

**UNIVERSITY OF KWAZULU-NATAL**

**FUNDRAISING COMPLEXITIES FOR HIGHER EDUCATION IN SOUTH  
AFRICA: A CASE STUDY OF THE UNIVERSITY OF KWAZULU-NATAL**

**By**

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## **Declaration**

I, Stephen Camden Camp, declare the research reported in this dissertation is my original research. Any work done by other persons has been acknowledged as being sources from persons in text. This dissertation has not been submitted for any other degree or examination at any other university.

Signature.

Date:

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## ABSTRACT

Higher education institutions in South Africa are challenged by rising costs that outrun available revenue. With inflation, reduction of state subsidies and the recent student *#FeesMustFall* campaign, universities are finding it increasingly difficult to retain their academic credibility, research outputs and core infrastructure maintenance in the face of declining funds. Without substantial and reliable funding, they have no option but to source third stream income, primarily from corporates, trusts, alumni and other philanthropic donors. This takes place in a highly competitive environment as South African university fundraisers compete locally and internationally for funding opportunities. The aim of this study was to gain a better understanding of the fundraising complexities for higher education in South Africa, in particular, via a case study examination of how the University of KwaZulu-Natal (UKZN), through its fundraising office, managed its stakeholders towards generating a third stream of income. The objectives for the study were to investigate the *status quo* of UKZN's donor groupings and their donor sentiments in relation to UKZN; to examine how the UKZN Foundation managed stakeholder engagement with its donor community; and to develop a conceptual model of best practice for donor management in a university environment. A qualitative research methodology was adopted whereby an on-line questionnaire was sent to individual, corporate and philanthropic trust donees (external sample of 30 with 19 responses); as well as face-to-face interviews being conducted with UKZN Foundation fundraising staff (internal focus group of five with four responses). Knowledge gained through the study uncovered insights and facilitated a better understanding of the highly competitive environment of higher education third stream fundraising. The study revealed the importance of stakeholder engagement. In terms of donor sentiment towards UKZN, donors indicated they wanted to be heard, they wanted feedback, they needed an inspirational cause and they liked to feel connected to a project. Stakeholder engagement was hindered internally by a low fundraising culture throughout the university, low staff morale within the UKZN Foundation and projects that were not strategically aligned to UKZN's broader vision. External hindrances included a damaged UKZN brand owing to student violence and the *#FeesMustFall* protests, and a sluggish economy. A model of best practice for donor management was presented that focuses on building donor stewardship, enhancing the

university's reputation, growing the fundraising investment of the institutional leadership, and optimising the fundraising competencies of Foundation staff. A key recommendation is that the leadership and staff of the UKZN Foundation draft a fundraising strategy document in consultation with key internal and external stakeholders. This document should promote positive donor stewardship as the cornerstone to successful fundraising. The primary benefit of introducing a fundraiser and stakeholder management strategy is to encourage the institution to examine its own competitive positioning, including the *status quo* of its current stakeholder relationships, their strengths and weaknesses and ultimately, the institution's overall level of philanthropic fundraising success.

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## **List of Acronyms and Abbreviations**

|        |  |
|--------|--|
| ASPIHE | Annual Survey of Philanthropy in Higher Education                                  |
| BBBEE  | Broad Based Black Economic Empowerment   |
| BEE    | Black Economic Empowerment   |
| CAE    | Council for Aid to Education   |
| CASE   | Council for Advancement and Support of Education                                   |
| CHE    | Council on Higher Education  |
| CHERTL | Centre for Higher Education Research, Learning and Teaching<br>(Rhodes University) |
| CSI    | Corporate Social Investment  |
| CSIR   | Council for Scientific and Industrial Research                                     |
| CSR    | Corporate Social Responsibility  |
| DHET   | Department of Higher Education and Training  |
| DOE    | Department of Education  |
| DUT    | Durban University of Technology  |
| DVC    | Deputy Vice-Chancellor   |
| FET    | Further Education and Training   |
| GDP    | Gross Domestic Product   |
| HDI    | Historically Disadvantaged Institution   |
| HEFCE  | Higher Education Funding Council for England                                       |
| HEI    | Higher Education Institution   |
| HEQC   | Higher Education Quality Committee   |
| HESA   | Higher Education South Africa (now Universities South Africa)                      |
| NCHE   | National Commission on Higher Education  |
| NDP    | National Development Plan  |
| NPHE   | National Plan for Higher Education   |
| NSC    | National Senior Certificate  |
| NSFAS  | National Student Financial Aid Scheme  |
| OECD   | Organisation for Economic Co-operation and Development                             |
| SADC   | Southern African Development Community   |

|       |  |
|-------|--|
| SARUA | Southern African Regional Universities Association |
| SETA  | Sector Education and Training Authority            |
| TEFSA | Tertiary Education Fund for South Africa           |
| TVET  | Technical and Vocational Education and Training    |
| VSE   | Voluntary Support of Education                     |
| UCT   | University of Cape Town                            |
| UKZN  | University of KwaZulu-Natal                        |
| UNISA | University of South Africa                         |

## List of Definitions

**Basic Education:** Also referred to as pre-university, basic education is education below the level of tertiary education. This typically includes primary education along with secondary education.

**Broad Based Black Economic Empowerment:** A programme in South Africa that seeks to redress inequalities caused by Apartheid. It effects this by providing previously disadvantaged groups with economic privileges previously not available to them. (BEE Partner, South Africa Economic Watch).

**FeesMustFall:** A student movement founded in 2015 that recognises university education as a public good and operating with the mandate of ensuring university fees are abolished.

**Full Cost of Study:** All-inclusive university costs including the costs of tuition, accommodation, meals, books and basic necessities.

**Heher Commission:** The Fees Commission that was established in January 2016 to inquire into, report on and make recommendations on the feasibility of a fee-free higher education. It was chaired by Justice Jonathan Arthur Heher.

**Missing Middle:** Students who are above the National Student Financial Aid Scheme (NSFAS) threshold and as such don't qualify for NSFAS funding but for whom university education is still considered unaffordable. (News24)

**NSFAS** National Student Financial Aid System. A loan and bursary scheme funded by The Department of Higher Education and Training for students who lack funding for university studies.

**OECD** Organisation for Economic Co-operation and Development. An international organisation formed to strengthen world trade and commit to democracy and solve common problems countries face.

**Public Universities:** The 26 universities in the Republic of South Africa that are predominantly funded by state funding.

**School Quintiles:** The classification of high schools from poorest to richest by the Department of Basic Education in order to allocated funds to subsidise each learner.

**SETA** Sector Education and Training Authority. Their main function is to contribute to the raising of skills, to bring skills to the employed, or those wanting to be employed, in their section (National Skills Authority).

Skills Development Fund: A centralised funding pool whose cash resources are used to fund training and education in order to reduce skills gap in the economy.

Skills Development Levy: A Levy imposed on companies in order to generate money that will pay for skills development and improvement. The funds raised are paid into the Skills Development Fund

State Funding: Government contribution to the education system at large.

Tax Rebate: A tax benefit granted to a corporate or an individual whereby the taxpayer's payable tax to SARS is reduced by a specified amount.

TVET Technical and Vocational Education and Training. The 50 Colleges which provide student education and training aligned with a specific job, employment or entrepreneurship.

# CHAPTER ONE

## Introduction

---

### 1.1 Introduction

Investing in higher education is unquestionably one of the most effective ways in which to combat severe poverty, stimulate the economy and reduce the ubiquitous inequality in South Africa. Higher education provides citizens, especially the poor, with a real opportunity to transform their lives and break the cycle of poverty. Access to higher education also enables citizens to participate actively and contribute to the national economic growth.

While South Africa, since 1994, has made significant strides in improving access to higher education for students, the reality is that with the spiralling costs of higher education, higher education is now becoming increasingly unaffordable for many families, especially amongst the working and lower middle class (DHET, Presidential Commission on Higher Education and Training, 10 August 2016).

Despite the realisation by the Government of the importance of higher education in growing the economy, in real terms state funding for higher education is steadily declining. The 2015/6 *#FeesMustFall* campaign exerted additional financial pressures on universities who were already struggling to make ends meet in tough economic times. Higher education institutions are increasingly challenged by escalating cost pressures, which in the long term are threatening to outrun available revenues.

In December 2017, President Jacob Zuma announced that government would introduce fully subsidised free higher education and training for poor and working-class undergraduate students. This would start in 2018 for first-year students at public universities and be phased in over five years. Despite this support for

students, there has not been any adjustment or increase in subsidies for institutions of higher education.

It is against this background that South African universities have no option but to seek third stream income in order to retain their academic credibility, programmes, research outputs as well as building and facility maintenance, including improvements to core educational infrastructure such as laboratories, libraries, lecture theatres and student accommodation. The vast majority of the higher educational institutions in South Africa are now committing substantial resources to fundraising and have entered an era where fundraising has become a necessity.

The sources for university third stream funding is primarily from corporates, trusts, alumni and other philanthropic donors. This takes place in a highly competitive environment as South African university fundraisers collectively compete locally and internationally for these funding opportunities.

Globally, universities have invested in establishing fundraising offices in recognition of the crucial role that philanthropy plays in higher education to secure funding from alumni, business and private philanthropy.

This research is based around the strategic fundraising office of the University of KwaZulu-Natal (UKZN), known as the University of KwaZulu-Natal Foundation (UKZN Foundation). It seeks to understand better the complexities of higher education fundraising and to look at ways in which fundraising success could be improved. It further investigates the donor community and their reasons for philanthropically supporting higher educational institutions, in particular the University of KwaZulu-Natal.

Chapter one has thus far provided a brief introduction to the study and will now provide a more detailed background to the topic. Thereafter it will offer a problem

statement that will be further investigated throughout the study. The significance of conducting this study and its benefits will be outlined. The aim and objectives of the study – from which the research questions are drawn – will be presented. The limitations of the study will be provided. Finally the chapter will conclude with a breakdown of the proceeding chapters.

## **1.2 Background**

It is globally accepted that higher education is a fundamental ingredient that provides the development and economic stability needed for any successful economy to grow. Much of what is being done at universities is linked to a country's skills needs, as universities produce the professionals that run the health, education, financial, legal, scientific, agricultural and other sectors, without whom a modern society cannot survive. Universities also have another purpose: at their best they are the crucibles of creativity, the *sine qua non* of the post-industrial world. While some might view universities as no more than nodes of education, they are in fact microcosms of our society and echo almost every aspect of human efforts to strive for excellence, advancement and innovation in solving challenges in a fast-changing world. Without high quality universities, the thousands of competent graduates they produce and the rich research they engage in, society itself cannot progress.

South Africa, a country seeking to develop beyond the state of poverty and inequality that it finds itself in today, is faced by many challenges; some of which are in the higher education sector. The country's universities are grossly underfunded, sometimes poorly managed and neglected by government. Of the problems facing South African universities, one of the most pressing, according to Archer (2017), is that as institutions they are inadequately funded. State contributions to South African universities declined from 49% at the beginning of the century to 40% by 2012, while the burden on higher education of additional students registering increased from 24% to 31% during the same period (DHET, Report of the Ministerial, Committee for the Review of the Funding of Universities, October 2013). The *#FeesMustFall* protests and subsequent call for fee-free education is symptomatic of this decline in higher education funding. With less real money

available per student, it is hardly surprising that the South African university academic year frequently starts off with student protests demanding free education, lower or capped tuition fees; or that South African universities found themselves on the receiving end of the *#FeesMustFall* campaign.

Internationally and within South Africa, public universities generally receive funding from three recognised streams of income. These are:

First stream income, i.e. government subsidies. Within the South African context this involves funds from the Treasury, directed through the Department of Higher Education and Training. These are normally based upon a set formula.

Second stream income, i.e. student fees. These are fees paid by either students themselves, or non-government donors and companies who pay the fees on behalf of the students.

Third stream income, i.e. income derived from grants, trusts, foundations, contracts and donations from foreign sources (such as the European Union), private and philanthropic sources.

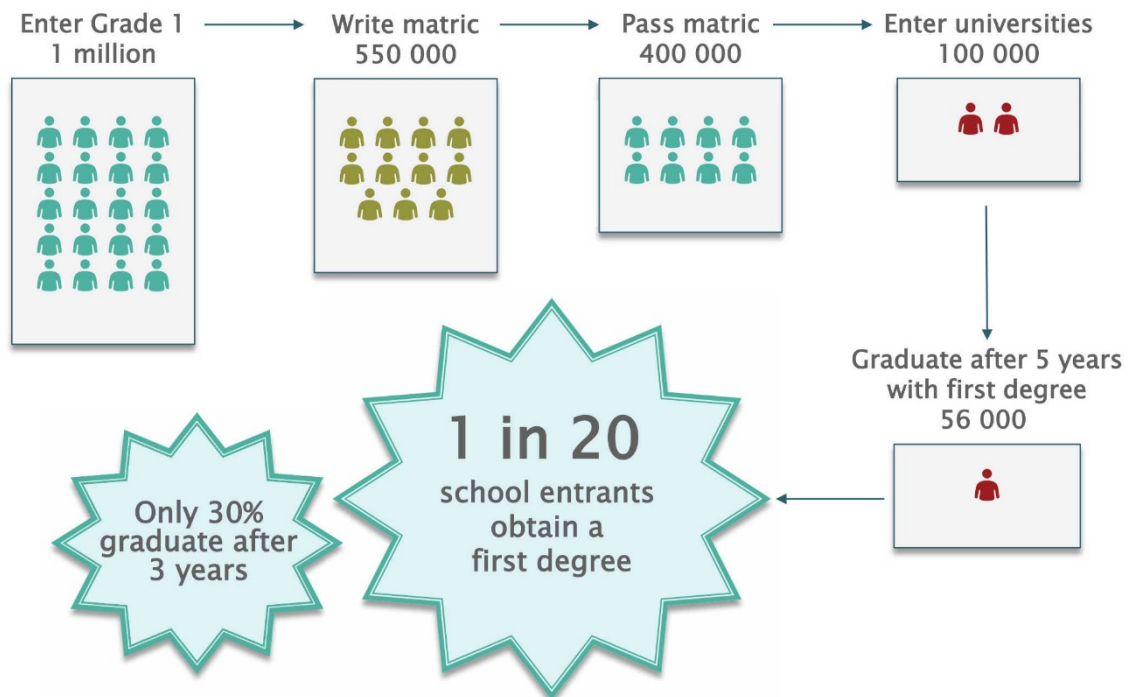
These three sources of funding work in tandem to create the economic foundations of any university system. What happens in one area will affect what happens in the others (Bozzoli, 2016).

In the last 20 years there has been a significant increase in the number of students entering South African universities – a trend acknowledged by the Department of Higher Education, who at times has forced such increases upon universities. According to a 2013 higher education funding review:

Various universities are also put under extreme pressure to enrol more students than planned for, especially in instances where the NSC results improve drastically for a particular year and where more students qualify for university entry (DHET: Report of the Ministerial Committee for the Review of the Funding of Universities, October 2013).

Whilst the government has expanded the system to increase student enrolments into higher education, they have unfortunately not kept the state subsidy in line with inflation. As student enrolment numbers have increased, in real terms, subsidies have decreased. As classes have enlarged, the numbers of academics have remained stagnant. As poor students have been encouraged to attend in ever larger numbers, financial support for them has grown, but not sufficiently fast enough, (DHET: Funding the Post-School Education and Training Sector and the Feasibility of fee-free Higher Education and Training, October, 2016).

By international standards, South Africa has a very high dropout rate, particularly amongst its undergraduate students. One study of throughput rates for students who began in 2006 and 2007 showed that the total dropout rate in South Africa was 42.2% for three year degrees, 45.4% for four year degrees, and 57.1% for three year diplomas at contact universities (CHE: South African Higher Education Reviewed: Two Decades of Democracy, 2016). By comparison, dropout rates in the 37 member countries of the Organisation for Economic Co-operation and Development (OECD countries) was about 30%. This means they are producing a far greater number of graduates for their investment in universities (CHE: South African Higher Education Reviewed: Two Decades of Democracy, 2016). There are a host of systemic problems which contribute to this high dropout rate. The major one is South Africa's dismally performing basic education system. The University Funding Review (2013) noted that South Africa's education system "perform[ed] sub-optimally" and left students "under-prepared for university education" (DHET: Report of the Ministerial Committee for the Review of the Funding of Universities, October 2013).



**Figure 1.1 Throughput of Students**

**Source: CHE: *South African Higher Education Reviewed: Two Decades of Democracy*, 2016**

Universities find themselves in an untenable position. They are saddled with having both to compensate for the poor schooling system and to produce graduates and research of a high standard with speed and efficiency. To compensate for the educational deficiencies in the students admitted to universities, these institutions are expected to design and create courses for first year students in Mathematics, Science and English that will bring them up to acceptable university standards. This is an area that the state has identified as key to improving university pass rates. As crucial as these programmes are to ensure that ill-equipped students have a reasonable opportunity to pass, none are provided with any additional funding by the state. They are funded from university income. As shown in Figure 1.1, the decline in university subsidies has inevitably led to a fall in funding for such critically important university bridging courses, leaving the dismal dropout rate intact. Low or falling subsidies directly and negatively affect the dropout rate.

UKZN has a number of such bridging programmes. The College of Agriculture, Engineering and Sciences' Access Programme recognises that whilst these learners may not have qualified for entry into the mainstream science and engineering degrees, they may still have the potential to be future scientists and engineers. Approximately 500 students in each year are given an opportunity to gain entry into a science and engineering degree via the Access Programme. This is based on the understanding that these degrees will take an extra year as compared to students who enter through the direct entry route. These students are given additional tuition and academic counselling to enhance their chances of success. The costs for this to UKZN is R23 million a year and the programme is not subsidised by the state.

In 2010 the World Bank cautioned of the risks associated with increasing student enrolments without adequate funding. Furthermore, the World Bank (2010), found that in a context of, "inadequate public financing and resource diversification, admitting increasing numbers of students results in a deterioration in quality"; and that, with diminishing resources and increasing student numbers, "universities find it increasingly difficult to maintain adequate student-teacher ratios, lecture halls are overcrowded, buildings fall into disrepair, teaching equipment is not replaced, investment in research and in training new instructors is insufficient, and many lecturers are obliged to supplement their income by offering their services in the private sector".

The knock-on effect of declining student government subsidies cannot be examined in isolation and needs to be seen in the context of the other associated costs for maintaining a healthy higher education sector. University operational costs tend to be more or less fixed. According to Bozzoli (2016), approximately 60% of these fixed costs are accounted for with salaries, electricity and water, municipal rates, costs of running residences, cleaning, internationally priced books, laboratory, IT, field trips and general maintenance costs. In the past ten years, each of these costs have increased at rates exceeding inflation and the falling value of the Rand. Outsourcing

of non-core functions has been one way in which universities have attempted to save on fixed costs; however, the 2015/16 *#FeesMustFall* campaign and student protests effectively brought an end to this. Bozzoli (2016), furthermore points out that the ending of outsourcing has added an estimated further R2–3 billion per annum to university costs.

Student fees are considered to be almost the only sustainable source of income for universities and one on which they are heavily dependent. When this funding balance is distorted for whatever reason, the system undergoes dramatic changes, which can have serious knock-on effects. Given the dramatic growth of student enrolment not aligned with continued inflation adjusted government subsidies, the South African university system has experienced a serious distortion in these income sources over the past twenty years.

**Table 1.1 Funding of Public Higher Education Institutions in South Africa**

**Source: PWC report, *Moving forward - A review of annual reporting by South African public higher education institutions 2010-2012*, September 2014**

| Source of income     | Proportion in 1994 | Proportion in 2000 | Proportion in 2014 |
|----------------------|--------------------|--------------------|--------------------|
| Government subsidies | 50%                | 49%                | 40%                |
| Student fees         | 20%                | 24%                | 31%                |
| Third stream income  | 30%                | 27%                | 29%                |

This funding pressure exerted on higher education has been acknowledged by the Department of Higher Education and Training:

The underlying cause of the annual increases in university fees is insufficient funding of full-time equivalent enrolments by the state. This, together with higher education inflation which is higher than general levels of inflation, has resulted in institutions needing to balance their books by increasing student fees. (Memorandum from the Parliamentary Office, National Assembly for Oral reply, question 535, 2015).

In order to achieve some level of financial sustainability, the declining subsidies have meant annual fee increases by the universities to pay for the essentials.

Another area of concern for universities is gross student debt. Student debt before provision for doubtful debt was 27.8% of income from tuition fees in 2014, increasing from R3.617 billion in 2012 to R5.451 billion in 2014 – a 50.7% increase. This debt figure did not include NSFAS loans to poor students. Student debt for 2016 has increased with universities reporting that in the wake of the *#FeesMustFall* campaign it has become increasingly difficult to recover fee payments from students. 2016 figures revealed that 13 South African universities' gross student debt as a percentage of tuition fees was above the sector average of 27.8%. That of UKZN was sitting at 47.4% (South African Higher Education Reviewed, Two Decades of Democracy, 2016).

UKZN is one of the universities faced by these financial challenges and it has become more important than ever for it to find ways to increase revenue in an effort to counterbalance all the demands. Growth in student numbers without matching growth in subsidy funding, together with other rising costs, has placed pressure on the institution to increase its fundraising efforts to raise third stream income. Through its fundraising office, known as the UKZN Foundation, UKZN is committed to seek funding for strategic projects.

It is imperative to gain insights into the fundraising success and challenges faced by the UKZN Foundation. Equally important is to understand why donors give towards higher education, in particular those supporting UKZN; and to look for ways in which

the Foundation could be more proficient through its on-going endeavours to raise third stream funding.

### **1.3 Problem Statement**

This study is aimed at determining if third stream funding is both source-able and sustainable, given the backdrop of a decline in state funding in higher education. In the preceding section it was shown that the higher education sector is struggling financially to maintain a sufficient level of income from state funding (first stream income) and student fees (second stream income). The increasing reliance of universities on attracting third stream income (private and philanthropic grants and donations) to fund infrastructure and research projects has been noted.

Within this context, the researcher has explored to what extent the UKZN Foundation has been successful in raising third stream income; some of the challenges it has faced; its relationship with its donors; and has considered ways in which it could improve its fundraising strategies.

### **1.4 Significance of the Study**

A significant responsibility rests on the UKZN Foundation to attract critical funds for research, infrastructure upgrades and strategic projects of importance as identified in the UKZN Strategic Plan 2017-2021. By implication, this level of responsibility is shouldered by the Executive Director and fundraising staff of the Foundation, known as Development Officers. Hence, it is important to ensure that employees who occupy these roles presently and in the future, have a solid understanding of the complexities involved in raising third stream income for the higher education sector. Moreover, it is relevant to explore ways in which this process can be improved within the UKZN Foundation.

Apart from the *Annual Survey of Philanthropy in Higher Education* (ASPIHE) released by the South African Institute for Advancement, Inyathelo, information

about the state of philanthropic support to higher education institutions in South Africa continues to be sparse and scattered. Those few universities who do collect relevant data in a rigorous or organised way for internal purposes, seldom make it available to others and nothing approaching a national perspective is readily available. This lack of information about philanthropic funding to the higher education sector and indeed about all forms of third stream income, has taken on added significance in the context of the growing national crisis in university and student funding and the protest actions which have foreshadowed it.

A case study of higher education fundraising in action based on the UKZN Foundation is significant. As a microcosm, the UKZN Foundation experience provides insight into the complexities of fundraising for higher education in South Africa. In offering some successes and looking at donor sentiments and motivations, it proposes a fundraising model that is relevant to the higher education sector on a macro level.

## **1.5 Aim and Objectives**

The aim of this study was to gain a better understanding of the fundraising complexities for higher education in South Africa, in particular, via a case study examination of how the University of KwaZulu-Natal through its fundraising office.

The objectives for the study were:

1. To investigate the *status quo* of UKZN's donor groupings and their donor sentiments in relation to UKZN.
2. To examine how the UKZN Foundation managed stakeholder engagement with its donor community.
3. To develop a conceptual model of best practice for donor management in a university environment.
4. To recommend strategies that will provide sustainability and optimisation of donations to UKZN.

## **1.6 Research Questions**

The following research questions were investigated:

1. What is the current status quo of UKZN's donor groupings and their donor sentiments in relation to UKZN?
2. How does the UKZN Foundation manage stakeholder engagement with its donor community?
3. What conceptual model of best practice for donor management in a university environment can be extrapolated from the research?
4. What strategies will provide sustainability and optimisation of donations to UKZN?

## **1.7 Structure of the Dissertation**

Chapter 1 – Introduction

This chapter provided an introduction to the study. This includes the background to the case study and the problem statement which motivated the researcher to conduct the study. It outlines the aim and objectives of the study as well as the research questions that were posed. The chapter highlights the significance of the study and how it will be a beneficial body of knowledge.

Chapter 2 - Literature Review

This chapter contains a critical review of the relevant literature pertaining to the topic. It looks at the current financial challenges faced by higher education in South Africa and how reliant universities have become on generating third stream income. The research was broadened to include international studies in the area of philanthropic support for higher education, factors affecting successful higher education funding and the growing importance of philanthropic funding in higher education.

The literature review also looks at philanthropic donor patterns for higher education in South Africa, some basic fundraising principles and factors that hinder donor giving and philanthropic support. Finally, it looks at the University of KwaZulu-Natal, the UKZN Foundation and stakeholder management theory.

### Chapter 3 – Research Methodology

This chapter focuses on the research methodology applied in the study. It outlines the initial research design adopted for the investigation, based on a case study approach. Case study research allows the exploration and understanding of complex issues. It can be considered a robust research method particularly when a holistic, in-depth investigation is required (Zainal, 2007). The data collection strategy used for the case study is then introduced. This is followed by the population and sampling strategy that was applied: how the data was captured, analysed and displayed. Finally, the chapter goes on to review the validation and reliability of the data and concludes by looking at ethical considerations.

### Chapter 4 – Results and Discussion

In this chapter detailed findings are provided from both the literature and primary data that were collected and grouped into themes that emerged for the analysis. These themes were further expounded by linking them to the research questions that were formulated at the start of the study as well as the literature that was reviewed.

### Chapter 5 – Conclusions and Recommendations

Chapter 5 draws from the analysis of the study and presents related recommendations and limitations. It provides suggestions for further areas of research that may benefit the UKZN Foundation; and ends with a conclusion of the study.

## **1.8 Definition of Key Terms**

Similar to many professions, fundraising and development practitioners use terms unique to this field. This section lists and defines jargon used in the fundraising environment. The following list is not intended to be exhaustive, but rather serves as a reference point to understand these terms when used by the researcher.

*Acknowledgement.* Acknowledgement refers to a written expression of gratitude for a donation, gift or service.

*Advancement Office.* This is a term commonly associated with American and European universities, though at times South African universities use it as well. It refers to the fundraising office of the university that is responsible for establishing a range of relationships with external stakeholders such as alumni, donors, community partners, corporate partners, local and national government partners (Weerts, 2007).

*Alumni.* These are people, normally past students and staff, who are connected to the university by virtue of their past affinity role (Chung-Hoon et al, 2005).

*Bequest.* This is the transfer by a will of monies or tangible property to a third party.

*Campaign.* This is an organised effort to raise funds for a project.

*Case for Support.* The case for support includes carefully prepared reasons why a charitable institution merits financial support, including its resources, its potential for greater service, its needs and its future plans (Temple, 2003).

*Corporate Philanthropy.* Support through equipment, supplies, monies or other contributions by a business or individual to a charitable institution, sometimes through organised programmes that may also include corporate foundations, constitutes corporate philanthropy (Temple, 2003).

*Corporate Social Responsibility and Corporate Social Investment.* Corporate social responsibility (CSR) is how companies manage their business processes to produce an overall positive impact on society. It covers sustainability, social impact and ethics, and if done correctly should be about core business – how companies make their money – not just add-on extras such as philanthropy. In South Africa, Corporate Social Investment (CSI) guidelines are legislated and strongly linked to Broad Based Black Economic Empowerment (BBBEE), whereby companies are graded from level one to level four on a BEE scorecard, depending on their level of investment in recognised corporate social investment projects and associated initiatives.

*Cultivation.* This is the process of promoting and encouraging interest or involvement on the part of a potential donor. It is an educative process to inform others about an institution and the reasons why it merits support (Temple, 2003).

*Culture of an Organisation.* The prevailing values, traditions and social norms of the organisation define its culture. People often describe the culture by saying, “How we do things around here”, to describe what they expect and understand about how things work within the organisation (Chung-Hoon et al, 2005).

*Development.* This is a term that describes a sophisticated process that begins with the institution’s strategic plan, from which specific financial needs and fundraising goals are derived. Following this, prospects are identified who have the capability and possible interest in supporting those needs. These prospects are then engaged in the life of the institution and informed of its needs and goals. If a good relationship results between the prospect and the development officer, funding will occur and if successful will be followed up by *stewardship* (Worth, 1993).

*Development Officer.* This person is the individual responsible for designing and implementing the donor cycle, which includes identification, cultivation, solicitation and stewardship. At the UKZN Foundation, there are four such persons who provide this function, who are known as senior development officers.

*Donor.* This is anyone who gives something of value to an organisation with no expectation of anything in return (Chung-Hoon, et al, 2003).

*Donor Recognition.* This is the policy and practice of showing appreciation for a donation. Normally this is done initially by a card, letter or email and subsequently through personalised notes, personal expressions of appreciation directly to the donor, published lists of contributors, publicised media coverage and other appropriate ways.

*Donor Relations.* A planned programme of maintaining donor interest through acknowledgement, information, personal involvement and other means.

*Donor Retention.* This refers to the ability of the development officers in a non-profit organisation (in this case the UKZN Foundation) to keep their donors making charitable contributions from year to year (Sargeant, 2001).

*Endowment.* This describes the principal or *corpus* maintained in a permanent fund to provide income for general or restricted use of an agency, institution or programme.

*Gift.* A voluntary, irrevocable transfer of something of value without receiving anything tangible in return at the time of the transfer or at any time in the future, is accepted as a gift.

*Philanthropy.* The donation of a gift or funds to an institution whereby nothing is expected or given in return.

*Stewardship.* Describes the philosophy and means by which an institution exercises ethical accountability in the use of contributed resources and the positive and active manner it acknowledges the donation.

## **1.9 Conclusion**

This chapter has provided a broad insight into the nature of the study, viz. fundraising within the higher education context, with the focus being on UKZN as a relevant case study. It has discussed the background to the study area together with the rationale that led the researcher to conduct the study, namely, the increasing reliance of South African universities on third stream income given the decline in state subsidies and guaranteed income from student fees; and by inference, the increasing importance of this third stream source of funding for universities. The intention of this study is to contribute to a better understanding of the complexities involved in fundraising for higher education, specifically in relation to the UKZN Foundation; and ultimately to contribute to the literature that exists on third stream funding for the higher education sector in South Africa.

## **CHAPTER TWO**

### **Literature Review**

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#### **2.1 Introduction**

This chapter sets out to examine literature that will support the study and aid in explaining concepts around the complexities of fundraising in higher education in South Africa. Its aim is to elucidate the subsequent discussion and results.

Aspects such as the realities of reduced government funding in higher education, trends of philanthropic funding in higher education globally and nationally, the growing importance of philanthropic funding in higher education and challenges affecting successful higher education fundraising are important to appreciate within the relevant theoretical background to this study.

This chapter further looks at an overview of third stream fundraising at UKZN, examines the importance of stakeholder engagement with donors and considers higher education fundraising models of best practice.

#### **2.2 The Role of Tertiary Education in the National Economy**

It is universally accepted that tertiary education and skills development are significant determinants of innovation and economic growth, as highlighted by Hawkes et al (2012). Education provides both private and public benefits to Society. Investment in education enhances the chances of individuals finding work and participating in the labour market. As more individuals acquire education and skills and enter the labour market, aggregate productivity grows, leading to economic growth, (Glewwe, 2002). Studies in labour economics have shown that the level of education of an individual is related to earnings in the labour market.

Engelbrecht (2003) makes an important assertion with reference to other studies that have shown individuals with higher education are most likely to access capital and engage in investment activities in both local and international markets, thereby contributing towards economic growth. Furthermore, increasing the proportions of individuals with specialised skills developed at tertiary level allows national economies to adapt to global challenges and take advantage of technological advances that enhance economic growth.

Within the South African context, the National Development Plan, The Presidency (2011) provides a framework to eliminate poverty and reduce inequality by 2030. The plan acknowledges the critical role of education in improving the social and economic circumstances of the citizenry and enhancing the country's global competitiveness. According to the National Development Plan (NDP), by 2030 the higher education system is expected to produce university and college graduates with the skills and knowledge to meet the changing needs of the South African economy. First Rand Foundation (2013) points out that the National Development Plan projects over a 30-year period the number of graduates with a minimum bachelor's qualification will have increased from a baseline of 2.6 million graduates in 2001 to 10 million graduates in 2030.

### **2.3 Decline in State Funding for Higher Education**

The state funding model for Higher Education is based on a formula that combines a performance-based formula, earmarked funding and block grants. These funds are distributed to the institutions of Higher Education that advance government policy priorities, whereby they pay these institutions for delivering teaching and research services as specified in government approved plans. Block grants comprise of: (a) teaching funds calculated by student enrolment and costs per student based on subjects; (b) teaching funds based on agreed outputs; (c) research funds for agreed outputs; and (d) the institution's enrolment numbers from disadvantaged groups, maximizing enrolment capacity and attaining enrolment consistency with state-designated priority areas. The Higher Education institutions

are informed in advance of the total amount of the block grant they will receive, while the earmarked funding is designated for specific purposes.

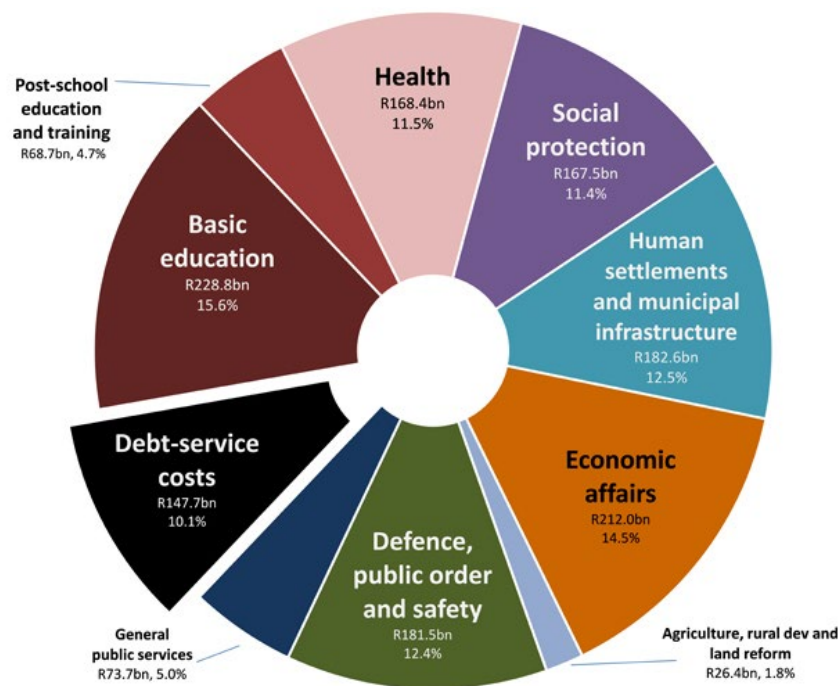
Despite a realisation by Government for the importance of higher education in growing the economy, in real terms state funding for higher education is steadily declining. Since 1994, funding from the state to support higher education has been on an upward trend, from R11 billion in 2006 to R26 billion in 2013, as highlighted in the Higher Education South Africa (2014), *Strategic Framework 2015-2019*. While at face value this is generally welcomed, the same report notes, however, that higher education expenditure has actually been declining alarmingly in student per capita terms. In *South African Higher Education Reviewed, Two Decades of Democracy* (2016), mention is made that the recent review of the funding formula found that although South Africa spends a considerable amount on education, its expenditure on higher education is much lower than the desirable amount which is needed.

Higher education fees have over the past decade consistently increased at above inflation rates. Calitz and Fourie (2016), point out that the cost of a Bachelor of Arts degree at Stellenbosch University has increased by 30% in a decade between 2006 and 2015, which now requires 44% of an average adult's income to fund. A study carried out by KPMG, *Economic challenges to accessing tertiary education and providing tuition-free universities in South Africa* (2016) states that from 2009-2015, the consumer price index (CPI) increased at an average of 5.5% per annum, while tertiary education fees climbed by an average of nearly 9% per annum. Furthering this line of thought, KPMG argues, it therefore stands to reason that if household income were to keep pace with headline inflation, it would have increased by 45% since 2008, while the cost of tertiary education has increased by more than 80%.

The same KPMG report emphasises that the increase in the rate of state support in 2016 was below CPI whereas the operating and personnel costs at most higher education institutions exceeded the value of state support, resulting in added

pressure on other revenue streams. The report further points out that there are instances where institutions suffer heavy revenue losses to electricity, water and municipal rates and taxes that have increased far above the official CPI rates.

A University of Witwatersrand study; *Report of the University Panel on Funding Model(s) for Higher Education in South Africa (2016)*, highlighted that higher education in South Africa is funded below the Organisation for Economic Co-operation and Development (OECD) and even other African country levels as a proportion of GDP. Currently the South African Government spends just 4.7% of revenue, or 0.75% of GDP, on the post-school education and training sector. The OECD on average spends 1.59% of GDP on higher education, with the UK spending 1.23% and Germany 1.31%.



**Figure 2.1 Government Expenditure 2016/17**

**Source: National Treasury, 2016**

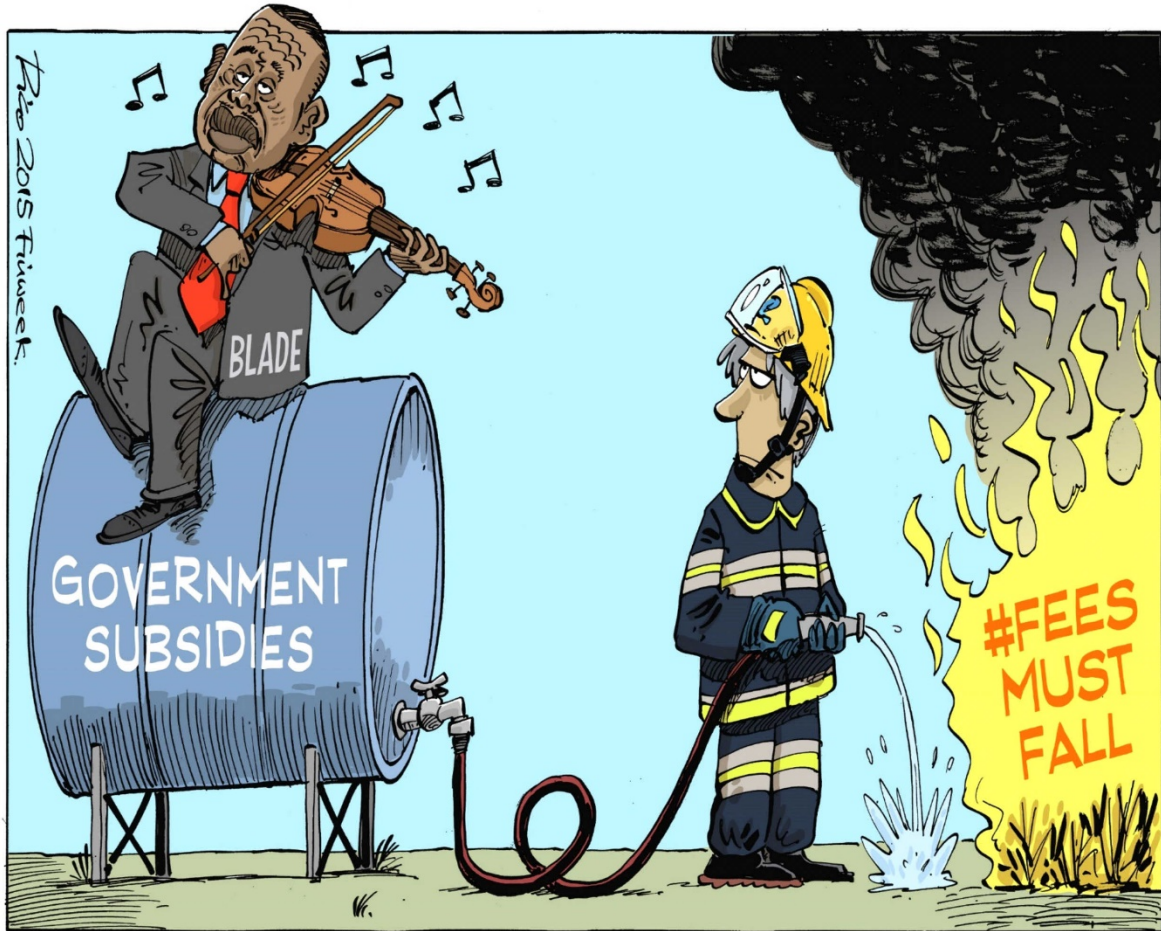
This funding crisis must also be seen in the context of the increase in university student enrolments, which in the last two decades have grown significantly. According to the report, *South African Higher Education Reviewed: Two Decades of Democracy* (2016), there are now almost a million students, which represents an exponential growth from the half million in 1994.

The Department of Higher Education and Training published its *White Paper for Post-School Education and Training: Building an Expanded, Effective and Integrated Post-School System* (2014), where it anticipates that there will be 1.6 million university students in 2030, up from 931 186 in 2011. This implies an average growth rate in student enrolment of 3.05%.

This decline in Government subsidies has put pressure on the two other sources of income available at universities, i.e. tuition fees and third stream income. The Universities of South Africa, *Strategic Framework 2015-2019* (2014) emphasises that while universities have in some instances been able to increase their levels of third stream income, they have by no means been able to compensate for the significant increase in student numbers in proportion to the declining state subsidies, leaving the universities in increasingly worsening financial positions.

Student frustration with the escalating costs of higher education came to a boiling point with the 2016 *#FeesMustFall* campaign, a nation-wide student protest aimed at convincing Government to eliminate student tuition fees. Under pressure from the *#FeesMustFall* protest action, the then Minister of Higher Education, Blade Nzimande announced that universities would be allowed to determine their own fee increase for 2017, but the adjustments could not be higher than 8%. Shortly after the Minister's announcement student protest action became violent, resulting in R600 million in damages to a number of higher education properties according to KPMG (2016), *Economic challenges to accessing tertiary education and providing tuition-free universities in South Africa*. The campaign advocating for free education also rejected that the Government had allowed universities to increase fees in 2017,

following a 0% increase in 2016. The state has not made any compensation to universities for this shortfall in fees, causing further unplanned financial pressures.



**Figure 2.2: Cartoonist Rico Schechter on #Fees Must Fall**

**Source: *Finweek*, Weekly Financial Journal, November 12, 2015**

While the South African higher education system has experienced considerable growth, this growth has not been met with sufficient funding to enable the higher education sector to be financially sustainable. The government-funded National Student Financial Aid Scheme (NSFAS) has grown exponentially, from R1.3 billion in 1996 to approximately R9 billion in 2014; however, the average amount per student remains well below the real cost of study, (*South African Higher Education Reviewed, Two Decades of Democracy*, 2016). The higher education system in South Africa is undoubtedly under financial pressure, with a number of institutions struggling to keep the higher education project alive. Much needed resources such

as laboratory and engineering equipment and instruments as well as literature in the form of set books, are mostly imported and the weakening of the Rand has not made matters any easier. These effects can be particularly damaging for higher education, which often lack the resources to weather prolonged economic challenges.

In sum, it is evident from the literature that the decline in real terms of state funding in the context of growth of student enrolment, the increasing cost of tuition fees and student frustrations with respect to access and financial aid, have conspired to create an ever widening funding crises for higher education in South Africa. Thus institutions of Higher Education have been forced to seek alternative sources of income through strategic fundraising efforts.

## **2.4 Philanthropic Funding within Higher Education**

Higher education in South Africa is funded by a combination of incomes (first stream income), government subsidies (second stream income) student fees (third stream income), derived from grants, trusts, foundations, contracts and donations from private and philanthropic sources.

Philanthropy is described in the most general of terms as the voluntary use of private assets (finance, property, know-how and skills) for the benefit of specific public causes.

Higher Education Funding Council for England's report, *The Review of Philanthropy in UK Higher Education 2012: status report and challenges for the next decade (2012)* states that higher education matters enormously. According to the report, philanthropy is a force for good:

Philanthropic giving to higher education makes a partnership of immense power and value. The responsible use of wealth, solidarity across the community, and shared purpose for worthwhile aims are ideas that resonate in times both of uncertainty and of prosperity. Donors, on all scales, enable

remarkable people to achieve significant ends, in shorter timespans, than would otherwise be possible.

Within a South African context, a simple way of determining eligibility of income that may be classified as philanthropic is whether it qualified for a Section 18A Certificate in terms of the South African Income Tax Act No 58 of 1962 (as amended). The key here is eligibility: whether or not an 18A Certificate was actually issued, was the funding eligible for such a Certificate? If the answer is yes, the funding should be recorded as philanthropic income. Institutions should be led by the South African Revenue Services' (SARS) definition of a *bona fide* donation:

A bona fide donation is a voluntary, gratuitous gift disposed of by the donor out of liberality or generosity, where the donee is enriched and the donor impoverished. There may be no quid pro quo, no reciprocal obligations and no personal benefit for the donor. If the donee gives any consideration at all it is not a donation. The donor may not impose conditions which could enable him or any connected person in relation to himself to derive some direct or indirect benefit from the application of the donation. (<http://www.sars.gov.za/FAQs/Pages/255.aspx>).

According to Rohayat *et al* (2016), the growing importance of philanthropy for higher education can be found across the world as institutions embrace philanthropy to satisfy their third stream funding needs.

An examination of higher education third stream funding in the USA reveals that state and federal funding of public institutions has declined by 15% over a 20-year period, while income from tuition fees at public and private universities has increased by 5-10% over the same period. (National Centre for Education Studies, 1999; Paul, 2005). The shortfall in declining subsidies is made up by active fundraising, whereby universities have full-time advancement offices dedicated to raising third stream income. According to a press release from the Council for Aid to Education, *Colleges and Universities Raise \$41 Billion in 2016* (2016), USA universities in 2015 raised \$40.3 billion, an increase of 7.6% over the previous year. Philanthropic giving to higher education in the USA has increased every year since 2010.

The Canadian experience has been even more marked with declining government grants and subsidies. According to the Canadian Federation of Students, in the 1960s and 1970s, government covered more than 90% of higher education costs. By 2013, that figure had decreased to 57%. The state of Ontario has the lowest level of per student funding in Canada. For the period 1992/93 to 2012/13, the provincial grant declined from 74% to 54% of operating revenue. According to a CBC news article (March, 2015), the gap has been filled by increased third stream funding and by tuition revenue through enrolment growth and fee increases.

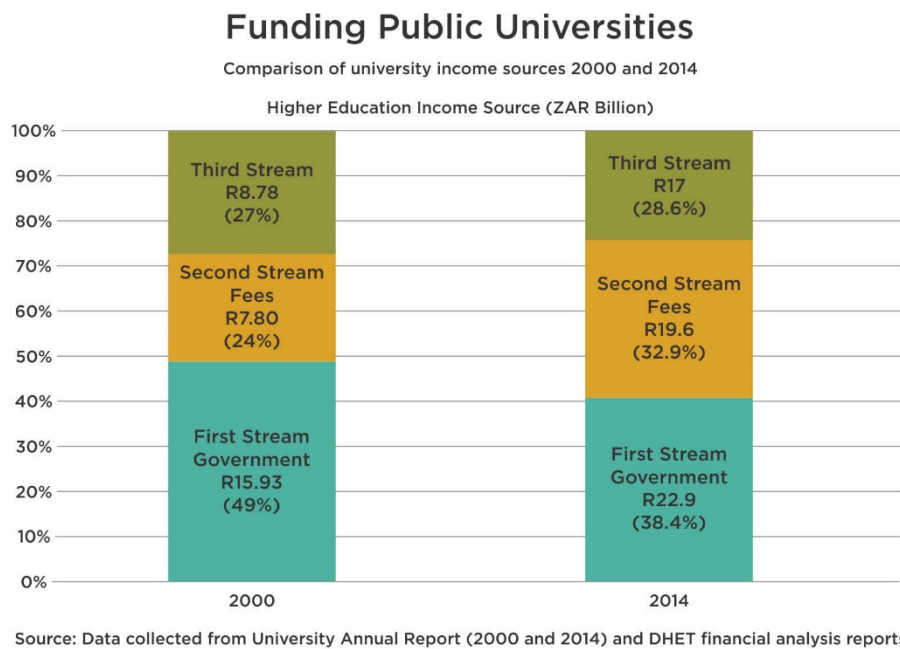
In Australia and New Zealand the response to declining state subsidies has been to significantly increase revenue from overseas (mostly Asian) student fees. On average foreign student fees constituted 30% of total income in 2009. In recent years philanthropic giving to universities in both countries has also been gathering momentum. The 2016 *Charitable Giving to Universities in Australia and New Zealand*, identified that institutions in these countries saw strong growth in giving in 2015 with surveyed institutions recording an exponential increase of 26% in new funds sourced (AUD 538.19 million) compared to 2014. Institutions also recorded significant increase in the total number of donors (23%) and alumni donors (16%) in 2015.

Funding higher education in the United Kingdom has undergone changes in recent years with declining state funding, an increase in student fees and a greater emphasis on third stream income. The 2016 *Ross-CASE Survey* of higher education carried out by the Council for Advancement and Support of Education in the United Kingdom, showed that the total amount of philanthropic income secured in new funds by UK universities had gone up by 23% in the space of a year to £1.06 billion for 2015-16. The Guardian (2017) reported that those working to increase philanthropic giving in higher education commented that £1.06 billion marked a significant landmark and showed that, “philanthropy now represents an important income stream for UK universities and that philanthropic giving is now at the heart of UK university culture.”

In keeping with international trends, South African philanthropy in the last decade has become increasingly important in supporting higher education as more people

realise the crucial role that private donations play in the redistribution of wealth in South Africa, which in turn leads to a healthier and more balanced society. In South Africa specifically, higher education philanthropic donors include a number of stakeholder groups, high net worth individual philanthropists, private trusts and foundations, alumni and the private sector.

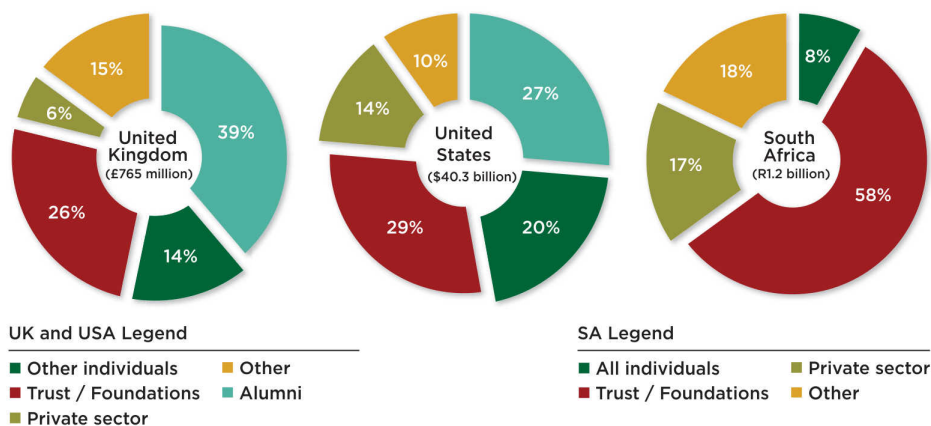
South African universities, as further confirmed by Lewin and Mawoyo (2014), have turned increasingly to third stream income to fund their operations owing to the drop in state funding and the fact that fee income has not kept up with inflation. Between 2004 and 2007, third stream income at South African universities increased by 62%. According to research conducted by the Centre for Higher Education Research (*The State of Higher Education in South Africa, 2009*), third stream income accounted for 33% of the income of South African public institutions, up from 28% in 2004.



**Figure 2.3 Streams of University Income (ZAR bn), 2000 and 2014**

**Source: DHET - *Annual Financial Statements of Universities and DHET - Annexure 3***

How does South African university funding practices compare with international institutions of higher education? According to the 2016 *Annual Survey of Philanthropy in Higher Education in South Africa* (ASPIHE), while the local quanta are vastly different, there is some degree of comparison between South Africa, the United Kingdom and the USA in respect to philanthropic support to higher education, as illustrated in the figure below:



**Figure 2.4: Donor Sector Comparison with UK and USA**

**Source: 2016 *Annual Survey of Philanthropy in Higher Education in South Africa***

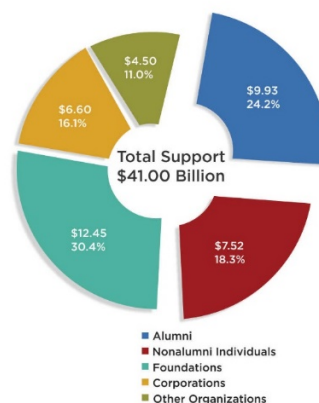
The ASPIHE report (2016), does however note some significant differences. In the 2015 sample, South African universities were considerably more reliant on trusts and foundations than their counterparts in the UK and the USA: 58% of donor income in South Africa emanated from these sources compared with 26% and 29% in the UK and USA respectively. Moreover, individual giving comprised a comparatively small proportion of donor income to the higher education sector in South Africa. Only 8% emanated from individuals (whether alumni or not) and bequests, in contrast to 53% in the UK and 47% in the USA.

Total giving by individuals accounted for 8% of philanthropic support for South African universities in 2015, *including* giving by alumni. In the UK and USA, giving by non-alumni individuals alone comprised 14% and 20% of philanthropic support

respectively. In short, even non-alumni individuals give significantly to universities in the UK and USA whereas giving by non-alumni individuals is almost non-existent in the South African higher education landscape (ASPIHE 2016).

In contrast to individual philanthropy, private philanthropy in South Africa remains heavily invested in the country’s universities. The 2016 ASPIHE report shows that in 2013 it accounted for 64% of all philanthropic support provided – compared to 82% in the UK and 75% in the USA – and increased to 65% in 2015. Although lower than abroad, this still healthy percentage can be attributed to South African universities’ receipt of international funding, which increases the proportion of ‘other’ philanthropic income and conversely decreases the proportion from private sources. If giving by multinational and bilateral aid and development agencies to South African higher education were to be removed, the proportion of private giving to South African universities would be at more or less the same levels as UK and USA institutions.

While the proportions of philanthropy in South Africa may well follow similar patterns to that of the UK and USA, what differs is the size of the donations. In the USA, colleges and universities drew \$41 billion in philanthropic giving in the fiscal year ending in June 2016, up slightly from \$40.3 billion the year before. This is significantly greater than South African figures:



**Figure 2.5: 2016 Voluntary Support for Higher Education in the USA**

**Source: Council for Aid to Education (2016)**

In the UK, philanthropic donations to universities exceeded £1 billion a year for the first time in 2015-16 (The Guardian newspaper, 3 May 2017). Though dwarfed by the enormous donations US universities receive, this total nevertheless marked an important milestone. The Ross-CASE Survey showed that the total amount of philanthropic income secured in new funds had gone up by 23% in the space of a year and that philanthropy now represented an important income stream for UK universities.

## **2.5 Growing Importance of Philanthropic Funding in Higher Education**

Higher Education costs globally and in South Africa are increasingly challenged by cost pressures that are high and rising rapidly (Sato, 2005). Wangenge-Ouma (2012) confirms that these financial pressures have resulted in costs outrunning available revenues. Universities are facing unprecedented challenges, particularly in terms of matching revenue to escalating costs and accommodating increasing demands for growth and higher quality, which is essential for them to remain globally and nationally competitive. Consequently, most state universities in the world are looking at ways to develop alternative revenue sources so as to reduce overheads and enhance productivity (Rohayat, *et al* 2016). This necessitates for a diversification in the funding mix of higher education.

With a plethora of competing political and social priorities, government funding for higher education in South Africa is likely to continue to shrink. In order to remain competitive, universities can no longer maintain the status quo; rather they need to share the cost burden of higher education more broadly. In this light, philanthropy is an increasingly important and largely underdeveloped financial stream for higher education in South Africa.

Highlighting this very point, former Vice-Chancellor of UNISA the Rev. Barney Pitso, in his opening address at a 2009 conference for Exploring Third Stream Income for South African Universities, said:

The global higher education environment is very dynamic, mirroring the fluidity of global socio-economic and political interactions. There can be no denying that significant changes and shifts are in process and that these will, to a large extent, be driven by demand and not so much by policy. This is particularly relevant in the light of increasing commodification of knowledge, the increasing eminence of technology, reduced government subsidies and an increasing dependence on partnerships and collaboration. It is therefore incumbent upon us to find means of offsetting the reductions in resources, funding and subsidy by generating an additional third stream income that will supplement the more traditional income from first and second streams.

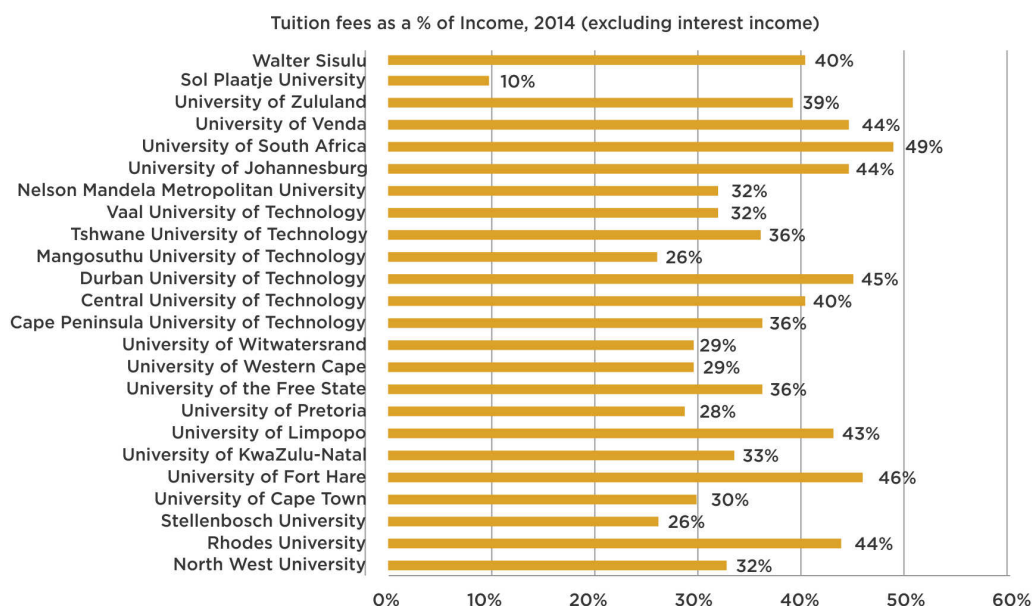
In South Africa this concept of philanthropy in higher education is more advanced in the traditional universities than in the non-traditional universities.

The Council on Higher Education's report *The State of Higher Education in South Africa* (2009), recognised that the ability to raise third stream income across the higher education sector varies considerably with universities of technology raising the least. They average 14% of income, with the Durban University of Technology at a low 7% and the Cape Peninsula University of Technology up to 23%. Comprehensive universities average 21% of their income as third stream income, with Walter Sisulu University at only 5% and the University of Zululand at 34%. For the five top research institutions, on average 45% of their income is third stream, suggesting a link between research output and third stream income attraction. For the other traditional universities, the average is 28%, with once again a considerable range from 13% at the University of Limpopo to 54% at the University of the Witwatersrand.

Traditional universities, which receive on average 26% of their income from student fees, are the least dependent on student fees for income. Universities of technology rely on student fees for 31% of their income, while comprehensive universities receive 33% of income from fees (CHE, 2009). The same report, *The State of Higher Education in South Africa*, highlights substantial differences between institutions. For example UNISA and the University of Venda depend on student fees for (respectively) 43% and 40% of their income. At the other end of the spectrum, at both North West University and Stellenbosch University, student fees account for

only 19% of income. The degree to which institutions rely on fee income is inversely related to their ability to attract third stream income. Ironically, this means that those institutions serving the poorest segments of the population are often also those most heavily dependent on income from student fees.

## Reliance of Universities on Fees for their Income



**Figure 2.6: South African Universities Reliant on Student Fees for their Income. High Levels of Reliance Matched by Low Level of Third Stream Income**

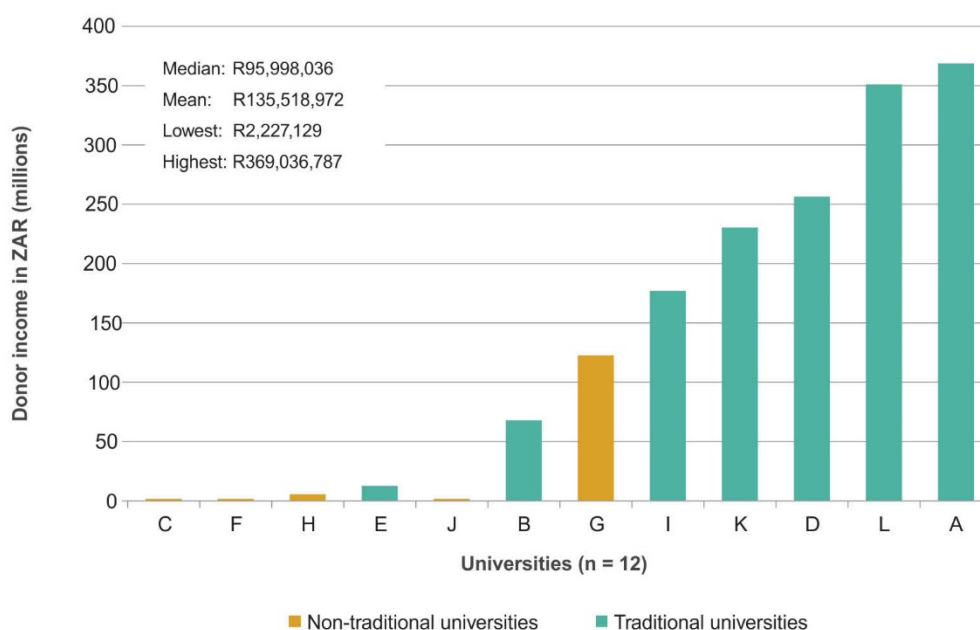
**Source: CHE report (2009), *The State of Higher Education in South Africa***

The 2016 Annual Survey of Philanthropy in Higher Education (ASPIHI) reports on the significant discrepancies between the 11 participating universities in respect of the monetary value of philanthropic support received in 2015. That same year, the lowest total donor income reported by an institution was just under R2 million and the highest was more than R442 million.

In both 2013 and 2014, it was noted that there appeared to be a strong correlation between institutional type and levels of donor income, with the so-called traditional universities attracting the vast bulk of philanthropic resources. In 2013, for example,

half the institutions in the ASPIHE (2016) survey sample were traditional universities and between them received 91% of the total philanthropic income of the sample. The remaining half, which were all non-traditional universities, received just 9% of the total income. This correlation was still pronounced in 2015: six of the seven highest philanthropic income earning universities were traditional universities, and the lowest four were all non-traditional universities. In monetary terms, there was a distribution of philanthropic resources of more than R1 billion (or 86%) to traditional universities and R170 million (or 14%) to non-traditional ones. Moreover, R134 million of the R170 million received by the non-traditional bloc went to just one non-traditional university, leaving R36 million distributed between the remaining four.

The difference in philanthropic income between traditional and non-traditional universities can be attributed to a mix of historical, political and structural factors which have disadvantaged – and continue to disadvantage – the vast majority of universities presently classified as non-traditional by the Department of Higher Education and Training (DHET).



**Figure 2.7: Philanthropic Income of 12 Participating Universities**

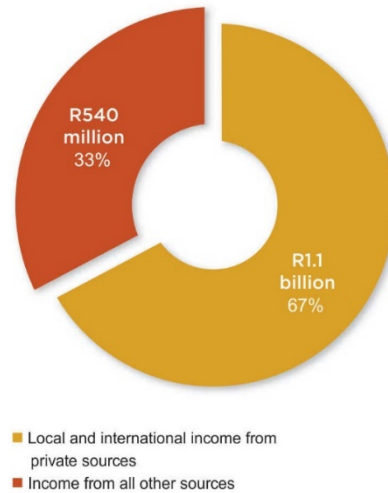
**Source: 2016 Annual Survey of Philanthropy in Higher Education in South Africa**

No South African university will be spared from the impact of declining government funding or the escalating costs of higher education. It is therefore vital that the less wealthy universities develop a culture of strategic philanthropy within their institutions that will lead to higher levels of support from the donor world, particularly in the sphere of student funding.

The ASPIHE 2016 study has shown that so-called non-traditional universities as well as several poorly endowed traditional ones, receive significantly disproportionate support from the philanthropic sector that feeds into existing inequalities. Ironically, it is the non-traditional and less affluent traditional universities that also have the largest numbers of students falling outside the various student funding schemes and which, therefore, are most volatile, fragile and prone to instability. Such institutions might well be more stable if their students were better supported by philanthropic income. Moreover, large numbers of graduates and university drop-outs carrying high levels of debt are a drain on the economy, whilst graduates with smaller levels of debt and at least some disposable income contribute towards building it. For this to happen will entail a strategic shift away from philanthropic funding directed at top-ranked research universities towards provision of financial support to ordinary students.

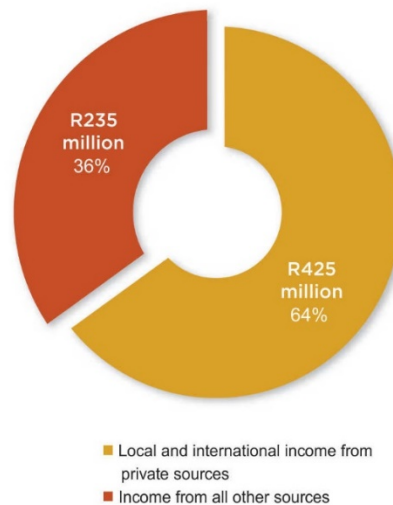
## **2.6 Philanthropic Donor Patterns for Higher Education in South Africa**

According to the ASPIHE 2016 report, in 2015 some 52% of reported total philanthropic income to South African higher education institutions came from international sources, up 5% from 2013. Yet whilst *income* from foreign sources therefore amounted to approximately half of all philanthropic funding, South African *donors* nevertheless accounted for 93% of the total number – also up by five percentage points from 87% in 2013. The average number of South African donors in 2015 per institution was 221 and the highest number of local contributors to a single institution during that year was 2 554 donors. As building local philanthropic giving to higher education is a key goal of universities this high percentage of local South African donors is therefore positive.



**Figure 2.8: Distribution of Income - 2016**

**Source: 2016 Annual Survey of Philanthropy in Higher Education in South Africa**

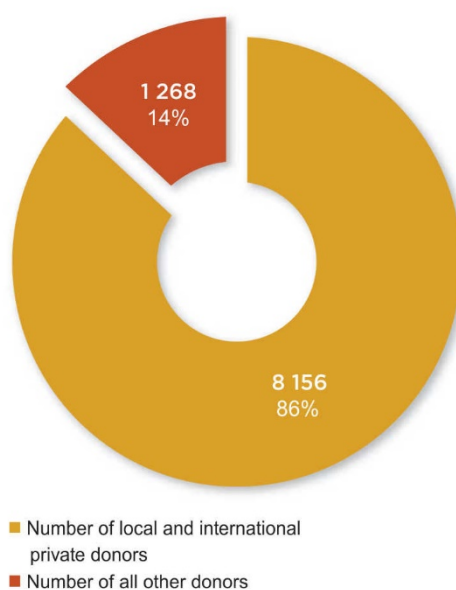


**Figure 2.9: Distribution of Income - 2013**

**Source: 2016 Annual Survey of Philanthropy in Higher Education in South Africa**

Be this as it may, the balance of 7% of international donors nevertheless accounted for 52% of total philanthropic income in the ASPIHE sample of 11 South African institutions. The grant and donations income of South Africa’s higher education

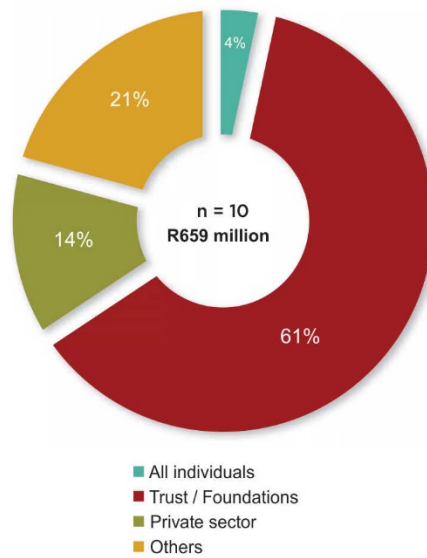
sector is therefore vulnerable to changes in the interests and priorities of its foreign donors. If one considers the numbers of international donors to individual institutions the average per institution was only four (although one institution had as many as 446). Only two universities out of the 11 had more than 30 international donors. This suggests that institutions are, by and large, acutely dependent for their philanthropic income on just a handful of international donors.



**Figure 2.10: Distribution of Donors**

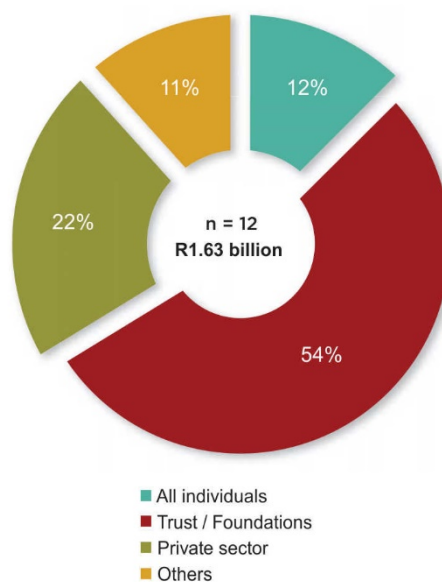
**Source:** *2016 Annual Survey of Philanthropy in Higher Education in South Africa*

If one considers the breakdown of philanthropic income by donor sector, by far the biggest proportion of third stream income is derived from trusts and foundations. According to the ASPIHE (2017) report, these contributed 58% of all donor income to the 11 surveyed South African institutions in 2016. The private sector contributed 17% and individual donors, including bequests, provided 8%. The balance of 18% came from a mix of international, civil society and religious organisations. Figures for 2013 showed a similar pattern, although there was a decline in the proportion of grant and donation income emanating from individuals which dropped from 10% in 2013 to 7% in 2016.



**Figure 2.11: Income by Donor Sector (2013)**

**Source:** *2017 Annual Survey of Philanthropy in Higher Education in South Africa*

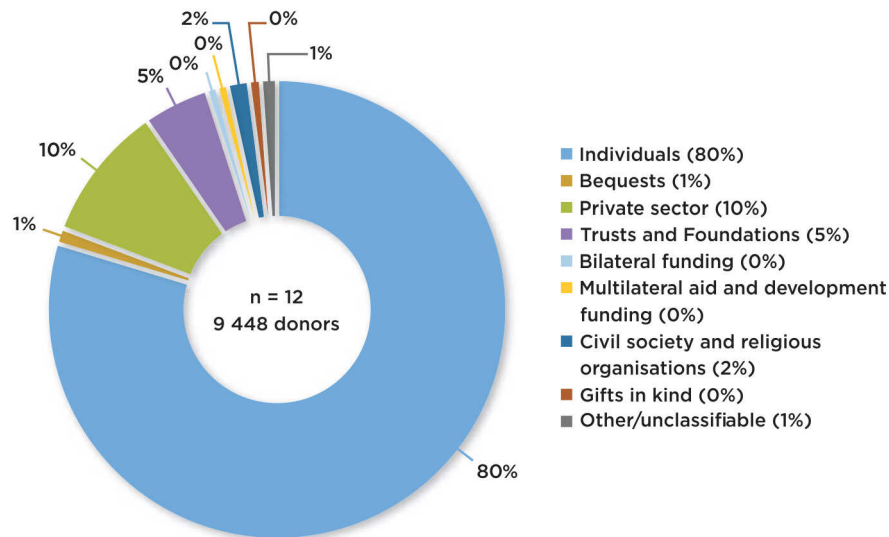


**Figure 2.12: Income by Donor Sector (2016)**

**Source:** *2017 Annual Survey of Philanthropy in Higher Education in South Africa*

Again, if one looks at *donors* rather than *income*, the ASPIHE 2016 reports that individuals made up by far the largest proportion – some 83% of the 8 519 donors who provided philanthropic support to the 11 universities in 2015. The private sector constituted 8% of donors and trusts and foundations 5%, with the remaining percentage spread between other donor categories.

By comparison the pie chart below shows the same donor breakdown as discussed above for 2017.

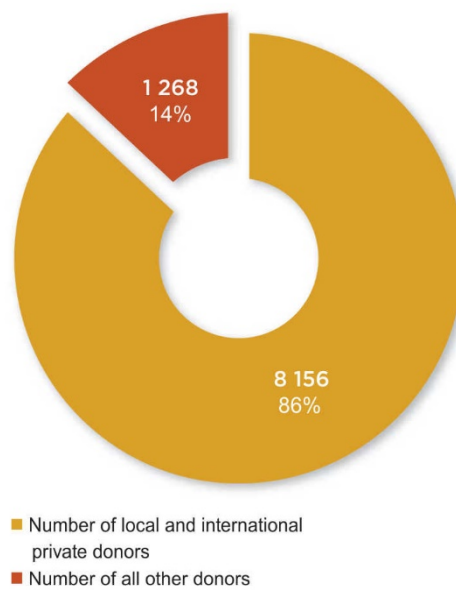


**Figure 2.13: Income by Philanthropic sector**

**Source: 2017 Annual Survey of Philanthropy in Higher Education in South Africa**

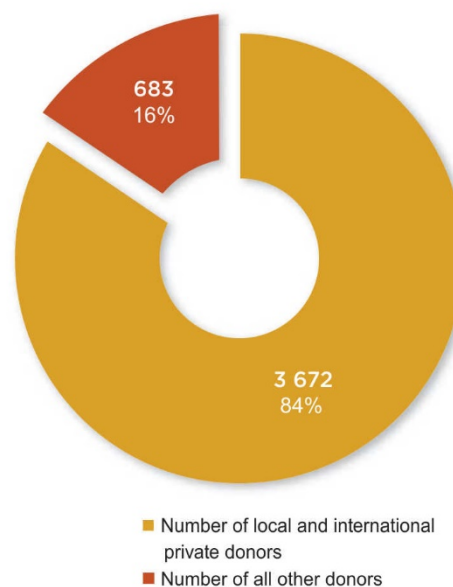
It is interesting to consider the figures for private philanthropy, which as already discussed remains heavily invested in South African universities. In 2015, the ASPIHE 2016 report noted that some R788 million (65%) was received from 7 586 private donors (89%). The remaining amount of approximately R416 million (35%) was provided by 933 non-private donors, such as corporates, foreign government agencies, and local and international civil society organisations. Proportions for

2013 followed a similar pattern – some R425 million (64%) was provided by 3 672 private donors (84%).



**Figure 2.14: Distribution of Private Donors - 2016**

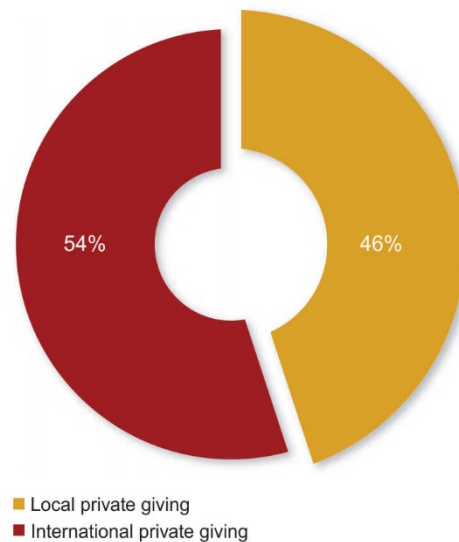
**Source:** *2017 Annual Survey of Philanthropy in Higher Education in South Africa*



**Figure 2.15: Distribution of Private Donors – 2013**

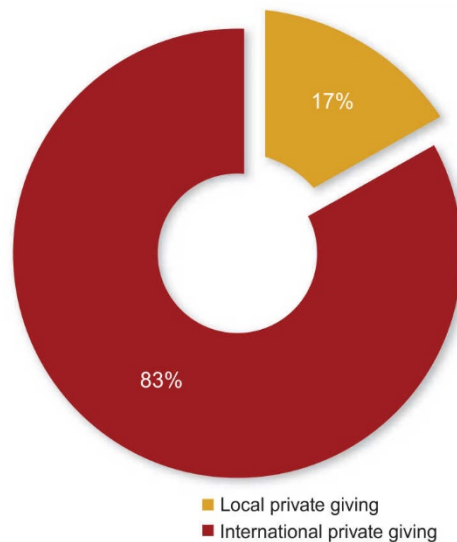
**Source:** *2017 Annual Survey of Philanthropy in Higher Education in South Africa*

In terms of monetary value, by far the biggest proportion of philanthropic support from private donors came from outside South Africa. This implies that in monetary terms, local private philanthropists did not contribute to higher institutions to anything as recorded by their foreign counterparts. In 2013, the ASPIHE 2016 report stated that 83% of income from private giving emanated from international sources. In 2015 this figure declined to 64%. The implications are both positive and negative. On the one hand, it might signal declining confidence or priority in South African higher education by foreign donors. On the other, it might be that foreign donors have remained consistent in their giving and that lobbying of local private donors by the higher education sector has begun to bear fruit. Of significance is that giving from local private sources increased by a corresponding amount, from 17% to 36%.



**Figure 2.16: Local Versus International Private Funding - 2016**

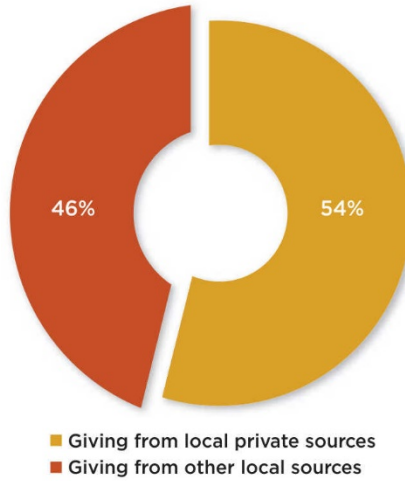
**Source: 2017 Annual Survey of Philanthropy in Higher Education in South Africa**



**Figure 2.17: Local Versus International Private Funding - 2013**

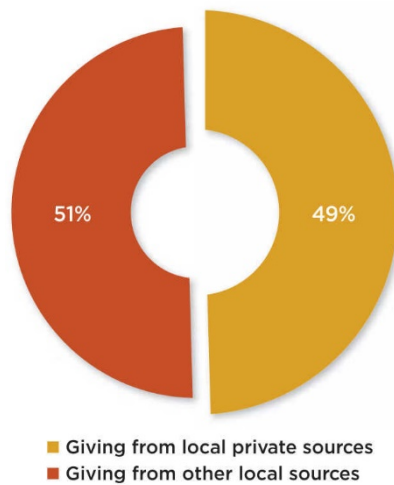
**Source:** *2017 Annual Survey of Philanthropy in Higher Education in South Africa*

As stated previously, private donors comprise the largest proportion of all local donors (89% for 2015 and 84% for 2013). Yet despite their predominance, the ASPIHE 2016 report points out that private donors only account for around half of actual donor income (49% in 2015 and 54% in 2013). This suggests that local corporate donations inclined to be of a considerable higher Rand value than most donations by individual private donors. It is also consistent with a situation where the largest proportion of local private donors are individuals, many of whom give relatively small sums. The majority of donations for 2015 (4 389 or 59%) were under R1 000 in value. The next largest band in both 2015 and 2013 were donations between R1 000 and R10 000 in value, which were 17% and 24% in 2013 and 2015 respectively.



**Figure 2.18: Distribution of Private Income, 2013**

**Source:** *2016 Annual Survey of Philanthropy in Higher Education in South Africa*

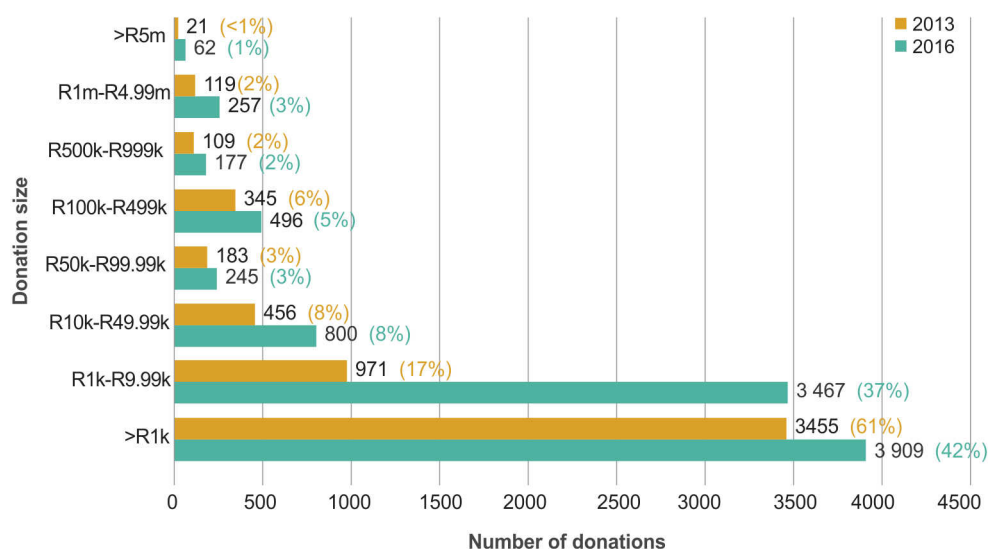


**Figure 2.19: Distribution of Private Income, 2015**

**Source:** *2016 Annual Survey of Philanthropy in Higher Education in South Africa*

It has been noted that the largest proportion of philanthropic support in Rand terms to South African higher education institutions come from donors outside South Africa even though by far the majority of grants and donations came from within the country. The implication is that grants and donations from international sources are

generally much larger than those from South African sources, which is supported by the ASPIHE report 2016 data. It is interesting to note, however, that the difference between the size of grants and donations emanating from international versus local sources has decreased between 2013 and 2015. Whilst higher levels of foreign giving can be expected in terms of multinational and bilateral funding, the difference appears less great when one considers the local trusts and foundations funding stream; here, the local mean gift size increased substantially from approximately R600 000 in 2013 to around R2.3 million in 2015. Also worth noting are changes in the average size of contributions from the private sector; specifically, the mean size of local contributions in 2015 far outstripped the mean of foreign companies.

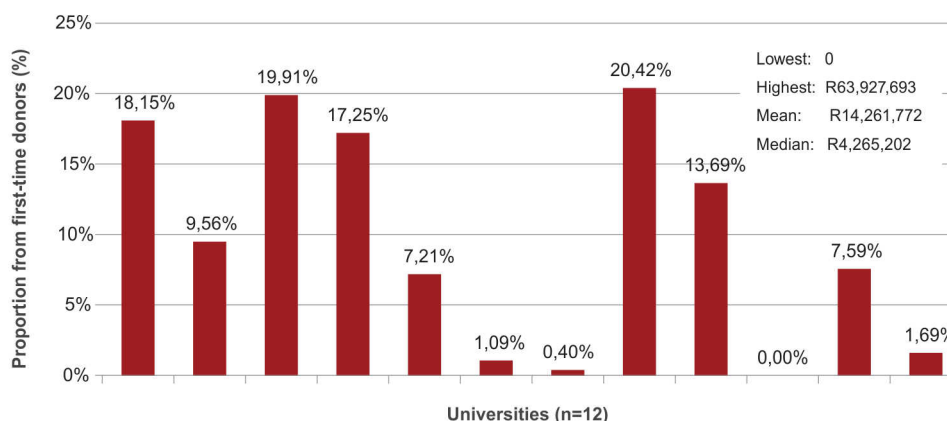


**Figure 2.20: Mean Value of Donations and Geographic Source**

**Source: 2016 Annual Survey of Philanthropy in Higher Education in South Africa**

The cultivation and recruitment of new donors is critical to sustaining and building philanthropic income. In terms of the 12 universities sampled in the ASPIHE 2016 report, Figure 2.21 illustrates the proportion of each university's donors who gave to the institution for the first time in 2015. As can be seen, there was a great deal of variation across the sample, with a high of 89% being new donors and a low of just 1%. The maximum number of new donors was 501 and the minimum was three,

with a mean of 149 donors and a median of 70 donors. The ASPIHE 2016 report pointed out that with five universities achieving a new donor proportion of 30% or more, the implication was that some institutions were very successfully building for the future. Others, which achieved very low figures of 3% and 1%, should have cause for concern.



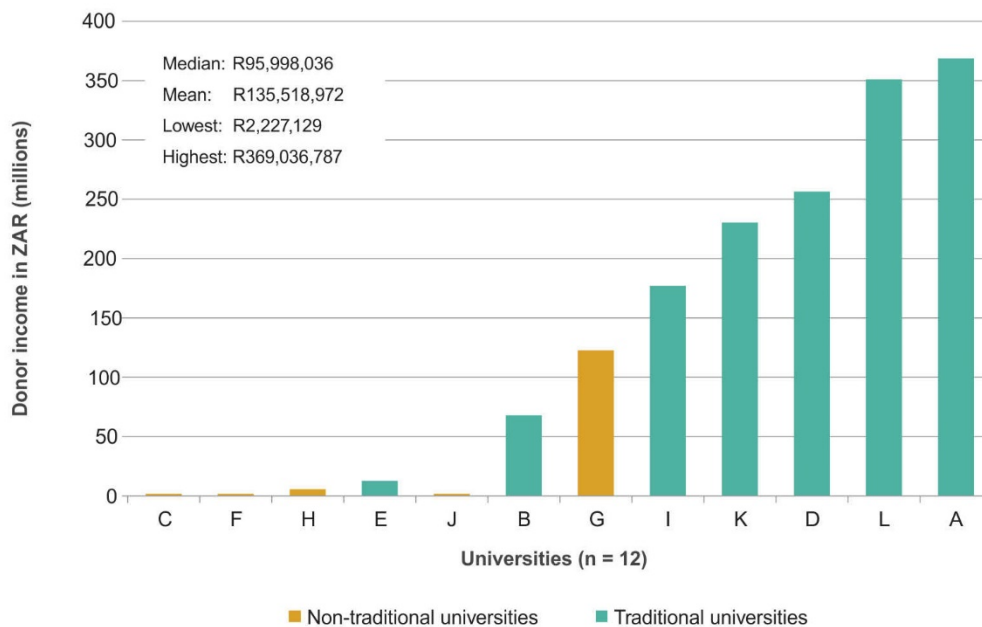
**Figure 2.21: First-Time Donors as a Proportion of All Donors to the University**  
**Source: 2017 Annual Survey of Philanthropy in Higher Education in South Africa**

The proportion of philanthropic income received from new donors is also worth noting. Four institutions received more than 10% of their income from new donors, with a high from new donors of more than R47 million and a low of R19, 964. The mean amount received from new donors was R9.9 million and the median was R1.9 million. Nevertheless, there is no correlation between the number or proportion of new donors and the amount or proportion of philanthropic income received from such donors. For example, whilst one university received just over 1% of its income from new donors, these donors comprised 89% of the institution’s donor body.

Drawing on the ASPIHE 2016 report, if one considers philanthropic funding by purpose of destination, four per cent of the total of R1.2 billion in philanthropic funding received by the 12 South African higher education institutions in 2015 was unencumbered. The remaining 96% was earmarked for specific purposes: 24% for

student funding in the form of scholarships and bursaries; 14% for research; and 8% for infrastructure. The remaining 50% was designated for a range of other initiatives such as community engagement, staff development and teaching and learning.

Finally, figures show that South Africa’s traditional universities received the greatest donor income. In 2015, 91% of all donors to the 12 sampled institutions gave to the six traditional universities and only 9% to non-traditional ones. These figures were 93% and 7% respectively in 2013.



**Figure 2.22: Philanthropic Donors to Participating Universities**

**Source: 2017 Annual Survey of Philanthropy in Higher Education in South Africa**

## **2.7 Corporate Social Investment and the Impact on Philanthropic Funding in South Africa**

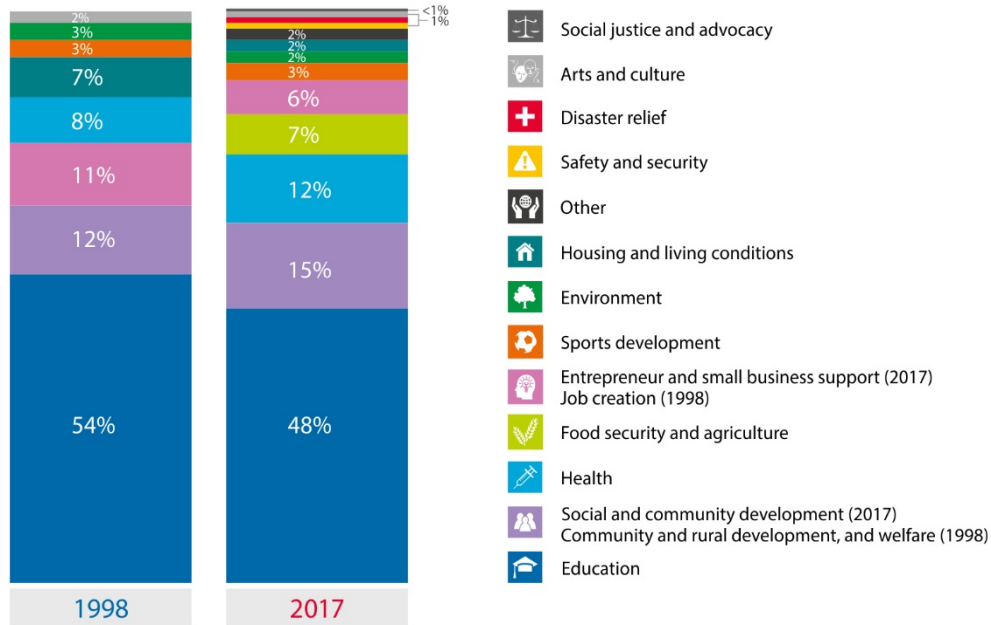
Corporate Social Responsibility (CSR) encompasses projects that are external to the normal business activities of a company and not directly aimed at increasing company profit. These projects have a strong developmental approach and utilise company resources to benefit and uplift communities. Whilst they might have marketing value, they are not primarily driven as marketing initiatives.

Corporate Social Investment (CSI) originated from philanthropy when the value it added to the reputation of the organisation was recognised. Previously, the terms CSI and CSR were used interchangeably, but have now been defined separately. CSR refers to an organisation's total responsibility towards the business environment in which it operates. CSR describes the broader solution to triple-bottom-line matters of the 3Ps – profit, people and planet. CSI is one of the sub-components of CSR and aims to uplift communities in such a way that the quality of life is generally improved and safeguarded.

In more recent times, the imperative for CSI arose from the inclusion of socio-economic development (SED) as an element of the broad-based black economic empowerment (BBBEE) scorecard. The BBBEE codes seek to direct CSI funds to income-generating projects and 100% black beneficiaries. Thus, CSI funds are predominantly spent on black beneficiaries, and if a company can make an optimal impact by investing in education or health, why should this be discouraged?

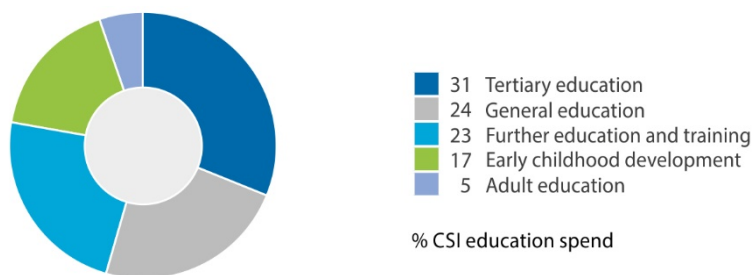
There are economic and tax benefits to encourage companies supporting CSI initiatives. According to Trialogue, a Cape Town based consulting firm, who regularly surveys a sample of some of the biggest South African companies and publishes such information in its yearly CSI handbooks, for 2017, the total estimated CSI spend by South African companies was R9 billion. Almost all of the companies surveyed by Trialogue were engaged in various education activities, which receive nearly half of the CSI expenditure. Despite challenging economic conditions, this 2017 investment of R9 billion by South African companies in corporate social investment represents a significant increase – compared to R1.5 billion 20 years

ago. Triologue reported that support for tertiary education increased from 29% in 2016 to 31% in 2017.



**Figure 2.23: Distribution of CSI Expenditure by Development Sector: Comparison 1998 to 2017**

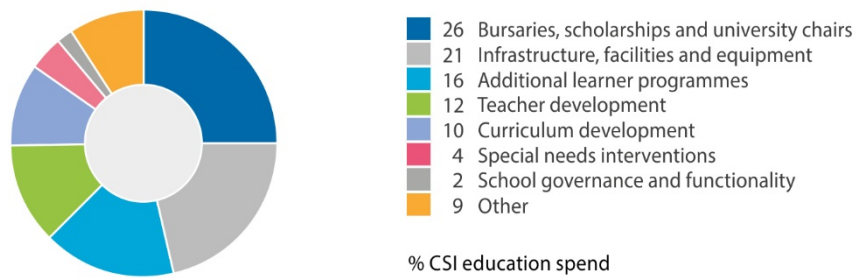
Source: Triologue, *The Business in Society Handbook 2017*



**Figure 2.24: Category of Education CSI Spend – 2017**

Source: Triologue, *The Business in Society Handbook 2017*

By far the biggest education sub-category intervention is in higher education with 26% of support going towards bursaries, scholarships and university chairs.



**Figure 2.25: Type of CSI Education Intervention – 2017**

**Source: Trialogue, *The Business in Society Handbook 2017***

## 2.8 Factors Affecting Successful Higher Education Funding

Successful fundraising programmes and activities can improve the profile, the image and reputation of universities (Barr, 1993). They help provide evidence of an institution's excellence in certain areas. Thus they can attract better students as well as researchers and professors. Excellence in research also brings excellence in teaching and better services to the community. This in turn brings more success in fundraising efforts. Conversely, failed fundraising initiatives can have a long lasting effect on fundraising activities.

While fundraising activities can be affected by more general aspects such as the prevailing economic conditions there are some essential factors that universities should look at to enhance their fundraising success. According to a UK universities strategic fundraising document (2014), it is important to get the fundamentals in fundraising right.

Firstly, from the outset universities should determine exactly how fundraising best fits within their infrastructure. Fundraising should be included in the university's overall strategic plan; it should also appear in college/ faculty plans as it is a shared responsibility. Academic leaders are integral in identifying and seeking out fresh opportunities that otherwise may have gone unrecognised; furthermore, high level support and endorsement from the Vice-Chancellor is critical for a positive outcome of any such initiative.

Secondly, fundraising should be an institutional-wide commitment. Fundraising activities should not be restricted to the fundraising office as they require the collective commitment of expert staff across the university. Fundraisers need the support of the academic staff across the university to generate project ideas, enthuse and interact with potential donors and steward those who have given. These activities need to be in keeping with the university's fundraising strategy, with clear priorities and key performance indicators.

Thirdly, universities should identify fundraising champions. Academics are critical in rallying support for their students, research and the university as a whole. Working at the coalface, they are perfectly positioned to express the values and ingredient of education with passion and genuineness. Thus a partnership between fundraising professionals and academics where each needs the help of the other to meet their goals is useful and in some instances vital for university strategic fundraising projects to be successful. The *fundraising champion* can add value to the project and would typically be a senior academic who is unfeigned, authoritative and would be a veracious champion for the project.

It is essential to put a competent fundraising team in place, as the quality of the team is critical to the success of any fundraising initiative. A European Commission report, *Engaging Philanthropy for University Research (2007)* emphasises that the team should be dedicated and competent. It should also have a combination of expertise in fundraising and an ability to understand the dynamics of the academic world.

Another fundamental principle for fundraising success, as suggested by Coll (2000), is to retain the institution's advancement staff. Fundraising is a profession and needs to be conducted professionally. As the requisite skills and experience are not usually found in universities amongst existing staff, universities need strategies to recruit, train and retain key individuals in this field.

Fransen (2007) cautions that it is equally important it to get the university's governance and administrative structures right. Transparent governance is critical both for universities as well as foundations. Institutions have to be able to demonstrate how investments are made and what the outcomes are. The same

stands for openness and accountability, especially for university accounting systems.

The 2007 European Commission report highlights a further fundraising fundamental related to the importance of the university's brand and profile. Managing the universities profile, public image and reputation creates the base for future relations with alumni and other potential donors. It is therefore important to establish the institution's comparative advantages over other universities in specific areas and build on its strengths and areas of excellence. The starting point for all fundraising efforts should be an honest and accurate analysis of the institutions strengths and weaknesses.

Finally for any university fundraising initiative to succeed one needs to promote a culture of giving and create a culture of asking across the in institution. There needs to be a call to action and the raising of awareness for stranger support of philanthropic fundraising for universities Jacobs (2007).

## **2.9 Basic Fundraising Principles**

Like any business relationship or partnership, donor relationships need on-going commitment and energy to be sustainable and must be viewed as jointly favorable. Often known as the donor cultivation cycle, this has four essential phases: identification and research (who will one ask and what is being asked for?); cultivation (building relationships and preparing to make the 'ask'); solicitation (making the 'ask'); and stewardship (recognition of and continuing engagement with donors) (Strategic Fundraising. Universities UK publications. 2014).

**Identification and research** is very much about doing the ground work: the collecting and assessing of material and data on prospective donors and funding priorities. Fundraisers need to be very clear on what they are fundraising towards and set financial targets. Once projects have been identified by the universities for which they need to raise funds, they need to determine how best they might appeal to donors. Fundraising tends to be more effective when aligned with an institution's mission, identity and strategy. Identifying who it wants to approach for support is necessary and identifying possible donors is something that needs to be undertaken

by the institution. An essential component of the cultivation cycle is that of prospect research. This will provide the fundraising team with the data and background information they need about each prospective donor. This will be useful to assist in the initial approach and to establish a relationship with prospective donors. The more background information one has to better understand and get to know about a prospect, the easier it is to match the potential donor to the right project, successfully solicit a donation and improve the chances of building a longstanding relationship. It is important to be aware that a donor might not always be an individual. It will, in most instances be a person that is cultivated, asked and stewarded but their motivation for giving might be their business interests rather than personal ones. Sometimes the company is the giving mechanism but it is the fact that the company's strategy overlaps with that of the institution that is the driver.

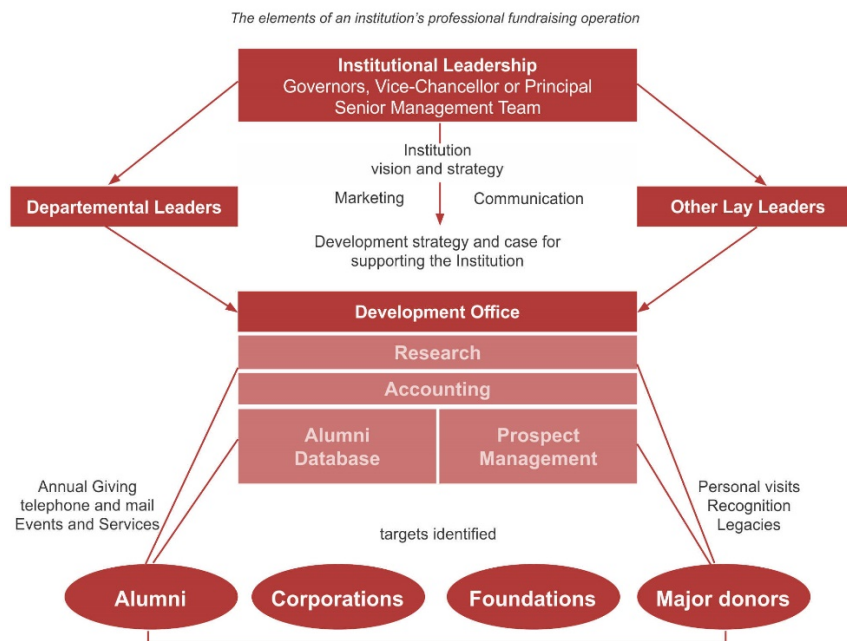
In terms of the ***cultivation phase*** of fundraising, approaches are based on the background material and data that is gathered in the identification phase. Cultivation refers to the techniques used to establish a relationship with a donor, from early contact through to their active engagement with the university. The more significant the prospect and the larger the donation, the prospect will expect a higher amount of one-to-one time with the senior leadership of the university.

The actual 'ask' is made during the ***solicitation phase***. There are a number of ways to achieve this: direct mail, by telephone, personalised email, face-to-face solicitations, and peer asking, as part of a legacies campaign or through an online communication appeal. For major gifts, this can be an involved process with a need for due diligence and donor agreement contracts; thus to be professional and speed up the process it is important to have the appropriate mechanisms already in place. For smaller and more frequent donations, it is important to have robust financial systems that can cope with peaks in giving and provide donors with reassurance that their donations are being handled in a professional manner based on sound corporate governance.

The final and critical phase in the fundraising cycle is that of ***stewardship***. An existing donor is far more likely to give again than a non-donor will begin giving. Therefore, it is not only vital but makes sound financial sense that good stewardship

is in place for each donor. Stewardship is about creating and nurturing long-term relationships with donors and it is the shared responsibility of everyone involved in the process. Effective stewardship ensures that the donor knows their gift is valued and put to good use and creates a feeling of positivity toward the institution. By investing wisely in stewardship an institution can keep donors engaged in a donating cycle and encourage them toward regular and repeat giving.

It is important to put the right fundraising structures in place that will support a successful donor cultivation cycle. The fundraising office needs to be able to collaborate closely with top leadership, academics, corporate affairs and the alumni office, as highlighted in the European Commission’s report, *Engaging Philanthropy for University Research* (2008). A positive example can be gleaned from the University of Edinburgh, who were one of the first UK universities to start formal fundraising efforts and who have a well-established and supported development office, as illustrated in the structural model below:



**Figure 2.26: The Elements of an Institution’s Professional Fundraising Operation**

**Source: Higher Education Funding Council for England, (2014). Strategic Fundraising. Universities UK publications**

## **2.10 Factors that Hinder Donor Giving and Philanthropic Support**

According to a report undertaken for the Higher Education Funding Council for England (2011), *2012 Status Report and Challenges for the Next Decade*, the reasons as to what motivates a donor to give are complex and personal; as is what drives and initiates giving are wide and varied. Concern for others, sympathy, social responsibility, sense of loyalty and gratitude to an institution all play a part in motivating people to give.

Yet within the South African context some universities struggle to generate a third stream income. Professor Rolf Stumpf, former Vice-Chancellor of Nelson Mandela Metropolitan University and chair of the Higher Education South Africa (HESA) task team that produced a report (2009), *Tuition Fees: Higher Education Institutions in South Africa*, points to six main reasons, viz: generally weak relations between universities and business; South Africa's limited industrial-business base; few tax breaks for companies and individuals; weak alumni and fundraising structures and the absence of a culture of giving; the limited research capacity of some universities; and the impoverished geographical and economic environments of several institutions.

Weak alumni, limited research capacity and often impoverished geographical and economic environments are three problems particularly relevant to historically black universities, which were under-resourced for decades and often located in poor rural areas. As a result, there are massive differences between universities in terms of their ability to generate alternative income (University World News, South Africa: Third stream income a new priority. June 2008).

Voluntary action for the public good appears in every society, although it appears differently in different cultures and nations have their own philanthropic traditions. To achieve fundraising success, the reasons why people give are important for university fundraisers to understand. If one understands the psychological and social concepts of human behaviour within a cultural and temporal context one can shape an institution's fundraising strategies accordingly.

The relationship between age and giving is positive, as reported by a number of studies (Radcliffe, 2011). Some research suggests that age also correlates with other background characteristics such as gender, marital status and income. While numerous studies have found the existence of a direct relationship between age and giving, some go further to report that the relationship decreases as the donors get older. The precise age when giving appears to decrease varies from country to country and is influenced by the specific context and giving culture of a particular society (Radcliffe, 2011).

Gender is a further demographic characteristic that is strongly related to giving. A survey of USA Consumer Family Finances by Kennickell *et. al* (1997), found that women tend to be more altruistic than men. Research, however, on the donor patterns of alumni donors and alumni non-donors of two United States universities found there was no significant relationship between donor status and gender. The studies did however suggest that male alumni are more likely to give larger gifts than their female counterparts (Mesch et al, 2011).

The evidence on the influence of marital status on giving is mixed. Some research would suggest that marital status is positively related to giving, while others have claimed this is not quite so. Andreoni et al (2003), conducted a household survey commissioned by Independent Sector, United States. The survey was conducted across 4 180 households to look at charitable giving by married couples. They concluded that marriage was positively related to giving. Similarly, Van Slyke and Brooks (2005) supported this view that married people give more than single people.

An individual's education level is a further demographic variable that relates to giving. A significant relationship between giving and the highest level of education attained has been established by a number of studies. The Giving Australia Report 2016, indicated that donors donated, and donated more, as their education level increased. Yet this is not always so. A Taiwan study by Ho and Huang (2009) reported that although donations were made for education purposes, the level of education did not influence giving. Bustamy *et.al* (2014), however point out that in Malaysia, individuals gave more to welfare-related organisations than to education.

These different findings suggest the influence of cultural norms and context when it comes to the link between giving and level of education.

Race and ethnicity also play a part in predicting donor giving patterns. A study by Okten and Osili (2004) demonstrated that ethnic diversity influenced contributions by shaping preferences of altruism towards one's own ethnic group. *The State of Philanthropy in Malaysia*, as reported by Bustamy *et.al* (2014) suggest that the various ethnic groups in Malaysia had their own pattern of giving influenced by the various cultures that exist in that country. This report further pointed out that within this context, such findings support the notion that race and ethnicity influence giving. According to a study by Everatt, Habib, Maharaj, and Nyar (2005), in South Africa there is very little academic literature on the topic of giving, particularly in terms of donor giving patterns towards higher education in South Africa based on race and ethnicity, and in terms of what influenced people to give. While much has been written on the topic of giving, it is mostly companies reporting on their corporate social investment, or the philanthropic financial acts of kindness from individuals and trusts, or donor patterns and behaviour within ethnic communities and/or religious groups.

What the research by Everatt, Habib, Maharaj, and Nyar does do, however, is analyse donor patterns according to demographics, gender and levels of education. They found that on average, women gave less than men to both organisations and directly to poor people. On the other hand they reported that men gave less time than women, who were also more likely to donate goods rather than cash. Assessing race-based giving, the same researchers report that whites gave more financially to organisations and deserving causes than others. They gave less volunteer time, however, than other race groups. The authors also found a close association between giving and level of education. Those with a higher level of education tended to give more amounts of money than those with a lower level of education.

**Table 2.1: Donor Giving in South Africa by Race and Sex**

**Source: Everatt, Habib, Maharaj, and Nyar (2005)**

|          | Average money to charity/org. (R per month) | Average money to beggar/street child/etc. (R per month) | Total average money giving (R per month) | Average time volunteered (h per month) |
|----------|---|---|--|--|
| All      | 27  | 7   | 34                                       | 1.9                                    |
| Sex      |   |   |  |  |
| Male     | 29  | 7   | 36                                       | 1.7                                    |
| Female   | 26  | 6   | 32                                       | 2.2                                    |
| Race     |   |   |  |  |
| African  | 16  | 5   | 21                                       | 2.2                                    |
| Indian   | 58  | 22  | 80                                       | 2.1                                    |
| Coloured | 62  | 5   | 67                                       | 1.1                                    |
| White    | 80  | 17  | 97                                       | 0.6                                    |

Who is likely to give and the size of the gift is strongly linked to income as a socio-economic factor that plays an important role related directly to giving.

A study on alumni giving as reported by Van Horn (2002) would suggest that alumni's financial resources and income determined their giving capacity – as their capacity increased and they grew older and their families matured, they were more likely to increase their support to their *alma mater*. Income was also reported to predict the size of the gift.

It has been found that occupation is related to giving as revealed in a number of studies. Oglesby (1991), reports that a relationship exists between an individual's employment and his or her donor/non-donor status. The Giving Australia Report 2016 reported that employment status also has a relationship with giving; employed individuals and those who have retired are more likely to give than the unemployed, students or those not in the workforce. Variances in income also influence giving; those employed on a full-time basis gave more than those employed on a part-time basis.

A final factor that influences donor philanthropic behaviour is alumni support. The way alumni view their university experience is an important outcome of giving; those who have had a positive experience are likely to be emotionally attached to their *alma mater* and be more likely to donate, as pointed out by Van Horn (2002).

Research by Rohayati *et.al* (2016) indicates that positive individual memories, emotional connection, a sense of loyalty and a sense of gratitude for education received had a positive influence on donor giving in both Malaysia and Australia. Donors also give for positive reasons such as intrinsic satisfaction (Lee and Chang, 2007). Finally, Worth (2000) emphasises that alumni make significant gifts to causes that are constant with their own principles and philanthropic goals, such as education, research or community service programmes.

## **2.11 The University of KwaZulu-Natal (UKZN) and the UKZN Foundation**

### **2.11.1 UKZN**

Categorised as a traditional university, the University of KwaZulu-Natal (UKZN) is among the top five higher education research and teaching institutions in South Africa today. It was formed in 2004 as a result of the merger of the former Universities of Natal and Durban-Westville, which institutions between them brought more than 100 years of history to the partnership. UKZN is the largest contact university in the country, spanning five campuses with more than 47 000 students in 2017, 28% of whom are postgraduates. It currently employs more than 4 000 staff. The University consists of 19 Schools and a number of research centres organised into four colleges: the College of Agriculture, Engineering and Science; the College of Health Sciences; the College of Humanities; and the College of Law and Management Studies. The three largest campuses of Howard College, Pietermaritzburg and Westville offer a range of degrees and programmes across most disciplines and are complemented by the Nelson R Mandela School of Medicine in Umbilo and the Edgewood campus in Pinetown, which is home to the School of Education. In total the University offers some 2 000 academic programmes at both undergraduate and postgraduate level, (UKZN @ a Glance, 2017).

The usual measures of excellence for a university focus on research and teaching. UKZN is ranked among the top 3% of world universities according to various international ranking systems. In 2015, the Department of Higher Education and Training (DHET) ranked UKZN first amongst South African universities in terms of published research output units for 2014 – the third consecutive year that the University had attained this distinction. UKZN received approximately R193 million

from the National Research Foundation in 2015 and nearly R400 million for non-governmental research grants and contracts. Over 86% of academic staff are research active and over 50% of them have doctoral degrees. In terms of teaching, UKZN student success rates meet the DHET targets of 80% while UKZN students outperform the national cohort on most measures of undergraduate degree performance. At the 2017 graduation ceremonies over 10 000 degrees and diplomas were awarded including an impressive 350 doctoral degrees (UKZN@ a Glance, 2017).

UKZN is one of the most transformed of the former White universities, with 56% of its support staff, 35% of its academic staff and 69% of its student body being Black (UKZN @ a glance, 2017). This makes it unique amongst the top research universities in South Africa in that it draws a significant percentage of its students from rural and disadvantaged communities who are reliant on scholarships, bursaries and National Student Financial Aid Scheme (NSFAS) loans to fund their studies. Many of the students attended inadequately resourced schools in impoverished communities with poor facilities, large classes and under-resourced teachers. UKZN's access programmes and student support initiatives are not luxuries but essentials that have proved their worth in enhancing student success and producing graduates who can contribute to the growth of the South African economy. In 2015, 80% of funding recipients at UKZN were African students, of whom 54.25% were women, and 67.70% undergraduates. A total of R287 million was awarded to students as loans administered by NSFAS, including final year student funding and UKZN loan funding. An amount of R452 million was awarded in bursaries (sourced from corporate, NSFAS administration, social responsibility and deceased estate funds); and R139 million in scholarships (UKZN, National Research Foundation and deceased estate funds). (UKZN @ a Glance, 2017).

### **2.11.2 UKZN Foundation**

The UKZN Foundation Trust is an independent Trust whose primary purpose is to build relationships and source philanthropic funding to further the strategic goals and objectives of its sole beneficiary, UKZN. The University places a major emphasis on securing scholarship and bursary funding to recognise excellence and assist students from disadvantaged backgrounds. This funding is sourced largely

from generous gifts by corporates, individuals, trusts and deceased estates and is mainly facilitated by the UKZN Foundation Trust.

### **2.11.3 The Early Beginnings (1923 – 1925)**

The roots of the UKZN Foundation go back to the former University of Natal (UN). Formal fundraising structures for the University of Natal started in 1923 with a 'propaganda committee', established after the then Natal Technical College in Durban was recognised as being part of the Natal University College (Pietermaritzburg). In June 1924 the Colleges agreed that the propaganda committee be renamed the Natal University Foundation Fund Committee. Its first success included the initial £50 000 donation from TB Davis for Howard College, ultimately increasing to almost £150 000 – and the City Council grant for the land at Stellawood on which Howard College would be built.

In August 1925 the acting Registrar announced the composition of the University Extension Foundation Fund Committee executive. In December of that year Trustees were appointed and the Governor-General consented to become the patron of the fund. One of the objectives was to raise funds for establishing a University of Natal. It is recorded that during the five years immediately following a sum of £32 700 was collected, the interest on which is still being paid into the University's account as an annual contribution to revenue. (University of KwaZulu-Natal, 100 Years Of Academic Excellence in the Province, 1910-2010).

### **2.11.4 The Foundation's First Significant Fundraising Campaign (1929 – 1932)**

One of the first significant fundraising campaigns undertaken by the Natal University Foundation Fund Committee began in March 1929 with a dinner given by Mr C.E. James, to which leading business people and industrialists were invited. Subsequently another committee was formed which included, apart from both University and College representatives, the Mayor of Durban and 16 representatives of the professions, commerce and industry. The principle objective was to promote expansion of university education in Natal and, specifically, to establish a University College in Durban that would provide mainly for higher technical, scientific and professional education. The committee's success in arousing the interest of the

Durban public is reflected in the Foundation's financial records for 1931 – some £70 000 was raised. Thus over the years the Natal University Foundation Fund Committee played an important role in securing funds to develop the University of Natal and pioneer fundraising work in higher education in the province.

In February, 1932 the Committee played a role in arrangements for the transfer of title deeds of Howard College and the fifty acre campus from the Natal Technical College to the Natal University College. In May of that year the Fund purchased an area of seventeen acres to the cost of £1, 305. The Committee had been proceeding without a formal constitution, however, and it was found that the land purchased by the Fund could not be transferred to the Committee unless it had a recognised constitution. One was duly drawn up and adopted at the meeting of the Committee on 16<sup>th</sup> June 1932.

#### **2.11.5 The Constitution and Pre-War Efforts (1933 – 1945)**

Following the adoption of the Constitution very clear objectives for the establishment of the Fund were set. It is interesting to note that some 85 years later, many of these remain as key aspects of the UKZN Foundation. The original objectives were:

- To accept any gift, endowment, or bequest made for the purpose of university education in Natal generally, or for the purpose of any specific object, and to carry out any trust attached to any such gift, endowment or bequest.
- To undertake and execute a trust which may lawfully be undertaken by the Fund and which may be conducive to its objectives.
- To purchase, take on lease, hire or otherwise acquire and hold any immovable or movable property which the Committee may think necessary or convenient for the purposes of the Fund, to take transfer of any immovable property already acquired, and from time to time sell, lease, exchange or otherwise dispose of any such immovable or moveable property as the Committee may from time to time consider expedient or desirable in the interests of the Fund.
- To erect or contribute to the costs of erecting of any building/s for the purpose of university education in Natal.

- To assist in the establishment of any Chair or Chairs and to endow any Chair in connection with university education in Natal.
- To establish and support or aid in the establishment and support of any charitable or benevolent association or institution connected with the purposes of university education in Natal or calculated to further its purposes.
- To supplement the salary of any existing or future professor, lecturer, teacher or tutor employed at or in connection with university education in Natal, or calculated to further its purposes.
- To grant bursaries towards helping students who have already entered or about to enter the College.
- Generally to promote any objectives which, in view of the Committee, may be advantageous or likely to benefit or encourage the development or extension of university education at the College.

Despite the new Constitution the Fund did not during the following decade expand at the same rate as it did in the earlier years, when there had been considerable activity and concrete evidence of university development in Durban and when student enrolment had increased from 259 in 1928 to 626 in 1932, largely as a result of the Committee's efforts at the time to promote and bring higher education to Durban. Nevertheless, considerable demands were made on its resources as a result of the growing requirements of the College in Pietermaritzburg as well as in Durban.

In 1935, the Committee agreed to make a block grant of £1,300 per annum to the Natal University College to be allocated in Loans and Bursaries at the Council's pleasure. The period up to 1945, however, was generally not propitious for launching a public appeal to augment the Fund owing to the financial depression up to 1938; the onset of the Second World War in 1939; and the difficulty which the College Council experienced under prevailing conditions in formulating a definite policy for the guidance of the Fund Committee.

### **2.11.6 The Start of a Drive on a New Ten-Year Fundraising Plan (1946 – 1950)**

The end of World War II saw a significant rise in the number of students enrolled at the Natal University College: from around 800 before and during the war to some 1 900 from 1946. This was partly owing to the influx of 650 ex-soldiers and partly owing to an accelerated natural increase in enrolments. The upshot was the desperate need for hostel and class-room accommodation, which was at the time hopelessly inadequate. The University was quite literally bursting at its seams.

Spurred by the urgent need for more and better university facilities the Development Fund Committee started a new fundraising drive. Accordingly towards the latter half of 1946, the Foundation published a brochure, 'Development: Natal University College'. This outlined a ten year funding plan setting out in three stages the requirements of the Natal University College to become a full-blown University:

- Stage 1 – immediate requirements: This plan envisaged the expenditure of £1 470 000 on buildings and sports fields. This capital expenditure was to be met by a contribution of £650 000 from the public and £820 000 from Government.
- Stage 2 – the middle stage: In addition to raising £650 000 to meet capital expenditure, the Foundation set itself the task of securing money to meet the recurrent expenses of the University. This was from donations and grants and also included the building up of an endowment of £500 000, of which only the interest was to be used.
- Stage 3 – long range developments and benefits: The brochure showed how a flourishing university could serve the local community not merely by training its youth in professions and contributing to the cultural life of the community, but also by research which, when applied to local industries and commerce, could contribute to the community's economic productivity and wealth.

In short, the 'Development Brochure' provided the blueprint on which the campaign for funds was launched and carried out by committees and by individuals. As a result of their wide business connections, committee members of the Foundation succeeded in obtaining large contributions from commerce and industry, even beyond provincial boundaries.

### **2.11.7 The Securing of Funds: Some Early Experiences (1946 – 1950)**

Notes from Foundation records of 1950 provide an interesting insight into how funds were secured at that time. They start off by saying:

The securing of donations for the University is a complicated business and it will be difficult in many cases to say precisely what individual or committee was instrumental in securing a particular donation. The methods of approach vary according to each individual or firm from whom it is hoped to get a donation.

They go on to say:

Before starting a fundraising drive and even while it is in progress, the Foundation sets itself the task of building up such a general background of favourable sentiment towards the University by newspaper articles, speeches by the principal (VC) and staff members and news items regarding achievements of the university academically and in sport.

The Foundation paid £1 960 to print two sets of brochures, one set in 1946 and the other in 1951. Both greatly assisted in attracting favourable publicity for the University and the Foundation's fundraising awareness campaigns. One of the brochures carried all the names of "important" citizens who were prepared to sponsor the fundraising drive.

Records further capture the Foundation's approach to an individual:

Where large sums are hoped for, a deputation from the Campaign Committee is usually sent to interview the person or organisation concerned. Sometimes a lunch is arranged where University matters are informally discussed. In the final instance, however, most of the large donations have been the result of the influence and tactful approach by an individual.

It is here that the persistent fundraising efforts of the President of the Foundation, Mr C.E. James, were crucial. The University secured most of its large donations through his personal influence, for example, a £20 000 endowment for the Hudson Chair of Economics, £20 000 for the James Scott Wylie Chair of Law, £30 000 from Mrs Arthur May, not to mention his own contribution of £20 000 in 1946. The report goes on to mention further donations as a result of his efforts: £10 000 each from Barclays Bank and the Standard Bank of S.A. and £5 000 from the Union Castle Mail, African Explosives & Chemical Industries and Natal Associated Collieries respectively.

Of interest is that for the first time in its twenty-odd year existence, the Foundation saw fit to appoint a full-time paid organiser to manage its daily affairs in June 1950, in the person of Major C.H.J. Deighton.

#### **2.11.8 Challenges of Fundraising from Past Students in the 1950s**

The records of 1951 reveal that contrary to expectation, past students proved relatively ineffective in organising themselves for the purposes of fundraising towards supporting the objectives of the Foundation. Nor did they contribute much themselves. Their main contribution was to organise an insurance scheme by which a policy to the value of £25 was taken out by a student on completion of his or her studies. The policy matured in fifteen years and become payable to the University. This had not proved very successful with an uptake of only 71 such policies in 1951.

The need to appoint a full-time organiser to administer all the contact details of past students was also recorded that same year. A newsletter was being planned by the Convocation that if well edited, would do much to maintain contact with alumni and keep them interested in the affairs of the University.

#### **2.11.9 Enter the Modern Era**

It was from such roots that the current UKZN Foundation Trust sprung. Formally constituted in 2004 shortly after the merger between, Natal University and the University of Durban Westville, the University of KwaZulu-Natal Foundation Trust has a staff compliment of ten. It is headed up by an Executive Director, with an Operations and Financial Manager, four Senior Development Officers, a Prospect Researcher, two administrative support staff and a secretary.

UKZN Foundation records for the last decade of the 20<sup>th</sup> Century reflect a steady annual fundraising effort. For example, in 1998 the Foundation receipted R15 million in donor income. Total five-year income from donors increased from R141 million for the period 1998-2002 to R373 million for the period 2003-2011 and R654 million for the period 2008-2012. In the Foundation's 2014 annual report, Dr Warren Clewlow, Chairman of the UKZN Foundation Board of Trustees reported the following:

The University of KwaZulu-Natal Foundation Trust continues its critical role in enabling greatness at UKZN. Through harnessing the synergy between the academic community, the UKZN brand and the donor community, the Foundation strategically foregrounds institutional advancement projects and takes these to market. Driven by its ethos to be the leading social investment partner in African Higher Education, the UKZN Foundation has since the merger in 2004, raised in excess of 1.2 billion in philanthropic third stream funding. (UKZN Foundation Annual Report, 2014).

The 2012 UKZN Foundation Annual Report highlighted several areas of concern. It noted that the UKZN Foundation remained heavily reliant on donor income from international sources, the bulk of which came from Trusts and Foundations whose contributions accounted for more than 75% of all donor income for the past five years. Such a situation rendered the Foundation and the University highly vulnerable to the vagrancies of the international philanthropic sector. Moreover, individual giving to the University via the Foundation comprised less than 1% of donor income. The report argued that sustainable long-term giving to higher education institutions lay with building alumni relations and that this area needed to be given attention. Another issue flagged was that the Foundation operated on the periphery of the University rather than at its core. The consequence of this distance from the operational and strategic centre of the institution encouraged the perception that the Foundation lacked value-add for the University. Finally, the 2012 UKZN Foundation Annual Report noted that there were no formal mechanisms for supporting the UKZN's Colleges and Schools; instead, projects were adopted on an 'individual' basis.

While the 2014 UKZN Foundation Annual Report reflected that R108 million in funding was receipted through the Foundation, 82% was from international donations, with national donations only comprising 18%. In 2015 the Foundation receipted R140 million of which 75% was from international donors. Thus despite this being identified as a risk in 2012, very little had changed in the donor ratio between local and international. Similarly, despite the need being identified in 2012 to work closer with alumni, very little effort had been made in this regard. Whilst the Alumni office met regularly around South Africa and held alumni functions, as of 2018 there had been no strategic co-ordinated fundraising campaign of any meaningful significance.

In terms of becoming more integrated within the University the Foundation made significant strides with the allocation of a Senior Development Officer to each of the Universities four Colleges in 2015. This strategic move was also part of a wider road show to each of the University's Schools to raise the internal profile of the Foundation, explain how it functioned and the importance it placed on working with academics to identify and fundraise for projects.

To meet the crisis of a national shortfall in student funding there was a strategic focus during 2016 to raise funds for bursaries and scholarships and approximately R24 million was earmarked towards this cause. Legislation promoting black empowerment through the BBBEE codes presented a fundraising opportunity for the Foundation to work closer with Business, who would be entitled to BBBEE points towards improving their BBBEE rating scorecards by funding bursary students.

2015 saw the appointment of a new Vice-Chancellor and Principal at UKZN, Dr Albert van Jaarsveld, who was highly attuned to the importance of third stream income for the University. He developed a close relationship with the UKZN Foundation and expressed himself willing to be involved in high level meetings with funders and strategically promote third stream funding. Such 'user-friendliness' can thus be exploited by the UKZN Foundation in its future fundraising strategies and endeavours.

## **2.12 Stakeholder Management Theory**

Stakeholder management theory is important in the context of this dissertation, as it forms the basis of the theoretical framework for the case study research and analysis that follows.

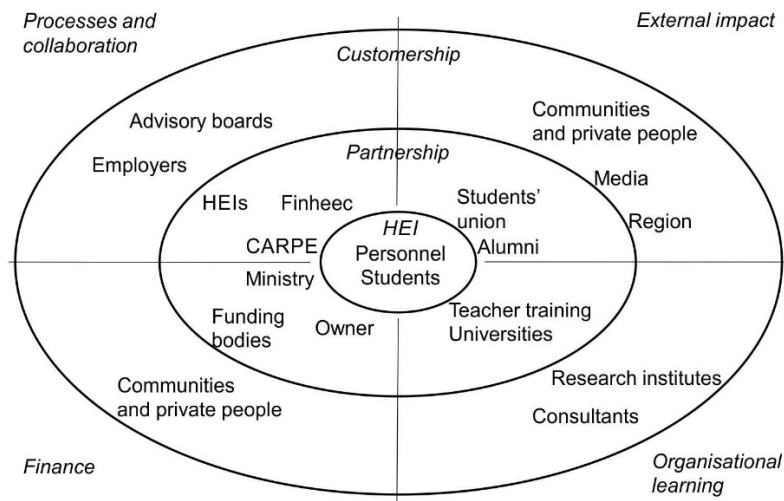
To a large extent, the success of a higher education institution's ability to raise third stream income depends on its ability to take care of its stakeholder relationships. According to Freeman (1984), a stakeholder may be any individual or group of individuals either impacted upon by the company or able to impact on the achievement of its objectives. This is the concept underpinning Stakeholder

Management Theory. This theory considers that the final results of any activity should take into consideration the returns of the results for all stakeholders involved and not only the results of owners or shareholders (An Exploratory Research on the Stakeholders of a University, Page 1, *Journal of Management and Strategy*, Vol. 1, No. 1; December 2010).

The internal stakeholders of higher education institutions include students and staff, while external stakeholders include partners and customers. It is necessary to classify partners and customers according to different perspectives, including finances, processes and collaboration, external impact and organisational learning. As emphasised by Kettunen (2014), these perspectives provide a safeguard that all the necessary elements are included in future success and quality assurances of an institution.

Higher education institutions have to respond to the needs of their various stakeholders. The importance of external stakeholders' increases when the public funding of higher education institutions decreases. The institutions must then look for external funding from various domestic and international funding sources and collaborate with external stakeholders. In such situations, they become responsible to a larger number of stakeholders. To this end, higher education institutions need to engage in profitable relationships with various stakeholders. Hence they need to identify these stakeholders and their needs before defining priorities and relational strategies for each entity (Kettunen, 2014).

A stakeholder map in higher education.



**Figure 2.27: The Stakeholder Map in Higher Education**

**Source: Kettunen, J. (2014). The Stakeholder Map in Higher Education, *Journal of Institutional Research*.**

According to Jongbloed *et al.* (2008), the legitimacy of higher education to society is increasingly evaluated by the level and quality of the Higher Education Institution's (HEI) commitment to its community of stakeholders and is inherently of greater depth than any simple maintenance of contacts. This implies that the organisation seeks out and adopts means of involving the stakeholders so as to best perceive how the latter value the services provided and just how these can be improved. According to Arbo and Benneworth (2007), one plausible consequence is that these demands will generate a new approach to governance and social responsibility, highly professional management and a rethinking of the university business model. Stakeholder Management Theory might prove useful to HEIs in efforts to explain the attention rendered to the various communities found in the surrounding HEI environment in addition to the relational interaction between an HEI and its communities (Jongbloed *et al.*, 2007). However, the HEIs have not yet proven able to either correctly identify the stakeholders involved with the institution or to concretely establish the needs of each entity and the level of importance to attribute to the respective relationship. There is still much to be done before ensuring HEIs

meet stakeholder needs and, within this scope Stakeholder Theory has much to contribute towards completing this task (Dobni and Luffman, 2003).

Within this context the UKZN Foundation through its stewardship projects attempts to meet the needs of its stakeholders. This is done by working with stakeholders to ensure that their funding criteria are met, keeping them updated during the year of students' and respective funded projects progress and, if applicable, issuing them with section 18A tax certificate. Furthermore, the UKZN Foundation stewardship and donor recognition programme is designed to nurture existing and new relationships in a respectful, transparent, ethical and consistent manner.

### **2.13 Conclusion**

This chapter has attempted to highlight a number of key discussions around the financial challenges faced by South African Institutions of Higher Education. It explored the increasing importance placed on universities to seek alternative income (third stream income) to offset the escalating costs of sustaining the academic credibility of the institution. It looked at what aspects are considered important for universities to succeed with their fundraising strategies. Finally, it considered the importance for universities to manage their stakeholders from whom they source and receive third stream income.

The conclusion reached is that universities in South African desperately need third stream income, which is becoming critically important for universities to maintain their academic credibility, to grow and provide research opportunities to students, upgrade infrastructure and to remain competitive. For universities to succeed in their quest for third stream income it is important for them to understand the principles of philanthropic income and to have a fundraising strategy in place. It is equally important for universities to manage their donors and develop long term relationships so as to maintain their financial support.

Chapter three will review the research methodology and data collection techniques that were used in this study.

## CHAPTER THREE

### Research Methodology

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#### 3.1 Introduction

This chapter sets out to discuss the research strategies and techniques that were applied to address the research problem. It focuses on the research design, population sample and sampling method. It then considers the data source, collation methods, capture and analysis of the data and types of approaches to the questions employed in the study. The chapter concludes with the reliability, validity and trustworthiness of the data and finally ethical clearance considerations and conclusion.

#### 3.2 Research Aim and Objectives

The main aim of the research was to explore factors surrounding the complexities of fundraising for higher education in South Africa, in particular, via a case study examination of how the University of KwaZulu-Natal through its fundraising office (the UKZN Foundation) managed its stakeholders towards generating a third stream of income.

The study was broken down into the following objectives:

1. To investigate the current *status quo* of UKZN's donor groupings and their donor sentiments in relation to UKZN.
2. To examine how the UKZN Foundation managed stakeholder engagement with its donor community.
3. To develop a conceptual model of best practice for donor management in a university environment.

It was anticipated that the knowledge gained through the study would provide a better understanding of and insight into the highly competitive environment of higher

education third stream fundraising; thereby enabling the researcher to recommend strategies to provide sustainability and optimisation of donations to UKZN.

### **3.3 Research Design**

Sekaren and Bougie (2013) view the research design as an outline or skeleton of the research that is constructed on the research objectives; the outline provides a guide for the collection, measurement and analysis of data. A research design maps out the method used for collection, measuring and analysing data such that conclusions may be drawn in order to address the research problem (Flick, 2015).

Given the complexities around fundraising in higher education and in an attempt to gain a better understanding of these, this study adopted a qualitative – as opposed to a quantitative – research methodology. Cooper and Schindler (2006, p.716) describe qualitative research as, “non-quantitative data collection used to increase the understanding of a topic”. Qualitative research deals more with words rather than numbers, as is the case with quantitative research (Creswell, 2013). Qualitative research is most often administrated through interviews, discussions and surveys and consequently sees the researcher become more of an active participant in gathering the data. It was considered to be the best method of data collection for this study, as it allowed the researcher to probe the topic via the interview process, gain a greater insight and understanding into the personal views and experiences of those involved, and thereby acquire a clearer picture of the complexities inherent to the process of higher education fundraising. As emphasised by Merriam and Tisdell (2015), such a qualitative approach thereby addresses the investigative objectives of the study directly.

According to Taylor *et al.* (2015), a qualitative approach can be labour intensive; however, it is the best method in acquiring high quality, informative data. The degree of freedom allowed to the sample in interpretation and responding to questions allows for diverse and revealing data to be gathered.

### **3.3.1 Case Study**

Zainal (2007) posits that case studies are considered useful in research as they enable researchers to examine data at the micro level. Used in conjunction with quantitative or qualitative research, case studies can be a practical solution when a big sample population is difficult to obtain. They present data of real-life situations and provide better insights into the detailed behaviours of the subjects of interest.

Case study methodology, however, has on occasion been criticised for its lack of rigour and the possibility for the researcher to have a biased interpretation of the data. Zainal notes the inability of the case study approach to generalise results. Grounds for establishing reliability and generality are subjected to scepticism when a small sampling is deployed (Yin, 1994). Case study research is therefore sometimes dismissed as useful only as an exploratory tool.

Despite these criticisms, researchers continue to deploy the use of case studies, particularly in studies of real-life situations governing social issues and problems. Case studies from various disciplines and domains are widely reported in the literature. The researcher adopted a case study approach to compare the relevance of international and South African literature to a specific local context. The UKZN Foundation was chosen in particular as UKZN represents a well-established, state-funded, higher education institution in South Africa. Moreover, being an employer of the institution the researcher had ready access to primary source documents, was aware of the concomitant potential for bias in data interpretation, and was subsequently alert to the necessity of consciously mitigating against such bias. The case study was undertaken by collecting extensive data from stakeholders through individual personal interviews; via an on-line survey of donors across different sectors who contributed third stream funding to UZKN; and via discussions with staff at the UKZN Foundation who were directly involved with strategic fundraising for the University.

### **3.4 Population and Sample**

A population is defined as the total of all the individuals who have certain characteristics and are of interest to the researcher (Leedy and Ormrod, 2014). In the case of the study in question, this included all individuals, corporates, trusts, philanthropic bodies and affected employees who interacted with the UKZN Foundation and donated, or facilitated such donations. Sekaren and Bougie (2011), point out that a sample is a subset of people, events or items drawn from the population. Creswell (2013), explains that a sample size is drawn when it is difficult to investigate the entire population owing to reasons such as size and logistics. It is hence a representation of the population, which can be analysed to make inferences about the population as a whole. Given the heterogeneous nature of the research topic, and given that the UKZN Foundation has over 4 000 donors (current and historical) in its database who are spread geographically across South Africa and around the world, a sample approach was considered the most practically appropriate for this study.

### **3.5 Sampling Method**

The preferred sampling method for the researcher was one that would provide an adequate and relevant number of external and internal participants from the defined population. It was designed carefully to ensure that the study was well represented with relevant data, which could then be captured and analysed.

Uprichard (2013), states that the two main methods of sampling are probability sampling and non-probability sampling. One involves random selection from the population while the other involves being selective in choosing from the population.

In non-probability sampling, the subjects do not have a known or equal chance of being selected (Merriam, 2009). The researcher will purposefully select the individuals for the sample from within the population (Onwuegbuzie and Collins, 2007). Some non-probability sampling techniques are purposive sampling, convenience sampling and snowball sampling. Purposive sampling (which includes

judgement and quota sampling) is used when the sample can provide the information required by research or conform to criteria set by the researcher (Merriam, 2009). Leedy and Ormrod (2014), and Sekaren (2013) describe purposive sampling as a form of sampling where people or other units are chosen for a particular “purpose” and represent diverse perspectives on an issue. The sample method chosen in this study was non-probability sampling and in particular, purposive sampling, to ensure that diverse perspectives on UKZN’s fundraising efforts were captured, both positive and critical, from all of the different donor and stakeholder groupings.

As suggested by Levy and Lemeshow (2013), owing to the nature of qualitative research, the time required to conduct interviews and transcribe data, as well as the focus on word related results, non-probability sampling was best suited for the study in question. The sampling method was chosen because the researcher did not want to generalise the findings, but rather seek out participants who would be able to add specific data and meet the goals of the study (Fowler Jr, 2013). Furthermore, the participants were advantageous or best placed to provide the required information. The targeted participants were selected for their professional status and their possession of the requisite information, in that they were directly involved in higher education either as active fundraisers or as donors.

In sum, the participant sample for this study included five internal UKZN staff (four UKZN Foundation fundraising staff and the UKZN Vice-Chancellor) as well as 30 external donors. Creswell (2003) states that at least five to 25 is the acceptable sample size for interviews in a qualitative study. The UKZN Foundation staff were chosen because they dealt directly with donors and were tasked with raising funds for the University. This group included the Executive-Director of the UKZN Foundation, who had overall responsibility for UKZN’s fundraising portfolio. The UKZN Vice-Chancellor was interviewed for his macro perspective on UKZN fundraising. The external participants included representatives from all of the UKZN Foundation’s main income generating groups, namely, individual donors, large corporates, private trusts and philanthropic bodies.

### **3.6 Data Sources**

Data sources are the pieces of information that are available to the researcher at any given time. Leedy and Ormrod (2014) caution that data is not the absolute truth, but rather should be seen as the naked truth that underlies the entire incident one observes. Essentially there are two basic types of data sources, namely: primary and secondary data. Both data types were employed in this study.

#### **3.6.1 Primary Data Sources**

Raw data that has not been previously analysed is referred to as primary data. Leedy and Ormrod (2014) explain that primary data refers to data that was not known before and is obtained by the researcher for a specific project. As this study adopted a qualitative research methodology, primary data was sourced from face-to-face interviews and conversations with individuals for the internal sample and an on-line survey for the external sample. The internal sample consisted of the five identified UKZN staff (UKZN Vice-Chancellor and four UKZN Foundation fundraising staff) and the external sample of the 30 external donors drawn from UKZN's main stakeholder groupings (corporates, trusts, foundations and individual donors).

#### **3.6.2 Secondary Data Sources**

Sekaren (2013) notes that secondary data sources refer to the collecting of data that already exists for the study. Secondary data was used mostly to construct the introduction and background to the study in question. Secondary data was also used to assist the researcher in providing the relevant material and content for the requisite literature review. Secondary data related to fundraising in the higher education sector in general included books, journals, government policy documents and a variety of websites. These provided the researcher with an overall perspective for the study.

### **3.7 Data Collection Methods**

Data collection is a fundamental element of research. As pointed out by Sekaren (2013), data collection methods are an important part of the research design. Sekaren and Bougie (2013), define data collection as a process of systematically finding, collecting, measuring, analysing and interpreting information on variables of interest, in a systemic manner that allows the researcher to test hypotheses, evaluate outcomes and answer stated research questions. Therefore, the data collection method is the tool or instrument that is used to gather the required information from the sample size.

The data collection tool that was used to collect primary data for this study was twofold: for the internal sample – face-to-face interviews; and for the external sample – an on-line questionnaire survey.

As stated by Hannabuss (2006, p.3), the main purpose of interviewing is, “to find out what is on someone’s mind”. People are interviewed, “to find out from them those things we cannot directly observe”. The face-to-face interviews conducted with the internal sample group that consisted of identified UKZN staff, were useful in that they provided an understanding and internal perspective of higher education fundraising challenges facing UKZN. In this respect, semi-structured interviews were conducted. Semi-structured interviews are a hybrid of unstructured and completely structured interviews. Similar to structured interviews, they have an overriding topic, general themes, target issues and a specific sequence (Lee, 1999). Semi-structured interviews allowed the researcher a degree of latitude to pursue emerging topics in discussion insofar as they related to aspects of fundraising in higher education, and to probe the essence of the research objectives of the study.

A questionnaire is more than simply a list of questions to be completed. When constructed properly, a questionnaire can be used as a useful scientific instrument to obtain data from a large number of geographically dispersed participants quickly and cost effectively. Owing to these advantages, the use of an on-line questionnaire

was chosen by the researcher as the method most ideally suited to collect data from the identified external population sample. However, it required skill, time and thoughtfulness to construct a purposeful questionnaire that added value to the study. By designing a questionnaire that contained well-considered questions, relevant data could be easily sourced, organised, tabulated and analysed for the study in question.

In constructing the questionnaire for the external sample group, there were a wide variety of on-line survey sites available to the researcher, each with its own particular benefits. The researcher needed to consider which of these would best suit the study. Kwik Survey was found to be the most appropriate as it allowed the questionnaire to be inserted into the on-line survey template and emailed to the participant with a covering letter. The participant could read the survey questionnaire and complete it and the results were then sent back to the researcher. The researcher found Kwik Survey simple to create and cost effective. It collected data from the respondents in an easy and user-friendly manner and allowed the researcher a simple on-line option to edit and group the data as necessary. Literature suggests positive results with on-line surveys as well as a high response rate (Anderson and Gansneder, 1995). These findings were corroborated by the researcher's own experience. The use of an on-line survey to collect data from the external sample group met several objectives of the study. It ensured an acceptable uptake of respondents; it reached people efficiently and conveniently who were geographically spread across the country; and it was cost effective in delivery.

It was important that the researcher structure the questions for the chosen data collection tools (face-to-face interviews for the internal sample group and an on-line survey for the external sample group), in such a way that precise data be gained for the study. In doing so the following considerations were taken into account:

- The need to avoid ambiguous questions
- The need to avoid leading questions
- The need to avoid lengthy questions that would require lengthy answers
- How initial questions might influence answers to subsequent questions?

- How to design questions to achieve the highest response rate?
- The need to standardise administrative procedures
- The need to guarantee anonymity, or confidentiality at a minimum
- How to seek measures of reliability?
- How to assess validity?
- What sampling technique would best avoid a biased sample?

### **3.7.1 Face-to-Face Interviews**

Personal interviews of five internal UKZN participants were conducted in the respective interviewee's office. The discussion was driven by a series of pre-constructed questions aimed at steering the discussion in a direction that would enable the research questions to be addressed. These questions were ultimately of the researcher's own construct and were devised with the objective of probing the main research objectives of the study, namely: to assess the perceived *status quo* of UKZN's donor groupings and donor sentiments towards UKZN; to examine how UKZN Foundation staff managed stakeholder engagement with their donor community; and to develop a conceptual model of best practice for donor management in a university environment. The questions (see Appendices 4 and 5) were used to guide the conversation while still allowing it to flow and encourage the sharing of opinions and views.

### **3.7.2 On-line Questionnaire**

An on-line survey was emailed to 30 external participants (see Appendix 4). As previously discussed, Kwik Survey was selected as the most suitable option. The questionnaire for the on-line survey was constructed so as to gain the best possible data that would assist in answering the research objective of the study, namely, to investigate how UKZN managed its stakeholders towards generating a third stream of income. Careful consideration was given to the questions to ensure that the data in the completed questionnaire constructed via Kwik Survey addressed the research questions, viz: the *status quo* of donor giving; donor sentiments towards UKZN and the approaches made towards them by UKZN Foundation staff; donor views on

fundraising best practice; donor reasons for philanthropic giving; and how this could be enhanced, sustained and optimised.

### **3.8 Data Capture**

Face-to-face interviews were recorded using a cell phone voice recorder. All discussions were held in English. During the interviews the researcher also captured the key points of the discussion on paper in order to supplement the voice recordings and to note his personal observations.

The completed on-line surveys were emailed back to the researcher, who compiled and grouped them into a single document according to the thematic questions posed, thereby readying them for further data analysis.

### **3.9 Data Analysis**

Miles and Huberman (1984) argue that data analysis in studies using primarily qualitative data consists of three concurrent streams of activity, namely, data reduction, data displays and drawing and verifying conclusions. The ideal model is to intertwine all three streams at the same time when conducting field research.

Data reduction refers to the process of selecting, focusing, simplifying, abstracting, and transforming the raw data that appears in written-up field notes. Raw data in qualitative research appears in the form of words, unlike quantitative data that appears in the form of numbers. The challenge to the qualitative researcher is to take these words and mould them in a way that “sharpens, sorts, focuses, discards, and organises” them so that the researcher can draw and verify conclusions. Data reduction by the candidate took many forms including writing summaries about the data, grouping and clustering data to identify themes and patterns and writing personal memos and reflective remarks to help interpret and integrate the data in more general terms.

A data display, according to Miles and Huberman (1984), is an “organised assembly of information”. Displays can range from matrices, graphs and networks, to tables, charts and causal maps. All are designed to organise information in a way that is more accessible than numerous pages of source notes. Since information is presented in compressed form, it is easier for the researcher to identify and summarise common themes and trends and eliminate unnecessary information. The candidate utilised different types of data displays, including causal maps, chronological tables to track key events, organograms to display structures, graphs to show donor philanthropic and theoretical matrices and tables to build a cohesive analytical framework.

The third data analysis activity mentioned by Miles and Huberman (1984) involves drawing conclusions and verifying them. The researcher must say what the data means, by noting regularities and patterns and offering explanations and interpretations of the findings. The researcher has offered many conclusions throughout the thesis. These conclusions, while tentative when initially drawn, became more grounded in primary and secondary source data as the study progressed.

### **3.9.1 Thematic Analysis**

One of the challenges to qualitative research is the open-ended nature of data as opposed to numbers only. Text as data is often more difficult to reduce and identify patterns than numbers as data (Maguire and Delahunt, 2017).

Accordingly, thematic analysis is a data analysis strategy that is a commonly used approach across all qualitative designs. It is a method of “identifying, analysing, and reporting patterns (themes) within data” (Maguire and Delahunt, 2017), and is defined as a descriptive method that reduces the data in a flexible way that dovetails with other data analysis methods (Boyatzis, 1998). It is used commonly because of

the wide variety of research questions and topics that can be addressed with this method of data analysis.

Thematic analysis of open ended responses from surveys or transcribed interviews can within the context of this study, explore the donor relationships and complexities of fundraising at a level of depth that quantitative analysis lacks, while allowing flexibility and interpretation when analysing the data (Bernard, Wutich and Ryan, 2017). The researcher has made use of thematic analysis better to interpret the qualitative data collected as part of this study. By using sound and respected data collection and analysis techniques, the researcher can better illustrate the research outcomes and results of the study.

### **3.10 Reliability, Validity and Trustworthiness of the Research Findings**

The term reliability in qualitative research, as mentioned by Bashir *et al* (2008), is concerned with the extent to which the findings of a study are repeatable in different circumstances; while validity is the extent to which the data is credible and trustworthy and thus can be defended when challenged. Miller *et al.* (2012) note that trustworthiness in qualitative research can have a significant impact on the outcome of a study. Owing to the fact that the data is the only resource at the disposal of the researcher to draw conclusions and make recommendations, should a portion be ineligible in terms of trustworthiness, then the study may serve little purpose. As qualitative research designs are not primarily focused on measurable data, but rather tend towards subjective opinions, some argue that validity, reliability and trustworthiness are consequently discarded, Morse, Barret, Mayan, Olsen and Spiers, (2002). Lee (1999), Ghauri and Grohhaug (2002), however, maintain that this is not necessarily so, as long as the conclusions drawn are subjected to established verification methods.

In order to ensure that reliability and validity were achieved in this study, the researcher documented all qualitative data generated. Moreover, the conclusions were submitted to a number of verification methods. Different sources of evidence

were sought and different methods used to check the validity of data gathered. Data collection, reduction and analysis were undertaken and debated with the candidate's supervisor and alternative or competing interpretations considered. Some of the pitfalls of qualitative research, such as "going native" (losing the research perspective and being co-opted into the perceptions and explanations of local informants) or falling into the "holistic fallacy" (seeing events as more patterned and regular than the really are) were duly noted and consequently avoided.

### **3.11 Ethical Clearance Considerations**

One of the objectives of ethics in research is to ensure that no participant of the study is adversely affected or discriminated against owing to their involvement Williams-Jones and Potvin, (2013). The formulation of the research topic, the research design, the collection and analysis of data as well as the presentation of the results all has a bearing on the research ethics.

Prior to the research being undertaken, an application for ethical clearance was submitted by the researcher to UKZN. The application appeared before the UKZN Ethics Approval Committee, who approved of the study and issued an Ethical Clearance Approval Letter (Appendix 2), which *inter alia* stressed the importance of informed consent, anonymity, confidentiality, voluntary participation and the right for participants to withdraw from the research should they feel like doing so at any stage of the process without prejudice.

A gatekeeper's letter was then obtained from the UKZN Registrar's office allowing the researcher to conduct interviews with selected UKZN staff. Before the commencement of the internal face-to-face interviews, a general protocol was followed whereby the researcher introduced the study, read and explained the Informed Consent Form (Appendix 3) and provided particulars of the relevant UKZN personnel to whom any questions should be addressed, should the respondent so wish to do. The respondent was then asked to sign his or her consent form, after which the interview commenced. The researcher also sought permission as part of

this preliminary protocol to record the interview. The interviews lasted between 45 minutes to an hour. For the on-line questionnaire, the researcher called each participant to provide an introduction to the study and explained the general protocol.

### **3.12 Conclusion**

This chapter dealt with the research methodology that was adopted by the study. The research design and strategies adopted to support the research and achieve the study objectives were discussed. Reasons for choosing a qualitative design methodology were explored. Furthermore, the reliability, validity and trustworthiness of the data was considered. The chapter concluded with a note on ethical considerations pertaining to the study respondents when administrating the research.

The following chapter will focus on the presentation of the data and the associated discussions on the findings.

## CHAPTER FOUR

### Findings and Discussion

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#### 4.1 Introduction

This chapter reports on key findings for the research questions posed, namely, what is the current *status quo* of UKZN's donor groupings and their donor sentiments in relation to UKZN; how has the UKZN Foundation managed stakeholder engagement with its donor community; and what conceptual model of best practice for donor management in a university environment can be extrapolated from the research conducted. In discussing these questions, the chapter draws on the verbal and written responses of the respondents, which are used to illustrate internal and external stakeholder attitudes, opinions and recommendations in relation to fundraising issues and practices at UKZN. Convergent themes are then highlighted, taking into account comparative responses and agreements amongst the participants. As part of this process, case study research findings are compared to broader international and South African fundraising practices as discussed in the literature review.

#### 4.2 Findings

The findings in this chapter have been distilled into six key themes and five sub-themes. Interspersed within these themes are interviewee quotations as well as quotations from the on-line survey. When applicable, tables have been used to summarise the responses.

The main donor groupings in relation to UKZN for 2017 from a total of 335 donors are: Corporates (39, or 12%); Trusts and Foundations (46, or 14%); Individuals – includes alumni, friends, staff, students and bequests (225, or 67%); Other – religious and civil society (15, or 4%); and Anonymous (10, or 3%).

According to the UKZN Foundation Annual Report 2017, the total value of the amount raised in 2017 was R121 million. According to the donor groupings this is reflected in descending order of value as: Trusts and Foundations (R35 million); Other (R35 million); Individuals (R32 million); Corporates (R16 million); and Anonymous (R3 million).

#### **4.2.1 Theme 1: Donor Sentiment in Relation to UKZN – External**

The first theme was based on a range of questions to determine how donors to UKZN viewed their relationship with the institution. A number of donor sentiments expressed were generic across several of the respondents with respect to this research question and are presented below:

##### **4.2.1.1 Donors want to be Heard**

Donors in this study reported that often they were not heard; that on occasion fundraisers at UKZN did not listen to their needs, as reflected in the following comment:

When shortlisted bursary student names were sent to us we discovered that many didn't meet our funding criteria. (Major Bursary Donor).

The external respondents stressed the importance of UKZN fundraisers diligently researching the people and organisations they had identified as potential donors, in order to find out as much background information as possible. As illustrated in the comment below, donors emphasised that UKZN fundraisers needed to get the basics right. For example, when completing a funding proposal it should contain all the correct data and be compliant with the targeted donor's funding criteria:

We get swamped with funding proposals and very quickly get rid of the ones that do not comply with our funding criteria. (Donor).

In mitigation, the internal respondents reported that it was not uncommon for the UKZN Student Services department to apply incorrect criteria when providing the

UKZN Foundation with shortlisted bursary student names. UKZN Foundation Development Officers expressed the concern that this was not useful to relationship building with donors, new or existing, and a poor reflection on the credibility of the institution. Internal screening of potential bursary students is therefore an aspect of the UKZN fundraising process that requires more careful management.

The three internal Development Officer respondents agreed that more could be done by the Foundation to improve two-way communication between the donor and Foundation. They elaborated on current practice:

When they join us as a donor, as part of the acknowledgement we send them a survey. It is four or five questions basically asking them how they want to be communicated with, what their interests are, what their motivation was. (Senior Development Officer).

Such a view mirrors the expressed desire of the donor community:

As a company, we would appreciate the opportunity to express ourselves and share concerns with you. (Donor).

Being heard tells us that UKZN has the interests of what we represent as a donor in mind. (Donor).

Given the responses of both the internal and external respondents, it can be concluded that good two-way communication is a key element of a successful fundraising initiative.

#### **4.2.1.2 Donors want Feedback**

From the various external respondents it was evident that donors would have appreciated more regular feedback and updates from UKZN, relating to the students they were sponsoring or progress with a particular project. This sentiment was expressed despite compulsory reporting having been stipulated in many donor contracts, and would imply that in practice the UKZN Foundation was failing to deliver in this regard and not providing enough regular feedback.

While acknowledging that much energy was invested by the UKZN Foundation to secure funding, donors felt that it was equally important to ensure that their interest, involvement, and commitment were retained. This sentiment was expressed as follows:

My company needs to feel confident in UKZN as we are the connecting link between you and your cause. Providing us with regular information and updates on the progress of the campaign, as well as the impact of our donation, is also crucial to engagement. (Donor).

Regular communication ALL YEAR LONG that is compelling and shows the impact of our financial contribution is needed. (Donor).

Donor sentiment in this regard is in sync with internal UKZN Foundation opinion. The internal respondents agreed that once funding had been secured, their stewardship efforts needed to shift towards maintaining the emotional connection a particular donor had to a particular cause:

Creating an effective donor recognition experience and by providing timely and effective thanks to our donor is certainly the most important part of engagement. Engagement tailored to the donor's desires, needs to be maintained through communication. (Senior Development Officer).

Sharing stories about the positive impact their donation is having on individuals, and our cause at UKZN, shows them they are a key part of making a difference. To keep them feeling like they are an important contributor, this should be part of an ongoing dialogue we have with our donors. Maintaining an appropriate line of communication can significantly enhance donor retention and relationship building. (Development Officer).

According to the internal fundraisers, donors wanted to know exactly how their donations were being used and what difference they were making. When donors felt that there had been a real, tangible benefit as a result of their donation, they were more likely to give again. As expressed by a UKZN Foundation Senior Development Officer, "Give them an inside look at the impact they have made possible." The conclusion drawn from the comments of both the external donors and the internal fundraising staff is that ongoing stewardship and communication is crucial for successful fundraising.

#### **4.2.1.3 Donors Need an Inspirational Cause**

External findings suggest that many donors needed inspiring, well told stories to encourage them to donate. Storytelling took them on a journey from thinking to feeling. Stories challenged the donor emotionally; through their emotions, they were able to build meaningful relationships and connections. It is argued that stories enable a donor to envision the impact of his or her donation and how it can tangibly affect someone's future. This trend was more prevalent amongst trusts and smaller business donors than large corporates, who tended to be motivated by national priorities. The need for inspirational motivation was reflected in the following comments:

I donate to a worthy cause that inspires me with a story about how I can make a very real difference in someone's life. (Individual Donor).

We support UKZN because our company can see our funds being used to achieve measurable goals assisting in the long term development of disadvantaged students from communities we operate in. (Corporate Donor).

Internal UKZN Foundation fundraiser respondents agreed that inspirational stories were essential to market the work of the Foundation. When approaching a potential bursary donor, they made sure to stress how a donation could create a life changing opportunity. It was suggested that encouraging donors to share their stories was a beneficial marketing tool, as such stories could be placed on the Foundation website and other social media platforms, where they could be used to promote the act of giving and elicit contributions from others:

You're publicising the idea that making a donation is a joyful, positive, savvy and special thing to do. The mere fact that this donor would SHARE his/her story and let us stick a photo of him/her on our Foundation website is a bit jazzy. Our main goal is to inspire others. Sharing this story will inspire others. They'll see themselves in this person's shoes and "feel" why giving to UKZN really matters. (Senior Development Officer).

The conclusion drawn is that successful fundraising rests on consciously acknowledging and developing the personal, human element that builds on the emotional connection between a donor and a cause.

#### **4.2.1.4 Donors Want to Feel Connected**

The study indicated that people were most comfortable when they felt connected to a community. Donors were motivated by a sense of personal belonging. They wanted to be part of a group that focused on making the world a better place as this brought a significant sense of satisfaction. The importance of geographic connection in philanthropic giving was reflected in the following donor comment:

As a company we select projects that can make a difference in the communities we work in. (Donor).

UKZN Foundation fundraisers concurred:

My experience has been that companies tend to give bursaries to kids who come from the area they operate in. For example, AECI has a generous bursary scheme that targets kids from the South Coast in particular, which is where their main operation is situated. (Senior Development Officer).

It can be concluded that personal community or geographic connection will have a positive impact on a donor's likelihood to donate to a particular project.

#### **4.2.2. Theme 2: Factors that Discourage Donor Philanthropy**

Burk (2003) posits the sobering statistic that some 50% of new donors do not renew their funding to a specific non-profit organisation; and that by year five, 90% have stopped giving altogether. In the course of their interaction with UKZN, what factors discouraged UKZN donors from donating?

Responses from external sources to this question varied from donor to donor, an outcome anticipated by the researcher given the broad range of donor types being sampled (trusts, corporates, individual, international and local). Common themes as to why a potential donor might no longer support a charitable UKZN project or cause, however, could be extrapolated from the plethora of concerns raised. Listed below are the different responses, grouped into three main threads:

### 1. Administrative inefficiencies

- Poor corporate governance
- Poorly managed administration of donor funds
- Having to request for a Section 18A tax certificate (vs getting one automatically)
- Lack of fundraising professionalism
- Not submitting reports on time
- High turnover of fundraising staff

### 2. Communication inefficiencies

- No thank you letter from the institution
- Lack of respect for funder
- Lack of appreciation from recipient for student bursary funding
- Poor understanding of what motivated the donor
- Not looking for ways to work with small donors
- Perception that UKZN no longer needed the donor's support

### 3. Brand inefficiencies

- Poor UKZN brand
- On campus violence leading to destruction of property
- No shared long term vision with the donor
- Lost interest in a UKZN cause / more compelling causes out there

Donors proved reluctant to give if they detected corporate governance or administrative inefficiencies. This lends support to previous findings in the literature review, whereby Fransen (2007) cautions that it is equally important to get the university's governance and administrative structures right. Transparent governance is critical both for universities as well as foundations. Institutions have to be able to demonstrate how investments are made and what the outcomes are. As illustrated in the following response, any sense that their money was being mismanaged had a negative impact on donor philanthropy:

I was very annoyed when I had to ask repeatedly for my Section 18A Tax Certificate to be sent through. To make matters worse, the reports that I

requested inevitably arrived late. I thought this was unprofessional behavior on the part of UKZN. (Small Company Donor).

Any turnover of UKZN Foundation staff often exacerbated such administrative inefficiencies experienced by donors. This concurs with findings from the literature review: Coll (2 000) points out that another fundamental principle for fundraising success is to retain the institution's advancement staff. Fundraising is a profession and needs to be conducted professionally. Coll (2 000) goes on to highlight that the requisite skills and experience are not usually found in universities amongst existing staff, therefore universities need strategies to recruit, train and retain key individuals in this field. This is illustrated by the following enlightening comment by a UKZN Foundation staff member:

I noticed that when one of my colleagues resigned and was replaced by a new staff member, it took quite a while to get the ball rolling again. Donors were forgotten or overlooked in the handover. I wasn't surprised when some regular donors who we had had on our books for years stopped giving. (Development Officer).

In addition to poor administration, inadequate communication had a similarly negative impact on donor generosity. In terms of communication, personal donor stewardship and relationship building were paramount. Relationships that were not nurtured did not bear financial fruit. The negative impact of poor personal communication on a potential donor was expressed in the following external response:

As a donor, too often I feel "unknown" by organisations. I am unhappy when I get an email with my isiZulu name spelt incorrectly. I get annoyed when I receive emails that are of no interest to me. If I'm your donor, you should have some sense of what interests me and communicate to me effectively about how my company contribution is making a difference. (Donor).

Internal respondents corroborated the negative impact poor communication had on donor philanthropy. Not understanding the needs of their donors was identified by UKZN Foundation staff members as a key threat to continued donor support. The following response illustrates a recognition that donor retention would be improved at UKZN with better communication and stewardship:

We should be asking our donors: In what ways would you like to be engaged with us? How do you feel about your donor experience? What do you most value about the work we do at UKZN? Which of our UKZN programmes are you most passionate about? How would you like to see us recognise you?

Asking our donors directly about their overall experience with UKZN, will not only demonstrate that we care about them and value them as donors, but it will also provide an opportunity for our donors to find a clear pathway towards developing a deeper relationship with us. (Senior Development Officer).

Research by Prince and File (1994) supports the notion that effective communication with donors is paramount to developing a relationship, thus ensuring continued funding support. They showed a highly significant relationship between a developed sense of donor involvement and increased donations. Whilst communication is vital, however, inappropriate communication can be equally detrimental. According to a survey carried out by Burk, donors became disinterested in further support when they got a recurring message from the fundraiser to “give, give, give”, rather than receiving information on the effectiveness of their giving. Lack of feedback from a fundraiser regarding the impact of a donation contributed to high donor attrition (Burk, 2003). In sum, poor or misplaced communication was a primary cause that hindered donor giving. Focused and relevant communication was critical to make a donor feel an integral part of a programme and to build a sustainable long-term philanthropic relationship (Prince and File, 1994).

Brand inefficiency was the third significant thread identified as having a negative impact on donor philanthropy. This is consistent with the findings in the literature review, whereby the 2007 European Commission report highlights a further fundraising fundamental related to the importance of the university’s brand and profile. The report continues to point out that managing the university’s profile, public image and reputation creates the base for future relations with alumni and other potential donors. Leadership disruptions at UKZN, which led to the ultimate removal of several members of the UKZN executive in 2016 spilled over into the press, causing reputational damage to the University. This was exacerbated by a Medical School admission scandal and the often violent *#FeesMustFall* protests that erupted

during the same time period. Such negative publicity directly affected donor sentiment. As an individual donor stated:

I am an alumnus. Some of my happiest years were spent on the Maritzburg campus. I have no heirs and was intending to leave my money to UKZN. But increasingly I feel this is no longer my university. All I read about in the newspaper is scandal. When the students burnt the law library that was the last straw. I have changed my will and will no longer be bequeathing to this institution. (High Net Worth Individual Donor).

What is evident is the direct link between brand inefficiencies and donor sentiment. Poor institutional reputation discouraged donor philanthropy.

#### **4.2.3 Theme 3: Factors that Encourage Donor Philanthropy**

In order to comprehend further the possible relationship between a donor and effective stakeholder management, it is essential to consider some basic reasons why a donor, be it an individual, trust, or corporate, would want to support UKZN financially. The findings revealed that there were multiple reasons that affected why a donor would fund a project or not, including business strategy; past experiences; programme leadership; passion and knowledge of the project; strategic vision and belief in the project; ability to get involved in the project; and tangible results together with effective stewardship. This lends support to previous findings in the literature review whereby a report undertaken for the Higher Education Funding Council for England (2011), *2012 Status Report and Challenges for the Next Decade*, stated that the reasons as to what motivates a donor to give are complex and personal; as are what drives and initiates giving are wide and varied. Concern for others, sympathy, social responsibility, sense of loyalty and gratitude to an institution all play a part in motivating people to give.

### 4.2.3.1 Business Strategy, Corporate Social Responsibility and Investment

For corporates and industries, social responsibility and community outreach are often integral to their business strategy. For example, a mining company might find it strategically incumbent to be responsible for the community around its area of operations. As expressed by one corporate donor:

Social responsibility is core to our business strategy. In this regard, we focus on uplifting the surrounding community from which the majority of our employees are drawn. This encourages staff loyalty. (Corporate Donor).

Such companies often make bursaries available for affected school leavers to come study at UKZN. Corporate social responsibility and investment as an integral part of business strategy should be considered as a motivating factor. One can conclude that in South Africa, education remains the most popular sector for corporate social investment. Within that sector, tertiary education, has had since 1999 almost 30 percent support.

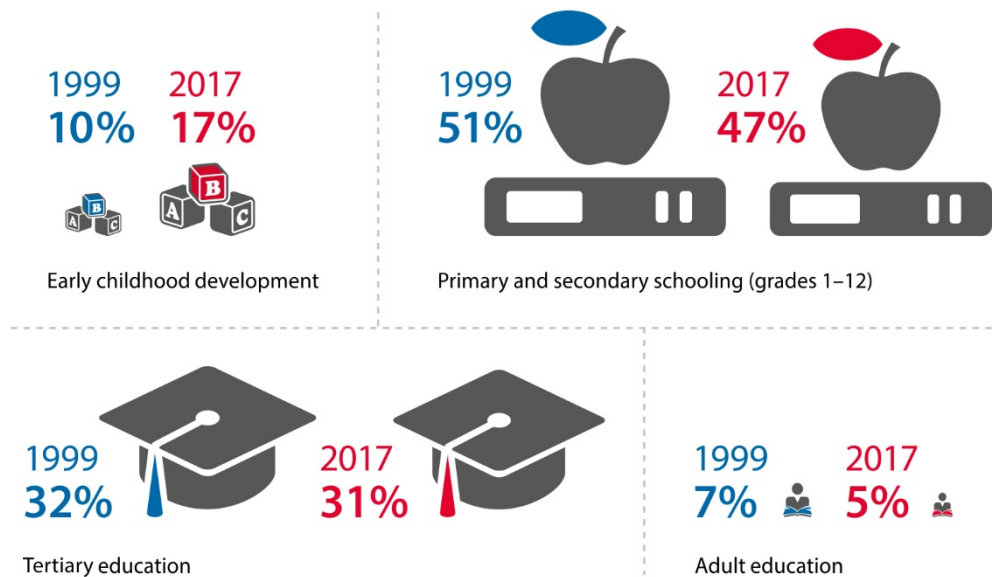


Figure 4.1: Shifts in CSI Spend on Education: Comparison from 1999-2017

Source: Triologue, *The Business in Society Handbook 2017*

#### **4.2.3.2 Positive Sentiment**

For individual donors and small companies, the decision to give was often based on sentiment, i.e., on how the act of giving made the donor feel. As one individual commented:

At the end of the day, it all depends on whether the project makes me feel good, from the concept, to the implementation, to the final result. (Individual Donor).

The implication is that positive sentiment directly encourages donor philanthropy. In this regard, the impact of past experience is relevant. In situations where participants were considering donating to an institution with whom they had had a previous donor relationship, how they felt about that experience influenced their decision to continue funding or not. Participants shared positive past experiences.

Our experience with the Ukulinga Symposium at UKZN had been very rewarding. It was a joy to be part of this initiative, to work with passionate staff. As a trust we were therefore happy to continue with our financial support when approached to continue funding for a further year. (International Trust donor).

While positive past experience has an impact on future giving, it must be noted that negative past experience can be equally influential, as evidenced by the following negative comment from one donor:

We had supported UKZN for a number of years and every year we had to ask for a report. This had not been our experience with other universities we supported. Eventually our Board made a decision to no longer work with UKZN as we felt our donation was being taken for granted and administratively mismanaged. (Large Local Trust).

The comments below further illustrates the detrimental impact of negative past experience on continued donor support:

When the academic programme leader resigned we lost our main contact with the university. We supported the bursary programme for a few more years but when we didn't get any feedback about the students' progress we discontinued our financial support and ended our relationship. (Corporate Donor).

One can conclude that past negative experience impacts future funding support in a negative manner, whether owing to lack of communication, poor interaction with the donor, insufficient follow up with the donor, a failure to respect the donor's wishes, or contractual obligations such as not submitting a progress report. Conversely, positive past experience directly impacts on positive donor sentiment and the likelihood of that particular donor entering into a sustained philanthropic relationship with the university.

#### **4.2.3.3 Ability to Build Relationships**

As discussed in section 4.2.1.4, donors want to feel connected. The ability to build and develop a relationship with the donor was identified as a key factor that positively influenced donor support and encouraged donor philanthropy. The following comments corroborate this conclusion:

When making a decision to fund a programme or project, relationships, confidence and history are all important factors that we consider. (Corporate Donor).

What type of relationship I have with the organisation is fundamental to any support I give them. (Individual Donor).

The implication is that the personality of a particular fundraiser within the University will impact on the success of his or her fundraising efforts. The greater the ability of the fundraiser to interact empathetically with the donor and build a meaningful relationship, the greater his or her chances of success.

#### **4.2.3.4 Academic Programme Leadership**

Donor confidence in the academic leader of the project or programme cannot be underestimated:

Meeting the project leader was the catalyst in our decision to give financial support. She is a highly regarded academic and gave us confidence that our funding would be well spent. She was open and honest in the delivery and possible constraints of the project. Most of all she was passionate and

convinced us of the necessity of our support for her students and the value of the research being undertaken. (Corporate Donor).

Direct access upfront to the academic or project leader can therefore be identified as an important factor in inspiring confidence in the donor. It enabled the donor to establish first-hand all the details and important information relating to the project. Most importantly, it facilitated the development of a broader relationship between the donor and University, which could be nurtured moving forward. Future funding could conceivably be considered.

Another participant explained:

We got on well with the academic leader, who we respected from the very first time we met. He was always polite and most importantly, he delivered results. We felt proud to be associated with this project and hosted a function to showcase the research being done. We invited important players from the City and this helped us strategically in our broader work with eThekweni Municipality. (Large Corporate Donor)

One can conclude that in terms of donations to specific research projects within a higher education environment, the reputation of the academic leader of a particular project directly impacts on the success of the fundraising efforts undertaken.

The opposite can also be true. The following comment illustrates that when the academic leadership of a project changes midterm and the replacement project leader is not similarly invested, donor commitment suffers accordingly:

We had committed to fund a three-year research project and had spent time working through the funding details with the Dean and the academic leader for the project. All was fine until the Dean retired and the project leader immigrated. The new leadership had other priorities. We had a meeting with the University to express our dissatisfaction. After the three years were up we did not renew our funding. (Corporate Donor).

One can conclude that donors hold project leaders personally accountable for shortcomings in the projects they fund and will very quickly cease support if the relationship is soured. Conversely, they will be more likely to continue funding if they respect, and are comfortable with, the individual academic leader responsible for a programme.

#### **4.2.3.5 Detailed Knowledge of the Project**

Research shows that the level to which a donor committed to supporting a project at UKZN was directly influenced by the level of knowledge he or she had about that particular project. Within a university environment, it is the academic project leader who is the person with an intimate understanding of a particular project's details. He or she has the ability to share this information with the donor. In such a role, the academic project leader can act as a particularly effective member of the fundraising team. If the academic project leader is involved at an early stage in the fundraising for a project, this is useful not only to the professional fundraising staff but also to the potential donor who can immediately gain detailed knowledge about the project. As one participant commented, he was reassured when he realised that the academic project leader was knowledgeable about the project, to the extent that he could answer in-depth questions and share his knowledge:

As a donor I wanted specifics about costs, time lines, outcomes and staffing. When Professor (X) included all these and more in his presentation, I was impressed. He had it all covered and as a donor I felt confident and assured that this would be a good project to fund. (Donor).

For another participant it was a detailed tour of a particular laboratory by the academic project leader that made all the difference:

We were given a behind-the-scenes tour of the lab by Professor (Y). It was fantastic to see how it worked and the range of interesting research projects on the go. Prof had taken the time to show us around and to meet some of his postgrad students. We very quickly got a sense that this project was well run. All during the tour we were able to ask questions and were given good quality answers. (Large Corporate Donor).

One can conclude that a donor's decision to be involved in a project can be positively impacted through an increased knowledge of the project. Detailed knowledge of the project being funded encourages donor investment and should therefore be intentionally provided by the University when soliciting funding. It is important for the UKZN Foundation fundraiser to work closely with the relevant academic staff member to meet this objective.

#### **4.2.3.6 Passion for the Project**

A number of donors indicated that their philanthropic decision making was linked to their personal interest in a particular project, i.e., they needed to feel passionately connected. This response ranged from individuals who displayed a personal affinity to a particular cause, to corporates interested in funding a research project aligned with their core business (e.g. environmental, health care, or education). As the following response indicated:

We are a small company operating in the pharmaceutical industry. When we were approached to support some postgrad students doing research on suntan lotions, we felt invested in their project. Not only did it relate to the type of work we did, we felt we could indirectly benefit from the outcomes of the research. We believed our funding would take the research project to the next level. It was a project we got very excited about and knew from the outset we would get involved with. (Small Corporate Donor).

Amongst individual donors, personal interest proved particularly influential as a motivating factor for giving. Individuals were more likely to become involved in projects that they felt passionate about. Individual passion is evident in the following donor response:

I am passionate about early childhood education. I believe it is a key factor in the development of a child's formative years. The early childhood education project run by UKZN is everything I believe in. It is so important to the future of our country. I am very happy to contribute some funding towards it. I wouldn't support a project that I wasn't interested in. (Individual Donor).

Research indicates that in many cases, endowment trusts that benefitted UKZN had been set up to provide funding towards a discipline or sector related to the passion of the person who established the trust. For example, the Howard Davis Farm Trust proved willing to fund an agricultural symposium at UKZN as its founder, TB Davis, was a passionate agriculturalist and the trustees believed the symposium furthered the stated goals of the trust and the interests of its original benefactor.

#### **4.2.3.7 The Impact of the Donation**

In 2017 the UKZN Foundation made a strategic fundraising decision to focus on raising bursary funds for UKZN students. This move can be seen against the background of the *#FeesMustFall* campaign, which highlighted in the media the desperate plight of many disadvantaged students who did not have the financial means to fund a tertiary education. When UKZN Foundation fundraisers reached out to individual donors, they found that many who gave did so because of the emotional appeal, i.e., because of the personal “impact” the donation would make on an individual’s life. As evidenced by the following response, individual donors were encouraged in their philanthropy if they believed that by funding a student they would significantly influence someone’s future for the better:

I wanted to make an impact on someone’s life. Someone who had the potential to succeed at university but without my financial support would most probably drop out. This is a person I could help get a head start in life. I often think about the small difference I’m making towards a better society in our country. (Individual Donor).

Some individual donors reported that they themselves were positively impacted if UKZN Foundation staff invited them to the annual graduation ceremony. As one individual donor stated:

I had funded “my” student throughout her degree. When I saw her being capped at Graduation, I had tears in my eyes. I could see that I had changed someone’s life for the better. (Individual Donor).

Not all individual donors, however, required such a close association, as long as they were assured in writing that their donation had made an impact:

As a donor I didn’t want to meet the student but wanted to know that my financial support was making a difference and that she was coping academically. Regular updates from the Foundation reassured me that my donation was making an impact. (Individual Donor).

The desire that the donation would have a positive “impact” on individual beneficiaries likewise proved to be a motivating factor for corporate donors and trusts, as evidenced by the following response from a large corporate bursary donor:

We wanted to make an impact in the lives of the youth and for us making available bursary funding was a way we could make a meaningful difference. (Corporate Bursary Donor).

On occasion, UKZN Foundation staff purposefully enhanced the “impact” of a donation through arranging a related publicity function, where the donation was publically recognised and the donor met the relevant beneficiaries personally. For example, an annual scholarship award function for Tata beneficiaries was arranged, whereby the cohort of UKZN students who were being funded were invited along with representatives from Tata and from UKZN management. This provided an opportunity for each bursary student to relate their family circumstances and say how the funding had significantly improved their lives. It provided a personalised opportunity for Tata to meet each of “their” bursary students and to hear first-hand the impact that the funding had made. As evidenced in the following response, it is argued that a public demonstration of the “impact” of a donation enhances the emotional connection for the donor, thereby indirectly encouraging ongoing philanthropy:

Meeting our students and listening how against all odds they got to university was quite something. Wow, given the impoverished rural communities they came from, it is remarkable to think the huge difference we are making in these people’s lives. I was also amazed that each of these students are the first in their generation to get a degree, quite incredible. (Corporate Bursary Donor).

As a factor that encourages philanthropy, it is important to note that the impact of the donation is not necessarily limited to student funding. In the case of the Howard Davis Farm Trust’s funding of an annual agricultural symposium, their main motivation as stated in the terms of the funding contract, was to have a positive impact on impoverished rural community farmers through knowledge sharing. The attendance of farmers from such communities was therefore stipulated as one of the conditions for funding. Thus the impact of the donation can be leveraged as a motivating factor for a variety of fundraising endeavours, so long as the fundraiser understands what exactly the potential fundraiser wants to “impact”.

#### **4.2.3.8 Belief and the Strategic Vision of the Project**

Research undertaken demonstrates that creating a belief and having a clear strategic vision for a project helped attract funders, as it reassured the donor that the project was not just a passing fancy that the University had put together, but rather an intervention clearly aligned to the University's stated vision, mission and strategic objectives, and therefore most likely to succeed. Given that some UKZN projects involved a substantial financial commitment from the donor, it stands to reason that he or she would firstly need to believe in the objectives of the project, and secondly, would expect that the project had been carefully thought through and had every chance of achieving those objectives. Donors reported that projects that had a clearly articulated vision in line with their own beliefs and in accordance with the broader UKZN vision and a related strategic plan, provided peace of mind. In the case of large scale projects that required School, College or even Senate-level approval, donors reported increased confidence and willingness to give as it demonstrated that their act of giving had recognised strategic benefit for the University. As one donor said:

We wanted to be involved in something we believed in. The planetarium project was unusual and caught our attention, we liked it. We thought it would really help youngsters in Durban become interested in Science. But to be honest we had our doubts it would succeed. Seeing the vision and knowing that the project had the full backing of the Vice-Chancellor and was in line with UKZN's strategic plan, was what brought us on board. (Individual Donor).

#### **4.2.3.9 Being Able to be Specific about the Donation**

Evidence suggests that donors were encouraged to donate when they were allowed to be specific about their donation. As one family trust member explained:

The more specific we could be when setting up the endowment, the more control we felt we had and the more comfortable we felt as a donor. We wanted to be very clear how these funds would be used in perpetuity. (Family Endowment Donor).

UKZN Foundation staff members reported that there was no "one size fits all" in the philanthropic domain. Their experience was that donors provided funding for a

variety of different reasons, be it student or research related, and displayed an array of criteria attached to their philanthropy. Donors provided very clear and specific instructions on how their funds were to be used, the amount to be dispersed each year, the recording mechanisms to be put in place and the level of publicity for the donation they required. One can conclude that it was important for UKZN Foundation staff to recognise this reality and to be flexible within reason when negotiating with potential donors, in order to satisfy their specific funding criteria. For many projects this would be straightforward and involve identifying expected project outcomes, setting up project reporting structures, and establishing the level of personal involvement required by the donor. Sometimes, however, specific expectations are encountered which need to be entertained for the fundraising to be successfully concluded. For example, an individual setting up an endowment in memory of a family member would have specific naming criteria for their fund, which would need to be carefully noted and facilitated by the UKZN fundraiser. One can conclude that allowing the donor to be specific about the donation encourages philanthropic giving.

#### **4.2.3.10 Ability to be Involved with the Project**

Many participants cited the ability to be involved and remain connected to the project or programme they were funding as a key factor when deciding to get on board as a donor. As stated succinctly by one individual: “I want to be seen as an authentic partner in the UKZN project I`m supporting, not simply as an ATM!” The importance some donors attached to being directly involved in a project is reflected in the following response from a corporate sponsor:

Our company was offered the chance to be on the project steering committee. This was a very positive experience. We gained a better understanding of how the university functioned, developed an excellent relationship with some of the staff, and could see how our funds were spent. We had commercial experience and believe we offered some good suggestions that added value to the project. It wasn` t just about taking our money. Being on the steering committee made us feel like a valued partner. (Corporate Donor).

That said, some donors reported being happy to make a financial contribution without any direct involvement with the project in question. As long as their donation was spent on the selected project and they received a progress update, they were satisfied. For those donors who had an emotional and passionate connection with the vision of the project, however, a correlating increased need for personal involvement was noted. It stands to good reason that by allowing such a donor to get involved and have a positive experience, the likelihood of future project funding would be increased. One donor reported the positive impact of being allowed to interact with UKZN lecturers had on his continued philanthropy:

UKZN is my *alma mater* and I wanted to put something back into the School of Engineering. I've retired having made a success of my business. I wanted to be involved with a student funding project I had an interest in as well as come share my industrial experience with the students. I get on well with the Dean who knew I had something to contribute. I really appreciated being allowed to work with her academic staff on this project and have since been involved with another two projects. (Individual Donor).

Such a comment highlights the importance of getting to understand each individual donor, to know what motivates him or her specifically and to be flexible in accommodating specific donor requirements. The level of donor involvement requested, however, would need to be balanced with what the project leader can feasibly accommodate.

#### **4.2.3.11 Good Stewardship**

The importance of good stewardship as a key factor influencing donor philanthropy was identified by more than half of the respondents and has been highlighted earlier in the chapter as one of the most important factors that has emerged from the research conducted. As stated by one trust fund manager:

Our trust has given a substantial donation to UKZN and I want to know exactly what is happening with our funds. I expect regular and accurate reporting. I want to know how the students we are funding are performing. When I have a question, I want to be able to pick up the phone and talk to someone I know. I do not want to deal with an anonymous person. I expect personal attention and prompt service. (Local Trust Donor).

According to the Merriam Webster Dictionary, stewardship is described as, “the conducting, supervising, or managing of something; especially the careful and responsible management of something entrusted to one’s care.” The UKZN Foundation’s core function is to seek to secure strategic funding from corporates, trusts, alumni and individuals (many of whom are high net worth). These donors, no matter their classification or the size of their contribution, entrust their financial donation to the care of UKZN. It is, therefore, incumbent upon the University to manage their donation carefully and in the most effective manner possible. It is argued that should the UKZN Foundation not take heed of this necessity, donors who experience poor stewardship may well cease to donate. Poor donor stewardship would impact negatively on future fundraising. In contrast, if the Foundation excelled with its stewardship programme it stands to reason that a donor’s desire and willingness to fund projects and programmes into the future would be enhanced.

One Foundation staff member suggested the following pointers when it came to good stewardship:

Effective stewardship requires the UKZN Foundation to provide assurance that the funding is used in accordance with the donor’s wishes; to be open and upfront as to how their funding is managed and made use of; to be prompt in saying thank you for their contribution; and to look for ways in which to personalise the acknowledgment in order to demonstrate that the Foundation knows the donor. A “pro forma” response is not enough. (Senior Development Officer).

It is the opinion of the researcher that there is no more important factor than good stewardship in establishing a healthy relationship with UKZN’s donor community, thereby ensuring overall fundraising success for the UKZN Foundation. Warwick and Hitchcock (2001) argue that if relationships and donor funding are appropriately ‘stewarded’, trust and commitment to the University are a natural result. If UKZN is to gain optimum benefit from important donor relationships and resources, it is essential that UKZN Foundation staff and senior UKZN leadership fully understand and embrace effective stewardship.

#### **4.2.3.12 Tangible Project Results**

Participant responses suggest that donors want to see results. This could be in the form of the documented outcomes of a project they are supporting, project progress reports, or the academic results of bursary students being funded. As one individual donor indicated:

If I am not provided with some tangible results how can I be assured that my funding is being used as agreed upon when I made the donation. (Individual Donor).

Similar sentiments were expressed by a variety of corporate donors:

Our company wants to see where our funding went and to be reassured that it was used in an appropriate way. We report to a Board who also wants feedback and assurances that the funding donated to UKZN was spent according to what it was intended for. (Corporate Donor).

We have had a bad experience before with an NGO. Regular updates showing tangible results is our form of internal risk assessment, which allows us to monitor the success of our funding. If there is a problem, it can be raised immediately with the University. (Corporate Donor).

Of course making a financial difference is important to us, but without any contact from UKZN we wouldn't know what the results are. We would be in the dark. Not a good place for us to be as a funder. (Corporate Donor).

In conclusion, the ability of the UKZN Foundation to demonstrate tangible project results to a funder, not only gives the donor confidence that their funding is being used as agreed upon, but furthermore creates a sense of achievement and excitement as they journey with the project and see milestones being reached along the way.

#### **4.2.4 Theme 4: Factors that Hinder Fundraising Success**

This section reports on barriers to successful fundraising identified specifically by the internal participants, i.e. barriers within the UKZN Foundation that its staff believe hindered the Foundation's ability to raise more funds. It also discusses internal changes suggested by these participants that could improve fundraising.

#### **4.2.4.1 Internal Barriers that Hinder Fundraising Success**

A number of internal barriers were identified by the Foundation staff members, namely, the UKZN Foundation Board; UKZN as an Institution; as well as factors related to the UKZN Foundation itself, which included its culture, teamwork to achieve key performance areas, personnel challenges, the market place in which the Foundation operated, and challenges related to specific University projects.

In terms of the Board, internal participants reported that Board members did not use their networks to assist in the Foundation's mandate to fundraise. This was seen as a barrier as well as the fact that many Board members did not have much, if any, experience in fundraising:

Some of the Board members have a large network of high net worth individuals and it would be useful to introduce them to the work of the Foundation. Why be a Board member if you're not going to assist in the Foundation's core function? (Senior Development Officer).

Perceived barriers to fundraising emanating from the Foundation itself focused on personnel issues – that certain staff members were not fit for purpose and not results driven towards achieving fundraising targets; as well as the leadership style of the Executive Director, which was criticised as being non inclusive and blamed for low staff moral and high levels of staff absenteeism:

The ED has a very destructive leadership style and one not conducive to a fundraising environment. It's very difficult to remain positive when the morale in a small team such as ours is so low. This is also not good for relationship building with our donors. (Senior Development Officer).

We agree as a team to decisions made in staff meetings only for these to be rescinded by the ED a few days later. It's very difficult to fundraise when internal operational procedures frequently change. This directly and negatively impacts on how we go about our fundraising. (Development Officer).

Staff within the Foundation reported that owing to these barriers they found it difficult to maintain a sustained focus on fundraising. They felt demotivated as opposed to operating as a team of highly inspired fundraisers. One can conclude that a

dysfunctional culture within the fundraising unit of a higher education institution inhibits successful fundraising.

Fundraising barriers identified by Foundation staff that pertained to UKZN as a whole included poor brand image and increased competition from other Higher Education institutions. Lack of support from senior staff in a respective College or School for a particular fundraising project was considered to be a hindrance to successful fundraising, as was the difficulty of trying to raise funds for certain types of projects, especially infrastructure ones, for which there was no appetite in the market place currently. UKZN's geographical location, away from the main financial centres of South Africa, was also acknowledged as a fundraising barrier. As one Senior Development Officer commented:

Being in KwaZulu-Natal does present a challenge when most of the big corporates are either located in Gauteng or Cape Town. Geographical location also makes it difficult trying to develop a relationship with their CSI decision makers. (Senior Development Officer).

In sum, internal barriers that hinder fundraising success can be tabulated as follows:

**Table 4.1 Internal Barriers that Hinder Fundraising Success**

| <b>Area of Concern</b>        | <b>Barrier</b>   |
|-------------------------------|--|
| Board                         | Members not using their networks.<br>Few members with fundraising experience.  |
| Foundation Office Environment | Low staff morale.  |
| Foundation Staff              | Some staff lacking skills.<br>Not having the right sort of people.<br>A need for people to bring fresh ideas into the Foundation.<br>Reluctance to take on other projects outside one's portfolio. |
| Institution                   | Low fundraising-orientated culture across the University.  |
| UKZN Projects                 | Some Colleges lack strategic projects.<br>Internal disagreements about need for some projects.<br>Senior UKZN leadership not agreeing about projects.  |

#### 4.2.4.2 External Barriers that Hinder Fundraising Success

UKZN's Senior Development Officers highlighted a number of external factors that affected their ability to fundraise, including the poor South African economy, the *#FeesMustFall* campaign and related student unrest, and poor public perception of the Institution. Student unrest that led to the damage of UKZN property was singled out as the most detrimental factor associated with donors no longer wanting to support their cause.

The 2017 downgrade of South Africa's economy to junk status by the international ratings agency Moody's, placed an already stretched economy under additional financial pressure across all sectors. Foundation staff reported that this had a ripple effect on UKZN donors and the size of their donations. As a Senior Development Officer commented:

The UKZN donors who I have stewarded and who have normally supported my UKZN projects for the past number of years have said straight out their profit margins are down and they won't be able to assist us this year. (Senior Development Officer).

Whilst one can conclude that macro-economic austerity provides a barrier to successful fundraising, internal respondents were unanimous that "bad press" coverage had the most severe impact on the Institution's ability to fundraise. Examples supplied were the burning of UKZN buildings and facilities during the 2016 *#FeesMustFall* student protests, and the 2017 Medical School admissions scandal, where the selling of places by a syndicate that included internal UKZN staff was exposed in the press. The negative publicity that incidents such as these created, fuelled a poor public image of the Institution. This made it very difficult when approaching new potential donors. In this regard, UKZN's Senior Development Officers were critical of the University's Central Corporate Relations office who they felt did not adequately prepare for negative situations by developing a proactive positive media campaign to counter the bad publicity:

The image and brand of UKZN has taken a severe pounding the last few years and the general public has a very bad image of the Institution. Its hard work trying to convince a new donor to fund any UKZN project when all they read about in the press is negative news about us. (Senior Development Officer).

The Senior Development Officers suggested that in order to deal with negative media publicity, a proactive communication plan was required from the Foundation, with a view to conducting dialogue with the various donor stakeholder groups. Foundation staff agreed, however, that the most significant way to respond to negative external factors impacting on the fundraising environment was to change the way in which they operated in relation to their donors. They needed to understand better what motivated their donors, involve them with the UKZN projects they funded, look for ways in which to cultivate and improve stewarding of relationships to maintain donor loyalty, and communicate the positive impact of their current and future funding endeavours:

It's been important in these tough economic times to really steward the donors we have in an effort to ensure they stick with us. Even if it means them having to reduce some of their funding, it's critically essential to nurture the relationship. (Senior Development Officer).

External barriers that hinder fundraising success can be summarised as follows:

**Table 4.2 External Barriers that Hinder Fundraising Success**

| Area of Concern              | Barrier   |
|------------------------------|---|
| Institution                  | Geographic location.<br>Poor public image.<br>Weak corporate brand.   |
| External Working Environment | Economic downturn.<br><i>#FeesMustFall</i> campaign.<br>Student campus violence.<br>Other higher education institutions competing for same funding. |

One can conclude that the greater the external barrier hindering fundraising success, the more important donor stewardship becomes.

#### **4.3 Development of a Model for Best Practice of Donor Management at UKZN Foundation**

Conflicting opinions exist as to what exactly successful fundraising is considered to be. For some it is defined in terms of the amount of funds raised. Others refer to successful fundraising based on donor interactions with a view to developing a long term relationship that will yield long term financial donor funding (Burk, 2003; Sargeant, 2001). It stands to reason that if the UKZN Foundation follows best practice, then this should lead to successful fundraising.

The following analysis draws from research question 3, which elicited from the participants what best practice donor management model could in their view be applied to the UKZN Foundation. It explores perceptions around fundraising, whether best practice is driven by issues such as culture, staff engagement, and corporate governance; if the Foundation's culture allows for fundraising growth and innovation; and how fundraising relates to the achievement of the goals and mission of the UKZN Foundation. Findings were based on responses from the internal participants in particular, as they have a close working experience and understanding of the UKZN Foundation culture and are thus placed to offer feasible suggestions that could be used as an improved working model.

**Table 4.3: Model of Best Practice for Donor Management within a University Environment**

| Best Practice               | Current <i>Status Quo</i> at UKZN   | Suggested Remedial Action  |
|-----------------------------|---|--|
| Build University reputation | <p>±</p> <p>Ranked in top five SA Universities</p> <p>Brand negatively impacted by student protests, leadership and admissions scandals.</p>  | <p>Identify the University's unique selling points and market these.</p> <p>Focus fundraising strategy around leveraging known University strengths in research, teaching and learning and community engagement.</p> <p>Refine fundraising strategy according to changing context.</p> |
| Build University leadership | <p>±</p> <p>Current executive understands importance of third stream income.</p> <p>Culture and practice of fundraising does not flow through from Foundation to broader University leadership in Colleges and Schools.</p> | <p>Incorporate fundraising into leadership KPAs to make it a University-wide responsibility and obtain a positive culture of fundraising across the University.</p> <p>Foundation leadership to conduct fundraising roadshows in Colleges.</p>   |
| Build fundraising staff     | <p>±</p> <p>Structure of fundraising office in place but isolated from broader University.</p> <p>Different levels of competency amongst current staff.</p>   | <p>Provide training in core fundraising competencies.</p> <p>Educate to align project, Foundation and institutional values and strategies.</p>   |

|                         |  |   |
|-------------------------|--|---|
|                         | <p>Low staff morale.</p> <p>Vacancies.</p>   | <p>Optimise and align with supporting fundraising structures within the University.</p> <p>Fill vacancies.</p>  |
| Build donor stewardship | <p>±</p> <p>Donor experience currently influenced positively/negatively by University point of contact/fundraising officer.</p> <p>Donor expectations influenced by perceived strategic value of project; project management, administration and leadership; desired feedback and involvement; communication and personal relationships.</p> | <p>ED: UKZNF to workshop blueprint of steps to follow when nurturing donors with development officers, and incorporate these into performance management system.</p> <p>Establish communication, administrative and project management standard operating procedures.</p> <p>Grow the donor base: identify and expand the list of current donor prospects (locally and internationally) with capacity to give by 30% in the following year.</p> |

#### 4.4 Achieving a Positive Culture of Fundraising

Respondents posited that whilst it was all well and good for the UKZN Foundation to have a strong culture around fundraising, this culture needed to be university wide and in particular promoted by senior leadership. This confirms previous findings from the literature review, whereby Jacobs (2007), points out that for any university fundraising initiative to succeed one needs to promote a culture of giving and create a culture of asking across the institution. The respondents argued that although the

UKZN Foundation had worked hard at achieving a better mutual understanding about fundraising across the University, there was much more to be done before this became part of the University culture. Involving and engaging UKZN academics in fundraising had assisted in creating a broader philanthropic understanding. This could be used as a base from which to cultivate a much stronger university wide culture supporting fundraising initiatives. It was argued that a series of UKZN Foundation roadshows that went to College and School staff meetings across the University in 2016 created an improved and wider knowledge base about fundraising and the work of the Foundation throughout the institution:

Initially there were many different and at times confusing perceptions about fundraising at UKZN and how the Foundation operated, but the culture has in some Colleges started to change once we (the Senior Development Officers) started working with the academics, who could see value in what we're doing. (Senior Development Officer).

There was strong agreement amongst the participants that a university wide fundraising culture would add significant value to their fundraising efforts, because it would increase the number of advocates and storytellers from the institution who could influence and grow fundraising opportunities. One can conclude that nurturing a university wide culture that supports fundraising and encourages philanthropic donation is an important aspect in establishing a model of best practice for fundraising within a higher education institution. Such a culture can be obtained through active interaction with, and education of, the broader university community by UKZN Foundation fundraisers.

#### **4.4.1 Alignment of Individual, Fundraising Office and Institutional Values**

Participants expressed the belief that their own value system and goals should be aligned to those of the Foundation and to the way they went about fundraising. For example, honesty, integratory, respect, resilience and innovation were values that were associated with their understanding of best practice fundraising:

Of course, these values and goals are in parallel. The manner in which we go about working with donors to raise funds must reflect the same goals and values as the Foundation and University (Senior Development Officer).

UKZN's stated institutional values as articulated in its strategic plan adhere to the REAChT principles (respect, excellence, accountability, client orientation, honesty and trust) (*UKZN Strategic Plan, 2017-2021*). Comments made by the UKZN Foundation staff are therefore in alignment with University thinking and suggest that the UKZN Foundation displays an understanding of fundraising best practice in this regard.

#### **4.4.2 Alignment of Fundraising Support with Institutional Strategic Goals and Projects**

In addition to value alignment, participants pointed out that successful fundraising was critical to UKZN in terms of enabling the University to reach many of its strategic goals and projects that were funding dependent. It was noted that fundraising was more relevant than ever given the fact that state funding for higher education had dwindled considerably over the past decade. As one Senior Development Officer noted: "Fundraising for the University is absolutely vital and without it UKZN would struggle." He argued that given the paucity of the funding pool, fundraising efforts undertaken by the Foundation should be strategic:

We should focus on projects that are important to the University. For example, we are fundraising for a Maritime Chair at UKZN. Durban is a port city, so this project ties in directly with the University's strategic research goal of developing African cities for the future. By being focused in our efforts, we are more likely to attract funds. (Senior Development Officer).

The implication for a model of best practice is that given the importance of third stream income for institutions of higher learning in the current economic climate, fundraising efforts should focus on those projects which are most closely aligned with the University's strategic goals.

#### **4.4.3 Structure and Culture**

The participants discussed the notion of whether culture or structure was more important to fundraising success. It was agreed that both structure and culture were important aspects when it came to achieving successful fundraising, and that both should be considered when looking at a model for best practice. However, one participant recounted his experience where the structure was fine but the culture was not there resulting in unsuccessful fundraising:

Currently at the Foundation we have all posts filled. There are enough bodies on the ground to undertake fundraising and the structure shows clearly who is looking after which College and who is targeting which group of donors. But we are not bringing in as much money as we should. People are apathetic and unhappy. They come to work late and leave early. The culture is not right. (Development Officer).

One can conclude that in terms of a model of best practice, without a good culture successful fundraising will be curtailed, even if a good structure is in place.

#### **4.5 Strategies to Provide Sustainability and Optimisation of Donations to UKZN**

According to Scott (2014), a strategy is, in essence, a blueprint for the fundraising process. It starts with an organisation's mission and general strategic plan, and creates a set of specific fundraising goals. Based on these goals, the organisation is able to construct a fundraising plan that puts them into operation. Scott (2014) argues that that fundraising strategies should not be too long term and should be revised bi-annually, for two reasons. Firstly, as time passes, different funding priorities will emerge. Secondly, the fundraising landscape will change. For example, such a revision was evident when there was a significant strategic shift in the UKZN Foundation's fundraising strategy in 2017, to focus its resources heavily on seeking bursary funding moving forward.

In terms of a model of best practice, it is posited that a fundraising strategy is valuable as it helps to:

- Provide clarity about short, medium and long term actions that need to be taken to successfully raise the funds needed to achieve one's outcomes.
- Divide responsibilities between the project leader, development officer, Executive Director and senior university leadership.
- Ensure the organisation doesn't run out of money or that there are steps in place to ensure decisions are taken in a timely manner.
- Provide a clearer and realistic direction for the organisation that can be communicated to funders.

The wide range of findings that have emerged from the research, makes it possible to draw on some strategies that can be introduced to assist the Foundation in its fundraising for UKZN. Some of these have been mentioned in previous sections of this research and may overlap but have been included in this sub-section to present a more holistic view on how the Foundation is able to sustain and optimise the donations it receives.

It was agreed by the internal participants that there was no one way to develop a fundraising strategy for the Foundation and that it was very much dependant on what projects the Foundation was seeking donor support for. The following items, however, were suggested by the Senior Development Officers as key elements to include in a fundraising strategy, to ensure best fit for the Foundation and UKZN as a whole:

- Review the UKZN current position with each of its approved strategic fundraising projects. Asses fundraising strengths, resources, successes and ultimate status for each of these UKZN projects in the context of progress that the Foundation is making.
- Conduct a strength and weakness assessment of these projects. As one staff member commented:

It is so important for us to evaluate frequently and see as a team if we are on track with our fundraising projects. If we are not, we must think why not and work out the best options going forward. This may at times result in terminating projects that have not yielded any funding and channel our recourses elsewhere to be more productive. (Senior Development Officer)

- Work within an overall fundraising strategy for the Foundation. List the current, pending and future projects. Assign a champion for each project. Provide a timeline with milestone targets:

We need to work within the Foundation's overall fundraising strategy otherwise we'll have no direction or focus. Knowing the progress for each of the Foundation's projects so we know where we are collectively is important. We cannot operate in silos with our projects. All the Foundation staff need to know precise details as to where we are for the funding of these projects. (Senior Development Officer).

- Develop a proposed source of income for projects. Working in a team with input from the project/academic leader, prospector, and development officer, draw up a list of potential donors. This will help to determine where the donor focus should be and whom to approach for funding:

If you don't know who to approach for funding then the project is doomed immediately. This needs careful consideration and obviously it is critical that potential funders who match the project profile are identified. It helps enormously working with the project leader who in my experience knows exactly who to approach. Often they have an existing relationship with the potential donor, which is also a big plus. (Senior Development Officer).

- Suggest methods to approach the funder. How best to approach the funder is strategic and fundraisers need to apply their minds so as to create the best opportunity to enhance a positive outcome from the donor.

I have found that it is often best to invite the donor to UKZN to meet the project leader, tour the facility, to meet first hand some of the students and generally to create a "feel good" environment for the donor. This works well in contrast to meeting with a busy CEO in an office environment with interruptions and other time pressures. Sometimes though one has to meet the donor in his or her environment, in which case one has to be positive and make sure one is well prepared to "sell the cause". (Senior Development Officer).

- Identify necessary resources. Most projects that require funding also need marketing material to form part of the overall funding pitch to the donor. A marketing brochure that one can leave with the donor is useful and should cover all salient aspects of the project including benefits to the donor. Other necessary resources might include supporting letters of endorsement from key professionals or associations, or a business plan for a particular project:

I was involved with one project that required a building plan approved by Local Council before the donor would even consider a meeting with me.

Sometimes securing the right resources to support your donor pitch can take time. I had another incident where the donor wanted an independent Health and Safety report for that particular project to assure him that it was compliant in every way and that his company was not at risk if they funded the project. It was a long but worthwhile process as the company did end up as a co-funder. (Senior Development Officer).

- Outline mechanisms to monitor and measure fundraising. It is argued that the monitoring of achievements is integral to the continual improvement of a philanthropic strategy and its implementation. This requires a schedule of who and how the project fundraising will be kept in check. Without monitoring progress targets a project will drift and most likely not succeed. Project milestones should be set. For example, the development officer should have approached and visited a certain number of identified potential donors within a certain time frame:

You need to know exactly where you are with each project. When I take on a new fundraising project, I set myself milestone targets to meet. This allows me to know if I'm on track with my goals for each project. This could be the number of potential donors I need to call to set up appointments with, or the number of donors I actually need to visit. Some of these donors are in other provinces and I need to set up appointments to meet with them. These are all things I need to measure and monitor to keep the project moving forward. Once I stop monitoring these and there is an absence of measurement, the project comes to a grinding halt. (Senior Development Officer).

- Prepare a timeline for implementation. Projects have milestones that are time related, and donors often release funding in tranche payments directly related to the achievement of such time-linked milestones. It is posited that every fundraising project timeline needs to include the lead-time required to source the funding that will enable the project to commence. Likewise an agreed upon cut off time is necessary regarding how long a development officer should work at sourcing funding before it is clear that for whatever reason no funding is going to materialise. A UKZN Foundation staff member reaffirmed the importance of timelines in fundraising project planning:

Every fundraiser needs to know what the project timeline is. By when must we have raised the funds? Often this is dependent upon when the academic year starts as this is when most funding is needed for research projects. I need to have very clear priorities when allocating my time against those projects that need funds sooner than others. Also the amount of funding will dictate my energies. For example, a much larger infrastructure project is way more challenging to raise funds for than undergraduate bursary funding.

Either way the timeline for all these projects are important for me to know. (Senior Development Officer).

It must be noted that the UKZN Foundation has been in existence for over three decades and has acquired considerable institutional knowledge and fundraising experience in the higher education sector. In this context it has, for the most, refined systems that best suit its fundraising environment. The following findings have been selected as possible areas that the Foundation, and in some instances the institution, could improve on.

#### **4.5.1 Getting the Fundraising Fundamentals Right**

- **Investing in Excellence**

UKZN is the largest contact university in South Africa with over 45 000 students, most of whom are African from disadvantaged backgrounds. Within this context, it has consciously promoted itself as an African university of excellence, viz., “The Premier University of African Scholarship”. (UKZN Vision Statement).

It is argued that for successful fundraising, UKZN needs to identify what are its unique attributes that set it apart. What are the specific characteristics that will become its “selling points”, from the vantage point of the donor? The key is for UKZN to demonstrate what it is uniquely good at and then build a vision that builds on these strengths. This confirms previous findings in the literature review whereby successful fundraising programmes and activities can improve the profile, the image and reputation of universities (Barr, 1993). Barr points out that they help provide evidence of an institution’s excellence in certain areas. This is in the crux for UKZN in understanding and determining how to communicate the institution’s role in a modern Africa to society at large. In the absence of reference to a specific “excellence”, no university will have the credibility to attract donor funding. The internal participants agreed that:

Donors want to know what UKZN stands for, what are its areas of excellence, what makes us stand out from other universities in South Africa. They want to know why they should fund UKZN as opposed to a university closer to their area of operation. (Development Officer).

Many of our corporate donors head offices are in Gauteng. This is a question I'm often asked, why UKZN and not Wits or Tukkies. Our unique selling point is important. (Senior Development Officer).

Like any investor I want to know where my funds will yield the best return. Knowing and understanding what a university stands for is important to me. I would avoid one that has no vision or unique selling points, just as I would with any potential business I wanted to invest in. (Individual Donor).

Rated consistently since 2012 by the Department of Higher Education and Training as one of the two leading South African universities in terms of research productivity outputs, UKZN has consciously positioned itself as an Africa-centric centre of research excellence. As per the UKZN Strategic Plan 2017-2018, its four research flagships deal specifically with solutions for Africa's problems, viz.: Africa Health; African Cities of the Future; Big Data and Informatics; and Social Cohesion (*UKZN Strategic Plan 2017-2021*). It is argued that to follow best practice, the UKZN Foundation should consciously tap into these articulated areas of excellence and uniqueness – namely, that it should promote UKZN as an African university that offers uniquely African solutions for Africa's problems, and that to be successful, its fundraising efforts should be aligned to these projects.

- **Fundraising a Shared Responsibility**

It is argued that engaging UKZN's academic community and broader staff base in fundraising projects is critical to their ultimate success. Vital to this is that academic and project leaders take ownership and responsibility for philanthropic fundraising in the Colleges and Schools. These are the discipline specialists who can articulate a compelling vision and story, establish project priorities, realign resources to support a project, identify prospects, facilitate collaboration or partnership initiatives (inter-College or inter-institutional), establish donor relationships, and do the asking. UKZN Foundation staff confirmed that from their experience, successful fundraising was inevitably a shared responsibility:

Fundraising is a partnership between us (development officers) and the academics. They are the ones I take to meetings with potential donors as they know the details and are normally experts in the topic. Often the donor is an expert in the same subject and wants to know very specific details relating to the project and subject. I can't provide these. I have all the knowledge how to structure the donation and the benefits for the donor, which the academic can't provide. I see the academic and myself as a UKZN team. (Senior Development Officer).

The experience of UKZN Foundation staff was that in many instances, however, the broader university community was not *au fait* with the institution's fundraising efforts:

At times it can be very frustrating working with university staff who know and appreciate very little about fundraising basics in our sector. Something like how important fundraising is for UKZN, or the importance of good effective stewardship, are things that every staff member should understand. This is a collective effort and if people don't know the value of this it can be a very weak link in the university's overall fundraising strategy. This is particularly so with senior academic staff. (Senior Development Officer).

UKZN Foundation staff suggested that the different Colleges and Schools needed to communicate and collaborate both with the Foundation staff as well as amongst themselves. To improve fundraising success at UKZN, they argued that the institution needed to build up its own broader fundraising competencies. This could be done by upskilling and creating a level of fundraising understanding and ability amongst academic staff through appropriate roadshows and personal interaction.

One can conclude that the hallmark qualities of a successful long-term University fundraising programme lies in a sound partnership between the Foundation fundraising staff working in concert with the relevant UKZN academic leadership and when needed, specific university support departments such as Finance and the Student Funding Office.

- **Fundraising a Core Responsibility of Senior Leadership**

Not only should the responsibility of fundraising be shared with the University's academic community, one can go further and argue that it should be a core

responsibility of the institution's executive management committee. Senior leadership support and involvement is critical to the success of fundraising at UZKN, as they are the ones with an immediate understanding of the financial pressures and imperatives at work within the higher education sector; have the knowledge of the institution's strategic projects and fundraising priorities; and often have the fundraising and networking contacts within the government and private sectors. It therefore stands to reason that given the importance placed on raising funds, UKZN's leadership need to be given clear fundraising roles. They need to be "brought on board" to understand how critical fundraising is to UZKN's sustainability and the anticipated outcomes of these efforts.

- **Getting the University Environment Right**

A final point to note is that the University should be very clear on the strategic importance of projects it recommends to the Foundation for support. Internal misconceptions about fundraising and the capacity and role of the Foundation mean that projects have been recommended that are difficult to take to market. This problem was raised by the Senior Development Officers:

Frequently during the year we are approached by senior staff wanting us to fund a project. After a meeting it comes to light that this project cannot be funded through a philanthropic donor; it requires a research grant or other types of grant funding, or NSFAS. These are all areas of funding that the Foundation does not seek. This may seem petty but you'd be amazed at how much time it takes in dealing with these types of approaches from academic staff, and the Foundation resources that get sucked up, apart from the false expectations that are created. A clearer understanding of fundraising categories in higher education fundraising is something that the University needs to get right and communicate to all its staff. (Senior Development Officer).

When considering income diversity, it was argued that the University needed to have a good understanding of its current income streams and make decisions about what types of income would best suit the projects it wanted to deliver. The internal participants highlighted a number of different elements to this, viz.:

- Audit existing fundraising. How does UKZN currently raise funds for those projects that don't come via the Foundation? What are these current sources of funding? What else has the University tried? What is their success rate?
- Understand the risks and benefits of different types of funding. Look at the income generation spectrum, and think about the benefits and risks of each type.
- Consider different types of income in terms of suitability for the range of projects identified. For example, would the project be suitable for grant funding, research funding or philanthropic funding?

One can conclude that in terms of getting the fundraising fundamentals right, it is essential that one gets the university environment right, in terms of facilitating an understanding of the role of the fundraising office, what types of projects can be successfully fundraised for, and the different funding streams available.

## **4.6 Factors Important to Successful Fundraising**

Findings for this section were drawn from external and internal participants. The list is not exhaustive but rather highlights factors, which if leveraged properly, enhance fundraising success. These can be grouped according to reputation, leadership, Foundation staff and donors.

### **4.6.1 Reputation**

Both internal and external respondents indicated that it would be very difficult for a donor to associate itself with a project that was tainted by poor brand credibility of its parent institution, i.e., with an institution that was perceived in a negative light by the general public. As one corporate donor stated:

To be very honest, our company wouldn't want to support a project that was being run by a university with a bad reputation. It would affect our image and we would also worry what the chances of success would be of the project meeting its outcomes. Our funding could be at risk as well. (Corporate Donor).

The importance of institutional reputation was corroborated by internal respondents, who pointed out the difficulty of raising funds if UKZN received bad press publicity:

I have struggled to interest donors with UKZN projects when the UKZN has featured in local press with bad publicity. The donor is simply not interested when bad publicity is all they associate UKZN with. (Senior Development Officer).

The importance of reputation can also be applied at a more specific level to the fundraising arm of the institution (i.e. the UKZN Foundation), in terms of how necessary it is for this body to be well regarded as a professional office that can be trusted, has good corporate governance in place and credibility in the market place. As one donor stated:

I know that the UKZN Foundation has been around for over 30 years, that it reports to an independent board and produces an annual report each year with audited financial statements. Such governance structures reassure me that my donation is in good hands. (Individual Donor).

Project reputation was also identified as an important aspect of successful fundraising. Participants pointed to the importance of a project being one that people could relate to and that offered a compelling case for support. If a project attracted a poor reputation within the public domain, it would be very difficult to raise support for it. The example of the UKZN Foundation's 2018 "R67 for Mandela" bursary campaign was cited as one which leveraged fundraising success through appealing to the popularity of the Mandela legacy. One can conclude that reputation is inextricably linked to successful fundraising. This is applicable at the institutional, divisional and project level. A university with a good reputation enables funding. A fundraising office with a good reputation facilitates fundraising. A project with a good reputation attracts funding.

#### **4.6.2 Leadership**

It was agreed by internal and external participants that leadership was a critical factor to fundraising success. The position of Executive Director of the UKZN Foundation was singled out as being influential in terms of the overall success rate of the fundraising office. As a staff member commented:

This job is complex and challenging, and it demands good leadership skills and an ability to maintain momentum and not to lose sight of the long-term

goals for us to meet our fundraising targets as an office. The role of Executive Director is the central hub of the Foundation. (Senior Development Officer).

Respondents argued that to ensure a successful fundraising operation on the ground, it was vital that the Foundation's Executive Director fully understood the vision and priorities set by the University's top leadership:

The ED needs to have a regular and direct communication route to UKZN's Vice-Chancellor. He must know what the VC's strategic priorities are for UKZN, what his vision is, so that he can direct the Foundation's fundraising efforts according. (ED UKZN Foundation).

Further to the Executive Director of the UKZN Foundation having access of the University's Vice-Chancellor and senior leadership body, and understanding their strategic vision for the University, respondents felt that for the Foundation to succeed, it also needed the direct backing, involvement and leadership of the Vice-Chancellor himself. It was argued that:

The Vice-Chancellor should be seen as a member of the Foundation's development team rather than someone who is drafted in on an *ad hoc* basis to host events and meet donors. (Senior Development Officer).

In sum, strong leadership that guides the institution's fundraising efforts and ensures that they remain in line with the University's strategic goals, is posited as a vital ingredient to successful fundraising. The need for such leadership is relevant at both the operational (UKZN Foundation) and institutional (UKZN) level. Clear communication channels should exist between the two levels of leadership. Moreover, the committed support of the university's highest leadership – i.e., the Vice-Chancellor – to strategic fundraising activity, will enhance its likelihood of success.

#### **4.6.3 Foundation Staff**

At UKZN, the Development Officers and Senior Development Officers are the staff members who are tasked with securing donor funding for the wide range of UKZN

projects. It stands to reason that to be successful with fundraising such employees should possess the necessary attributes to get the job done. Respondents listed what they thought to be fundamental characteristics for a successful fundraiser. Feedback from internal and external participants could be categorised as follows:

- A successful fundraiser was a good communicator:

They are people who enjoy the company of other people. They are eloquent conversationalists and exceptional listeners. They can communicate not only by speaking but also in writing and through presentations. It is important that their manner is warm and engaging rather than domineering or intimidating. (Senior Development Officer).

- A successful fundraiser was passionate, enthusiastic and committed to the cause:

Fundraising is about inspiring people to offer their support. Good fundraisers inspire people to give support by communicating their enthusiasm for the causes they are representing. A good fundraiser should be knowledgeable about the cause and personally convinced of its value. (Senior Development Officer).

- A successful fundraiser was strategic and innovative:

Good fundraisers inspire not only prospects and donors but also the institution's leaders and academics, and they must be innovative and strategic in channelling this inspiration into appropriate action (e.g., determining what prospect, donor, event or project could use the support of the leader/academic). Beyond engaging others, fundraisers must be innovative and strategic in prioritising prospects/donors, seeing connections and new opportunities. (Senior Development Officer).

- A successful fundraiser was vigilant and conscientious:

The successful fundraisers at UKZN are the ones who are relentless. They persistently pursue support for their cause. They are vigilant in maintaining contact with me, their "prospect". They are confident enough to make "the ask" yet conscientious about the appropriate timing. (Corporate Donor).

- A successful fundraiser was systematic and organised:

As fundraisers, we manage well over 50 relationships with prospects or donors at any one time. To do this properly, we need to be systematic and organised in our approach. We need to exercise good time management, good record keeping, forward planning and extremely thorough follow-up. (Senior Development Officer).

- A successful fundraiser was optimistic and resilient:

It can be disheartening when a prospect says “no” or a donor only gives R1000 when one was hoping for R100 000. But a good fundraiser determines if the “no” is really a “not now”, or maybe “another project”. You learn from each experience and move on with optimism undiminished and self-esteem intact. (Senior Development Officer).

- A successful fundraiser was a team player:

Fundraising is a team effort. As fundraisers, we need to be able to work well within a team environment. On a project we will play a certain role, the academic or project leader will play another role. We need to share leads and information with our colleagues, as well as pull in resources from throughout the university when needed.

This lends support to previous findings in the literature review, whereby an European Commission report, *Engaging Philanthropy for University Research* (2007) points out, it is essential to put a competent fundraising team in place, as the quality of the team is critical to the success of any fundraising initiative. The same report emphasises that the team should be dedicated and competent. In sum, the fundraiser is a crucial cog in the wheel of successful fundraising. By implication, UKZN Foundation staff should be competent and fit for purpose in order to succeed in the jobs.

#### **4.6.4 The Donor**

Participants were unanimous in their view that without a satisfied donor very little if any fundraising would take place. It is argued that for successful fundraising within a higher education institution, there needs to be a culture within the university of nurturing the donor. As commented by one Foundation staff member:

I've seen it happen. When a donor gets neglected, so too does their interest in the project that they are funding, which normally comes to an end. Successful fundraisers know this and place high importance on paying attention to donor culture. (Senior Development Officer).

Connecting and establishing a relationship with the donor was considered an essential component of donor stewardship. Respondents argued that successful fundraising hinged on relationship building, which sometimes could be a very slow

process, taking years. It was therefore essential to understanding one's donor, what motivated his philanthropy, what causes he supported and his chosen method of donation. As one Senior Development Officer stated:

If you haven't made the effort to do your homework by getting to know and understand your donor, don't expect results. It's as simple as that! (Senior Development Officer).

Respondents agreed that it was beneficial to allow the donor to get involved:

From my experience, a donor funds a project because for whatever reason, he is passionate about it and motivated to do so. If he wants to get involved, let him, within reason. (Development Officer).

It was argued that by getting involved a donor was brought closer to a project. If this proved a positive experience it would encourage possible funding of further projects.

Factors important to successful fundraising are summarised in the table below:

**Table 4.4 Factors Important to Successful Fundraising**

| Factor     | Explanation   |
|------------|---|
| Reputation | Brand credibility and public perception.<br>Positive reputation at institutional (UKZN), divisional (UKZN Foundation), and project level.<br>Sound corporate governance.<br>Profile of the institution / Foundation.<br>Projects that people can relate to.<br>A compelling case for support. |
| Leadership | Visionary leadership at Foundation level.<br>Senior university leadership understands and is committed to fundraising.<br>Vice-Chancellor and Executive Director have a sound working relationship.   |

|                  |  |
|------------------|--|
| Foundation Staff | Competent fundraisers with necessary attributes.<br>Staff who understand fundraising.  |
| Donors           | Culture of nurturing donors.<br>Being able to connect with the donor and build a relationship.<br>Understanding what motivates the donor.<br>Involvement of the donor. |

#### 4.7 Conclusion

In summary, this chapter detailed how external and internal participant experiences informed the following major categories from a donor and fundraiser perspective: donor groupings and donor sentiment towards UKZN; how the UKZN Foundation managed stakeholder engagement with its donor community; the development of a conceptual model for best practice at UKZN; and finally, strategies to provide sustainability and optimisation of donations to UKZN.

Major donor groupings were identified as corporates, trusts and foundations, individuals, other (religious and civil society) and anonymous, with the biggest income in 2017 coming from Trusts and Foundations (R35 million). In terms of donor sentiment, respondents replied that donors were encouraged in their philanthropy by good stewardship and a strong personal relationship with the UKZN funding staff member; good project leadership by the relevant academic; positive past experiences; projects that tapped into their social responsibility or which had a strong strategic vision in which they believed; projects in which they could get involved; projects where they could specify their donation; detailed knowledge of a project; the impact their donation had on the project; and projects that produced tangible project results. Donors expressed the desire to be heard, to receive feedback, to feel connected and to donate to an inspirational cause. Donors were discouraged by any perceived administrative, communication or brand inefficiency.

With respect to current UKZN stakeholder engagement, participants responded that this was being hindered by internal factors including a low fundraising culture throughout UKZN; UKZN Foundation Board inefficiencies; UKZN Foundation leadership inefficiencies leading to low staff morale; and projects that were not strategically aligned to UKZN's broader vision. External hindrances to successful UKZN stakeholder engagement included a sluggish economy, a dented UKZN brand owing to student violence; and the *#FeesMustFall* protests. Donor stewardship was therefore vital. In terms of current donor management, successful projects were identified as those where positive donor stewardship occurred. A successful fundraiser was identified as a person who was a good communicator, passionate and committed to his job; strategic and innovative in his approach to fundraising; vigilant and conscientious in his project management; systematic and organised; optimistic and resilient; and a team player.

The model for donor management best practice that emerged from participant responses revolved around reputation, leadership, staff, and donors. One should build institutional reputation, build strong leadership, build competent fundraising staff, and meet donor expectations. Strategies to provide sustainability and optimisation of donations to UKZN included achieving a positive culture of fundraising university wide; aligning individual project, Foundation and institutional values; aligning projects with UKZN's strategic focus; having a fundraising strategy that could be refined according to the changing content; identifying the university's unique selling points and exploiting these; optimising the supporting fundraising structure; and ensuring that fundraising was a shared responsibility of both UKZN senior leadership and its fundraising arm, the UKZN Foundation.

The final chapter will explore these research findings in greater depth, as well as consider their implications for future research.

## CHAPTER FIVE

### Conclusion and Recommendations for Future Studies

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#### 5.1 Introduction

South African universities are struggling as traditional sources of funding – in particular from the state – have declined over the last two decades. This has enhanced the importance for higher education institutions actively to seek out and significantly increase the support they receive from philanthropic donations. Sourcing major donations from individuals, corporates and trusts is the most cost effective way for higher education institutions to fundraise. (Weinstein, 2009).

As South African universities become more dependent on private funding to fill the gap between the tuition and actual costs of tertiary education, it is imperative that they develop effective relationships between themselves and the donors who support them. Most of the “traditional” South African universities have a Foundation or Fundraising office with development officers that are well established and proficient in seeking donor funding. There is no established blueprint, however, in terms of how they currently operate, nor research available on whether they are “doing a good job”. Research that addresses the relationship between a university and its donors within the South African context is scant. No ready model of fundraising best practice within the South African context exists in the literature that local universities could consider. The purpose of this study, was therefore, to determine what factors are important in the decision making process of the donor that encourage financial support for a project; and accordingly, what steps could be taken to increase and sustain that support.

This dissertation has presented a case study of fundraising practice at the University of KwaZulu-Natal. The concluding chapter discusses the implications of the research findings as they relate to each of the research questions that guided the study, viz: what is the current *status quo* of UKZN’s donor groupings and their

donor sentiments in relation to UKZN; how has the UKZN Foundation managed stakeholder engagement with its donor community; and what conceptual model of best practice for donor management in a university environment can be extrapolated from the research conducted. It considers the limitations of the study; and finally, the implications for future research.

## **5.2 Summary of Findings**

In this study, thematic analysis was utilised to evaluate the data collected through interviews and an on-line survey. Clarke and Braun (2013) argued that thematic analysis should be a foundational method for qualitative analysis, as it provides core skills for conducting many other forms of qualitative analysis. During the research, thematic analysis of data occurred by developing and refining categories and subcategories, and resulted in the reporting of major findings in the following categories: donor sentiment towards UKZN; how the UKZN Foundation manages its stakeholder engagement with its donor community; and the development of a conceptual model for best practice, including strategies to provide a sustainable and better optimisation of donor support.

Research findings were extrapolated from external donor responses as well as from feedback provided by internal UKZN Foundation fundraising staff who had direct experience of current donor management practices. The Foundation's Senior Development Officers have over time gained a good understanding of donor interaction, viz., what does and doesn't appeal to donors and possible shortcomings within the Foundation, which if remedied, would improve donor/Foundation relationships.

### ***5.2.1 What is the Current Status Quo of UKZN's Donor Groupings and their Donor Sentiments in Relation to UKZN?***

It was established that UKZN's major philanthropic donations currently emanated from trusts and foundations (R35 million); other – religious and civil society (R35 million); individuals (R32 million) and corporates (R16 million). In terms of donor

sentiment towards UKZN, the study found that the following aspects were important to donors with respect to their relationship with the university: donors wanted to be heard; donors wanted feedback; donors needed an inspirational cause; and donors wanted to feel connected to the project. Other factors that were considered important influencers on donor sentiment were good project leadership by the relevant academic; positive past experiences; projects that tapped into a social responsibility imperative or which had a strong strategic vision in which the donor believed; projects in which they could get involved; projects where they could specify their donation; detailed knowledge of a project; the impact their donation had on the project; and projects that produced tangible project results. Donor sentiments towards their relationship with the university were influenced by the manner in which they were negatively or positively affected by these factors. For example, donors were discouraged by any perceived administrative, communication or brand inefficiency. Donors were particularly encouraged in their philanthropy by good stewardship and a strong personal relationship with the UKZN funding staff member.

### ***5.2.2 How does the UKZN Foundation Manage Stakeholder Engagement with its Donor Community?***

The second, related research question addressed the issue of stakeholder engagement. Stakeholder management theory posits that organisations should be attentive to the needs of all their stakeholders (Freeman 1984). The management and maintenance of stakeholder relationships, when viewed as ecological relationships, are about balancing the interests of the parties and using two-way communication in order to create value for both (Freeman 1984); Ledingham,( 2009); Steyn and Puth,( 2000). Hon and Grunig (1999) identify control mutuality, trust, commitment and satisfaction as important relationship indicators. With respect to current UKZN stakeholder engagement, participants responded that this was being hindered by internal factors including a low fundraising culture throughout UKZN; UKZN Foundation Board inefficiencies; UKZN Foundation leadership inefficiencies leading to low staff morale; and projects that were not strategically aligned to UKZN's broader vision. External hindrances to successful UKZN stakeholder engagement included a sluggish economy, a dented UKZN brand owing

to student violence; and the *#FeesMustFall* protests. Donor stewardship was therefore vital. In terms of current donor management, successful projects were identified as those where positive donor stewardship occurred. A successful fundraiser was identified as a person who was a good communicator, passionate and committed to his job; strategic and innovative in his approach to fundraising; vigilant and conscientious in his project management; systematic and organised; optimistic and resilient; and a team player.

### ***5.2.3 What Conceptual Model of Best Practice for Donor Management in a University Environment can be Extrapolated from the Research?***

The third research question considered the development of a model of best practise for donor management that could be used in a university environment, and strategies to provide sustainability and optimisation of donations into the future. The model that emerged from participant responses revolved around reputation, leadership, staff, and donors. One should build institutional reputation, build strong leadership, build competent fundraising staff, and meet donor expectations. In sum, successful fundraising rested on two pillars: getting the university environment right; and getting the fundraising fundamentals right. University top leadership played a vital role; fundraising was a university-shared responsibility; institutional credibility was paramount; competent fundraising staff were necessary; and good donor relationships were the foundation. Internal participants believed that a strong culture of fundraising in the Foundation would enhance the desired outcome of best practice and lead to the success of the staff's fundraising efforts, as would a positive culture of fundraising university wide. The alignment of individual project, Foundation and institutional values was another strategy identified to provide sustainability and optimisation of donations to UKZN. Fundraising staff's own values and goals needed to be aligned with those of the Foundation, and it was important that fundraisers supported the university's goals. Other strategies included aligning projects with UKZN's strategic focus; having a fundraising strategy that could be refined according to the changing content and context; identifying the university's unique selling points and exploiting these; optimising the supporting fundraising

structure; and ensuring that fundraising was a shared responsibility of both UKZN senior leadership and its fundraising arm, the UKZN Foundation.

### **5.3 Discussion**

Several conclusions can be drawn from the results of this study that may impact a future blueprint for donor relationships and fundraising strategies in a university context. The following section addresses specific research questions that were posed to the participants.

#### **5.3.1 Donor perspectives of UKZN**

One particular question asked of donors was what their sentiments towards UKZN were, from their perspective as a donor. Information reported in this category of the findings addressed factors that motivated donors to give to an institution of higher education (i.e., UKZN).

Participants in the study reported that they were influenced to give by many factors. These included factors relevant to how inspired they felt towards the project's cause. If, for example, it was a topic that resonated with the donor's passion or aligned with the company's strategic vision, or was an adopted cause (HIV orphans, early childhood learning, conservation etc.), this proved a very strong motivation to give. Participants reported that their desire to give was negatively impacted when prior giving experiences had been problematic. This included not being heard when giving towards a project, especially if on its conclusion, it was found that the project outcomes had shifted from what was originally agreed to. Participants agreed that a lack of feedback impacted negatively on giving. If a donor had made resources available for a project but received little feedback, it made that donor feel abused and created the impression that all the university wanted was the financing, with little interest in developing a relationship. Wanting to be part of the project they were giving towards was not an important factor for all the participants, however. Individual donors and small companies reported being more personally invested in the cause they were funding than large corporates, who identified themselves as

being motivated by the recognition and tax benefits provided by the institution receiving the gift. For individual donors, while the tax benefit was welcomed it was not the deciding factor influencing their philanthropic decision.

Participants interviewed did acknowledge however that despite pitfalls, generally they had had a good relationship with UKZN and based on prior giving experiences, knew what they wanted in the relationship and how to navigate around some of their past challenges. One can argue that for best practice it is advantageous if a donor, from the outset, manages the outcomes of the donor/institution relationship by setting a clear set of guidelines for the interaction. Unless the institution blatantly disregards these guidelines, the donor will then generally be satisfied. Another key recommendation for best practice is the importance of matching the right project with the right donor. Donors gave in most instances to causes that they were inspired to support. Connecting a donor to the right project will significantly enhance the fundraising efforts of the development officer concerned. One implication is that for best practice, development officers should spend more time researching and identifying donors who already have the propensity to give, rather than investing valuable resources and time contacting prospects who clearly will not support a particular project. Moreover, a development officer's performance productivity should not be measured by how many calls, meetings or contacts he or she makes with prospective donors, but rather on the quality of the funding outcome. Finding an alternative and more suitable method for evaluating a development officer would increase the overall fundraising success of the Foundation office. Perhaps consideration needs to be given to what type of relationships the Development Officer is building with his or her prospects and donors. Are they looking for depth, trust and engagement? Is there progress being made? Are there conversations happening around the donor's philanthropic intentions?

### **5.3.2 UKZN Foundation Management of Stakeholder Relationships**

Another important question asked of participants (both internal and external) focused on how the UKZN Foundation managed stakeholder relationships with its donor community. What was most revealing in the findings for this question was

feedback on what factors respectively encouraged or discouraged fundraising success. Feedback reiterated the importance of these factors and spoke to items against which the development officers and Foundation could assess their performance. In terms of a model of best practice, if the UKZN Foundation addressed identified factors that currently hindered fundraising success, it could significantly address any shortcomings the institution might have in the management of its donor stakeholder relations.

External Participants emphasised that the ability to build trust and connect to an individual with whom they had common interests, was of primary importance. The personal connection was vital. Such a person within the UKZN structure would most likely be the development officer, academic or project leader assigned to the project. Of importance was that this person had passion, a likable personality and was trustworthy. It was such qualities that drew the donor into a financially enabling personal relationship. Donors were unlikely to give towards a project if that personal rapport was absent. The person needed to be connected to the project in some way. If the individual was passionate about the project, this encouraged the donor to get involved. In terms of a model of best practice, it is posited that if there is no passion for the project from the institution and leaders driving the project, then it is unlikely that it will attract any interest from a donor. Feedback from internal participants supported how important finding the right personal connection was to a potential donor. A strong personal relationship enhanced their ability to influence the level of donor support and enabled them to educate the donor as to the best way in which to structure the donor funding.

Donor participants also reported that regular feedback and receiving tangible outcomes of the project were factors which influenced their decision to support a project. The implication for a model of best practice is that in terms of stakeholder relationship management, development officers and Foundation staff need to develop a strategy that enables them to assess who best in the team connects with a particular donor on a personal level. That person should then work with the donor going forward, and should celebrate the ultimate success of the donation with him

publically. Donor relations would further be improved by regular progress reports against specific outcomes and project milestones. For example, for every new donor per project and programme, best practice would involve the development officer diarising when reports were due, following up with the project leader and submitting reports timeously to the funder. If introduced into the UKZN Foundation`s standard operating procedures, this would install an important component of stakeholder relationship management and improve the Foundation`s donor culture.

### **5.3.3 Conceptual model of best practice for donor management**

The purpose of this study was ultimately to consider what should be included in a conceptual model of best practice for donor management in a university environment. The model, presented in Chapter 4, rested on four fundamental pillars for success: promoting the university`s reputation, building its leadership, capacitating its fundraising staff, and enhancing its donor stewardship. Beyond the ability to connect with a donor and develop a personal and trusting relationship, the findings indicated that by creating a fundraising culture across the university, this would significantly improve donor management and increase funding support for projects and programmes. Similarly, best practice in donor management included an increased and visible promotion by the Vice-Chancellor and all senior university staff of the importance of fundraising and of attracting philanthropic donations. It also rested on nurturing a culture of donor stewardship.

It is suggested that a series of philanthropic fundraising awareness roadshows in all four Colleges (Agriculture Engineering and Science; Health Sciences; Humanities; and Law and Management Studies) and in their respective schools, would form part of a model of best practise, as this would publicise the important role philanthropic fundraising played at UKZN and sensitise university staff to the importance of managing its donor relationships.

### 5.3.4 Strategies to Optimise Donations into the Future

What strategies can be provided to sustain and optimise donations to the UKZN Foundation into the future? Multiple factors other than direct interactions with the donor were reported to effect donor decision-making. These factors included the donor culture of the institution; the manner in which projects were managed; the need for visible top leadership support for philanthropic fundraising; the quality of the development officers; and the public image of the institution. When questioned, respondents suggested a number of strategies to enhance fundraising success, including prudent resource allocation to new projects; the creation of a road map on how to source funding; and the mapping out of timelines to effectively manage and measure the progress of the development officers.

Participants highlighted the point that the institution owed it to itself to have a short, medium and long term donor fundraising strategy – one that was understood and acknowledged by all parties concerned, both internally and externally. While noting that there is no “one size fits all” strategy when it comes to philanthropic fundraising, certain generic principals can be applied such as continuously reviewing the *status quo* of current projects; measuring how close a project is to securing funding; knowing when to cease further efforts when there is no donor appetite in the market; and being prepared to reallocate fundraising efforts and resources elsewhere when necessary. Further strategies include sourcing and researching new potential donors; identifying who in the fundraising team is best equipped to make the approach and how best it should be made; and devising a time line with key milestones for each project.

This thesis recommends that the leadership and staff of the UKZN Foundation draft a fundraising strategy document in consultation with key internal and external stakeholders. Such a document should include procedures on how best to manage stakeholders: i.e., it should focus on promoting successful donor stewardship. The primary benefit of introducing a fundraising and stakeholder management strategy is to force the institution to examine its own competitive positioning, including the *status quo* of its current stakeholder relationships, their strengths and weaknesses,

and ultimately, the institution's overall level of philanthropic fundraising success. In the current context of shrinking income from first stream (government subsidies) and second stream (student fees) sources, third stream income from philanthropic sources is increasing pivotal to institutional liquidity. For an institution to stand out in the current context of stakeholder relationship mediocracy, strategies that focus on donor stewardship are critical.

#### **5.4 Overview and Summary**

Each day donors become more sophisticated and more informed. Accordingly, any activity or process linked to a successful stakeholder relationship management programme needs to respond appropriately to the expectations of each of the institution's donors. This extends beyond the basic essentials of thanking and recognising donors, managing their funds and reporting back to them. The ultimate goal of an effective stakeholder relationship programme is to deepen and strengthen the role and perceived value of the donor to the institution. To achieve this goal, donor stewardship must be viewed as a priority.

Ultimately, the findings of this dissertation indicate that donors choose to give when the giving process is a good experience for them. This would suggest that the efforts of the individual development officers, the UKZN Foundation and the institution as a whole to keep the donor connected, must extend beyond the initial donation. Ongoing stewardship is vital to the donor stakeholder relationship. It is argued that the quality of the continued and nurtured relationship is *the* dynamic factor most likely to influence a donor's experience with the institution; and ultimately, his or her likelihood of sustained philanthropic giving.

As the designated fundraising arm of the institution, the UKZN Foundation should take the initiative to develop a strategy for donor relationship management. It is equally important, however, that College staff, individual administrators and even students should be educated on how they can affirm, thank and demonstrate a genuine appreciation towards donors for the gifts they receive. An effective donor

relationship programme holds great promise for an institution. When it is done right, the institution not only highlights the importance of donors but also establishes the foundation for an institution-wide culture of excellence in nurturing and developing donor relationships.

## **5.5 Study Limitations and Implications for Further Research**

This study has undertaken research that has largely been absent in South Africa to date, namely, research that examines the importance of an institution of higher education's relationship with its philanthropic donor community. The research conducted is unique as it provides information as to what motivates a donor and what factors influence his or her decision-making to support higher education projects and programmes.

While this study did yield some useful conclusions, there were also some limitations. Primarily, it was small in scope, being restricted to one university, and thus included only a small sample of participants. Extending this research to include other South African Universities would yield useful data because of a wider exposure to the donor community. The implication for further research is that responses from a broader donor base need to be targeted, drawn from a wider range of higher education institutions. Alumni philanthropic support for their *alma mater* together with donor profiles in South Africa according to demographics, regions and professions would also be useful. It would be prudent to conduct a study of this nature now that a clearer understanding into some of the complexities around fundraising in higher education has been attained.

### **5.5.1 The Value of Qualitative Research**

A qualitative research methodology proved to be appropriate for this study. In terms of qualitative research undertaken, personal interviews proved more valuable than on-line surveys. Greater insight was gained through the face-to-face interview process as this allowed for important aspects to be probed for further reflection. Interviewees thereby revealed further details relating to donor experiences,

expectations and donor relationship management at UKZN. By contrast, the on-line survey provided more finite responses and the researcher was unable to interrogate the results further directly with the participants. It is unlikely the key factors emphasised in the findings would have been captured in such detail by undertaking the on-line survey only. Taken together with the personal interview process, however, valuable data was able to be collected, that was then analysed systematically, allowing for logical conclusions that contributed to a proposed model of best practice.

### **5.5.2 Directions for Further Research**

A number of fresh research horizons emerge from this study. Firstly, it is acknowledged that the external participants in the study were limited to UKZN donors specifically. By implication, it stands to reason that a different set of factors might potentially motivate donors who gave to the other institutions of higher education. Additionally, in light of the 2017 *#FeesMustFall* campaign and the national government's decision to fund free university education, donor perceptions towards the philanthropic bursary funding of students may well shift to a view that there is no longer a need to support this cause?

## **5.6 Dissertation Summary**

This study began by looking at some of the complexities and challenges around fundraising in higher education and how the University of KwaZulu-Natal managed its donor relationships. The findings verified the fact that the way in which an institution managed its relationship with a donor impacted on future giving from that donor. Ultimately, there was not one particular factor that was imperative to establishing a good donor relationship, but rather a number of contributing elements. Through a qualitative methodology a number of factors that impacted positively or negatively on an institution's relationship with its donors were revealed. The findings uncovered unique aspects of donor relationship management revealing the vital importance for an institution to have a sound programme in place. The study also uncovered the need for further research into donor relationship management at

other South African institutions of higher education. Stakeholder management theories and frameworks are the basis for developing and testing theories that will be of great benefit to South African universities. The usefulness of this study will be the practical consideration of the findings by the University of KwaZulu-Natal and the UKZN Foundation; and further research that will guide the institution to be more aware of managing its donor relationships to enhance the success of its philanthropic fundraising endeavours. Given the great difficulties that all South African institutions of higher education face for third stream funding, the impact of models for more effective fundraising have the potential to be very positive for both the institution and its donor community.

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**APPENDIX 1**  
**Gatekeeper's Letter**



**APPENDIX 2**  
**Ethical Clearance Approval Letter**

## APPENDIX 3

### Informed Letter of Consent

UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

#### MCom Leadership Research Dissertation

**Researcher:** Mr Steve Camp (079 391 1866)

**Supervisor:** Professor Paul Green (031 373 6025)

**Research Office:** Ms P. Ximba (031 260 3587)

Dear Respondent,

I, Steve Camp, a Master of Commerce student at the Graduate School of Business and Leadership of the University of KwaZulu-Natal, invite you to participate in a research study as part of my dissertation project. The research project is entitled **“Fundraising Complexities for Higher Education in South Africa: A Case Study of the University of KwaZulu-Natal”**. The aim of the study is to gain a better understanding around the complexities of fundraising for higher education in South Africa and in particular the University of KwaZulu-Natal. This will be done by examining how the University of KwaZulu-Natal, through its fundraising office, the University of KwaZulu-Natal Foundation, manages its stakeholders towards generating a third stream of income.

The aim will be achieved by the establishing the following objectives for the study:

- To investigate how the UKZN Foundation manages its stakeholders engagement within its donor community;
- To investigate the current state of practice of donor groupings and sentiments at the UKZN Foundation;
- To identify the influences on donor philanthropy;
- To recommend strategies that will provide sustainability and optimisation of donations to the university

The basis for the research will be to evaluate the third stream fundraising effectiveness of the UKZN Foundation using the Stakeholder Management theories and thinking. This will be done in order to determine if it is achieving its intended outcomes, thereby, looking for ways in which to improve the fundraising efforts of the UKZN Foundation. In this way we can ensure that the UKZN Foundation is serving both the Stakeholders as well as the University of KwaZulu-Natal.

Your participation in this project is voluntary. The results of the study will be used for academic purposes only. You may refuse to participate or withdraw from the

project at any time with no negative consequence. There will be no monetary gain from participating in this survey. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns regarding the study or about participation in the study, you may contact me or my supervisor at the numbers listed above.

The study will take place in the form of a questionnaire which will take approximately 15 minutes to complete. I ask that you allow me your time and input in order to achieve the objectives of this study as we look to improve our organisation.

Yours Sincerely

Steve Camp

Date

Protocol Reference Number: HSS/1441/017M

## **APPENDIX 4**

### **External Questionnaire**

#### **A. CURRENT STATUS QUO OF UKZN'S DONOR GROUPINGS AND THEIR DONOR SENTIMENTS IN RELATION TO UKZN**

1. What kind of donor are you (Philanthropic, corporate, trust, government)?
2. What do you donate to (bursaries, research, capital projects)?
3. How long have you been donating for?
4. How much do you donate to UKZN in a financial year? (tick box)
5. What is your main reason for donating?
6. Have your donor practices changed over the years and if so why?

#### **B. HOW THE UKZN FOUNDATION MANAGES STAKEHOLDER ENGAGEMENT WITH THEIR DONOR COMMUNITY**

1. Are you acknowledged as a donor by UKZN?
2. What encourages you to donate?
3. What discourages you to donate?
4. As a donor, how did UKZN manage its relationship with you?

#### **C. DEVELOPMENT OF A CONCEPTUAL MODEL OF BEST PRACTICE FOR DONOR MANAGEMENT IN A UNIVERSITY ENVIRONMENT**

1. What criteria do you use in selecting your donees?
2. How could UKZN improve its stakeholder relationship with you?

#### **D. STRATEGIES TO PROVIDE SUSTAINABILITY AND OPTIMISATION OF DONATIONS TO UKZN**

1. How could UKZN improve its fundraising strategies?
2. What steps should it take to ensure a sustained positive relationship with you as a donor?

## **APPENDIX 5**

### **Internal Questionnaire**

#### **A. CURRENT STATUS QUO OF UKZN'S DONOR GROUPINGS AND THEIR DONOR SENTIMENTS IN RELATION TO UKZN**

1. Who do you raise your funds from?
2. How long does it take from "the ask" to "the give"?
3. What challenges do you face?
4. How have donor patterns of behavior changed over the years? If so, how and why?
5. How does the brand of the institution effect fundraising?

#### **B. HOW THE UKZN FOUNDATION MANAGES STAKEHOLDER ENGAGEMENT WITH THEIR DONOR COMMUNITY**

1. Describe your approach to the donor?
2. What strategies do you use to keep your prospect interested?
3. How do you manage the relationship with the donor?
4. How important is it to manage the relationship with the donor?
5. What are the challenges of getting donations from the various donor groupings?
6. What systemic impediments do you face in fundraising?

#### **C. DEVELOPMENT OF A CONCEPTUAL MODEL OF BEST PRACTICE FOR DONOR MANAGEMENT IN A UNIVERSITY ENVIRONMENT**

1. What is your current fundraising success rate in terms of donor solicitation?
2. How do you think UKZN could improve its fundraising model?
3. How could UKZN improve its stakeholder engagement?

#### **D. STRATEGIES TO PROVIDE SUSTAINABILITY AND OPTIMISATION OF DONATIONS TO UKZN**

1. What strategies would you suggest to optimise donations to UKZN and provide for their sustainability?

**APPENDIX 6**  
**Turnitin Report**