CHAPTER 2

THEORETICAL FOUNDATION

2.1 INTRODUCTION

This chapter is an extension of the metatheoretical and theoretical conceptualisation of this study as outlined in Table 1.1 in Chapter 1. The theoretical foundation of this study is embedded in the systems theory as it applies to organisations. Furthermore, the foundations of communication management are present in both the excellence theory and the reflective view of communication, amongst others. These have been discussed briefly in Chapter 1. However, the excellence theory and the reflective view of communication management are the focal points of departure for this study.

As this study needs to incorporate aspects of the three academic disciplines outlined in Chapter 1, being business law, business management and communication management, this chapter provides a deeper insight into each of these disciplines and not only that of communication management. The reason is that the managing of stakeholder relationships according to the King III Report on Governance has roots in all three of the disciplines mentioned. Furthermore, the area of stakeholder relationship management is a growing and important field as evident from the inclusion of a chapter on stakeholder relationship management in the King III Report. The importance of governance and stakeholder relationship management as a field is also apparent from the analysis of the global communication management studies as presented in Chapter 5.

2.2 SYSTEMS THEORY

The grand theory of this study is the systems theory. A system, which is a concept of the systems theory, is defined by Skyttner (1996:16) as "a set of interacting units or elements that form an integrated whole intended to perform some function". It is, therefore, any structure that exhibits order, pattern and purpose. Ackoff (1981:15) provides a more scientific definition, stating that a system is a set of two or more elements that satisfy the condition of the behaviour of each element that has an effect on the behaviour of the whole. The behaviour of the elements and their effects on the whole are interdependent and therefore subgroups of the elements are formed. In turn all elements have an effect on the behaviour of the whole, but none has an individual/independent effect on it. Skyttner (1996:20) states that, currently, there is a near total agreement on the properties of the general systems theory formulated by a number of distinguished persons from the systems movements such as Von Bertalanffy (1955) and Litterer (1969). These properties are regarded as the hallmarks of this theory and discussed, where possible, in relation to this study in Table 2.1.

Table 2.1: Properties of the systems theory in relation to the study

PROPERTY OF SYSTEMS THEORY	DESCRIPTION OF PROPERTY	RELATIONSHIP TO THIS STUDY
INTERRELATIONSHIP AND INTERDEPENDENCE OF OBJECTS AND THEIR ATTRIBUTES	Unrelated and independent elements can never constitute a system	The organisation and its stakeholders are interrelated and interdependent and thus form a system
HOLISM	Holistic properties are impossible to detect by analysis, but it should be possible to define them in the system	Although the organisation, its parts, the environment and stakeholders are entities in their own right, they all form part of a whole, having an influence on each other
GOAL SEEKING	Systemic interaction must result in some goal of final state to be reached or some equilibrium point being approached	Each part of the system: the organisation, its parts, the environment and the stakeholders have goals. Although these goals are not the same, the outcomes of the goals achieved influence the

PROPERTY OF SYSTEMS THEORY	DESCRIPTION OF PROPERTY	RELATIONSHIP TO THIS STUDY
		respective parts of this system
TRANSFORMATION PROCESS	All systems must transform inputs into outputs	Each part of the system influences the other parts, which in turn results in transformation taking place
INPUTS AND OUTPUTS	In a closed system the inputs are determined once and for all. In an open system additional inputs are admitted from its environment	Through attaining different goals, the parts give input to each other and the outputs in turn impact again on the respective parts, being the organisation, its environment and its stakeholders
ENTROPY	This is the amount of disorder or randomness present in any system. Non-living systems tend toward disorder. If they are left alone they will eventually lose all motion and degenerate into an inert mass	The goals of the different parts are not aligned with each other and may even be in conflict with one another, which may result in turn in entropy
REGULATION	The interrelated objects constituting the system must be regulated in some fashion so that its goals can be realised. Regulation implies that necessary deviation will be detected and corrected. Feedback is important for effective control	With the attempt to achieve goals there are rules (covert or overt) that regulate the relations between the different parts of the system. Change in organisations is more effective when it begins with stakeholders moving toward creative solutions regarded as self-organisation
HIERARCHY	Systems are generally complex wholes made up of small subsystems, which implies a hierarchy	The organisation and its parts, as well as the environment and stakeholders, consist of smaller parts implying a hierarchy
DIFFERENTIATION	In complex systems, specialised units perform specialised functions	The environment and the organisation can be regarded as complex systems with units performing specialised functions
EQUIFINALITY AND MULTIFINALITY	Open systems have equally valid alternative ways of attaining the same objectives or from a given initial state, obtain different and mutually exclusive objectives	

Source: Adapted from Skyttner (1996:20-21)

The systems concept can be applied to a wider perspective such as human groups, societies and humanity as a whole. Social science in this regard includes sociology, economics, political science, social psychology and humanities. Therefore social science can be regarded as the science of social systems (Von Bertalanffy, 1973:196). Human groups are not only an outcome of social forces found, but they are part of a man-created universe called culture. Social science, therefore, has to do with human beings in their self-created universe of culture. The cultural universe is a symbolic universe consisting of language, social status, laws, science, art, morals and religion, and is governed by symbolic entities and influences the values of humans as well (Von Bertalanffy, 1973:197). This is particularly significant as McCormick (1993:299) states that the firm is a 'black box' that behaves as if it was a human individual. Therefore, the concepts of culture and values from a systems perspective can be applied to the organisation.

The organisational environment has a significant impact on the practice of communication management with the most common application of this principal emerging from the systems theory (Grunig et al., 1992:67). In this regard organisations are most likely to be effective and survive when they are open systems that allow for mutual change between themselves and their environment. The professionals operating in such an open system act as boundary spanners who help the organisation manage its relationships with the different stakeholders in the environment (Holtzhausen, 2005:408).

Systems function within the contexts of their immediate surroundings or environments, although not all systems are particularly sensitive to environmental influences. Therefore, systems are categorised according to their relative openness to the environment as follows (Witmer, 2006:362-363):

- Closed systems are functionally unresponsive and have internal control for adaptation to influences.
- Open systems constantly strive to survive by responding to environmental forces that act on them, and to maintain a healthy balance between input and output.
- Cybernetic systems are sensitive to their environment and contain internal mechanisms that allow it to adapt to environmental changes.

Organisational systems are considered cybernetic systems as they are characterised by environmental elements that freely enter and leave them. Communication management is both a system component and a boundary spanner. Boundary spanning takes place through environmental scanning that brings information into the organisation, and external communication sends information into the organisational environment. Communication management activities therefore serve as a feedback function (Witmer, 2006:364).

Buckley (1967:204) believes that resisting change and believing that goals can be successfully met by exerting power, have been replaced by a focus on the human and individual level of an organisation. The value system of a society forms the basis of social expectation, which is defined by the social groups capable of representing their interests. Tensions developing in society consequently draw the various social groups into conflict situations (Grof, 2001:193). Social groups, according to Grof (2001:193), are often referred to as stakeholders or stakeholder groups. Due to the expectations of these stakeholders/stakeholder groups, the tensions and interactions that these groups have with the organisation result in relationship needs that develop. The management of relationships with these stakeholders/stakeholder groups becomes a necessity.

2.3 WORLD VIEWS

The world views related to the study may be regarded as the foundations of the research. The contribution of communication management may be argued from both an excellence and reflective world view within the context of the systems theory. Therefore, these views also form the foundation from which this study is approached as discussed in Chapter 1. These are discussed in greater detail next.

2.3.1 Excellence theory

The excellence theory, as outlined in Chapter 1, is discussed in more detail here. The general theory of excellent communication management is based on a two-way symmetrical communication world view. Major assumptions relevant to this theory are that information flows freely between (sub) systems; the latter seek a moving equilibrium with other systems through cooperation and mutual adjustment; the input of all people is valued; employees have great autonomy; innovation is valued over tradition, and there is a commitment to eliminate the adverse consequences of organisational actions (Botan & Hazleton, 1989:38). Organisations using the two-way symmetrical communication model employ bargaining, negotiation and strategies of conflict resolution to bring about symbiotic changes in the ideas, attitudes and behaviours of both the organisation and its strategic stakeholders (Grunig & White, 1992:39). The premise of the excellence theory is that the value of communication management comes from the relationships that organisations develop and maintain with stakeholders. Coupled with this is the notion that the quality of these relationships results more from the behaviour of the organisation than from the messages communicated through the communication management function. Therefore, communication management can and should affect management decisions and behaviour (Grunig, Grunig & Dozier, 2006:55).

Excellent organisations hold 12 characteristics as outlined in Table 2.2. Some of these suggest characteristics of excellent communication management departments, as well as how communication management contributes to the organisation (Grunig, 1992a:16).

Table 2.2: Characteristics of excellent organisations

CHARACTERISTIC	DESCRIPTION
HUMAN RESOURCES	People are empowered through autonomy and involvement in strategic decision-making. The emphasis is on interdependence rather than independence, integration rather than segmentation and teamwork instead of individual effort
ORGANIC STRUCTURE	Organic structures enable empowerment through decentralised decision-making
INTRAPRENEURSHIP	Internal entrepreneurship cultivates human resources and supports organic structures
SYMMETRICAL COMMUNICATION SYSTEMS	Excellent organisations stay close to stakeholders/constituencies through symmetrical communication
LEADERSHIP	Leaders in excellent organisations provide vision, direction and empower people
STRONG, PARTICIPATIVE CULTURES	This culture values human resources, organic structures, innovation and symmetrical communication
STRATEGIC PLANNING	Implies identifying most important opportunities and constraints
SOCIAL RESPONSIBILITY	Excellent organisations are conscious of the effect of their decisions on society
SUPPORT FOR WOMEN AND MINORITIES	Excellent organisations value diversity
QUALITY AS A PRIORITY	Quality in decisions, actions and resources allocated is important in excellent organisations
EFFECTIVE OPERATIONAL SYSTEMS	Such a system is built to implement previous characteristics
COLLABORATIVE SOCIETAL CULTURE	Excellent organisations flourish in societies that emphasise collaboration, participation, trust and mutual responsibility

Source: Summarised from Grunig (1992a:16-17)

The excellence theory includes five theoretical propositions where organisations with excellent communication management are characterised by (Grunig et al., 2006:53):

- participative rather than authoritarian organisational cultures;
- a symmetrical system of internal communication;
- organic rather than mechanical structures;
- programs to equalise opportunities for men, women and minorities; and
- high job satisfaction among employees.

Two-way information sharing between management and employees can improve decision-making and work performance by facilitating decision-making by employees at the lowest possible levels. This increased participation could contribute to higher levels of employee satisfaction and quality of work life. While managers can plan two-way symmetrical systems of communication, the latter cannot be fully effective without changes in culture and structure (Grunig, 1992b:559).

By practising symmetrical communication as the catalyst that initiates overall organisational excellence and effectiveness, organisations can ensure employee communication satisfaction and thereby maintain organisational effectiveness. In the opinion of Meintjes and Steyn (2006:157), this is best achieved by following an interpersonal communication strategy (between managers and employees) complemented by internal communication programmes.

Excellent communication management is characterised by integration through a senior communication executive, and not through other management functions (Grunig et al., 2006:55). The excellence theory is grounded in the models developed through the excellence study (see point 2.7.1). Owing to the origins of public relations practice, a substantial part of this theoretical base relies on the models of communication relating to the mass media and the process of transferring information.

2.3.2 Reflective view

Reflectivity in communication management assumes that business is part of society and not separate from it, which is described by an ecological business-society relationship. This means that businesses that assume they are part of society and thus have an open system approach, value cooperation and resolve conflict through mutual adjustment (Burger, 2009:108). These businesses are both adaptive and adaptable and typically have symmetrical relationships with society (Grunig & White, 1992:44). The reflective view of communication management assumes that the relationships that organisations have are based on reciprocity, cooperation and harmony, and reflected in the communication being two-way symmetrical.

The reflective view of communication management includes assisting members of the organisation to become communicatively competent through the educational dimension of this view (Burger, 2009:108). Furthermore, the reflective aspects of communication management refer to both a group of tasks and a view of the function. The reflective tasks include the continuous adjustment of corporate decision processes to society’s changing norms and values through a situational analysis. The reflective view of communication management is concerned with a strategic process of having a public view of the organisation and ensuring organisations’ inclusiveness and preservation of their licence to operate (Van Ruler & Verčič, 2005:253). This licence to operate is also considered in the context of reputation where the success of the organisation depends on its interactions with a wide network of stakeholders (Griffin, 2008:11). In other terms, it is referred to as societal legitimisation and is strongly linked to corporate performance. It looks at the organisation from a societal view and is thus relevant to communication management. However, communication cannot replace individual and institutional actions/behaviour, but the society’s needs and aspirations can be discovered and discussed with the organisation, through communication management (Signitzer & Prexl, 2008:9).

2.3.3 The strategic constituency perspective

According to Love and Skitmore (1996:7), the strategic constituency approach proposes that an effective organisation is an organisation that satisfies the demands of certain constituencies. These constituencies are the ones in the organisation’s environment from which it requires support. Based on this, some constituencies have different degrees of power. Those constituencies with more power are more strategic. As such, the effectiveness of the organisation is defined in terms of the extent to which the needs and expectations of these strategic stakeholders are met. Meeting these needs and expectations are aligned with the goals set by the organisation. Inevitably, some goals will favour some constituents over others. Therefore, the identification of constituencies by the dominant coalition is important.

2.3.4 The inclusive stakeholder approach

Wheeler and Sillanpää (1998:203) outlined two basic principles of stakeholder inclusion. The first was the alignment of values and the second was dialogue-based empowered relationships. The alignment of values requires the commitment to share perspectives and beliefs via dialogue and effective communication, as well as a willingness to allow collective values to develop and evolve through active discourse. With regard to dialogue-based empowered relationships, regular conversations, focus groups and opinion surveys, as part of key relationships with stakeholders, are necessary. Furthermore, empowerment of stakeholders may be regarded as the competitive advantage of a company, but people can only be empowered if everyone has a shared vision of the ideal organisation through communicating what the organisational values are. This means the participation in decision-making and empowerment, based on genuine dialogue, not only for employees, but also for other stakeholders (Wheeler & Sillanpää, 1998:204).

2.4 SUSTAINABILITY AS INTERDISCIPLINARY FIELD

Sustainability is at the core of this research. Sustainable development is defined, in the Brundtland Report by the Brundtland Commission (World Commission on Environment and Development (WCED), 1987:[7]), as development that aims to meet the needs of both current and future generations. Therefore, from a business perspective, sustainability should guarantee long-term success and requires support of top management and several other corporate systems (Signitzer & Prexl, 2008:1). "Business has a one way, non-reciprocal duty caring for the beings which are under the impact of its functioning, especially, nature, society, and future generations" (Zsolnai, 2006:42). Sustainability is the primary moral and economic imperative of a 21st century organisation. It is one of the most important sources of both opportunities and risks for businesses. Nature, society, and business are interconnected in complex ways that should be understood by decision-makers. Most importantly, current incremental changes towards sustainability are not sufficient (Institute of Directors, 2009:9).

In South African business, a fundamental shift is needed in the way companies and directors act and organise themselves (Institute of Directors, 2009:9). In 2004 the Johannesburg Security Exchange launched the Socially Responsible Investment (SRI) Index as a tool for investors to identify companies incorporating sustainability practices into their business activities. (Institute of Directors, 2009:11). Zsolnai (2006: 42-43) states that the fundamental shift the Institute of Directors (2009:9) mentions means that organisations need to:

- be sustainable in that they contribute to the conservation and restoration of the natural world,
- be pro-social as they contribute to the development of capabilities of members of society, and
- be future respecting in that they contribute to the enhancement of the freedom of future generations through the conservation of options, quality and access.

In order for organisations to make this shift, a consideration of the legal (business law), business (business management) and communication (communication management) environments and contexts are needed. The reason for this is that due to the complexity of stakeholder relationship management as defined in the King III Report on Governance as a key element of good corporate governance, the three disciplines of business law, business management and communication management needs further discussion.

2.5 BUSINESS LAW AS ACADEMIC DISCIPLINE

Globally, a number of legal interventions were introduced to assist with the corporate governance difficulties experienced, as discussed in Chapter 1. Some of these include the Cadbury Report (UK), the Sarbaines-Oxley Act (USA), the introduction of the new Companies Act no. 71 of 2008 (SA) and the King Reports on Governance in South Africa. Although some of these are legally enforceable while others are more voluntary, their origin stems from a legal framework. For this reason, corporate governance finds its roots in the field of business law, which in turn informs business and strategic management.

Corporate governance is defined as the body of principles and rules which guide and limit the actions of directors. Corporate governance is rarely considered from the point of view of compromise and the instability of rule, except where the interests of stakeholders and shareholders are concerned. There is a hierarchical difference between stakeholders with direct rights and those with indirect rights (Bonnafous-Boucher, 2005:37).

The Institute of Directors in Southern Africa (2009:9) regards good governance as essentially being about effective leadership. Leaders should rise to the challenges of modern governance. Such leadership is characterised by the ethical values of responsibility, accountability, fairness and transparency, and based on moral duties that find expression in the concept of Ubuntu. For clarification purposes, the concept of Ubuntu is briefly explained. According to Swartz (2006:560), the concept of Ubuntu is essentially an African philosophy of humanism. It shares a tradition with post-colonial Africa and aims to provide a unifying vision of community built upon compassionate, respectful, interdependent relationships, a community in which responsibility is collective and in which others are treated as extended family or siblings.

Responsible leaders direct company strategies and operations with a view to achieving sustainable economic, social and environmental performance. Twenty-first century leaders and organisations have to adjust to societal expectations, values, norms and standards in a bid to ensure legitimacy. This adjustment is also necessary to create and preserve a good reputation. This reputation is built based on the perceptions of the organisation as a socially responsible, trustworthy and good corporate citizen (Steyn & Niemann, 2008:1).

Ingredients of good governance include corporate leadership and strategy setting which, in turn, involve defining roles and responsibilities, orienting management towards a long-term vision of performance, setting resource allocation plans, and contributing knowledge, expertise and information where required. Corporate governance also involves honesty and transparency (Jamali et al., 2008:444). Transparency, with regard to how a company is managed, is a key condition for making sure that a company's stakeholders are able to evaluate and relate to the company (Parum, 2006:561).

Signitzer and Prexl (2008:3) regard corporate governance and corporate sustainability as closely related. Corporate sustainability is often regarded as an umbrella term for concepts including corporate citizenship, corporate social responsibility (CSR) and associated concepts such as corporate social performance, the triple bottom line (people, planet, profit (PPP)), a stakeholder approach and corporate social communication. Tools to improve business sustainability, applied by mainly big companies, are triple bottom line accounting, sustainability balanced scorecard, life-cycle assessment, eco-efficiency and environmental information and management systems (Signitzer & Prexl, 2008:3).

2.6 BUSINESS MANAGEMENT AS ACADEMIC DISCIPLINE

Business management is concerned with effectiveness and excellence in a bid to create value. Business effectiveness and excellence have been defined in different ways over the past two decades with a lot of focus on financial criteria (Grunig, 1992b:222). Effectiveness is defined by Hage (1980:136) as "the achievement relative to the priorities of innovation versus cost and quality versus quantity". Different theories explaining business effectiveness exist (Grunig et al., 1992:71-77) and the discussion below indicates (where appropriate) how business effectiveness theories can be considered from a communication management perspective. These theories include:

- *The systems perspective*

  This perspective suggests that the organisation should not be measured based on measurable goals but rather on systems characteristics such as growth, equilibrium or decline. It implies that the organisational whole is composed of interrelated subcomponents, and therefore the performance of any single subsystem will affect the entire system. From a communication perspective, the systems theory emphasises interaction and feedback in relationships within a society (Blumberg, 2008:21).
- *The strategic-constituencies perspective*

  The strategic-constituencies perspective is regarded as a more contemporary measure of effectiveness and focuses on interdependencies, specifically on the segments within the environment that most threaten the business, rather than on the total environment. From a communication management perspective, this implies that the legitimate interests and expectations of stakeholders are considered in business decision-making (Institute of Directors, 2009:9).

- *The competing-values perspective*
  This perspective is appropriate to an organisation that finds itself going through change. It recognises that several measures for effectiveness and conflicting interests lie beneath any effort to determine the achievement or ineffectiveness of an organisation.
- *The goals-attainment perspective*
  This perspective proposes that an effective organisation is one that realises its goals, which should be clear, time bound and measurable. It is a reasonable approach as its focus is on purposeful action.

Contemporary approaches to management include the systems approach, the contingency approach, the excellence movement, TQM (Total Quality Management), dynamic engagement and the learning business. The systems approach views management as a balancing factor between the various parts or functions of the business and between the business as a whole and its environment (Cronje et al., 2000:112). The latter approach to management, i.e. the systems theory, is also the grounding theory for the current study.

Various types of small and large businesses form part of this complex system and they interdependently mobilise environmental resources to satisfy the needs of the business and stakeholders. Fox (2006:353) asserts that businesses pervade these networks/systems of individuals and businesses not only through the goods produced and services delivered, but also through the ideologies institutionalised.

Business ideologies are, according to Fox (2006:353), systems of ideas being prioritised, beliefs, meaning and concepts which are open, visible and available to everyone to accept or reject. Ideology is considered to be interacting with society in a variety of ways such as being a medium of communication (Kim in Fox, 2006:357). This emphasises the dynamic relations of business components as well as the interchange with the environment, which is indicative of the interactive systems approach (Buckley, 1967:viii). While a business' ideology gives direction to the way management thinks, strategic management focuses on determining and rethinking the mission of the business. The academic field within the discipline of business management relevant to this study is strategic management. The reason for this is that stakeholders are becoming a strategic consideration that needs to be managed in the organisation. The concepts important for this discipline are corporate citizenship and corporate social responsibility. These two concepts are both mentioned in the King III Report on Governance and influence the managing of stakeholder relationships. The academic field of strategic management, concepts of corporate citizenship and corporate social responsibility are discussed next.

2.6.1 Strategic management

Strategic management, according to Freeman (1984:43) revolves around "formulating plans and systems of plans for business level entities, with understanding of the role of the corporation in social systems, with the social responsibility of business" in mind. Strategic management must deal with the strategic direction of the organisation, the strategic programme formulation i.e. what strategies will achieve this strategic direction chosen. Furthermore, it deals with budgeting, control, structure and systems. In other words, the resource allocation necessary to achieve the strategies devised, the control mechanisms necessary to keep the strategies on track, and the systems and structures needed for implementation of the strategies (Freeman, 1984:44).

At the same time the resource-based theory (view) was developed (Akbari, 2005:[1]) and is discussed later in this Chapter under 2.8.3. Furrer, Thomas and Goussevskaia (2008:5) identified two related streams parallel to the resource-based theory of competitive advantages namely the theory of invisible assets and competence-based theories. The more relevant of the two to this study is the theory of invisible assets. The invisible assets theory is regarded as being information-based and it includes customer trust, brand image, corporate culture and management skills. These are regarded as the real sources of competitive advantage for organisations because they are hard and time consuming to accumulate. Ni (2006:277) argues that communication management may also be regarded as one of these invisible or often referred to as intangible assets. The competence-based theories of corporate diversification are less relevant to this study, but emphasise the potential importance of sharing less tangible assets across the organisation and the role this sharing could place in creating value through diversification (Furrer et al. 2008:5).

From earlier discussions it becomes clear that the strategic constituency approach and inclusive stakeholder approach should be integrated with strategic management in order for organisations to be regarded as good corporate citizens. The latter concept is discussed in the next section.

2.6.2 Corporate citizenship

Companies are not removed from their environment and, thus, have mandatory economic and legal obligations. Over and above these obligations, companies also have “ethical standards above what the law requires to make discretionary contributions to the well-being of their communities” (Puncheva, 2008:286). These contributions influence how stakeholders view the organisation, which in turn affects the corporate reputation (discussed later in this chapter).

Waddock (2004:10) believes that corporate citizenship involves the strategies and practices developed in operationalising its relationships with, and influences, on stakeholders, as well as the environment, and consists of seven dimensions (Mirvis & Googins, 2006:107):

- The citizenship dimension involves how citizenship is defined. Although many varied definitions exist, it includes notions of ethics, philanthropy, stakeholder management and social and environmental responsibilities that guide the behaviour of organisations.
- The strategic intent dimension revolves around the purpose of citizenship in a company. In this regard some see it as strictly moral and others consider the reputation risks and benefits in the market and society.
- The leadership dimension involves the extent to which top leaders support and lead citizenship in the organisation.
- The structure dimension involves how responsibilities for citizenship are managed.
- The issues management dimension involves the way in which an organisation deals with citizenship issues that may arise.
- The stakeholder relationships dimension involves the way in which an organisation engages its stakeholders as discussed in Chapter 3.
- The transparency dimension involves the extent to which an organisation is 'open' about its financial, social and environmental performance.

The seven dimensions of corporate citizenship outlined above often develop over time in an organisation. This development, according to Mirvis and Googins (2006:108), typically progresses through five stages being the elementary, the engaged, the innovative, the integrated and the transforming stage in an organisation. Table 2.3 provides more detail with regards to these stages in the development of corporate citizenship along the abovementioned seven dimensions.

Table 2.3: Stages of corporate citizenship

	STAGE 1: ELEMENTARY	STAGE 2: ENGAGED	STAGE 3: INNOVATIVE	STAGE 4: INTEGRATED	STAGE 5: TRANSFORM -ING
CITIZENSHIP CONCEPT	Jobs, profits and taxes	Philanthropic Environmen-tal Protective	Stakeholder Management	Sustainability or Triple bottom line	Change the game
STRATEGIC INTENT	Legal compliance	License to operate	Business case	Value proposition	Market creation or social change
LEADERSHIP	Lip service, out of touch	Supporter, in the loop	Steward, on top of it	Champion, in front of it	Visionary, ahead of the pack
STRUCTURE	Marginal: Staff driven	Functional ownership	Cross-functional coordination	Organisational alignment	Mainstream: business driven
ISSUES MANAGEMENT	Defensive	Reactive, policies	Responsive, programmes	Proactive, systems	Defining
STAKEHOLDER RELATIONSHIPS	Unilateral	Interactive	Mutual influence	Partnership	Multi-organisation alliances
TRANSPARENCY	Flank protection	Public relations	Public reporting	Assurance	Full disclosure

Source: Mirvis and Googins (2006:108)

From Table 2.3 it becomes clear that for stakeholder relationship management to be successful, organisations need to move from the elementary stage, through engagement, innovation and integration to a transforming stage during which the organisation changes to become a good corporate citizen. The intent is to assist social change. In this final stage leadership is visionary, the structure is business driven, and issues are defined by the organisation. Furthermore, the nature of stakeholder relationships is in the form of multilevel alliances, as transparency, through full disclosure is practiced.

The resource-based view (RBV) regards the organisation as a unique bundle of tangible and intangible resources contributing to competitive advantage (Barney, 1991:101). The RBV consists of four characteristics being value, rareness, inimitability and non-substitutability.

Relationships with stakeholders, as an intangible resource, satisfy the four criteria for resources based on the RBV. Relationships with stakeholders reduce conflict and develop social capital, which in turn, creates intellectual capital. Relationships are also rare as not all competitors pay attention to or have the ability to build quality relationships with stakeholders. Furthermore, relationships are inimitatable, as building relationships involves uncertainty, dependence and it is complex (Ni, 2006:277). Hillman and Keim (2001:127) stated that long-term relationships with stakeholders help firms expand value-creating exchanges. Finally, relationships are non-substitutable. It is impossible to buy a loyal customer, a motivated employee and a cooperative community (Ni, 2006:277), to name a few.

2.6.3 Corporate social responsibility (CSR)

Corporate social responsibility, briefly outlined in Chapter 1, is defined by Caroll (1979:500) as “social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point of time”. Organisations have been expanding in size and are operating in more and more countries, which has resulted in the growth of these organisations. The growth mentioned here has increased the power of organisations and the impact they have on the social, political and ecological environments of these countries (Irwin, 2003:304). As a result, this power has brought a greater expectation from society for organisations to act responsibly and be accountable for these impacts (Rensburg & Cant, 2009:234).

Drucker (1993:6) states that the essence of management includes the responsibility of effectiveness and efficiency, as well as social responsibility. Corporate responsibility constitutes an organisation’s respect for society’s interests, demonstrated by taking ownership of the effect its activities have on stakeholders. It prompts an organisation to look beyond its traditional bottom line at the social implications of its business. This accountability extends beyond baseline compliance with existing regulations to encompass voluntary and proactive efforts to improve the quality of life for employees and their families, as well as for the local communities and the society at large. A responsible company makes a concerted attempt to reduce the negative social and environmental footprint of its operations through a strategy implemented over the long term (Argenti, 2009:108). Porter and Kramer (2006:91) argue that a CSR strategy, if implemented carefully, can enhance an organisation's competitiveness.

CSR, according to Novelli (2008:269), is an area of communication management related to stakeholder engagement and empowerment in which organisations are becoming more aware of their social impact. He argues that organisations today do not only have one obligation being to create shareholder wealth, as was believed in the past. Today the appearance of organisations meaning to, or seeming to be good, is rising sharply. Furthermore, CSR helps organisations engage in a way that motivates, attracts and retains staff and increases corporate reputation. It adds to customer satisfaction in such a way that it in turn has a positive effect on the financial bottom line, thus increasing shareholder value anyway.

Goodman (2001:118) found in a study conducted by the Corporate Communication International (CCI), that organisations are expected to be good corporate citizens, besides making money. The concept of CSR has evolved since the 1940s to the 1990s, through four distinct periods and phases. These phases are referred to as the corporate social range, where each phase is provided with an abbreviation and number. The first phase is the Corporate Social Responsibility (CSR 1) phase, the second is the Corporate Social Responsiveness (CSR 2) phase, the third is the Corporate Social Rectitude (CSR 3) phase and the fourth is the Corporate Social Reason (CSR 4) phase. Table 2.4 outlines this evolution of the concept of CSR in more detail with regard to the relevant period, the assumption of the phase, the critique of the phase, followed by the nature of communication management of the phase.

Table 2.4: Evolution of corporate social responsibility

	CSR 1	CSR 2	CSR 3	CSR 4
NAME	Corporate social responsibility	Corporate social responsiveness	Corporate social rectitude	Corporate social reason
PERIOD	1940s and 1950s	1970s	1980s	1990s
ASSUMPTION	Organisations are responsible not only for profits of their owners but also for the improvement of society. It questions whether organisations have any responsibilities, except those to owners	More focussed on the management of the organisation's relationship with society. Focussed on how to address social responsibilities	Based on values and ethics of the organisation	Management to participate fully in reasoning about solutions to problems in the environment
CRITIQUE	Unclear, undesirable, unworkable, unlikely and impossible	Did not explain the substance of social improvement	None	None
CORRESPONDING COMMUNICATION MANAGEMENT CONCEPT	Related to the concept of the *general* public. Organisations depend on the support of their publics. Reactive communication management	Issues and proactive communication management	Two-way symmetrical and interactive communication management	Two-way symmetrical and strategic communication management

Source: Summarised from Frederick (1994:150-164)

From Table 2.4 it is clear that the concept of CSR has evolved over time. The question arises whether organisations, in practice, have evolved with the concept itself.

As the business world is much more complex today and stakeholders are more demanding than ever, it is imperative that organisations embark on activities that respond to the increasing conflict of interest among stakeholders, employees and their collective and separate demands on business. CSR consists of a four dimensional constructs which comprise (Pratt, 2006:254):

- The return on investment view, from which it is argued that the only social responsibility of business is to use its resources and engage in activities designed to increase its profits.
- The trustee management view, from which it is argued that the power, resources and influence of the organisation must be balanced with its relationships with the stakeholders who affect and are affected by it.
- The self-interest view, from which it is argued that the public good is consistent with business interest and that if business does not act in accordance with the expectations and interests of its stakeholders and community, it may be subject to public outcry. It is in the company's interest to identify ways in which it can serve at some level in the interest of its stakeholders.
- The corporate social performance (CSP) view which evolved from CSR and which focuses on the social outcomes of organisational behaviours. CSP includes three activities: CSR itself, corporate social responsiveness and the outcomes of corporate behaviour. Steyn and Niemann (2008:29) found that before organisations can become socially, environmentally and economically sustainable, they must act socially responsible.

Corporate leadership should concern themselves with accountability towards CSR as, in terms of reputation management, failure to address the challenges of intended beneficiaries, may result in future reputationally damaging campaigns (Bendell, 2005:370). According to Hancock (2005:70), the attention of corporate leadership should revolve around four pillars of CSR, which include strategic governance, human capital, stakeholder capital and the environment. Together these pillars account for 80% of a company's true value and future value creating capacity as displayed in Figure 2.1.

Figure 2.1: Four key pillars of corporate social responsibility (CSR)

Key pillars of CSR

STRATEGIC GOVERNANCE	HUMAN CAPITAL	STAKEHOLDER CAPITAL	ENVIRONMENT
• Strategic scanning capability • Agility/adaptation • Performance indicators/ monitoring • Traditional governance concerns • International "best practices"	• Labour relations • Recruitment/ retention strategies • Employee motivation • Innovation capacity • Knowledge development	• Regulators and policy makers • Local communities/ NGO's • Customer relationships • Alliance partners	• Brand equity • Cost/risk reduction • Market share growth • Process efficiencies • Customer loyalty • Innovation effect

Source: Adapted from Hancock (2005:70)

Figure 2.1 outlines strategic governance as the first pillar of CSR, which outlines an organisation as having the ability to scan its environment for opportunities or threats related to CSR in a bid to adapt to these opportunities and threats. Performance indicators or monitoring should be used to ascertain whether an organisation is practising good corporate governance. The second pillar of CSR is the human capital of the organisation. This includes its labour relations, its recruitment/retention strategy, how employees are motivated, and its capacity to innovate and develop knowledge. The third pillar is stakeholder capital which includes the different key or strategic stakeholders and their relationship with the organisation. The fourth pillar is the environment which relates specifically to aspects such as brand equity, cost/risk reduction, the growth of market share, the efficiency of processes, the loyalty of customers and the effect of innovation on the organisation.

Spicer (1997:xiii,295) predicted that, as the field of communication management matures, emphasis will shift beyond the organisational and managerial bias towards the societal role and a broader interconnectedness with the environment. This shift is evident from Table 2.4, with a focus on strategic communication management. Steyn (2007:159) states in this regard that communication management strategy is not based on the traditional linear approach to strategy formulation, but should be seen as an adaptive strategy where it adapts the organisation to values, trends, events, issues and stakeholders in the environment with the use of two-way symmetrical communication, which is discussed in more detail in the next section.

2.7 COMMUNICATION MANAGEMENT AS ACADEMIC DISCIPLINE

An essential question in communication management involves the impact of communication management where such impact is not always recognised (Ni, 2006:276). This is due to a lack of knowledge for excellent practices or shared expectations among management (Grunig, Grunig & Dozier, 2002:12). It must be noted that most managers were not trained in a way that would enable them to recognise the value of communication management (White & Verčič, 2001:194). Therefore, it is the responsibility of communication professionals to demonstrate such value through reducing cost (Heath, 2001:445) and enhancing financial performance through relationships (Ledingham & Bruning, 2000:67).

Grunig et al. (2006:34) argue that communication management contributes to organisational effectiveness when it helps to reconcile the organisation’s goals with the expectations of its strategic constituencies, which has monetary value to the organisation. Furthermore, Grunig (2009:2) makes a case for communication management departments whose practices are ethical and “promote ethical and socially responsible organisational decisions and behaviours.”

Bikker and de Regt (2001:78) found that more and more communication managers are getting direct access to boardrooms to work on business strategies. The function of communication management is becoming intertwined with the overall business. In this regard, Grof (2001:193) argues that the process of strengthening an organisation takes place through communication, where the internal and external communication of an organisation is also aimed at stakeholders interacting with the values of the organisation.

It is the communication of values and goals that produce an overall strategic mode of thinking within the organisation, contributing to its strategy. The strategic mode of thinking can also be seen as the ideology of the organisation. Ideology is conventionally defined as the dominant belief that characterises a social system (Glaser & Halliday, 1999:101). Therefore, communication management has to become an integral part of strategic management by contributing to strategy development and implementation. This contribution to strategy development and implementation is achieved through acting as a source of intelligence regarding an organisation's social environment. Fleisher (1998:167) argues that there has been mounting eagerness for awarding communication management in its many varied forms a more strategic role in organisations. His view is supported by scholars such as White and Mazur (1995:179) and Steyn (2003:167).

In Chapter 1 the key terms related to the study were outlined and mention was made of the key concepts related to communication management. The key terms encompass broad terms that are relevant to the study as a whole, while the key concepts of communication management only focus on those concepts that are directly associated with communication management. The key concepts important to understanding communication management are delineated in Table 2.5 in alphabetical order.

Table 2.5: Key concepts of communication management

CONCEPT	DESCRIPTION
DELIBERATE	Communication management is an activity that is intentional, and aims to provide information and obtain feedback (Rensburg & Cant, 2003:36).
COMMUNICATION	Communication management entails the sending and receiving of information and the creation of mutual understanding through the use of verbal and non-verbal symbols. Communication can be seen as the glue that holds the organisation together. It assists organisational members to accomplish both individual and organisational goals, implement and respond to organisational change and co-ordinate organisational activities. Communication with the various publics (stakeholders) is of the utmost relevance. Communication management specialists should be able to analyse internal and external publics (stakeholders) and determine how to effectively communicate with them (Skinner, Von Essen, Mersham & Motau, 2008:73).
INTERNAL AND EXTERNAL STAKEHOLDERS	The organisation has both internal and external stakeholders. Internal stakeholders refer to the employees and the various levels of management within the organisation. External stakeholders refer to groups that come in contact with the organisation, but function as entities outside the organisation. They include local communities and governments, activist groups, unions, customers, suppliers, competitors, government agencies and administrators (Rensburg & Cant, 2003:36).
MANAGEMENT FUNCTION	A shift has taken place in the industry and communication management is viewed as a management function rather than simply applying a number of communication techniques. Communication management specialists in the modern organisation are more involved in communication decision-making. They are also held accountable for communication programme outcomes. They are communication experts that facilitate communication between the public and management and are the only function, apart from general management, which interacts with all the publics of the organisation, both internally and externally. The professional has thus become a manager that will function at the functional, departmental or divisional level of an organisation (Steyn & Puth, 2000:5).
PERCEPTIONS	The process in which the individual makes sense of his/her experiences. Meaning is given to the world through perception. The stakeholder of the organisation perceives the organisation in a certain way. This is predetermined by the reputation the organisation has in the marketplace. Perceptions deal with the self-concept of the organisation. The self-concept is the relatively stable impression that the organisation has of itself, not only by the physical characteristics such as corporate identity, but also the organisation's judgments about what it "has been, is, and aspires to be" (mission and vision statements as well as corporate image) (Grunig et al., 1992:76-77).
PERFORMANCE	The organisation needs to be responsive to community concerns and social responsibility needs to be part of the organisational philosophy, e.g. once an organisation has announced that it supports green peace, all actions should portray their support towards protection of the environment (Grunig, 1992b:240).
PUBLIC INTEREST	Communication management activities should be mutually

CONCEPT	DESCRIPTION
	beneficial to the organisation and stakeholders. Public issues should be assessed and integrated into the philosophy (the way in which the organisation functions and what it believes in) of the organisation (Grunig & White, 1992:53).
RELATIONSHIPS	A wide array of social connections, that to varying degrees, meet stakeholder's interpersonal needs. Relationships extend into the marketplace and refer to mutual dealings, connections or feelings that exist between the organisation and its publics (Ledingham & Bruning, 2000:8).
STAKEHOLDERS	An individual or a group of individuals who are affected by the decisions of an organisation or whose decisions affect an organisation. These individuals or groups have a vested interest or 'stake' in the organisation. Stakeholders are normally seen as being passive, e.g. employees or members of the community (Rensburg & Cant, 2003:36).
TWO-WAY COMMUNICATION	Communication management is based on a two-way communication model, which means that two-way dissemination of information takes place. Feedback forms the basis of two-way communication. Feedback is information received in exchange for messages sent. It can be both verbal and/or non-verbal (Grunig & Grunig, 1992:289).

2.7.1 Communication management world view and models

The notion of world view is used in research to outline the foundation of a particular research project. This notion is often applied to businesses in the form of ideologies and is also applied to the field of communication management. In this section, the world view specific to the academic discipline of communication management is discussed and not the world views that form the foundation of this study.

In Chapter 1 the notion of world view was briefly mentioned as it forms a key element of the excellence theory. In this chapter an extension of that discussion is provided. Kearney (in Grunig & White, 1992:33) defined a world view as a set of assumptions and images about the world and referred to a world view as a macro-thought. Macro-thoughts as schemas are large abstract structures of knowledge that people use to organise what they know, and to make sense of new information that comes to them. A world view is however, subjective, but can still be compared and evaluated. A world view can be evaluated on the basis of internal and external criteria. Internal criteria include obviousness, coherence, and freedom from contraction, unity and relevance. From an external perspective world views allow people to relate better to their environments than to other environments (Grunig, 1992a:37). Deatherage and Hazleton (1998:68) argue that the guiding premise of Grunig's theory of excellence in communication management is that an organisation possesses either an asymmetrical or symmetrical world view (ideology), and that the world view affects the way in which communication management is practised.

The symmetrical world view steers communication towards being a two-way process. Communication plays a fundamental role in organisations with a symmetrical world view, which implies that communicators use their knowledge about stakeholders to negotiate win-win solutions to issues and build mutually beneficial relationships with stakeholders (Dozer, Grunig & Grunig, 1995:39). This role pertains specifically to the functioning of the organisation where communication managers try to establish mutual understanding between stakeholders and senior management through the effective use of two-way communication. The outcomes these organisations are striving towards are win-win solutions. The two-way symmetrical model allows for more input from stakeholders who can provide innovative solutions and corrective discourse for the organisation (Newsom, Turk & Kruckeberk, 2007:120). Furthermore, organisations with a more symmetrical world view have a tendency to rely more on systems thinking as the systems theory addresses the interdependence of the organisation and its environment (Grunig et al., 1992:67). This, according to Kruckeberg and Starck (in Bishop 2006:216), is the community-building construct of communication management as organisations have realised the importance of and the need to focus on communication and interaction within the organisation to foster social transformation, mutual exchange of influence and an internal-external balance in the organisation (Du-Plooy-Cilliers, 2003:26). This focus on the human and individual level of an organisation is indicative of the social cultural context in which organisations are operating (Buckley, 1967:3), especially in the South African context.

Organisations should behave as reasonable members of communities as they operate interdependently with these communities (Bishop, 2006:216). Furthermore, the professionals practicing communication management play a social role as representing organisations and acting in the public domain (Bishop, 2006:217). They also play a key role in adjusting or adapting behaviours of organisational senior management, bringing stakeholders and senior management closer together (Grunig & Grunig in Rensburg & Cant, 2003:270).

The purpose of two-way communication is to foster mutual understanding between communicating parties. The nature of the communication takes the form of two-way balanced communication, which means that research plays an integral part, especially formative research and evaluation for understanding. Two-way communication is often practised by modern, flat-structured organisations (Macnamara, 1999:9). Therefore, the position of communication management in organisations could vary depending on the inclination of the organisation to practise symmetrical communication.

Grunig and Hunt (1984:21) developed four models that describe the practice of communication management in the organisation and differ in purpose and nature of communication. They are the press agent/publicity model, the public-information model, the two-way asymmetric model and two-way symmetric model (Parum, 2006:560). They are briefly summarised in Table 2.6 and discussed in the section that follows.

Table 2.6: Four models of communication management practice

	PRESS AGENT/ PUBLICITY	PUBLIC-INFORMATION	TWO-WAY ASYMMETRIC	TWO-WAY SYMMETRIC
PURPOSE	Propaganda	Dissemination of information	Scientific persuasion Use social science theory and research about attitudes and behaviour	Mediators between the organisation and stakeholders Goal is mutual understanding
NATURE OF COMMUNICATION	One-way flow Communication is telling, not listening	One-way flow Communication is telling, not listening	Two-way flow Effects of communication are imbalanced in favour of the organisation. The organisation does not change as a result of communication	Two-way flow Communicate to achieve maximum change Persuasion is two-way

Source: Conceptualised from Parum (2006:561)

Press agentry/publicity

The press agent/publicity model's main purpose is propaganda where propaganda is communication (a message) that is deliberately sent to the receiver to shape the perception of that individual or group. Propaganda manipulates thoughts and influences the behaviour of that individual or group. The form of communication within the press agent/publicity model is one-way, with no feedback from the receiver (Niemann-Struweg et al., 2007:159).

Public information model

The second model of public relations is the public information model, which focuses on the dissemination of information. The main focus of this model is also on the receiver. This model focuses on one-way communication and the truth is very important when communicating a message. The public information model is currently mainly used in government, non-profit organisations and some businesses (Niemann-Struweg et al., 2007:159).

Two-way asymmetrical model

Niemann-Struweg et al. (2007:160) explained that the two-way asymmetrical model focuses on scientific persuasion. This model uses a two-way communication system with the main source of the model being the receiver. It has an imbalanced effect, as feedback is not always received. This model is mainly used in competitive business agencies.

Two-way symmetrical model

The two-way symmetrical model is based on the concept of mutual understanding, meaning that the receiver understands and analyses the message as the sender intended. This model is based on two-way communication that leads to a balanced effect. Feedback forms the basis of this model (Niemann-Struweg et al., 2007:160-161).

In the context of this study, Grunig (2009:2) argues that two-way symmetrical communication management uses research, listening and dialogue to manage conflict with stakeholders, and to create relationships with all strategic stakeholders, more so than with the use of one-way and asymmetrical communication. In other words, symmetrical communication is more successful than asymmetrical communication in building relationships with stakeholders.

Role or function best describes an individual's behaviour in a certain context. The role a particular professional plays in the organisation refers to patterns that are standardised in terms of the required behaviour of individuals in relationships regarded as functions. The models used to practise communication management translate into the behaviour (role) of these professionals and are discussed in more detail in the next section.

2.7.2 Communication management roles

The role of communication management in contributing to organisational effectiveness and its value to the organisation has been debated for at least 100 years (Grunig & Grunig, 1998:141). Part of this debate revolved around the place, function and role of communication management in the organisation, as well as its supporting role to other functions in the organisation. The roles performed by communication professionals vary depending on the relationships between systems and subsystems, as well as the involvement in more than one activity or system (Steyn & Puth, 2000:11). Communication professionals fulfil different roles within and outside an organisation. There are two types of roles that communication professionals fulfil, being traditional and contemporary roles. These roles are discussed in Table 2.7. Traditional roles are those conceptualised during the 1990s in the US and Europe, while the contemporary roles are those conceptualised during the early 2000s in South Africa.

Table 2.7: Traditional and contemporary roles of communication professionals

TRADITIONAL ROLES	CONTEMPORARY ROLES
The *expert prescriber* role is identified as the informed professionals who are regarded as experts on communication management, best informed about communication management issues and best qualified to answer communication management questions (Dozier, 1992:329). Furthermore, Steyn and Puth (2000:15) assert that this professional researches and defines communication problems, develops programmes and takes responsibility for implementing programmes, but plays a passive role in management involvement.	The role of the *strategist,* or the most senior communication professional, in the strategic management process, is to identify the organisation's strategic stakeholders and issues and feed this information into the organisation's strategic formulation processes, suggesting the appropriate organisational response. It also involve managing environmental turbulence by developing and maintaining excellent relationships with strategic stakeholders and developing communication programmes to address key strategic issues and stakeholders (Steyn, 2007:141).
The *communication facilitator's* role concerns process, the quality and quantity of information flow between management and publics and serves as interpreter for the organisation (Dozier, 1992:330). In this role, professionals are sensitive listeners who share information and provide a link in relationships between the organisations and	The *manager* role involves, using formal and informal research, and participating in management decision-making. They also make communication policy decisions and are involved in all communication decision-making. They counsel management and are held accountable for communication programme outcomes. The manager

TRADITIONAL ROLES	CONTEMPORARY ROLES
its stakeholders (Steyn & Puth, 2000: 15).	facilitates communication between management and publics and solves problems within stakeholder relationships (Steyn, 2007:141).
The *problem-solving process facilitator* is a professional who helps others in the organisation to solve their communication management problems and works with top management in defining and solving communication problems (Steyn & Puth, 2000:15).	The contemporary technician role as referred to by Steyn and Puth (2000:21) is the same as the traditional technician role (see *Communication technician*).
The *communication technician* does not participate in management decision-making, but carries out the mechanics of generating communication products that implement the policy decisions made by others. They provide the communication and journalistic skills and do not conduct research to plan or evaluate work (Steyn & Puth, 2000:15).	

Researcher's own construct

The driving factor for communication management to play a more strategic role is that the global business environment is becoming more competitive, while the absolute power of individual nations and corporations has proportionally diminished. Technology, organisational change and evolving environmental concerns, including regulatory issues, continue to challenge organisations and stakeholders to arrive at solutions that balance conflicting needs and values (Fleisher, 1998:163).

The academic fields that form part of the discipline of communication management are corporate communication (discussed in Chapter 1) and strategic communication. The next section discusses strategic communication with specific reference to strategic communication management. The reason for the inclusion of this discussion is that, according to the King III Report on Governance, it may play a role in managing stakeholder relationship management.

2.7.3 Strategic communication management

Strategic communication can be defined as communication aligned with the organisation's overall strategy, to enhance its strategic position (Argenti, et al., 2005:83). It is further defined as purposeful communication by an organisation to fulfil its mission (Hallahan et al., 2007:3). This implies the inclusion of informational, persuasive, discursive as well as relationship communication. Strategic communication incorporates various organisational efforts such as management communication, marketing communication, public relations and political communication in an attempt to obtain collaboration and participation at all levels of the organisation and with identified stakeholders (Overton-de Klerk & Oelofse, 2010:391).

Strategic communication management has received little attention in the public relations, corporate communication and communication management literature. A strategic role for the communication professional or manager is mentioned, but few explanations or a description of what strategic communication management (corporate communication strategy) means in a strategic organisational context is provided (Steyn, 2003:168). The following section therefore focuses on strategic communication management.

Strategic communication management assists the organisation to adapt to its environment by achieving a balance between commercial imperative and socially acceptable behaviour, identifying and managing stakeholders and issues through communication with these stakeholders. Therefore, strategic communication is based mainly on the communication management approach to strategic management. In this approach the organisation is viewed as a socio-economic system, where stakeholders are recognised as partners who create value through collaborative problem solving. The organisation should integrate the economic resources, political support and knowledge that each stakeholder offers, as this provides a competitive advantage to the organisation. The assumptions relevant to strategic communication management adopted from the earlier approaches to the evolution of organisational social responsibility include (Steyn 2003:179):

- The corporate social responsibility (CSR) approach proposes that the organisation has ethical responsibilities in addition to its economic and legal obligations.
- The corporate social performance (rectitude) approach states that what is of real importance, is what organisations are able to accomplish with regard to specifying the nature of their responsibilities, adopting a philosophy of responsiveness, and identifying the stakeholder issues to which responsibilities are linked.
- In the stakeholder approach, managers perceive stakeholders not only as those groups who management thinks have some stake in the organisation, but those who themselves think they have a stake.
- The issues approach regards the analysis of societal issues and trends as important because the values and beliefs of key stakeholders are derived from broader societal influences.

Furthermore, strategic communication management provides focus and direction for an organisation’s communication in building relationships with strategic stakeholders. It further considers the internal and external environment of the organisation. It is a proactive endeavour and capability to adapt the organisation to changes in stakeholder expectations and opinions and can create a competitive advantage for an organisation through the detection and management of issues. It aligns communication goals to the organisational goals and mission (Steyn, 2003:179-180).

Two concepts that are fundamental to strategic communication management is stakeholder relationship management and how it influence reputation. The next section provides some insight.

2.7.4 Stakeholder relationship and reputation management

The interaction and discourse with stakeholders should be the responsibility of managers at all levels of the organisation, and not simply the focus of a specialist department (Phillips, 2004:3) such as communication management. Furthermore, Scholes and Clutterbuck (1998:230) raise the questions of how management should plan for relations with stakeholders, who should be responsible for what, what structures and processes are required, which priorities to focus on and finally, how should the output, or perhaps rather outcome, be measured. These authors argue that management need to start with three main areas in which their own decision-making has the most impact. These three areas are: strategy, values and structure.

Strategy

Ackermann and Eden (2011:179) states that “One of the most important tasks during strategy making is the management of the interface between the many (often competing) demands of an organization’s different stakeholders in relation to its strategic goals”. With regard to strategy, stakeholders can be assessed against strategic aims to three equal sets of criteria, being influence, impact and alignment. A set of questions can guide this assessment (Scholes & Clutterbuck, 1998:231) including:

- To what extent will the company’s strategy affect a particular stakeholder positively or negatively?
- How far does the strategy align with the stakeholder’s existing beliefs about company values and purpose?
- To what extent do stakeholders share company values and purpose?
- What potential do the stakeholders have to influence the business directly or indirectly (i.e. through other stakeholders) positively or negatively?
- How robust is the existing company reputation?

- How likely is it that the effects of company action serve as a prompt for action by other groups?

Values

Communication needs to be rooted in consistent values for the company to increase its credibility. Therefore, it is important for the organisation to establish a set of values which embrace everything the organisation does. These values are in turn used to build the reputation of the company coupled with building partnerships (relationships) based on mutual trust and understanding (Scholes & Clutterbuck, 1998:232). Combining the concepts of value and stakeholders needs an iterative planning framework, suggested by Frow and Payne (2011: 233). Their suggested framework consists of five steps, coupling the stakeholder concept with value co-creation. These steps are:

1. Identify stakeholders.
2. Determine core values.
3. Facilitate dialogue and knowledge sharing.
4. Identify value co-creation opportunities.
5. Co-create stakeholder values.

Frow and Payne (2011:233) argue that "these five process steps provide managerial direction for addressing the issue of value alignment. They are iterative and recursive with each step potentially impacting the other steps. Knowledge sharing and authentic communication form not only the third step, but are also implicit in other steps."

Structure and process

Structure and process deal with how stakeholder communication is managed. Conflict, and in turn crisis, are often created or made worse by the failure to successfully coordinate the communication processes. The main cause of this failure is the ownership and handling of communication activity that is compartmentalised. For example, marketing takes care of customers, human resources takes care of employees and communication management of the community and shareholders (Scholes & Clutterbuck, 1998:232). In times of crises, communication management is limited to speaking to the media (Scholes & Clutterbuck, 1998:233). In companies where communication is fragmented through assigning responsibility for different stakeholders to different departments, the structures have the following characteristics (Scholes & Clutterbuck, 1998:234):

- the employee is bombarded from all sides,
- communication management and marketing plans are often not executed,
- communication is not focussed on a particular audience, and
- operational decisions are not assigned to any department.

These characteristics do not lead to communication integration. Although the communication is cohesive and coherent, it leads to confusion. The solution often lies in creating, what Scholes and Clutterbuck (1998:235) refer to as, a "Virtual Communication Team", bringing representatives of various functions together at intervals to exchange ideas and strategies.

Whatever structures are decided on, managing stakeholder communication requires processes designed to listen, inform and manage agreement / disagreement, learning with stakeholders, and influence as well as be influenced. The key is thus research, segmentation (Scholes & Clutterbuck, 1998:235) and listening to stakeholders. The best practice in stakeholder listening includes (Scholes & Clutterbuck, 1998:237):

- inviting stakeholders to comment in the light of all the roles they play,
- creating forums for stakeholders to share expectations, values and understanding,

- involving stakeholders in the creation of values through consultation, and
- involving stakeholders in auditing how the company adheres to its policies and values.

For stakeholders to be managed, businesses are to consider stakeholder inclusion as the norm. Two basic principles of stakeholder inclusion exist. The first is the alignment of values between the organisation and stakeholders. Aligning values entails a devotion to share points of view and values through discussion and effective communication, as well as a keenness to allow communal values to develop. The other principle of stakeholder inclusion is dialogue-based empowered relationships. These relationships are not only aimed at employees but also other stakeholders, and are focussed on two-way communication which enables both employees and other stakeholders to feel encouraged to engage with the organisation. Tools to facilitate dialogue-based empowered relationships with employees and other stakeholders may include market research, focus groups, usage and attitude surveys, customer information hotlines and other tools for positive and negative feedback. Stakeholder dialogue can be systematised through information capture and communication and stakeholders can thus be included in management systems for successful dialogue (Wheeler & Sillanpää, 1998:204-205).

As a valuable intangible asset, reputation needs to be managed as it affects stakeholders' views and inclinations for or against companies. As a result, reputation allows companies to charge premium prices for products or services and it improves customer and employee readiness to enter into reciprocal relationships with the company, and may even limit operating costs due to influence in discussions with suppliers, creditors and investors (Puncheva, 2008:272). Griffin (2008:19) argues that reputation management consists of three components that can be separated and managed in different ways. These components are corporate social responsibility (CSR), issues management and crisis management. Reputation management is discussed in more detail in Chapter 3.

Corporate social responsibility (CSR) in the context of communication management

Corporate social responsibility (CSR) involves the economic, legal, ethical and discretionary expectations of society for organisations (Caroll, 1979:500), while issues management is a long-term process focussed on the sustained success of the organisation (Veil & Kent, 2008:400). It involves identifying and analysing issues, setting priorities for the organisation, selecting appropriate communication strategies in addressing the prioritised issues, implementing programmes of action and communication and finally, evaluating effectiveness (Steyn & Puth, 2000:216). Corporate social responsibility was discussed in more detail earlier.

Issues management

Issues management is a long-term process focussed on the sustained success of the organisation (Veil & Kent, 2008:400). It involves identifying and analysing issues, setting priorities for the organisation, selecting appropriate communication strategies in addressing the prioritised issues, implementing programmes of action and communication and finally, evaluating effectiveness (Steyn & Puth, 2000:216). However, Griffin (2008:115) urges organisations to first categorise their issues before they prioritise. The categories he suggests include (Griffin, 2008:115):

- corporate issues, which are issues arising from the running of the business and may include product quality concerns, corporate governance issues, values and performance,
- global issues, which are not just about the individual organisation, but may include environmental and ethical issues, and

- local issues, which are the issues with a defined affected group (stakeholder).

Although some overlap may exist between these categories, corporate issues should come first, followed by global issues and finally, local issues (Griffin, 2008:115). When issues become impossible to manage, the result is often conflict and crisis, which requires a communication intervention. However, when issues become impossible to manage, the result is often conflict and crisis. Before decisions are made, communication with stakeholders is needed, which is most effective in resolving issues and crises as decisions taken are then less likely to create consequences that severely affect stakeholders. Apart from the participation of communication management in decision-making as described above, the centre circle of the model also depicts the communication programmes themselves. These programmes should begin with formative research, then have achievable and measurable objectives, followed by implementation and then evaluation (Grunig, 2009:12). Issues management is discussed in more detail in Chapter 3.

Positive communication about management decisions may result in no consequences for the organisation, which produces a reputation relationship. Such a relationship, according to Grunig (2009:13), is only based on secondary sources and not on an actual relationship. This implies that organisations only have reputation relationships with those stakeholders for who the organisation's actions hold no consequences and can therefore be defined as audiences (see the definition of what a stakeholder is in Chapter 3, under point 3.2). Reputation, as a cognitive representation of the organisation, is what stakeholders think and say and not something that organisations can create or manage (Grunig & Hung in Grunig, 2009:5).

Crisis management

A crisis is a predicament, emergency, calamity, disaster or catastrophe (Hagan, 2007:414). In other words, it is anything that disrupts the usual business operations (Fearn-Banks, 2002:2). In times of conflict and crisis, it must be remembered that perception is reality and that stakeholders perceive organisations almost immediately as guilty (Hagan, 2007:417), which impacts reputation tremendously. Stakeholder communication is not only good for the organisation because managers, who are in contact with stakeholders, are in a better position to assess organisational goals and take advantage of unforeseen situations. It is also good for the organisation as it can avert conflict. Stakeholder communication is also a moral obligation as stakeholders who contribute to the organisation should be allowed input into how the organisation is managed. As the number and diversity of stakeholders increase, communication management must become a leadership profession and take on the larger role of leading change in organisations. This involves becoming part of the corporate core, engaging in the fundamental business model, brand, culture, policies and values. It also involves building relationships that generate collaborative influence (Novelli, 2008:270).

2.8 THEORIES THAT GUIDE THE STUDY

In the business law discipline, specifically related to governance, the agency theory, stewardship theory and resource dependency theory provides some guidance and insight into the concept of corporate governance.

2.8.1 Agency theory

Due to the simplicity of the agency theory, it is considered the most popular theory applied in corporate governance studies. It suggests how an organisation could exist, given the assumption that managers are selfinterested and do not bear the full consequences of their decisions (Daily, Dalton & Canella, 2003:372). The key principle of the agency theory is that organisational relationships should reflect the efficient organisation of information and risk-bearing costs. The underlying assumptions of the theory are that managers act out of self-interest and are bound by rationality and avert risk. The organisational assumptions are that partial goal conflict may exist between stakeholders and the organisation and that information asymmetry may exist between stakeholders and the organisation (Eisenhardt, 1989:59).

2.8.2 Stewardship theory

The stewardship theory focuses on the proportion of insiders on the board to investigate links with corporate performance. Insiders in this instance refer to executive directors or managers who are considered trustworthy individuals, as they spend their working lives in the company they govern and understand the business better than outside directors. The premises of this theory is that managers are naturally trustworthy and that agency costs will be minimised as senior executives are unlikely to disadvantage shareholders for fear of their reputations (Nicholson & Kiel, 2007:593,594).

The resource dependency theory are found in both the disciplines of business law and business management, however other theories that are further related to this study includes the resource based view and stakeholder theory.

2.8.3 Resource dependency theory

The resource dependency theory suggests that organisations requiring vital resources will attempt to start relationships with, and thus be dependent upon, others in a bid to obtain the needed resources. Also, organisations try to adjust their dependence relationships by limiting their own reliance, or by increasing the dependence of other organisations on them. Thus, organisations are seen as coalitions changing their structure and patterns of behaviour to attain and preserve essential external resources (Akbari, 2005:[1]).

The underlying assumptions of the resource dependency theory is that organisations are assumed to consist of internal and external relationships that emerge from social exchanges, that the environment has scarce and valuable resources necessary for the organisation's survival, and that organisations are assumed to work towards acquiring control over resources and minimise the dependence on other organisations (Akbari, 2005:[1]).

Furthermore, the resource dependency theory addresses board members' contributions as boundary spanners of the organisation and its environment, in that outside directors provide access to resources needed by the organisation. The provision of these resources enhances organisational functioning, performance and survival (Daily et al., 2003:372).

2.8.4 Resource based view (RBV)

The Resource Based View (RBV) involves considering the evaluation of the factors within the organisation that contribute to competitive advantage. Competitive advantage is a result of the implementation of strategies that highlight their resource strengths, their ability to respond to environmental opportunities and their ability to neutralise weaknesses (Barney, 1991:102). As such, the RBV provides a framework from which an organisation's sources of competitive advantage can be identified and managed as a strategic resource.

Ni (2006:277) states that the four characteristics of resources are value, rareness, inimitability and non-substitutability. A resource is regarded as scarce or valuable when it is able to take advantage of a change in the business environment or in neutralising a risk (Doh, 2005:699). In other words, the RBV regards a business as a unique bundle of tangible and intangible resources, which can contribute to competitive advantages (Barney, 1991:101). With regard to rareness, a resource should be rare among current and potential competitors. Inimitability means that competitors cannot duplicate the resource and can also be referred to as matchlessness. This is only possible since the ability to get a resource is dependent on exclusive historical conditions, the link between the resource and sustained competitive advantage is causally hazy, a resource is socially multifaceted and it is motionless because of transaction costs. Finally, there should not be an intentionally comparable resource (Ni, 2006:277). Both communication management and corporate social responsibility (CSR) have the ability to, based on these four characteristics, be a source of competitive advantage for the organisation.

2.8.5 Stakeholder theory

Stakeholder theory strives to describe what managers actually do with regard to stakeholder relationships, the consequences if managers adhered to stakeholder management principles, and what managers should do when dealing with organisational stakeholders. Donaldson and Preston (1995:66) concluded that normative concerns underpin stakeholder theory in all of its forms. An organisation that operates within a social cultural context forms part of a system comprised of stakeholders who interact and mutually influence each other's behaviour (Olsen in Anderson & Carter, 1984:30).

Social identify theory explains the relationship between stakeholder relationship management and reputation within the communication management discipline and are thus important for this study.

2.8.6 Social identity theory

Corporate reputation serves as a mechanism that allows people to distinguish between relationship opportunities, and choose to interact with companies that belong to categories that are compatible with those to which the individual assigns him- or herself. Stakeholders define and redefine their own position in the environment by establishing relationships with organisations that belong to a desirable category, which are based on different types of exchanges with a company. These categories that people assign themselves to lie at the core of the social identity theory, where people classify themselves and others into categories based on characteristics that they organise into a structure that ultimately leads to the construction of a personal identity (Puncheva, 2008:277).

2.9 CONCLUSION

This chapter provided an overview of the theoretical grounding of this study. The systems theory is the grand theory of the study, considering that organisational systems are cybernetic systems. These systems are characterised by environmental elements that freely enter and leave them. This has implications for managing stakeholder relationships as the environment impacts the organisation and stakeholders, while at the same time, stakeholders impact the organisation. From this point of view, communication management is a system component and a boundary spanner. In other words, as a system component communication management has a responsibility to provide the organisation with intelligence on the environmental elements that influence the organisation as well as the stakeholders. This is where the role of boundary spanner is significant as communication professionals are neither only representing the organisation, nor only act in the best interest of stakeholders on the ‘boundary’ of the organisation. However, for communication management to be a system component and boundary spanner, the organisation needs a world view of excellence and must be reflective in considering the needs and expectations of stakeholders.

Companies that understand the needs and expectations of stakeholders, and that have communication professionals with an understanding of corporate governance, strategic management and strategic communication management, have the advantage of being able to manage their stakeholder relationships effectively. With the King III Report on Governance becoming a more widely recognised benchmark for practicing good corporate governance, its inclusion into the understanding of stakeholder relationship management is imperative. Information-based assets of the organisation, including customer trust, brand image, corporate culture and management skills are gaining greater importance in the strategic management field. Communication management is also an information-based asset and is the ideal function to managing the concepts of customer trust, brand image and corporate culture, among others.

With intangible assets, as outlined above, such as communication management being elevated in organisations, communication professionals need to have a clear understanding of the role they play in the organisation, and have broad business knowledge of the fields of business law, specifically corporate governance, as well as business management, strategic management, corporate citizenship and corporate social responsibility. They also need to understand the interconnected nature of these fields and related concepts coupled with their role in stakeholder relationship management as well as reputation management.

At the centre of this study lies the concept of stakeholder relationship management (SRM). Although this concept is one of the key elements of communication management, a separate chapter (Chapter 3) needs to be dedicated to stakeholder relationship management to ensure the in-depth and clear understanding of this area.