pragmatic researchers were mindful of the social, historical and political context and as such throughout the research, morality, ethics and social justice issues were factored.

(Giacobbi et al., 2005) further argue that pragmatists disagree with the notion that says there is a single reality and they don't believe that there is a way to establish if a theory is closer to the truth.

The roots of pragmatism are traced to Charles Sanders Peirce and William James (Giacobbi et al., 2005).

Based on the definitions given above, this study applied both the interpretivism and pragmatism philosophies because they were the philosophies suitable for it.

3.3 RESEARCH APPROACH

3.3.1 INDUCTIVE VS DEDUCTIVE

This is an inductive study. An inductive study moves from data to theory, whereas a deductive one moves from theory to data and it seeks to prove or disprove an existing theory (Saunders & Lewis, 2012). (Saunders & Lewis, 2012, p. 109) explained that *“with inductive reasoning we begin with specific observations and measures, begin to observe patterns and repeated occurrences of phenomena and formulate some speculative hypotheses which can be investigated. All this is with a view to developing some general conclusions or theories.”* Typically, the inductive research approach is applied to qualitative studies (Soiferman, 2010). This study is inductive. Conclusion about the good and the bad of relying on donor funding for news media organisations were only drawn after interviews were conducted as they are based on the respondents' experiences as well as observations from the literature review in Chapter Two.

(Saunders & Lewis, 2012) advocate for five steps that should be applied to confirm whether a study is deductive. These steps include defining research questions, indicating how the questions may be answered, seeking answers to questions defined in the first stage, analysing the results and either corroborate the initial theory or amend it due to the outcome. (Goswami, 2011) posits that while deductive reasoning can culminate in new knowledge, there is however,

one absolute outcome. She adds that when deducting, problems can be rectified even in the absence of actual real-world knowledge.

3.4 QUANTITATIVE V QUALITATIVE

This is a qualitative study. According to (Soiferman, 2010), the main differentiator between qualitative and quantitative research is that a researcher is of the opinion that there is one reality and it can only be verified by applying scientific principles. But, a qualitative theorist believes in numerous realities that vary in meaning for the different individuals and whose interpretations is influenced largely by the researcher’s viewpoint.

When conducting a quantitative study, researchers detach themselves from participants, but with a qualitative study, researchers appreciate that the relationship between them and the participants is crucial in the understanding of the observable event (Soiferman, 2010).

Below is a table elaborating on the differences between quantitative and qualitative research.

Table 3-1 Quantitative v Qualitative as adapted from (Saunders & Lewis, 2012, p. 165).

Quantitative	Qualitative
Categorical	Text
Descriptive (nominal)	Non-text
Ranked (ordinal)	Audio
Numerical	Video
Continuous	Image
Discrete	
Questionnaire-based interviewing	Open-ended interviewing
Experimental designs	Participant observation
Objective	Subjective

3.5 RESEARCH SETTING/CONTEXT

The research setting or context pertains to the location where the data was collected. Six of the publications, two funder organisations and one of the academics are based in Johannesburg in the Gauteng province. The other respondents are based in Durban in KwaZulu-Natal, the Eastern Cape and Kenya. This study was conducted virtually.

3.6 SAMPLING AND SAMPLE

A sample is defined as a subgroup of the whole population and it can range from individuals to organisations or places. A sample is often the preferred option in research studies because it is difficult to collect data from the entire population due to costs and time constraints (Saunders & Lewis, 2012). The sample for this study was selected from individuals at the organisations that the study focused on. The participants ranged from executives to senior journalists at *Health-e News*, *New Frame*, *GroundUp*, *Amabhungane*, *Bhekisisa Centre for Health Journalism*, *Daily Maverick* and *M&G*. Also, they included executives at the MDIF and OSFSA, an independent commentator with funding experience as well as journalism academics from Wits University, Rhodes University and the Durban University of Technology. (Saunders & Lewis, 2012) cautions that a researcher has to “consider the appropriateness of the sample used in each research article or report you read in relation to the research question being answered”.

3.6.1 SAMPLING METHODS

According to (Joffe, 2012), sampling in research is the process of selecting a subset of individuals or elements from a larger population to gather data and draw meaningful conclusions about the entire group. Two fundamental sampling methods are employed: probability sampling and non-probability sampling, each distinguished by its approach to participant selection. The first method, probability sampling, is characterized by a systematic, random selection process that provides every member of the population with a known and equal chance of being included in the sample. This method is often preferred when the aim is to achieve a highly representative sample, ensuring that the findings can be generalised to the broader population.

In contrast, (Saunders & Lewis, 2012) argued that non-probability sampling involves a more subjective, non-random selection approach. Within this category, there are various strategies, including convenience sampling and purposive sampling. Convenience sampling is utilised when data is collected from individuals who are most accessible or readily available. While this method is efficient, it may not always yield a sample that accurately represents the broader population due to its reliance on convenient choices.

In the present study, the choice of sampling method is purposive, specifically falling under the category of purposive judgment sampling. According to (Saunders & Lewis, 2012), purposive sampling is a technique that involves deliberately selecting participants based on predefined criteria, which are often linked to the research objectives. In this method, the researcher exercises judgment to choose participants who possess the information or characteristics essential to the study. The rationale for opting for purposive sampling in this research is grounded in the need to target specific individuals who can provide valuable insights relevant to the study's objectives. This deliberate selection process aligns with the research focus and ensures that the sample consists of individuals with the most relevant expertise or experiences to address the research questions effectively.

3.7 RECRUITMENT OF PARTICIPANTS

Recruiting participants is a crucial element of research studies. Regardless of how creative, inventive or potentially science-altering a study may be, if there are no participants, it is bound to be ineffective and whatever impact it may have would be lost (Joseph et al., 2016). For this study, the researcher initially reached out to participants telephonically with the majority of the participants, while the rest were approached via email. The initial telephonic/WhatsApp conversation were followed up with an email, which had a consent form attached to it. During the ethical clearance application stage, the total number of targeted respondents was 15, however in the end the researcher managed to interview 14. This is because some of the funder organisations did not reply to a request for an interview.

3.8 INFORMED CONSENT

Respondents must willingly participate in a research study and it must be confirmed in writing through a consent to demonstrate that there was no coercion (Saunders & Lewis, 2012). A consent form was sent to every participant who was approached when requests for interviews were sent via email. Respondents were requested to return the signed consent form if they agreed to participate. In one of the organisations, a gatekeeper's letter was requested because the participant was someone not at executive level. This was duly granted too.

In one of the news organisations, the original participant who had been approached was ill when data was collected and as such couldn't participate directly. Due to the position of that would have been participant in that respective organisation, only a consent form was warranted and not a gatekeeper's letter. The researcher managed to find another participant within the same organisation who was equally well-versed in the issues that were discussed. A consent form was also obtained from the latter participant.

3.9 DATA-COLLECTION METHODS

As (Sekaran & Bougie, 2011) argued, data collection in research is the systematic process of gathering and assembling information, facts, or evidence to answer specific research questions or test hypotheses. It is a critical phase of any study, enabling researchers to acquire relevant and reliable data, which serves as the foundation for analysis and interpretation. The importance of data collection lies in its role as the primary source for generating empirical evidence. Without robust data, research findings lack credibility and validity, making data collection a fundamental step in ensuring the rigor and quality of research outcomes.

Data can be distinguished as either primary or secondary. Primary data refers to information collected first hand, while secondary data is knowledge gathered by someone other than the current researcher. Sources for secondary data include books, government publications, census data, statistical abstracts, databases, media, annual reports of companies, etc (Sekaran & Bougie, 2011). Data can be collected through methods such as interviews, observations, questionnaires and focus groups (Sekaran & Bougie, 2011).

3.9.1 INTERVIEWS

This study employed the semi-structured interview method, a choice made to accommodate the diverse perspectives of the participants and to ensure the flexibility of addressing follow-up inquiries. The majority of participants were located outside Durban, prompting virtual interviews via the Zoom platform due to logistical and COVID-19 related constraints. The researcher obtained permission to record all interviews, enhancing data capture and analysis. The application of interviews as a data-collection method, particularly during the exploratory phase, allows for both structured and unstructured approaches. While structured interviews involve predefined questions delivered consistently to respondents, unstructured interviews

revolve around open-ended questions aimed at exploring broader themes (Sekaran & Bougie, 2011). Saunders and Lewis (2012) further substantiate the suitability of semi-structured or unstructured interviews, highlighting their thematic guidance in research data collection.

3.11 DATA ANALYSIS

(Creswell & Poth, 2018) define data analysis as the process of systematically inspecting, cleaning, transforming, and interpreting data to discover meaningful patterns, relationships, and insights that inform research findings. In qualitative research, data analysis involves examining non-numerical data, such as text, images, audio, or video, to identify themes, concepts, and deeper understandings. Qualitative data analysis methods vary depending on the research objectives and the nature of the data. Three common qualitative data analysis methods are content analysis, discourse analysis, and thematic analysis.

3.11.1 RATIONALE FOR THE CHOICE OF THEMATIC ANALYSIS

This study opted for the thematic analysis, which is a widely used qualitative data analysis method that focuses on identifying, analysing and reporting patterns or themes within a dataset. The rationale for choosing thematic analysis in this study is its flexibility, as it allows for a comprehensive exploration of textual or visual data. According to (Creswell & Poth, 2018), thematic analysis is well-suited for research that seeks to uncover underlying themes, concepts or experiences present in the data, making it an ideal choice for studies where a rich and detailed examination of participants' perspectives is required.

The data analysis in this study used NVivo software, and the following are the key step that were followed, as provided by (Denzin & Lincoln, 2018):

- **Familiarisation with Data:** Researchers thoroughly review and immerse themselves in the dataset to gain a deep understanding of its content, allowing them to identify initial ideas and patterns.
- **Data Coding:** This involves labelling or tagging specific portions of the data to represent concepts, ideas, or themes. Open coding is often used, allowing codes to emerge directly from the data without predefined categories.
- **Generating Initial Themes:** As coding progresses, related codes are grouped into preliminary themes, which are broad patterns or concepts emerging from the data.

- **Reviewing and Refining Themes:** Researchers review and refine the initial themes, which may involve revising, merging, or splitting themes to create coherent and meaningful representations of the data.
- **Defining and Naming Themes:** Each theme is given a clear and concise name along with descriptive definitions to ensure clarity.
- **Writing the Narrative:** Researchers compile themes and descriptions into a coherent narrative or report, including relevant data excerpts to support each theme.
- **Checking Themes Against Data:** Ensuring that themes are well-grounded in the data by revisiting the original dataset and confirming their alignment with relevant data extracts.
- **Seeking Patterns and Relationships:** Researchers may explore patterns, relationships, or connections between themes to develop a deeper understanding and identify overarching concepts.
- **Writing the Final Report:** The process culminates in crafting a comprehensive research report or paper, encompassing an introduction, methodology, presentation of themes, interpretation of findings, and a conclusion (Denzin & Lincoln, 2018).

3.12 ETHICAL CONSIDERATIONS

The researcher must ensure that respondents are aware of their rights to confidentiality and anonymity, to withdraw from participating at any stage of the study, to informed consent (Saunders & Lewis, 2012).

“In recent years there has been much more interest in the subject of research ethics. Let’s be clear about what we mean by ethics. Generally, ethics means ‘standards of behaviour that guide the moral choices we make which govern our behaviour and our relationships with others. Since virtually all research using primary data, that is data which we collect specifically for the purposes of our research, involves our relationship with others, this is clearly something we shouldn’t ignore.’” (Saunders & Lewis, 2012, pp. 74,75)

In this study the respondents were guaranteed anonymity and every effort was taken to ensure that they are not identified in any way. All the participants are named Respondent 1 to

Respondent 14. In cases where the names of the organisations are identified, explicit permission to do this was sought and duly granted.

As indicated in 3.7.1, all the interviews were recorded. An additional step was taken to protect the identity of the respondents by ensuring that the interviews are stored in a cloud in an encrypted cloud folder.

A formal ethical clearance approval does not exempt the researcher from disclosing to the reader the steps followed as part of adhering to the ethical guidelines of their respective university (Hofstee, 2006).

The researcher disclosed during the ethical clearance application that she co-owns a media organisation that publishes an online publication, which has previously applied for grant funding and intended to submit applications in the future as part of the company's strategic plans.

3.13 DATA QUALITY /TRUSTWORTHINESS

Qualitative research trustworthiness is vital to ensure the reliability and validity of the study's findings. This study addressed the four main criteria for establishing trustworthiness in qualitative research, each with specific strategies for achieving them:

1. Credibility:

Credibility refers to the believability of the research findings. It means that the study's results accurately represent the participants' experiences or the phenomenon under investigation. To enhance credibility, the study adopted member checking, where participants reviewed the results to ensure accuracy, can help establish credibility (Denzin & Lincoln, 2018).

2. Transferability:

Transferability relates to the applicability of the research findings to other contexts or settings. It involves assessing whether the findings can be generalized to similar situations. The study achieved this through using thick descriptions, which provides future researchers with a way to determine if the findings are relevant to their own contexts (Denzin & Lincoln, 2018).

3. Dependability:

Dependability is concerned with the consistency and stability of the research findings over time and across different researchers. It ensures that the study's results are reliable and not subject to significant fluctuations. To establish dependability, this study maintained a clear and well-documented audit trail. By keeping thorough records, the research process can be traced and validated by external reviewers or researchers (Denzin & Lincoln, 2018).

4. Confirmability:

Confirmability is about ensuring that the research findings are not influenced by the researcher's biases, values, or preconceptions. It is essential to demonstrate that the findings are rooted in the participants' experiences rather than the researcher's perspective. To achieve confirmability, this study used maintained transparent documentation of the research process and decision-making can contribute to this criterion (Denzin & Lincoln, 2018).

3.14 CHAPTER SUMMARY

This chapter elaborated on the research design and methodology adopted to this study. The researcher relied on scholarly evidence to justify her choices. To recap, this is an inductive study that is based on the interpretivism and pragmatism research philosophies.

The qualitative data was collected through semi-structured interviews with participants who were selected purposively while also adhering to the ethical guidelines as prescribed by the institution and scientific research values. To analyse the data, the researcher opted for the thematic analysis tool.

In this chapter the reader learnt the steps followed by the researcher to ensure that the study aligned with the eight principles of scientific research.

CHAPTER 4: FINDINGS AND DISCUSSIONS

4.1 INTRODUCTION

The purpose of this chapter is to present the findings and discuss juxtaposing them with the literature review in Chapter Two. The 14 participants were interviewed, and the interviews were guided by the following objectives:

- To understand the pros and cons of donor funding for news media organisations in South Africa.
- To determine if donor funding is the solution that news media organisations should look to for financial sustainability in the future of philanthrojournalism in South Africa
- To establish the influence, if any, that donors have on editorial independence.
- To establish if donor funding can be integrated with traditional sources of revenue.
- To establish the vulnerability of donors to political, economic, social, technological, environmental and legal factors commonly known as PESTEL.

The data was collected through the semi-structured interview model on Zoom and they were recorded before being transcribed verbatim in order to identify common themes. Each interview lasted an average of 15 minutes. The responses are from the perspectives of news organisations, funders and academics. Of the six newsrooms that the study focused on, four are full non-profit digital entities, while two – the Mail & Guardian (M&G) and Daily Maverick – have a partial donor funding component within their operations and print publications. It is relevant to note that though the M&G is primarily a commercial newspaper, it has critical insights because it founded both *AmaBhungane* and the *Bhekisisa Centre for Health Journalism* before they branched out independently.

Table 4-1 Respondents' profile. Source: Compiled by the researcher

RESPONDENT	ORGANISATION	ROLE
1	New Frame	Senior manager
2	Mail & Guardian	Executive
3	Health e-News	Executive
4	Groundup	Executive
5	Health Policy Watch	Former Health e-News executive
6	Amabhungane	Executive
7	Bhekisisa	Senior journalist
8	Daily Maverick	Executive
9	DUT	Journalism academic
10	Wits University	Journalism academic
11	Rhodes University	Former journalism academic
12	MDIF	Executive
13	Undisclosed funding organisation	Executive
14	OSFSA	Senior manager

4.2 PRESENTATION AND DISCUSSION

4.2.1 THE PROS AND CONS OF DONOR FUNDING IN MEDIA – OBJECTIVE 1

4.2.1.1 Theme 1: Financial stability & independence

Summary: Donor funding can provide financial stability to news media organisations but may also raise concerns about editorial independence.

Implications for the study topic: This theme highlights the dual nature of donor funding, which can offer financial support while potentially compromising editorial independence, a critical concern for media sustainability.

4.2.1.2 Theme 2: Diversification of revenue sources

Summary: Donor funding can help news organisations diversify revenue sources, reducing dependence on advertising and subscriptions.

Implications for the study topic: News organisations can explore donor funding as one of several revenue streams to lessen reliance on traditional sources, increasing financial resilience.

Finding: The majority of the respondents stated that philanthropic support has proven to be a solution, particularly for niche new entities. They said this was also evident during the outbreak of COVID-19.

Respondent 2 said: *During the pandemic, the percentage although it's marginal of funding, we received from civil society organisation may have moved from about three percent to five percent as the M&G. We did get additional funding made available from few more organisations than before.*

Respondent 3 said: *In some ways it presented an opportunity because there was a lot of short-term funding that they could access and also because budgets were already set aside from the previous year from 2019 were already part of 2020 budget, in that way it didn't impact. I think for 2021 there were concerns, donors were going to redirecting more money towards covid and, therefore, there would be less money available for other programmes, but again it's didn't affect us because our grants were renewed for this year 2022. OSF gave us more money than they had in the previous years, they almost gave us 50 to 70% more funding.*

Respondent 4 said: *It didn't hurt us at all. In fact, we got a special grant during COVID to cover COVID work. I think it's actually gone quite well for us. A lot of businesses have struggled during COVID, I think we've been a part of the response to COVID and consequently we have grown as an organisation and we have become better at our work.*

Respondent 8 added: *Sometimes it's dollar or euro denominated and so it can go a long way.*

Discussion: This is unanimous with the observations made by (Ntibinyane, 2018; Scott et al., 2017). The findings also correlate with (reports, 2020) that showed that donor-funded newsrooms were in a financially better position than their for-profit counterparts. Though no one could ascertain how the novel pandemic would eventually unfold, but the respondents who

run non-profits, be it fully or partially, said their survival was not immediately threatened by the outbreak. In some instances, donors increased their funding. But, the opposite happened in most commercial newsrooms. Advertising ceased instantly compelling media houses to either curtail or halt operations as indicated by (Magubane & Cronje, 2020) and (Forman, 2021).

Finding: All the respondents agreed that being donor-funded spared them the compromise of choosing between quality and quantity. At least two of the respondents indicated that growing audiences was equally important to non-profit newsrooms, albeit, for different reasons when compared to their commercial counterparts.

Respondent 8 said: *So we can still have the sort of mission driven as a non-profit but we have the ambition to grow and to achieve full profit without having the profit motive hanging over our heads in every decision that we make. But, we still try to operate with a professionalism and the growth ambition of a full profit because our vision is better achieved if we have a bigger audience to be able to get the truth in front of. In order for the truth to have impact it needs to have reach and whether that's relevance, reach of relevance, reach of size, it certainly doesn't hurt to have a bigger audience.*

Respondent 13 said: *Reach an engagement, again being very clear about audiences, what segment of the market you're looking to target and measuring when that audiences are being reached through the digital or print platforms. And then engagements either through social, other metrics of the organisation that are in place for measuring that. It's a bit easier with social media where you can actually measure engagement of sharing content, the responding in comments. Through impact stories either through responses from actors in both public and private spaces, response to publications, reactions from members of the public towards the organisation publications.*

Discussion: This finding is in line with a view made by (Wright et al., 2019). The devastation of newsrooms has deteriorated the quality of journalism as has the clickbait pressure brought on by advertisers and the advent of social media. In many a for-profit newsroom, there is a relentless pursuit of clicks, engagements, impressions and reach – the present-day metric for advertisers.

Finding: Three respondents said that being associated with humanitarian organisations boosted their credibility as much as it jeopardised it at times.

Respondent 3 said: *I think as a non-profit newsroom there is also a great deal of trust from the audience because certainly the type of the stories that we do (are) very much focused on accountability and social justice and its very clear, especially for us as niche newsrooms. There clearly is an element of you really are here to serve us the audience. Whereas in mainstream media, I worked at SABC public service and at eNCA as well, and I know that you received these comments from viewers as the audience, where it's very much media owners bowing to the whims of big advertisers, (the) government or whatever the case may be, so we don't have that type of politics as non-profit newsrooms.*

Respondent 6 said: *There are always going to be some reputational criticisms or whatever. Like you work for George Soros because we get money from the Open Society Foundation, but mostly I think those are relatively minor irritants on the whole. The big foundations who fund us have independent boards, independent decision makers often in this country who know the situation on the ground. It's hard to sustain the argument that there is big conspiracy, we take reputational risks seriously, we don't regard those kind of reputational smears as particularly problematic because they generally are made in bad faith.*

Respondent 7: *One of the cons in the pandemic (is that) there has been (a) rise in conspiratorial thinking when it comes to the health world. The fact that we (are) funded by (the) Gates Foundation has been partly a bit of a challenge because there is a perception (that) we kind of march to the beat of not just the foundation's drum, but Bill Gates specifically. People seem to think we WhatsApp with him every morning.*

Discussion: (Clarke, 2021) said the concern was justified. Also concurring was (Scott et al., 2017) who said the motives of donors had to be scrutinised because they may have ulterior motives beyond just saving journalism.

Finding: Donor support has also bolstered the introduction of the slow news concept. *New Frame* is one such newsroom in South Africa. However, the respondent who participated in this research highlighted that this system had its drawbacks with certain stories.

Respondent 1 said: *We are on the opposite, we can have more time to do things, deliberately spend more time do stories well, but that's also a disadvantage because it means that when we need to respond to things quickly, you don't have a system set up for that and we look at that*

when things happen like with the riots for an example, we couldn't do the kind of reporting that other people have because they've got people who are able to do those things very quickly because that is their job, they have been trained to do that, so that is a bit of a disadvantage. It's about finding the right balance in both ways and I think that it will take some time to work out, you're not always getting it right but it's something we strive for.

Discussion: There is no question that the ability to pursue slow news, which prioritises getting it right over being the first, is winning the credibility battle as has also been observed by (Luo, 2019). However, recent developments at the *New Frame* will trigger more questions about the viability of slow news entities. In other parts of the world, slow news outlets have struggled to survive as noted by (Blanding, 2015), who said for every slow publication that launches, another one collapses.

Finding: Three respondents said another plus for non-profit newsrooms was the availability of training budget.

Respondent 1 said they had funding specifically for their intern, while Respondent 7 said donor funding enabled them to dedicate an inordinate amount time to training.

Discussion: This corresponded with a view expressed by (Malan, 2018). The training budget line item has been absent in the spreadsheets of most commercial newsrooms for years, except in instances where it is sponsored.

One of the respondents highlighted an advantage, which the literature did not bring up: the ability to network within the donor fraternity and tap into added-value support from the funders.

Respondent 3 said: *Within (the) OSF network there is great potential to collaborate with other grantees and that in itself is powerful. The same way with one of our others donors, SAMIP, the South African Media Innovation Program, which is the subset of the Media Development Investment Fund. SAMIP is also wonderful in being able to provide non-monetary resources. For example if we need to carry out a market survey on who our audience is, SAMIP will pay a consultant to carry out that research for us. Likewise, they will have sessions with all the grantees to encourage collaboration between different organisations. Also, if there is a big grant coming up, right now we got this Google News Initiative Grant coming up, which is really competitive, SAMIP had a community call where two of their grantees who had received those*

grants basically talked everyone else through the process and were quite willing to provide support if people want to reach out to them. Again, it's that type of networking and support which really is invaluable when you are part of these donor networks.

Finding: All the respondents cautioned that donor funding was not infinite. They added that the grants industry was as fickle and susceptible to volatility as advertising.

Respondent 5 said: *I will just give you an example, the Health-e had one funder. They said to us, we did not want us to get other donor funding because they wanted us to devote our time to reporting on TB and HIV. They funded us quite a few years, then with virtually no notice time at all, I think they gave us three months' notice, they just said 'we are stopping your funding', so you are always at the mercy of the donor. The donor is in the driving seat and it's difficult. You can lock them into a contract, but in this the donor actually broke some of the terms of their contract with us. What recourse do you have? We were a non-profit organisation, we could not sue the donor? We did manage to get another donor, but it was a scramble. So it is very important say if you have a diverse base of donors rather than relying on one or two.*

Respondent 8 said: *What is worth supporting this year maybe not be worth supporting next year. As quickly as you can get it, it can go, and by no fault of your own. Grant funding organisations can embark on strategy rethinks and changes and those can take years and there is a limited supply, there is not a lot of donor funding in that space, like with most things in life it's not smart to put all your eggs in one basket. That's the down side, if you do, you are at risk of changes in environment or changes in the perception of the environment by donors and so you are at the mercy of donors.*

Discussion: The fluctuations subject grantees to uncertainties that threaten their sustainability because they dependent on donors for their viability. This is congruent with what (Nicholls et al., 2016) alluded to, as well as the resource dependency theory, which is one of the two theories underpinning this research.

Finding: Many of the respondents said another downside was that the financial stability came with the onerous administrative task of accounting to funders. One of the respondents said about thirty percent of their time went to administrative duties associated with complying with donor requirements.

Discussion: This is line with what (Malan, 2018) raised in the literature review.

Below is a summary of the pros and cons of donor funding for SA newsrooms based on the responses of the participants of this study.

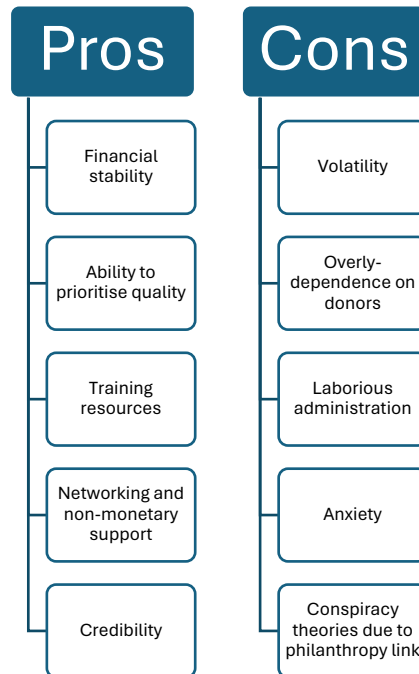


Figure 4-1 Pros and cons of donor funding in the media. Source: compiled by the researcher

4.2.2 DONOR FUNDING AND FUTURE SUSTAINABILITY – OBJECTIVE 2

4.2.2.1 Theme 1: Donor funding as a viable option

Summary: Donor funding can be a viable solution, especially for niche and investigative journalism, but it's not a long-term panacea.

Implications for the study topic: While donor funding can provide short-term sustainability, it's essential for news entities to consider alternative revenue models for long-term financial stability.

4.2.2.2 Theme 2: Challenges of sustainability

Summary: Sustainability challenges exist with donor funding due to dependence on external sources, which may not always align with news organisations' goals.

Implications for the study topic: News media entities should approach donor funding with a clear understanding of its limitations and explore hybrid revenue models for sustainability.

Finding: All the respondents said it was vital to have a diversified funding model and they referenced the *Daily Maverick*, saying it had a model that ought to be emulated. They said engaging donors could be complex because some of the donors were finicky and because funding was finite.

Respondent 8 said: *We have three major sources of revenue, which is philanthropy, commercial revenue and reader revenue. So, we designed our revenue mix to pursue each of those to try (to) build up into meaningful revenue streams in that hybrid space, I think we maybe a little of a pioneer in that by starting out as a full profit having to figure out alternatives ways to fund public service journalism, setting up the PBO in order to access that. We were sort of panel-beaten to this structure into place by necessity, and in pursuit of a vision and a mission, and it's been working well for us because we like to think that we take the best of both worlds and make it work for us.*

Respondent 5 said: *I think every newsroom in the world has now got a hybrid of some donor funds and some from readers, some from advertisers because as we all know, the advertising revenue streams have totally dried up with social media taking off, you know Facebook, Twitter and all of them getting all the advertising money, not the original platforms. Certainly for things like investigative journalism, it takes a lot of time, effort and a lot of person power. It's very hard for that to be sustainable and very hard for advertisers to become interested in those sort of things. That kind of work, I think about the only way to go about it is to raise donor money.*

Respondent 11 said: *Indeed what is emerging in the last two decades of the financial and economic crisis, which has gripped the traditional media industry, is that those which are opting to pursue a non-profit venture or route, they are doing much better. It's very simple why they're doing much better, whatever little profits they are making, they replough them into these organisations so that they strengthen their content management or to improve the ability to produce high-quality content, especially if it is investigative, or exclusive for their audiences. The second thing is that there is some wide interest among philanthropists, which want to support those news organisations which are pursuing a non-profit route. But, there is even a third reason, the non-profit route opens up other avenues of incomes for example other*

organisations which are non-media, which may find that the activities, let's say the focus of this particular organisation is such that it is in sync with what these funders might be thinking.

Respondent 4 said: *I don't think it's a straightforward route. There is a lot of us applying for donor funding. I think it's becoming saturated, I think the size of the kitty is limited. I don't think it's something easy to get into. The last thing I want is for any of the current existing ones to be squeezed out because it just becomes a filled with people applying for donor funding and we each get a tiny bit of the kitty, but not enough to sustain ourselves.*

Respondent 10 said: *I don't think that donor funding in itself, if you look at what's available on a global scale is going to be enough to sustain news organisations, but certainly it's worth trying to access donor funds as one form of revenue.*

Discussion: This corresponds with the view held by (Schiffrin et al., 2021). While donor funding is a solution that news media organisations should consider, but what is also clear and also supported by (Ntibinyane, 2018) is that a mixed revenue model is key. As seen with what *Health e-News* experienced with one of their donors, an organisation that is entirely dependent on donor funding is vulnerable.

(Malan, 2018) also observed that the relationship between philanthropists and newsrooms was intricate.

4.2.3 INFLUENCE OF DONORS ON EDITORIAL INDEPENDENCE – OBJECTIVE 3

4.2.3.1 Theme 1: Donor influence on editorial agenda

Summary: Donor funding may influence news agendas and priorities, potentially affecting editorial independence.

Implications for the study topic: Maintaining editorial independence while accepting donor funding requires careful management and transparency in decision-making processes.

4.2.3.2 Theme 2: Striking a balance

Summary: News organisations must strike a balance between donor interests and editorial autonomy to maintain credibility and independence.

Implications for the study topic: The study underscores the importance of establishing clear boundaries and ethical guidelines to preserve editorial independence in donor-funded newsrooms.

Finding: All the newsroom respondents said they did not allow donors to dictate the editorial direction of their organisations. They said it would be naïve to deny that funders would be more amenable to funding organisations they felt were in sync with their mandate. Though they welcomed suggestions about some of the issues they should cover, however, they balked at the notion that receiving donor funding should be at the expense of forfeiting their editorial independence. They said they would never accept funding with such a condition, and this was an assurance they wanted in black and white as part of the funding agreement.

Respondent 2 said: *In very few instances have we had donors influencing editorial output. They may have provided perimeters or identify certain key areas that they would like us to cover, but beyond that with regard to editorial control, they have really stepped away. With the exception of one or two organisations who tried to enforce some editorial leverage, which we do try to avoid, it doesn't occur that frequently that it becomes a concern.*

Respondent 3 said: *Generally, of course there are times when the work that you do is very much defined by what the donor wants and there is limited editorial independence in that regard. It may not necessarily be where they tell you that you cannot do this story, but it's just that a greater proportion of your story is depending on how much money you're receiving from a certain funder. You may find that 50% of your content aligns with the objectives of the donor. Since I joined Health-e News, my experience has been very different because OSF is our primary donor at the moment. When you apply for funding, submitting the proposal, you need to lay out your objectives and activities for the year and, of course, if it aligns with their strategy you are going to receive funding, which we did. But, in terms of day-to-day operations, day-to-day editorial independence, there truly is complete autonomy.*

Respondent 4 said: *I am happy with most of our donors, they leave us alone while we do our work and they don't put us under any undue pressure. There is one or two, or exactly three donors who at one point or another over the last 10 years have in some way or another tried to influence us in a way that I wasn't happy with, or responded negatively to articles that we ran. We felt that our funding was in some way potentially threatened because of this, but we*

dealt with it, we stood our ground.

Respondent 5: *So, yes, when the donor influences you, they say we will give you money to cover this or that. But, as to the actual detail of what you cover, you can't accept any kind of interference there. Back in the day, we got money from Johns Hopkins and they got money from the US government, this was even before Trump. I think Ronald Reagan brought in that gag rule which said you may not promote abortion. They required us to sign this thing saying that we won't promote abortion and I was like, nobody in their right mind promotes abortion. Abortion is something that is the end of a line when all the other options have failed. We will not promote abortion, but we will report on abortion. Of course, we will report on it, it's part of the South African experience, so they accepted that. I think most donors are slightly embarrassed about trying to control editorial and you can push back on that because it's not democratic or desirable.*

Respondent 6 said: *It's one of the reasons we don't take funding for specific projects because that does tend to skew the editorial agenda. I know that we are richly endowed here, colleagues on the rest of the continent really struggle to raise funding, often they had to package what they want to do in terms of current NGO sort of what is of concern, whether it's AIDS or whatever. Because there has been a tendency to want to fund specific projects, stories on AIDS or stories of access to water, whatever. We tried that once in the beginning and then we decided that we're not going to do that again. There has also been a process of educating donors about the need for core funding rather than funding project by project. You look at us, you decide what we do overall is worthwhile, you give us money. If you change your mind, (then) you take your money away. That's how it works, if we bring our part of the bargain, that's all you are entitled to.*

Discussion: The firm resistance against editorial meddling is not surprising because it is a known and accepted reality that the media sets the agenda as asserted by (McCombs et al., 2014) and (Russell Neuman et al., 2014) when discussing the agenda-setting theory, which is also applicable to this study.

It, however, doesn't mean donors do not try to dictate the agenda. The degree to which this happens varies from subtle to explicit as also shown by evidence from (Mabweazara et al.,

2020). The resource dependency theory says the scarcity of resources leads to non-profit entities modifying their objectives to align them with those of the funders.

(Froelich, 1999) posits that the flexibility to pursue that, which NPOs deem to be their mission may be more “imagined than real”.

This assertion is one that (Clarke, 2021) alluded to, adding that making some concessions was par for the course in the journalism industry regardless of the funding model.

Finding: The funders were unequivocal in that they did not dictate the editorial direction grantees should take. They said crucial for them was the quality of journalism, the credibility of the grantee, transparent corporate governance structures and sustainability of the media organisations.

One of them conceded that thematic grant funding could be viewed as editorial interference, but insisted this was not the case because the conversation was limited to a general suggestion of issues that should be prioritised, but the discretion of how that is applied still rested with the news organisation.

Discussion: This corroborates one of the arguments advanced by (Clarke, 2021), which said donors had the potential to influence the news agenda with their priorities. Academic respondents said more work needed to be done to have clear guidelines in place concerning editorial independence and funders.

Finding: One of the funders said they would want to look at the story if one of their grantees was to publish an “expose” about their founder.

Respondent 13 said: *We would not control the editorial for any of the organisations that we fund. If an organisation wanted to go to print something speaking about (our funder) or exposing to him, we would probably have our team look at that, but we would not have control over editorial. We look at editorial policies quite strongly, and that’s something which is critical for any media organisation that we fund; that has to be clear from the get go. That’s what we use as our sense check because we give the funding, then we let the organisation runs as it pleases so that does let itself to us having a lot of comfort to their editorial policy and ensuring that both management and their board or any governance structure is the signatory aligned to that the way you have the editorial policy as the leading document then the*

management, board with control factor to ensure that stationed into that. We would not intervene directly at any point.

Discussion: According to (Wright et al., 2019), there is a blurred line concerning how newsrooms should treat stories that may be unflattering and damaging about their funders, many of whom are prominent entrepreneurs who have used their wealth to build philanthropic organisations.

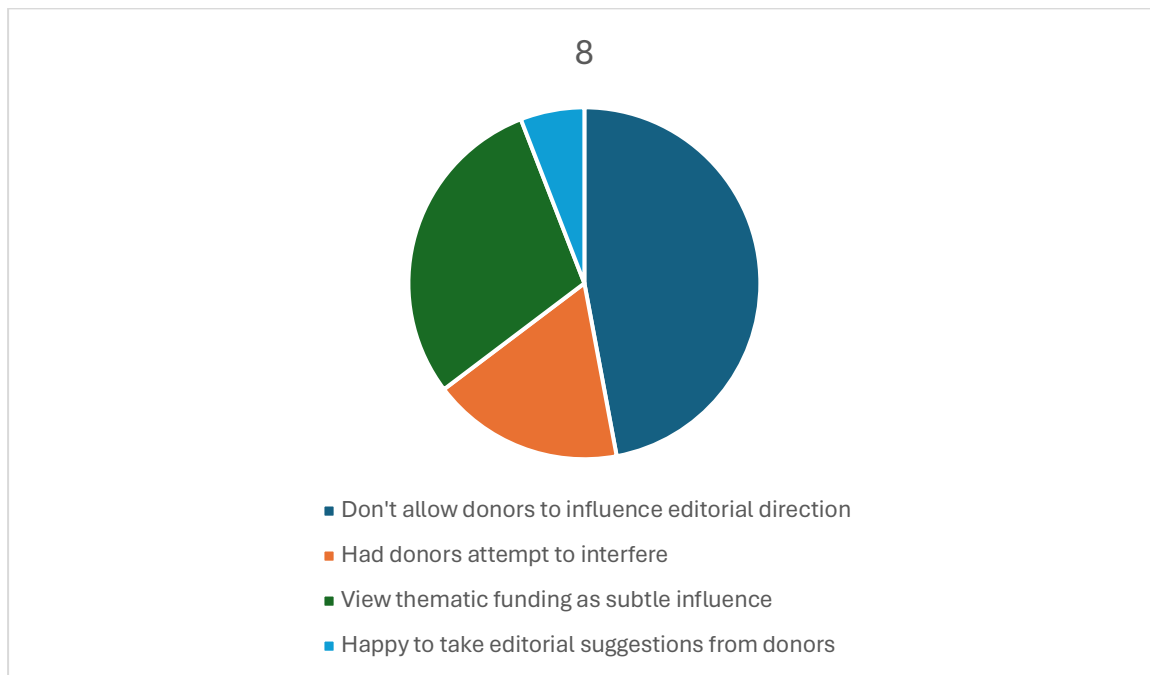


Figure 4-2 Newsroom responses to questions about editorial independence. Source: Compiled by the researcher

4.2.4 COMBINING DONOR FUNDING WITH OTHER REVENUE SOURCES – OBJECTIVE 4

4.2.4.1 Theme 1: Revenue integration strategies

Summary: Donor funding can complement traditional revenue sources, enabling news organisations to diversify their income streams.

Implications for the study topic: News media organisations should explore ways to combine donor funding with advertising, subscriptions, and other traditional revenue sources to enhance financial stability.

4.2.4.2 Theme 2: Reducing reliance on advertising

Summary: Integrating donor funding can reduce dependence on advertising revenue, allowing news outlets to focus on quality journalism.

Implications for the study topic: This theme highlights how news organisations can leverage donor funding to reduce the impact of advertising market fluctuations on their sustainability.

Finding: All the respondents of this study say donor funding can and should be combined with other income streams. While the respondents are still on a quest to establish what sustainability beyond donor funding should mean, some of them indicated they were averse to advertising.

Respondent 3 said: *I think donor funding will always form the majority of the revenue, for a while at least, unless we can create a very successful subscription model. Going forward, we hope that won't be the only source of revenue. We don't rely on advertisers at all. However, we do want to look at more sponsored content; partnerships with big companies who can sponsor a series on women's health, for an example, but we would give them some sort of advertising or they would sponsor the content as a donor. The subscription model is one thing. We are also looking at a membership model, which is a bit different to a subscription model. It's a couple of other ideas that we have in mind, but we have really flashed out as yet. Those were the three key things that we saw as something that we could get started in a short term.*

Respondent 4 said: *I just want to let you know that we actually ran Google adverts for a while, but it was making so little money for us. The quality of the adverts were also so poor and they actually cheapened our site, so we actually stopped running Google ads. If you look back to about 2016 or so, you can find an article where we expressed our disgust with Google ads. As for the donor model, well it's working for us at the moment, whether it will work for the long term future, I don't know; that's impossible to know. We are always looking around for other ways to generate income, but until now, institutional donor money has been by far the biggest source of our income. We are also trying to raise money from individuals or people giving small amounts of money every month, that's picking up and it's not insubstantial amount of money. We brought up some reserves doing that, but for the medium term, definitely donor money is going to be our main source of revenue.*

Respondent 6 said: *Running an advertising business is like a whole another business. We don't have the capacity to manage that. In general, I think because the problems with the advertising model just practically have got much worse since we started this. Google and Facebook have eaten everybody's lunch and it is something that we are very concerned about because the kind*

of donor-funded public interest journalism is kind of a niche thing. You can't fund the whole journalism ecosystem like that and you need a whole ecosystem. We are niche, we're sexy, it's easy for us to raise money, but our part of what we do depends on the proper media ecosystem that report on the city council meetings etc.

Respondent 7 said: No funding model is completely perfect without its risks and drawbacks. The one thing about the mix model is (it) would be doubling the work because you (would need) to keep it sustainable on two different fronts. I would not want to be part of that system. Advertising is a tiny amount, it's like fractional. The thing with donor funding is they do encourage you to try (to) become sustainable in a kind of slow way, it's not like they will just pull out their funding. They do encourage you to develop other revenue streams, so we do take donation from readers and we offer training services for journalists for open writing courses. We speak at events we could, say like a moderate panel or something for a fee, but it's a tiny percent of the what keeps us running. That's just a sign that donor funding is working, but that we can also to get other kinds of models up and running. It kind of goes hand in hand when you get more effective as a reporting unit, get your name out there, you get more established. If your brand is showing off, people with similar brand are going to want to be associated with you. That's why they would kind of advertise with us, but we (are) also very strict on who we take money from.

Respondent 13 said: I would say to find a way to balance for profit and non-profit bases, there is a case for various business models. As much as you are strong editorially, there are other streams that groups can tap into, so that's creating of content for other spaces. We have few groups who actually do content production for private sector, so they do very strong editorial, they get paid for some of that content, they create bespoke funding for media houses, banks. They have strong teams in place, they see that as the way to keep the lights on. During COVID-19, the readership was going down, issues with access to internet and readership falling. Just make sure that you diversified and not to be 100% donor-reliant. Diversified business streams is something which is quite critical for the groups that we look to fund because we unfortunately can't really fund so much and a lot of groups have grown bigger than we do.

Discussion: This finding is in agreement with the work done by (Bossert, 1990), (Froelich, 1999) and (Nicholls et al., 2016), who all said the archaic ideology which purported that non-

profits would be distracted from their noble causes if they ventured into commercial revenue models was outdated.

(Ntibinyane, 2018) also advocated for a mixed model, as he pointed out that donor funding on its own was fallacious.

It is prudent to have multiple streams of income to not only mitigate against the vulnerability of overrelying on donors, but because often non-profits are digitally-based, and that means they are barely profitable as also asserted by (Rumney, 2020).

Practically, the combination means different things to different newsrooms. The *Daily Maverick* is ahead of the pack with a split of a third for its three revenue sources. The *Mail & Guardian* is a commercial entity with a component of donor funding. For the rest of the respondents, it is early days as they contemplate how to best augment their revenue. They remain largely donor-funded with marginal reader donations and membership models experiments.

Previously, *Health e-News* supplemented its donor revenue through copy syndication to commercial mainstream newsrooms, this is one of the models they are considering resuscitating.

4.2.5 VULNERABILITY OF DONORS TO PESTEL FACTORS – OBJECTIVE 5

4.2.5.1 Theme 1: Donor vulnerability assessment

Summary: Donors are vulnerable to external factors like economic downturns, regulatory changes, and global events, impacting their funding capacity.

Implications for the study topic: Understanding donor vulnerability is crucial for news organisations, as it affects the stability of donor-funded models during external crises or changes in the PESTEL environment.

4.2.5.2 Theme 2: Sustainability of donor support

Summary: Donor funding sustainability can be affected by changes in political climate, donor priorities, and economic conditions, posing challenges for news organizations.

Implications for the study topic: News media organisations should be prepared for fluctuations in donor support and develop contingency plans to ensure financial sustainability during uncertain times.

Finding: The findings of this research show that these macro-economic factors are critical in influencing the sectors and countries that donors choose to support. Donor participants of this study are motivated by autocracy as much as democracy, however treading carefully in the former.

Respondent 6 said: *Our politicians have done such a bad job, one can imagine donors, and they're being fatigued because people decide we are a lost cause and let's move on. We haven't had that yet, but there is always that kind of fear at the back of our minds. We were very lucky in relation to something like the Gupta leaks, where we could contribute to a really big story, which had a big impact on the country. It gave us a second chance, etc . We have to fight these battles over and over again. I think that's probably quite a common feeling for NGOs, not just journalists, you go on and on fighting these battles and things don't get better. In fact, they often get worse, but we soldier on, we believe in what we do, we couldn't do it otherwise.*

Respondent 3 said: *We know that there are grants galore. If you look at websites like funds for NGOs or any other websites, if you are going through that there are so many grants to apply for. However, what has to be taken into account is that South Africa has certainly transitioned. Post-1994 in those early stages of democracy money was being thrown at South African non-profits and it stayed like that for a while and that has now changed. The big thing for us is that South Africa is classified as a high middle-income country and because South Africa is extremely well represented when it comes to donor funding, there certainly is a shift away from South Africa and towards other countries on the continent. These countries have been under-resourced. I know from myself that sometimes I would look at a grant and I would say it aligns perfectly with our objectives, and then you realise that South Africa is not eligible.*

Respondent 10 said: *In any sense, a donor is very cognisant of the macro-economic and micro-social circumstances that they are coming into and we see it. You know if you have to take a boat trip of where donors are putting their money over generations, you will see that there are trends that develop over time, one year or one decade for example. You would find that South American development issues are key and now we are moving towards climate change and*

health. South Africa, for example, is not prized as it used to be, as development investment space. In fact, it's now moving to East Africa more predominantly. Those factors are crucial in terms of how we are able to access funding as an industry, but unfortunately I also think both factors are out of our hands.

Respondent 5 said: Those are factors of life, they influence everything whether it's advertising, donors or whatever. The war in Ukraine is going to take the huge amount of donor money out of the market. The billion dollars that Europe is giving to Ukraine which it did not expect to give, the European donors are definitely going to be whacked by that. A whole lot of programmes, particularly in Africa and other lower-income countries throughout the world, are all going to be affected by the war in Ukraine and COVID-19. Money gets put here and there, donors, the big philanthropists... they are often heavily invested in the stock exchanges. If you look at the Suarez Foundation, Open Society Foundation, that's how they get their money. They are just as influenced as advertisers and companies by what's happening politically, economically etc.

Discussion: This corresponds with the assertion made by (Keeley, 2017). Media organisations in South Africa have previously lost donor support due to a change in the political landscape as discussed in Chapter Two. Studies by (Louw & Tomaselli, 1991) and (Lloyd, 2013) have shown how the alternative press which secured funding on the basis of fighting the then apartheid regime collapsed when the country transitioned into a democracy.

Studies such as that of (Wright et al., 2019) have also demonstrated that philanthropic organisations are vulnerable to PESTEL factors as are profit companies. Surprisingly, some of the newsrooms are ignorant about the PESTEL threat on their sustainability although these factors could either enhance or thwart their fundraising efforts.

Also, there is a rise in the number of countries where civil society is at odds with the government. Evidence presented by (Dupuy et al., 2015) showed that more countries were introducing draconian policies as a ploy to control non-profit organisations, and this was as rampant in the developing countries as it was common in the developed world.

The MDIF, which invests off its balance sheet as well as managing donor funding on behalf of philanthropic organisations, was established as a lender that focused on assisting independent

media organisations grow in regimes such as the ex-Soviet Union. Today, it has invested in more than 45 countries around the world and continues to provide both debt and equity funding while also handling a component of donor funding. It continued to focus in countries where independent media find it difficult to access funding. However, they were also mindful of environments that were not conducive for journalists to work freely.

For the undisclosed funding organisation, PESTEL factors were a risk-management tool, they are not applied when assessing the eligibility of a potential grantee. However, by virtue of the fact that the starting point is the macro environment would-be beneficiaries are eliminated if their country does not tick the open democracy box.

4.3 KEY FINDINGS

- a) Donor funding is one of the options that news organisations should consider as one of the revenue models. However, relying on it solely will not make newsrooms viable and sustainable. It should be combined with multiple sources of income.
- b) Donors may not overtly interfere with editorial, but there are subtle ways in which they influence it.
- c) Donors may use a different metric to advertisers, but to attract their funding is also a laborious process of pitching, tracking and report writing. Audiences are just as critical to donors because for the work to have impact, it must reach many people.

4.4 CHAPTER SUMMARY

This chapter presented and discussed the findings. They were themed according to how they related to the objectives of the study. The results were contrasted with the literature review in Chapter Two.

The advantages and disadvantages of running a South African newsroom relying primarily on donor funding were discussed at length.

The majority of the findings were consistent with the literature review. However, there were instances where the results were not compatible. The outcome also confirmed the resource dependency theory, one of two theories upon which the study is based.

CHAPTER 5 CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This final chapter deals with conclusions and recommendations of the study, it recaps the background and the objectives of the study before concluding and making recommendations.

The voices advocating for donor funding as an alternative source of funding and an answer to the sustainability of media have not only been amplified, but they have been supplemented with actions.

Last year, the International for Public Interest Media (IFPIM) was launched and had its first call for applications in 17 countries including South Africa. The IFPIM said it would raise support for independent media to boost their “development, sustainability and independence”, particularly in environments that lacked resources and were fragile. It said only 13% of the world’s population had access to free media (Ifpim, 2022)

The Fojo Media Institute launched a Sustainable Journalism Partnership, a worldwide forum for a collaboration for journalists, media and sustainability researchers and entrepreneurs. They said it would “develop knowledge and practice based on the relation between journalism and environmental, social and economic sustainability.” (Institute, 2022)

5.2 RECOMMENDATIONS

This study reiterates the necessity for news organisations to strike a delicate balance between accommodating donor interests and preserving editorial autonomy, thereby safeguarding their credibility and independence. This study underscores the critical significance of establishing explicit boundaries and ethical guidelines to maintain editorial independence in the context of donor-funded media outlets.

5.2.1 AREAS FOR FURTHER RESEARCH

The objectives and the questions posed by this research have been answered. However, there are other aspects that could be explored further and as such, this study recommends that:

- a) There should be research that will interrogate further the policies that govern the relationship between donors and news organisations;
- b) A review or an expanded code of conduct to include the donor relationship particularly in as far as who not to accept money from and

- c) A research that will focus on how the philanthropic sector engages the community media sector, which is even in a more precarious position than both the commercial and non-profit outlets.

5.3 CONCLUSIONS

Given the background above and the findings of this study, which sought to *explore the financial sustainability of philanthrojournalism in South Africa* conclusions are themed and presented below.

1) Donor funding as an answer to the sustainability question

Funding from philanthropic organisations is definitely an option that news outlets in SA should consider in their quest for other sources of funding, particularly those with a niche focus. It provides stability and resources.

However, it is not enough to sustain news organisations on its own. This is because donor funding is as susceptible to volatility as advertising, which has been the major source of funding for news entities for decades. News organisations must prioritise augmenting donor funding to avoid being vulnerable to the whims of donors. The *Daily Maverick* has successfully created a model that is worth emulating. Donors and grantees alike encourage a mixed funding model.

2) The role of macro-economic and micro-economic factors

Though donors say they don't apply PESTEL factors to assess individual applications, but they impact on news organisation's ability to fundraise because philanthropists use them when developing an eligibility criteria. While the criteria would vary, but these factors can eliminate a particular country. International donors exited the SA media landscape after the collapse of apartheid, forcing media companies that depended on them for their viability to shut down.

There is an emerging trend indicating that donors are moving away from SA partly because SA is considered a middle-income country. There is also the reality that the majority of donors are international entities.

3) Impact of donors on editorial and credibility

Donors may not overtly interfere with editorial, but there are subtly ways in which they influence it. Thematic funding dictates the focus of the newsroom and more often than not, news outlets succumb to the pressure of aligning their mission with that of the funders. This is something that news organisations are not entirely averse to and compromises are normal in business relationships. The association with philanthropic organisations offers credibility as much as it raises suspicions about the motives of some of the stories.

4) The business of sourcing donor funding

Donors may use a different metric to advertisers, but to attract their funding is also a laborious process of pitching, tracking and report writing. Audiences are just as critical to donors because for the work to have impact, it must reach many people. There may be no commercial pressure, but fundraising is also a continuous process that is littered with its own complexities.

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APPENDIXES

1. CONSENT FORM

Informed Consent Letter

UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

Dear Respondent,

Research dissertation

Researcher: Charity Khanyile (Student number 220082260)

Cellphone number: 083 471 0367

Email address: 220082260@stu.ukzn.ac.za or slindilek@likhanyiletm.co.za

Supervisor: Dr Bhasela Yalezo (Yalezob@ukzn.ac.za)

Research Office: Mrs. M Snyman (031) 260 8350 or Snymanm@ukzn.ac.za.

The researcher, who is a student at the University of KwaZulu Natal, Graduate School of Business and Leadership (GSB&L), Charity Khanyile, is inviting you to participate in the research project entitled: Exploring the pros and cons of donor funding for news media organisations in South Africa.

THE AIM OF THE STUDY:

The aim of this study is to explore the financial sustainability of philanthrojournalism in South Africa.

THE OBJECTIVES OF THE STUDY INCLUDE:

1. To understand the pros and cons of donor funding for news media organisations in South Africa.
2. To determine the difference between donor funding and the advertising revenue model.
3. To establish the influence, if any, that donors have on editorial independence.
4. To establish if donor funding can be integrated with traditional sources of revenue.
5. To establish the vulnerability of donors to political, economic, social, technological, environmental and legal factors commonly known as PESTEL.

You may opt to discontinue participating or withdraw from the study at any time with no negative consequence. There will be no monetary gain from participating in this research. Confidentiality and anonymity of records identifying you as a participant will be maintained by the researcher undertaking this research project who is from the Graduate School of Business and Leadership, UKZN.

If you need any further information or seek clarity, questions or concerns about completing the research instrument or about participating in this study, you may contact the researcher.

The interviews will be conducted via Zoom and should take approximately 30 minutes to complete. I hope you will take the time to participate in this study.

Sincerely

Charity Khanyile

Date : 18/01/2022

Investigator's signature _____

2. INFORMATION LETTER

Dear xxxx

My name is Slindile Khanyile, a Master's student at the University of KwaZulu-Natal's Graduate School of Business. I am studying towards a Master of Commerce in Leadership Studies degree. To pass the academic programme, I have to successfully complete a research project. Therefore, I would like to request an interview with you solely for the purposes of this academic research project.

My research topic is "Exploring the Pros and Cons of Donor Funding for News Media Organisations in South Africa". Briefly, the study is looking at the funding challenges facing news media entities in South Africa, to ascertain if donor funding is the route that more companies should consider by investigating the advantages and disadvantages of this revenue model.

I am conducting a number of interviews with media organisations, donor funders and journalism academics. I would appreciate your input on the research. I will take no more than 30 minutes of your time and the information you furnish will not be attributed to your full names but your respondent identification in the research paper(s) that the researcher will write subsequently.

If, as I trust you will be, are able to assist, please reply to this email by filling the consent form confirming your participation. I will then follow up to set up a time convenient to you. Due to COVID-19 and cost restraints, I would like to request to conduct the interview virtually via Zoom and also permission to record it.

Yours sincerely
Slindile Khanyile

3. INTERVIEW SCHEDULE FOR NEWSROOMS

What made you opt for a donor-funded business model instead of the advertiser-driven one, which is common or the traditional revenue source among media organisations?

What are the pros and cons of donor funding for news media organisations in South Africa?

What influence, if any, do donor funders have on editorial independence?

How can donor funding be integrated with traditional sources of revenue?

How vulnerable are donors to political, economic, social, technological, environmental and legal factors commonly known as PESTEL?

Is it sustainable?

Would you ever consider subscriptions?

What has been the impact of COVID-19 on your newsroom and fundraising efforts?

Challenges?

4. INTERVIEW SCHEDULE FOR FUNDERS

Why did your organisation choose to support news media organisations?

How much have you committed specifically to South African media organisations?

How much do you consider PESTEL factors when making a decision on who to fund?

Issues such as business confidence in a particular country, are they ever a consideration?

Have you pulled the plug on funding in the middle of a contract? If yes, what were the reasons?

What are some of the generic exit clauses do you apply?

Do you make an input or influence editorial decisions in any way?

5. INTERVIEW SCHEDULE FOR ACADEMICS

In your view do you think that more news organization should look to donor funding to sustain their operations?

Do you think that could be integrated with other sources of revenue like advertising?

Going back to donors in cases where especially the operation is dependent primarily on donor funding. In your view, how much of an influence do you think donors could possibly have on the editorial direction of that particular news organization?

How much of an influence do you think PESTEL factors have on news organization ability to fundraise?

What would you say are the pros and cons of relying on donor funding?

6. ETHICAL CLEARANCE

16 February 2022

Charity Khanyile (220082260)

Grad School Of Bus & Leadership

Westville Campus

Dear C Khanyile,

Protocol reference number: HSSREC/00003609/2021

Project title: Exploring the pros and cons of donor funding for news media organisations in South Africa

Degree: Masters

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 28 October 2021 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior

to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

This approval is valid until 16 February 2023.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

All research conducted during the COVID-19 period must adhere to the national and UKZN guidelines.

HSSREC is registered with the South African National Research Ethics Council (REC-040414-040).

Yours sincerely,

Professor Dipane Hlalele (Chair)

/dd

7 TURNITIN REPORT

MCL dissertation corrections

ORIGINALITY REPORT

10% 9% 2% 5% SIMILARITY INDEX INTERNET SOURCES

PUBLICATIONS STUDENT PAPERS

PRIMARY SOURCES

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