A STRATEGIC COMMUNICATION APPROACH TO MANAGING STAKEHOLDER RELATIONSHIPS ACCORDING TO THE KING REPORT ON GOVERNANCE

By

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Declaration

I declare that the doctoral, which I hereby submit for the degree DCom Communication Management at the University of Pretoria, is my own work and has not been submitted by me for a degree at another university.

Corné Meintjes
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Abstract

The current global economic crisis, together with the general distrust and lack of confidence in business after a number of undeniable corporate scandals at board level (Hilb, 2006:3) has necessitated actions to assist business to become more transparent and to comply with corporate governance rules. Internationally, a number of actions were taken, such as the introduction of the Sarbanes-Oxley Act (SOX) in the USA, the Cadbury Report in the UK and the King Report in South Africa, to mention a few. The King Report has become an internationally recognised brand as it advocated for an integrated approach to corporate governance, over and above the financial and regulatory aspects. Companies across the globe are encouraged and in some cases forced to give consideration to governance principles. In South Africa, the King Reports (King I, II and III), of which the King III Report on Governance is the latest, are no different. However, for the first time, the King III Report includes a chapter that focuses on managing stakeholder relationships as part of good corporate governance. As stakeholder relationship management (SRM) is central to the practice of communication management, Chapter 8 of the King III Report on Governance thus recognises the value that communication management can or should add in assisting businesses to comply with corporate governance rules.

The problem is however that communication professionals do not always know how to implement the six principles outlined in Chapter 8 of the King III Report. Furthermore, the purpose of communication management, in particular strategic communication management, is not clear in the minds of companies' senior management. This is often evident from the business paradigm where companies have little or no knowledge of stakeholder relationship management, and do not realise the value a well-developed communication management strategy can add in managing stakeholder relationships. It could therefore be surmised that companies and communication professionals do not know:

- To what extent the role, scope, function, structure and level of authority of communication management influence the management of stakeholder relationships and the implementation of a company's business strategy.

- What the implications of Chapter 8 of the King III Report on Governance are, with regard to the managing of stakeholder relationships for companies and their communication professionals.
- What trends in communication management, affect stakeholder relationship management globally.
- Which guidelines should be established for the implementation of stakeholder relationship management, according to the King III Report on Governance.
- If companies would make use of a stakeholder relationship management positioning framework to position themselves in terms of their current compliance with good corporate governance rules.

The main purpose of this research was to consider how communication professionals can assist their companies to manage stakeholder relationships according to the King III Report on Governance through obtaining a better understanding of the abovementioned questions. The study aimed to contribute to the body of knowledge and practice of communication management by:

- Theoretically and empirically determining whether a redefined business paradigm focussing on strategic communication management's contribution to the effectiveness of the business through managing stakeholder relationship management is evident.
- Considering the implications of the King III Report on Governance for companies and communication management.
- Analysing the global communication management studies in an attempt to identify practices and trends that may inform the improved management of stakeholder relationships.
- Empirically determining how senior communicators view stakeholder relationship management according to the King III Report on Governance in an attempt to propose guidelines for the implementation

of stakeholder relationship management followed by a stakeholder relationship management positioning framework.

Three phases guided the study, where the first phase consisted of a literature review, unpacking Chapter 8 of the King III Report on Governance and conducting an analysis of the global communication management studies in line with the Stockholm Accords. Phase II included qualitative empirical research into the views and practices of selected South African senior communicators. The last phase (Phase III) was a culmination of Phase I and Phase II, where nine (9) guidelines for the strategic management of stakeholder relationships were drafted, followed by a strategic stakeholder relationship management positioning framework against which businesses can benchmark themselves in terms of their level of compliance with corporate governance rules with the assistance of their communication management departments.

The guidelines suggested in this study revolve around stakeholder relationship management being strategic and encompassing both stakeholder engagement and the governing of stakeholder relationships. Strategic stakeholder relationship management (SSRM) requires strategic integrated communication at the organisational, stakeholder and environmental levels of the organisation, and the utilisation of a strategic stakeholder relationship management and communication framework to identify, prioritise, communicate and build relationships with stakeholders. A carefully crafted communication strategy aligned with, and influencing business strategy, is needed and requires the CEO and top management to have knowledge and understanding of the considerations and challenges of stakeholders and how they can impact organisational reputation. Effective issues management and crisis communication approaches to assist in conflict resolution are necessary. The strategic, structured, disciplined and systematic management of communication throughout the organisation, as well as the communication management function/department is imperative. Strategic stakeholder relationship management is enhanced through the empowerment of the communication management function, assigning decision-making responsibility and accountability to the communication management function, and having a supportive organisational culture and structure.

The proposed positioning framework affords a company the opportunity to outline where it is positioned with regard to strategic stakeholder relationship management, and it may assist a company to utilise its stakeholder relationship management strategy to gain a competitive advantage.

The study added value to both companies and their communication professionals by aligning the six principles of Chapter 8 of the King III Report of Governance with the role, scope, function and authority of the communication management function.

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CHAPTER 1
ORIENTATION AND BACKGROUND

1.1 INTRODUCTION

In the 18th century there were 11 banking crises, in the 19th century there were 18 and in the 20th century there were 33 financial crises. It is projected that the 21st century will see approximately 60 financial crises (Spitzeck & Hansen, 2010:38). This alarming increase in financial crises resulted in governments and businesses globally to question the way in which businesses are managed coupled with the way in which decisions are made. Since 1994 many efforts have been introduced internationally, such as the Cadbury Report (UK) of 1992, the Sarbaines-Oxley Act (USA) of 2002, and the King Report on Governance (SA) since 1994 (to mention a few) in order to curb the occurrence of these financial crises.

Many of these efforts are based on the principle that the success of any organisation is inextricably linked to three interdependent subsystems – social, environmental and the global economy (Tomorrow's Company, n.d.:4). These three systems are referred to as planet, people and profit in the King Code of Governance for South Africa 2009 (Hereafter referred to as King III) as part of its discussion on sustainability (Institute of Directors, 2009:12).

The 2009 Trust Barometer published by the Edelman public relations firm indicated that in 2009 trust in business was at a 10-year low in the United States. While the 2010 Barometer indicated that trust levels had improved, they remain far from ideal. This trend seems to surface across the globe (Swerling, Sen, Bonefeste, Rexvan & McHargue, 2009:5).

The King III Report, which came into effect in March 2010 as a result of the global financial crises, the crises on corporate governance, low trust in business and the introduction of the new Companies Act no. 71 of 2008, emphasises the management of relationships with stakeholders. The report proposes that the board of directors of a business should take cognisance of the legitimate interests of stakeholders in all its decisions. Freeman (1984:25) defined stakeholders as "all of those groups and individuals that can affect, or are affected by, the accomplishment of organisational purpose". In other words, anybody or any group, (shareholder and stakeholder alike) that to some extent or through certain linkages may be regarded as a stakeholder of a given business. The all-encompassing nature of this definition has broadened the scope and reach of stakeholder analysis.

The King III Report on Governance consists of 8 chapters of which Chapter 8 is entitled 'Governing Stakeholder Relationships'. This chapter contains six principles, all aimed at creating a basis for stakeholder relationship management in South Africa. These principles revolve around stakeholders and their link with reputation, proactive stakeholder relationship management, stakeholder engagement, the treatment of stakeholders, transparent and effective communication with stakeholders as well as dispute and conflict resolution with stakeholders. This provides a platform for communication professionals to contribute to the business through their knowledge and skills regarding the management of stakeholder relations.

At the same time, the Stockholm Accords, a Global Alliance initiative endorsed by the World Public Relations Forum, served as a call of action to public relations and communication professionals across the globe to enhance and affirm the central role that communication management plays in businesses' success (Skoogh, McCormick & Falconi, 2010:1).

Businesses today are realising that, to survive in a world of accelerated change, it is imperative to transform from old style business to new order business where people can add more value to the business. This new order business recognises various stakeholders and recognises the need to change the traditional models of practice in the business' communication strategy (Barker & Du Plessis, 2002:2).

The growing power of stakeholders and the complex interrelationships between them are driven by a number of factors (Scholes & Clutterbuck, 1998:227-228) including:

- globalisation,
- the rise of the professional investor,
- the rise of the sophisticated customer,
- the rise of the empowered employee,
- the information revolution,
- a rising awareness of the influence of business on society,
- an organisation's own wish to influence society, and
- government support.

These factors are coupled with stakeholders' increased access to significantly more information than in any previous phase of economic development. This fact may be regarded as the most defining characteristic of the 21st century global marketplace (Niemann-Struweg, Meintjes & Grobler, 2007:57). For this reason companies should adopt an inclusive stakeholder approach if they want to survive. Grunig and Grunig proposed as early as 1998 that the communication management function can make an organisation more effective when it identifies its stakeholders (also often referred to as strategic constituencies) in the environment and proactively develops communication programmes aimed at building long-term relationships with them (Grunig & Grunig, 1998:141).

For stakeholder relationships to be effective, they should be integrated into the management and the strategic decision-making of the organisation. Furthermore, a stakeholder focus (or ideology) can only be effective, and in so doing enhance the overall effectiveness of the company, if it is integrated in all the departments throughout the organisation.

Companies engaging in activities designed to primarily increase profit have become outdated due to the fact that a greater awareness of stakeholders now receive preference (O'Dwyer, 2005:809). Managers have realised that communication management encompasses the management of a wide range of relations between a business and its stakeholders. This realisation acknowledges that companies must engage in communication management, which involves determining the quality of the function (communication management), as well as the position of the function within the business (O`Dwyer, 2005:809). Against this backdrop, the role, value, influence and impact of public relations or communication management have also changed dramatically. Communication management, however, is often considered to be a misunderstood occupation where employers, who work in departments other than in communication management, question its value and impact (Wright, 1997:143). In order for communication management as a business function to advance in terms of maturity as well as increased significance in today's global economy, it needs to position itself at the same level as other corporate service functions such as marketing, finance and human resource management.

1.2 TOWARDS SUSTAINABILITY THROUGH GOOD CORPORATE GOVERNANCE

Although many definitions in different contexts exist, sustainability, for the purpose of this study and in the context of an organisation, can be defined as the approach to ensure that "the rate at which resources are consumed by the organisation in relation to the rate at which resources can be regenerated" (Aras & Crowther, 2008:436). The Brundtland Report of 1987 was the first to mention sustainability. This report focused on the tension between the development of mankind for a better life and the environment (Kuhlman & Farrington, 2010:3436). Four aspects of sustainability need to be recognised, namely (Aras & Crowther, 2008:437):

- societal influence, which implies the impact that society has on the organisation in terms of a so-called social contract and stakeholder influence;
- environmental impact, which is the effect of the actions of the organisation on its environment;
- organisational culture, which is the relationship between the organisation and its internal stakeholders i.e. employees; and
- finance, which is the adequate return for the level of risk taken.

Sustainability was conceptualised over time, and today includes three dimensions namely social, economic and environmental (Kuhlman & Farrington, 2010:3437). These three dimensions stem from a concept, the triple-bottom line, which was coined in 1994 by Elkington (2006:523). He argued that caring for the environment (planet), as well as contributing to the social dimension (people), should be added to the traditional bottom line (profit).

Sustainability focuses on the future and is concerned with ensuring that the choices of future resource utilisation are not constrained by decisions taken in the present. This does not only have implications for society, but also the organisation itself. Furthermore, the creation of value within the business is followed by the distribution of value to the stakeholders of that organisation (including shareholders) (Aras & Crowther, 2008:439).

The activities of an organisation impact on the external environment, implying that organisations become accountable to a wider audience than just shareholders. This is referred to as the social performance of a business as a member of society. It challenges the traditional role of accounting in reporting results in that a wide stakeholder community should be recognised rather than having an ownership approach to accountability. The need for a new social contract between a business and its stakeholders exists with sustainability at its core (Aras & Crowther, 2008:435). Organisations that understand that an inter-relationship exists between sustainability and governance will ultimately be able to practice better corporate governance (Aras & Crowther, 2008:444). In other words, corporate governance is concerned with creating a balance between the economic and social goals of a company, including such aspects as the efficient use of resources, accountability in the use of its power, and the behaviour of the corporation in its social environment (Sethi, 2002:38).

Stakeholder relations can best be understood from a general systems theory perspective. Von Bertalanffy (1973:4-5) attests that the systems theory is a broad, multidisciplinary approach to knowledge based on the systems concept, where it is designed to capture the ways in which various phenomena can be viewed holistically as a set of interacting forces. The interacting forces in the context of this study are the social, environmental and economic systems. The phenomena related to exploring stakeholder relations comprise communication management from a governance perspective.

Corporate governance has attracted the attention of business managers, accountants, auditors, investment managers and governance officials globally since the mid-1980s (Aras & Crowther, 2008:439). It is defined as the body of principles and rules which guide and limit the action 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). To improve their strategies, companies must know that the corporate governance principles are transparency, accountability, responsibility and fairness, which are all related to the company's corporate social responsibility (Aras & Crowther, 2008:441).

1.3 THE ROLE OF COMMUNICATION IN CORPORATE GOVERNANCE

Internationally, the recognition of the risks and opportunities associated with successfully managing company reputation around corporate responsibility, and thus governance, is increasing. For organisations, the alignment of corporate behaviour with stakeholder expectations is a business priority in managing their reputations. This implies an information requirement among stakeholders that is not currently being satisfied by many organisations (Dawkins, 2004:108). Communication management in the 21st century, according to Falconi (2009:[5]), focuses on building relationships with stakeholders through dialogue to improve the quality of organisational decision-making processes by listening to stakeholders' expectations. This organisational function addresses the information requirement mentioned by Dawkins and can therefore be regarded as the 'missing link' in the practice and communication of corporate governance (Dawkins, 2004:108).

An online article published by a US-based company, CoreBrand, which has been in business for nearly 30 years and focuses on correlating branding and communication with financial performance, outlined five major trends in communication management at the end of the 1990s (Altziebler, 1999:[1]). The first is that the standard measurement of return on investment (ROI) for communication management will become a fully accepted accounting principle; secondly, the communication management department will be measured by, and rewarded for, contributing to corporate financial performance; thirdly, there will be a convergence of communication disciplines under the communication management umbrella; fourthly, the chief communication officer will head the communication management department with direct access to senior management; and lastly, the next generation of chief executive officers will have stronger communication skills with less focus on legal and accounting backgrounds (Altziebler, 1999:[1]).

Pointing out that the top communicator in the organisation is going to form part of the senior management team as a trend (Altziebler, 1999:[1]) is neither new, nor surprising. Grunig, Grunig and Ehling (1992:86), suggested as early as 1992 that the head of communication management should be included in the dominant coalition in order for him or her to contribute to the overall effectiveness of the business. A decade later, Grunig (2006:164) again pointed out that communication management should form part of what he refers to as the dominant coalition. He argues that the dominant coalition does not necessarily consist of those in formal positions of power (Grunig, 2006:165), however, the interests of stakeholders can only be heard or served if someone with the knowledge and authority forms part of senior management.

It may be argued that, the inclusion of Chapter 8 in the King III Report on Governance for South Africa 2009, which is focussed on managing stakeholder relationships and mentioned in the introduction, is a key aspect of communication management in business based on Varey and White's (2000:10), case that communication management, practised at a strategic level, is concerned with the management or governing of the relations between the organisation (and management) and its stakeholders. In the view of Steyn and Niemann (2008:2), it may be a starting point for communication management to be recognised for contributing to the overall performance of the business as guidelines or frameworks for outlining the strategic contribution of communication management in achieving good corporate governance, sustainability or corporate social responsibility are lacking. The six principles outlined in Chapter 8 highlights the important role reputation and effective communication plays in engaging and managing stakeholders. This is, according to Chapter 8 of the King III Report on Governance, done by strategically ensuring stakeholders are treated fairly, with transparency and through handling disputes and conflicts quickly. Chapter 8 of the King III Report on Governance stipulate that the board of directors should delegate the managing of stakeholder relationships to the company's management for which the CEO is ultimately responsible. Here Grunig (1992b:236) emphasises the importance of the CEO's communication abilities in creating a climate internally for communication management to be effective, and externally for effective stakeholder affairs.

Communication managers should have a seat at the strategy-formulation table. Coupled with this is what Argenti, Howell and Beck (2005:83) regard as the strategic communication imperative – "an increasingly urgent need for executives to ensure that their communication practices contribute directly to corporate strategy implementation. To achieve this, senior manager involvement is imperative, communication should be integrated, communication must have a long-term orientation, and top communicators must have broad general management skills" (Argenti et al*.,* 2005:88-89).

For communication management to contribute to business effectiveness it should be integrated into the strategic decision-making of the organisation, and it should play a supporting role to other management functions in the business. In other words, it must be sanctioned as a strategic influencer. As mentioned, Chapter 8 of the King III Report asks that the board of directors delegate the responsibility of managing stakeholder relationships to management. This delegation should include communication management fulfilling the role of strategic decision-making influencer and providing support for other management functions. Dawkins' (2004:119) research highlights that for communication management to be effective in communicating corporate responsibility, a clear communication strategy should be developed, where the content, style and channel are tailored and all coordination of communication is managed. She concurs that employees are under-utilised in enhancing reputation among key stakeholders.

Steyn (2007:140) contends with Dawkins' research by outlining the following functional responsibilities of communication management with a strategic mandate in contributing to business effectiveness:

- Developing a communication management strategy addressing the key strategic goals which have emerged from societal and stakeholder issues of the business, and which, in turn, translate into a communication management strategy with its own goals and themes;
- Formulating a strategic communication management plan to achieve the abovementioned goals;
- Counselling business leaders/managers/supervisors on their communication role toward employees; and
- Managing the activities of a support function, which includes:
    - developing, implementing and evaluating communication plans in support of strategies developed at different business levels,
    - developing, implementing and evaluating communication plans in support of the strategies of other business functions, and
    - developing, implementing and evaluating communication plans in support of the top management's communication to employees and other stakeholders.

This study aims to provide guidelines for communication management to managing stakeholder relationships and a positioning framework with which companies may be able to assess their communication management department's stakeholder relationship management capabilities. Positioning is a term mostly used in the marketing field which can be adapted to stakeholder relationship management by considering how the company itself views its communication management department's ability to build and maintain relationships with stakeholders. Therefore it is necessary to explore the functioning of communication management as a business function in the organisation. This provides a clearer understanding of the implementation of stakeholder relationship management as a key function of communication management. Also, guidelines for the successful implementation of stakeholder relationship management for businesses are necessary. Businesses need to become aware of their communication professionals' ability to practise stakeholder relationship management through mapping themselves according to the positioning framework. This will enable them to determine the areas of improvement with regard to stakeholder relationship management. Should businesses fail to improve their stakeholder relationship management competencies, they run the risk of alienating certain stakeholders and/or not meeting the expectations of stakeholders. This, in turn, may have an impact on the reputation of the business.

1.4 STAKEHOLDER RELATIONSHIP MANAGEMENT

Stakeholder relationship management is central to this research and therefore Chapter 3 is dedicated to this concept.

Communication management, according to Varey and White (2000:10), practised at a strategic level is concerned with the management or governing of the relations between the organisation (and management) and its stakeholders. Sundaram and Inkpen (2004:370) state in this regard that managers must develop relationships that inspire stakeholders, and create communities that provide a context in which everyone aspires to do their best to deliver value. They are of the opinion that managers have moral and ethical responsibilities to all stakeholders, and that those organisations that treat their stakeholders in a less than ethical or moral manner, will not continue in business. Surveys have shown that while the first priority of the stakeholders of a company is the quality of the company's products or services, the second priority is the trust and confidence that the stakeholders have in the company (Institute of Directors, 2009:8). For this reason, it is important to ensure that stakeholder relationships are managed in a structured, methodological and disciplined way. Communication management, as a business function, has the knowledge, functions, tools and insight to fulfil this role. Through this role, communication management makes a contribution to the governing of stakeholder relationships and to corporate governance as a whole.

1.5 THE KING REPORT ON GOVERNANCE IN SOUTH AFRICA

South Africa has undergone transformation at political, social and economic levels, which has impacted all aspects of the country, including business. This transformation led to a number of new opportunities and threats for both businesses and their stakeholders alike. Denton and Vloeberghs (2003:86) maintain that business and its stakeholders would benefit if they adapted to a competitive international environment and adopted world-class business principles. Given this, communication management has a significant role to play in this process of mutual adaption between business and the environment, and business and stakeholders (Meintjes, Niemann-Struweg & De Wet, 2009:59), possibly through improved stakeholder relationship management.

The economic crisis, coupled with the distrust in business necessitated action in various forms globally, whether it is in the form of guidelines or acts assisting business to become more transparent and comply with governance rules. In the UK, the Cadbury Report of 1992 was the starting point for the development of corporate governance. In the USA, an act of Congress known as the Sarbanes-Oxley Act (SOX) was introduced in 2002 as a statutory regime. Other parts of the world (56 countries in the Commonwealth, including South Africa, and the 27 states in the EU, including the UK) opted for a code of principles to be applied on a voluntary basis.

In South Africa, the King Committee was established to compile a set of principles now known as The King Report. The first of a set of three reports was released in 1994, followed by a second report in 2002. At the time when the second report (King II Report on Governance) was released, the Johannesburg Securities Exchange (JSE) asked listed companies to comply with the recommendations made in this report. It applied to listed companies, banks, financial and insurance entities including public sector enterprises governed by the Public Finance Management Act and the Municipal Finance Management Act (Institute of Directors, 2010:[1]). The third of these reports (King III Report on Governance) was then released in 2008.

In particular and as mentioned before, the King III Report on Governance included, for the first time, a chapter (Chapter 8) outlining six principles for the management of stakeholder relationships. According to the King III Report on Governance, stakeholder relationship management encompass companies having an awareness of the impact stakeholders have on a company's reputation; that companies should be proactive in managing their stakeholder relationships; that stakeholder relationship management involves stakeholder engagement; that shareholders should be treated equitably; that stakeholder relationship management necessitate transparent and effective communication; and that disputes and conflict should be avoided and overcome expeditiously. South African companies adopting these principles are seen as among the best-governed companies in the world's emerging economies (Institute of Directors, 2009:6-7). The implication for communication management is that it is now in a position to search for a way to counter a shortfall in trust and confidence at precisely the time when the financial and human resources at its disposal are also inadequate compared to past years (Swerling et al., 2009:21). This gives rise to the problem statement, purpose of the study and subsequent research objectives that guide this study.

1.6 PROBLEM STATEMENT AND RESEARCH QUESTIONS

In an article by Sundaram and Inkpen (2004:370), the authors state that theorists in the area of corporate governance seek a "path to a promised land in which accountable corporations managed by ethical decision-makers create the greatest value for the greatest number of stakeholders". Freeman (1984:43-47) proposed stakeholder management as a business strategy, which holds that the pressures of stakeholder groups are progressively becoming more influential on business success and survival (sustainability). Therefore, business strategy must take this change into consideration and guarantee that stakeholder interests are included into strategic decision-making (Letza, Sun & Kirkbride, 2004:251). CEOs are of the opinion that communication management, with its ability to communicate with stakeholders, can play a significant part in considering stakeholder interests as part of business strategy (Grunig, 2006:162).

The topic of corporate governance gained more importance coupled with the substantial number of undeniable corporate scandals at board level (Hilb, 2006:3). At the same time, the new Companies Act no. 71 of 2008 together with changes in international governance trends called for the Third Report on Governance in South Africa. As mentioned before, companies across the globe are encouraged, and in some cases obligated, to give consideration to governance principles. In South Africa, the King Reports, of which the King III Report on Governance in South Africa is the latest, is no different. Chapter 8 of the King III Report on Governance for South Africa focuses on managing stakeholder relationships and thus recognises the value communication management can or should add in this regard.

Consequently, a need exists for a clear articulation of how communication professionals should be managing stakeholder relationship management according to Chapter 8 of the King III Report on Governance. However, the problem is that the purpose of communication management, in particular strategic communication management, is not clear. A redefined business paradigm, the knowledge of stakeholder relationship management of communication professionals, as well as a well-developed communication management strategy aimed at improving stakeholder relationships are needed to address this problem.

The problem statement, outlined above, translates into the general research question being investigated:

How can communication professionals assist their companies to manage stakeholder relationships according to the King III Report on Governance?

A number of research questions arise as a result of the general research question:

- To what extent does the role, scope, function, structure and level of authority of communication management influence the management of stakeholder relationships and the implementation of a company's business strategy?
- What are the implications of Chapter 8 of the King III Report on Governance, with regard to the managing of stakeholder relationships for companies and their communication professionals?
- What trends in communication management, globally, affect stakeholder relationship management?
- Which guidelines for the implementation of stakeholder relationship management, according to the King III Report on Governance, should be established?

- If companies would make use of a stakeholder relationship management positioning framework to position themselves in terms of their current compliance with good corporate governance rules?

1.7 PURPOSE OF THE STUDY

The purpose of this research is threefold. Firstly, the research attempts to consider, both theoretically and empirically through qualitative methods, whether a redefined business paradigm focussing on strategic communication management's contribution to the effectiveness of the business through managing stakeholder relationship management is necessary. Letza et al., (2004:251) state that business strategy must take the pressures of stakeholder groups having more influence on business success and survival and thus sustainability into consideration. The research includes a literature review of stakeholder relationship management theory, a review of the six principles of Chapter 8 of the King III Report on Governance, exploring the global practices and trends of communication management through an analysis of the global communication management studies, the Stockholm Accords mentioned before, and senior communicator views.

Secondly, this research includes considering the fact that communication professionals do not always know how to implement the principles outlined in Chapter 8 of the King III Report. This is particularly concerning as the Johannesburg Securities Exchange (JSE) made it compulsory for listed companies to disclose the extent of their compliance with the King Report in 2004. If professionals are uncertain on how to implement the principles Chapter 8 of the King III Report, which is related to stakeholder relationship management, organisations, in turn, are unable to report the extent of their compliance.

Thirdly, the implementation of the six principles contained in Chapter 8 of the King III Report on Governance requires the development of a communication management strategy addressing the key strategic goals (as identified with societal and stakeholder issues in mind) of the organisation, as well as the communication specific issues that were identified. This strategy would in turn translate into a strategic communication plan. In addition, business leaders and employees would need guidance (counselling) on managing stakeholder relationships as part of the communication strategy. The activities of the communication management department as a support function of the business should also be managed.

1.8 RESEARCH OBJECTIVES

The study is guided by the following specific research objectives as they emanated from the problem statement and research questions discussed in the previous sections:

Ro1: To explore the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing a company's business strategy.

Ro2: To explore the implications of the King III Report and Chapter 8 on managing stakeholder relationships, in particular on companies and their communication professionals in South Africa.

Ro3: To explore the global trends in communication management and its implications for South African businesses.

Ro4: To establish guidelines in accordance with the King III Report for the implementation of stakeholder relationship management for businesses in South Africa.

Ro5: To establish a stakeholder relationship management positioning framework with which South African businesses may be able to position their communication management departments.

The conceptualisation and metatheoretical framework provides an overview of the academic disciplines, theories and concepts related to this research in an attempt to answer the abovementioned research objectives.

1.9 CONCEPTUALISATION AND METATHEORETICAL FRAMEWORK

1.9.1 Theoretical and metatheoretical conceptualisation

The theoretical and metatheoretical conceptualisation of the study is presented in Table 1.1. As this research explores a new field of study it cuts across a number of academic disciplines. These include business law, business management as well as communication management. For this reason an extended conceptualisation is provided highlighting key concepts of these three disciplines, which in turn, are briefly discussed in Chapter 1 and expanded upon in Chapter 2. This is necessary to gain some understanding of the interrelationships that exists between these fields under the interdisciplinary field of sustainability. Furthermore, to provide guidelines for managing stakeholder relationship management in business by communication professionals as well as a framework with which companies are able to benchmark themselves in terms of their stakeholder relationship management capabilities, a broader view into areas other than communication management is required.

The threefold purpose of this research being companies having a redefined business paradigm focussing on strategic communication management's contribution to the effectiveness of the business through managing stakeholder relationship management; communication professionals' knowledge of how to implement the principles outlined in Chapter 8 of the King III Report; and the implementation of the six principles contained in

Chapter 8 of the King III Report on Governance requiring the development of a communication management strategy, further compels a broader conceptualisation of the three disciplines mentioned.

Table 1.1: Theoretical and metatheoretical conceptualisation

GRQ	**How can communication professionals assist their companies to manage stakeholder relationships according to the King III Report on Governance?**				
GRAND THEORY	**Systems theory**				
WORLD VIEW	The excellence theory and reflective view of communication management				
PARADIGM	Strategic constituency perspective and the inclusive stakeholder approach				
INTERDISCIPLINARY FIELD	Sustainability				
ACADEMIC DISCIPLINE	Business Law	Business Management		Communication Management	
ACADEMIC FIELDS	Governance	Strategic Management		Corporate Communication Strategic Communication	
THEORIES	Agency theory Stewardship theory Resource dependency theory (Nicholson & Kiel, 2007)	Resource Based View Resource dependency theory Stakeholder theory		Social identity theory	
CONCEPTS	Corporate governance	Corporate citizenship	Corporate social responsibility (CSR)	Stakeholder relationship management	Reputation management
CONSTRUCTS/ DIMENSIONS	Principles of corporate governance (Aras & Crowther, 2008:441) 1. Transparency 2. Accountability 3. Responsibility 4. Fairness $\underbrace{\qquad\qquad\qquad\qquad}$ Corporate social responsibility	Dimensions (Mirvis & Googins, 2006): 1. Concept 2. Strategic intent 3. Leadership 4. Structure 5. Issues management 6. Stakeholder relationships 7. Transparency	Pillars of CSR (Hancock, 2005): 1. Strategic governance 2. Human capital 3. Stakeholder capital 4. Environment	Elements of stakeholder relationships (Grunig & Hon, 1999:13): • Control mutuality • Trust • Satisfaction • Commitment • Exchange and communal relationships	Reputation evaluation elements (Bebington, Larrinaga & Moneva, 2008:339,340): • Financial performance • Quality of management • Social and environmental responsibility performance • Employee quality • Quality of goods/services

The next discussion outlines the aspects of the theoretical conceptualisation from Table 1.1.

1.9.2 Systems theory as grand theory

The systems theory is one of the predominant theoretical lines of thinking underpinning communication management (Gregory, 2000:266). This theory proposes that mechanical, organic and social systems can be defined by their interactions with their environment. There are three main system perspectives that can be applied to the business context, being the mechanistic, the organismic and the adaptive.

This study is approached from the adaptive perspective. Buckley (1967:129) proposed a process or adaptive systems model with particular emphasis on the role of adaptive feedback being sought in order to initiate change. When a business realises that the prime responsibility of engaging in activities designed to primarily increase profits has become outdated, this business starts practicing within a social cultural context. Then the standpoint of the business shifts to a focus of communication and interaction, which facilitates the organising of stakeholders and society as characteristics of the systems theory (Mersham, Rensburg & Skinner, 1995:42).

Gregory (2000:269) states that the adaptive approach is mostly associated with an open system, which enables professionals to fulfil a function or management role and provides a framework for considering a business in context. This in turn makes businesses examine external forces and internal processes and structures. She further argues that the adaptive systems approach leans mostly towards the two-way symmetrical model, which embraces some of the concepts of morphogenesis, as it proposes that businesses should be as open to change as their publics (stakeholders) are, because of the communication dialogue that takes place. The systems theory emphasises interaction and feedback in relationships within a society (Blumberg, 2008:21). It is therefore the communication and interaction characteristics of the systems theory which facilitate the organising of stakeholders of the business and the community in which the business exists (Mersham et al., 1995:42). Littlejohn and Foss (2005:40) outline the systems theory as a multidisciplinary approach to knowledge, as the principles of a system indicate how things in many different fields resemble each other. This is particularly relevant to the emergence of the concept of strategic integrated communication, which is the culmination of efforts of management, communication management and marketing (Niemann, 2005:76).

1.9.3 The excellence theory and the reflective view as world views

This study was approached from the viewpoints of excellence and reflectivity as expounded in the excellence theory and the reflective view of communication management. These two world views are now discussed in greater detail.

(i) Excellence theory

Kearney (in Grunig & White, 1992:33) defines a world view as “a set of images and assumptions about the world”. Image in this regard, can be analysed in two ways. Firstly, the literal sense of a visual representation in the mind, and secondly, organising principles that have variously been called schemata, plans and structures. Verwey and du Plooy-Cilliers (2003:23) agree with this definition and further define a world view as “the different ways in which people view themselves, the environment, time, space, truth, etc.” The concept of a world view can be applied in both a research and in a business context. This is also the case in this study where the study is approached from both an excellence and reflective world view.

The excellence movement in management emphasises a set of basics that a business should strive towards to function excellently, which includes punctuality, continued contact with the client, promotion of entrepreneurship, motivation, linking ventures with skills, and a simple and lean business (Cronje, Du Toit & Motlatla, 2000:113). In the field of communication management, the general theory of excellence in communication management emerged and is rooted in a two-way symmetrical world view (Grunig & White, 1992:43).

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 business actions. Businesses 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 business and its strategic stakeholders (Grunig & White, 1992:43).

Grand strategies develop from and with the culture and world view (often referred to as the ideology) of the business in mind. A business's world view consists of six dimensions that are critical to communication management. These are according to Botan (2006:226), business goals, attitudes towards change, publics, issues, communication and communication managers/professionals (how they define and constrain the practice). Of particular importance to communication management is the fact that stakeholders looking in from outside don't know what business leaders are thinking and therefore watch leaders' actions and public statements (Botan, 2006:231), which in turn impacts whether the communication may be seen as excellent or not. The excellence theory is discussed in more detail in Chapter 2.

(ii) Reflective view of communication management

Reflectivity in communication management refers, according to Van Ruler and Verčič (2005:253), to a certain group of tasks of professionals, as well as a new view of communication management. The reflective tasks imply the continuous adjustment of corporate decision processes to society's norms and values. Viewing communication management as reflective, emphasises the importance of an organisation's legitimisation within society.

Van Ruler and Verčič (2005:253) argue that communication management is primarily a course of action where the organisation is viewed from the outside. In this way the organisation is able to stay inclusive and thus conserve its licence to operate. Holmström (2005:502) states that "reflection increases sensitivity to interdependence and increases the independent identity." This means that through reflectivity, organisations are able to see themselves in their larger societal context. In turn, the organisation develops restrictions and coordinating mechanisms in its decision-making processes.

Holmström (2005:502) further states that "reflection reveals that the conflict in society is not a means to make a distinction between risk and security." She argues that there are risks associated with any decision taken, and that security and the availability of the absolute correct information are not possible. Reflective structures in organisations do not resolve risk or danger, but are a way of learning to live within a highly complex environment.

Finally, Holmström (2005:502) states that "reflection facilitates new forms of societal regulation in which legitimisation processes supplement traditional interventions by law to more flexibly contain the dynamics and complexity of the functionally different society and its continuous risk production." This can typically be seen in South Africa with the new Company's Act no. 71 of 2008 as the traditional intervention by law, and the King III Report and Code of Governance for South Africa as the new form of regulation with its Chapter 8, highlighting the communicative competencies needed at all levels of society. These communicative competencies are outlined in greater detail in the Stockholm Accords which was a collaborative effort between public relations and communication professionals on every continent of the world and a call to action for the profession.

1.9.4 The strategic constituency perspective and stakeholder inclusive approach as paradigms

The paradigm within which the study falls is the strategic constituency perspective, coupled with the stakeholder inclusive approach. The strategic constituency perspective holds that organisational effectiveness is influenced by the extent to which an organisation is able to satisfy multiple stakeholder needs. This implies that the organisation has a number of constituencies (also referred to as stakeholders), with different degrees of power, attempting to satisfy their demands (Love & Skitmore, 1996:7). Quinn and Rohrbaugh (1983:364) states that by implementing this approach, the impact of strategic stakeholders may be minimised. The minimisation of the impact of stakeholders is possible through the strategic constituency perspective, as organisations are able to identify and understand stakeholders better, with the willingness and ability to consider and satisfy their demands.

The stakeholder inclusive approach asserts that in practice the legitimate interests and expectations of stakeholders are considered when making decisions about the best interests of the business. The integration and trade-offs between various stakeholders are then made on a case-by-case basis, to serve the best interests of the business (Institute of Directors, 2009:9).

The stakeholder concept has developed in a variety of disciplines (Freeman, 1984:48) such as business management (strategic management specifically), communication management and business law with a focus on governance. Sustainability as a field is regarded as interdisciplinary as it appears in the literature of all three the fields mentioned, and is discussed in the next section.

1.9.5 Sustainability as interdisciplinary field

The systems theory, as a multidisciplinary approach, can also be related to sustainability which regards nature, society and business as interconnected in complex ways that should be understood by decision-makers. The King III Report on Governance in South Africa argues that "sustainability is the primary moral and economic imperative of the 21st century" and one of the most important sources of both opportunities and risks for businesses. Most importantly, current incremental changes towards sustainability by businesses are not sufficient. A fundamental shift in the way businesses and directors act and organise themselves is needed (Institute of Directors, 2009:9). For businesses to implement this shift, management must become more reflective in terms of their thinking, their strategies and actions. This applies specifically to the way in which they see and treat stakeholders.

Organisations have been expanding in size and are operating in more and more countries. This growth has increased the power of organisations and the impact they have on the social, political and ecological environment of these countries (Irwin, 2003:304). This has brought a greater expectation from society for organisations to act responsibly and be accountable for their 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, where 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 at the social implications of its business beyond its traditional bottom line. This accountability extends further than 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 community and society at large. A responsible company makes a concerted attempt to reduce the negative social and environmental footprint of its operations through a strategy focussed on the long term (Argenti, 2009:108). Porter and Kramer (2006:80) argue that a corporate social responsibility (CSR) strategy can, if implemented carefully, enhance organisations' competitiveness.

The three main academic disciplines that fall within the scope of this study are business law, business management and communication. Each of these and their related academic fields are discussed.

1.9.6 Business law as academic discipline

Corporate governance (CG), as a concept of business law, is defined as the body of principles and rules which guide and limit the actions of directors. Corporate governance is rarely considered from a compromise viewpoint and the instability of rule, except where the interests of stakeholders and shareholders are concerned (Bonnafous-Boucher, 2005:37). Similarly, Hilb (2006:9) defined governance as a system by which businesses are strategically directed, integratively managed and holistically controlled in an entrepreneurial and ethical way and in a manner appropriate to each particular context. The academic field that forms part of business law includes corporate governance (CG).

Corporate governance as academic field

"The importance of CG lies in its quest at crafting/continuously refining the laws, regulations, and contracts that govern companies' operations, and ensuring that shareholder rights are safeguarded, stakeholder and manager interests are reconciled, and that a transparent environment is maintained wherein each party is able to assume its responsibilities and contribute to the corporation's growth and value creation" (Jamali, Safieddine & Rabbath, 2008:444). In other words, corporate governance sets the tone for the organisation in terms of defining how power is exerted and how decisions are reached. It aims to refine the laws, regulations and contracts and govern organisations' operations, ensuring that shareholder rights are protected, stakeholder welfare is considered and transparency is upheld. Good corporate governance includes corporate leadership and strategy setting, honesty and transparency, as well as corporate social responsibility (CSR) (Jamali et al., 2008:444-445). The principles, as outlined by Aras and Crowther (2008:441) include transparency, accountability, responsibility and fairness which form the constructs of the corporate governance concept as outlined in Table 1.1.

1.9.7 Business management as academic discipline

Business management is defined as processes of activities carried out by managers to enable the business to achieve its goals and objectives with the use of human and material resources (Cronje et al., 2000:110). The management activities include planning, organising, leading and control. Management theory has evolved into a science where the business environment includes many huge and powerful businesses in both private and public sectors; where a comparatively large middle management group exists in these businesses; where well-defined managerial activities are clearly separated from non-managerial activities; many decision-makers exist; and the emphasis is on teamwork and rationality (Cronje et al., 2000:110). The most important schools of thought on management are (Cronje et al., 2000:111-112):

- The scientific school, which argues that through observation, job analysis, job measurement, redesigning of jobs and financial incentives, the productivity of a business would increase.
- The classical school concentrates on top management and the focus is to identify the most important elements of management so that universal principles can be developed for each function and element.
- The human relations school, which studies the human element as an important factor in the effective accomplishment of the goals of a business.

The human relations school, with its focus on the human element, is most applicable to this study with its focus on stakeholder relationships, as it concentrates on the stakeholders of the business. For the purpose of this study, the academic fields that form part of business management is strategic management, corporate citizenship and corporate social responsibility.

Strategic management as academic field

Strategy is the positioning of a company as a way of effectively locating it in an environment. The way strategy acts as a go-between, influences the company and its environment. The position of a company is closely linked to its identity or personality and strategy becomes a way in which the environment is perceived (Mintzberg, Lampel, Quinn & Ghoshal, 2003:4). On the other hand, strategic management is the process of continuously rethinking the mission of the company, considering the current environment and then providing a guide for the decisions and outcomes that will take place in the future (Greene, Adam & Ebert, 1985:497-498). In other words, the focus here is on doing the right thing, rather than on doing things right (Steyn, 2003:170). This is important for the current study as the strategic management of a company impacts the stakeholders of the particular company and is a strong determinant of whether the particular company may be regarded as a good corporate citizen.

Corporate citizenship as academic field

Waddock (2004:10) believes that corporate citizenship involves both the relationships with stakeholders as well as the organisation’s influence on these stakeholders and the environment. Mirvis and Googins (2006:107) argued that corporate citizenship consists of seven dimensions, which, in the context of this study, forms the constructs under study. These dimensions include the definition of corporate citizenship (the concept), the strategic intent of the organisation, leadership, structure, issues management, stakeholder relationships and transparency. These are discussed in more detail in Chapter 2.

Corporate social responsibility as academic field

According to Argenti (2009:108), 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 community and society at large. Hancock (2005:70) argues that the attention of corporate leadership should revolve around the four pillars of corporate social responsibility (CSR), which include strategic governance, human capital, stakeholder capital and the environment (these are discussed in more detail in Chapter 2). Together these pillars account for 80% of a company's true value and future value-creating capacity. They also form the constructs of this study.

Corporate governance frameworks are a set of principles concerning the governing and strategic management of companies and how these principles are communicated externally. These frameworks attempt to create a structured dialogue between organisations, shareholders and stakeholders. Communicating strategic direction to external stakeholders increases the stakeholders' understanding of the intentions of the organisation and assists the formation of partnerships (Parum, 2006:559). For this reason, the theoretical domain of communication management is highlighted in the context of the current study.

1.9.8 Communication management as academic discipline

In a study conducted by Tindall and Holtzhausen (2011:89), the strategic role of communication management involved firstly, that professionals participate in strategic planning and are part of the strategic planning team, coupled with considering the strategic implications of all the work they do for the organisation. Secondly, strategic communicators view themselves as communication experts and are seen as such by others in the organisation as well. Thirdly, strategic communicators are problem solvers in the area of communication and finally, strategic communicators interact with the environment to stay up-to-date with new stakeholder groups and societal trends and as such their work is future-focused. The communication management function can be seen as bridge building or boundary spanning, where professionals have contact with all kinds of outsiders with differing aims. It can be seen as a craft and as a professional function (Van Ruler, Verčič, Bütschi & Flodin, 2004:36).

For the purpose of this study, the academic field associated with communication management includes corporate communication, strategic communication, stakeholder relationship management and reputation management. These are expanded upon later in this chapter as well as in Chapters 2 and 3.

Corporate communication as academic field

Steyn and Puth (2000:5) state that corporate communication is communication on behalf of a business, and it is aimed at increasing the effectiveness of the business through the creation and maintenance of stakeholder relationships. Ströh (2007:215) contends that corporate communication is more concerned with the building of relationships with stakeholders through the facilitation of participation in strategic planning.

Strategic communication has emerged as an academic field related to communication management as well as corporate communication. It is therefore regarded as an academic field suited to this study.

Strategic communication as academic field

Strategic communication can be defined as communication aligned with the business' overall strategy, to enhance its strategic position (Argenti et al., 2005:83). Similarly, Hallahan, Holtzhausen, Van Ruler, Verčič, and Sriramesh (2007:3) defined strategic communication as "deliberate and purposeful communication by a professional communicator to advance the mission of an organization." Fleisher (1998:164) argues that for communication management to be a truly strategic function, it must also be a central means to achieving sustainable competitive advantage. He further argues that strategic communication management includes the following characteristics:

- A long-term, non-reactive focus on performance between a business and its critical stakeholders.
- Linkages between communication management and business strategy processes at both staff and line levels.
- Expectations that effective strategic communication management policies and performances should produce a variety of business benefits which should be visible in some form of improved business performance in the marketplace.
- The roles played by line managers and communication managers in transforming that function to become more strategically orientated.
- The utilisation of systematic planning and evaluation processes and techniques, by communication management.

Central to communication management, corporate communication and strategic communication are stakeholder relationship management and reputation management. These concepts are discussed in the next section.

Stakeholder relationship management as academic field

Stakeholder management is fundamentally stakeholder relationship management, as it is the relationship that is managed and not the actual stakeholder groups (Friedman & Miles, 2006:158). In essence is holds that the forces of stakeholder groups are increasingly affecting business success and survival. Therefore business leaders must understand this change and ensure that stakeholder interests are incorporated into, rather than being ignored, in strategic decision-making (Letza et al., 2004:251). In a study conducted by Grunig (2006:162), CEOs reported that communication management contributed to organisational strategy by “hearing external voices”. These voices were seen as the stakeholders in the organisation’s environment, heard by communication professionals through environmental scanning.

The first principle in Chapter 8 of the King III Report clearly links the influence of stakeholders on company reputation. Therefore, in the context of this study, reputation management as academic field is important. Although it is briefly discussed here, it is expanded upon in Chapters 2 and 3.

Reputation management as academic field

Mahon and Wartick (2003:23) define reputation as the “historical actions, and memories/perceptions of the stakeholders involved with the organisation in a given situation over time”. The implication of this is that organisations should have a real appreciation of the criteria used by stakeholders in assessing reputation. More importantly, reputation is developed over time as a result of a sequence of multifaceted interactions and actions. Therefore, reputation management involves attending and nurturing a company’s reputation carefully with stakeholders, ensuring this is done in a credible fashion (Mahon & Wartick, 2003:23-24).

In the context of this study, Sethi (2002:24) refers to the ‘reputation effect’ which involves the opportunity for responsible organisations to create an individual and positive public identity through their codes of conduct. This has a direct effect on these organisations’ bottom line through increased revenues, customer loyalty, expanded markets, a productive workforce and a supportive regulatory environment. A voluntary code of conduct, such as the King III Code in South Africa, actually serves a larger public purpose considering the problems faced by an industry or by different organisations due to its flexible nature.

A number of theories, from the three academic disciplines and fields under study, guide this study. They include the agency theory, stewardship theory, research dependency theory coupled with the resource based view, stakeholder theory and social identity theory. Each is briefly discussed in Chapter 2.

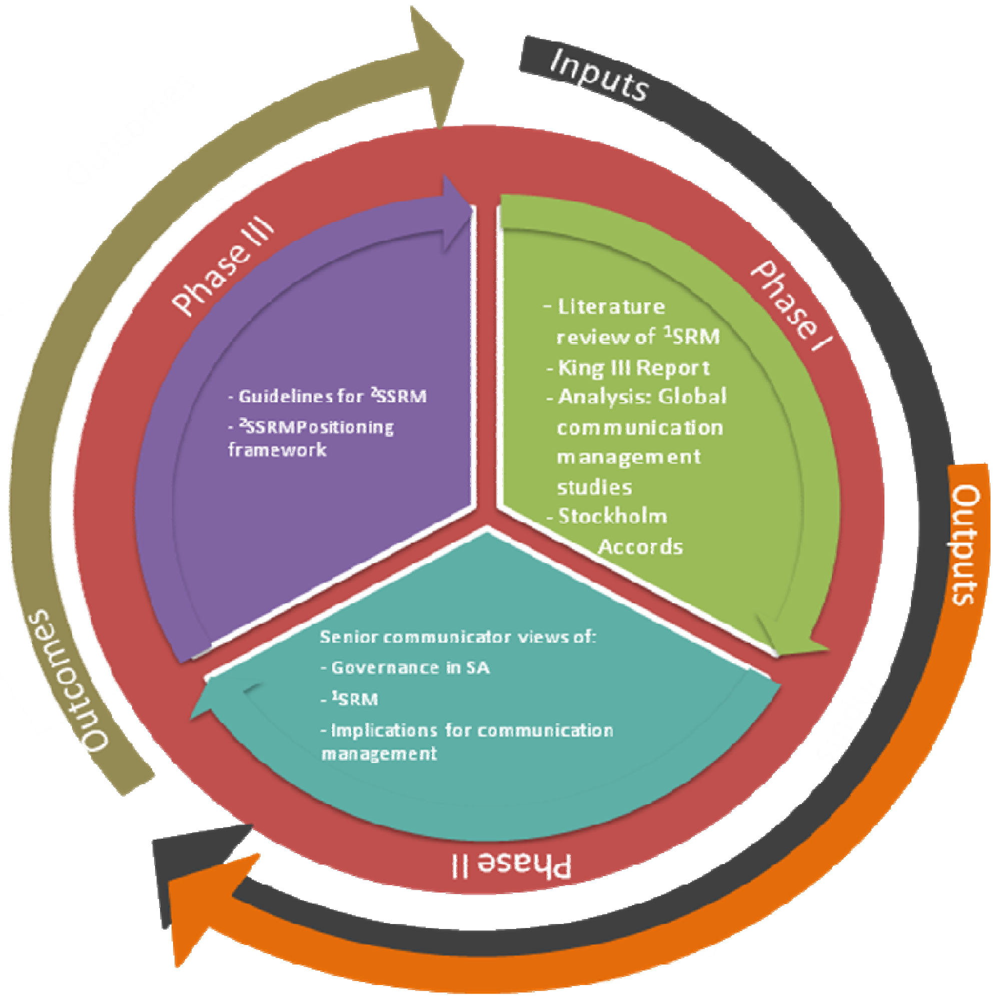
A broad overview of the theories and literature regarding corporate governance, business management and communication management provides the platform from which the study is approached, as outlined in this section. These inform the research design adopted for this study in an attempt to answer the research questions and address the research objectives.

1.10 RESEARCH DESIGN

This study was approached from a qualitative paradigm. For this reason, this study is exploratory, descriptive and contextual in nature as it attempts to explore and describe the stakeholder approach to implementing relationship management as defined in the context of the King III Report. Exploratory research is based on an inductive approach and aims to arrive at a dense description of the phenomenon of inquiry. Descriptive research aims to describe situations or events and implies that the representation of reality of participants should be clearly described. Lastly, contextual research is based on the attempt to understand events, actions and processes in participants' contexts instead of generalising results (Babbie & Mouton, 2001:272). In this context an exploratory research design is appropriate as the phenomenon of governance, specifically related to stakeholder relationships, is part of the enquiry. A descriptive research design is appropriate as the situation that represents the reality of the participants in terms of how they understand and practice stakeholder relationship management, applies. A contextual research design is appropriate for this study as this study takes place in the context of each company respectively with no attempt to generalise the results.

Figure 1.1 outlines a model representing the three phases of this study being the exploration phase, the in-depth interviews with senior communicators phase and the guidelines and framework phase.

Figure 1.1: Model representing the phases of the study



Researcher's own construct

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[1] Stakeholder relationship management

[2] Strategic stakeholder relationship management

In figure 1.1 a model that outlines the three phases of this study is presented. These phases are discussed in the next section. The model outlines the inputs, outputs and outcomes of this research. The inputs are those elements of the research that inform the outcomes being the guidelines for strategic stakeholder relationship management (SSMR) and the strategic stakeholder relationship management (SSMR) positioning framework. However, in the process of considering each of the inputs a number of outputs in themselves are achieved. These include the analysis of the global communication management studies and a consideration of the Stockholm Accords. The arrows in the three rounded triangles indicate the flow of events of this study and that each element informed the next.

1.10.1 Phase I: Exploration

Phase I of this research consisted of four elements:

- The first element of Phase 1 consisted of a literature review on stakeholder relationship management. This provided much needed theoretical grounding to embark on understanding the six principles of Chapter 8 of the King III Report. It further assisted in understanding the possible contribution of strategic communication management to business effectiveness through stakeholder relationship management.
- The second element of Phase 1 is a discussion of Chapter 8 of the King III Report on Governance for South Africa 2009, entitled Governing Stakeholder Relationships. The literature review informed the discussion of Chapter 8 of the King III Report on Governance and assisted in highlighting the implications of this chapter for South African business and communication professionals. This discussion of Chapter 8 of the King III Report in relation to the literature on stakeholder relationship management as well as communication management provides communication professionals with a deeper understanding of

what is required of them in implementing stakeholder relationship management in their companies.

- The third element consisted of an analysis of the global studies on communication management since 2005. Again, the literature review informed the areas under scrutiny in this analysis. Particular emphasis was placed on whether governance and the governing of stakeholder relationships have emerged globally as topic of importance.
- The fourth element consisted of considering the Stockholm Accords and how it relates to the global governance debate and Chapter 8 of the King III Report on Governance.

Phase 1 informed the empirical phase of the study.

1.10.2 Phase II: In-depth interviews with senior communicators

Phase II consisted of in-depth interviews with senior communicators (specifically involved in stakeholder relationship management) of selected companies in South Africa. It was necessary to gain some insight and understanding of how those who work closest to the management of stakeholder relationships conduct this, coupled with whether a need exists for a more formalised and methodological approach to stakeholder relationship management. This formed the empirical phase of the study. Phase II was informed by the literature review on stakeholder relationship management, the discussion of Chapter 8 of the King III Report on Governance and its implications for business and communication management, as well as the global review of communication management practices and trends.

The data was analysed with the use of Cresswell's (2009:183) guidelines for analysis of qualitative data. This process starts with organising and preparing the data for data analysis. This involves the transcription of interviews and arranging the data into different types, depending on the sources of information. Next, the researcher needs to read through all the data to get a general sense of the information and to reflect on the overall meaning. The following step is to start with the coding process, which is the organising of the material into chunks or segments of text before bringing meaning to the information. This means that text is gathered into categories which are labelled. Here, Tesch's (1990:142-145) process of analysis was used, which consisted of eight steps:

1. Get a sense of the whole.
2. Pick one document and think about the substance and write thoughts or create memos.
3. Continue step two (2) for several participants and start to cluster similar topics together arrayed as major topics, unique topics and leftovers.
4. Use this list to go back to the data and use the preliminary scheme to see if new categories and codes emerge.
5. Find the most descriptive wording for the topics and turn them into categories. Find ways to reduce the list of categories by grouping topics that are related to each other.
6. Make a final decision on the abbreviation for each category and alphabetise the codes.
7. Assemble the data material belonging to each category in one place and perform a preliminary analysis.
8. Recode if necessary.

From the coding, themes and descriptions emerged from which interrelating themes/descriptions are identified. These were then interpreted and validated for accuracy. The data obtained in this study was analysed with the use of the QSR Nvivo 9 software package, which assisted greatly in the process described above. This Software package assisted the researcher to classify, sort and organise qualitative and quantitative data. It allowed the researcher to create themes and to code the data.

Both Phases I and II form part of the input into the research process, which culminates into and informs phase III of the study. Chapters 2, 3, 4, 5 and 7 consist of outcomes related to this study.

1.10.3 Phase III: Guidelines and framework

From Phases I and II, guidelines on the management of stakeholder relationships in accordance with the King Report on Governance for South Africa were developed. As part of this, the establishment of a stakeholder relationship management positioning framework is proposed. Phase III forms the outputs related to this study.

Due to the qualitative nature of the study and depth and breadth of Phase I outlined above, a vast amount of information and detail precede Phase III.

1.11 PUBLIC RELATIONS VS COMMUNICATION MANAGEMENT

Throughout the literature and global research on communication management different terminology such as public relations and corporate communication is used when referring to communication management. Clarification in this regard is thus necessary to assist with the internal validity of the study.

1.11.1 Public relations

Grunig and Hunt (1984:6) define public relations as “the management of communication between an organisation and its publics”, and Steyn (2007:140) defines communication management as ‘the management of communication between an organisation and its internal and external stakeholders/other societal interest groups”. Stakeholders/other societal interest groups are often referred to as publics in the literature. These two definitions and terms outlined above can therefore be equated to each other. On the other hand, there are authors such as Van Ruler and Verčič (2005:264) who see the role of communication management as broader than public relations. They regard this broader role as contributing special concern for broader societal issues and approaches to problems. This is particularly relevant with regard to the reflective paradigm from which this study is approached as mentioned before.

1.11.2 Corporate communication and communication management

Public relations according to Argenti (2003:38) is regarded as the predecessor to corporate communication. Typically, the public relations function was tactical in most companies and was often also referred to as public affairs. The effort was to prevent the press from getting too close to management. Today, the strategic influence of the function is being recognised more widely, where corporate communication is seen to be managed communication for the organisation in order to enhance the effectiveness of the organisation with the use of establishing and servicing stakeholder relationships (Steyn & Puth, 2000:5). Similarly, Goodman (2006:197) states that corporate communication is used as an umbrella term for a number of functions regarded as strategic. These functions include "public relations, crisis communication, corporate citizenship, reputation management, community relations, media relations, investor relations".

It can thus be argued that the terms, 'Public Relations', 'Corporate Communication' and 'Communication Management' can be used interchangeably due to the close nature of the definitions provided, although some may argue that slight differences between them exist. For the purpose of this study, all three terms are throughout referred to as 'Communication Management'.

1.12 DEFINITION OF KEY TERMS

A number of key terms lie at the core of the study and are provided in alphabetical order in Table 1.2. Some of these are expanded upon later in Chapter 1 or further chapters as indicated. Similarly, a number of key concepts lie at the core of communication management. However, as these are specific to the field of communication management, these are discussed in more detail in Chapter 2.

Table 1.2: Key terms and related definitions

TERM	DEFINITION
COORDINATION OF INTERNAL AND EXTERNAL COMMUNICATION	Organisational communication is a multi-faceted, multi-stakeholder, interrelation enterprise, concurrently engaging several value networks concurrently and often involving diverse legal frameworks. The communicative organisation ensures full consistency of its storytelling by balancing global transparency, finite resources and time sensitive demands dealing with fast moving inside/outside changes and new conflicts of interests that emerge from multiple stakeholder participation. Communication with internal, boundary and external stakeholders is coherent and coordinated with the organisation's mission, vision, values as well as its actions and behaviours (Skoogh et al., 2010:2-7)
CORPORATE CITIZENSHIP	Although varied definitions of corporate citizenship exist, the definition provided by Hancock (2005:18) is used for the purpose of this study. It states that "corporate citizenship is not just about charitable giving; rather it is the whole way in which a company, its products and services interact with society." (Discussed earlier in this chapter)
CORPORATE GOVERNANCE	Corporate governance is defined as the body of principles and rules which guide and limit the action of directors (Bonnafous-Boucher, 2005:37). Hilb (2006:9) defined governance as a system by which businesses are strategically directed, integratively managed and holistically controlled in an entrepreneurial and ethical way and in a manner appropriate to each particular context (Discussed earlier in the chapter)
EXTERNAL COMMUNICATION	Organisations must review and adjust their policies, actions and communicative behaviour to improve their relationships with increasingly influential stakeholders, as well as with society at large. The communicative organisation develops skills to continually nurture its relationships with customers, investors, communities, governments, active citizen groups, industry alliances, mainstream and digital media and other situational stakeholders (Skoogh, et al., 2010:2-7)
GOVERNING STAKEHOLDER RELATIONSHIPS	The governing of stakeholder relationships revolves around allowing the influence of stakeholders on decisions dependent on the issues at hand and the relative power of the stakeholder

TERM	DEFINITION
	(Discussed in detail in Chapter 3)
INTERNAL COMMUNICATION	Internal communication enhances recruitment, retention, development of common interests and commitment to organisational goals by an increasingly diverse, extended and segmented set of internal stakeholders. The communicative organisation expands well beyond the traditional definition of full-time employees. Internal stakeholders include: full-timers, part-timers, seasonal employees, retirees, contractors, consultants, suppliers, agents, distributors and volunteers (Skoogh, et al., 2010:2-7)
MANAGEMENT	In an accelerated global competitive network society, the quality and effectiveness of an organisation's decisions are increasingly determined by their time of implementation. The communicative organisation acts on the principle that it is in the organisation's interest to be sensitive to the legitimate concerns of stakeholders, as well as balanced with wider societal expectations. This requires a high priority for listening before strategic and operational decisions (Skoogh, et al., 2010:2-7)
STAKEHOLDERS	The concept of a stakeholder is generally accepted in the business context. Stakeholders are "all of those groups and individuals that can affect, or are affected by the accomplishment of organisational purpose" (Ford, Boss, Angermeier, Townson & Jennings, 2004:21). Stakeholders are also regarded as an array of forces (economic, political, or social) that have an impact on a business' actions, behaviours and policies including interest groups, parties, actors, claimants and institutions (Mitroff, 1983:4). In other words, anybody or any group, to some extent or through certain linkages, can be a stakeholder of a given business (Discussed in detail in Chapter 4)
STAKEHOLDER ENGAGEMENT	Greenwood (2007:318) defines stakeholder engagement as those practices that the organisation engages in to include stakeholders in a constructive way in organisational actions (Discussed in detail in Chapter 3)
STAKEHOLDER RELATIONSHIP MANAGEMENT	Relationship management has become a major paradigm in communication management research (Brown & White, 2011:77). In 1998, Ledingham and Bruning identified five dimensions of relationships which include trust, openness, investment, involvement and commitment (Jones & Bartlett, 2009:13) from which they later developed a multidimensional matrix that measured these characteristics against professional, personal and community relationships (Brown & White, 2011:78). Recently, communication management has recognised the role of relationship management (advice, counsel and implementation management) (Phillips, 2006:40) where relationship values are seen as significant in corporate governance and reporting (Phillips, 2006:37) (Discussed in detail in Chapter 3)
SUSTAINABILITY	Sustainability of the organisation depends on balancing the demands from the environment with the ability to meet future needs based on economic, social and environmental dimensions. The communicative organisation assumes leadership by interpreting sustainability as a transformational opportunity to improve its competitive positioning by pursuing and constantly reporting on the achievement of its sustainability policies across the economic, social and environmental 'triple bottom-line' (Skoogh, et al., 2010:2-7)
REPUTATION	Corporate reputation is regarded as a result of the interactions

TERM	DEFINITION
	between a company and its stakeholders. Therefore each stakeholder's decision affects the individual's impression about the company and what that person communicates to others (Deephouse, 2000:1097). Reputation is thus an organisation's image, built up over time and not simply a perception at a given point in time. Furthermore, it is a product of internal and external constituencies (stakeholders) and is thus different from identity, which is constructed by internal constituencies only. Therefore, reputation can be defined as the sum of the perception of all stakeholders. A good reputation exists when an organisation's identity and image are aligned (Argenti, 2009:83). The process or alignment may be regarded as the management of reputation.
REPUTATION MANAGEMENT	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, issues management and crisis management.
TRANSPARENCY	Organisations come to understand who they are and what their communication strategies are through environmental diagnosis. Transparency is a vital aspect of this environmental diagnosis. The notion that communication management should participate in the continuing provision of knowledge and insight, which helps stakeholders make decisions for the common good, is considered the 'enlightened choice' by Heath (2006:94). This is regarded as the contribution of communication management to a better society (Heath, 2006:102; Motion & Weaver, 2005:58). However, the role of communication management is to ensure a balanced flow of information about all societal issues that concern companies. For this information to be transparent, it should have limited ambiguity, complexity and reduce the potential for power abuse, fraud, and corruption. This in turn assists in building or rebuilding trust and healthy stakeholder relationships (Jahansoozi, 2006:943).

1.13 DELIMITATIONS AND ASSUMPTIONS

1.13.1 Delimitations

This study falls within the stakeholder paradigm which is embedded in the network view that postulates that mutuality between the organisation and its stakeholders enhances benefits and reduces risks for both organisations and stakeholders. The focus is on mutual value creation that is operationalised according to the notion of an organisation's 'licence to operate', to innovate and compete (Sacks & Rühli, 2011:1). The two more specific areas of this paradigm from which this study is approached is the strategic constituency perspective (Institute of Directors, 2009:9) and the stakeholder inclusive approach (Wheeler & Silanpää, 1998:203) outlined under 1.9.4. The stakeholder paradigm developed as a criticism to some of the assumptions of the economic paradigm due to the manifestation of stakeholder dissatisfaction with economic developments (Sacks & Rühli, 2011:4).

It is acknowledged that the type of organisational form influences strategic communication in managing stakeholder relationships. However, Bolin and Härenstam (2008:542) found that Weber's ideal organisational type 'bureaucracy' is declared as belonging to the history of a vanishing industrial society and replaced by a postmodern ideal type of organisational form that is designed for dealing with the changing societal and business situation. The problem is however, that in contemporary business both bureaucratic and post bureaucratic characteristics coexist in most workplaces. Furthermore, Uhl-Bien and Marion (2009:633) argue that real organisations have both formal and informal systems. The formal (bureaucratic) system's focus is on clearly defined responsibilities that are only interdependent with other responsibilities in a linear or sequential fashion, while the informal (adaptive) system's focus is on fuzzy boundaries between functions, is creative, adaptive and non-linear. The implication of this is that bureaucracy cannot be considered obsolete in its totality in contemporary workplaces (Bolin & Härenstam, 2008:542), while post bureaucracy cannot be adopted in its totality either. The consideration of these organisational forms may provide very relevant and interesting insights into the topic at hand. However, with neither bureaucracy, nor post bureaucracy evident each in its own right in what Uhl-Bien and Marion (2009:633) regard as 'real' organisations, these types of organisational forms were not regarded as central to the study.

The research is conducted within the context of the King Report on Governance for South Africa. The King Committee and the King Code have become internationally recognised brands (Institute of Directors, 2009:6), which implies that, not only does the King Report have global relevance with implications not only for South African communication professionals, but also communication professionals across the globe.

The target population of the empirical phases included all profit driven companies as outlined in the 11th Edition of the Top Performing Companies publication (a publication released annually of those companies whose performance exceed that of others based on set criteria in South Africa) as an attempt to have a representation of the three sectors and industries outlined in the publication. Those sectors and industries that fall outside of the scope of this publication do not form part of this study.

This study only focussed on profit driven businesses having a person or department dedicated to communication management (specifically stakeholder relationship management) in South Africa. Thus, other types of organisations, and those outside of South Africa are excluded from the study.

Additionally, the study explored the field of the communication management function. Thus, other related or similar concepts to communication management, such as marketing and integrated marketing communication, did not form part of this study.

1.13.2 Assumptions

It is assumed that the businesses included in this study, especially the senior communicator, have a fair understanding of the issues outlined in Chapter 8 of the King III Report on Governance in South Africa as well as a thorough knowledge of the field of communication management.

Furthermore, it was assumed that the businesses included in this study, practiced good governance and had some established stakeholder relationship management practices.

1.14 IMPORTANCE OF THE STUDY

This study aims to contribute to both corporate governance and sustainability through outlining guidelines for the strategic management of stakeholder relationships termed strategic stakeholder relationship management with the abbreviation of SSRM. These guidelines are based on the principles of Chapter 8 of King III as well as a literature review, a review of global studies into the practices and trends of communication management and senior communicator views of South African businesses.

More benefits, apart from aiming to contribute to corporate governance and sustainability practices, include providing a holistic view of the practices and trends of communication management which highlights important aspects for consideration for further development in the field of communication management, areas that practitioners need to focus on more intently as well as future research areas. More importantly, it is envisaged that this research will also provide a deeper understanding of how the practice of communication management has shifted towards stakeholder relationship management, considering the changing environment within which organisations find themselves.

This study aims to illustrate the importance of communication management and plays a role in the advancement of communication management as a value adding strategic function in organisations, as stakeholder relationship management is regarded as a sub-field of communication management and a key consideration for good corporate governance, both locally and internationally.

Understanding Chapter 8 of the King III Report, as well as the implications of this report for communication management, provides the field and profession the opportunity to illustrate its value through strategic communication and managing stakeholder relationships. Although this may not directly lead to the enhanced professional status of communication management in South Africa, it provides further evidence and a solid foundation upon which a case for professionalisation can be built.

An opportunity to consider best practice through a possible positioning framework, which South African communication professionals can use as a point of reference for their practices, are also among the benefits. This positioning framework, which outlines where a particular business finds itself with regards to strategic stakeholder relationship management (SSRM), is foreseen. This may assist businesses to utilise their stakeholder relationship management strategy as a competitive tool and thus contribute to the improvement of both stakeholder relationship management as well as the role communication management plays in this regard. As guidelines and frameworks to illustrate the strategic contribution of communication management to corporate governance and sustainability are limited, this contribution is regarded as significant.

1.15 RESEARCH ETHICS

Ethics is typically associated with morality and deals with matters of right and wrong. Therefore, anyone involved in research should be aware of the general agreements shared by researchers about what is accepted practice in this area. The areas that were explored were voluntary participation, no harm to the participants, anonymity and confidentiality as well as analysis and reporting (Babbie, 2001:470). Table 1.3 indicates these aspects as they relate to this study.

Table 1.3: Ethical considerations

ASPECT	CONSIDERATION
VOLUNTARY PARTICIPATION	The researcher was sensitive towards participants who did not want to participate or reveal information about aspects of the research. However, this study did not aim to explore personal aspects of participants, but only their experiences of the world of work in communication management.
NO HARM TO PARTICIPANTS	Due to the nature and scope of the study the researcher did not foresee any harm to the participants.
ANONYMITY	Although the researcher was aware of who the respondents were, special care was taken to ensure that people who read about the research could not link a given response to a given respondent.
CONFIDENTIALITY	The researcher ensured that the information provided by respondents was kept confidential.
ANALYSIS AND REPORTING	The researcher was aware of and reported on the limitations and failures of the research.

Source: Babbie (2001:470-475)

1.16 RELATIONSHIP OF THE PHASES WITH THE RESEARCH OBJECTIVES OF THE STUDY

In an attempt to address each of these research objectives, Table 1.4 outlines the research objectives and which phase of the study focuses on the particular objectives in line with the chapter that covers it.

Table 1.4: Research objectives, phases and chapters

RESEARCH OBJECTIVES	PHASES	CHAPTER
Ro1: To explore the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing a company's business strategy.	Phase I, II	Chapter 2, 3 & 7
Ro2: To explore the implications of the King III Report and Chapter 8 on managing stakeholder relationships, in particular on companies and their communication professionals in South Africa.	Phase I & II	Chapter 4 & 7
Ro3: To explore the global trends in communication management and its implications for South African	Phase I	Chapter 5

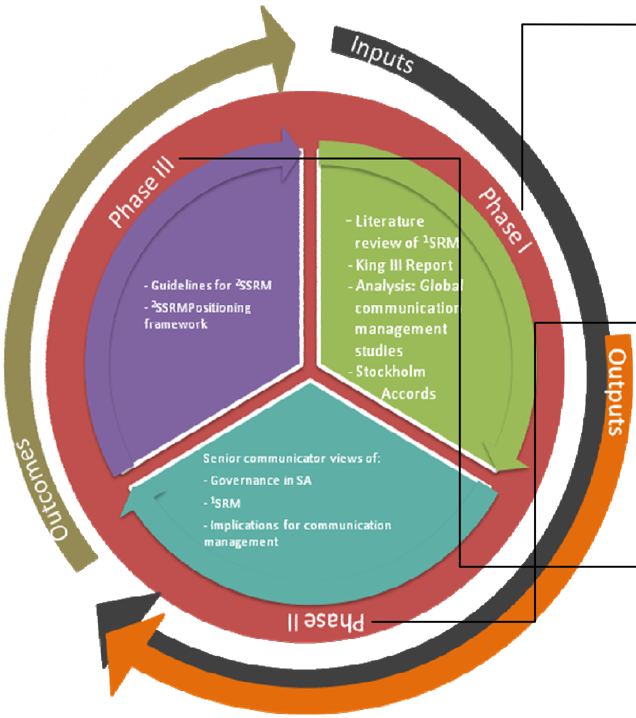
RESEARCH OBJECTIVES	PHASES	CHAPTER
businesses.		
Ro4: To establish guidelines in accordance with the King III Report for the implementation of stakeholder relationship management for businesses in South Africa.	Phase III	Chapter 8
Ro5: To establish a stakeholder relationship management positioning framework with which South African businesses may be able to position their communication management departments.	Phase III	Chapter 8

The study consisted of three levels being input, output and outcomes. The inputs of the study consist of Phases I and II being the exploratory and empirical aspects of the study. The outcomes of the study include the findings associated with research questions 2 and 3. The outputs of the study are associated with the achievement of research objectives 4 and 5.

In Figure 1.2 the relationship of the phases discussed earlier in this chapter with the research objectives of the study are displayed. This is done for ease of understanding the complexity and nature of the research.

Figure 1.2: The relationship between the phases model and the research objectives of this study

The model	Descriptions of the phases	Associated research objectives



Phase I: Exploration (Inputs)

- Literature review: Stakeholder relationship management
- Discussion of the implications of King III Report for SA business and communication management
- Analysis of global communication management practices and trends (Output)
- Stockholm Accords

Phase II: Empirical (Input with output)

- Senior communicator views

Phase III: Guidelines and framework

- Development of guidelines for stakeholder relationship management
- Conceptualisation of a stakeholder relationship management positioning framework

To explore the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing a company's' business strategy.

To explore the global trends in communication management and its implications for South African business.

To explore the implications of the King III Report, Chapter 8 on managing stakeholder relationships, in particular on companies and their communication professionals in South Africa.

To establish guidelines in accordance with the King III Report for the implementation of stakeholder relationship management for business in South Africa.

To establish a stakeholder relationship management positioning framework with which South African businesses may be able to position their communication management departments.

Researcher's own construct

DEMARCATION OF CHAPTERS

Table 1.5 outlines the demarcation of the chapters of this study. As an overview, Chapter 2 and 3 inform Chapter 4 in terms of understanding how the theory relates to Chapter 8 of the King III Report on Governance, as well as outlining the implications of this chapter for South African businesses and communication professionals. Chapters 2, 3 and 4 in turn inform Chapter 5, which provides an overview of the analysis of global practices and trends in communication management. These four chapters culminate to form Phase I of this study, which is regarded as the exploratory phase of stakeholder relationship management as outlined in the King III Report on Governance and the central function of communication management.

Phase 1 in its totality informs Phase II. Phase II is the empirical phase of the study where senior communicator views were obtained on the topic of stakeholder relationship management and how selected South African businesses approach it. Both Phases I and II inform the development of nine guidelines for the implementation of strategic stakeholder relationship management. Coupled with this and part of phase II, is the establishment of a positioning framework with which South African businesses are able to determine to what extent they are implementing stakeholder relationship management for optimal results for the business.

Table 1.5: Demarcation of chapters

CHAPTER	NAME	DESCRIPTION
CHAPTER 2	Theoretical foundation	Chapter 2 provides an overview of the theory, world views, paradigm, interdisciplinary field, academic fields and theories related to this study.
CHAPTER 3	Stakeholder relationship management (SRM)	This chapter highlights the stakeholder concept with specific reference to communication and relationship building with stakeholders through identification, categorisation and prioritisation. The concepts of stakeholder engagement, stakeholder relationship management and the governing of stakeholder relationships are explored with an emphasis on the similarities and differences between these concepts. Ultimately, the most encompassing concept, which is also most suited to this study, is that of stakeholder relationship management. Inherently, issues and crisis management or conflict resolution form part of the managing of stakeholder relationships, which in turn impact reputation. These concepts are also discussed.
CHAPTER 4	King III: The implications for communication management	Chapter 4 considers corporate governance, from both a local and global perspective and sketches the context within which the King III Report on Governance for South Africa was developed. Chapter 8 of this report provides the platform for the discussion on the stakeholder concept as well as stakeholder relationship management, and highlights the implications for communication management in South Africa. The implications include an increased responsibility to make the board of directors or management aware of how stakeholders view the organisation and how best to communicate with them, as this has implications for the reputation of the organisation. Knowledge of the stakeholders themselves is important to build and maintain relationships. In essence, communication management is in the ideal position to have a deeper understanding of stakeholder interests and expectations and assist the company in aligning company strategy and stakeholder expectations with each other.
CHAPTER 5	Analysis of global practices and trends of communication management	The aim of Chapter 5 is to provide an overview of the analysis of the global communication management studies specifically. A total of 13 studies were selected from the CCI, GAP and ECM studies since 2005. This was done with the principles of the Stockholm Accords, coupled with the principles of Chapter 8 of the King III Report (discussed in Chapter 4), in mind.

CHAPTER	NAME	DESCRIPTION
CHAPTER 6	Research design for developing guidelines and positioning framework	Chapter 6 describes how Phase II of the study was conducted through scientific research to aid in the development of the guidelines for managing stakeholder relationship management as well as the positioning framework. A qualitative approach was adopted where nine carefully selected senior communicators in some of South Africa's top performing companies, were interviewed.
CHAPTER 7	Senior communicator views on stakeholder relationship management according to the King Report on Governance	Chapter 7 provides the empirical research results from Phases II of this study focussing on the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships as well as the implications of the King III Report, Chapter 8 on governing stakeholder relationships in particular on companies and the communication professionals in South Africa. A number of conclusions are drawn highlighting the importance of communication management in ensuring that managing stakeholder relationship according to the King III Report on Governance has a strategic orientation and is proactive, structured, systematic and scientific.
CHAPTER 8	Guidelines and positioning framework	This chapter, with the background and data obtained from Phases I and II presents the guidelines for managing strategic stakeholder relationship management as well as propose the positioning framework for strategic stakeholder relationship management in companies. The guidelines revolve around strategic stakeholder relationship management being influenced by issues management and conflict resolution coupled with crisis communication. These concepts in turn impact reputation management as a key consideration of senior management.
CHAPTER 9	Conclusion and recommendations	Chapter 9 provides a holistic view of the phases, research objectives and how these are addressed throughout this study. Specific conclusions and recommendations relevant to this study are highlighted with an emphasis on the contribution of this study.

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.

CHAPTER 3

STAKEHOLDER RELATIONSHIP MANAGEMENT

3.1 INTRODUCTION

Falconi (2009:[4]) is of the opinion that "the effective governance of stakeholder relationships is the new global frontier" for communication management. On the one hand the process of communication is imperative and on the other hand, the enabling tools for stakeholder relationships are important. An understanding of the stakeholder concept, stakeholder relationships, stakeholder engagement, governance, issues management, crisis management/conflict resolution and reputation management is required first and therefore the focus areas of this chapter.

These focus areas are normative and provide the foundation for the ideal way in which companies look at stakeholders, manage stakeholder relationships, as well as issues and conflict. This normative view is used to inform the formulation of guidelines for the management of stakeholder relationships according to Chapter 8 of the King III Report on Governance.

The understanding of the concept of stakeholders, stakeholder relationships, stakeholder engagement, governance, issues and crisis management and how these influence reputation and the management thereof, may be regarded as the armour of communication professionals in assisting their companies to manage stakeholder relationships according to the King III Report on Governance. In both Chapters 1 and 2 it is mentioned that stakeholder relationship management is an academic field within the discipline of communication management. However, as it is central to the general research question of this study, a separate chapter is dedicated to this field.

Chapter 3 consists of two main sections. The first highlights stakeholder identification, categorisation and prioritisation, where a number of contributors' works are considered and their value and relevance outlined in relation to each other. The second section explores the concepts of stakeholder engagement, stakeholder relationship management and stakeholder governance. The similarities and differences between these concepts are highlighted and the use of stakeholder relationship management as preferred term is considered.

Today organisations no longer question whether or not they should be communicating with selected stakeholder groups, but rather how to manage communication across stakeholder groups. A number of factors inform the growing power of stakeholders and the complex links that exist between them which include globalisation, the rise of the professional investor, the empowered employee, the information revolution, the rising awareness regarding the influence of business on society, organisations' own wish and endeavour to influence society and government support (Scholes & Clutterbuck, 1998:227-228).

As the values and beliefs of stakeholders are formed by societal issues and trends, the management of stakeholders and their issues has become an important aspect of business. A broad approach should be adopted where strategic issues are identified and managed through a strategic management process (Steyn, 2003:170). This is often referred to as the stakeholder approach, which focuses on multilateral relationships within stakeholder groups (Griffin, 2008:11).

From this point of view, stakeholders are not only stakeholders because the organisation identified them as such. They are stakeholders because they perceive themselves as such as well (Griffin, 2008:11). This is significant for both companies and their communication professionals and thus needs further exploration.

3.2 THEORETICAL VIEWS OF THE STAKEHOLDER CONCEPT

This section outlines a discussion of the stakeholder concept itself, followed by the three theoretical viewpoints of this concept. This is important in the context of this study as the theoretical views may influence how stakeholder relationships are managed. These theoretical views also need to be aligned with the intentions of Chapter 8 of the King III Report on Governance.

The concept of a stakeholder is generally accepted in the business context. The stakeholder term was introduced by the Stanford Research Institute in 1963 (Zsolnai, 2006:38) and originally defined as "those groups without whose support the organization would cease to exist" (Freeman, 1984:31). This definition was adapted over the years, but the most prominent and accepted definition remains the definition by Freeman (1984:46), which states that stakeholders are "all of those groups and individuals that can affect, or are affected by, the accomplishment of organisational purpose".

Stakeholders are also regarded as an array of forces (economic, political, or social) that have an impact on an organisation's actions, behaviours and policies including interest groups, parties, actors, claimants and institutions (Mitroff, 1983:4). In other words, anybody or any group, to some extent or through certain linkages, can be a stakeholder of a given organisation. The all-encompassing nature of this definition broadened the scope and reach of stakeholder analysis, which led to the theory-building efforts by scholars across a variety of stakeholder research.

Phillips (2004:2) argued that stakeholders are those groups from whom the organisation voluntarily accepts benefit, and to whom the organisation therefore incurs obligations of fairness. These may be considered normative or legitimate stakeholders. In the case of derivative stakeholders such as competitors or activists, they can significantly influence the organisation's success and thus hold power over the organisation.

In the communication management literature the term used for stakeholders is 'publics'. With communication management's foundations in journalism, the term publics related to the recipients of messages from organisations, better known as audiences. Recent research in communication management has directed its focus to the value of the relationships with these publics, which encouraged adopting the term 'stakeholder' both in practice and theory (Rawlins, 2006:2). For the purpose of this study these terms are used interchangeably.

For a better understanding of the stakeholder concept, three theoretical views of the stakeholder concept are provided. These theoretical viewpoints of the stakeholder concept and stakeholder theory are highlighted by Spitzeck and Hansen (2010:380), and include the instrumental, descriptive and normative views of stakeholder theory as conceptualised by Donaldson and Preston (1995:66). A brief discussion on each of these views follows.

3.2.1 Instrumental stakeholder theory

The instrumental stakeholder theory proposes that the organisation pay attention only to the stakeholders who can affect the value of the organisation. This implies that from a stakeholder management or governance point of view, only those stakeholders with power will be given a voice to secure their contribution to the success of the organisation (Spitzeck & Hansen, 2010:380). The instrumental theory aims to describe the outcome of the behaviour of managers of organisations and reveals how to attain organisational objectives through stakeholder management (PesQueux & Damak-Ayadi, 2005:9; Mainardes, Alves & Raposo, 2011:233).

3.2.2 Descriptive stakeholder theory

The descriptive view identifies and classifies the different constituents (stakeholders) of an organisation without consideration of their legitimacy of their power (Spitzeck & Hansen, 2010:380). Descriptive/empirical formulations of this view of the stakeholder theory describe and/or explain how organisations or their managers in actual fact behave (Friedman & Miles, 2006:106) and set out how the organisation operates in terms of stakeholder management (PesQueux & Damak-Ayadi, 2005:9; Mainardes et al., 2011:233). Descriptive/empirical formulations of the theory describe and/or explain how organisations or their managers in actual fact behave (Friedman & Miles, 2006:106).

3.2.3 Normative stakeholder theory

The normative view considers the value and moral rights of stakeholders being affected by organisational behaviour and highlights the rights and duties of the actors involved. It also considers how a balance of concerns of different stakeholders can be achieved (Spitzeck & Hansen, 2010:380). Normative stakeholder theory is concerned with the moral propriety of the behaviour of organisations and/or their managers (Friedman & Miles, 2006: 106), which defines how management should operate in terms of moral principles (PesQueux & Damak-Ayadi, 2005:9; Mainardes et al., 2011:233).

Each of these views has implications for stakeholder relationship management. Stakeholders, with or without power and legitimacy should be considered to a more or lesser extent when organisational decisions are made. However, the normative theory is most applicable to this study as it is central to corporate social responsibility (Overton-de Klerk & Oelofse, 2010:389). It asserts that an organisation's responsibilities not only go beyond compliance with business and legal expectations, but also include society's expectations that organisations are good corporate citizens who can be held accountable for greater support and corporate social responsiveness (Overton-de Klerk & Oelofse, 2010:390).

The stakeholder theory is based on the assumption that values comprise a part of doing business and asks managers to express the shared sense of the value created. The stakeholder theory is based on two questions. The first is what the purpose of the firm is and the second is, what responsibility management has to stakeholders. These questions assist managers to verbalise the shared sense of value created, in other words, what creates outstanding performance and guides managers to state how they want to do business, especially around which relationships they want to and need to establish with stakeholders (Freeman, Wicks & Parmar, 2004:364).

The essential premises of the stakeholder theory are, according to Jones and Wicks (1999:207) as well as Mainardes et al., (2011:229-230) that:

- the organisation has relationships with many stakeholders that affect and are affected by its decisions,
- the nature of these relationships is based on processes and outcomes for the organisation and its stakeholders,
- the interests of all legitimate stakeholders have intrinsic value, and
- the focus is on managerial decision-making.

Therefore, management must engage in identifying stakeholders and develop processes of identifying and interpreting stakeholder needs and interests. As an outcome of this process relationships can then be constructed where the entire process is planned around the organisation's objectives (Mainardes et al., 2011:230). This may enable communication professionals in assisting their companies to manage stakeholder relationship according to the King III Report on Governance. In fact, understanding stakeholders is central to communication professionals' knowledge to implementing the principles outlined in Chapter 8 of the King III Report through the development of a communication management strategy, not only focussing on building better relationships and managing those relationships with stakeholders, but also having company strategy and the organisation's objectives in mind.

Clarkson (1995:104) maintains that the stakeholder concept consists of three fundamental factors including the organisation, other actors and the nature of the company-actor relationships. Mitchell, Agle and Wood (1997:860-862) argue that these factors represent phenomena in themselves which include the relationship between the company and stakeholders, the position of stakeholders towards the company, the company as being dependent upon stakeholders, stakeholders having power over the company, stakeholders as being dependent on the company, the company as holding power over stakeholders, the company and stakeholder as being mutually dependent, the company and stakeholders as engaged in contractual relations, stakeholders as running some kind of risk, stakeholders as having a moral right over the company, and stakeholders as having interest in the company.

These phenomena require organisations to identify, categorise, prioritise and communicate with stakeholders. A variety of scholars provide some insight into this area which is elaborated upon next.

3.3 RELATIONSHIP BUILDING WITH STAKEHOLDERS THROUGH EFFECTIVE IDENTIFICATION, CATEGORISATION AND PRIORITISATION

This section outlines the ways in which stakeholders are identified, categorised and prioritised. This is necessary as the managing of stakeholder relationships can only be effective if the communication professionals have a thorough and clear understanding of who the stakeholders, with whom relationships needs to be managed, is. This process is simplified by first identifying, the categorising and finally prioritising stakeholders as communication professionals may not be able to manage relationships with all stakeholders all of the time. A summary of these ways are provided and the value and relevance of these are delineated. A variety of ways for the identification, categorisation and prioritisation of stakeholders exists (Falconi, 2009:[14]; Gregory, 2007:65; Rawlins, 2006:2; Grunig, 2005:778; Steyn & Puth, 2000:201; Mitchell et al*.,* 1997:853; Clarkson, 1995:107; Donaldson & Preston, 1995:66; Freeman, 1984:52; Grunig & Hunt; 1984:141). Their work with a brief description of what it entails is outlined in Table 3.1, followed by a discussion. This is necessary as each contribution made provides insight into how the identification, categorisation and prioritisation of stakeholders ultimately influence the effective management of stakeholder relationships. The summary and discussion of each of the contributors starts with the earliest contributor, progressing to end with the latest contributor. This is necessary as some of the author’s work is based on some of their predecessors.

Table 3.1: Summary of different contributors

NAME OF MODEL / FRAMEWORK / GUIDELINE / PROCESS	AUTHOR/S	DESCRIPTION
Stakeholder management framework (SMF)	Freeman (1984)	The stakeholder management framework outlines three levels at which the processes used by the organisation to manage relationships with stakeholders being the rational, process and transactional levels are applied. Each level requires different approaches to stakeholder mapping.
Linkages model	Grunig and Hunt (1984)	This model proposes that stakeholders are identified through the type of link they have with the organisation. The linkages include enabling, functions (both input and output), diffused and normative linkages.
Three part taxonomy	Donaldson and Preston (1995)	The three-part taxonomy is based on the three views of stakeholder theory being instrumental, descriptive and normative.
Primary and secondary stakeholder classification	Clarkson (1995)	The classification of primary and secondary stakeholders has implication for the way in which relationships are formed and maintained.
Stakeholder typology around the attributes of power, legitimacy and urgency Classes of stakeholders	Mitchell et al. (1997)	Power, legitimacy and urgency attributes are used to help identify and prioritise both dependent and influential stakeholders. Linked to this, these authors develop a prioritisation strategy around latent, expectant and definitive stakeholders. These authors further outline a classification of stakeholders.
Types of publics	Steyn and Puth (2000)	These authors outline stages that stakeholders go through in their awareness and level of activity.
Situational theory of publics	Grunig (2005)	The situational theory of publics (stakeholders) attempts to explain and predict why some publics (stakeholders) are active and others are passive. This theory can identify which stakeholder will communicate in different ways with the organisation about decisions that affect them.
Four-step process to prioritising stakeholders	Rawlins (2006)	The steps include: Step 1: Identifying potential stakeholders according to their relationship with the organisation. Step 2: Prioritising stakeholders by attributes Step 3: Prioritising stakeholders by relationship to the situation Step 4: Prioritising the publics (stakeholders) according to the communication strategy.
Communication strategy typology	Gregory (2007)	This author outlines a communication strategy typology around the model developed by Mitchell et al. (1997) where stakeholders are

NAME OF MODEL / FRAMEWORK / GUIDELINE / PROCESS	AUTHOR/S	DESCRIPTION
		either informed, consulted, involved or partnered with, depending on their level of power, legitimacy and urgency.
GOREL process (Governance of relationships)	Falconi (2009)	This author describes a process of governing stakeholder relationships (GOREL). This process involves nine steps: Step 1: Envisioning Step 2: Identifying and listening to active stakeholders Step 3: Defining specific objectives Step 4: Involving potential stakeholders Step 5: Relating with issue influencers Step 6: Convincing opinion leaders Step 7: Contents, channels and 'spaces' Step 8: Content roll out Step 9: Evaluation and reset Part of step 2 and 4 is a stakeholder mapping phase which considers a stakeholder's awareness of organisational goals and their interest in relating with the organisation.

Researcher's own construct

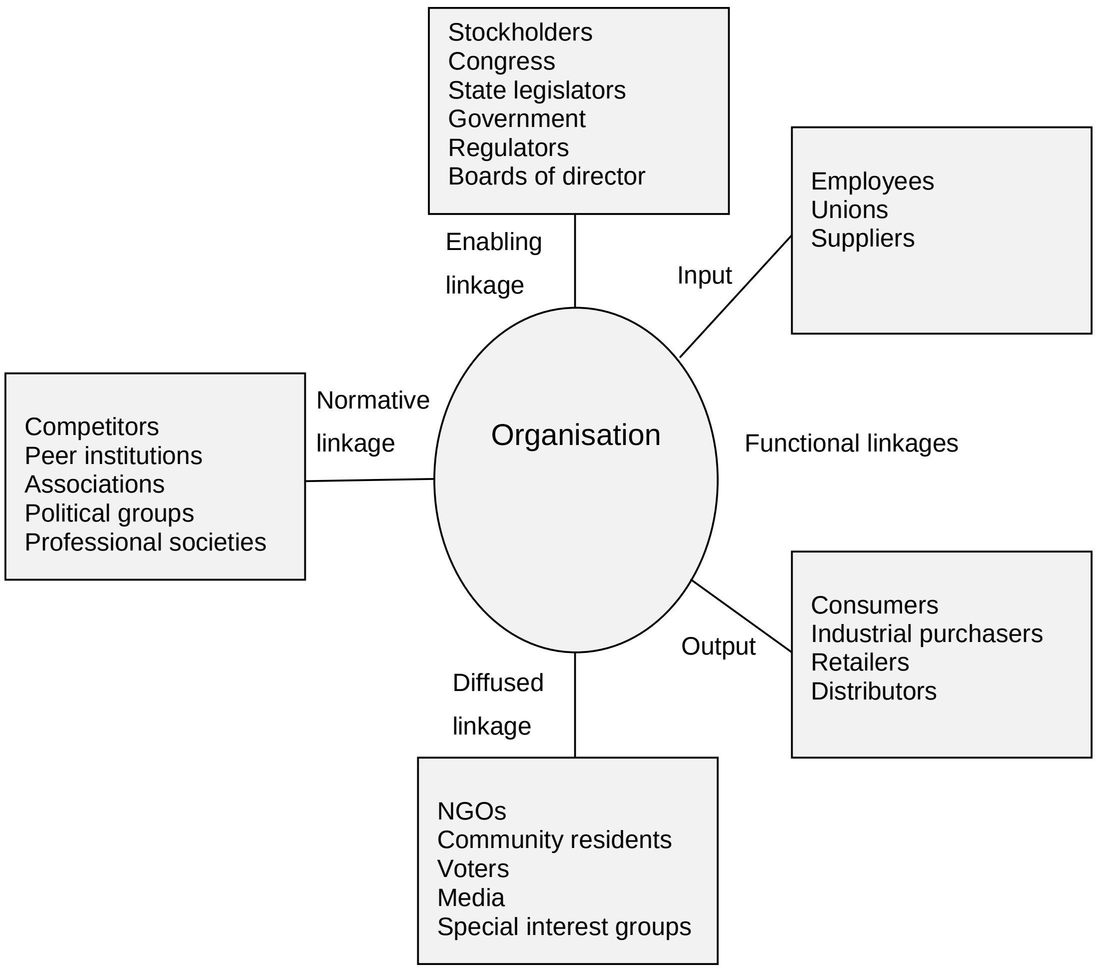
3.3.1 Freeman's stakeholder management framework (SMF) (1984)

The stakeholder management framework (SMF) outlined by Freeman (1984:53) involves three levels of the organisation. The first is the rational perspective which involves understanding who the stakeholders of the organisation are, as well as what the perceived stakes are. The second is the organisational processes which involve an understanding of the processes used to manage the organisation's relationships with its stakeholders and determining whether these processes are suitable in relation to the stakeholder map of the organisation. The third and final is the transactional level, which involves the understanding of the interactions the organisation has with stakeholders and whether these fit with both the stakeholder map and organisational processes for managing stakeholders.

3.3.2 Grunig and Hunt's linkages model (1984)

One of the best efforts to identify stakeholders, according to Rawlins (2006:3), was that of Grunig and Hunt (1984:141) with their linkages model. The model consists of four linkages that identify stakeholder relationships which include enabling, functional, diffused and normative linkages. This model is depicted in Figure 3.1.

Figure 3.1: Linkages model of Grunig and Hunt (1984)



Source: Rawlins (2006:4)

These linkages enable organisations to acquire and keep resources and their autonomy to operate. The enabling stakeholders have some control and authority over the organisation and could include stockholders (shareholders), the board of directors, legislators and regulators among others. Functional linkages are essential for the functioning of the organisation. Some are involved in the input of the organisation such as employees and suppliers, and others form part of the output of the organisation such as consumers and retailers. Normative linkages are those groups with whom the organisation has a common interest and shares similar values, goals or problems. They may include competitors. Diffused linkages are those stakeholders who become involved based on the actions of the organisation and often the organisation does not have regular interaction with them. They could include the community, activists and special interest groups (Rawlins, 2006:4).

3.3.3 Donaldson and Preston's three part taxonomy (1995)

Donaldson and Preston (1995:66-67) proposed a three-part taxonomy to understand stakeholder relationships being:

- normative, asking how should the organisation should relate to its stakeholders;
- instrumental, asking what happens if the organisation relates to its stakeholders in certain ways; and
- descriptive, asking how the firm relates to its stakeholders.

3.3.4 Clarkson's primary and secondary stakeholder classification (1995)

Two broad groups of stakeholders are defined in the literature, being primary and secondary stakeholders. Primary stakeholders are those without whose continuing participation the organisation cannot survive as a going concern. They are typically shareholders and investors, employees, customers and suppliers, as well as public stakeholder groups i.e. governments and communities that provide infrastructures and markets and whose laws and regulations influence business. A high level of interdependence exists between the organisation and its primary stakeholder groups. Furthermore, should any primary stakeholder group become dissatisfied and withdraws, the organisation will be seriously harmed and in some instances may lose its ability to continue with its operations (Clarkson, 1995:106). The management of relationships with primary stakeholders may result in enhancing the company's ability to outperform competitors in terms of long-term value creation, beyond merely having their continued participation in the company (Hillman & Keim, 2001:127).

Secondary stakeholders are those who have some bearing or an effect on, or are influenced or affected by the organisation. However, these groups are not involved in dealings that are critical for the endurance of the organisation (Clarkson, 1995:107).

3.3.5 Mitchell, Agle and Wood's stakeholder typology and classes (1997)

Mitchell et al*.* (1997:853) offer a number of ways in which stakeholders can be identified such as primary or secondary, owners and non-owners of the company, owners of capital or owners of less tangible assets, actors or those acted upon, those existing in a voluntary or an involuntary relationship with the company, as right holders, contractors or moral claimants, as resource providers to or dependents of the company, risk-takers or influencers, and legal principles to which managers bear a fiduciary duty.

To simplify the above ways outlined by Mitchell et al*.* (19977:853), it may be necessary to categorise the stakeholders of the organisation. This may provide a way to address one of the requirements outlined in Chapter 8 of the

King III Report where stakeholder interests should be considered. Furthermore, in proactively dealing with stakeholder relationships, stakeholder groups should be identified. This provides one way of achieving this. Various ways exist in which stakeholders can be categorised. One way is the power-interest matrix. It categorises stakeholders depending on the amount of power they have to influence others and the level of interest that they may have in an issue. The more power and interest they have, the more likely their actions are to impact on the organisation. Figure 3.2 depicts that power-interest matrix.

Figure 3.2: Power-interest matrix

		Low **INTEREST**	High
POWER	Low	**A**	**B**
	High	**C**	**D**

Source: Gregory (2007:65)

Scott and Lane (2000:54) argue that managers in companies pay attention to certain stakeholders more than to others, because of time and cognitive limitations. One is to consider the power, legitimacy and urgency which are determined by the salience that stakeholders will have to managers (Scott & Lane, 2000:54). Companies differentiate between stakeholders based on their views of perceived power, legitimacy and urgency. These attributes are considered in attempting to find an appropriate balance between stakeholder groups (Mitchell et al., 1997:882). Each of these concepts are discussed in more detail.

Power

Power is defined as “a relationship among social actors in which one social actor, A, can get another social actor, B, to do something that B would not otherwise have done” (Pfeffer, 1981:3). More importantly, stakeholders have power when the company perceives them to have the capability to inflict their will on the company (Mitchell et al., 1997:882).

Legitimacy

Legitimacy is defined by Mitchell et al. (1997:866) as socially accepted and expected structures or behaviours. Legitimacy and power when combined, create authority. Similarly, Suchman (1995:574) defined the concept as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions”.

Urgency

Urgency is defined by Mitchell et al. (1997:867) as the degree to which stakeholder claims call for immediate attention. Urgency is based on two features being time sensitivity and criticality. Time sensitivity is the extent to which a delay on the part of the company in the deadline of the claim to relationship is unacceptable to the stakeholder. Criticality refers to the importance of the claim or relationship to the stakeholder.

The idea of urgency in dealing with stakeholder relationships has been a focus point of issues and crisis management. Although a number of definitions for an issue exist, the definition by Steyn and Puth (2000:207) as “a point of conflict between an organisation and one or more of its publics”, is most appropriate in the context of this study. The organisation needs to take action when an issue impacts on the organisation. This action is often referred to as issues management. On the one hand, issues management is seen as identifying, analysing and developing positions, and informing management on issues that will have a critical influence on the organisation. On the other hand, it is also seen as a strategic early warning system for identifying weak areas in the organisation's total environment (Steyn & Puth, 2000:210-211). Mitchell et al's*.* concept of urgency in identifying, classifying and prioritising stakeholders, highlights both the concepts of issues and conflict/crisis management. Both these concepts are discussed later in this chapter.

Salience

Salience is regarded as the degree to which the company gives priority to competing stakeholder claims (Mitchell et al., 1997:869).

The authors, Mitchell et al. (1997:874) proposed stakeholder classes that allow the company to pay special attention to the implications of the influence each stakeholder class may have on the company. These classes are latent stakeholders, discretionary stakeholders, demanding stakeholders, expectant stakeholders and dominant stakeholders. These classes are based on the extent to which the stakeholder groups have power, legitimacy and urgency and are outlined in Table 3.2.

Table 3.2: Classes of stakeholders

CLASS	ATTRIBUTE	COMPANY VIEW	COMPANY ACTION
LATENT STAKEHOLDERS	One of the identifying attributes	Recognition of stakeholders' existence	Limited time, energy and other resources to track stakeholder behaviour and to manage relationships
DORMANT STAKEHOLDERS	Power No legitimate relationship or urgent claim	Cognisant of stakeholders as they may acquire legitimacy and urgency	Monitor
DISCRETIONARY STAKEHOLDERS	Legitimacy No power	No pressure on company to engage in an active relationship	Engage through corporate social responsibility

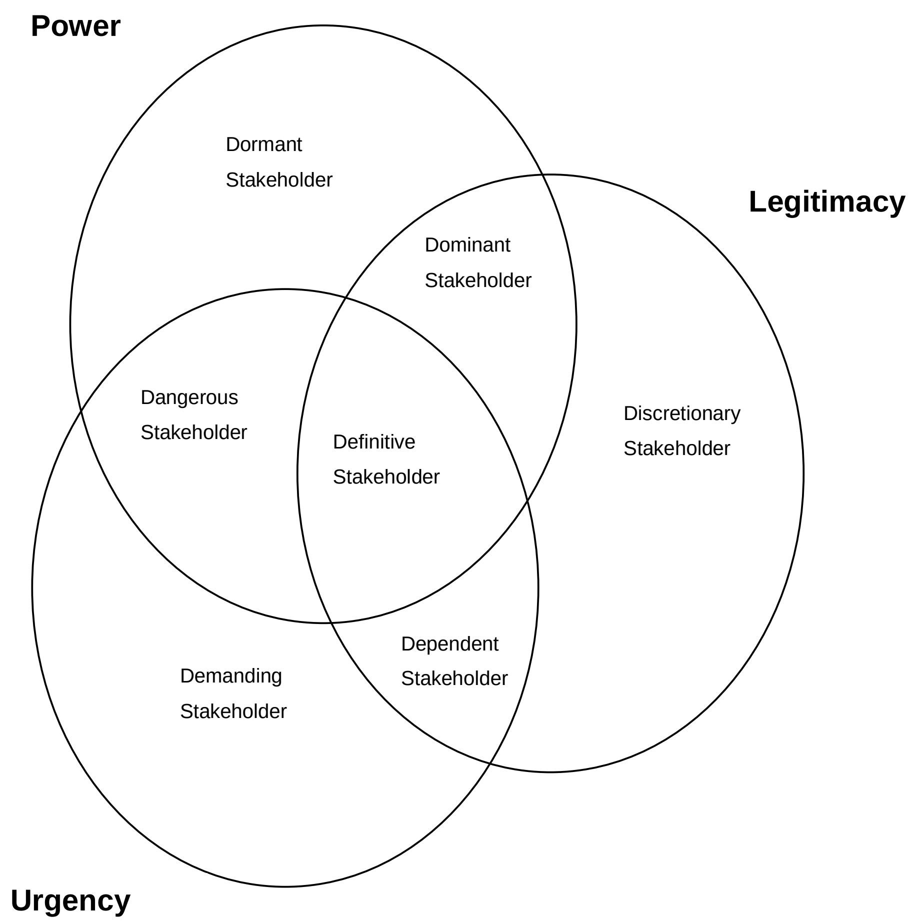
CLASS	ATTRIBUTE	COMPANY VIEW	COMPANY ACTION
DEMANDING STAKEHOLDERS	Urgency Neither power nor legitimacy	Passing company attention	No action
EXPECTANT STAKEHOLDERS: DOMINANT	Power and legitimacy	Formal mechanisms that acknowledge the importance of their relationship with the company	Expect and receive much attention from company management
EXPECTANT STAKEHOLDERS: DEPENDENT	Urgency and legitimacy	Need advocacy or guardianship of other stakeholder/internal management values to gain power	Full engagement
EXPECTANT STAKEHOLDERS: DANGEROUS	Urgency and power	Seen as coercion and possible danger to the stakeholder-company relationship and the stakeholders themselves	Mitigation
DEFINITIVE STAKEHOLDERS	Urgency, legitimacy and power		Clear and immediate mandate to give priority to the stakeholder's claim

Source: Conceptualised from Mitchell et al. (1997:874)

Simmons and Lovegrove (2005:501) regard Mitchell et al.'s identification of power, legitimacy and urgency as determinants of stakeholder saliency as a 'significant contribution to the literature'.

Mitchell et al. went further to develop a prioritisation strategy, according to Rawlins (2006:6). This strategy is developed around the three attributes of power, legitimacy and urgency. Thus, a latent stakeholder possesses only one of the attributes, an expectant stakeholder possesses two attributes and a definitive stakeholder possesses all three attributes. Latent stakeholders are further classified as dormant, discretionary and demanding stakeholders. Expectant stakeholders are organised into dominant, dependent and dangerous stakeholders, and stakeholders who have all three attributes are definitive stakeholder and they have the highest priority (Rawlins, 2006:6). This stakeholder typology is depicted in Figure 3.3.

Figure 3.3: Stakeholder typology: one, two, three attributes present



Source: Mitchell et al. (1997:874)

3.3.6 Steyn and Puth's types of publics (2000)

Other attempts to classify stakeholders include the work of Steyn and Puth (2000:201) who proposes that stakeholders, as they move through the stages of awareness towards becoming active, transform from being stakeholders to publics to eventually reaching the point where they become activists. This transformation is illustrated in Table 3.3.

Table 3.3: Stakeholder stages/classification

STAKEHOLDERS	LATENT PUBLICS	AWARE PUBLICS	ACTIVE PUBLICS	ACTIVIST GROUPS
Are passive – do not perceive a problem	Are not aware of potential problem yet	Become aware of potential problem	Take action in response to the problem	Actively protest - mobilise media and government
Example:	Example:	Example:	Example:	Example:
Employees, media, unions, customers, community	Top management takes decision to retrench 5 000 employees	Announcement in employee newsletter of retrenchment. Article appears in newspaper of retrenchment	Employees start consulting labour unions about their rights. Unions organise internal meeting to discuss the matter	Unions call out strikes, employees take court action, unions lobby the government, articles appear in media

Source: Adapted from Steyn & Puth (2000:201)

3.3.7 Grunig's situational theory of publics (2005)

The situational theory of publics developed by Grunig (2005:778) attempts to explain and predict why some publics are active and others are passive. Grunig (2005:778-780) identified non-publics, latent publics, aware publics and active publics. Non-publics are those stakeholders who do not face a problem. Latent publics are those who face the problem, but do not recognise it as problematic. Aware publics are those stakeholders who recognise the problem and active publics are those stakeholders who do something about the problem (Rawlins, 2006:9).

Grunig (2005:778) used three variables that explain why certain people become active in certain situations. These variables include the level of involvement, problem recognition and constraint recognition. The level of involvement is determined by the extent to which stakeholders connect themselves with the situation. Problem recognition is the extent to which stakeholders do not look for or process information unless they recognise the connection between them and a problem. Constraint recognition is the extent to which stakeholders think that nothing or something can be done about the problem (Rawlins, 2006:9). Table 3.4 outlines which stakeholders are more likely to be defined by the level of involvement, problem recognition and constraint recognition.

Table 3.4: Grunig's situational theory of publics

	HIGH INVOLVEMENT	LOW INVOLVEMENT
Problem-facing behaviour High problem recognition Low constraint recognition	Active publics	Active/aware publics
Constrained behaviour High problem recognition High constraint recognition	Aware/active publics	Latent/aware publics
Routine behaviour Low problem recognition Low constraint recognition	Active (reinforcing) publics	Non-active/latent publics
Fatalistic behaviour Low problem recognition High constraint recognition	Latent publics	Non publics

Source: Rawlins (2006:10)

3.3.8 Rawlins' four step process to stakeholder prioritisation (2006)

A model that prioritises stakeholders through a four-step process is presented by Rawlins (2006:1). The steps include:

1. Identifying all potential stakeholders according to their relationship with the organisation.
2. Prioritising stakeholders by attributes.
3. Prioritising stakeholders by relationship to the situation.
4. Prioritising the publics according to the communication strategy.

In Step 1 Rawlins (2006:3) proposes the use of the linkage model developed by Grunig and Hunt (1984:141) to identify all the possible stakeholders of an organisation. This model was discussed earlier and is not repeated here.

From this broad identification the second step involves prioritising stakeholders according to attributes. In this regard, Rawlins (2006:5) suggests the use of the Mitchell et al. (1997:874) model considering power, legitimacy and urgency as stakeholder attributes. This model was discussed earlier. Rawlins (2006:5) suggests a synthesis of the Grunig and Hunt and Mitchell et al. models from which a stakeholder priority hierarchy becomes apparent. Enabling and functional linkages (stakeholders), as most factors important for the long-term success of the organisation, are dominant stakeholders with power, legitimate interests and associated urgent issues. Normative linkages (stakeholders) have little direct power, but are rather considered a threat. Diffused linkages (stakeholders) are problematic with no direct relationship with the organisation. They are reactive to organisational actions and thus difficult to recognise and identify. Therefore they are situational and their relationship temporary. These stakeholders do not have power and their claims are not always legitimate. They have urgency and are thus demanding. In some cases they are dependent stakeholders and in other cases they are definitive stakeholders, where they partner with other stakeholders to obtain power and legitimacy (Rawlins, 2006:9).

From Step 2 it is still not clear who of the identified stakeholders will become active groups in urgent situations. Therefore the third step involves prioritising stakeholders by relationship to the situation. In this regard, Rawlins (2006:9) proposes the use of Grunig's situational theory of publics as discussed earlier. Hallahan (2000:499-515) added the concepts of inactive and aroused publics to that of Grunig's non-public, latent, aware and active publics (stakeholders). Inactive publics are groups of individuals with low levels of knowledge and involvement regarding the organisation and they may not recognise the consequences of the organisation's actions. Aroused publics also have low levels of knowledge, but recognise a problem or issues (Rawlins, 2006:9). Of importance from using this theory is that active publics (stakeholders) will have more priority over aware, aroused and inactive publics as their urgency is greater.

As part of Step 3, the self-interest of stakeholders should be addressed because the interests of key stakeholders should be integrated with the purpose of the organisation and coupled with the management of stakeholder relationships in a reasoned and strategic way. Two additional types of stakeholders should be recognised in this instance, being intervening and influential stakeholders. Intervening stakeholders act as opinion leaders and pass information on to the priority stakeholders. The influential stakeholders can be intervening stakeholders, but they can also affect the success of the communication strategy (Rawlins, 2006:12).

Step 4 of Rawlins' model involves considering strategies to help mediate issues with priority publics (stakeholders). From the previous steps it becomes clear that definitive stakeholders, who are also active publics, are the top priority publics. However, active publics are not always definitive stakeholders, meaning that the organisation will have to develop strategies that will determine whether the stakeholder is supportive or non-supportive and active or inactive. Therefore, four groups of priority stakeholders emerge as highlighted in Table 3.5.

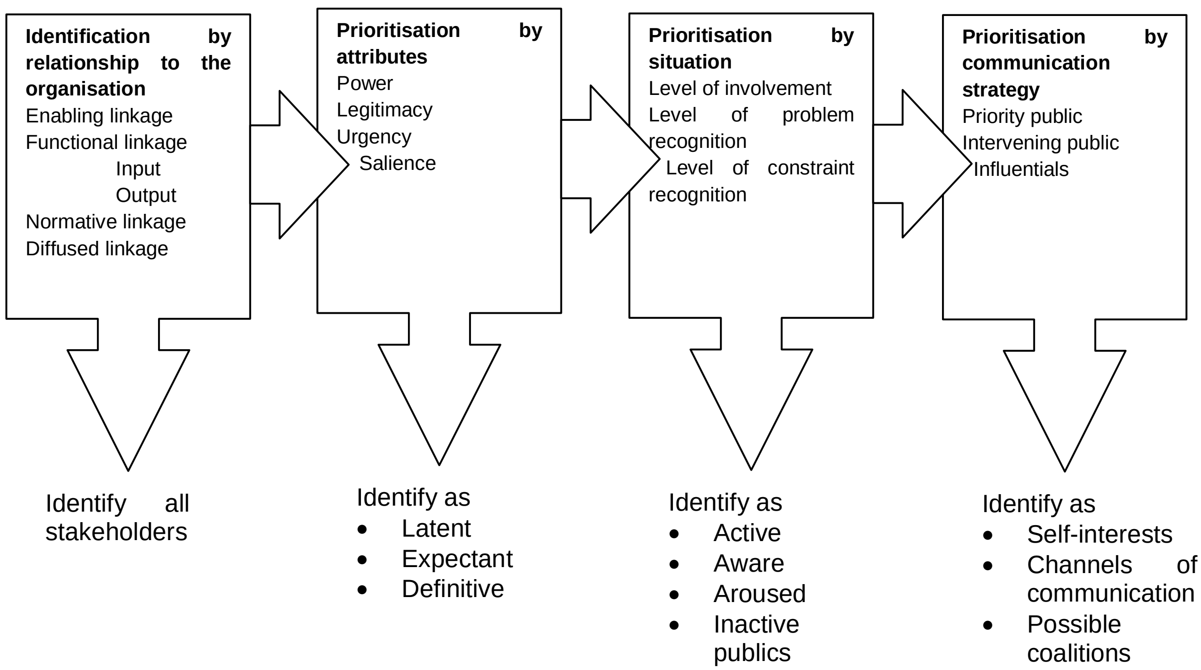
Table 3.5: Rawlins's prioritising publics by communication strategy

STAKEHOLDER	ACTIVE/SUPPORTIVE VS INACTIVE/NON-SUPPORTIVE	COMMUNICATION STRATEGY	MESSAGE FOCUS
Advocate stakeholders	Active Supportive	Involvement	Action and behaviour oriented
Dormant stakeholders	Inactive Supportive	Inform	Awareness and understanding reducing negative perceptions and increasing emotional attachment
Adversarial stakeholders	Active Non-supportive	Conflict resolution strategies Win-win solution	Non-defensive messages
Apathetic stakeholders	Inactive Non-supportive	Increase awareness	Invite to collaborate

Source: Conceptualised from Rawlins (2006:11)

The four steps are graphically displayed in Figure 3.4

Figure 3.4: Rawlins' four-step process of prioritising stakeholders



Source: Adapted from Rawlins (2006:13)

3.3.9 Gregory's communication strategy typology (2007)

Management should consider the categories of stakeholders in the organisation and develop communication strategies directed at these stakeholder groups. In Chapter 8 of King III it is required that management develops and strategy and policy to manage relationships with stakeholder groups. This typology provides some insight into how such a strategy may be devised. Gregory (2007:66) proposes a communication strategy typology as outlined in Figure 3.5.

Figure 3.5: Communication strategy typology

		INTEREST: Low	INTEREST: High
POWER	Low	**Inform**	**Consult**
	High	**Involve**	**Partner**

Source: Gregory (2007:65)

Informing strategies implies one-way communication. Stakeholders in this segment are latent and may not seek information. However, the organisation may want to create interest. Where stakeholders have a high interest in an issue although little power, the organisation could consult with the particular stakeholder/stakeholder group. There is a need for discourse and engagement. Stakeholders who have a high interest in an issue actively seek information. Furthermore, to consult requires listening and reciprocating with an active response on the part of the organisation (Gregory, 2007:65).

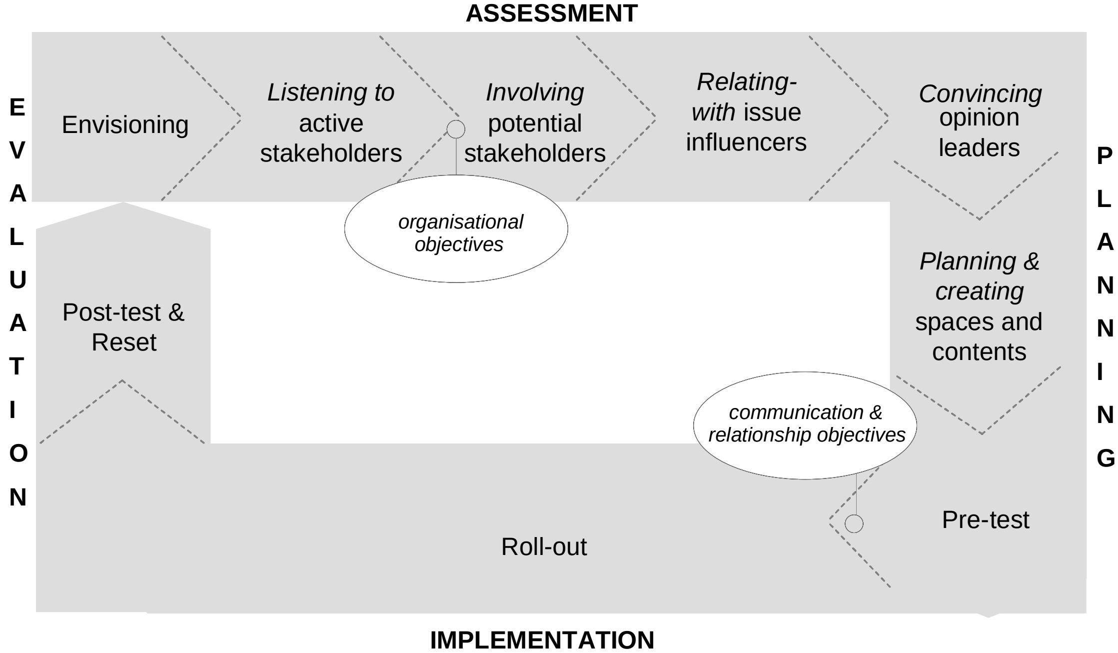
Stakeholders have an organic relationship with organisations. This means that depending on the circumstances, some stakeholder groups at certain times take on more prominence than others, and at other times will take on less (Gregory, 2007:60).

Organisations are facing more pressure to be held accountable for their actions. The sources of accountability originate from both the internal and external environments in which the organisation exists. Stakeholders form part of this external and internal environments and are becoming increasingly demanding (Gregory, 2007:59).

3.3.10 Falconi's GOREL process (2009)

The GOREL (Governance of Relationships) process is described by Falconi (2009:[14]) as a generic or situational scrapbook approach to the day-to-day practice of stakeholder relationships. This process is depicted in Figure 3.6.

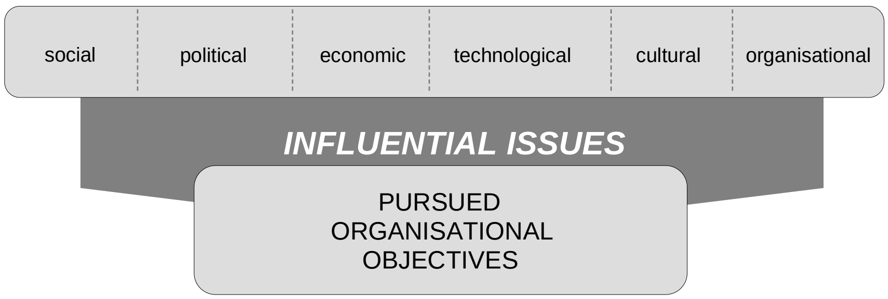
Figure 3.6: GOREL (Governance of Relationships) process



Source: Adapted from Falconi (2006:[21])

The envisioning phase of the GOREL process involves the understanding of the organisation with regard to its mission, vision, values and strategy (Falconi, 2009:[14]). With this understanding in mind, the identification of and listening to active stakeholders can take place. This is done by collecting information and data related to positions, policies, attitudes and behaviour related to the goals of the organisation. This is followed by understanding and interpreting this information (Falconi, 2009:[15]). Based on this step, specific objectives are defined based on the consideration of active stakeholders. The next step implies involving potential stakeholders through a push format of relationship creation developed by communication (Falconi, 2009:[15]), followed by relating to issue influencers. An understanding of the environment within which the organisation operates, is necessary (Falconi, 2009:[16]). This is depicted in Figure 3.7.

Figure 3.7: Issue analysis



- Which issues relevantly influence the achievement of a specific organisational objective (balance between importance and urgency)?
- On which of those issues may the organisation effectively play a pro-active, direct and conscious orientation role?

Source: Adapted from Falconi (2009:[17])

From the issues analysis, issue influencers are identified based on their direct or indirect power to influence the identified issues. Furthermore, opinion leaders need to be identified and convinced. Opinion leaders are those individuals or groups the organisation believes have power and means to influence the opinions and behaviours of the organisational publics (stakeholders) (Falconi, 2009:[18]).

From this process of stakeholder identification, the contents and channels to communicate with the different stakeholders can be determined, followed by a pre-test and setting of communication and relationship objectives, the roll-out of messaging, and finally evaluation (Falconi, 2009:[18-21]).

3.3.11 Analysis of the identification, categorisation, prioritisation and relationship management models, frameworks, guidelines and processes and their value and relevance in the context of this study

Table 3.6 outlines the models, frameworks, guidelines and processes outlined in the literature around the matters of stakeholder identification, categorisation, prioritisation and relationship building. Furthermore, the value and relevance of each of these contributions to this topic are briefly mentioned. This is needed as some overlap between the different models, framework, guidelines and processes exists. In order to be able to find the most suitable and possible combination of these, this summary and contextualisation is needed. Furthermore, to enable communication professionals to assist their companies to manage stakeholder relationships, according to the principles outlined in Chapter 8 of the King III Report, considering their limited know-how in this regard, this summary of making sense of the different models, frameworks, guidelines and processes may provides some clarification.

Table 3.6: The value and relevance of the models, frameworks, guidelines and processes of stakeholder identification, categorisation, prioritisation, relationship management

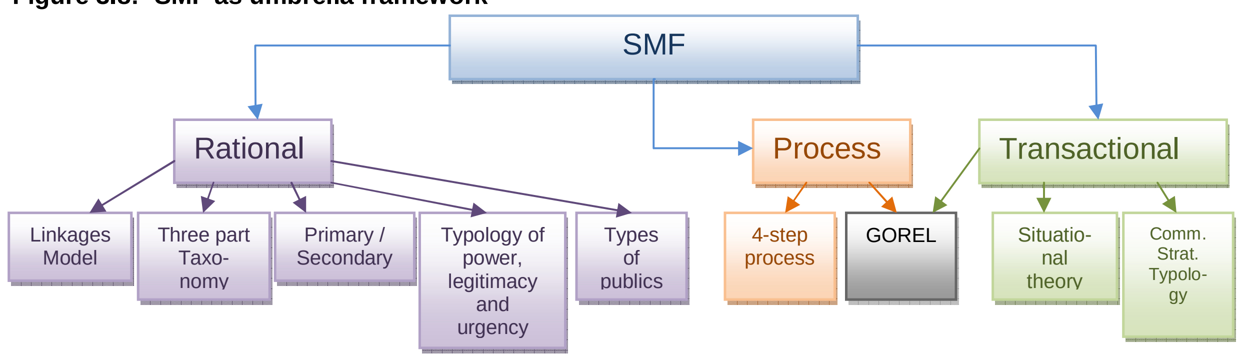
NAME OF MODEL / FRAMEWORK / GUIDELINE / PROCESS	AUTHOR/S	VALUE AND RELEVANCE TO THIS STUDY
Stakeholder management framework (SMF)	Freeman (1984)	The value of the stakeholder management framework (SMF) lies in considering the various levels of the organisation being the rational, process and transactional level. Looking at the various ways in which the different authors approach and understand the communication, relationship management, identification, classification and prioritisation of stakeholders, this framework seems to provide an umbrella view under which each of the works of these authors can fall. With regard to the rational level, which involves understanding who the stakeholders are, coupled with the perceived stakes, the linkages model of Grunig and Hunt, the three part taxonomy of Donaldson and Preston, the primary and secondary stakeholder classification of Clarkson, the stakeholder typology of power, legitimacy and urgency of Mitchell et al. the classes of stakeholders of Mitchell et al. and the types of publics of Steyn and Puth, naturally find a link. The four-step process of Rawlins as well as the GOREL process of Falconi can both be associated with the process level of the SMF. The situational theory of Grunig, Gregory's communication strategy typology and Falconi's GOREL process are all related to the transactional level, which provides understanding of the interactions between the organisation and its stakeholders. The umbrella view provided by Freeman's SMF is depicted in Figure 3.8. **Figure 3.8: SMF as umbrella framework** 

Table 3.6: The value and relevance of the models, frameworks, guidelines and processes of stakeholder identification, categorisation, prioritisation, and relationship management (continued)

NAME OF MODEL / FRAMEWORK / GUIDELINE / PROCESS	AUTHOR/S	VALUE AND RELEVANCE TO THIS STUDY
Linkages model	Grunig and Hunt (1984)	The linkages model provides a starting point for stakeholder identification as highlighted in the work of Falconi (2009).
Three-part taxonomy	Donaldson and Preston (1995)	The three-part taxonomy provides the opportunity for organisations to deepen stakeholder identification around how organisations relate to stakeholders, as well as what happens if these organisations relate to stakeholders in specific ways. This may provide the organisation with a better understanding to improve efforts to manage stakeholder relationships.
Primary and secondary stakeholder classification	Clarkson (1995)	The primary and secondary stakeholder classification is another way with which to classify stakeholders. However, it should not be used in isolation from other/further classification approaches.
Stakeholder typology around the attributes of power, legitimacy and urgency Classes of stakeholders	Mitchell et al. (1997)	The stakeholder typology around power, legitimacy and urgency provides the opportunity for organisations to gain a more structured view of their stakeholders, and enables organisations to have a platform with which to prioritise stakeholders. This is important as engagement and communication with stakeholders need to be specific and tailored. The classes of stakeholders approach are another way, apart from primary and secondary stakeholder classification, to understand different stakeholders better. It is however more detailed than the primary/secondary classification.
Types of publics	Steyn and Puth (2000)	Apart from the primary/secondary stakeholder classification of Clarkson and the classification of stakeholders by Mitchell et al., Steyn and Puth offer a similar classification of stakeholders. The main difference of the Steyn and Puth classification is that it also describes the phases through which stakeholders transform as they move through the stages of awareness of organisational issues.
Situational theory of publics	Grunig (2005)	The situation theory of publics by Grunig provides a platform to better understand the behaviour associated with certain publics (stakeholders). The stakeholder classification used by Grunig is similar to that of Steyn and Puth, which, if used in combination with each other, may prove very useful in predicting what an organisation can expect, in terms of behaviour, from a particular stakeholder. Furthermore, it can also be used as a classification framework, similar to that of Mitchell et al., with the difference that it considers the level of involvement of a stakeholder, as well as their level of problem recognition.
Four-step process to prioritising stakeholders	Rawlins (2006)	The four-step process of Rawlins brings the work of authors such as Grunig and Hunt, Mithcell et al. and Grunig (situational theory) together in a process of stakeholder identification, classification, followed by prioritisation. His contribution lies in identifying possible communication strategies and message focus areas associated with certain stakeholder group classifications.

Table 3.6: The value and relevance of the models, frameworks, guidelines and processes of stakeholder identification, categorisation, prioritisation, relationship management (continued)

NAME OF MODEL / FRAMEWORK / GUIDELINE / PROCESS	AUTHOR/S	VALUE AND RELEVANCE TO THIS STUDY
Communication strategy typology	Gregory (2007)	The communication strategy typology by Gregory provides a simplistic view of the communication strategies associated with the stakeholders identified through the Mitchell et al. stakeholder typology. Considering the four-step process of Rawlins, it seems too simplistic and may need to be used in conjunction with more detailed processes or frameworks.
GOREL process (Governance of Relationships)	Falconi (2009)	The GOREL process of Falconi provides a thorough guideline for aligning stakeholders with the values of an organisation. The way in which stakeholders are identified and classified in this process seems simplistic. However, if the identification and classification of stakeholders of Grunig and Hunt, Mitchell et al., Steyn and Puth, as well as Grunig are incorporated in the "listening to stakeholders" phase of the process, it may enhance the usefulness of this process. The incorporation of Rawlins' process as well as Gregory's communication strategy typology may further enhance the impact this process may have.

Researcher's own construct

The effective identification, categorisation and prioritisation of stakeholders influence their level of satisfaction with the company. Similar to Clarkson (1995:110), who posits that the dissatisfaction of some stakeholder groups can harm the company, Graham (1997:284) argues that a company's reputation, and in some instances, its survival, depend on how well it communicates with key stakeholders. It is not enough for a company to be ethical and forthright in its dealings, it must also be perceived as such. Awareness thus needs to be created. Therefore, the following discussion focuses on stakeholder relationship management, engagement with stakeholders and the governance of stakeholder relationships.

3.4 STAKEHOLDER ENGAGEMENT (SE), STAKEHOLDER RELATIONSHIP MANAGEMENT (SRM) AND GOVERNING STAKEHOLDER RELATIONSHIPS (GSR)

In Chapter 1, Table 1.2 various key terms that are central to this study were outlined. Some of these included the concepts of stakeholder engagement, stakeholder relationship management and the governing of stakeholder relationships. From the literature, these three concepts around stakeholder relationships emerged with slight differences between them. To guide communication professionals on how they can assist their companies to manage stakeholder relationship according to the King III Report on Governance, clarification around which term is most applicable is needed. Furthermore, as communication professionals' knowledge on implementing the principles outlined in Chapter of the King III Report is limited, confusion with terminology may be detrimental. From the next sections, it is clear that the most appropriate term in the context of this study is that of stakeholder relationship management (SRM) as it incorporate most aspects of stakeholder engagement as well as the governing of stakeholder relationships. This section explores these concepts in an attempt to determine whether there are any similarities and differences notable, followed by a comparison. This comparison ensures that the three concepts' similarities and differences are compared around the same dimensions being its purpose, focus, outline, whether any guidelines or frameworks exist and the requirements for being effective in the practise of the particular concept.

3.4.1 Stakeholder engagement (SE)

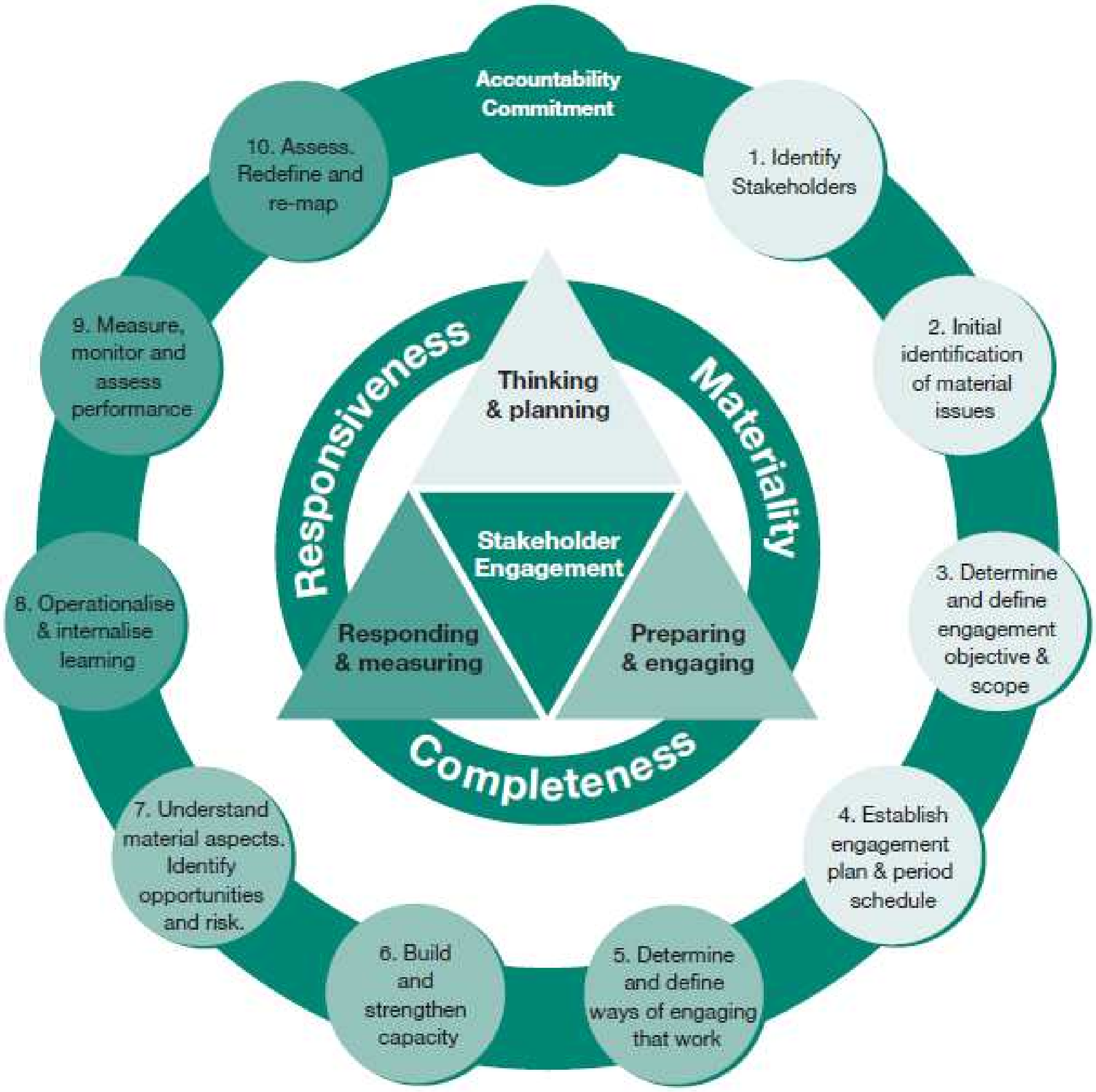
Stakeholder engagement is defined by Sloan (2009:26) as the process of involving stakeholders. However, before stakeholders can become involved, organisations need to first identify and assess their current levels of stakeholder engagement. Sloan (2009:27) proposes different ways to identify and assess stakeholder engagement, which include (Sloan, 2009:27):

- the level of policy commitment to stakeholders
- the number of stakeholder engagement activities
- the focus on performance outcomes.

Different organisations consider stakeholder engagement as a key parameter to identify socially responsible companies. These organisations include rating agencies, non-profit organisations, standard developing bodies and advocacy organisations from across the globe. The specific organisations that consider stakeholder engagement as a key parameter to identify socially responsible companies include the Ethical Investment Research Services (EIRS) (rating agency), Jantzi Research (rating agency), Innovest Strategic Value Advisors (rating agency), Calvert Investment (ethical investor), Domini Social Investment (ethical investor), AccountAbility (advocacy organisation), Global Reporting Initiative (standards organisation) and SAM/Dow Jones (stock market indices) (Sloan, 2009:28-29). These organisations advocate the importance of stakeholder engagement and one of their reasons include that stakeholder engagement is likely to increase accountability, strengthening trust and corporate credibility of companies. It further provides the means to gain acceptance and build the trust of a wide group of different stakeholders for these companies. Finally, stakeholder capital is a leading indicator of the quality of management and long-term financial performance of a company.

AccountAbility, an organisation established to promote accountability for sustainable development wrote a Stakeholder Engagement Standard Exposure draft (AA1000SES) in 2005 which provides a framework for successful stakeholder engagement. This organisation argues that the purpose of stakeholder engagement is to drive strategic direction and operational excellence, which ultimately leads to sustainable development. It proposed a framework for quality stakeholder engagement as outlined in Figure 3.9.

Figure 3.9: Stages and elements of the framework for quality stakeholder engagement



Source: AccountAbility (2005:30)

According to *AccountAbility* (2008:13), stakeholder engagement is based on three principles, namely materiality, completeness and responsiveness as outlined in the central circle of Figure 3.9 where:

- materiality requires knowing stakeholders and the organisation's material concerns;
- completeness requires an understanding of stakeholder concerns, expectations and perceptions related to their material issues; and
- responsiveness requires responding to stakeholders' and the organisation's material concerns.

In a bid to address these principles, organisations need to meet specific requirements, indicated by the outer circle of Figure 3.9. These requirements must be met for the elements, as indicated by the parts of the triangle within the central circle, to function effectively. Another way to present the framework is in the form of a Table, which provides the opportunity to outline more detail with regard to the links between each element, the requirements associated with each element, and the details related to each of the requirements. This is presented in Table 3.7.

Table 3.7: Specific requirements for the elements of the framework

ELEMENT	REQUIREMENT	DETAILS
THINKING AND PLANNING	Identify stakeholders	Organisation to establish methodology and process to identify and map stakeholders and manage the relationship. Communicate stakeholder map to stakeholders.
	Initial identification of material issues	Organisation to establish a methodology and process to identify material issues associated with its activities, products, services, sites and subsidiaries.
	Determine and define engagement strategy, objective and scope	Organisation to establish a stakeholder engagement strategy which includes the context, objectives and scope for engagement.
	Establish engagement plan and implementation schedule	Organisation to establish a stakeholder engagement plan and schedule. Communicate plan and schedule to stakeholders.
PREPARING AND ENGAGING	Identify ways of engagement that works	Organisation to establish suitable ways of engagement.
	Build and strengthen capacity	Organisation to identify and assess stakeholder capacity needs in resources and competencies and respond to these.
	Engage with stakeholders in ways that facilitate	Organisation to identify and understand stakeholder concerns, opportunities and

ELEMENT	REQUIREMENT	DETAILS
	understanding, learning and improvement	risks.
RESPONDING AND MEASURING	Operationalise, internalise and communicate learning	Organisation to learn from stakeholder engagement to inform strategies and operations. Communicate what it learns and how it will respond.
	Measure and assess performance	Organisation to establish processes and ways to measure monitor and assess the quality of its stakeholder engagement practice.
	Assess, re-map and re-define	Organisation to assess, re-map stakeholders and re-define stakeholder engagement strategy.

Source: Conceptualised from AccountAbility (2005:21-23)

From the process outlined in Table 3.7 it is clear that stakeholder engagement is not just about communicating with stakeholders. It involves collaboration, learning and innovation. Central to the *AccountAbility* framework lies the three triangles (see Figure 3.9) outlined as elements in Table 3.7. The thinking and planning element involves identifying stakeholders and their concerns, determining and defining how these will be addressed through an engagement strategy, and drafting an engagement plan and implementation schedule. Simultaneously, the organisation needs to prepare itself through identifying ways of engagement that work (i.e. that facilitate understanding, learning and improvement), and build and strengthen its capacity to do so. At the same time the organisation needs to respond and measure its success.

Learning from the stakeholder engagement needs to be internalised and operationalised. The quality of the organisation's engagement practice should then be monitored and assessed frequently, from which it can then assess, re-map its stakeholders and finally re-define its stakeholder engagement strategy. The *AccountAbility* framework provides a platform for continuous stakeholder engagement. Subsequent to the exposure draft of the AA1000SES Stakeholder Engagement Standard released in 2005, a final exposure draft of this standard was released on 2011.

Sloan (2009:40) states that corporate leaders are starting to realise the rising expectation in this regard. Therefore, their relationships with stakeholders are becoming more inclusive and stakeholder engagement forms part of the central business process in transforming the organisation and the stakeholder engagement strategy. For stakeholder engagement to be successful, leadership and management must be committed to stakeholder inclusion. Some of the activities that leadership and management may consider, among others, include a review and adoption of the policy which prescribes the organisation's intentions with respect to its stakeholders, agree on benchmarks and performance indicators, as well as run stakeholder consultation surveys (Wheeler & Sillanpää, 1998:204-208).

As organisations are seen as living processes similar to organisms living in an unpredictable environment, there is a shift towards building and maintaining stakeholder relationships through bottom-up grassroots participation, connectivity and dialogue (Ströh, 2007:134). Through this participation, connection and dialogue, collaboration, learning and innovation, as proposed by the *AccountAbility* framework, becomes possible.

Henry (2001:226) argues that some stakeholders may form part of different stakeholder groups at the same time. For example, employees are also local community members, part of society at large, customers and shareholders – simultaneously. Many other examples exist in the literature. What is important is that this complexity is dynamic with regard to the different roles played by the stakeholders on the one hand, but also in a systematic sense where changes in one part of the system impact on other parts. This implies that individual relationships can only be managed effectively by taking into account the wider system of which they are part.

Long-term value creation in a company is achieved through relationships with key stakeholders, which in turn are achieved through cooperative planning and design efforts (Hillman & Keim, 2001:128). Kaplan and Norton (1996:75) argue that the drivers of financial performance are the relationships a company has with customers that impact customer service. Other stakeholder relationships within the company that drive financial performance are those with employees and communities.

The notion that the engagement of stakeholders does not imply the responsible treatment of stakeholders is of importance. Greenwood (2007:320) argues that the responsible treatment of stakeholders has been defined as the organisation acting in the interests of legitimate stakeholders. Coupled with this is determining who the legitimate stakeholders are and how an organisation balances conflicting stakeholder claims. Furthermore, Greenwood (2007:319) states that just because someone communicates or consults with another does not mean that they have any interest in fulfilling the other's desires or wants. The intent of the actors lies at the root of the engagement. In this regard, Greenwood (2007:319) summarises how stakeholder engagement can best be understood, based on the work of several authors including Evan and Freeman in 2004, Van Buren III in 2001, Arnstein in 1969, Phillips in 1997, Peccei and Guest in 2002, Gray in 2002, Freeman in 1984, Sillanpa in 1998, Deegan in 2002, Swift in 2001, Own, Swift, Humphrey and Bowerman in 2000, Livesey and Kearins in 2002, Power in 2004, Kamoche in 2006 and Bauman in 1993 in Table 3.8.

Table 3.8: Understanding stakeholder engagement

ENGAGEMENT AS A FORM OF RESPONSIBILITY	ENGAGEMENT BECOMES A MECHANISM FOR RESPONSIBILITY
Fiduciary duty	Acquitting the moral duty of the company
Consent	Enhancing voluntary explicit consent, ameliorating unfairness
Corporate governance	Allowing stakeholders access to decision-making, enhancing stakeholder voices
Participation	Allowing stakeholders to participate in the company
Fairness	Fulfilling the obligation to stakeholders
Cooperation	Enhancing trust-based cooperation
Accountability	Enhancing the accountability of the company

ENGAGEMENT AS A FORM OF MANAGERIALISM	ENGAGEMENT BECOMES A MECHANISM FOR MANAGERIALISM
Unitarism	Encouraging unity of values, suppressing dissent, discouraging informal communication
High-commitment HRM	Eliciting employee contribution, becoming an 'employer of choice'
Non-financial accounting	Measuring and valuing non-financial, intangibles of the company e.g. capital, social capital
Strategic management	Managing the company in response to the interests of the stakeholders
Continuous learning	Involving stakeholders so that the company can continuously learn and improve
Legitimisation	Legitimising the company to its stakeholders
Risk management	Deflecting criticism
ENGAGEMENT AS A FORM OF SOCIAL CONTROL AND CONSTRUCTION	**ENGAGEMENT BECOMES A MECHANISM FOR SOCIAL CONTROL AND CONSTRUCTION**
Trust-distrust	Substituting trust or mitigating distrust
Managerial capture	Enhancing managerial control
Social construction	Constructing an image of the company
Fatal remedy	Undermining democratic goals by attempting to control the immeasurable and making it rational and objective
Knowledge appropriation	Transforming stakeholders' tacit knowledge to explicit knowledge
Immorality	Suppressing moral instinct

Source: Adapted from Greenwood (2007:319)

These aspects outlined in Table 3.8 are also in line with what is outlined in Chapter of the King III Report on Governance, discussed in Chapter 4.

3.4.2 Stakeholder relationship management (SRM)

According to Sloan (2009:26), "stakeholder relationships have long been a touchstone of corporate sustainability" where companies had to manage the relationships with these stakeholders. These relationships in turn create sustainability and high-performing organisations, financially, socially and environmentally (Sloan, 2009:26).

As organisations need to focus on building long-term relationships with stakeholders, the six elements these relationships consist of and as discussed by Grunig and Hon (1999:13), are briefly outlined:

- Control mutuality, which implies the degree to which parties agree on who has the rightful power to influence one another.
- Trust, which constitutes one party's level of confidence in and willingness to open themselves to the other party. Trust consists of three dimensions, namely integrity, dependability and competence. Integrity is the belief that an organisation is fair and just. Dependability is the belief that and organisation will do what it says, and competence is the belief that an organisation has the ability to do what it says.
- Satisfaction is the extent to which each party feels favourably towards the other as expectations about the relationship are reinforced. A satisfying relationship is one in which the benefits outweigh the costs.
- Commitment is the extent to which each party believes and feels that the relationship is worth spending energy on in order to maintain and promote it. The two dimensions of commitment are continuance commitment and affective commitment. Continuance commitment refers to a particular line of action and affective commitment is an emotional direction.
- Exchange relationships involve that one party gives benefits to the other only because the other has provided benefits in the past, or is expected to do so in the future.
- Communal relationships exist where both parties provide benefits to each other, because they are concerned about the welfare of the other, even when they do not get anything in return.

Four approaches to coping with stakeholder groups in the environment exist namely, inactivity, reactivity, pro-activity and interactivity. Inactivity involves ignoring the opinions and values of stakeholders as well as their stake in the organisation. Reactivity has to do with waiting for something to happen (stakeholder reaction) and then responding to it. Pro-activity involves attempting to predict the behaviour of stakeholders and then positioning the organisation towards those. Interactivity has to do with active involvement with stakeholder groups that can affect the future of the organisation (Steyn & Puth, 2000:188).

As part of stakeholder management, Steyn and Puth (2000:195) argue that stakeholders are identified and that research is undertaken to ascertain the nature and size of their interests, aspirations, limitations, attitudes, perceptions, hopes and fears and the influence they have. Stakeholder demographic and psychographic details are needed in order for organisations to attempt to manage relationships with stakeholders (Guth & Marsh, 2000:96).

The successful management of relationships with key stakeholders may result in more than continued support and participation. These relationships constitute intangible, socially complex resources that enhance the organisation's means to do better than competitors with regard to long-term value creation (Hillman & Keim, 2001:127).

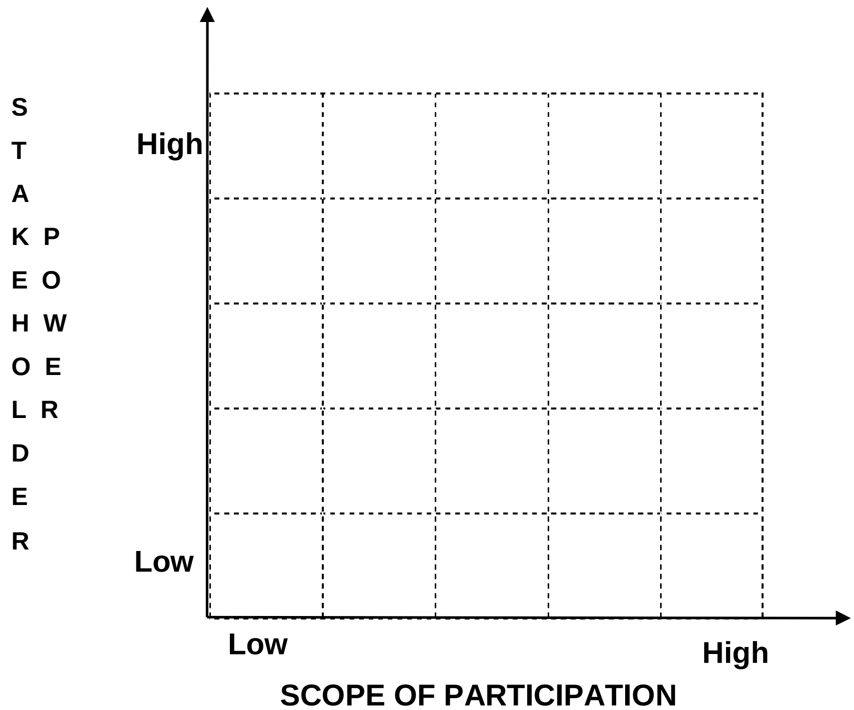
3.4.3 Governing stakeholder relationships (GSR)

The concept of governing stakeholder relationships seems to be fairly new as limited literature was found on this topic. In fact, although Chapter 8 of the King III Report on Governance for South Africa is entitled Governing Stakeholder Relations, very little literature is available. The concept is mentioned by Falconi (2009:[1-22]), where he proposes a process called GOREL (discussed under 3.3.10) for governing stakeholder relationships. This process is not discussed again in this section. It was discussed under 3.3, as this process was significant for the discussion of stakeholder identification, classification and prioritisation. What is important to mention is that Falconi (2009:[2]) argues that organisations may not necessarily manage the stakeholders, but rather govern their relationships with them.

Research was conducted by Spitzek and Hansen (2010:378-391) into how stakeholders are voluntarily granted influence in corporate decision-making. These authors refer to the concept of stakeholder governance. Therefore, this section is based on their work.

According to Spitzeck and Hansen (2010:380), the two important dimensions of stakeholder governance are power and scope, where power is the level of influence given to stakeholders in decision-making. On the one hand there may be non-participation where stakeholders do not have any voice in decision, and on the other hand stakeholders may possess the power to decide for the organisation. Scope is the breath of power in decision-making. From this, Spitzeck and Hansen (2010:381) developed the power/scope grid of stakeholder governance. Levels of power were determined, which include no evidence of stakeholder power, listening to stakeholders' voices, intermediary impact, impact on policies and key performance indicators and substantiated impact. With regard to the scope of participation, it is dependent on the type of issue that determines the scope of participation. The issues were classified as operational issues, managerial issues and strategic issues (Spitzeck & Hansen, 2010:381). The power/scope grid of stakeholder governance is outlined in Figure 3.10. This power/scope grid of stakeholder governance is relevant to this study as it considers the nature of stakeholder, but also incorporates issues. Furthermore, it also provides more insight for communication professionals to understanding stakeholders, but also how relationships with them may be managed. Issues and the management therefore are also discussed later in this chapter as stakeholder relationship management is impacted by it.

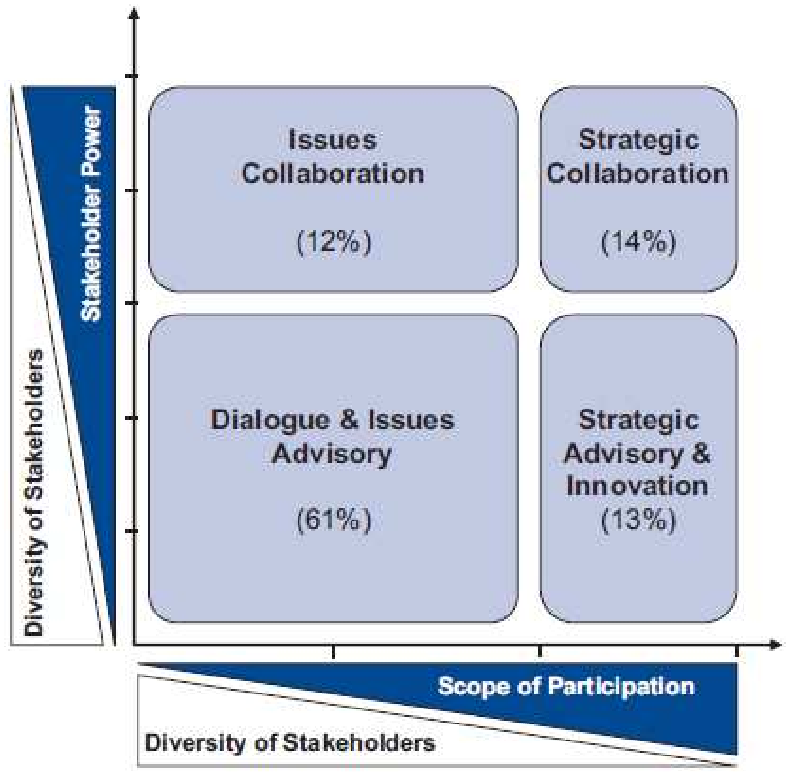
Figure 3.10: Power/scope grid of stakeholder governance



Source: Spitzeck and Hansen (2010:381)

In turn, these authors identified four clusters based on the extent of power and scope of a stakeholder (Spitzeck & Hansen, 2010:384) and these are depicted in Figure 3.11.

Figure 3.11: Clusters of stakeholder governance mechanisms



Source: Spitzeck and Hansen (2010:384)

From the research of Spitzeck and Hansen (2010: 384), the extent to which a particular stakeholder governance mechanism is used is indicated by the percentage in the respective block in Figure 3.11. The four clusters include that of dialogue and issues advisory, strategic advisory and innovation, issues collaboration and strategic collaboration.

With regard to dialogue and issues advisory, it is evident that stakeholders have low scope and low power. In this cluster broad types of stakeholders are involved. The actual mechanisms for stakeholder governance include stakeholder dialogues through multi stakeholder forums and stakeholder advisory panels (SAPs) (Spitzeck & Hansen, 2010:385).

The strategic advisory and innovation cluster involves stakeholders with high scope and low power. In this instance, broad stakeholder dialogues become unimportant with limited diversity of stakeholders. Stakeholder advisory panels are also one of the mechanisms used, with the difference that these advise the organisation's strategy more broadly and focus on specific business opportunities (Spitzeck & Hansen, 2010:385).

The issues collaboration cluster involves stakeholders with low scope and high power. The diversity of the stakeholder in this instance is low as just a few stakeholders are involved. The issues involve include very specific issues around local communities (Spitzeck & Hansen, 2010:385).

The strategic collaboration cluster is focussed on stakeholders with high scope and high power. In this instance stakeholders are seen as partners. Instruments used for engagement are surveys, meetings with representative, involvement in brand management, advisory boards and voting mechanisms (Spitzeck & Hansen, 2010:386).

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3.4.4 Analysis of stakeholder engagement (SE), stakeholder relationship management (SRM) and the governing of stakeholder relationships (GSR)

In order to have a better understanding of the concepts of stakeholder engagement (SE), stakeholder relationship management (SRM) and the governing of stakeholder relationships (GSR), a comparison is provided in the Table 3.9. This analysis is an expansion of the definitions provided in Chapter 1, Table 1.2 and the discussions in section 3.4.1, 3.4.2 and 3.4.3.

Table 3.9: Analysis of SE, SRM and GSR

	STAKEHOLDER ENGAGEMENT (SE)	STAKEHOLDER RELATIONSHIP MANAGEMENT (SRM)	GOVERNING STAKEHOLDER RELATIONSHIPS (GSR)
DEFINITION	Process of involving stakeholders	Building long-term relationships with key stakeholders	Extent to which stakeholders are voluntarily granted influence in corporate decision-making
PURPOSE	• Means to gain acceptance and build trust of stakeholder • Drive strategic direction and operational excellence which leads to sustainable development	Building long-term relationships with key stakeholders considering six elements: • Rightful power to influence • Trust • Satisfaction with the relationship • Commitment • Exchange and communal relationships	Allowing the influence of stakeholders on decision-making dependent on the issues at hand and the relative power of the stakeholder
FOCUS	• Level of policy commitment to stakeholder • Number of engagement activities • Focus on performance outcomes	• Stakeholder inclusion through dialogue-based empowered relationships • Two-way communication	• Power based on evidence of power, listening to stakeholders' voice, intermediary impact, impact on policies and KPIs and substantiated impact • Scope based on the type of issues being operational issues, managerial issues and strategic issues
OUTCOME	• Socially responsible organisations • Increased accountability • Strengthened trust and credibility • Indicator of the quality of management and long-term financial performance	• Continued support and participation of stakeholder • Enhanced means for competitive advantage for long-term value creation • Sustainability • High performing organisations	• Improved governance • Strengthening of trust and credibility
GUIDELINES/ FRAMEWORK/ APPROACHES	AccountAbility's stakeholder engagement framework	Inactivity, reactivity, pro-activity and interactivity	• GOREL process • Power/Scope grid of stakeholder governance • Clusters of stakeholder governance mechanisms
REQUIREMENTS	• Commitment to stakeholder inclusion by leadership and management • Development of a policy	• Stakeholder inclusion should be the norm • Alignment of values	None mentioned

In Table 3.9 stakeholder engagement, stakeholder relationship management and the governing of stakeholder relationships are compared to determine whether these concepts are different or in fact the same. This comparison is based on looking at the definition of each of the concepts, the purpose, focus and outcomes of each of the concepts, and assessing whether any guidelines, frameworks or approaches can be found in the literature. Finally, the requirements, if any, are compared.

- *Definitions*

The definitions are different as involving stakeholders does not imply a relationship is in place, whereas stakeholder relationship management is focussed on building long-term relationships around power, trust, satisfaction and commitment. With regard to the governing of stakeholder relationships, the focus is on the influence on decision-making granted to stakeholders. Relationships imply a two-way dialogue based interaction, which is not necessarily the case with merely allowing influence on decision-making.

- *Purpose*

In view of the purpose of each of the concepts under discussion, it seems that stakeholder engagement may be considered a means to building relationships, whereas the governing of stakeholder relationships places the organisation above stakeholders in terms of power in that it allows stakeholders to influence decision-making.

- *Focus*

Stakeholder relationship management's intent in terms of its focus seems to revolve around stakeholder inclusion and two-way communication at a more strategic level, while stakeholder engagement is focussed on policy commitment, the number of activities and performance outcomes, which seem more operational in nature. The governing of stakeholder relationships, in turn, revolves around power and scope around issues management, which may again be regarded as strategic.

- *Outcome*

There is some alignment of outcomes between stakeholder engagement and the governing of stakeholder relationships, as both revolve around improved governance and accountability and the increased trust and credibility of the organisation. In contrast, stakeholder relationship management's outcome revolves around the stakeholder's support and participation, as well as the competitive advantage of the organisation.

- *Guidelines/frameworks/approaches and requirements*

For all three the concepts, guidelines/frameworks or approaches exist and one of the requirements is stakeholder inclusion.

To summarise, there are some differences between stakeholder engagement, stakeholder relationship management and the governing of stakeholder relationships. It seems that the more encompassing concept is that of stakeholder relationship management, which includes aspects of both stakeholder engagement and the governing of stakeholder relationships. This is particularly relevant to this study as the title of Chapter 8 of the King III Report on Governance is 'Governing Stakeholder Relationships', when in fact, the principles and details contained include stakeholder engagement, governing stakeholder relationship and ultimately managing stakeholder relationships.

From the discussion in section 3.3 and 3.4, issues management, crisis management/conflict resolution and reputation management emerged as areas significant to stakeholder relationship management, although it is not specifically outlined in the conceptualisation of this study in Table 1.1 in Chapter 1. However, in terms of the six principles outlined in Chapter 8 of the King III Report, both issues management and conflict resolution and crisis management are discussed. Therefore, these areas are discussed in more detail next.

3.5 ISSUES MANAGEMENT

Issues management, briefly discussed in Chapter 2, is related to stakeholder relationship management as it influences the needs and expectations of stakeholders. In this section that discussion is expanded upon. It is used to anticipate issues and resolve conflict before stakeholders make it an issue. Often, organisations do not pro-actively identify and address an issue, which causes a crisis. In turn, the organisation then needs to resort to short-term crisis communication (Grunig, 1992a:13).

An issue may be defined as a condition or pressure that may have a significant effect on the functioning of the organisation, a point of conflict between the organisation and stakeholders, or an unsettled matter that is ready for decision (Steyn & Puth, 2000:207). Three categories of issues exist which include current issues, emerging issues and social trends. A current issue is an issue that is currently debated and covered by the media, whereas an emerging issue is an issue that is likely to be important in two to five years, and that may become the subject of legislation and on which the government position has not yet been formulated. A social trend, however, entails changing attitudes and human behaviour that may have political or economic effects (Steyn & Puth, 2000:211).

Issues are created by stakeholders and are based on their subjective interpretation of the position of the organisation with regard to a particular issue (Steyn & Puth, 2000:214). These subjective interpretations form the reputation of the organisation and are often based on credibility and trust. The credibility of the organisation in its interactions with stakeholders is a major component of reputation, which is built over time (Mahon & Wartick, 2003:27) and based on trust. Reputation management is highlighted as a key term of this study in Chapter 1, Table 1.2 and discussed in more detail later in this chapter. However, an area that is closely related to issues management, and which affects reputation management, is crisis management/conflict resolution. Although these two terms are not the same in essence, they are related in that when conflict with stakeholders arises, communication professionals needs to engage in crisis management from a relationship management point of view. This area is also significant for this study as one of the six principles outlined in Chapter 8 of the King III Report is dedicated to conflict resolution.

3.6 CRISIS MANAGEMENT/CONFLICT RESOLUTION

This section expands on the brief discussion of crisis management outlined in Chapter 2. There is often much conflict within as well as outside the organisation with stakeholders about the choice of the goal of the organisation (Grunig & Hon, 1999:8). This often requires the organisation to look into conflict resolution strategies. Strategies for maintaining relationships that deal with conflict resolution can be grouped into three categories (Grunig & Hon, 1999:16-17):

- *The integrative approach*

  The integrative approach is symmetrical as all parties in the relationship benefit by exploring common or complementary interests and solving problems together through dialogue and participative decision-making. The goal is a win-win solution that values the integrity of a long-term relationship between an organisation and its stakeholders.

- *The distributive approach*

  The distributive approach is asymmetrical as one party benefits at the expense of another by seeking to maximise gains and minimise losses within a win-lose or self-gain perspective. The tactics associated with the approach include trying to control through domination, argument, insistence on a position, or showing anger, faulting the other party, hostile questioning, presumptive attribution, demands, or threats.

- *The dual concern approach*

  The dual concern approach focuses on balancing the interests of stakeholders with the interests of the organisation. Some dual concern strategies are asymmetrical because they emphasise the organisation's interest over that of the stakeholder, or *vice versa,* and will not be effective. These strategies include contending, avoiding, accommodating and compromising. With contending, the organisation tries to convince the stakeholder to accept its position. When the organisation leaves the conflict either physically or psychologically, it avoids the conflict. During accommodating, the organisation lowers its aspiration and during compromising the organisation meets the stakeholder part-way, but neither is completely satisfied with the outcome. Those strategies that are symmetrical are most effective and include cooperating, being constructive, saying win-win or no deal.

A win-win solution to conflict resolution is only possible if the stakeholders have a long-term relationship with the organisation. The dimensions of conflict resolution include, similar to those outlined in the dual concern approach by Grunig and Hon (1999:16-17), contending, cooperating, avoiding, accommodating and compromising. Two further dimensions include unconditionally constructive and win-win or no deal approaches (Plowman, 2007:92):

- In the unconditionally constructive approach the organisation acts in a way that will be good for the relationship and good for the organisation, whether or not the stakeholder follows the same guidelines. In other words, even if the other party in the conflict does not reciprocate, the organisation acts in reconciling the strategic interests of both the organisation and its strategic stakeholder.
- The win-win or no deal approach means that if the parties cannot find a solution that would benefit both, they would agree to disagree.

The effectiveness in dealing with conflict and ultimately a crisis depends on the organisation's ability to manage the crisis, through managing its relationships and strategically preparing and planning for crises (Hagan, 2007:438). Preparation and planning for crises include understanding the organisation's stakeholders (Hagan, 2007:429), assessing the vulnerabilities of the organisation (Hagan, 2007:423), conducting environmental scanning research and issues management, as well as designating a crisis management team and conducting training activities which include mock crisis drills/simulations (Hagan, 2007:433).

Issues and crisis management impact the reputation of companies, which requires reputation management as outlined in the next section.

3.7 REPUTATION MANAGEMENT

Reputation management is briefly discussed in Chapter 2, but expanded upon in this section as it is one of the academic fields of communication management important in the context of this study. Furthermore, the first of the six principles of Chapter 8 of the King III Report (discussed in more detail in Chapter 4) focuses on reputation management and how stakeholders impact this. Reputation management is one of the areas communication professionals need to align with their stakeholder relationship management practises in assisting companies to managing their stakeholder relationships according to the King III Report on Governance. Thus, it should be incorporated in both company and communication management strategies.

Various disciplines have contributed to the definition of reputation including economics, strategy, marketing, organisation theory, sociology, communications and accounting (Fombrun, Gardberg & Sever, 1999:242). This emphasise not only the importance of reputation for the company as a whole, but also the incorporation of reputation management in both company and communication management strategies. Table 3.10 outlines how these disciplines consider this concept.

Table 3.10: Reputation defined by various disciplines

DISCIPLINE	DEFINITION
ECONOMICS	Reputations are traits or signals that describe a company's probable behaviour in a particular situation
STRATEGY	Reputations are intangible assets that are difficult to rivals to imitate, acquire, or substitute and so create mobility barriers that provide their owners with a sustained competitive advantage
ACCOUNTING	Reputation is one of many types of intangible assets that are difficult to measure but create value for companies
MARKETING	Reputation describes the corporate associations that individuals establish with the company name
ORGANISATION THEORY	Reputations are cognitive representations of companies that develop as stakeholders make sense of corporate activities
SOCIOLOGY	Reputational rankings are social constructions emanating from the relationships firms establish with stakeholders in their shared institutional environment
COMMUNICATION	Reputations are corporate traits that develop from relationships companies establish with their multiple constituents

Source: Fombrun et al. (1999:243)

As reputation is defined in different ways by different groups and individuals, Griffin (2008:11-12) provides a more simplistic way of considering the concept. He says that as individuals, what people think about you affects how they treat you. Similarly, people think different things about your organisation, which may be good or bad, based on how they see the world. The overall impression that these thoughts of different people add up to is referred to as your reputation. Griffin (2008:12) adds that over time, reputation can be changed by what you do and/or by changing how you explain what you do.

Corporate reputation, for the purpose of this study, is defined as the combined opinion of an organisation's complete nature, which is based first and foremost on the past dealings with stakeholder groups by the organisation (Fombrun & Shanley, 1990:233; Hannon & Milkovich, 1996:408). It is regarded as an intangible asset. Some authors suggested that it is a possible source of sustainable competitive advantage for the organisation and positively related to organisational achievement (Hannon & Milkovich, 1996: 405; McMillan-Capehart, Aaron & Cline, 2010:185).

Bebbington, Larrinaga and Moneva (2008:339,340) reported an examination of six reputation ranking studies (Fortune, Management Today, Financial Times, Rayner (2003), Reputation Quotient and Reputex Social Responsibility Ratings), which revealed that reputation gets evaluated by stakeholder based on five elements of reputation. These include a company's financial performance; the quality of management; the social and environmental responsibility performance; the employee quality; and the quality of the goods/services provided. The is significant in the context of this study as how stakeholders view companies (reputation) is impacted upon by the company's ability to manage relationships with these stakeholders around the five elements mentioned above. The implication of this is that although communication professionals can assist in managing relationship with stakeholder from a strategy, process and engagement point of view, they are not able to change any of these five elements. In other words, communication professionals can merely influence these elements and communicate around these elements.

3.7.1 The relationship between identity, image and reputation

In order to understand the concept of reputation, it must be understood in relation to the concepts of identity and image (Walker, 2010:363). There is a tendency in the literature for organisational identity to refer to internal stakeholders only, image to refer to external stakeholders only, and corporate reputation to refer to both (Walker, 2010:363). Identity is regarded as the way organisational members perceive, feel, and think about the organisation, as well as the extent to which they identify with the organisation (Vella & Melewar, 2008:8). It results in how an organisation presents, positions and differentiates itself visually and verbally at corporate, business and product levels (Melewar, 2003:197). Image refers to how stakeholders (external to the organisation) perceive and interpret the ways in which an organisation manifests itself and relates to the experiences, beliefs, feelings, knowledge, associations and impressions that each stakeholder has about the organisation. While identity is based on the impressions of organisational members (employees), image resides in the minds of audiences (Melewar, 2003:214).

Hatch and Schultz (1997:362), make an important point by stating that culture is the “cognitive instrument that translates corporate identity into image”. After a comprehensive study of the literature on reputation, Walker (2010:370) defined corporate reputation as “a relatively stable, issue specific aggregate perceptual representation of a company’s past actions and future prospects compared against some standard.” In Table 3.11 the distinction is outlined between organisational identity, image and reputation.

Table 3.11: Organisational identity, image and reputation

	IDENTITY	IMAGE	REPUTATION
STAKEHOLDERS	Internal	External	Internal and external
PERCEPTIONS: ACTUAL OR DESIRED	Actual	Desired	Actual
EMANATING FROM INSIDE OR OUTSIDE THE ORGANISATION	Inside	Inside	Inside and outside
POSITIVE OR NEGATIVE PERCEPTION OF THE ORGANISATION POSSIBLE	Positive or negative	Positive	Positive or negative
RELEVANT QUESTION	What/who do we believe we are?	What/who do we want others to think we are?	What are we seen to be?

Source: Adapted from Walker (2010:367)

In other words, when considering organisational identity, the stakeholders involved are internal; the perceptions of these stakeholders are emanating from inside the organisation and can be either positive or negative. For organisational image, the stakeholders are external and the perceptions considered are what the organisation wants them to be. Image emanates from outside the organisation and therefore the possible perception is positive. The stakeholders, having formed actual perceptions of the organisation around its reputation are both internal and external, and thus the perceptions emanate from both inside and outside the organisation. Similarly, the perception can either be positive or negative.

Reputation is often evaluated around five elements which include: financial performance, quality of management, social and environmental responsibility performance, employee quality, and the quality of the goods/services provided. Individuals use these elements when they evaluate reputation and also those that managers perceive individuals may use when they form a view of the organisation's reputation (Bebbington et al., 2008:339, 340). In view of the concepts of identity and image outlined in Table 3.11 these elements relate not only to individuals outside the organisation, but also inside. This is important for organisations to realise as employees evaluate their organisations around its financial performance, the quality of management, how it performs with regard to social and environmental responsibility, and the quality of its good/services. Simões and Dibb (2008:77) state that managers and employees in turn can assist the organisation in the formation of the image of the organisation among its external stakeholders.

3.7.2 Integrated strategic communication in support of reputation management

According to Niemann (2005:4), the traditional role of marketing management and communication management is raised, through the approach of integration, to that of business management. This implies that both marketing management and communication management become business approaches. Through the process of integration with marketing management, communication management contributes directly to the bottom line and the general wealth for the business. As mentioned before, reputation management needs to form part of company or business strategy as well as communication management strategy, which is achieved through integrated strategic communication. The implication of this is that the company are able to ensure transparent and effective communication for building and maintaining trust and confidence among stakeholders as stipulated in one of the six principles of Chapter 8 of the King III Report. Grunig (2009:2) supports this notion in that he states that excellent communication management departments integrate all communication functions into a single department or alternatively find a mechanism to coordinate departments responsible for different communication activities.

The term integrated communication can be applied to communication management in three ways (Hallahan, 2007:310):

- one voice/one look communication approach, which suggests that a business must develop a single persona and voice that is consistent,
- the coordinated approach between communication management and marketing, and
- communicating purposefully, which suggests that integration involves everyone in the business.

Integrated communication is based on the view that all communication from and about the organisation is to portray a unified message (Burger, 2009:106). The concept of integrated communication – in brief – means unity of effort across the organisation. This does not, however, refers only to consistent messages – the “one-voice-one-look” approach – but includes unity of rationale for the organisation, unity of organisational procedures, unity of organisational purpose, and unity of achievements within the organisation. Integration refers ultimately to everything the organisation actually does and does not do (Niemann, 2005:274), which in turn impacts the reputation and resultant reputation management efforts.

Niemann (2005:248-250) outline three levels of integration being the organisational, stakeholder and environmental levels. While the organisational level is internal, the stakeholder and environmental levels are external. At the organisational level, integration needs to take place across business units, functions and regions in terms of systems, processes and procedures. Here the CEO and senior communicator plays a vital role. At the stakeholder level the managing of stakeholder relationships are important as there is an overlap, interdependence and interaction between stakeholders. The environmental level includes the social, political, economics and related environments, which needs to be considered by the organisation.

Integration is therefore an organisational pursuit, and not merely a quick-fix solution to marketing management. In essence, integration intensifies the integrity of the organisation. Integration produces integrity, because an organisation that is seen as a whole rather than as an anthology of incongruent, autonomous functions, is perceived as being more sound and reliable (thus a unity of efforts), the latter being imperatives for sustainable relationships with stakeholders.

3.8 CONCLUSION

The analysis of the related concepts of stakeholder engagement (SE), stakeholder relationship management (SRM) and the governing of stakeholder relationships (GSR) highlighted stakeholder relationship management (SRM) as the more encompassing concept of the three as it includes elements of both stakeholder engagement and the governing of stakeholder relationships. This is significant as, although Chapter 8 of the King III Report's title is 'Governing Stakeholder Relationships', the principles and detail contained in this chapter relate to the governing of stakeholder relationships, but also stakeholder relationship management. The analysis further pointed to the strategic nature of stakeholder relationship management as the focus of stakeholder relationship management revolves around stakeholder inclusion and two-way communication at a strategic level.

An analysis of the identification, categorisation, prioritisation and relationship management models, frameworks, guidelines and processes highlighted the more relevant and appropriate models, frameworks, guidelines and processes that may be considered for developing guidelines for managing stakeholder relationships. It was determined that a process of stakeholder profiling is needed which may include stakeholder identification, stakeholder prioritisation according to attribute of the stakeholder and then based on the situation.

For stakeholder identification, the linkages model developed by Grunig and Hunt in 1984 is relevant as it provides a starting point for stakeholder identification as highlighted in the work of Falconi (2009). The stakeholder typology around power, legitimacy and urgency provides the opportunity for organisations to gain a more structured view of their stakeholders, and enables organisations to have a platform with which to prioritise stakeholders. This is important as engagement and communication with stakeholders need to be specific and tailored. The classes of stakeholders approach is another way, apart from primary and secondary stakeholder classification, to understand different stakeholders better. It is however more detailed than the primary/secondary classification. The situation theory of publics by Grunig (2005) provides a platform to better understand the behaviour associated with certain publics (stakeholders). The stakeholder classification used by Grunig (2005) is similar to that of Steyn and Puth (2000), which, if used in combination with each other, may prove very useful in predicting what an organisation can expect, in terms of behaviour, from a particular stakeholder. Furthermore, it can also be used as a classification framework, similar to that of Mitchell et al*.* (1997), with the difference that it considers the level of involvement of a stakeholder, as well as their level of problem recognition.

As stakeholder identification, categorisation and prioritisation influence stakeholder relationship management, the consideration of possible ways in which to better understand stakeholders is important. In the context of this study, this consideration of ways in which to understand stakeholders is important as it forms part of providing guidelines for communication professionals to assist companies in their stakeholder relationship management endeavours in the context of Chapter 8 of the King III Report on Governance.

Finally, ideas around issues management, crisis management or conflict resolution and reputation management are provided, as these are inherent to stakeholder relationship management. On the one hand issues and conflict often require crisis management, which in turn impacts reputation. Reputation management understanding and interventions are needed to limit reputational risk for the company. These concepts are central to the guidelines for managing stakeholder relationships as well as communication management.

Stakeholder relationship management lies at the core of corporate governance as outlined in the King III Report on Governance for South Africa. Therefore, Chapter 8 of the King III Report concentrates on this concept and is discussed in Chapter 4, with specific emphasis on its implications for communication management.

CHAPTER 4

KING III: THE IMPLICATIONS FOR COMMUNICATION MANAGEMENT

"... successful governance in the world in the 21st century requires companies to adopt an inclusive and not exclusive approach. The company must be open to institutional activism and there must be greater emphasis on the sustainable or non-financial aspects of its performance. Boards must apply the test of fairness, accountability, responsibility and transparency to all acts or omissions and be accountable to the company, but also responsive and responsible towards the company's identified stakeholders. The correct balance between conformance with governance principles and performance in an entrepreneurial market economy must be found, but this will be specific to each company." – The King Committee on Corporate Governance in South Africa as quoted by Cliff Decker Attorneys (2002:2).

4.1 INTRODUCTION

The quotation above is a reflection of the spirit in which the King Committee approached the development of all three the King Reports on Corporate Governance for South Africa since 1994. As said previously, the topic of corporate governance has grown in significance both locally and worldwide, because of the substantial number of undeniable corporate scandals (Hilb, 2006:3). Similarly, Letza et al. (2004:242) contend that much of the debate on corporate governance has centred on practical issues such as corporate fraud, abuse of managerial power and social irresponsibility.

Four primary causes of the crises in corporate governance exist in four different spheres, namely the technological sphere, the economic sphere, the ecological sphere and the social sphere. The reasons for the primary causes in the four spheres are (Hilb, 2006:3-4):

- *Technological (The Dot.Com bubble bursting)*
  With the advent of the World Wide Web, it was assumed that the internet invented a new business model. Instead, it is merely a tool that organisations can use to build their business.
- *Economic (The stock market crash)*
  The corporate governance scandals in the USA led to the stock market collapse and the resulting economic downturn that was experienced worldwide. This led to a low level of public confidence in the US economy and those individuals in influential positions.
- *Ecological (High-risk strategies)*
  The number of corporate collapses or corporate strategic mistakes made has shown that boards approved strategies that were too risky. The orientation of these boards seemed to have been focussed on short-term financial performance rather than longer-term effects on the broader economy, society and environment.
- *Social (Irresponsible top management)*
  A lack of integrity is exhibited by those responsible for directing and controlling organisations. This may be evident in the lack of the boards of companies considering stakeholders, and being sensitive to society and the environment within which these companies operate.

The crisis in corporate governance coupled with the causes for this crisis previously discussed, have necessitated increased efforts, both globally and in South Africa, for improved governance guidelines. A number of efforts were initiated in South Africa, discussed later in this chapter, which includes the formation of the King Committee on Corporate Governance. This committee has been responsible for the development of a code of practice for corporate governance in South Africa. It started with the development of the King Report in 1994, followed by the King II Report in 2002 and currently the King III Report released in 2010. To understand this progression of reports, an explanation is provided.

Due to the changing global economic environment, the King I Report had to be updated. This was done in the form of King II (the King II Report on Governance for South Africa, 2002), again developed by the King Committee on Corporate Governance. In King II the triple bottom line concept was proposed, requiring companies to move away from the single bottom line (profit for shareholders). The triple bottom line concept embraces the economic, environmental and social aspects of a company's activities (Cliff Decker Attorneys, 2002:2).

International causes for the global crisis in corporate governance also impact South Africa and have indicated the need for the third Report on Governance for South Africa. Its focus is to put financial responsibility into perspective by also reporting on "how a company has, both positively and negatively, impacted on the economic life of the community in which it operated during the year under review, and how the company intends to enhance those positive aspects and eradicate or ameliorate the negative aspects in the year ahead" (Institute of Directors, 2009:9).

Globally, efforts to improve corporate governance and avoid corporate scandal have been made. The two well-known efforts are discussed next.

4.2 EXAMPLES OF TWO OTHER INTERNATIONAL EFFORTS TO IMPROVE CORPORATE GOVERNANCE

Some of the most influential economies in the world include that of the United Kingdom (UK) and the United States of America (USA), where in both instances listed companies have to comply with the measures implemented, similar to the King III Report for South Africa. For the purpose of this discussion the corporate governance efforts of these two countries are discussed. In the United Kingdom (UK) a number of reports were issued following the Cadbury Report which now forms the UK Governance Code, referred to as the Combined Code. The United States of America (USA) has chosen to codify a significant part of its governance in an act of Congress known as the Sarbanes-Oxley Act (SOX). These were mentioned in earlier chapter and are now discussed in more detail for comparison purposes.

4.2.1 The Cadbury Report (UK)

The Cadbury Report of 1992 is globally considered as the starting point for the development of corporate governance codes in Europe. It is regarded as a self-regulation approach that forms part of the listing requirements of a company, including reporting on the management of a company. This report is the outcome of the efforts of a committee that was chaired by Sir Adrian Cadbury in the United Kingdom, and all UK-listed organisations were expected to adopt the report's guidelines (Daily et al., 2003:374). The Cadbury Code has informed the Organisation for Economic Cooperation and Development's (OECD) Principles of Corporate Governance and the Danish corporate governance recommendations (Parum, 2006:558) to mention a few in Europe. It also informed the King Report on Governance for South Africa in 2009.

4.2.2 Sarbanes-Oxley Act (USA)

The Sarbanes-Oxley Act (SOX) came into effect in 2002. It pioneered major changes to the regulation of financial practice and corporate governance in the United States of America. The act is mandatory and all listed companies must comply. The act is named after Senator Paul Sarbanes and Representative Michael Oxley who were mainly responsible for instituting the act. Incorporated in the Sarbanes-Oxley Act are legal sanctions for non-compliance and it only affects public companies. The Act contains 11 sections where each of these sections adds new or enhanced guidelines with which public companies must comply. There are numerous civil penalties as well as criminal penalties for non-compliance (Engelbrite, 2010:[1]). Sox-online (2006:[1]) states that the non-compliance penalties could include a company losing its exchange listing, multimillion dollar fines or imprisonment. Furthermore, it could lead to a decrease in investor confidence. However, companies are not homogenate and the cost of compliance is onerous. For this reason SOX has attracted some criticism both locally and globally (Institute of Directors, 2009:6).

South Africa initiated a number of efforts to improve corporate governance in the country. The next section provides the context within which these developments took place.

4.3 SOUTH AFRICAN CORPORATE GOVERNANCE AND THE KING III REPORT

4.3.1 Previous attempts to South African corporate governance

South Africa is the largest and most developed economy in Africa (Vaughn & Ryan, 2006:504). However, due to South Africa's isolation from the global economy between 1961 and 1994, South African corporate practices fell far behind with regard to international norms. This led many South African companies to become unfocussed entities. Due to political pressures, market pressures, emerging market crises, coupled with a shift in corporate control structures, South African businesses started to realise that high-quality corporate governance is essential for the country to achieve sustained productivity, growth and economic stability. South Africa developed and implemented several corporate governance reform initiatives such as the Insider Trading Act, revised listing requirements to the Johannesburg Securities Exchange (JSE) and the King Report on Governance to mention three of the best efforts (Vaughn & Ryan, 2006:506). These are now discussed in some detail.

Insider Trading Act

The Insider Trading Act of South Africa was passed in 1998. It enabled the Financial Services Board (FSB) to take more vigorous action against illegal transactions. There are three innovations in this act which include, firstly, the provision for civil liability. This involves a lower burden on proving proof. Secondly, potential offences are investigated by the Insider Trading Directorate. It presents evidence to the offenders and offers them the chance to settlement without admission to guilt. Thirdly, settlements and other damages are deposited into a fund to be distributed to shareholders who had traded in the shares during the period of the offence and suffered losses as a result of the illegal transaction(s).

Revised listing requirements

The revised listing requirements of the Johannesburg Securities Exchange (JSE) include that in 1995, the JSE made it compulsory for listed companies to disclose the extent of their compliance with the King Report and they were required to adhere to International Accounting Standards, whereas firms previously only had to adhere to generally accepted practice. A further development was the establishment of the GAAP Monitoring Panel to advise the JSE on cases of non-compliance. Furthermore, the JSE successfully launched its own Socially Responsible Investment (SRI) Index in May 2004. The primary objective of the SRI Index is to identify and highlight companies that follow best practices in Corporate Social Responsibility (CSR) and to measure their share price performance. It includes criteria of financial, social and environmental responsibility where companies have to provide evidence of their governance standards, environmental policies, health and safety records, black economic empowerment (BEE) credentials and HIV/Aids policies (Vaughn & Ryan, 2006:506).

The King Report on Governance

The King Committee on Corporate Governance, headed by former High Court judge, Mervyn King S.C., published the King Report on Governance (King I) in 1994. This Report incorporated a Code of Corporate Practices and Conduct. It was the first of its kind in South Africa and aimed at promoting the highest standards of corporate governance in South Africa. King I advocated for an integrated approach to corporate governance, over and above the financial and regulatory aspects. This was also the case in the King II Report on Governance released in 2002 and the King III Report on Governance released in 2008. These are discussed in more detail in section 4.3.2.

For the purposes of this study, the focus will be on the King Report on Governance, in particular, the King III Report, as this innovation towards ensuring better corporate governance in South Africa has received widespread support and recognition, both locally and abroad. Communication professionals can contribute to better corporate governance through assisting companies to manage their stakeholder relationships as mentioned in Chapter 3. The purpose of this study is to consider the King III Report, in particular Chapter 8 dealing with stakeholder relationships to inform communication professionals on how to improve their capability of managing stakeholder relationships. This may be possible through a clear articulation of the six principles of Chapter 8 of the King III Report, a redefined business paradigm and a well-developed communication management strategy aimed at improving stakeholder relationships. For a better understanding of the evolution of the King Reports, central to the study, King I, II and III are discussed in more detail next.

4.3.2 The King Committee and Report on Governance for South Africa

A committee commissioned by the Institute of Directors in Southern Africa (IOD) issued the first King Report on Governance, which was followed by a more comprehensive King Committee Report (King II) in 2002, followed again by King III in 2009.

The King Committee has been retained and the present King Committee still contains three of the original members. Although globally various commissions and reports were issued to guide the evolution of corporate governance, the committee in South Africa continues to be known as the King Committee. Eleven subcommittees were established for the King III development process, namely (Institute of Directors, 2009:4):

- boards and directors
- accounting and auditing
- risk management
- internal audit
- integrated sustainability reporting

- compliance and stakeholder relationships
- business rescue
- fundamental and affected transactions
- IT governance
- alternative dispute resolution
- editing.

The subcommittees consisted of 106 people with Lindie Engelbrecht, Chief Executive of the Institute of Directors of Southern Africa (IoD) at the time, who acted as the convener of the chairmen of the subcommittees (Institute of Directors, 2009:4).

The primary objective of the first and second King Reports was to promote the highest standards of corporate governance in South Africa by advocating an integrated approach to governance in the interest of a wide range of stakeholders (Kakabadse & Korac-Kakabadse, 2002:311). This was also the focus of the third report. Organisations cannot operate in a vacuum. In other words, stakeholders afford organisations their licence to operate which is based on trust, integrity and a track record of considering a balanced approach to legitimate stakeholder issues.

King I

The King Committee on Corporate Governance was formed in 1992 in South Africa. This was done to consider corporate governance from a South African perspective in line with international thought processes. In 1994, the first King Report (King I) was released, which marked the institutionalisation of corporate governance in South Africa. This report's standard of conduct was developed for boards and directors of listed companies, banks and certain state-owned enterprises. The emphasis was on the need for companies to become responsible citizens in society (Institute of Directors, 2010:[1]).

King II

Due to changes in the global economy, the second King Report on Governance was published in 2002. This report also contained a Code of Corporate Practice and Conduct. This code remained voluntary, but the Johannesburg Securities Exchange (JSE) requested listed companies to comply with the King Report recommendations, or to explain the level of non-compliance. This report applied to companies listed on the Johannesburg Securities Exchange (JSE), banks, financial and insurance entities as well as public sector enterprises governed by the Public Finance Management Act and the Municipal Finance Management Act (Institute of Directors, 2010:[1]). The King II Report outlined seven characteristics of good corporate governance (institute of Directors, 2010:[1]) presented in Table 4.1.

Table 4.1: Characteristics of good corporate governance

Characteristic	Description
Discipline	A commitment to behaviour that is universally recognised and accepted as correct and proper
Transparency	The ease with which an outsider is able to analyse a company's actions
Independence	The mechanisms to avoid or manage conflict
Accountability	The existence of mechanisms to ensure accountability
Responsibility	Processes that allow for corrective action and acting responsibly towards all stakeholders
Fairness	Balancing competing interests
Social responsibility	Being aware of and responding to social issues

Source: Institute of Directors (2010:[1]) and Vaughn & Ryan (2006:506).

King III

The King III Report became necessary due to the introduction of the new Companies Act of 2008 together with international governance trends. Again, the King Committee aimed to be a leader of governance internationally through focussing on how a company has both positively and negatively affected the economic life of a community during the year under review. This includes an obligation to report on how the company proposes to enhance the positive effects and limit the negative effects (Price Waterhouse Coopers, 2011:[1]).

The King III Report's focus on leadership, sustainability and corporate citizenship has broadened the scope of corporate governance in South Africa. Furthermore, the King III Report applies to all entities, regardless of the manner and form of incorporation or establishment. Entities are encouraged to disclose which principles and/or practices they have decided not to comply with or to explain their non-compliance. In a bid to improve the level of governance within an organisation, stakeholders are able to comment on or challenge the board of directors of a particular organisation (Price Waterhouse Coopers, 2011:[1]).

A number of key principles are given prominence in the King III Report (Price Waterhouse Coopers, 2011:[1]) as outlined in Table 4.2.

Table 4.2: King III key principles

Principle	Description
Good governance	Good governance is essentially about effective leadership. Leaders need to define strategy, provide direction and establish the ethics and values that will influence and guide practices and behaviour with regard to sustainable performance
Sustainability	Sustainability is now the primary moral and economic imperative and 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 need to be understood by decision-makers. Incremental changes towards sustainability are not sufficient – we need a fundamental shift in the way companies and directors act and organise themselves
Innovation	Innovation, fairness and collaboration are key aspects of any transition to sustainability – innovation provides new ways of doing things, including profitable responses to sustainability. Fairness is vital because social injustice is unsustainable, and collaboration is often a prerequisite for large-scale change

Principle	Description
Social transformation	Social transformation and redress are important and need to be integrated within the broader transition to sustainability. Integrating sustainability and social transformation in a strategic and coherent manner will give rise to greater opportunities, efficiencies and benefits, for both the company and society

Source: Price Waterhouse Coopers (2011:[1])

The King III principles-based framework encourages entities to tailor the principles of the King III Code to their unique size, nature and the complexity of their organisation (Price Waterhouse Coopers, 2011:[1]).

The chapters of King III include:

Chapter 1: Ethical leadership and corporate citizenship
Chapter 2: Boards and directors
Chapter 3: Audit committees
Chapter 4: The governance of risk
Chapter 5: The governance of Information Technology
Chapter 6: Compliance with laws, codes, rules and standards
Chapter 7: Internal audit
Chapter 8: Governing stakeholder relationships
Chapter 9: Integrated reporting and disclosure

The King Committee and the King Code have become internationally recognised brands and South African listed companies are regarded by foreign international investors as being among the best governed in the world’s emerging economies. Therefore, the King III Report continues to adopt a ‘comply or explain’ basis for adoption of the code in South African organisations (Institute of Directors, 2009:6).

For the purpose of this study, the focus is on Chapter 8 of King III, as it is the most recent of the King Reports and the most relevant for the practice of communication management in South Africa.

4.4 GOVERNING STAKEHOLDER RELATIONSHIPS ACCORDING TO KING III

The concept of stakeholder has been discussed in Chapter 3, however, it is briefly defined in this chapter again as a reminder of the prominence of stakeholders in the context of this study, as well as the King III Report on Governance. The word 'stakeholder' was first mentioned in the management literature in an internal memorandum at the Stanford Research Institute (now SRI International) in 1963. The intention was that the term 'stakeholder' would generalise the idea of a shareholder as the only group that management (or the board of directors) needs to consider. Stakeholders were originally defined as "those groups without whose support the organization would cease to exist" (Freeman, 1984:31). This traditional viewpoint, where directors of a company are expected to manage the business in the best interest of shareholders, is being questioned more often. Directors are increasingly expected to take into account both shareholders as well as the interests of all other stakeholders. These stakeholders include employees, creditors, consumers, suppliers, the environment and the community, to mention a few.

The more widely accepted and recognised definition of stakeholders was proposed by Freeman (1984:46) who defined a stakeholder in an organisation as "any group or individual who can affect or is affected by the achievement of the organization's objectives." The focus of many increased corporate governance efforts revolves around organisations having to have a wider environmental awareness and concern, as well as having a broader stakeholder, rather than general shareholder focus.

Although communication management may have a role to fulfil in many of the aspects of the King III Report such as ethical leadership and corporate citizenship from an advisory point of view, the governance of risk from an issue or risk identification and management point of view, as well as integrated reporting from a content management point of view, the focus will be on Chapter 8. This chapter outlines the governing of stakeholder relationships as it has a direct link with communication management and its key tenets. This link is evident in communication management's definition, which makes specific reference to the management of both perceptions and strategic relationship management of stakeholders (Skinner et al., 2008:4).

Chapter 8 of the King III Report, entitled Governing Stakeholder Relationships includes six principles. The principles mainly revolve around stakeholders and reputation, the proactive management of stakeholder relationships, stakeholder engagement, the treatment of shareholders, transparent and effective communication with stakeholders, and dispute or conflict resolution.
For each of these principles, specific considerations pertaining to the particular principle are outlined in Chapter 8 of King III.

This section was approached as follows:

- First, each of the principles and related considerations are quoted directly from the King III Report in Table format.
- Secondly, a discussion follows of (1) the implications of these principles for communication management in South Africa and (2) the direct links between the content of each of the principles in relation to the implications highlighted from the theory.
- Thirdly, a summary of the discussions of each of the six principles are provided in table format.

As the stakeholder theory, as discussed in Chapter 1, 2 and 3, provides insights into the topic of stakeholder relationship governance and management, it is referred to by means of the discussion in this chapter as well. This is necessary to illustrate the relevance of the theory to the principles contained in Chapter 8 of the King III Report on Governance.

4.4.1 Principle 1: Stakeholders and reputation

Table 4.3 outlines the principle around stakeholders and their effect on a company's reputation as contained in Chapter 8 of the King III Report.

Table 4.3: Principle 1 as outlined in the King III Report

PRINCIPLE 1	***The board should appreciate that stakeholders' perceptions affect a company's reputation***
	1. Stakeholders' overall assessments (and therefore aggregate perceptions) of companies, result in the formation of corporate reputations. Reputation is based on how well a company performs compared with the legitimate interests and expectations of stakeholders. There is growing awareness of how important the contribution of reputation is to the economic value of the company.
	2. The gap between stakeholder perceptions and the performance of the company should be managed and measured to enhance or protect corporate reputation and to avoid damage or destruction by company actions. What the company does, and not only what it communicates, ultimately shapes the perceptions of stakeholders. However, communication assists in bridging actual and perceived gaps that may occur and it facilitates a balanced assessment of the company.
	3. In light of the impact that stakeholder perceptions may have on reputation, companies should realise that stakeholder interests and expectations, even if not considered warranted or legitimate, should be dealt with and cannot be ignored.
	4. The board should be the ultimate custodian of the corporate reputation and stakeholder relationships. The company's reputation and its linkage with stakeholder relationships should therefore be a regular board agenda item. The board should take account of and respond to the legitimate interests and expectations of stakeholders linked to the company in its decision-making.
	5. An interest or expectation of a stakeholder is considered to be legitimate if a reasonable and informed outsider would conclude it to be valid and justifiable on a legal, moral or ethical basis in the circumstances.
	6. A stakeholder-inclusive corporate governance approach recognises that a company has many stakeholders that can affect the company in the achievement of its strategy and long-term sustained growth. Stakeholders can be considered to be any group that can affect the company's operation, or be affected by the company's operation. Stakeholders include shareholders, institutional investors, creditors, lenders, suppliers, customers, regulators, employees, unions, the media, analysts, consumers, society in general, communities, auditors and potential investors. This list is not exhaustive.
	7. The board should from time to time identify important stakeholder groupings, as well as their legitimate interests and expectations, relevant to the company's strategic objectives and long-term sustainability.
	8. Stakeholders that could materially affect the operations of the company should be

		identified, assessed and be dealt with as part of the risk management process. These stakeholders should include not only stakeholders who could negatively impact a company, but also stakeholders who could add value to the company by enhancing the wellbeing and sustainability of the company or positively impact on the reputation of the company. For instance, a local community may not affect the operations of the company itself, but the way in which the company impacts the community could affect its reputation.
	9.	*Companies should take account of the fact that stakeholders' interests in the company are dynamic and subject to change. It is therefore necessary to review the process for identification and responding to the legitimate interests and expectations at least once a year.*

Source: Institute of Directors (2009:101)

(i) Principle 1: Discussion and implications for communication management

The King III Report (Institute of Directors, 2009:100-101) highlights that perceptions of stakeholders about a company result in corporate reputation, where reputation is based on how well the company performed compared to the expectations of stakeholders (Reputation management was discussed in Chapter 3). If a gap exists between company performance and the expectations of stakeholders, this gap should be measured and managed. If stakeholder interests and expectations are not legitimate, companies should avoid being ignorant. Discussions around stakeholders should be a regular board agenda item and the interests or expectations of each stakeholder should be considered on a legal, moral and ethical basis. Furthermore, the King III Report follows a stakeholder-inclusive approach, as outlined in Chapter 1, that considers that many stakeholders can affect the company and that these stakeholders should be identified, especially those who are relevant to the long-term sustainability and strategic objectives of the company. This must be done frequently as the interests and expectations of stakeholders are dynamic.

The content of Principle 1, in relation to the theory already discussed in Chapters 1, 2 and 3 is outlined in the next section. In summary, the crux of this principle revolves around stakeholders and stakeholder relationship management as elements of communication management, as well as reputation and the role of communication management.

(ii) Principle 1: Stakeholders and stakeholder relationship management as elements of communication management

Two of the main aspects highlighted in this principle in Chapter 8 of the King III Report are stakeholders and stakeholder relationship management. Freeman (1984:25) defined stakeholders as those who are affected by and/or can affect the achievement of an organisation's objectives. Jones, Felps and Bigley (2007:137) state in this regard that the organisation is a collection of internal and external stakeholder groups. Freeman (1984:46) argues that organisations are defined by their relationships with these stakeholder groups, and that these stakeholder groups include not only those groups that management think have a stake in the organisation, but also those who decide themselves to take a stake in the organisation. Furthermore, the term 'stake' needs some clarification. Mitchell et al*.* (1997:859) state that differentiation is needed between groups that have a legal, moral or presumed claim on the company, and groups that have the capacity to affect the company's behaviour. These authors reason that influencers have power over the company, whether or not they have legitimate claims or any claims at all. Claimants have rightful claims, but may or may not have any power to influence the company. Power and legitimacy are distinct, but may overlap at times.

Stakeholder identification, categorisation and prioritisation as discussed in Chapter 3, form an integral part of stakeholder relationship management. Suggestions on how to identify, categorise and prioritise stakeholders are made by authors such as Freeman (1984:52), Grunig and Hunt (1984:141), Clarkson (1995:107), Donaldson and Preston (1995:66), Mitchell et al. (1997:853), Steyn and Puth (2000:201), Grunig, 2005:778, Rawlins (2006:2), Gregory (2007:65) and Falconi (2009:[14]). Their work with a brief description of what each entails is outlined in Table 4.4.

Table 4.4: Contributions of stakeholder identification, categorisation and prioritisation summarised

Name of model / framework / guideline / process	Author/s	Description
Stakeholder management framework (SMF)	Freeman (1984)	The stakeholder management framework outlines three levels at which the processes used by the organisation to manage relationships with stakeholders being the rational, process and transactional levels. Each level requires different approaches to stakeholder mapping.
Linkages model	Grunig and Hunt (1984)	This model proposes that stakeholders are identified through the type of link they have with the organisation. The linkages include enabling, functions (both input and output), diffused and normative linkages.
Three-part taxonomy	Donaldson and Preston (1995)	The three-part taxonomy is based on the three views of stakeholder theory being instrumental, descriptive and normative.
Primary and secondary stakeholder classification	Clarkson (1995)	The classification of primary and secondary stakeholders has implication for the way in which relationships are formed and maintained.
Stakeholder typology around the attributes of power, legitimacy and urgency Classes of stakeholders	Mitchell et al. (1997)	Power, legitimacy and urgency attributes are used to help identify and prioritise both dependent and influential stakeholders. Linked to this, these authors develop a prioritisation strategy around latent, expectant and definitive stakeholders. These authors further outline a classification of stakeholders.
Types of publics	Steyn and Puth (2000)	These authors outline stages that stakeholders go through in their awareness and level of activity.
Situational theory of publics	Grunig (2005)	The situational theory of publics attempts to explain and predict why some publics (stakeholders) are active and others are passive. This theory can identify which stakeholders will communicate in different ways with the organisation about decisions that affect them.
Four-step process to prioritising stakeholders	Rawlins (2006)	The steps include: Step 1: Identifying potential stakeholders according to their relationship to the organisation.

Name of model / framework / guideline / process	Author/s	Description
		Step 2: Prioritising stakeholders by attributes. Step 3: Prioritising stakeholders by relationship to the situation. Step 4: Prioritising the publics (stakeholders) according to the communication strategy.
Communication strategy typology	Gregory (2007)	This author outlines a communication strategy typology around the model developed by Mitchell et al. (1997) where stakeholders are either informed, consulted, involved or partnered with depending on their level of power, legitimacy and urgency.
GOREL process (Governance of Relationships)	Falconi (2009)	This author describes a process of governing stakeholder relationships (GOREL). This process involves: Step 1: Envisioning Step 2: Identifying and listening to active stakeholders Step 3: Defining specific objectives Step 4: Involving potential stakeholders Step 5: Relating with issue influencers Step 6: Convincing opinion leaders Step 7: Contents, channels and ‘spaces’ Step 8: Content roll-out Step 9: Evaluation and reset Part of step 2 and 4 is a stakeholder mapping phase which considers a stakeholder’s awareness of organisational goals and their interest in relating with the organisation.

Researcher’s own construct

As Mahon and Wartick (2003:22) point out, the nature of the interactions stakeholders have with organisations, resulting in relationships with and among stakeholders, all contribute to the development of an organisation’s reputation. For this reason, reputation and the role of communication management therein are briefly outlined.

(iii) Principle 1: Reputation and the role of communication management

Reputation is defined as the collection of perceptions and beliefs, both past and present, which reside in the consciousness of a company’s stakeholders

(Rayner, 2003:1). Similarly, Marconi (2001:2) defines reputation as the general opinion of the public towards a company. The key aspects of reputation revolve around commitment, company values, involvement, emotions and attachment (Meyer & De Wet, 2007:20). The other elements of reputation mentioned by Bebbington et al. (2008:339,340) were discussed in Chapter 3 and are not repeated here. Reputation begins with communication acts that start from the inside out and which must be consistent (O'Brien, 2006:10). More and more companies are recognising that a good overall reputation is a valuable asset (Dihr & Vinen, 2005:6). From a communication perspective, the management of reputation is heavily influenced by the perceptions of stakeholders. These stakeholder perceptions can be regarded as the domain of communication management (Dihr & Vinen, 2005:7). Furthermore, Mahon and Wartick (2003:22) argue that reputation develops out of the nature of the interactions, or rather relationships, between and among stakeholders in different contexts. These authors further state that reputation is based on past events (over time) and recollections of stakeholders involved with the organisation in certain circumstances. Therefore, the criteria that stakeholders use in assessing reputation can assist the organisation in understanding reputation to a great extent (Mahon & Wartick, 2003:23).

4.4.2 Principle 2: Proactive management of stakeholder relationships

Table 4.5 outlines the principle around the proactive management of stakeholder relationships as described in Chapter 8 of the King III Report.

Table 4.5: Principle 2 as outlined in the King III Report

PRINCIPLE 2	***The board should delegate to management to proactively deal with stakeholder relationships***
	1. Management should develop, for adoption by the board, a strategy and suitable policies for the management of its relations with all stakeholder groupings.
	2. The board should consider from time to time whether it is appropriate to publish its stakeholder policies. If the board decides that it is in the best interest not to publish its stakeholder policies, it should consider whether, apart from any legal requirements, it would be willing to disclose all or any of these to any stakeholders on request.
	3. The board should consider whether it is appropriate to publish a list of its stakeholder groupings (not the names of individual members of any stakeholder grouping) which it intends to deal with on a proactive basis, and the method of engagement.
	4. The board should oversee the establishment of mechanisms and processes that support stakeholders in constructive engagement with the company and the board. These mechanisms and processes should be incorporated in the stakeholder policies.
	5. Constructive engagement is aimed at ultimately promoting enhanced levels of corporate governance. It enables the company and the stakeholders to share their perspectives on the interests of the company. Constructive engagement should not amount to second-guessing by the board or management of the company or permitting interference or undue influence in the running of the company.
	6. Constructive engagement with stakeholders could provide companies with valuable information about stakeholders' views, external events, market conditions, technological advances, and trends or issues. This can assist companies to anticipate, understand, and respond to external changes more efficiently, thereby enabling the company to deal with challenges more effectively.
	7. The board should guard against using legal or other processes to frustrate or block constructive engagement by stakeholders, for instance, by continually compelling stakeholders to resort to courts. This should not prevent the board from resorting to litigation or other dispute resolution mechanisms where appropriate to protect the company's legal interests.
	8. A structured process of engagement between a company and its stakeholders, cognisant of uniform disclosure of information and insider trading restraints imposed by law, has many potential benefits. Structured engagement could be particularly useful when, for instance, preparing for an annual general meeting. It could reduce the risk of confrontation, could prevent the board having to spend unnecessary time in constant interventions by stakeholders, and could mitigate against mischievous action by competitors.
	9. The board should encourage shareholders to attend annual general meetings (AGMs) and other company meetings, at which all the directors should be present. The chairmen of each of the board committees should be present at the annual general meeting.
	10. The board should consider not only formal processes such as the AGM for interaction with its stakeholders. It should also consider informal processes such as direct contact, websites, advertising, or press releases. The formation of stakeholder associations should be encouraged where appropriate.
	11. Stakeholders should consider their responsibilities as stakeholders in the company. Stakeholders should, for instance, be circumspect about making public statements that can damage the interests of the company. Stakeholders should clearly and in a constructive manner communicate to the board about the steps

	they would contemplate if dialogue is considered to have failed. Litigation should be a last resort.
	12. If the board is willing to engage directly with any stakeholder groupings, the representatives of the company and stakeholders must be careful how they deal with information that could be share price sensitive. It is incumbent upon both the company and the stakeholders to familiarise themselves with insider trading laws. Even taking this into account, stakeholders should encourage the company to share information with all stakeholders as soon as possible. Use of SENS, the JSE news service, can ensure that instances of unequal disclosure are minimised. A stakeholder liaison forum, electronic or otherwise, that all stakeholders can access with relative ease, can present or reduce the problem of only certain stakeholders being in possession of inside information.
	13. The board should disclose in its integrated report the nature of its dealings with its stakeholders and the outcomes of these dealings.

Source: Institute of Directors (2009:101)

(i) Principle 2: Discussion and implications for communication management

The King III Report (Institute of Directors, 2009:101-102) states that management should develop a strategy and policies for governing stakeholder relationships. These policies may be published if the board decides to do so, as well as a list of its stakeholder groupings and how it intends to engage with them. Furthermore, mechanisms and processes should be established to assist stakeholders to engage with the company. Environmental scanning and/or formal research should be conducted to understand stakeholders better. Legal and other processes that may aggravate or hinder productive engagement by stakeholders should be avoided. Structured processes for engagement with stakeholders should be initiated and shareholders should be encouraged to attend Annual General Meetings (AGMs). The company may also make use of informal processes to engage with shareholders. Stakeholders should consider their responsibility and engage in a constructive manner with the board about the steps they intend to take if dialogue fails. The access of stakeholders to information should be reasonably equal, especially where the share price may be impacted upon by such information. The dealings with stakeholders should be disclosed through the company's integrated report.

The central idea of this principle revolves around how communication management acts as catalyst for the pro-active management of stakeholder relationships and this is discussed in the next section.

(ii) Principle 2: Communication management as catalyst for proactive management of stakeholder relationships

Varey and White (2000:10) argue that it is communication management, operating at a strategic level, that is concerned with the management of the relations between the organisation (and management) and its stakeholders (discussed in Chapter 3). Sundaram and Inkpen (2004:370) state that managers must develop relationships that inspire stakeholders and create communities that provide a context in which everyone aspires to do their best to deliver value. They are of the opinion that managers have moral and ethical responsibilities to all stakeholders, and those organisations that treat their stakeholders in a less than ethical or moral manner will not continue in business. Surveys have shown that while the first priority of the stakeholders of a company is the quality of the company's products or services, the second priority is the trust and confidence that the stakeholders have in the company (Institute of Directors, 2009:8).

Stakeholder theory describes 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 & Preston, 1995:67). Long-term relationship development with primary stakeholders being customers, suppliers, communities and employees, enlarge the set of value-creating relations further than that which would be likely with exchanges restricted to mere market transactions. In other words, the focus is on relational rather than transactional connections. Relationships require investments by both parties, which comprise a time component as well as reputation to boost the significance of the associations (Hillman & Keim, 2001:127).

4.4.3 Principle 3: Stakeholder engagement

Table 4.6 outlines the principle around stakeholder engagement as described in Chapter 8 of the King III Report.

Table 4.6: Principle 3 as outlined in the King III Report

PRINCIPLE 3	***The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interest of the company***
	1. The law directs the board to act in the best interests of the company and the board should, within these confines, strive to achieve an appropriate balance between the interests of various stakeholders. In doing so, the board should take into account, as far as possible, the legitimate interests and expectations of its stakeholders in its decision-making.
	2. Board decisions on how to balance interests of stakeholders should be guided by the aim of ultimately advancing the best interests of the company. This applies equally to the achievement of the 'triple context' and the notion of good corporate citizenship. This does not mean that a company should and could always treat all stakeholders fairly. Some may be more significant to the company in particular circumstances and it is not always possible to promote the interests of all stakeholders in all corporate decisions. It is important, however, that stakeholders have confidence that the board will consider their legitimate interests and expectations in an appropriate manner and be guided by what is in the best interest of the company.
	3. Although the company has the primary governance duty of managing the relationships with its stakeholders, the stakeholders should also, where possible, accommodate the process. The board cannot achieve successful interaction with the company's stakeholders unilaterally. Constructive engagement requires the cooperation of the stakeholders.
	4. Engagement is more likely to succeed in achieving a satisfactory result when stakeholders actively support constructive engagement and the principles of good governance (including that of good corporate citizenship), appreciate the legal duties of the board, consider the best interests of the company, take a longer-term view and are not solely focussed on advancing their own interests.

Source: Institute of Directors (2009:102) *(i) Principle 3: Discussion and implications for communication management*

The King III Report (Institute of Directors, 2009:102) maintains that the law directs the board to act in the best interests of the company, even in dealing with balancing stakeholder interests. Furthermore, the King III Report appeals to stakeholders to assist the process of stakeholder relationship building through keenly supporting productive efforts by the company.

Principle 3 focuses on the balancing of stakeholder interests, where the stakeholder theory, discussed in Chapter 3, provides some insight into this. Stakeholder engagement as key tenet of communication management are also outlined and discussed in the next section.

(ii) Principle: 3: Stakeholder theory as guide to balancing stakeholder interests

Decision-making with regard to stakeholder relations can be filled with tension. Trade-offs between organisational interests and stakeholder interests, as well as those between or among the interests of different stakeholders, inherently involve the allocation of benefits and burdens among human beings (Jones et al., 2007:141).

Economists see the firm (company) as a nexus of contracts and relationships. The key characteristic of stakeholders is that they are part of contractual relationships of a company, whether explicit or implicit (Hendry, 2001:225). Consideration of the non-economic and legal aspects of relationships needs to be considered. Therefore, the company can rather be described as a nexus of contracts as a dynamic system of relationships between moral actors, each of which relationships are then characterised by specific legal and economic as well as social characteristics (Hendry, 2001:226). This approach is significant, as Hendry (2001:225) argues that companies are social, economic and legal constructions where all these aspects have to be taken into account if the responsibilities of management are to be fully understood.

Similarly, Jensen (2001:298) argues that for the board of directors to act in the best interest of the company, the value of the company must be maximised as the main corporate objective. As the stakeholder theory does not ignore this responsibility of management, but rather expands on it, it becomes relevant in this context again.

The stakeholder theory, as discussed in Chapter 3, states that managers should make decisions that take cognisance of the interests of all stakeholders. Letza et al. (2004:251) contend by saying that a company should serve the multiple interests of stakeholders, rather than shareholders alone. This, they believe, will make the company more legitimate. At the same time, a company cannot maximise value if it ignores the interests of its stakeholders. However, as mentioned in the King III Report, Sundaram and Inkpen (2004:371) assert that managing on behalf of all stakeholders is unrealistic and impractical. In this regard, Jensen (2001:298) maintains that this view does not include how serving the multiple interests of stakeholders should be done, and leaves managers unaccountable for their actions. Jensen (2001:298) offers a possible solution to this dilemma which is called enlightened value maximisation. Enlightened value maximisation acknowledges that it is difficult to communicate with and motivate the organisation's managers, employees and partners (as stakeholders) to maximise organisational value. The reason for this is that value maximisation is not a strategy or a purpose, but rather a scorecard. These particular stakeholders should be given structure to understand what it means to maximise value as a guideline (Jensen, 2002:245).

Complementing the enlightened value maximisation notion is the enlightened stakeholder theory. This theory, as an extension of the stakeholder theory, accepts maximisation of the long-run value of the company as the criterion for making the required trade-offs among stakeholders. Stakeholder theorists, in this instance, offer processes and audits to measure and evaluate the organisation's management of its relations with all important stakeholders (Jensen, 2002:246).

(iii) Principle 3: Stakeholder engagement as key tenet of communication management

In a bid to achieve long-term value for the company, while balancing the interests of multiple stakeholders, communication management offers strategies, based on interpersonal relationship building, to engage stakeholders. These include approaches such as access, positivity, openness, assurances, networking and the sharing of tasks (Grunig & Hon, 1999:140). Stakeholder engagement is a process of involving stakeholders, which includes identifying and assessing their current levels of engagement (Sloan, 2009:27). Stakeholder involvement, which is also referred to as stakeholder inclusion by Wheeler and Sillanpää (1998:204-205), includes two principles (See Chapter 2). The first is the alignment of values between the organisation and stakeholders and the second is dialogue-based empowered relationships. The successful engagement of stakeholders, through communication management, may result in continued support and participation from stakeholders (Hillman & Keim, 2001:127).

4.4.4 Principle 4: Shareholder treatment

Table 4.7 outlines the principle around shareholder treatment as discussed in Chapter 8 of the King III Report.

Table 4.7: Principle 4 as outlined in the King III Report

PRINCIPLE 4	***Companies should ensure the equitable treatment of shareholders***
	1. Shareholders of the same class of shares issued should be treated equitably.
	2. Minority shareholders should be protected from abusive actions by controlling shareholders.

Source: Institute of Directors (2009:103)

(i) Principle 4: Discussion and implications for communication management

A shareholder can be defined as an individual, institution, firm or other entity that owns shares in a company. The term "shareholder" is, according to Henry (2001:226), insufficient to capture the people and relationships involved in share ownership. Many shares today are not held by individual shareholders but by financial institutions, pension funds and insurance companies that hold shares as trustees for individual beneficiaries where their management is delegated to professional fund managers. This means that the company is not only accountable to, and has to communicate with individuals, but larger entities as well.

Although shareholders can be seen as a stakeholder group, they are distinct from other stakeholder groups as they invest their money to provide risk capital for the company and (in many legal jurisdictions) shareholders' rights are enshrined in law, whereas those in the wider group of stakeholders are not. Shareholders are being privileged over other stakeholders as they are the recipients of the residual free cash flow (being the profits remaining once other stakeholders have been paid). This makes the compliance with Principle 3 difficult, which requires companies to balance the interests of all stakeholders, in the best interest of the company. However, shareholders have a vested interest in trying to ensure that resources are used to maximum effect, which in turn should be to the benefit to society as a whole (Mallin, 2007:49) and thus the other stakeholders of the company. Companies operate in this wider society and not within a defined corporate vacuum. Therefore, the views and interests of various stakeholders should be taken into account in addition to those of shareholders as highlighted in 4.5.3. The implication of this is that stakeholders, including shareholders and their interests, should be identified, categorised and then prioritised as discussed in 4.5.1. However, shareholders can ensure that the board of the company accounts for its actions (Mallin, 2007:58). Hampel (1998:12) states in this regard, that the board of the company is responsible for relations with stakeholders, but they are accountable to shareholders.

The ‘stakeholder inclusive’ approach, also discussed in Chapter 1, in practice means that the legitimate interests and expectations of stakeholders are considered when deciding on the best interests of the company. The integration and trade-offs between various stakeholders are then made on a case-by-case basis to serve the best interests of the company. The shareholder, on the premise of this approach, does not have a predetermined place of precedence over other stakeholders. However, the interests of the shareholder or any other stakeholder may be afforded precedence based on what is believed to serve the best interests of the company at that point in time.

The best interests of the company should be interpreted within the parameters of the company as a sustainable enterprise and the company as a responsible corporate citizen (Institute of Directors, 2009:9). Jensen (2001:310) states that although shareholders are not necessarily a special stakeholder group that ranks above all others, long-term share value is an important determinant of the total long-term company value. This is the ultimate objective of the company and in line with the board and management’s focus to act in the best interest of the company. Put differently, Sundaram and Inkpen (2004:371) state: “Maximize the value of your shareholders’ wealth in the long run, and you will maximize the value of the firm”, which ultimately leads to greater value for all stakeholders.

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, being engaged in the fundamental business model, brand, culture, policies and values, as well as building relations and generating collaborative influence (Novelli, 2008:270).

4.4.5 Principle 5: Transparent and effective communication with stakeholders

Table 4.8 outlines the principle around the transparent and effective communication with stakeholders as outlined in Chapter 8 of the King III Report.

Table 4.8: Principle 5 as outlined in the King III Report

PRINCIPLE 5	***Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence***
	1. The stakeholder-inclusive approach, aims, among other things, to stimulate appropriate dialogue between the company and its stakeholders. Such dialogue can enhance or restore stakeholder confidence, remove tensions, relieve pressure on company reputation, and offer opportunities to align expectations, ideas and opinions on issues.
	2. Relationships with stakeholders can only be built and maintained if the company provides complete, timely, relevant, accurate, honest and accessible information.
	3. The degree of corporate transparency and communication should, however, be considered with reference to the company’s stakeholder policies, any relevant legal requirements, and the maintenance of the company’s competitive advantages. The decision on the level of disclosure of information and its timing is a strategic one.

	4. The company should implement processes to promote appropriate disclosure. However, the board should take account of its duty to protect the long-term sustainability of the company when it considers communication about potentially adverse situations facing the company that may reasonably be corrected in the short term.
	5. All communication to stakeholders should use clear and simple language and should set out all relevant facts, both positive and negative. It should be structured to enable its target market to understand the implications of the communication. Companies should use communication channels that are accessible to its stakeholders.
	6. The board should, as part of the company's stakeholder policies, adopt communication guidelines that support a responsible communication programme. These guidelines define the respective responsibilities of the board and management with regard to stakeholder communication.
	7. The board should be concerned that the stakeholder communication programme provides that all who have a right to know are properly informed, that effective feedback systems exist, that the board is alerted in a timely fashion to matters that should be communicated to stakeholders, and that processes exist to deal rapidly and sensitively with any crisis.
	8. A company should consider disclosing in its integrated report the number and reasons for refusals of requests for information that were lodged with the company in terms of the Promotion of Access to Information Act, 2000. Disclosure must be considered having regard to whether divulging the information will detrimentally affect the company or breach confidentiality or any agreement of which it is a party.

Source: Institute of Directors (2009:103)

(i) Principle 5: Discussion and implications for communication management

Business is primarily a function of relationships with key stakeholders (Scott & Lane, 2000:53). Similarly, Grunig et al*.* (1992:71-77) regard the strategic-constituencies perspective (discussed in Chapter 1) as one of the theories that explain business effectiveness, in that it focuses on interdependencies as part of the business environment, including the interests and expectations of stakeholders. How attentive an organisation is to stakeholder relationships in terms of needs, beliefs and values coupled with their responsiveness to stakeholder demand, varies greatly from one organisation to the next (Scott & Lane, 2000:53). Stakeholder engagement is defined as "practices that the organisation undertakes to involve stakeholders in a positive manner in organisational activities" (Greenwood, 2007:318). Therefore, transparent and effective communication (being accurate and accessible) with these stakeholders makes perfect sense (Bandsuch, Pate & Thies, 2008:111).

The focal areas of Principle 5 revolve around transparency and trust in stakeholder relationship management, which are briefly outlined in the next section.

(ii) Principle 5: Transparent stakeholder communication

Transparency, as highlighted in Chapter 1, is defined as information that is freely available to those who are influenced by decisions, and that implies sufficient information is supplied in easily comprehensible forms and media. This requires that decisions are made and enforced in a manner that follows rules and regulations (Kim, Halligan, Cho, Oh & Eikenberry, 2005:649). The word 'transparency' carries with it a great selection of ethical and political associations, including honesty, truthfulness and openness (Best, 2005:142). Transparency, according to Bandsuch et al*.* (2008:100) is determined by the accuracy and accessibility of the information businesses provide to their stakeholders. It can be active, and passive unilateral or reciprocal. It is active where the information is actively disclosed, passive, where the information is available, but revealed only upon request. Unilateral transparency is found where the information is revealed from the business to the stakeholders and reciprocal where the business is responding to the expectations of the stakeholders. In all cases, the information must be accurate and accessible. Accurate information reliably represents the company's situation through comprehensive and relevant data. Accessible information is available and easy for different stakeholder groups to obtain. The average stakeholder should be able to understand the information and comprehend its importance (Bandsuch et al., 2008:111).

According to Borgia (2005:24), transparent communication with stakeholders requires a focus on accurate and understandable discussions of the stakeholder value drivers. The stakeholder value drivers are the factors that signify the difference between the success and failure of the business. Transparency is the catalyst for trust, and supports the demand for greater honesty and disclosure. Bandsuch et al. (2008:114) argue that it is not a course of action, but a vibrant requirement for stakeholder communication and interface between the company's management and stakeholders beyond the shareholder and investor.

(iii) Principle 5: Sustainable relationships through trust

Peter Drucker observed that trust is an essential commodity at all levels of business operations and relationships. It must be reciprocal and is an indispensable facet of the free market. When there are limited levels of trust, the levels of confidence and commitment by stakeholders also become limited. A lack of trust exists in business and is further reduced by a larger atmosphere of distrust within a society (Bandsuch et al., 2008:99-100). Trust is regarded as an international business imperative and affects a business' ability to develop and sustain relationships with partners and stakeholders.

The International Association of Business Communicators (IABC) designed and validated an organisational trust model that identified competency, openness, concern for stakeholders, shared goals, reliability, frequency of interactions, rewards and sanctions as significant influences upon trust (Gillis, 2003:10). In the 2000 IABC Research Foundation study entitled "Measuring organizational trust: a diagnostic survey and international indicator" by Shockley-Zalabak, Ellis and Cesaria (2000), it was found that trust exists on multiple levels namely individual, group and institutional level. It is further rooted in culture and communication and is dynamic (Gillis, 2003:11). This is significant in the context of Chapter 8 of the King III Report and for communication management as a discipline and practice, as stakeholders appear either as an individual, group or institution where the communication with these levels in terms of transparency and effectiveness may be very different.

4.4.6 Principle 6: Dispute (or conflict) resolution

Table 4.9 outlines the principle around dispute or conflict resolution with stakeholders as outlined in Chapter 8 of the King III Report.

Table 4.9: Principle 6 as outlined in the King III Report

PRINCIPLE 6	***The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible***
	1. Disputes (or conflict) involving companies are an inevitable part of doing business and provide an opportunity not only to resolve the dispute at hand, but also to address and solve business problems and to avoid their recurrence.
	2. It is incumbent upon directors and executives, in carrying out their duty of care to a company, to ensure that disputes are resolved effectively, expeditiously and efficiently. This means that the needs, interests and rights of the disputants must be taken into account. Further, dispute resolution should be cost effective and not be a drain on the finances and resources of the company.
	3. Alternative dispute resolution (ADR) has been a most effective and efficient methodology to address the costly and time consuming features associated with more formal litigation. Statistics related to success range from a low of 50%, for those situations in which the courts have handed down a case for ADR, to an average of 85% -90% where both parties are willing participants.
	4. ADR has become the intervention of choice in many instances and so it is appropriate for specialists to improve the overall rate of intake and success. Clearly, the best outcome would be to increase the overall satisfaction with the process and outcome of successful resolution.
	5. Disputes may arise either within a company (Internal disputes) or between the company and outside entities or individuals (external disputes). The board should adopt formal dispute resolution processes for internal and external disputes.
	6. Internal disputes may be addressed by recourse to the provisions of the Act and by ensuring that internal dispute resolution systems are in place and function effectively.
	7. External disputes may be referred to arbitration or a court. However, these are not always the appropriate or most effective means of resolving such disputes. Mediation is often more appropriate where interests of the disputing parties need to be addressed and where commercial relationships need to be preserved and even enhanced.

	8. A distinction should be drawn between processes of dispute resolution (litigation, arbitration, mediation and others) and the institutions that provide dispute resolution services.
	9. In respect of all dispute resolution institutions and regardless of the dispute resolution process or processes adopted by each, an indispensable requirement is its independence and impartiality in relation to the parties in dispute.
	10. The courts, independent mediation and arbitration services (not attached to any disputing parties) and formal dispute resolution institutions created by statue are empowered to resolve disputes by mediation or conciliation and by adjudication. Their effective use should be ensured by companies.
	11. Successful resolution of disputes entails selecting a dispute resolution method that best serves the interests of the company. This would, in turn, entail giving consideration to such issues as the preservation of business relationships and costs, both in money and time, especially executive time.
	12. Mediation is often suggested as an ADR method with the assumption that the parties are willing to engage fully in the process. A process of screening is undertaken by many mediators, which excludes those who fall short of the criteria of will and capacity.
	13. It is also important to recognise that the use of mediation allows the parties to create options for resolution that are generally not available to the parties in a court process or in arbitration. Further, the Act makes provision for alternative dispute resolution processes to be conducted in private.
	14. Mediation is not defined in the Act. The concept has an accepted meaning in practice in South Africa. Mediation may be defined as a process where parties in dispute involve the services of an acceptable, impartial and neutral third party to assist them in negotiating a resolution to their dispute by way of a settlement agreement. The mediator has no independent authority and does not render a decision. All decision-making power in regard to the dispute remains with the parties. Mediation is a voluntary process both in its initiation, its continuation and its conclusion.
	15. Similarly, conciliation is not defined in the Act. Conciliation is, like mediation, a structured negotiation process involving the services of an impartial third party. The conciliator will, in addition to playing the role of a mediator, make a formal recommendation to the parties as to how the dispute can be resolved.
	16. Once again, adjudication is not defined in the Act, but the process will not differ significantly from arbitration.
	17. In selecting a dispute resolution process, there is no universal set of rules that would dictate which is the most appropriate method. Each case should be carefully considered on its merits and, at least, the following factors should be taken into account: *a. Time available for the resolution of the dispute. Formal proceedings, and in particular court proceedings, often entail procedures lasting many years. By contrast, alternative dispute resolution (ADR) methods, and particularly mediation, can be concluded within a limited period of time, sometimes within a day.* *b. Principle and precedent. Where the issues in dispute involves a matter of principle and where the company desires a resolution that will be bending in relation to similar disputes in the future, ADR may not be suitable. In such cases court proceedings may be more appropriate.* *c. Business relationships. Litigation and processes involving an outcome imposed on both parties can destroy business relationships. By contrast mediation, where the process is designed to produce a solution, most*

	satisfactory to both parties (a win-win resolution), relationships may be preserved. Where relationships and particularly continuing business relationships are concerned, therefore, mediation or conciliation may be preferable. *d. Expert recommendation. Where the parties wish to negotiate a settlement to their dispute but lack the technical or other expertise necessary to devise a solution, a recommendation from an expert who has assisted the parties in their negotiations may be appropriate. This process would be termed conciliation.* *e. Confidentiality. Private dispute resolution proceedings may be conducted in confidence. Further, the Act makes provision for alternative dispute resolution processes to be conducted in private.* *f. Rights and interests. It is important in selecting a dispute resolution process to understand the fundamental difference it has to adjudicative methods of dispute resolution (court proceedings, arbitration and adjudication). The adjudicative process involves the decision-maker imposing a resolution of the dispute on the parties after having considered the past conduct of the parties in relation to the legal principles and rights applicable to the dispute. This inevitably results in a narrow range of possible outcomes based on fundamental considerations of right and wrong. By contrast, mediation and conciliation allow the parties, in fashioning a settlement of their dispute, to consider their respective needs and interests, both current and future. Accordingly, where creative and forward-looking solutions are required in relation to a particular dispute and particularly where the dispute involves a continuing relationship between the parties, mediation and conciliation are to be preferred.*
	18. Mediation and conciliation require the participation and presence of persons empowered and mandated to resolve the dispute.
	19. The board should select the appropriate individual(s) to represent the company in alternative dispute resolution (ADR) processes.
	20. The courts will enforce an ADR clause to resolve a dispute providing all are subject to an agreed set of rules and practices such as the place and language of the process.
	21. Contracting parties who are attuned to the fact that a dispute will be administered and resolved by a third party are naturally inclined to resolve it themselves. If, for example, the ADR processes are made subject to the rules of the Arbitration Foundation of Southern Africa (AFSA), it will be administered by AFSA. If the ADR processes are arbitrary, a recalcitrant party in bad faith may be able to frustrate the process.

Source: Institute of Directors (2009:104-106)

(i) Principle 6: Discussion and implications for communication management

The King Report III (Institute of Directors, 2009:104-105) provides guidelines on the handling of disputes through alternative dispute resolutions and mediation, as well as the handling of legal processes. The purpose of this section is not to explore the legalities with regard to disputes with stakeholders, but rather to determine how it can be managed or handled before a legal process is followed.

Stakeholders and stakeholder groups have varying degrees of power as discussed in Chapter 3. Power imbalances often exist between these stakeholders and stakeholder groups and even the organisation and these stakeholders and stakeholder groups. These imbalances include (Ansell & Gash, 2007:551):

- Organised stakeholder groups that do not represent individual stakeholders.
- Some stakeholders may not have the skill and expertise to engage in discussion about highly technical problems.
- Some stakeholder groups do not have the time, energy or liberty to engage in time-intensive processes.

These imbalances necessitate collaboration and a moral intent on the part of the company to assist these stakeholders to overcome these problems. This collaboration can typically be facilitated by communication management. Ehling (1992:623) noted that one of the roles of communication management is dispute resolution, which appreciates a vital feature of relationships between the organisation and its environment. This environment is characterised by cooperation between groups that disagree, and far-reaching and comprehensive mutual communication is needed.

Moreover, when a dispute arises between the organisation and a stakeholder or stakeholder group, conflict arises. Communication management offers strategies for conflict resolution such as the integrative approach, the distribute approach and the dual concern approach (Grunig & Hon, 1999:16-17). For any of these strategies to be successful, long-term relationships and relationship management with these stakeholders are necessary (Hagan, 2007:443).

In conclusion to this discussion, the six principles outlined in Chapter 8 of King III provide details on the management of stakeholder relationships. This section highlighted the implications of these six principles for communication management, as well as the contribution communication management can make in this regard. To obtain a clear overview of the principles of Chapter 8 of King III and the implications for communication, a summary is provided in section 4.5.

4.5 SUMMARY OF THE KING III REPORT AND THE IMPLICATIONS FOR COMMUNICATION MANAGEMENT

Table 4.10 provides an overview of the previous discussion highlighting the central theme of each of the principles contained in Chapter 8 of the King III Report, coupled with the key concept of each of these principles, followed by a brief summary of the implications for communication management. This is necessary to obtain a more holistic view of the Chapter 8 Principles and the implications for South African business and communication professionals. In the context of this study, this summary, in conjunction with the theory discussed in Chapters 2 and 3, provides the platform for the analysis of the global communication management practices and trends, which forms Chapter 5.

Table 4.10: Overview of the King III Report and its implications for communication management

KING III PRINCIPLE	CENTRAL THEME	KEY CONCEPTS	IMPLICATIONS FOR COMMUNICATION MANAGEMENT
The board should appreciate that stakeholders' perceptions affect a company's reputation	Stakeholders and reputation	• Stakeholder/publics • Stakeholder perceptions • Reputation • Stakeholder interests and expectations • Stakeholder inclusive approach • Stakeholder identification, classification/categorisation and prioritisation • Stakeholder relationship management	Stakeholder relationship management (SRM) is central to communication management where SRM includes identification, categorisation and prioritisation. Various models and processes exist in the communication management theory to successfully identify, classify and prioritise stakeholders and consider their interests and expectations. This should be approached in a structured and scientific fashion. This impacts reputation. Stakeholder perceptions, which influence reputation, are central to communication management and the management of these perceptions is a central function of this discipline.
The board should delegate to management the responsibility to proactively deal with stakeholder relationships	Pro-active management of stakeholder relationships	• Stakeholder relationship strategy • Constructive engagement • Formal and informal interaction with stakeholders • Stakeholder responsibilities • Sensitive information • Integrated reporting	Communication management may be regarded as a catalyst for proactive stakeholder relationship management and constructive engagement. Furthermore, communication management has the ability to formulate a stakeholder relationship strategy, devising formal and informal interaction platforms to engage with stakeholders. A policy regarding the handling of sensitive information is necessary. Finally, communication management, with its role and experience with annual reports, has an important role to play in the drafting of the integrated report.
The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interest of the company	Stakeholder engagement	• Company accountability • Stakeholder responsibilities • Stakeholder engagement strategy	Stakeholder engagement comprises the practices that are undertaken by an organisation to involve stakeholders in a positive way in the activities of the organisation. For this to happen, a relationship needs to exist between the organisation and its stakeholders which are based on trust. This trust in turn is achieved through honest and open communication addressed in the next principles through transparent and effective communication. In this context stakeholder are able to have an understanding of what the organisation is accountable for, as well as what their responsibilities as stakeholders are i.e. mutual understanding.

Table 4.10: Overview of the King III Report and its implications for communication management

KING III PRINCIPLE	CENTRAL THEME	KEY CONCEPTS	IMPLICATIONS FOR COMMUNICATION MANAGEMENT
Companies should ensure the equitable treatment of shareholders	The treatment of shareholders	Equitable treatment of shareholders	Shareholders invest in companies and can thus bring the board of the company to account for their actions. The stakeholder inclusive approach does not place the shareholder above any other stakeholders. However, long-term share value is important as a determinant of the long-term company value, which will benefit not only shareholders, but other stakeholders as well. Thus, engagement with shareholders (minority shareholders as well) is as important as engagement with stakeholders.
Transparent and effective communication is essential for building and maintaining trust and confidence	Transparent and effective communication with stakeholders	• Dialogue • Alignment of expectations • Stakeholder trust and confidence • Transparency and disclosure • Information (complete, timely, relevant, accurate, honest, accessible) • Disclosure processes • Use of language (clear and simple) • Responsible communication programme • Crisis communication • Feedback systems • Promotion of the Access to Information Act, 2000 (reporting of refusals of requests for information)	Communication management should ensure that its strategy includes a focus on stakeholder relationship building and engagement with an emphasis on building trust and confidence. Platforms should be established to ensure that dialogue takes place between the organisation and its stakeholders, which in turn will provide the framework within which the organisation and stakeholders may be able to align their values and expectations. The handling of information and language should be carefully considered as part of a responsible communication programme and where possible, policies and practical guidelines should support organisation-wide communication. Part of the creation of platforms for transparent communication and dialogue are clearly identifiable and streamline feedback mechanisms. Finally, a crisis communication plan should form part of the communication management strategy to avoid serious damage to both stakeholder relationships and ultimately organisational reputation.

Table 4.10: Overview of the King III Report and its implications for communication management

KING III PRINCIPLE	CENTRAL THEME	KEY CONCEPTS	IMPLICATIONS FOR COMMUNICATION MANAGEMENT
The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible	Dispute or conflict resolution	• Dispute resolution • Conflict resolution	As part of stakeholder identification, categorisation/classification and prioritisation, it is possible for the organisation to anticipate conflict situations with certain stakeholders or stakeholder groups. Collaboration is necessary to assist the organisation and stakeholder to overcome their problems. One of the key roles of communication management is dispute resolution, and well as strategies for conflict resolution.

Researcher's own construct

4.6 CONCLUSION

This chapter provided an overview of corporate governance, from both a local and global perspective. It provides the context within which the King III Report on Governance for South Africa was developed. Chapter 8 of this report provides the platform for the discussion on the stakeholder concept, as well as stakeholder relationship management and also highlights the implications for communication management in South Africa. The overview of corporate governance and stakeholder relationship management, according to the King III Report on Governance further informed the interview schedule used in exploring the view of senior communicators (see Chapter 6).

Six themes were identified from the analysis of the King III Report, Chapter 8 principles that entail that stakeholders are linked with organisational reputation, that stakeholder relationships needs to be managed proactively, that stakeholders should be engaged, that shareholders should be treated equally, that stakeholder relationship management requires transparent and effective communication and finally, that dispute resolution or crisis management is needed as the ineffective management of stakeholder relationships may lead to issues.

The implications for communication management and its possible role in enhancing corporate governance emphasise the responsibility to make the board of directors or management aware of how stakeholders view the organisation. This responsibility includes how best to communicate with stakeholders, as this has implications for the reputation of the organisation.

Knowledge of the stakeholders themselves is important to build and maintain relationships. Various ways exist to identify and classify stakeholders as outlined in Chapter 3. Communication professionals are in the ideal position to have a deeper understanding of stakeholder interests and expectations, and can therefore assist the company in aligning company strategy and stakeholder expectations with each other.

The role and contribution of communication management with regard to corporate governance are explored globally to obtain an understanding of the practices and trends in other parts of the world to gain an international perspective on how communication professionals may be able to assist companies more effectively in managing stakeholder relationships according to the King III Report on Governance.

CHAPTER 5

ANALYSIS OF THE GLOBAL PRACTICES AND TRENDS OF COMMUNICATION MANAGEMENT

5.1 INTRODUCTION

This chapter presents the findings from the analyses of the global practices and trends studies of communication management since 2005. The purpose of this analysis is to explore the studies and identify trends related to the views and approaches to governance and sustainability globally. In turn, the implications for communication management in South Africa are considered. The analysis was done to obtain an international perspective on communication managements' stakeholder relationship management practices and how their role evolved over time. The Stockholm Accords are further considered as a global initiative in line with the global practices and trends of communication management and were deemed necessary to consider for this study.

5.2 THE PURPOSE OF ANALYSING GLOBAL COMMUNICATION MANAGEMENT PRACTICES AND TRENDS

The purpose of analysing the global communication practices and trends studies is to address the research objective aiming to explore the global trends in communication management and their implications for South African businesses. In the context of this study, this analysis is needed to assist in understanding businesses redefining their focus on strategic communication management's contribution to the effectiveness of the business through managing stakeholder relationships as part of good corporate governance.

Various studies on the practices and trends of communication management have been conducted on different continents since as early as 1999. These studies have provided researchers and professionals with insights into how communication management is seen, approached and practiced in different parts of the world. It also provides researchers the platform to explore the trends that are both unique and similar in different countries. The particular trends considered relate to the evolving role of communication management and whether corporate governance emerged as an area of concern for communication professionals globally. Furthermore, the managing of stakeholder relationships as an area of practice for communication professionals also had to be explored. The analysis was also an opportunity for comparison. In other words, comparing whether the global economic crisis affects all parts of the world's communication practices similarly, and whether the role of communication management differs from one part of the world to another. Of all these studies, the USA practices and trends studies dominate, followed by those conducted in Europe with two studies conducted in Asia (China). Only one study was conducted in Africa (South Africa).

5.3 CRITERIA FOR SELECTING THE GLOBAL COMMUNICATION MANAGEMENT STUDIES

The field of communication is broad and diverse. Therefore this analysis focussed on the trends and practices of only a selected number of studies. Since the beginning of the new millennium, many studies in different countries have attempted to provide guidelines for communication management to illustrate its practices and trends. Due to the fast-changing environment in which organisations find themselves, only studies conducted since 2005 are included in this chapter. A total of 13 studies were selected as indicated in Table 5.1.

Table 5.1: Global communication management studies

STUDY	YEAR	COUNTRY	ABBREVIATION	AUTHORS
The Corporate Communication Institute Practices and Trends Study	2005	USA	CCI2005	Goodman (2005)
The Corporate Communication Institute Practices and Trends Study	2006	China	CCI2006China	Wang & Goodman (2006)
The Corporate Communication Institute Practices and Trends Study	2007	USA	CCI2007	Goodman (2007)
The Corporate Communication Institute Practices and Trends Study	2008	China	CCI2008China	Wang (2008)
The Corporate Communication Institute Practices and Trends Study	2008	RSA	CCI2008RSA	De Wet, Niemann-Struweg & Meintjes (2008)
The Corporate Communication Institute Practices and Trends Study	2009	USA	CCI2009	Goodman, Genest, Cayo & Ng (2009)
The Council of Public Relations Firms' Fourth Generally Accepted Practices Study	2005	USA	GAPIV	Swerling, Mitroff, Hall, King, Benson & O'Boyle (2005)
The Council of Public Relations Firms' Fifth Generally Accepted Practices Study	2007	USA	GAPV	Swerling, Gregory, Schuh, Goff, Gould, Gu, Palmer & Mchargue (2007)
The Council of Public Relations Firms' Sixth Generally Accepted Practices Study	2009	USA	GAPVI	Swerling, Sen, Bonefeste, Rezvan & Mchargue (2009)
The European Communication Monitor 2007 to 2010	2007 to 2010	Europe	ECM2007, ECM2008, ECM2009, ECM2010	Zerfass, Tench, Verhoeven, Verčič & Moreno (2007-2010)

The criteria for selecting each of the studies for analysis here were that the study had to have been conducted by reputable organisations and that it had to have been repeated over a number of years. There are mainly three organisations that have conducted studies into the nature and practice of communication management, namely the Corporate Communication International (CCI) at Baruch College/CUNY (formerly known as the Corporate Communication Institute), Euprera (European Public Relations Education and Research Association) conducting the European Communication Monitor (ECM), and the Council of Public Relations Firms' Generally Accepted Practices (GAP) conducted by USC Annenberg

Strategic Public Relations Center. The Corporate Communication International (CCI) studies started in 1999 and are conducted every second year in the USA. However, in 2006 and 2008 the first CCI studies were conducted in China and in 2008 in South Africa. In 2009 CCI studies also started in some European Countries, but at the time of writing this chapter, the results were not yet available. The European Communication Monitor (ECM) started in several European countries in 2007 and is repeated annually with an increase in the number of countries participating each year. The Generally Accepted Practices (GAP) studies started in 2002 and are conducted biannually in the USA.

These studies, highlighting the central role of communication management in organisational success, contribute to the international discussion around the legitimacy of communication management. During this research project, the Stockholm Accords was written which emphasise the role of communication management in those aspects considered important for organisational success, and acts as a call to action for communication professionals. Its principles revolve around the concepts of sustainability and governance (discussed earlier in Chapter 1). The Stockholm Accords is therefore critical for this study in emphasising the important role communication professionals can play in assisting companies to managing stakeholder relationships according to the King III Report.

5.3.1 The Stockholm Accords

The Stockholm Accords was a collaborative effort between public relations and communication professionals on every continent and a call to action for the profession. It was endorsed by The World Public Relations Forum held in Stockholm, Sweden in June 2010. The final version of the accords was written by Yiva Skoogh, Gary McCormick and Toni Muzi Falconi. The purpose of the accords was to enhance and affirm the central role of communication management in organisational success. It provides principles for the management of communication and stakeholder groups. It particularly highlights the role of communication management in sustainability, governance, management, internal communication, and external communication including the coordination of internal and external communication. Similarly, the focus of Chapter 8 of the King III Report on Governance for South Africa's focus is also on the management of stakeholders to ensure business sustainability through ensuring transparent and effective communication by having a proactive, reputationally driven, communication management strategy geared to be stakeholder inclusive.

- *Principles from the Stockholm Accords*

The Stockholm Accords was considered a plea to communication professionals, which includes associations, managers, consultants, educators, researchers and students to "administer its principles on a sustained basis and to affirm them throughout the profession, as well as to management and other relevant stakeholder groups" (Skoogh et al., 2010:1).

The principles of the Stockholm Accords pertain to the areas of sustainability, governance, management, internal communication, external communication and the coordination of internal and external communication. The principles were considered from the view that organisations act as communicative organisations. Such an organisation recognised that even the most empowered communication management director cannot hope to directly monitor more than 10% of its organisation's communicative behaviour. Therefore, the communication leadership has to play a supportive role to the leadership of the organisation and deliver communicative skills, competencies and tools to the organisation (Skoogh et al., 2010:12). These principles are discussed in more detail in Table 5.2.

Table 5.2: Stockholm Accords Principles

PRINCIPLE	DESCRIPTION
SUSTAINABILITY	Sustainability of the organisation depends on balancing the demands from the environment with the ability to meet future needs based on economic, social and environmental dimensions. The communicative organisation assumes leadership by interpreting sustainability as a transformational opportunity to improve its competitive positioning by pursuing and constantly reporting on the achievement of its sustainability policies across the economic, social and environmental 'triple bottom line'
GOVERNANCE	All organisations operating under the stakeholder governance model employ their leaders to be directly responsible for deciding and implementing stakeholder relationship policies. The communicative organisation requires timely information, knowledge and understanding of economic, social, environmental and legal developments, as well as of its stakeholders' expectations. This is to promptly identify and deal with the opportunities and risks that can impact the organisation's direction, action and communication
MANAGEMENT	In an accelerated global competitive network society, the quality and effectiveness of an organisation's decisions are increasingly determined by their time of implementation. The communicative organisation acts on the principle that it is in the organisation's interest to be sensitive to the legitimate concerns of stakeholders, as well as balanced with wider societal expectations. This requires a high priority for listening before strategic and operational decisions
INTERNAL COMMUNICATION	Internal communication enhances recruitment, retention, development of common interests and commitment to organisational goals by an increasingly diverse, extended and segmented set of internal stakeholders. The communicative organisation expands well beyond the traditional definition of full-time employees. Internal stakeholders include: full-timers, part-timers, seasonal employees, retirees, contractors, consultants, suppliers, agents, distributors and volunteers
EXTERNAL COMMUNICATION	Organisations must review and adjust their policies, actions and communicative behaviour to improve their relationships with increasingly influential stakeholders, as well as with society at large. The communicative organisation develops skills to continually nurture its relationships with customers, investors, communities, governments, active citizen groups, industry alliances, mainstream and digital media and other situational stakeholders
COORDINATION OF INTERNAL AND EXTERNAL COMMUNICATION	Organisational communication is a multi-faceted, multi-stakeholder, interrelation enterprise, concurrently engaging several value networks concurrently and often involving diverse legal frameworks. The communicative organisation ensures full consistency of its storytelling by balancing global transparency, finite resources and time sensitive demands dealing with fast moving inside/outside changes and new conflicts of interests that emerge from multiple stakeholder participation. Communication with internal, boundary and external stakeholders is coherent and coordinated with the organisation's mission, vision, values as well as its actions and behaviours

Source: Skoogh et al. (2010:2-7)

The most prominent principles revolved around the concepts of sustainability and governance, as discussed in Chapter 1. The principles of management, internal and external communication coupled with the coordination thereof, have to be considered as supportive principles in achieving organisational sustainability and ensuring the organisation operates within a solid governance framework. Table 5.3 outlines the role of communication management in the organisation with regard to the above-mentioned principles, as summarised from the Stockholm Accords.

Table 5.3: Stockholm Accords principles for communication professionals

	COMMUNICATION PROFESSIONALS
SUSTAINABILITY	• Involve and engage key stakeholders in the organisation's sustainability policies and programmes • Interpret societal expectations for sound economic, social and environmental commitments that yield a return to the organisation and society • Ensure stakeholder participation to identify information that should be regularly, transparently and authentically reported • Promote and support efforts to reach an ongoing integrated reporting of financial, social, economic and environmental performance
GOVERNANCE	• Participate in defining organisational values, principles, strategies, policies and processes • Apply social networking, research skills and tools to interpret stakeholders' and society's expectations as a basis for decision • Deliver timely analysis and recommendations for an effective governance of stakeholder relationships by enhancing transparency, trustworthy behaviour, authentic and verifiable representation, thus sustaining the organisation's licence to operate • Create an internal listening culture, an open system that allows the organisation to anticipate, adapt and respond
MANAGEMENT	• Inform and shape the organisation's overall two-way communication abilities • Communicate the value of the organisation's products/services and relationships with stakeholders thereby creating, consolidating and developing its financial, legal, relational and operational capital • Participate in the solution of organisational issues, as well as lead those specifically focussed on stakeholder relationships
INTERNAL COMMUNICATION	Seek constant feedback for a mutual understanding of: • How front-line people comprehend, accept and achieve the organisation's strategy • How and how well organisational leaders collaborate and communicate with stakeholders • How knowledge and policy are being shared • How processes and structures are identified, developed and enhanced • How the organisation's reputation depends largely on the actions taken by internal stakeholders

	COMMUNICATION PROFESSIONALS
EXTERNAL COMMUNICATION	• Bring the organisation's 'voice' and interests into stakeholder deliberations and decisions • Assist all organisational functions in crafting and delivering effective communication • Contribute to the development and promotion of products, services or processes that strengthen brand loyalty and equity
COORDINATION OF COMMUNICATION	• Oversee the development and implementation of internal and external communications to assure consistency of content and accurate presentation of the organisation's identity • Research, develop, monitor and adjust the organisation's communication behaviour • Create and nurture a knowledge base that includes social and psychological sciences • Manage and apply research to implement evaluation and measurement programmes for continued improvement

Source: Skoogh et al. (2010:2-7)

Communication management's value and contribution to organisational effectiveness and success lie in the role it plays with regard to the achievement of sustainability and governance in the organisation. The Stockholm Accords provides the platform for communication professionals to take action and follow the principles and guidelines for the implementation of the Stockholm Accords. The Stockholm Accords was informed by Chapter 8 of the King III Report on Governance, and therefore provides more practical and communication specific elements in support of the six principles outlined in Chapter 8 of the King III Report.

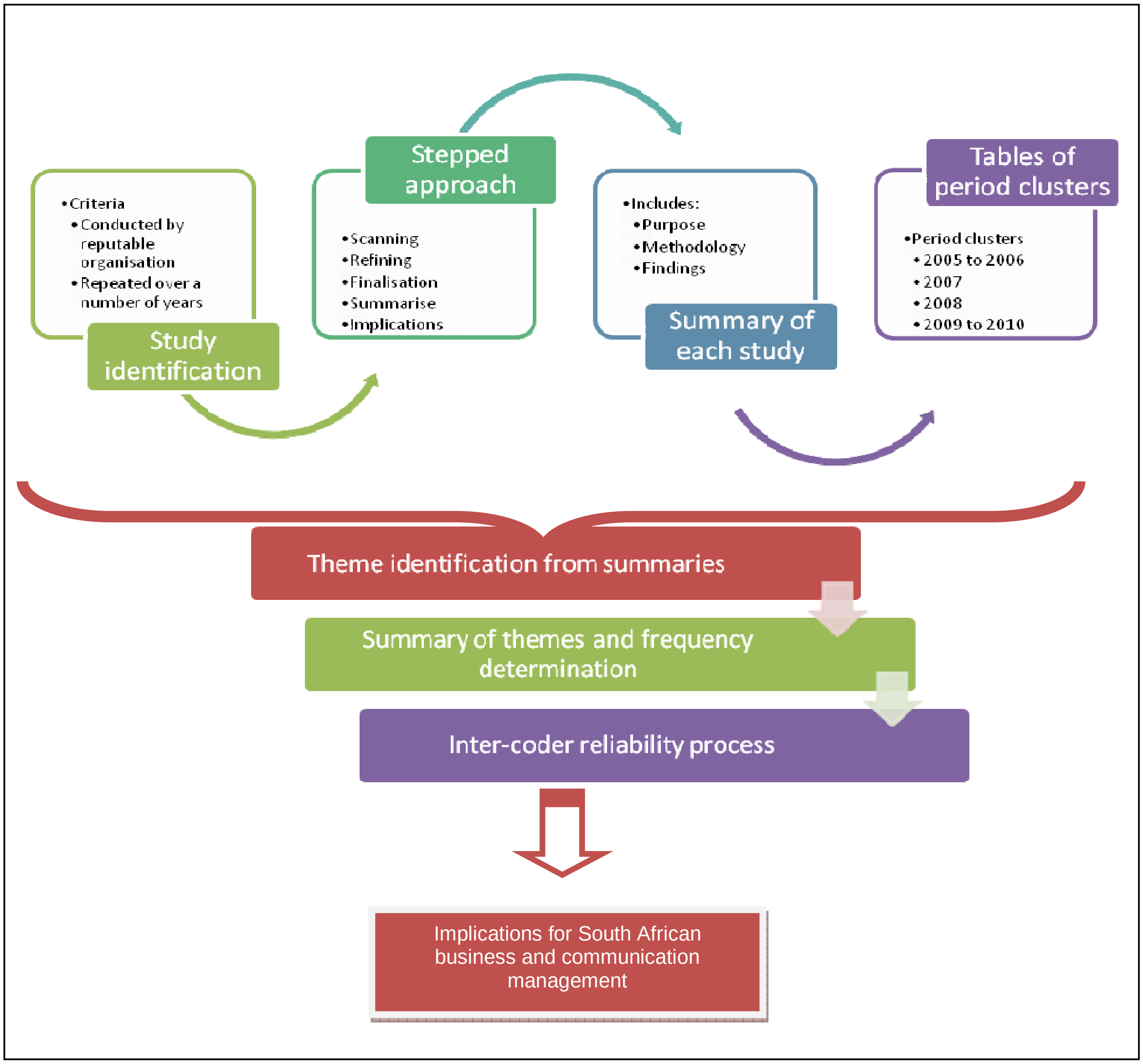
To support the principles of the Stockholm Accords, coupled with the principles of Chapter 8 of the King III Report (discussed in Chapter 4), this chapter aims to provide an analysis of global trends in the field of communication management with regard to its role in the organisation, as well as sustainability and governance.

5.4 METHODOLOGY OF THE ANALYSIS

The methodology adopted in this chapter in analysing the global communication management studies included a stepped approach, which involved systematically following each of the steps to ultimately compile summaries. These summaries firstly included summaries of the purpose and methodology of each of the studies clustered around four time periods. Secondly, summaries of the key findings of the studies again clustered around the four time periods were compiled. These are presented under Appendix B3. Themes were then identified in line with the identified concepts/ideas.

The methodology described above is outlined in Figure 5.1.

Figure 5.1: Summary of methodology adopted



Researcher's own construct

The discussion of the findings of each of the studies was by no means a comprehensive recall of each of the studies in question, and neither are the summaries provided later on in the chapter. For the purpose of the current study, namely to ascertain how communication professionals are able to assist companies in managing stakeholder relationships according to the King III Report on Governance, the vast amount of information of each of the studies was reduced to facilitate a snap-shot view of the global practices and trends of communication management.

Table 5.4 outlines the concepts and/or ideas that were considered for each of the 13 studies. However, the review was not limited to these areas only, but provided a broad guideline for the areas under study. The concepts or ideas were derived from Chapter 2 and 3 of this study, the King III Report on Governance for South Africa and the Stockholm Accords. These concepts or ideas include that of reputation, stakeholder relationships, governance, transparency and integrated communication which emerged as recent developments in the field of communication management. From the literature review it became clear that these concepts impact the discipline of communication management, coupled with its role and function in business. In turn, the role and function of communication management, being under pressure to make a meaningful contribution to business success, is dependent on how professionals view the profession, their level of skill and influence in the organisation.

Table 5.4: Concepts and/or ideas considered

CONCEPT/IDEA	DETAILS
Reputation	Reputation (including identity and image), reputation management, reputation risk
Stakeholder relationships	Stakeholder management, stakeholder relationships, trust, relationship building, means of building relationships, stakeholder focus (internal and external), preferences of stakeholders
Communication management discipline, role and function	Importance of the function, the role and function fulfilled, resources, areas of growth
Governance	Environmental changes, accountability and transparency, corporate social responsibility, sustainability, ethics and values
Transparency	Ethics and values, open communication, dialogue, authenticity
Professional implications	Skills requirements, self-perception, influence
Integrated communication	Attention received

Researcher's own construct

The process was finalised with determining the inter-coder reliability of the theme identification. Once the discussions of each of the studies were coded into themes, another independent researcher coded each of the discussions as well. Inter-coder reliability is defined by Lombard, Snyder-Duch & Bracken (2002:589) as “the extent to which independent coders evaluate a characteristic of a message or artefact and reach the same conclusion”. Thus, the data from the analysis of the global communication management studies was coded by two independent coders to determine whether the same conclusions are reached. Freelon (2010:20) argues that it is an essential criterion for validating subjectively-coded data and applies to any research that relies upon the subjective judgments of multiple trained coders. For a variable that has been assessed by more than one independent coder, a number of different coefficients can be calculated to project the level of reliability they attained. In communication, and therefore this study, the most widely used indices are Holsti’s method, Percent Agreement, Scott’s π (pi), Cohen’s κ (kappa) and Krippendorff’s α (alpha) (Lombard, Snyder-Duch & Bracken, 2004:5).

A stepped approach used in this chapter included scanning each of the studies to identify the findings that related to the concepts/ideas outlined in Table 5.4 in the particular country. This step was followed by a process of refining where the applicability of the findings identified from Step 1 was determined. The following step, finalisation, involved the final identification of the relevant findings of each of the studies to this analysis. A summary (in Step 4) was drafted and the implications (Step 5) highlighted.

Table 5.5: Stepped approach to the analysis

STEP	APPROACH	ACTION
STEP 1	Scanning	Identify the relevant findings to the purpose of the chapter.
STEP 2	Refining	Determine the applicability of the relevant findings (as identified from Step 1) of each of the studies.
STEP 3	Finalisation	Identifying the relevant findings of each of the studies.
STEP 4	Summarising	Outline the studies and their implications for governance in South Africa.
STEP 5	Implications	Discuss the implications of each of the studies’ identified findings for governance.

Researcher’s own construct

5.5 ANALYSIS OF GLOBAL STUDIES

The findings from the analysis are presented in Table format summarising the purpose of the particular study, the methodology adopted in the particular study, as well as the findings of the study. After the presentation in Table format, a brief section on the implications for communication management is included.

The more detailed discussions of each of the studies are summarised according to the time period in which the study was conducted and are presented in Appendix A. The periods were grouped together into four time periods being:

- 2005 to 2006
- 2007
- 2008
- 2009 to 2010.

The way in which the studies were presented is to start the discussion of each of the studies with:

(i) the purpose of the study,
(ii) the methodology used, and
(iii) the findings.

A total of six Corporate Communication International (CCI) studies were included, consisting of three studies from the USA, two from China and one from South Africa. The CCI studies were conducted every two years in the USA. However, the Chinese and South African studies were conducted either in the same years or alternating years, depending on the availability of the researchers in the particular countries. Three Generally Accepted Practices (GAP) studies, all from the USA, were included and four European Communication Monitor (ECM) studies were included. The GAP studies were conducted every two years, whereas the ECM studies were conducted every year, but only started in 2007. Table 5.6 provides an overview of how the studies are presented in the section that follows.

Table 5.6: Global communication management studies discussed

PERIOD	STUDY	COUNTRY/REGION
2005/2006	CCI USA (2005) GAP IV (2005) CCI China (2006)	USA USA China No European/African study available for this period
2007	CCI USA (2007) GAP V (2007) ECM (2007)	USA USA European No Asian/African study available for this period
2008	CCI China (2008) CCI RSA (2008) ECM (2008)	China South Africa European No USA study available for this period
2009/2010	CCI USA (2009) GAP VI (2009) ECM (2009) ECM (2010)	USA USA European European No Asian/African study available for this period

Researcher's own construct

The implications of each of the studies for communication management are listed below in the Table that summarises the findings from that particular study. This is followed by a discussion of the overall findings of this analysis.

5.5.1 Studies conducted during 2005/2006

The purpose, methodology and findings of the CCI USA 2005 study, the GAP IV 2005 study and the CCI China 2006 study are summarised in Table 5.7. The implications of these findings are discussed after the Table.

Table 5.7: Summary of the purpose, methodology and findings of the global communication management studies conducted during 2005/6

	CCI USA 2005	GAP IV 2005	CCI CHINA 2006
PURPOSE	State of communication management (CM) in public companies in the USA	Data to manage CM and identify trends affecting the practice of CM in USA	Practice and trends of CM in China Perceptions of corporate social responsibility (CSR)
METHODOLOGY	Public Companies Mixed method (survey, interviews, site visits)	Quantitative (survey) Public and private companies included government agencies and non-profit organisations	Convenience sample of 23 Chinese companies Quantitative and qualitative survey
KEY FINDINGS	• Public companies affected by public trust • Building trust and relationship is a challenge • Limited resources • Companies to be responsible and accountable • CM roles – counsel to CEO and managing reputation • Media influenced transparency • Stakeholder pressure • Transparency key to reputation • Companies had a role in public diplomacy	• Profession stable considering environment. Enough resources available • CEOs see CM playing a role in advancing reputation, marketing, financial success and sales • Evaluation of CM activities limited although CEOs felt it is adequate • Fewer agencies with same amount of budget • CM performed better reporting to CEO	• Focus on technical function i.e. building image, branding, marketing and sales support • Agencies were used for some of these • Little strategic emphasis • Realised a need for CSR • Internet preferred to communicate to stakeholders

The CCI study conducted in the USA in 2005 confirmed:

- The important role communication management played with regard to managing the reputation of the organisation and counselling top management in doing so.
- The stakeholder focus that organisations had with the emphasis on relationship building.
- A link between reputation and transparent communication that may be enhanced through the use of new media, and which has implications for how stakeholder relationships are managed. The Stockholm Accords and the King III Report placed great emphasis on managing stakeholder relationships coupled with how it influenced an organisation's reputation.

The GAP IV study conducted in 2005 delineated:

- As this study was conducted in 2005, a stability and normalisation of the environment were reported, coupled with the availability of resources for communication management.
- The communication function was seen as important and valuable.
- Organisations saw the role of communication as contributing to reputation as well as the bottom line.
- Measurement of communication management was limited, although CEOs felt it was adequate.
- The study did not explore concepts of governance and transparency.

The CCI study conducted in China in 2006 highlighted:

- A technical role of communication management in the organisation, with a preference for the use of the Internet in building relationships with stakeholders.
- Although there was a strong movement towards CSR engagement, the overall importance of governance and transparency was not a priority.

5.5.2 Studies conducted during 2007

In Table 5.8, the purpose, methodology and findings of the global studies conducted during 2007 are outlined.

Table 5.8: Summary of the purpose, methodology and findings of the global communication management studies conducted during 2007

	CCI USA 2007	GAP V 2007	ECM 2007
PURPOSE	State of CM in public companies in the USA Identify and analyse practices and trends	Data to manage CM and identify trends affecting the practice of CM in USA	Future trends in CM in Europe, changing framework of CM, evaluate specific topics
METHODOLOGY	Quantitative (survey) Qualitative (interviews)	Quantitative (survey) 520 senior communicators participated Public and private companies included Government agencies and non-profit organisations included	Quantitative Transnational survey 22 European countries
KEY FINDINGS	• Building trust and relationships with stakeholders • Technology increased need to transparency • Increased demands for CM • Resources limited • Public diplomacy increased for companies • Managers of reputation • Counsellor to CEO – strategic role and trusted advisor • Companies did not understand reputation • More attention to transparency, employee dissatisfaction and stakeholder criticism • Transparency made media relationship complex and strategic • New tools are used to assist • Investor relations less important for CM • Annual report still responsibility • Ethics and values were a strong base for transparent communication	• Non-profit organisations had same demands on CM as profit-driven companies • Uncertainty in US economy anticipated to impact CM • CM access to top management leading to CM contribution to financial success and market share • CM improved self-perception. Seen as significant contributors and counsellor to senior management • CM to lead integration and cross-function cooperation for improved communication	• Internal/change communication and community relations/CSR grew as disciplines of CM • Agencies took personal and non-verbal communication for granted • Digital evolution, linking CM to strategy and maintaining trust challenges for CM • Changed nature of stakeholder needs interactive and transparent communication • Measurement a challenge – outdated methods of evaluation • Building trust problematic – difficult to have open dialogue and be authentic in communication

The contribution of the 2007 USA CCI studies lies in stressing:

- The importance of trust in building relationships with stakeholders, including the use of technology to do so. Stakeholder communication was imperative in building trust and relationships. This type of communication had to include the disclosure of information previously withheld from stakeholders, such as executive remuneration.
- More attention had to be given to transparency, employee dissatisfaction and stakeholder criticism. In terms of governance, transparency and accountability were demanded from organisations and the role of new media as a means, and ethics and values as a solid base for this, were noted.
- Communication management was expected to do more with less. Professional development and cross-fertilisation of skills within the function were noted in fulfilling the role of building relationships with stakeholders.
- A broad base of skills, in particular writing, was required.
- A unique role of communication management identified is that of Public Diplomacy. This was explored in 2005 and grew in importance in 2007.

The Gap V study, conducted in 2007, pointed to:

- Environmental changes, in particular the financial environment that may in future affect the profession negatively. However, support for communication management as a business function was still reported.
- Communication management was viewed as a function that contributed to the financial success of the organisation as well as its reputation.
- This study was the first to report that communication management had an improved self-image.

- Although this study did not explore the concepts of governance and transparency, it found that communication management is the ideal function to champion integration and cross-functional cooperation as keys to contributing to the achievement of organisational goals.

The European Communication Monitor of 2007 concluded that:

- Internal communication, community relations and CSR are growing as subfields of communication management.
- The changing nature of stakeholders was reported as a key challenge for communication management coupled with the fragmented nature of stakeholder groups and their preference for interactive communication to take place in personal settings.
- Trust was noted as important for transparency. Therefore, communication management should ensure open communication, dialogue and authenticity when communicating.
- New media was seen as a challenge, as well as communication management linking with the overall strategy of the organisation.
- Measurement needed attention as outdated methods were used.

5.5.3 Studies conducted during 2008

A summary of the purpose, methodology and findings of the global communication management studies are provided in Table 5.9. This is followed by a list of implications for communication management of each of these studies.

Table 5.9: Summary of the purpose, methodology and findings of the global communication management studies conducted during 2008

	CCI CHINA 2008	CCI RSA 2008	ECM 2008
PURPOSE	Determine how communication is managed in China	State of CM in RSA Identify and analyse practices and trends	Future trends in CM in Europe, changing framework of CM, evaluate specific topics
METHODOLOGY	60 Shanghai-based companies Quantitative and qualitative survey	26 public companies Interview (quantitative and qualitative questions)	Quantitative Transnational survey 37 European countries
KEY FINDINGS	• Role and function focussed on marketing and publicity • Perceived importance of CM in managing image and reputation • Top executive involvement in CM • Increased resources allocation • CSR strongly supported • Role of politics and government diminished in CM. Significant move away from propaganda	• Realisation of the importance of CM • View of role superficial and seen as publicity • Some level of understanding of integrated communication • Professionals had limited understanding of issues facing companies and how to align CM to company strategy • CM cynical about company commitment to transparency • Often seen as window dressing. Many not aware of the implications of King III and its significance for CM	• CM played major role in companies. Internal/ change communication and community relations/CSR still growing areas of CM • Important to manage relationship with technology. Face-to-face communication started to play bigger role. Interactive channels grew • Challenges of digital evolution, linking CM to strategy and dealing with sustainable development and CSR noted • Measurement tools available, but cannot use them to illustrate CM's contribution to business • CSR relevant but uncertain field • Demand for intercultural communication

The CCI study conducted in China in 2008 found the following:

- Similar to the study conducted in China in 2006, this study also mentioned a tendency of organisations focussing on a more technical role of communication management.

- A strong movement toward CSR engagement was prevalent, but the overall importance of governance and transparency remained aspects that are not a priority yet.
- This study highlighted the limited influence of government with regard to the practising of 'propaganda' where organisations adjusted to the market-driven environment they find themselves in.

The CCI study conducted in South Africa (RSA) in 2008 found that:

- Organisations valued communication management, however, there was a strong focus on the technical role, especially publicity.
- The need for communicators to engage in continuous development (training) was noted.
- Organisations' selective commitments to transparency coupled with the tendency to be transparent for window dressing purposes were noted. Few communicators were aware of or had knowledge of the King II Report, which had significant implications for their understanding of the management of stakeholder relationships.

The European Communication Monitor of 2008 uncovered the following:

- This study confirmed the findings from the previous study of internal communication and CSR as growing subdisciplines of communication management.
- Relationships with stakeholders remained a focus, but face-to-face communication was starting to play a bigger role in building and maintaining these relationships.
- Interactive channels became more important for managing stakeholder relations, as well as online channels and social media. These channels (online and social media) though remained a challenge for communication management though.
- Another challenge remained finding ways for communication management to link with the overall strategy of the organisation.

- Interestingly, another challenge that was noted was that of sustainable development and CSR. CSR was regarded as an uncertain field, but a strategic issue that communication management should manage as it affects the organisation's reputation.
- Measurement continued to be an aspect that needed attention, as communicators knew that there were reliable instruments for measurement. They however experienced difficulty in integrating them into how to better manage the function and illustrate the contribution the function makes to the bottom line.

5.5.4 Studies conducted during 2009/2010

In Table 5.10 a summary of the purpose, methodology and findings of the global communication management studies of 2009/10 is offered. From there, the implications of each of these studies for communication management are listed.

Table 5.10: Summary of the purpose, methodology and findings of the global communication management studies conducted during 2009/10

	CCI USA 2009	**GAP VI 2009**	**ECM 2009**	**ECM 2010**
PURPOSE	State of CM in public companies in the USA Identify and analyse practices and trends	Data to manage CM and identify trends affecting the practice of CM in USA For use as benchmarking tool	Most comprehensive analysis of CM in Europe. Future trends in CM in Europe, changing framework of CM, evaluate specific topics	Most comprehensive analysis of CM in Europe Future trends in CM in Europe, changing framework of CM, evaluate specific topics
METHODOLOGY	Quantitative (survey) Qualitative (interviews)	Mid-sized and large organisations Quantitative survey 382 communication decision-makers Public and private companies included Government agencies and non-profit organisations included	1850 participants from 34 countries Quantitative survey	1995 participants from 46 countries Quantitative survey

	CCI USA 2009	GAP VI 2009	ECM 2009	ECM 2010
KEY FINDINGS	• Economic crisis lead to CM anxiety. Business model transformation. Companies to build trust and adapt to changing environment • Dramatic budget and staff decreases • CM still valued, but must do more with less • Social media's impact was greater. Challenge was to focus on strategic use of this media rather than tactical application • Primary role still counsel to CEO and manager of reputation Management of reputation needs collaboration with the CEO • Investor relations required more from CM. CM needs understanding of financial crisis. • Accountable and transparent behaviour were needed. To be driven by ethics and value of the company • CM needed adaptability, strategic thinking, problem-solving, integrity and crisis management skills coupled with understanding of business and strategy	During economic crisis, position of CM was key to success. CM reporting to CEO was successful, innovative, proactive, strategic, flexible, ethical and good reputations These aspects assisted organisation also to survive	• Communicators did not make use of full potential of strategic communication. CM to contribute by solving business problems with communication activities and to include communication strategy in strategy formulation. • Influence of communicators depended on the role performed, position of CM and years of practice • Internal communication and CSR grew • Trust in relationship building was more important. Senior management had lost credibility, reputation and trust. CSR activities not aligned to business goals • Narrow view of measurement • Communicators were allowing others (i.e. training managers) to also communicate	• Missing link between CM activities and business goals • Few communicators committed themselves to facilitating business processed • Perceptions of excellence and influence in the organisation were determined by level of experience and position in the organisation. • Criteria for excellence were seen to be the ability to build and maintain relationships with stakeholders and the ability to mobilise people to get involved in decision-making • Internal communication and CSR grew • Online channels became viable through the development of social media guidelines, monitoring routines and key performance indicators being developed

The CCI study conducted in the USA in 2009 emphasised:

- The economic crisis was noted as impacting on communication management where communicators' ability to doing more with less increased.
- Primarily, communicators acted as counsel to the CEO and managed the reputation of the organisation where the use of social media in doing so was highlighted.
- Where, in the past, the role of communication management in investor relations decreased, this role became more important again. This required communicators to have the skills to contribute effectively, coupled with a number of other broad-based skills required.
- Effective relationships with certain stakeholder groups assisted in limiting stakeholder criticism, especially with regard to the transparency around executives' compensation. This also translated into the need for organisations to behave in an accountable and transparent way. This study revealed that the focus on transparency and disclosure of information lead to communication management having to ensure the alignment of messages with the actions of the organisation.
- As a foundation, it was found that ethics and values assisted organisations to become accountable.

The GAP VI study of 2009 underlined:

- The difficult economic environment and that the extent of the communication management function's integration, its values and position in the organisation all influenced the extent of the function's contribution made to the organisation. In spite of the economic environment, those departments that reported directly to the CEO still experienced an increase in resources.
- The fact that organisations with a good reputation and that acted ethically, remained successful during difficult times.

The European Communication Monitor of 2009 postulated that:

- Finding a way to link communication management to the overall strategy of the organisation remained a challenge, where communication management was not making the most of the full potential of the function as strategic communication.
- Internal communication and CSR remained areas of growing importance in communication management.
- Trust in building and maintaining relationships with stakeholders continued to be vital, with online channels increasingly being used as communication channels with stakeholders. Online communities were seen as a means to create dialogue with stakeholders in the next three years. Whether this was something that would affect South Africa, remains to be seen due to the constant Internet bandwidth problems the country is facing.
- Dialogue and authenticity in communication were gaining importance. At the same time communication management may have to let go of some control over messaging.
- Measurement was only considered from an output perspective with little attention to input and outcomes.

The 2010 European Communication Monitor stressed:

- That although communicators engage in building reputation, fewer committed themselves to facilitating business processes in a bid to contribute to the success of the organisation. Being able to fulfil these roles, they needed to have ample experience and be positioned in the organisation as close as possible to top management.
- That communicators regarded building relationships with stakeholders key to their success, coupled with the ability to get people to become involved in management decision-making.
- That communication importance increased with the change in the economic climate, although resources decreased.

The discussion and summaries of the 13 global communication studies provides insight into how communication management is seen, approached and practised in different parts of the world. It further provides an opportunity to highlight the similarities and differences between the different countries/continents, as well as comparing the findings with the elements of the Stockholm Accords, Chapter 8 of King III and the theory.

5.6 SUMMARY OF THE GLOBAL STUDIES ANALYSIS

In this section a summary of the global studies analysis with regard to the purpose, methodology and findings are outlined. Furthermore, the themes identified from the findings in relation to the Stockholm Accords, Chapter 8 of the King III Report and the theory are provided.

5.6.1 Purpose and methodology

The 13 global communication management studies had to a more or lesser extent the same purpose. This purpose was determining the state of the profession, and exploring the practices and trends for professionals to benchmark their departments against. The methodologies used varied with the Generally Accepted Practices (GAP) and European Communication Monitor (ECM) studies adopting a quantitative approach, while the Corporate Communication International (CCI) studies adopted a mixed method approach applied in different ways across the three continents where these studies were conducted.

5.6.2 Findings of the analysis in the form of themes

As a means to further understand the views and practices of communication professionals across the globe, a number of overarching themes and subthemes were identified from the discussion and summaries of the 13 global communication management studies. The number of times a particular theme emerged is provided, as outlined in the methodology of the analysis in Figure 5.1. These are presented in Table 5.11.

Table 5.11: Themes identified from the 13 global communication management studies

OVERARCHING THEME	THEME	SUBTHEME	NUMBER OF TIMES EMERGED
CORPORATE GOVERNANCE	Pressure for organisations to be responsible citizens and CSR		4
	Accountability, ethics and transparency important for the organisation		4
TRANSPARENCY	Link between transparency and reputation		1
	Ethics and values the base for transparency and success		2
	Needs open communication, dialogue and authenticity		1
	Link between integrated communication (IC) and transparency in the alignment of messages		1
REPUTATION	Reputation management-key for business and driver of CSR		3
	CM to manage image and reputation		8
STAKEHOLDER MANAGEMENT	Relationship building		1
		Relationship building through face-to-face communication	1
		Trust in relationship as a challenge	1
		Relationship building through online medium	1
	Stakeholder focus (internal and external)		1
		Stakeholder fragmentation as a challenge	1
		Stakeholder preference – interactive communication in a personal setting	1
	Information overload noted as a problem		1
NEW MEDIA	New media implications	For transparency and stakeholder communication	4
	Tool to create dialogue	Seen as biggest challenge	4
MEASUREMENT	Linking measurement to strategy		3
	Resource allocation to measurement		2

OVERARCHING THEME	THEME	SUBTHEME	NUMBER OF TIMES EMERGED
COMMUNICATION MANAGEMENT DISCIPLINE AND FUNCTION	Importance of communication management		4
	Link of communication management, with organisational strategy as a challenge		2
	Increase in communication management responsibility		1
	Communication management (CM) resources increase		1
	CM resources decrease		1
	Focus on technical aspects		1
	Internal / change communication growing fields		1
	CSR and IC are growing fields and challenge		1
	To let go of control of communication to assist with authenticity of communication		1
ROLE OF COMMUNICATION MANAGEMENT	CM to counsel CEO		4
	CM limited involvement in investor relations (pre-recession)		1
	CM increased involvement in investor relationship (during and post-recession)		1
	Mobilising staff to take part in decision-making		1
PROFESSIONAL IMPLICATIONS	Professional development of professionals	Diversity of professionals	2
		Intercultural skills	1
		Limited understanding of reputation, CSR and sustainability	2
		Broad skills base	2
	Improved self-perception		1
	Influence depends on role, position and years of practice		1
OTHER	Political influence limited		1
	Public diplomacy		2

The most prominent themes identified from the analysis of the 13 global communication management studies included pressure for organisations to be responsible corporate citizens, as well as displaying corporate social responsibility, communication management managing image and reputation through new media ensuring transparency and stakeholder communication, the importance of communication management and its role to counsel the CEO. This is significant as the concepts or ideas considered in the analysis included governance, reputation, stakeholder relationships, transparency and the overall role and function of communication management as highlighted in

Table 5.4. Governance, reputation, stakeholder relationship management and transparency are also regarded as key concepts of this study as discussed in Table 1.2 in Chapter 1. These concepts will be considered in Phase II of the study when senior communicator views are obtained.

5.6.3 Implications of the global studies for communication management

Each of the implications for communication management is briefly mentioned.

Resource implications: economics crisis

The implications for the discipline and function of communication management include the growing importance of the function coupled with either an increase in resources, in spite of the global economic crisis, or a decrease because of the global economic crisis. “The economic downturn, widely referred to as the ‘Great Recession’ (which officially dated from December 2007 in the United States), included the two most dismal quarters for the U.S. economy in more than 60 years” (Britannica World Data, 2011:[1]). This downturn turned into a crisis not only for the USA, but also for Europe, Japan and even emerging economies. Some emerging economies, particularly China, have been fairly resilient to the financial crisis (The Economist, 2008:[2-3]). A similar scenario existed for South Africa (Zini, 2008:[1]). However, the responsibility and what is required from communication management increased.

Investor relations

The global economic crisis impacted the role communication management played with regard to investor relations. Pre-recession the role decreased, but during and post-recession the role increased.

Link with organisational strategy

The challenge for communicators was linking communication management actions with organisational strategy.

Internal, change and corporate social responsibility communication

The subfields of internal and change communication grew, as well as the area of corporate social responsibility (CSR). The latter was also seen as the greatest challenge.

Reputation

Reputation was seen as a key driver for corporate social responsibility (CSR) with the acknowledgement of the link between reputation and transparency. Here ethics and values were considered the base for transparency and success that needed open communication, dialogue and authenticity. Integrated communication was also mentioned as assisting in ensuring transparency in communication through the alignment of messages.

Changing media landscape

New media was seen as a big challenge, but important for assisting in this process of ensuring transparency. It was considered as a tool to create dialogue.

Changing environment

Furthermore, the changing environment caused increased pressure for organisations to be responsible citizens and to engage in corporate social responsibility (CSR) initiatives. Accountability and transparency became more important where in the USA organisations were even starting to play a role in Public Diplomacy.

Stakeholder relationship management

Stakeholder relationship building emerged as important with trust, face-to-face communication and the use of online mediums as necessary means for building these relationships. Some of the problems were information overload, stakeholder fragmentation and stakeholder preferences for interactive communication taking place in personal settings. All these impact reputation. The overwhelming role of communication management was defined as managing the image and reputation of the organisation as well as counselling the CEO.

Communication professionals' development

Professional development for professionals was mentioned, especially training in how to link measurement to communication management as well as strategy.

5.7 INTER-CODER RELIABILITY

Part of the methodology of the analysis of the global practices and trends of communication management included determining the inter-coder reliability of the analysis. ReCal2 (Reliability Calculator for 2 coders) was used to calculate the inter-coder reliability and the results are presented in Table 5.12. This process was followed to ensure the reliability of the results and conclusions obtained.

Specialised software is necessary to perform the calculations associated with determining inter-coder reliability, where either a specifically installed programme or Web service can be used. For the installed programmes, specific system requirements are often a barrier, whereas Web services are always available and easy to use (Freelon, 2010:21). For this reason, ReCal2

(Reliability Calculator for 2 coders) was chosen to compute the values in Table 5.12. It is not the first computer programme to apply the Web service concept to inter-coder reliability, but it is the most comprehensive and fully-featured. ReCal2's results have been verified especially for nominal data (Freelon, 2010:32) which was used in the calculation of the results in Table 7.15. The two limitations of ReCal2 are that the coefficients ReCal2 offers are only valid for nominal inter-coder data and that it only accepts a single variable per execution. Therefore ReCal2 equates rows with unit of analysis and columns with coders (Freelon, 2010:32).

In the case of this calculation, the rows in the dataset indicated the particular global study under investigation and the columns indicated the two coders to avoid this limitation impacting these results as indicated in Appendix B.

Percent Agreement is most widely used and appealing due to its simplicity, but in some cases it may overestimate true inter-coder agreement. Krippendorff's alpha is well regarded and flexible, but is used for ordinal, interval and ration level variables and, thus, not applicable in this case. Cohen's kappa is seen as the measure of choice and is commonly used in coding behaviour (Lombard et al., 2004:5). Scott's pi is similar to Cohen's kappa and normally used for nominal data in communication studies (Scott, 1955:323).

For exploratory research, as in the case of this chapter, an acceptable level of reliability for the indices used of .70 are appropriate, bearing in mind that some indices such as Percent Agreement are more literal, whereas Cohen's kappa, Scott's pi and Krippendorff's alpha are more conservative. It is preferred that two or more indices are reported (Lombard et al., 2004:3). In the case of this research, Percent Agreement and Scott's pi are most appropriate as the data is nominal within the context of communication studies.

Table 5.12: Measures of inter-coder reliability

Theme	Percent Agreement	Scott's Pi
Corporate governance	85	0.68
Transparency	100	1.00
Reputation	85	0.57
Stakeholder management	85	0.69
New media	85	0.69
Measurement	92	0.84
Communication management discipline and function	100	undefined*
Role of communication management	85	0.69
Professional implications	85	0.57
Other	100	1.00

With regard to ‘corporate governance’, ‘stakeholder management’, ‘new media’ and the ‘role of communication management’ the Percent Agreement was 85% and the Scott’s pi .68. As the Percent Agreement was very high and the Scott’s pi was very close to .70, the measure was accepted as reliable.

In the case of ‘transparency’ and the ‘other’ variable, both the Percent Agreement and Scott’s pi were 100 or 1 respectively. This indicates that the two coders attained 100% agreement.

The ‘communication management discipline and function’ variable obtained a 100% score for Percent Agreement, and undefined for the Scott’s pi. This is evident when both coders have attained 100% agreement and they have selected the same variable value for every unit of analysis.

For the variable ‘measurement’, a score of 92% was obtained for Percent Agreement and .69 for Scott’s pi. As the Percent Agreement was very high and the Scott’s pi was very close to .70, the measure was accepted as reliable.

The variables ‘reputation’ and ‘professional implications’ scored 85% for Percent Agreement and .57 for Scott’s pi. Although the Scott’s pi is lower than expected, the Percent Agreement is the same as in the case of variables ‘corporate governance’, stakeholder management’, ‘new media’ and the ‘role of communication’, all closely linked to ‘reputation’. Therefore, the measure was still accepted.

5.8 GLOBAL STUDIES ANALYSIS IN RELATION TO THE STOCKHOLM ACCORDS, KING III AND THE THEORY (PHASE I)

From the analysis of the global communication management studies, similarities and differences were found compared to the concepts/ideas considered. These were based on the theory discussed in Chapter 3, the Stockholm Accords discussed earlier in this chapter, as well as the six principles outlined in Chapter 8 of the King III Report on Governance discussed in Chapter 4 of this study. The similarities found revolved around the prominence of governance and sustainability mentioned in the global studies (especially from 2008 onwards) as well as in the Stockholm Accords, the literature and the King III Report. Other areas of similarity revolved around the notion of stakeholder relationship management with an emphasis on internal and external coordination or integration ensuring these practices are proactive. These are presented in Table 5.13

Table 5.13: Analysis of the relationships between stakeholder relationship management theory (Chapter 3), the King III Report on Governance (Chapter 4), the Stockholm Accords (Chapter 5) and the Global communication management studies analysis (Chapter 5) (Phase I)

Theory (SRM)	King III	Stockholm Accords	Global communication management studies review
Cross-cutting considerations *Strategic constituency perspective* and <u>*stakeholder inclusive approach*</u> as paradigm The focus is on considering the demands and power of stakeholders where the effectiveness of the organisation is based on how well the organisation is able to meet the requirements of stakeholders. This is achieved through the alignment of organisational and stakeholder values and the empowerment of stakeholders			
From the analysis in Chapter 3 on the three related concepts of SE, **SRM** and GSR it was concluded that the more encompassing concept is SRM as it has a relationship focus based on power, trust, relationship satisfaction, commitment and exchange. It further is based on <u>stakeholder inclusiveness and empowerment</u> as well as the alignment of organisational and stakeholder values, which is aligned with the paradigm of this study. Identification, categorisation, prioritisation and relationship management approaches are considered relevant and of value as determine in Chapter 3. The **linkages model** (Grunig & Hunt, 1984) was considered a good starting point and used by another author in a more recent development of the concept (Falconi, 2009). The **stakeholder typology** around power, legitimacy and urgency (Mitchelle et al, 1997) provides the opportunity for organisations to gain a more structured view of their stakeholders, and enables organisations to have a platform with which to **prioritise** stakeholders. This is important as engagement and communication with stakeholders need to be specific and tailored. The **situational theory** of publics by Grunig (2005) provides a platform to better understand the behaviour associated with certain publics (stakeholders). Once the process of stakeholder identification, prioritisation and categorisation is complete, issues management, which also involves **issues identification**, is needed. In the event where an issue turns into a crisis, **conflict resolution/crisis communication** is required. Finally, all these aspects influence the **reputation** of the organisation.	The six central themes identified from the King III Report on Governance is: 1. Stakeholders are linked with **reputation** 2. **Proactive management** of stakeholder relationships 3. **Stakeholder engagement** 4. **Treatment of shareholders** 5. **Transparent and effective communication** 6. **Dispute/conflict resolution**	The Stockholm Accords focus on the following aspects: 1. Sustainability 2. Governance 3. **Management of stakeholder relationships** 4. **Internal and external communica-tion that is co-ordinated**	The global communication management studies review provided the following insights: 1. The changing economic climate has resource implications for communication management, which implies that this function requires support from top management and other management functions 2. There is a re-established focus on **investor relations**. 3. Linking with organisational strategy is a challenge 4. Internal, change and CSR communication is playing a bigger role than before. 5. **Reputation** is key to the role of communication management. 6. The **changing media landscape** poses challenges. 7. The changing environment poses challenges. 8. There is a clear focus on **stakeholder relationship management** 9. Professional development of communication professionals is important.

The words highlighted in similar colours indicate the links of these concepts between the different elements of Phase I of this study.

From the analysis of the four elements of Phase I of this study, being the theory on stakeholder relationship management, the King III Report (Chapter 8), the Stockholm Accords and the global communication management studies the following can be concluded (the element from where the conclusion was derived from is indicated in brackets):

1. Stakeholder relationship management is strategic in nature and encompasses the elements of the paradigm of this study namely the strategic constituency perspective and the inclusive stakeholder approach (Theory).
2. The environment in which the organisation exists needs to be considered (Global communication management studies analysis)
3. The proactive management of stakeholder relationships requires a process of stakeholder profiling (stakeholder identification, prioritisation and categorisation), following by a process of issues analysis linked with possible relationship outcomes. Communication management has a support role to play in this to the organisation (Theory, Chapter 8 of the King III Report, Stockholm Accords, Global communication management studies analysis)
4. Shareholders should be treated equally through the role of communication management of investor relations (Chapter 8 of the King III Report, Global communication management studies analysis)
5. Dispute and conflict resolution may be addressed through a process of issues analysis and management and a consideration of crisis communication strategies.
6. Stakeholder engagement requires the co-ordination of internal and external communication, which is transparent and effective in a changing media landscape (Chapter 8 of the King III Report, Stockholm Accords, Global communication management studies analysis)
7. Reputation is central to stakeholder relationship management (Theory, Chapter 8 of the King III Report, Global communication management studies analysis)

5.9 CONCLUSION

The aim of this chapter was to provide an overview of the analysis of the global communication management studies to gain an international perspective on how communication professionals may be able to assist companies in managing stakeholder relationships more effectively. A total of 13 studies have been selected from the CCI, GAP and ECM studies since 2005. All the global studies analysed include a description of the central role of communication management in contributing to organisational success, keeping in mind the principles of the Stockholm Accords. More specifically, the state (in terms of role, function and position) of communication management, the concepts of corporate governance, sustainability, reputation, stakeholder relationship, transparency, professional implications and integrated communication were explored.

The most prominent principles from the Stockholm Accords and the King III Report revolved around the concepts of sustainability and governance. It became evident that, especially during the analysis of the studies reporting results from 2008, the changing environment caused increased pressure for organisations to be responsible citizens and to engage in corporate social responsibility (CSR) initiatives. Furthermore, organisations felt more pressure to become more accountable and transparent.

Communication management's responsibility increased globally with a renewed emphasis on linking communication activity to business strategy. Stakeholder relationship management was highlighted as a key role of communication management, coupled with the management of the organisation's image and reputation. Reference was made to the link between reputation and corporate social responsibility (CSR) as well as corporate governance. Internal and change communication (and in some instances crisis communication) emerged as growing areas of communication management. The findings connect the communication management discipline to the principles of management, in particular the management of internal and external communication. These are regarded as supportive principles in achieving organisational sustainability and ensuring that the organisation operates within a solid governance framework, as outlined by both the Stockholm Accords and the King III Report.

Obtaining legitimacy for communication management is a global effort, hence the Stockholm Accords' call to action for communication professionals. This chapter provides a further platform to demonstrate the way forward, and to indicate the role communication management plays in the implementation of managing stakeholder relations as stipulated by the King III.

An analysis was done considering the concepts identified from each of the four elements of Phase I of this study. The findings of this analysis provide a platform for the conceptualisation of the guidelines for managing stakeholder relationships according to the King Report on Governance. This analysis indicates the strategic nature of stakeholder relationship management as the encompassing term for stakeholder engagement and the governing of stakeholder relationships. These relationships are to be managed proactively and approaches to this are provided in the theory. Shareholders are regarded as a key stakeholder as special consideration is given to this stakeholder group in the King III Report. The theory provides some insight into resolving disputes and managing conflict and crisis. Stakeholder engagement through transparent and effective communication, both internally and externally was highlighted, with reputation as central to stakeholder relationship management. The role of communication management was highlighted through each of the above mentioned considerations.

CHAPTER 6

RESEARCH DESIGN FOR DEVELOPING GUIDELINES AND POSITIONING FRAMEWORK

6.1 INTRODUCTION

As indicated, this study consists of three phases with the ultimate aim to develop guidelines for the management of stakeholder relationships in accordance with the King III Report on Governance for South Africa and a positioning framework for stakeholder relationship management (SRM). Phase III of this study focuses on achieving this aim.

Phase I, as a point of departure for this study, consisted of an exploration of the area of stakeholder relationship management and the role of communication management therein. It consisted of a literature review; a discussion of the implications of Chapter 8 of the King III Report on Governance for communication management in South Africa; as well as an analysis of the global studies on communication management practices and trends and of the Stockholm Accords. Phase II focussed on outlining the view of senior communicators from selected South African companies, which, together with the outcomes from Phase I, forms the basis for the development of guidelines for stakeholder relationship management and a stakeholder relationship management positioning framework (Phase III).

This chapter outlines the research design that was followed to achieve the final purpose of the research, namely to determine the contribution of strategic communication management as a redefined business paradigm in managing stakeholder relationship management, enhancing the knowledge of communication professionals in implementing the six principles outlined in Chapter 8 of the King III Report on Governance.

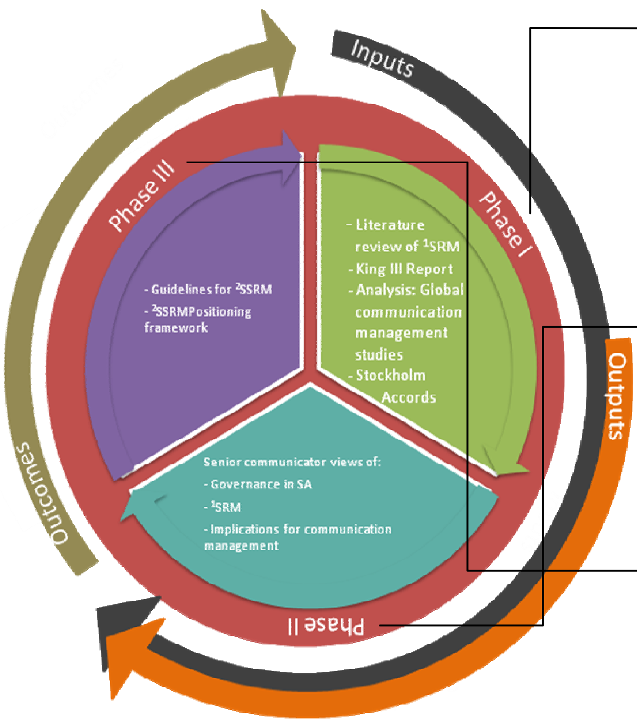
This chapter is structured in the following way:

- Overview of the three phases that guide this study
- Research objectives
- Sampling design
- Interview guide
- Data collection
- Data analysis
- The pilot study
- Rigour and ethics

These phases and their relationship with each other are presented in Figure 6.1, also presented in Chapter 1. This figure also outlines how the phases related to the research objectives of this study. Each of the phases was discussed in Chapter 1.

Figure 6.1: The relationship between the phases model and the research objectives of this study

The model	Descriptions of the phases	Associated research objectives



- Literature review: Stakeholder relationship management
- Discussion of the implications of King III Report for SA business and communication management
- Analysis of global communication management practices and trends (Output)
- Stockholm Accords

Phase II: Empirical (Input with output)

- Senior communicator views

Phase III: Guidelines and framework

- Development of guidelines for stakeholder relationship management
- Conceptualisation of a stakeholder relationship management positioning framework

To explore the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing a company's business strategy.

To explore the global trends in communication management and its implications for South African business.

To explore the implications of the King III Report, Chapter 8 on managing stakeholder relationships, in particular on companies and their communication professionals in South Africa.

To establish guidelines in accordance with the King III Report for the implementation of stakeholder relationship management for business in South Africa.

To establish a stakeholder relationship management positioning framework with which South African businesses may be able to position their communication management departments.

Researcher's own construct

6.2 SUMMARY OF THE PHASES

A summary of the phases in relation to the chapters of this study is provided in Table 6.1.

Table 6.1: Summary of the phases in relationship to the chapters of this study

PHASES	CHAPTER	NAME OF CHAPTER
Phase I: Literature review on stakeholder relationship management	Chapter 3	Stakeholder relationship management (SRM)
Phase I: King III Report Chapter 8 discussion	Chapter 4	King III: Explaining the implications for communication management
Phase I:Global communication management studies analysis and consideration of the Stockholm Accords	Chapter 5	Analysis of the global studies on communication management
Phase II: In-depth interviews (Empirical research)	Chapter 7	Senior communicator views of the role of communication management in stakeholder relationship management
Phase III: Guidelines for the management of strategic stakeholder relationships and stakeholder relationship management positioning framework	Chapter 8	Guidelines and positioning framework for stakeholder relationship management

6.3 RESEARCH OBJECTIVES

The research questions and objectives of this study were outlined in Chapter 1. However, for each of the references, the primary research question and related research objectives are repeated here.

6.1.1 Research question

The primary research question being investigated is:

How can communication professionals assist their companies to manage stakeholder relationships according to the King III Report on Governance?

6.1.2 Research objectives

The study was guided by the following specific research objectives:

Ro1: To explore the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing a company's business strategy.

Ro2: To explore the implications of the King III Report and Chapter 8 on managing stakeholder relationships, in particular on companies and their communication professionals in South Africa.

Ro3: To explore the global trends in communication management and its implications for South African businesses.

Ro4: To establish guidelines in accordance with the King III Report for the implementation of stakeholder relationship management for businesses in South Africa.

Ro5: To establish a stakeholder relationship management positioning framework with which South African businesses may be able to position their communication management departments.

6.4 SAMPLING DESIGN

In non-probability sampling, as is the case in this study, the odds of selecting a particular individual are not known as the researcher often does not know the population size or the members of the population (Gravetter & Forzano, 2003:118). For the purpose of this study, purposive, often referred to as convenience sampling, was used. Purposive sampling is based entirely on the judgment of the researcher, as the sample consists of elements that contain the most characteristic, representative or typical attributes of the population. Therefore the judgment of the researcher is a factor in this type of sample (Strydom, 2005a:202). The sampling plan for the study is outlined in Table 6.2.

6.4.1 Sampling plan

The sampling plan includes the population being senior communicators selected through non-probability convenience or purposive sampling. There Metropolitan areas, Gauteng, Durban and Cape Town were used to select participants from. The Top Performing companies' publication was used to sample from, as well as exploring the websites from the selected companies to determine whether the selected participant would be able to make informed comments.

Table 6.2: Sampling plan

TARGET POPULATION	Senior communicators (specifically stakeholder relationship management) in companies in South Africa
UNIT OF ANALYSIS	Senior communicators (specifically stakeholder relationship management) in companies in South Africa
SOURCES FROM WHICH DATA WAS COLLECTED	Participants selected from the unit of analysis
METHOD FOR SELECTING PARTICIPANTS	The sampling design used was non-probability convenience or purposive sampling. The Gauteng participants were selected from the interviews conducted in the 2008 South Africa CCI Benchmark study for the profit sector and the Top 500 Best Performing companies in South Africa publication (Fletcher, 2007). To obtain a more representative view, participants from the other main business centres in South Africa, namely Cape Town and surrounding areas and Durban, were included. They were identified with the use of the 11th Edition of the Top Performing Companies publication (a publication released annually of the top performing companies in South Africa based on turnover, growth, triple bottom line, increase in volume of sales, increase in volume of service contracts, capital investment and total value of assets) (Fletcher, 2011:7) where the participants were selected based on whether a senior communicator mainly responsible for stakeholder relationship management was employed, and whether reference was made to corporate governance, citizenship or sustainability on the company website.
NUMBER OF PARTICIPANTS	9 Participants

6.4.2 Selection of participants according to geographical region

South Africa consists of six mega cities or better known as metropolitan municipalities. They are Cape Town, Durban (eThekweni), Ekurhuleni (East Rand), Johannesburg, Nelson Mandela Bay (Port Elizabeth) and Tshwane (Pretoria) (South Africa at a glance, n.d.:[1-2]). As most South African companies have their head offices located in either Gauteng (Johannesburg/Tshwane), Cape Town and surrounding areas or Durban, where the top persons responsible for communication and stakeholder relationship management in these companies are based at a head office, these three cities and surrounding areas were used to sample participants from.

For the Gauteng region, the sampling was based on knowledge obtained from the South Africa CCI Benchmark study that was conducted in 2008 by Prof. G.F. de Wet, Dr. I. Niemann-Struweg and C. Meintjes. As the researcher of this study was also one of the primary researchers of the South Africa CCI Benchmark study, it was possible to identify the companies which participated in this study, coupled with whether the top person responsible interviewed had knowledge of the King III Report. Although this approach was different to that used for the other regions included in the study, it provided the researcher with the advantage to make more informed decisions with regard to the sampling in this region, as the majority of Top Performing Companies are based in Gauteng. It further proved beneficial to this study, as one of the questions of the South Africa CCI Benchmark study related to the King Report and based on this, it was known whether the particular company had knowledge of the King Report and whether the top person responsible for communication management would be able to comment in this regard. An overview of the segment, sectors, subsectors and companies and who had knowledge of the King III Report are outlined in Appendix B. The companies which had some knowledge or understanding of the King Report were Sappi, ArcelorMittal, Afrox, Africon, Daimler Chrysler, Clover, Discovery, Massmart, Prestige, Vodacom, FNB, Standard Bank, Deloitte and UNISA. This was evident from a question asked during the RSA CCI study in which participants had to illustrate the implications of the King Report for communication management.

The selection of participants for each of the geographic areas is outlined in Table 6.3.

Table 6.3: Participants selected from the three major metropolitans in South Africa

METROPOLITAN/REGION	COMPANY	REASONS FOR SELECTION
Gauteng region (Johannesburg/Tshwane)	Sappi PPC Vodacom	See Table 6.6
Durban region (eThekweni)	Tongaat Hulett Development Defy	See discussion that follows
Cape Town region and surrounds	KWV Holdings Woolworths Medi-Clinic	See discussion that follows

An investigation into whether these organisations still had a communication executive or a top person responsible for stakeholder relations management was undertaken. This investigation included determining whether the company underwent significant changes. The insights from this investigation are displayed in Table 6.4.

Table 6.4: Summary of investigation of Gauteng companies

SEGMENT	COMPANY	TOP PERSON RESPONSIBILE FOR COMMUNICATION/SIGNIFICANT CHANGES
PRIMARY	Sappi	✓
SECONDARY	ArcelorMittal	Located in Vereeniging outside of Johannesburg/Tshwane
	Afrox	✓
	Africon	Company underwent major changes
	Daimler Chrysler	Company underwent major changes
	Clover	✓
TERTIARY	Discovery	✓
	Massmart	✓
	Prestige	✓

SEGMENT	COMPANY	TOP PERSON RESPONSIBILE FOR COMMUNICATION/SIGNIFICANT CHANGES
	Vodacom	✓
	FNB	✓
	Standard Bank	✓
	Deloitte	✓
	UNISA	✓

All companies except ArcelorMittal, Africon and Daimler Chrysler were eligible as participants in this study. These companies were contacted and Sappi, PPC and Vodacom were available to be interviewed.

Companies listed in the 11th Edition of the Top Performing companies which have their head offices based in Cape Town and surrounding areas and Durban were explored. From these, Woolworths (Cape Town), KWV Holdings (Cape Town surrounding area), Medi-Clinic (Cape Town surrounding area), Tongaat Hullett Development (Durban) and Defy (Durban) were selected, based on the fact that they had a top person responsible for stakeholder relationship management. Whether mention was made of corporate governance, citizenship and/or sustainability on their websites and whether they indicated in their response emails of having knowledge of corporate governance, citizenship and/or sustainability, were also contributing factors determining their selection.

6.4.3 Determining sample size

No rules exist for determining sample sizes in qualitative research (Patton, 2001:244) as the size is dependent on what the researcher wants to know, the purpose of the research, the usefulness of the information, the credibility of the information and what is feasible with the available time and resources. For the purpose of this phase of this study, which was to explore the view of selected senior communicators with regard to stakeholder relationship management and the role of communication management therein, nine participants provided a wealth of insight into their practices and view of stakeholder relationship management. As these participants were situated in different regions and in different industries, a broad range of insights were obtained.

6.5 INTERVIEW GUIDE

The development of the interview guide was done based on the insights obtained from Phase I, i.e. the literature review on stakeholder relationship management, the discussion of the King III Report on Governance and the implications for communication management as well as the analysis of the global communication management studies and the Stockholm Accords. The interview guide has five key areas of inquiry which are outlined in Table 6.5.

Table 6.5: Interview guide sections and descriptions

SECTION	DESCRIPTION
SECTION A	Communication management's role, functions, scope, structure and authority in the organisation
SECTION B	King III Chapter 8 focus areas • Corporate governance (including citizenship, sustainability, CSR) • Stakeholders and relationships with them (building and managing) • Reputation • Conflict resolution/crisis management
SECTION C	Implications of King III Chapter 8 for communication management
SECTION D	Contribution of communication management
SECTION E	Requirements for success of communication management

Researcher's own construct

Phases I and II inform Phase III, which is the central purpose of this study being the development of guidelines for managing stakeholder relationships according to the King III Report on Governance, as well as a stakeholder relationship management positioning framework. However, the interview guide has a direct influence on the development of the guidelines and positioning framework. Therefore, Table 6.6 provides an overview of how the respective research objectives are addressed through the various phases, chapters and most importantly, key areas (or sections) of the interview guide.

Table 6.6: Research objectives in line with the phases, chapters and interview guide section

RESEARCH OBJECTIVES	PHASES	CHAPTER	INTERVIEW SECTION
Ro1: To explore the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing strategy (including strategic communication) within businesses in South Africa.	Phases I and II	Chapter 2, 3 and 7	Section A, D and E
Ro2: To explore the implications of the King III Report and Chapter 8 on managing stakeholder relationships, in particular on companies and their communication professionals in South Africa.	Phase I	Chapter 4	Section B and C
Ro3: To explore the global trends in communication management and its implications for South African businesses.	Phase I	Chapter 5	N/A
Ro4: To establish guidelines in accordance with the King III Report for the implementation of stakeholder relationship management for businesses in South Africa.	Phase III	Chapter 8	All sections
Ro5: To establish a stakeholder relationship management positioning framework with which South African businesses may be able to position their communication management departments.	Phase III	Chapters 8	All sections

6.6 DATA COLLECTION THROUGH IN-DEPTH INTERVIEWS

The empirical research took place through in-depth personal interviews. An in-depth interview is defined as a set of probing questions posed one-on-one to a participant by the researcher to get an idea of what the participant thinks about something, or why he or she behaves in a certain way (Burns & Bush, 2006:221).

The advantages and disadvantages of personal interviews are summarised in Table 6.7.

Table 6.7: Advantages and disadvantages of personal interviews

ADVANTAGES	DISADVANTAGES
1. Respondent's cooperation increases 2. The interviewer can answer any questions that the respondents have and probe for answers as well as use follow-up questions 3. Special visual aids and scoring devices can be used 4. Interviewers can record observation data 5. Respondents who are either illiterate or functionally illiterate can be reached 6. Respondents can be pre-screened to ensure that they fit the target population 7. Computer assisted personal interviewing can be used to speed up the process and increase accuracy of the data	1. Very high costs 2. Interviewers must be highly trained 3. A longer period of time is needed for data collection 4. Difficult to conduct if the target population has a wide geographic dispersion 5. The follow-up labour is intensive 6. Not all respondents may be available or accessible when the interviewer wants to do the interview 7. Respondents may be unwilling to allow the interviewers into their homes as they see them as strangers 8. Neighbourhoods may be difficult or dangerous for the interviewer to visit 9. Human error and interviewer bias may occur from the side of the interviewer

Source: Cooper and Schindler (2003:219-300)

In-depth interviews were conducted with nine (3 from each geographic area identified) top communicators as outlined in the sampling plan.

6.7 DATA ANALYSIS

The activity involved in qualitative data analysis consists of an ongoing process of continual reflection about the data, asking analytical questions, writing memos and making interpretations (Cresswell, 2009:184). The process of analysing the data is presented in Figure 6.2 followed by a brief discussion on how field notes and the software package Nvivo 9 was utilised.

6.7.1 Data analysis process

The data analysis process is depicted in Figure 6.2.

Figure 6.2: Data analysis process in qualitative research

Source: Cresswell (2009:185)

From Figure 6.2 the process starts with organising and preparing the data for data analysis. This involves the transcription of interviews and arranging the data into different types, depending on the sources of information. Next, the researcher needs to read through all the data to get a general sense of the information and to reflect on the overall meaning. The following step is to start with the coding process, which is the organising of the material into chunks or segments of text before bringing meaning to the information. This means that text is gathered into categories which are labelled.

6.7.2 Steps in the data analysis process

The process started with the gathering of the raw data. Nine in-depth interviews with the use of an interview guide were conducted. With the consent of the participants the interviews were recorded with the use of a Dictaphone and then transcribed (Transcriptions available upon request). From there, Tesch (1990:142-145) processes of analysis were used which consisted of eight steps:

1. Get a sense of the whole.
2. Pick one document and think about the substance and write thoughts or create memos.
3. Continue step two (2) for several participants and start to cluster similar topics together arrayed as major topics, unique topics and leftovers.
4. Use this list to go back to the data and use the preliminary scheme to see if new categories and codes emerge.
5. Find the most descriptive wording for the topics and turn them into categories. Find ways to reduce the list of categories by grouping topics that are related to each other.
6. Make a final decision on the abbreviation for each category and alphabetise the codes.
7. Assemble the data material belonging to each category in one place and perform a preliminary analysis.
8. Recode if necessary.

6.7.3 Use of field notes

Field notes were kept during each interview and form part of the raw data that was analysed. At the end of each interview, a reflective diary was kept for the purpose of understanding the context of each of the participants and their respective companies. Once the transcriptions had been completed, the data was organised in files in preparation for the data analysis. All the data was read and the first interview was coded. A period of at least two weeks was allowed before the same interview was coded again, after which all the other interviews were coded. Although an interview guide was used to conduct the interviews, a zero-based approach was followed to code the data. This means that the determination of themes, although influenced by the interview guide, was not purely based on the categories from the interview guide.

6.7.4 Nvivo 9

Nvivo 9 is a qualitative data analysis software packaged used worldwide by qualitative researchers. Nvivo 9 was used to code the data gathered from the senior communicator interviews. This software programme allows for the coding of the text into nodes (themes) as you work through each of the pieces of raw data. Once all the data had been coded, the themes were sorted into categories and relationships were identified where possible.

6.8 PILOT STUDY

6.8.1 Purpose

A pilot study has the purpose to investigate the feasibility of a planned project, as well as to bring possible deficiencies in the measurement procedure to the fore (Huysamen, 1993:205). A pilot study in the view of Cilliers (in Strydom, 2005b:206), consists of a study of the literature, considering the experience of experts, looking at the feasibility of the study and finally testing the measuring instrument. This study addressed each of these as outlined in Table 6.8.

Table 6.8: Aspects of the pilot study addressed

ASPECT	HOW IT WAS ADDRESSED IN THIS STUDY
Literature study	Conducted in Phase 1 of the study and presented in Chapters 2 and 3
Expert opinion	Presented the methodology of this study to a review panel during a funding application and obtained valuable feedback from which adjustments were made to the research design with regard to including geographical areas over and above that of Gauteng (Johannesburg/Tshwane)
Feasibility consideration • Goals and objectives • Resources • Population • Procedures • Data gathering • Possible errors	The goals, objectives, resources, access to the population, procedures, data gathering and possible errors were carefully considered and adjustment made to ensure that the study was executable
Measurement instrument	A pilot interview was conducted with a communication specialist at Anglo American

Source: Aspects from Strydom (2005b:206-209)

6.8.2 Selection of pilot interview participant

The pilot interview was conducted to test the measurement instrument during June 2011. Therefore, a communication specialist at Anglo Platinum (now rebranded as forming part of Anglo American) was selected as this company met the sampling criteria.

6.8.3 Pilot interview process

The pilot interview was recorded with the use of a Dictaphone, which proved very useful, as it allowed the opportunity to keep a reflective diary related to each section and question of the interview guide. The interview lasted one (1) hour as initially anticipated, followed by a debriefing session of 15 minutes to discuss aspects around:

- The use of language and wording used in the interview being understood and clear.
- Whether the interviewee understood the questions asked.
- Whether the interviewee felt comfortable during the interview.

- Whether the interviewee felt the questions asked were applicable to a person in a similar role and level of the organisation.
- Whether the interviewee felt that persons in similar positions would be able to answer the questions asked.

Reflective diary

The reflective diary was kept for the duration of the interview considering aspects of comfort observed by the interviewer of the interviewee, the gestures used by the interviewee, the levels of hesitation, the grasping of the question asked, the knowledge level of the questions displayed, and any other observable behaviour.

Ortlipp (2008:704) argues that the effect of keeping and using reflective diaries goes beyond achieving methodological rigor and paradigmatic consistency. It also assists the researcher to do a critical self-reflection which has an effect on the research process.

Debriefing session

After the interview had been conducted, the pilot interviewee was asked to comment on the understanding, ease and ability to answer questions from the interview.

6.8.4 Consequences of the pilot study

The reflective diary highlighted a number of aspects for consideration which included:

- changing the order of some questions,
- grouping/clustering some questions together, and
- changing the wording due to the change of grouping/clustering questions together.

These considerations translated into changes made to the interview guide. The reflective diary and details of these changes are outlined in Table 6.9.

The debriefing session outlined the following recommendations:

- Direct and specific questions should be asked as some interviewees may not have the necessary knowledge to comment on Chapter 8 of the King III Report on Governance.
- Include a question on the extent to which the King III Report on Governance informed the communication management strategy of the interviewee in line with the business strategy. This may assist in testing whether the interviewee did in fact have an understanding of the King III Report on Governance or not.

Against the backdrop of the reflective diary and debriefing session feedback, the interview guide was amended and presented in Appendix B.

Table 6.9: Reflective diary

	SECTION	QUESTION	REFLECTION (comfort, gestures, knowledge levels, hesitation, grasp of question)
SECTION A	View of CM (Role, scope, function, structure, authority)	1. Describe how you would define communication management as it is practiced in your organisation. 2. What role does communication management play in the organisation achieving its goals? 3. What functions fall within the scope of communication management in your organisation? Is this supported with sufficient budget? 4. In the organisational structure, where does communication management fit in? 5. How is the communication management department structured? 6. What is the nature of the authority of communication management in the organisation?	The participant had a thorough understanding of all the questions. She was confident and professional and was able to articulate herself around links between the questions and often answered questions that had not been asked yet. She gave examples continuously. She did not hesitate at any time and had, without a doubt, a good grasp of each of the questions asked. At no time did she ask for an explanation and said that she did not understand a question. Through the questioning in this section it became apparent that it may make more sense to switch questions 4 and 6 as the questions about the functions performed and budget allocated closely linked with the authority assigned to the participant and department. It also became evident that a useful question to include would be: How is the communication management department viewed/seen by the organisation? At the end of the section, member checking was used to ensure that the interviewer understood, in a nutshell, what the participant wanted to get across.

Table 6.9: Reflective diary continues

	SECTION	QUESTION	REFLECTION (comfort, gestures, knowledge levels, hesitation, grasp of question)
SECTION B	King III Focus areas: View of CG and related concepts	7. In your opinion, how does your organisation approach corporate governance? 8. Do you believe that the organisation is managed in a sustainable way? 9. Do you believe the organisation can be regarded as a good corporate citizen? Why or why not? 10. Does the organisation engage in CSR activities? If so, what do you believe the driving forces are for the engagement in these activities?	The participant again had a clear understanding and fairly in-depth knowledge of governance and the related concepts. She further displayed an understanding of the broader environment in which the organisation operates, impacting on the business. From asking the questions in this section, it became apparent that the concepts of citizenship and corporate social responsibility are so closely associated with each other that it may need to be asked in one question (i.e group question 9 and 10 together). This may prevent the participant having to repeat him/herself. At the end of the section, member checking was used to ensure that the interviewer understood, in a nutshell, what the participant wanted to get across.
	King III Focus areas: Stakeholder relationships	11. In your opinion, how does your organisation define a stakeholder? 12. Who are your stakeholders? 13. Does your organisation engage their stakeholders? If so, how do you go about this? 14. What would you say does stakeholder relationship management involve? 15. Does your organisation manage their stakeholders? If so, how do you go about this? 16. What would you say is issues management? 17. Does your organisation get involved with issues management? 18. Would you say that issues management has a role to play in managing stakeholder relationships? If so, what do you believe is that role?	The participant had an in-depth knowledge of stakeholder relationships and was able to articulate the processes used at the organisation in this regard. She was able to illustrate the context which impacted the questions in this section. It became evident through the questioning that the three questions around issues management (i.e. questions 16, 17 and 18) should be asked in one. It may be necessary to rephrase this question in its totality in order to allow the participant to provide his/her views openly. At the end of the section, member checking was used to ensure that the interviewer understood, in a nutshell, what the participant wanted to get across.

Table 6.9: Reflective diary continues

	SECTION	QUESTION	REFLECTION (comfort, gestures, knowledge levels, hesitation, grasp of question)
SECTION B	King III Focus areas: Reputation management	19. Do you believe that managing stakeholder relationships impacts reputation? If so, in what way?	The participant, although more briefly, understood this question and commented on the context of the organisation and how the previous section's questions impact on this section. She also started referring to aspects related to the next section that related well. It may be necessary for the researcher to consider more probing options in this regard to get a more detailed answer here. At the end of the section, member checking was used to ensure that the interviewer understood, in a nutshell, what the participant wanted to get across.
	King III Focus areas: Conflict resolution/crisis management	20. To what extent does your organisation have to resort to conflict resolution with stakeholders? If so, how does the organisation approach conflict resolution?	The participant again answered with confidence and had a fair knowledge of the question asked. No changes are needed in this section. At the end of the section, member checking was used to ensure that the interviewer understood, in a nutshell, what the participant wanted to get across.
SECTION C	Implications for CM	21. What would you say are the implications of the King III Report for communication management? 22. What would you say should communication management be doing in organisations with regards to the principles contained in the King III Report? Is this happening in your organisation?	The participant could immediately express her opinions in response to these questions. However, she answered question 22, without having to ask the actual question. Therefore, it may be useful to combine questions 21 and 22 through rephrasing them, but still including all aspects to be explored. At the end of the section, member checking was used to ensure that the interviewer understood, in a nutshell, what the participant wanted to get across.

Table 6.9: Reflective diary continues

	SECTION	QUESTION	REFLECTION (comfort, gestures, knowledge levels, hesitation, grasp of question)
SECTION D	Contribution of CM	23. What would you say is the contribution that communication management can make to organisational success and sustainability?	The participant comfortably expressed her opinion in this regard. However, she focussed more on aspects related to the next section. As this is an important part of the interview, I will need to be more aware of this and probe with statements or restate the question in order for the respondent to clearly understand the difference between the contribution that communication management can make and what will advance/stop the field from making this contribution. Member checking will also assist in this regard.
SECTION E	Requirements for success of CM	24. What would you say will advance/stop communication management making this contribution?	The participant answered with passion and had a number of suggestions. A significant comment made by her was that “We are talking to ourselves” as she felt that the issues faced by the profession/communication management had to go into the public domain. At the end of the section, member checking was used to ensure that the interviewer understood, in a nutshell, what the participant wanted to get across.

6.9 RIGOUR OF THE RESEARCH DESIGN

The rigour of the study was evaluated using Guba’s (1981:80) model of trustworthiness in qualitative research. His model considers four aspects of trustworthiness being truth value, applicability, consistency and neutrality.

Table 6.10: Strategies and criteria with which to establish trustworthiness

STRATEGY	CRITERIA
CREDIBILITY	Authority of the researcher. Member checking.
TRANSFERABILITY	Dense description.
DEPENDABILITY	Code-recode procedure.
CONFIRMABILITY	Reflexivity through a reflective diary.

Source: Guba (1981:80)

In order to achieve truth value, the credibility of the study and researcher was explored. Strategies that were used here were the adequate submersion of the researcher in the research setting to enable recurrent patterns to be identified and verified. Therefore, extended time was spent with informants who allowed the researcher to check perspectives and allow the informants to become accustomed to the researcher. Another strategy that was used in this instance was member checking, where the researcher, throughout the interview summarised what the participant had said to ensure it was correctly understood (Krefting, 1991:14).

In order to ensure transferability, a dense description of the participants in the research as well as the research context was important. To ensure dependability, a procedure of code-recode was followed where the researcher, after coding a segment of the data, waited at least two weeks and then returned to recode the same data and compare the results. For confirmability, the researcher used a reflective analysis by means of keeping a reflective diary during and after each interview to ensure that the researcher was aware of her influence on the data (Krefting, 1991:16).

6.10 RESEARCH ETHICS: PHASE II

Ethics in this research was considered from Babbie's (2001:470) guidelines around voluntary participation, including no harm to the participants, anonymity and confidentiality as well as analysis and reporting (Babbie, 2001:470). Table 6.13 indicates these aspects related to this study.

Table 6.11: Ethical considerations

ASPECT	CONSIDERATION
VOLUNTARY PARTICIPATION	The researcher was sensitive towards participants who did not want to participate or reveal information about aspects of the research. However, this study did not aim to explore personal aspects of participants, but only their experiences of the world of work in communication management.
NO HARM TO PARTICIPANTS	Due to the nature and scope of the study, the researcher did not foresee any harm to the participants.
ANONYMITY	Although the researcher was aware of whom the respondents were, special care was taken to ensure that people who read about the research could not link a given response to a given respondent.
CONFIDENTIALITY	The researcher ensured that the information provided by respondents was kept confidential.
ANALYSIS AND REPORTING	The researcher was aware and reported on the limitations and failures of the research.

Source: Babbie (2001:470-475).

6.11 CONCLUSION

This chapter outlines the methodology adopted to conduct Phase II of this study. This phase focussed on obtaining views from senior communicators in selected South African companies. A qualitative approach was adopted and the research design was a combination of exploratory, descriptive and contextual research. Nine companies were selected to participate in this phase, cutting across regions and industries. A pilot study was conducted from which adjustments to the interview instrument were made. A reflective diary was kept during the pilot interview and was found very useful in that it provided insight into the limitations of the original interview guide. This was used to contribute to the rigour of this phase of the study.

CHAPTER 7

SENIOR COMMUNICATOR VIEWS OF STAKEHOLDER RELATIONSHIP MANAGEMENT ACCORDING TO THE KING REPORT ON GOVERNANCE

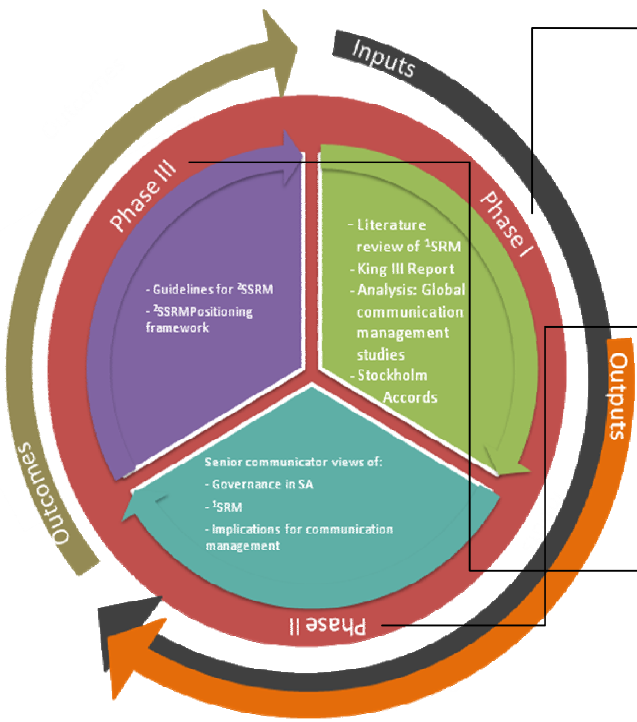
7.1 INTRODUCTION

The views of senior communicators of selected top performing companies in South Africa form the basis for Phase II of the study and were needed for the development of guidelines for the management of stakeholder relationships as well as a stakeholder relationship management positioning framework. However, to achieve this, understanding of the role of communication management in stakeholder relationship management is necessary. Therefore, the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing strategy (including strategic communication) within business in South Africa, is explored.

Phases I and II informed this phase of the study and are used to understand the views of the senior communicators by relating these views to the theory as well as to Chapter 8 of the King III Report on Governance. Figure 7.1 provides a graphic display of the phases of the study as a reminder of how the phases inform and influence each other.

Figure 7.1: The relationship between the phases model and the research objectives of this study related to Chapter 7

The model	Descriptions of the phases	Associated research objectives



Researcher's own construct

Phase I: Exploration (Inputs)

- Literature review: Stakeholder relationship management
- Discussion of the implications of King III Report for SA business and communication management
- Analysis of global communication management practices and trends (Output)
- Stockholm Accords

Phase II: Empirical (Input with output)

- Senior communicator views

Chapter 7

Phase III: Guidelines and framework

- Development of guidelines for stakeholder relationship management
- Conceptualisation of a stakeholder relationship management positioning framework

Associated research objectives

To explore the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing a company's business strategy.

To explore the global trends in communication management and its implications for South African business.

To explore the implications of the King III Report, Chapter 8 on managing stakeholder relationships, in particular on companies and their communication professionals in South Africa.

To establish guidelines in accordance with the King III Report for the implementation of stakeholder relationship management for business in South Africa.

To establish a stakeholder relationship management positioning framework with which South African businesses may be able to position their communication management departments.

7.2 SUMMARY OF PHASES RELATED TO THIS CHAPTER

A summary of the phases that have not been completed up to now in relation to the chapters of this study is provided in Table 7.1.

Table 7.1: Summary of the phases not completed in relationship to the chapters of this study

PHASES	CHAPTER	NAME OF CHAPTER
Phase II: In-depth interviews (Empirical research)	Chapter 7	Senior communicator views of the role of communication management in stakeholder relationship management
Phase III: Guidelines for the management of strategic stakeholder relationships and stakeholder relationship management positioning framework	Chapter 8	Guidelines and positioning framework for stakeholder relationship management

7.3 SENIOR COMMUNICATOR INTERVIEW RESULTS

The approach used in analysing the research results from the in-depth interviews conducted is done with the use of the approach outlined by Cresswell (2009:185). This process was discussed in Chapter 6. The research results are presented in accordance with the research objective it addresses, which is outlined in section 7.3. The research objectives are addressed through broad areas, themes and subthemes. The related summary of responses is provided in Table format, the associated theory outlined, followed by a brief discussion of what was found. A summary of the areas and themes is provided in Table 7.2 as a guideline to the presentation of the research results.

Table 7.2: Areas and themes associated with Research Objective 1

RO	AREA	THEME	SUBTHEMES (WHERE APPLICABLE)
Research Objective 1	The description of communication management in South African business	• Definition of communication management • The functions of communication management • The role of communication management • Leadership communication • Integrated communication • Risk communication	
	The legitimacy of communication management in South African business	• Authority of communication management • Reporting lines • The structure of the communication management department • The need for communication management • How communication management is viewed in South African business	Strong authority Limited authority No authority
	The requirements for success of communication management in South African business	• Requirements for success itself • The company structure • The knowledge base of communication professionals • Measurement in communication management • The standards in the field	
Research objective 2	Stakeholder relationships	• Stakeholder relationship management • Defining stakeholders • Identifying stakeholders • Stakeholder engagement • Issues management • Reputation management • Conflict resolution and crisis communication	SRM as a proactive approach SRM as a reactive approach Other (engagement as proactive/reactive) Structured vs. unstructured approach to stakeholder identification What stakeholder engagement is Approaches to stakeholder engagement Specific engagement interventions for specific stakeholders
	Understanding corporate governance	• Corporate governance • Corporate social responsibility (CSR) • Sustainability • Citizenship	
	Implications of King III, Chapter 8 for South African business and communication management	• Implications for South African business and communication management • The contribution of communication management • Communication strategy	

Researcher's own construct

7.4 FIRMAGRAPHICS OF THE PARTICIPANTS' COMPANIES

The firmagraphic details of the companies included in the study are outlined in Table 7.3. From this Table it is evident that companies from various sectors and industries are represented in this study. Only medium and large-sized companies are included in the study. Six companies are listed on the JSE Social Responsibility Index and all the companies are among the top performing companies in South Africa. Of the nine companies included in the sample, six have global operations.

Table 7.3: Firmagraphic details of the participants included in the study

Name	Sector	Size	Industry	SRI index
Participant 1	Tertiary	Large	Wireless Telecom Services	Yes
Participant 2	Tertiary	Large	Real Estate Holding and development	Yes
Participant 3	Secondary	Medium	Household appliances and consumer electronics	No
Participant 4	Secondary	Medium	Beverages - Distillers and vintners	No
Participant 5	Tertiary	Large	Broad line Retailers	Yes
Participant 6	Secondary	Medium	Hospital Management and Long-term care	Yes
Participant 7	Secondary	Large	Paper	Yes
Participant 8	Secondary	Medium	Building and construction materials	Yes
Participant 9	Tertiary	Large	Specialty and other finance: Accounting and consulting	No

7.5 RESEARCH RESULTS OF RESEARCH OBJECTIVES 1 AND 2

The views of senior communicators included in this study are presented in this section structured around Research Objectives 1 and 2.

7.5.1 RESEARCH OBJECTIVE 1

To explore the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing a company's business strategy

In addressing Research Objective 1, the data was coded into themes. The themes associated with this question are clustered around three broad areas, being the description of communication management in South African business, the legitimacy of communication management in South African business, and the requirements for success of communication management in South African business. The themes associated with each of the areas are briefly outlined below, after which the results are presented in Tables 7.4, 7.5 and 7.6. The Tables outline the area under discussion first, followed by the theme, responses and theory in three side-by-side columns. In a block below the three side-by-side columns, and a discussion of the theme's responses in relation to the theory are presented. The area under discussion is repeated at the top of each page for ease of reference.

(i) The description of communication management in South African business

The themes associated with this area are the definition of communication management, the functions of communication management, the role of communication management, leadership communication, integrated communication and risk communication. The results are presented in Table 7.4.

(ii) The legitimacy of communication management in South African business

The themes associated with this area are the authority of communication management, reporting lines, the structure of the communication management department, the need for communication management, and how communication management is viewed in South African business. The results are presented in Table 7.5.

(iii) The requirements for success of communication management in South African business

The themes associated with this area are the requirements for success itself, the company structure, the knowledge base of communication professionals, measurement in communication management and the standards in the field. The results are presented in Table 7.6. A discussion of the responses from each of these broad areas and associated themes follows, linked with the relevant theory.

Table 7.4: The description of communication management in South African business

<table>
<tr><th colspan="3">Area 1: The description of communication management in South African business</th></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Definition of communication management</td><td>In some instances, participants provided a description rather than a definition of communication management. The following descriptions provide a summary of the views:
• Consists of internal and external communication
• Identifying stakeholders, managing relationships with these stakeholders
• Managing channels and messages (sending and receiving messages), storytelling, mouthpiece communicating objectives and intent of the business, managing the spokesperson.
• Leadership communication around integrity and respect.
• Integration (dovetails to the core of the business, way/means of doing business, links the whole together, core to business activities where everyone is responsible/accountable for communication in the form of subject matter experts or task leaders.
• Exists at corporate, divisional and site levels.
• Issues driven
• Provides views, guidance, advice and aids in execution of resolving problems.
• It is not a stand-alone function, but integrated.
• It is an inside-out approach.
• Revolves around corporate social investment.
• It is a brush approach.
• Measurement is necessary.</td><td>Communication management is the management of the organisation's communication function contributing special concern for broader societal issues and approaches to problems (Van Ruler & Verčič, 2005:264).

Communication management is seen to be managing communication for the organisation in order to enhance the effectiveness of the organisation with the use of establishing and servicing stakeholder relationships (Steyn & Puth, 2000:5).

Communication management is defined as the "management through communication, of perceptions and strategic relationships between andorganisation and its internal and external stakeholders" (Skinner et al., 2008:4). It is also referred to as managed communication for the organisation in order to enhance the effectiveness of the organisation using the establishment and servicing of stakeholder relationships (Steyn & Puth, 2000:197).</td></tr>
<tr><td colspan="3">Discussion – The definition of communication management
From the views of the participants, communication management is defined as the management (which includes messages and channels) and facilitation of communication (through leadership communication, communication integration throughout the organisation and through providing advice and support), with the use of research (pre- and post-intervention implementation) at various levels of the organisation, driven by issues, through identifying stakeholders and managing relationships with these stakeholders, both internally and externally, with the aim of communicating business objectives and intent.

The definition provided in the theory, closely supports this view of the participants of this study, where communication management is regarded as issues driven, managed to support organisational effectiveness, through the management of perceptions and strategic relationships between an organisation and its internal and external stakeholders. One notable difference is the emphases placed on the facilitation role where communication management supports leadership communication and staff in carrying messages.</td></tr>
</table>

Area 1: *The description of communication management in South African business*		
Theme	**Responses**	**Theory**
Functions of communication management	The main functions reported by the majority of the participants included: • Internal communication (6) • Media relations (5) • Stakeholder engagement/relationship management/communication (5) The other functions mentioned by some of the participants included: • External communication (3) • Investor relations (including the annual report) (4) • Reputation and risk management (2) • Government and community relations (2) • Human resources (2) The functions mentioned by only one participant included: • Strategy development • Consumer communication • Industry affairs • Graphic design • Corporate citizenship • Business systems • Corporate advertising • Sustainability communication • Business development • Proactive communication • Crisis communication In this theme, a participant mentioned that it is difficult for their department not to operate in silos, another mentioned that at an operational level, the task leaders execute the communication tasks and another noted that media relations made their department a high profile department in their company.	Goodman (2006:197) states that communication management is used as an umbrella term for a number of functions regarded as strategic. These functions include public relations, crisis communication, corporate citizenship, reputation management, community relations, media relations, investor relations, and the like. In a study conducted in 2008, South African companies regarded integrated communication, reputation management and crisis communication as the most important functions of communication management (Meintjes et al., 2009:73).
Discussion – The functions of communication management The functions highlighted by the participants seem to be fairly different to those mentioned in the theory. Three core functions emerged, being *internal communication*, *media relations* and *stakeholder engagement/relationship management/communication*. Those of lesser importance emerged as external communication, investor relationships, reputation (which now includes risk communication/management), government and community relations and human resources. A few functions, not previously noted in the theory emerged, being consumer communication, industry affairs, business development and systems and sustainability communication.		

Area 1: ***The description of communication management in South African business***		
Theme	**Responses**	**Theory**

Role of communication management	The views of the role of communication management varied with little similarities found in the responses. Some similarities were found in the following role identified:
	• Enhancing stakeholder engagement (3)
	• Getting messages across/distributing info (3)
	• Aligning and linking strategic goals (2)
	• Being the liquid transport/conduit of business activities (2)
	• Assisting in achieving business goals and strategic development through the obtaining input from people in the company (2)
	• Tactical media management (2)
	• Empowerment/improving communication capability of staff (2)
	• Reputation management (2)
	• Improving business value, growth and cost saving (through crisis avoidance and staff retention) (2)
	• Managing communication with stakeholders (2)
	
	The following views were only expressed once by a single participant around three (3) subthemes:
	• Messaging/channels/mediums
	  o Clarifying messages
	  o Removing communication blockages
	  o Identifying key messages
	  o Creating communication channels
	  o Using various mediums
	• Business and communication strategy
	  o Communicating business strategy
	  o Developing communication strategy
	• Other
	  o Set outline for stakeholder engagement (business units has unique stakeholders)
	  o Advisory role
	  o Channel management and integration
	  o Managing perceptions and relationships
	  o Crisis avoidance/issues management
	  o Analysing the landscape, audiences and platforms
	  o Growing goodwill
	  o Creating awareness of the communication management function
		The strategic role of communication management implies that communicators participate in strategic planning and consider the strategic implications of all the work they do for the organisation. Secondly, strategic communicators view themselves as communication experts and are seen as such by others in the organisation as well. Thirdly, strategic communicators are problem solvers in the area of communication and finally, strategic communicators interact with the environment to stay up-to-date with new stakeholder groups and societal trends and as such their work is future-focussed (Tindall & Holtzhausen, 2011:89).
		
		Steyn (in Toth, 2007:141) outlines three roles for communication professionals which include the role of the strategist as outlined above by Tindall and Hotzhausen, the role of the manager, which involves research and participation in management decision-making. Finally, the role of technician, which involves the execution of messages through different channels.

Area 1: *The description of communication management in South African business*

Discussion – The role of communication management

Six roles are identified from the responses of participants, being stakeholder relationship management, strategy involvement and development, reputation management, advisory, crisis communication and message and channel management. Each of these is discussed in more detail below:

- *Stakeholder relationship management* can be regarded as a strategic role also outlined in the theory. This role involves engaging stakeholders, managing communication with stakeholders and establishing a stakeholder communication framework for the business.

- The *strategy involvement and development* role ideally fits with the strategic role outlined in the theory. This role involves improving business value and cost saving for the business, assisting in achieving business goals and developing strategy. This is done by acting as the conduit for business activities. This role further encompasses communicating business strategy and aligning communication goals with strategic business goals.

- *Reputation management*, although it contributes to business value and success, may be regarded as a managerial role from a communication management perspective. This involves growing goodwill among stakeholders, managing perceptions and relationships as well as media management.

- The *advisory* role identified, aligns well with the theory of the managerial role of communication management. This role involves the empowerment of staff in the business by improving their communication capability. It also includes creating awareness of the communication management function and the role it plays in the business.

- *Crisis communication*, again, aligns well with the theory of the managerial role of communication management. It involves crisis avoidance and crisis communication if and when a crisis occurs. Overlap exists with the reputation management role in terms of media management as well as the stakeholder relationship management role, where, if communication with stakeholders is managed well, crisis may be avoided.

- The *message and channel management* role is described in the theory as both a managerial and a technical role performed by communication professionals. It involves developing communication strategy and the clarification and management of messages to ensure blockages for understanding are eliminated. It further involves identifying key messages, creating and identifying channels and managing these channels and mediums for optimum results. This may be achieved through integration of both the message and channel. Integrated communication identified here overlaps with the theme of integrated communication identified as part of this area.

Theme	Responses	Theory
Leadership communication	A theme around leadership communication emerged where two (2) participants highlighted the importance of leadership communication. The integrity of the message is enhanced if it originates and is reflected by the CEO, illustrating respect for stakeholders. Furthermore, the CEO checks issues with staff and then assumes responsibility for communicating on the issue.	Grunig (1992b:236) highlights the importance of the CEO's communication abilities in creating a climate internally for communication management to be effective, and externally for stakeholder affairs. Puth (2006:4) argues that "for communication to become an effective leadership tool and a force in business, it has to be practiced and applied effectively by the organisational leadership". He refers to this effective practice and application of communication by leadership as leaders becoming "the communicating leader".

Discussion – Leadership communication

The theory supports the idea of effective leadership communication highlighted by some participants. The CEO's abilities to externally deal with stakeholder affairs allude to issues management that are driven by the CEO as mentioned by the participants.

<table>
<tr><th colspan="3">Area 1: The description of communication management in South African business</th></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Integrated communication</td><td>One (1) participant highlighted communication integration in that it dovetails to core business issues. Integration starts internally. It was referred to as the use of vertical or horizontal channelling of the message and intent.</td><td>Integrated communication can be applied to communication management in three ways (Hallahan, 2007:310):
• one voice/one look communication approach, which suggests that a business must develop a single persona and voice that is consistent,
• the coordinated approach between communication management and marketing, and
• communicating purposefully, which suggests that integration involves everyone in the business.

Integrated communication is based on the view that all communication from and about the organisation is to portray a unified message (Burger, 2009:106). The concept of integrated communication – in brief – means unity of effort across the organisation (Niemann, 2005:274).</td></tr>
<tr><td colspan="3">Discussion - Integrated communication
The theme of integrated communication directly emerged through one participant. However, indirectly, the concept is mentioned in different ways, considering the theory highlighted. Participants referred to message consistency and unity, coordinating communication management and marketing efforts. In some instances, communication management and marketing existed in a single department. Two participants in particular structured their communication in the business around everyone taking responsibility and being held accountable for the communication. This supports the notion of communicating purposefully as a key area of integrated communication.</td></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Risk communication</td><td>Four (4) respondents referred to risk and risk communication as follows:
• Communication risk is diluted if the company has a thorough understanding of its stakeholders
• Stakeholder relationship management assists in risk management.
• If there is no proper communication around risk, problems arise with implications for reputation management.
• Risk communication is about the issues raised by stakeholders, which should be management according to priority and significance for the business.</td><td>Globally, the recognition of the reputation risks and opportunities of corporate responsibility, and thus governance, is increasing. For organisations, the alignment of corporate behaviour with stakeholder expectations is a business priority. This implies an information requirement among stakeholders who are not currently being satisfied by many organisations (Dawkins, 2004:108). Also, organisational relationships should reflect the efficient organisation of information and risk-bearing costs (Eisenhardt, 1989:59)

Communication management is regarded as scarce or valuable research as it is able to take advantage of a change in the business environment or in neutralising a risk (Doh, 2005:699).</td></tr>
<tr><td colspan="3">Discussion – Risk communication
The concept, risk communication, is not mentioned in the theory as such. However, the theory, in support of the views of participants, highlight reputation risk, where communication management is able to neutralise this risk through satisfying the information requirement among stakeholders. This implies the efficient organisation of information and revolves around issues.</td></tr>
</table>

Table 7.5: The legitimacy of communication management in South African business

Area 2: ***The legitimacy of communication management in South African business***		
Theme	**Responses**	**Theory**

Authority of communication management	Three distinct views emerged:
	• Strong authority
	  o Result of focus on sustainability
	  o Measurement provides authority
	  o Based on company structure
	  o Based on personal reputation
	    ▪ Knowledge of the organisation
	    ▪ Has a strategic focus
	    ▪ Has the CEO's trust
	  o Results of role in media and message management and resultant reputation management
	  o Result of audience interaction
	  o Task based
	  o Result of the relevance and impact of content
	• Limited authority
	  o Industry specific
	  o Informal authority
	  o Situational authority
	  o Only plays an advisory role
	• No authority
	  o Result of dinosaur thinking (old, narrow-minded view)
		To achieve the successfully contribution of communication management to business strategy, senior manager involvement is imperative, communication should be integrated, communication must have a long-term orientation, and the top communicators must have broad general management skills (Argenti et al., 2005:88-89). Artgenti et al. (2005:83) termed this the strategic communication imperative.
		
		Organisational structure has an undeniable impact on communication management in the organisation (Bowen, 2006:331). The structure of the organisation should allow for autonomy for the communication management function, by allowing the top communicator to report directly to the CEO and to be actively involved in issues management, ethical counsel and strategic planning (Bowen, 2006:331).
		
		Knowledge and skills are necessary to enact the management and strategic roles required (Bowen, 2006:332).
		
		Decision-making and responsibility are often influenced by how managers see their subordinates, which is further influenced by the ideology or world view held by managers (discussed in Chapter 2).
		
		Communicators should have enough power and authority to counsel the top decision-makers in the organisation on issues of policy, CSR, risk management and ethics (Bowen, 2006:332).

<table>
<tr><th colspan="3">Area 2: The legitimacy of communication management in South African business</th></tr>
<tr><td colspan="3">Discussion – Authority of communication management
For communication management to contribute to the business and have authority, it is necessary to have a long-term orientation. This is supported by the views of the senior communicators who felt that the authority of communication management lies in its focus on sustainability, which inevitably is geared towards a long-term orientation. Furthermore, both the theory and in the view of senior communicators, the need for broad management skills and business knowledge exists. From the theory – this long-term view and skills and knowledge base are referred to as the strategic communication imperative.

Senior communicators expanded on the notion of the authority of communication management referring to the impact of the organisation structure, the influence of the industry and situation as well as management thinking. The importance of measuring communication management strategies and actions was highlighted. Furthermore, the personal reputation of professionals was mentioned, as well as the role of communication management specifically in media and message management as well as reputation management, ensuring the relevance and impact of content.

The counselling of the CEO and top management is central to the role of communication management, but is seen by senior communicators as negatively impacting upon the authority of communication management in the organisation.</td></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Reporting lines</td><td>The reporting lines varied as follows:
Directly to CEO
Report to Head of Marketing and then CEO
Report to Head of Marketing with a dotted line to the CEO</td><td>Often, communication management is subsumed by a marketing department and in effect receives significantly less support and value from the CEO. The implication of this is that it is less likely to be excellent, and cannot contribute regularly to strategic management and planning (Bowen, 2006:332).</td></tr>
<tr><td colspan="3">Discussion – Reporting lines of communication management
Two thirds of the companies in this study had a senior communicator who reported to the Head of Marketing. In half of the cases, the Head of Marketing then reported to the CEO and in other cases the senior communicator had a dotted line to the CEO. The theory warns against this phenomenon in that communication management’s impact is diluted as it becomes less likely to be excellent and cannot contribute regularly to strategic management and planning.</td></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Structure of the communication management department</td><td>The structure of the communication management departments varies:
Two consist of one or two individuals of whom one is administrative in nature
One is completely integrated with the marketing department
One is completely integrated throughout the organisation
Five have medium to large departments with regional offices structured around:
Media
Branding, marketing and communication
Internal communication
External communication
Graphic design
Digital platforms
Stakeholder communication</td><td>Rensburg and Cant (2009:44) mention the different ways in which the communication management department may be structured/organised, which includes:
Structure by stakeholder/public
Structure by management process
Structure by communication technique
Structure by geographic region
Structure by organisational subsystem
Structure according to the account executive system</td></tr>
</table>

Area 2: ***The legitimacy of communication management in South African business***		
Discussion – The structure of the communication management department The theory mentions a variety of ways in which the communication management department may be structured. None of these however includes structuring the department according to communication. However, it may be regarded in line with what the theory described as structure by communication technique. The majority of communication management departments are structured around media, branding, marketing and communication, internal and external communication, design, and digital in terms of platforms/channels used and stakeholder communication. It is no surprise that branding, marketing and communication are included, as the majority of communication management departments are housed within a marketing department. The more interesting result comprises the two organisations that integrate communication, either completely within the marketing department, or within the organisation as a whole.		
Theme	**Responses**	**Theory**
Need for communication management	Three participants mentioned that the need for communication management in their organisations is questioned, with reasons for this revolving around: • Private business owners do not see the need for it • Management has majority shares and do not value communication management • Participants only see the consumer protection act impacting the business, which alone does not warrant having a communication management department. A different view expressed provided reasons for the need for communication management which include: • Changing business owners with a different outlook and focus on sustainability • The consumer protection act • BEE and the process of being rated • Communication with stakeholders, especially employees, unions and customers.	The value of and need for communication lies in effectively modifying stakeholder opinions, attitudes, decisions and behaviours. In the 21st century, the practice of communication management shifted to an approach of building relationships with stakeholders through dialogue to improve the quality of organisational decision-making processes by listening to stakeholders' expectations. The value of communication management now lies in effectively governing stakeholder relationship systems (Falconi, 2009:[5]).
Discussion – The need for communication management Senior communicators posit management's lack of recognition for the need for communication management. Changes in the environment around legislation especially have changed these views in some companies, while some others are in the process of changing those views. This legislation, specifically mentioned by senior communicators, has the interest of employees and the consumer in mind. Both these are strategic stakeholders for companies in South Africa. The theory highlights the need for and value of communication management in building relationship with stakeholders.		

Area 2: *The legitimacy of communication management in South African business*		
Theme	**Responses**	**Theory**
How communication management is viewed in South African business	On the one hand communication management is still not viewed as a core and important function to the business and only applies to crisis management. This view is however limited. On the other hand, most participants reported a positive view where communication management is seen as follows: • Integral and necessary to achieve business goals • An appreciation from top management exists • The department is seen as credible	Steyn and Puth (2000:7,10) note that top management do not understand the importance and value of communication management. However, top management feel that the communication management department should be less focussed on its own activities and media, and more focussed on key organisational issues and outcomes.
Area 2: ***The legitimacy of communication management in South African business***		
Theme	**Responses**	**Theory**
How communication management is viewed in South African business continue	• It is seen as proactive as it puts out positive, impact stories as part of reputation management • It is seen as playing a strategic role • The management of issues before becoming a crisis is viewed as important • Communication management is seen as integral in aligning messages	
Discussion – South African businesses' views of communication management From the senior communicator views it seems that the top management of some companies still do not understand the value and importance of communication management as it is outlined in the theory. However, there are those companies that appreciate communication management and view it as credible, integral to business success, playing a strategic role, managing issues, aligning messages and being proactive in terms of reputation management. This is also what is expected from communication professionals in some companies.		

Table 7.6: The requirements for success of communication management in South African business

Area 3: *The requirements for success of communication management in South African business*		
Theme	**Responses**	**Theory**
Requirements for success - general	The requirements for success of communication management in business that featured more than others, include: • Content management that is issues specific • The illustration that communication management follows a disciplined, structured approach that links back to strategy The other requirements mentioned include: • Top management embracing the value of communication management (specifically around reputation management) • Top management understanding the value of communication management • Communication professionals avoiding emotional excitement	For communication management to successfully contribute to company success, a few issues need to be noted, as outlined by Steyn and Puth (2000:9,10): • Top management dissatisfaction • Differing viewpoints • Shortcomings of communication professionals • Insufficient managerial training • A limited role being played/acknowledged • Lack of CEO understanding

Area 3: *The requirements for success of communication management in South African business*		
Discussion – The requirements for success of communication management in South African business Senior communicators highlighted the need for communication professionals to illustrate that this field is managed in a disciplined and structured way, aligned with company strategy. They further highlighted that two of the areas to focus on are managing content that is issue specific and not generic, and professionals avoiding emotional excitement. A need for top management to embrace and understand the value of communication management was expressed. This aligns closely with the theory in terms of the shortcomings of communication professionals themselves as well as the lack of CEO understanding.		
Theme	**Responses**	**Theory**
Company structure	The company structure, as a requirement for success of communication in business evoked different views, including: • Communication management is to be structurally, close to the CEO • A flat, task matrix (with flexibility) allows for communication success. Task leaders become communication champions • The company structure contributes to the authority of communication management	Often, the organisational structure is not ideal for communication managers to be autonomous enough to contribute to its full potential (Bowen, 2006:332). According to Spicer (1997:30), this is called organisational arrogance and managerialism that keep communication management marginalised in an organisation or constrained to technical functions.
Discussion – Company structure as a requirement for success of communication management in South African business The theory refers to organisational arrogance and managerialism that marginalise communication management to focussing its efforts on technical aspects, rather than strategic orientations. Senior communicators acknowledge that communication management, structurally, should be close to the CEO to be successful and contributes to the authority of communication management in the company. It is suggested that a flat, task matrix is used, which integrates communication management into every aspect of the business.		
Theme	**Responses**	**Theory**
Knowledge base of communication professionals	The knowledge base of communication professionals revolves around: • Deep knowledge and understanding of the business • Knowledge of ethics	Meintjes et al. (2009:79) highlight the lack of understanding of South African communicators of the strategic challenges of companies, as well as the role communication management can play in addressing these challenges. Limited understanding of issues and issues management was also noted. Rensburg and Cant (2009:251) noted that integration of ethics into business decision-making should be implemented by corporate leaders and communication professionals.
Discussion – The knowledge base of communication professionals as a requirement for success of communication management in South African business The knowledge base of communication professionals has been under discussion in the theory for around two decades. Professionals are required not only to have knowledge and skills in the area of communication management and all of its subareas of specialisation, but more importantly have business and industry knowledge. Ethics has emerged as another area where knowledge is required.		

<table>
<tr><th colspan="3">Area 3: The requirements for success of communication management in South African business</th></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Measurement</td><td>The views of measurement as a requirement for communication management success focussed on:
• Clipping services
• Reputation audit
• Measuring perceptions of stakeholders (quantitative and qualitative)
• Benchmarks
• Feedback mechanisms
• Surveys
• Social media monitoring
• Scorecards/metrics
• Tacking studies
• Landscape analysis

The need for better, more advanced measurement was noted, being able to make it understandable by other disciplines.</td><td>Communication professionals and firms have been on a quest to develop a single indicator of the value of communication management. Most of these have been unsuccessful (Grunig et al., 2006:32).

Rensburg and Cant (2009:117) argue that the focus of measurement should be on the state of relationships initiated and built, the reputation of the company, the effectiveness and efficiency of all communication management efforts, as well as return on investment.</td></tr>
<tr><td colspan="3">Discussion – Measurement as a requirement for success of communication management in South African business
A variety of approaches and tools are utilised by senior communicator and their companies in an attempt to measure communication management efforts and impact. However, it seems that these tools are used in on an ad hoc basis focussed on certain efforts alone. These senior communicators are voicing the needs to more advanced measurement approaches. However, researchers have worked on this for many years with little progress, as noted in the theory.</td></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Standards</td><td>One (1) participant noted the disparity in standards of the profession of communication management.</td><td>Certain standards of professionalism must be met in communication management in order for the field to be recognised (Rensburg & Cant, 2009:297):
• Acquisition of specialised education preparations
• Production of a unique and essential service recognised as such within the community
• Emphasis placed on public service and social responsibility
• Professionals are granted autonomy as well as personal responsibility that links to individual accountability
• Enforceable code of ethics and standards</td></tr>
<tr><td colspan="3">Discussion – The standards of the profession as a requirement for success of communication management in South African business
Although only one senior communicator voiced the concern of disparate standards in the communication management field, the theory highlights this problem and outlines particular areas where communication management can work more towards standards of professionalism. This will improve the standing of communication management in business, give it more authority to make a more significant contribution to companies achieving business goals and thus ensure the communication management is successful in business.</td></tr>
</table>

7.5.2 RESEARCH OBJECTIVE 2

To explore the implications of the King III Report, Chapter 8 on governing stakeholder relationships, in particular on companies and their communication professionals in South Africa

In addressing Research Objective 2, the data was again coded into themes. The themes associated with this question are divided into three broad areas being stakeholder relationships, understanding corporate governance and the implications of King III, Chapter 8 for South African business and communication management. Each of these areas and associated themes are briefly outlined next and the results presented in Tables 7.7, 7.8 and 7.9. The information is presented in Tables in the same way as with research objective 1.

(i) Stakeholder relationships

The themes associated with this area are stakeholder relationship management, defining stakeholders, identifying stakeholders, stakeholder engagement, issues management, reputation management, conflict resolution and crisis communication. The results are presented in Table 7.7.

(ii) Understanding corporate governance

The themes associated with this area are corporate governance, corporate social responsibility (CSR), sustainability and citizenship. The results are presented in Table 7.8.

(iii) Implications of King III, Chapter 8 for South African business and communication management

The themes associated with this area are the implications for communication management, the contribution of communication management, and communication strategy. The results are presented in Table 7.9. A discussion of the findings from each of these broad areas and associated themes follows, linked with the relevant theory.

Table 7.7: Stakeholder relationships

Area 1: *Stakeholder relationships*		
Theme	**Responses**	**Theory**
Stakeholder relationship management (SRM)	Three broad categories within the stakeholder relationship management theme were identified being: • SRM as a proactive approach • SRM as a reactive approach • Other (engagement as proactive/reactive) Within the **pro-active stakeholder relationship management** category, two further categories were identified, being stakeholder management and stakeholder relationship management. Each of these, with the views of the participants, is outlined: • Stakeholder management o SM takes place both formally and informally o Continuity is necessary o It's about management, not control of stakeholders o Research is used to identify the stakeholders	Stakeholder relationship management's focus is on building long-term relationships with key stakeholders and considering the rightful power to influence, trust, satisfaction with the relationship, commitment, exchange and communal relationships. It is based on two-way communication through dialogue-based empowered relationships. Stakeholder inclusion should be the norm as well as the alignment of values. Four approaches to managing stakeholder relationships are outlined (Steyn & Puth, 2000:18): • Inactivity – ignoring opinions and values of stakeholders

Area 1: *Stakeholder relationships*		
Theme	**Responses**	**Theory**
Stakeholder relationship management (SRM) (continued)	o It is about information and data warehousing o SM is stakeholder engagement that is managed o It is about creative ways to reach stakeholders as sometimes it is not possible to reach them directly o It's about message and perception management o SM is managing relationships where there is a win-win for everyone. o It is also about monitoring stakeholders and managing information o It's not centralised, but organised o It is real-time tracking of stakeholder movement o A stakeholder report is used for SM o It is issues driven o Risks should be identified o A stakeholder policy is needed o It impacts reputation o Communication management helps management understand stakeholder groups. • Stakeholder relationship management (SRM) o Profiling of stakeholders (knowledge of issues and risks management needed) ▪ *1. Address issues and determine on whom in impacts* ▪ *2. Determine what connects the company and the stakeholders* ▪ *3. Conduct issues alignment/interest alignment* o SRM impacts decisions o Ongoing consultation is needed o Stakeholders are prioritised based on the issues at hand o It is strategic as understanding of stakeholders is necessary. o It makes reputation management easier and enhances the reputation o It's about putting across correct messages for better understanding and acceptance of that message o It impacts decisions made by the company and revolves around business priorities o It is based on long-term, two-way communication o The business is built on relationships	• Reactivity – waiting for something to happen and then responding • Poactivity – attempting to predict behaviour of stakeholders and positioning the organisation towards those • Interactivity – active involvement with stakeholder groups

<table>
<tr><th colspan="3">Area 1: Stakeholder relationships</th></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Stakeholder relationship management (SRM) (continued)</td><td>The views around reactive stakeholder relationship management includes:
• Having no formal communication management plan
• Business units/departments need to do stakeholder relationship management with no guidance
• It is done on an ad hoc basis
• There is room for improvement when it comes to stakeholder relationship management

The views around stakeholder engagement as both proactive and reactive focussed on:
• Could be once-off, one-sided and unsolicited
• Considered to be the same as stakeholder relationship management</td><td></td></tr>
<tr><td colspan="3">Discussion – Stakeholder relationship management
Stakeholder relationship management in South African business is either proactive or reactive or seen as similar to stakeholder engagement. The description of the reactive approach to stakeholder relationship management in South African businesses is similar to that outlined in the theory. However, the proactive approach described in the data, aligns to both the proactive and interactive approach to stakeholder relationship management. This is particularly relevant where participants described the process of stakeholder relationship management around stakeholder profiling consisting of a process of three steps:
▪ 1. Address issues and determine upon whom it impacts
▪ 2. Determine what connects the company and the stakeholders
▪ 3. Conduct issues alignment/interest alignment

An area, not mentioned by participants, but outlined in more recent theory, is that of governing stakeholder relationships as an extension of stakeholder engagement and stakeholder relationship management. Spitzeck and Hansen (2010:384) outline stakeholder power and scope of dimensions of stakeholder governance. Power is the level of influence given to stakeholders in decision-making. On the one hand there may be non-participation where stakeholders do not have any voice in decisions, and on the other hand stakeholders may possess the power to decide for the organisation. Scope is the breath of power in decision-making.

Some differences can be noted between stakeholder engagement, stakeholder relationship management and the governing of stakeholder relationships. It seems that the more encompassing concept is that of stakeholder relationship management, which includes aspects of both stakeholder engagement and the governing of stakeholder relationships.</td></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Defining stakeholders</td><td>Two broad categories were identified when talking about defining stakeholders, being having a focussed stakeholder definition and protocol and not defining stakeholders. The views in each instance are outlined below:
• Stakeholder definition and protocol
o Protocol:
▪ Primary and secondary, which is situational and differentiated
▪ Referred to as a stakeholder universe
▪ Defined around business issues that are task based
▪ Definition is based on who the company impacts</td><td>Freeman (1984:31) defines stakeholders as “those groups without whose support the organization would cease to exist”. Stakeholders also have an impact on an organisation’s actions, behaviours and policies including interest groups, parties, actors, claimants and institutions (Mitroff, 1983:4).

Three viewpoints of a stakeholder exist (Spitzeck & Hansen, 2010:380):
1. The instrumental view proposes</td></tr>
</table>

Area 1: *Stakeholder relationships*		
Theme	**Responses**	**Theory**
	▪ Based on intuition The board defines the stakeholders, and communication management refines and expands the definition to include more stakeholders o *Definition:* ▪ Referred to as interested and affected parties ▪ Referred to as anyone with a potential interest or who is affected by the business ▪ Referred to as any individual / group / organisation that has the ability to impact the brand directly/indirectly • Referred to as anyone we interact with • Not defining stakeholders o Little stakeholder talk in the company o No central repository of stakeholders – it is up to business units to define	that the organisation only pay attention to the stakeholders who can affect the value of the organisation. 2. The descriptive view identifies and classifies stakeholders without consideration of their legitimacy of their power. 3. The normative view considers the value and moral rights of stakeholders being affected by the behaviour of the organisation and highlights the rights and duties of the actors involved.
Discussion – Defining stakeholders Some participants defined their stakeholders around the way in which their stakeholders are identified. An overlap thus exists between defining and identifying stakeholders. Of concern is that some companies engage in little stakeholder talk or discussion, which results in their inability to define and identify their stakeholders. The result is little or no strategic, structured or planned engagement and relationship building initiatives. Those who do identify their stakeholders, are mostly aligned with the normative view of stakeholders, which considers the value and moral rights of stakeholders being affected by the behaviour of the organisation and highlights the rights and duties of the actors involved.		
Theme	**Responses**	**Theory**
Identifying stakeholders	Three broad categories emerged from the views of participants around the **structured approach** to stakeholder identification, the **unstructured approach** to stakeholder identification and who these stakeholders are. More details are provided below: • **Structured approach** to stakeholder identification o Primary and secondary o Internal and external o Assess business issues followed by stakeholders being impacted by these issues o Based on 4 Cs being channel, community, colleague and client o Plot the interface with stakeholders and issues – how stakeholders are engaged and what the company response is o Based on stakeholder report and matrix • **Unstructured approach** to stakeholder identification o Intuition based o Don't profile stakeholder yet • Who stakeholders are (the stakeholders	In the theory various models, frameworks, guidelines and processes exist to identify, categorise, prioritise, communicate with and build relationships with stakeholders. The models, frameworks, guidelines and processes related to stakeholder identification include: • Stakeholder management framework (Freeman, 1984) • Linkages model (Grunig & Hunt, 1984) • Three-part taxonomy (Donaldson & Preston, 1995) • Primary and secondary stakeholder identification (Clarkson, 1995) • Stakeholder typology around the attributes of power, legitimacy and urgency as well as the classes of stakeholders (Mitchell et al.,1997) • Types of publics (Steyn & Puth, 2000) • Situational theory of publics (Grunig, 2005)

Area 1: *Stakeholder relationships*		
Theme	**Responses**	**Theory**
Identifying stakeholders (continued)	(2), NGOs (2), consumers (2), funder bodies (2), special interest groups (2), brands (1), political groups (1), society (1), competitors (1), other (unique stakeholders) such as doctors, alumni, talent pipeline, global firm, bursars, recruits, mentioned by participants including the number of participants who mentioned them. These stakeholders include employees (9), customers/clients (8), media (8), government/regulators (8), community (7), suppliers (6), shareholders (5), industry associations (4), Investors (4), business partners (3), financial services (3), unions (3), academic institutions (2), professional bodies	• Four-step process to prioritising stakeholders (Rawling, 2006) Rensburg and Cant (2009:39,40) outline some of the stakeholders of organisations in South Africa including the media, government, educators, customers, the community, suppliers, industry bodies, employees, management, shareholders and unions.

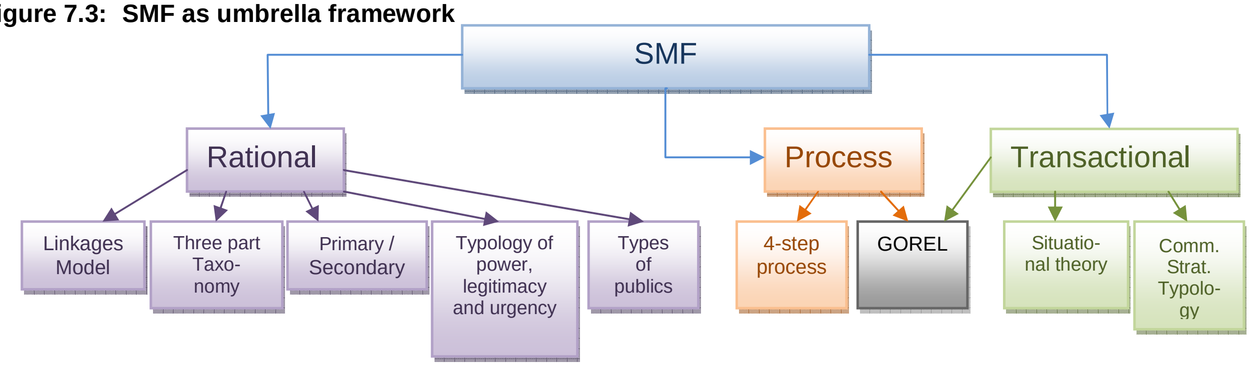
Discussion – Identifying stakeholders

The theory proposed various structured ways with which stakeholders can be identified. Some of these seem to be used in South African business to a more or lesser extent. The ones that could clearly be identified as being applied from the data are those of primary and secondary stakeholder identification by Clarkson (1995) and perhaps the situational theory of publics by Grunig (2005). Some approaches found are that of stakeholder identification around the 4 Cs (Client, colleague, channel and community), which could be useful in some business contexts. Of concern is that some South African businesses make use of intuition to identify stakeholders, or in some extreme cases, pay little attention to stakeholder identification and thus engagement and relationship building.

The stakeholders mentioned by participants are close to those mentioned in the theory as an organisation's typical stakeholders.

Freeman proposed a stakeholder management framework (SMF) around three levels in the organisation, being the rational, process and transactional levels. Looking at the various ways in which the different authors approach and understand the communication, relationship management, identification, classification and prioritisation of stakeholders, this framework seems to provide an umbrella view under which each of the works of these authors can fall. With regard to the rational level, which involves understanding who the stakeholders are, coupled with the perceived stakes, the linkages model of Grunig and Hunt (1984), the three part taxonomy of Donaldson and Preston (1995), the primary and secondary stakeholder classification of Clarkson (1995), the stakeholder typology of power, legitimacy and urgency of Mitchell et al.(1997) the classes of stakeholders of Mitchell et al.(1997) and the types of publics of Steyn and Puth (2000), naturally find a link. The four-step process of Rawlins (2006) as well as the GOREL process of Falconi (2009) can both be associated with the process level of the SMF. The situational theory of Grunig (2005), Gregory's (2007) communication strategy typology and Falconi's (2009) GOREL process are all related to the transactional level, which provides understanding of the interactions between the organisation and its stakeholders. The umbrella view provided by Freeman's (1984) SMF is depicted in Figure 7.3.

Figure 7.3: SMF as umbrella framework



Area 1: *Stakeholder relationships*		
Theme	**Responses**	**Theory**

Stakeholder engagement	Three broad themes emerged from the data identifying what stakeholder engagement is, approaches to stakeholder engagement and specific engagement interventions for specific stakeholders. Each of these are discussed below:
	• What stakeholder engagement is
	  o It is integrated in the business and embedded in people's jobs (4)
	  o Issues driven
	  o Outcomes-based approach around issues
	  o It is a plan which is flexible
	  o It is dynamic and varied
	  o It is tactical where different activities are used for different messages
	  o It is structured and targeted
	  o It is sometimes once off and one way
	• Approaches to stakeholder engagement
	  o Creation of platforms/channels for continuous information providing
	  o Scorecards are used to facilitate
	  o Formal vs. informal
	  o Stakeholders are prioritised and then engaged accordingly
	  o Portfolio committees are used to determine engagement
	  o Message management framework are used as follows:
	    ▪ Identify and segment audiences
	    ▪ Take their considerations and challenges into account
	    ▪ Identify platforms to communicate the messages
	  o Stakeholder framework (to be provided by communication management) which confirms:
	    ▪ Who stakeholders are
	    ▪ What the associated issues are
	    ▪ What needs to be communicated
	    ▪ Methodology used to communicate
	• Specific engagement interventions
	  o Government (ad hoc consultation)
	  o Customers (sales team, touch points, call centres, research i.e. focus groups, face-to-face communication, response to media type issues, facebook)
	  o Staff (weekly emails, CEO messages, workshops, Yammer, webcasts, employee call-centre, day-to-day management)
		Stakeholder engagement is the process of involving stakeholders (Sloan, 2009:26). The purpose is to gain acceptance and build trust with stakeholders. It is also used to drive strategic direction and operational excellence, which leads to sustainable development.

Area 1: ***Stakeholder relationships***		
Theme	**Responses**	**Theory**
Stakeholder engagement (continued)	o Suppliers (forums, conferences) o Investors (handled by Investor Relations, road shows) o Communities (foundation, conferences, liaison committee) o Environmental groups (forums) o Unions (regular meetings)	AccountAbility (2008:13) outlines a stakeholder engagement framework which involves thinking and planning for engagement, preparing and actually engaging stakeholders and then responding to and measuring the engagement. The thinking and planning element involves identifying stakeholders and their concerns, determining and defining how these will be addressed through an engagement strategy, and drafting an engagement plan and implementation schedule. Simultaneously, the organisation needs to prepare itself through identifying ways of engagement that work (i.e. that facilitates understanding, learning and improvement), and build and strengthen its capacity to do so. At the same time the organisation needs to respond and measure its success.
Discussion – Stakeholder engagement Similar to the theory, stakeholder engagement, is seen as inherent and integrated in the business. Mostly, it is seen as a process of identifying and understanding stakeholders, creating platforms or means to communicate with them and developing appropriate messaging. Some companies have an informal, unstructured approach to stakeholder engagement, while others make use of a stakeholder framework. The theory proposes a more formal, structured approach to stakeholder engagement as part of stakeholder relationship management through the AccountAbility stakeholder engagement framework. This framework provides guidelines on ensuring that all legitimate stakeholders are considered, that different ways in terms of platforms are considered in engaging stakeholders, that the company's capacity to handle stakeholder engagement is enhanced, and that the company learns from its engagement with stakeholders through measurement.		
Theme	**Responses**	**Theory**
Issues management	A variety of views emerged: • It helps to determine the message and the channel (2) • It is part of risk management (2), which makes it a strategic consideration (2) • It provides an opportunity to the company to communicate its position (2) • Issues should be prioritised and its significance determined (2) • An issues register needs to be used to inform management is necessary (2) • Proactivity is needed that is timeous and require the right people handling the issue (2) • Disciplined approach which makes communication focussed • It informs the stakeholder engagement framework • The profiling of stakeholders is issues driven • Sometimes it requires a short-term	Grunig (1992a:13) states that issues management is used to anticipate issues and resolve conflict before stakeholders make it an issue. Issues are created by stakeholders and are based on their subjective interpretation of the organisation with regard to a particular issue (Steyn & Puth, 2000:214). Issues management has been encouraged to (Veil & Kent, 2008:388): • build relationships • engage in corporate philanthropy and serve both organisations and stakeholder • engage in corporate

Area 1: *Stakeholder relationships*		
Theme	**Responses**	**Theory**
Issues management (continued)	intervention • Research in the form of benchmarks and audits is used to identify issues that impact reputation • It impacts reputation and revolves around integrity management • Issues could lead to crisis which may require conflict resolution • It assists in understanding stakeholder expectations • Stakeholder relationships are industry affairs Two different views emerged around the role of communication management in issues management. On the one hand, communication management is seen to handle issues management and on the other, top management is seen to handle issues management. In the last instance, communication management's role revolves around handling the media around issues only.	• advocacy and to create relationships with stakeholders • have a long term focus on issues and sustainability of the organisation and the environment. Issues management 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 them. 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 • *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 require a communication intervention.

<table>
<tr><th colspan="3">Area 1: Stakeholder relationships</th></tr>
<tr><td colspan="3">Discussion – Issues management
The areas identified from the theory that emerged from the senior communicator views, are that issues lead to crisis, that issues management is a disciplined approach, that the company's position on issues plays a role in resolving or avoiding the issues, research is needed, that it is a strategic consideration and impacts relationships and thus reputation.

The theory suggests the disciplined management of issues, should take place, which did not emerge from the data. This involves a process first categorising and then prioritising issues. This would typically be followed by identifying stakeholders associated with those issues prioritised. Although some senior communicators noted that issue identification precedes stakeholder identification, others noted that stakeholder identification precedes issue identification.

From the theory, the prioritisation of issues should revolve around corporate issues taking precedence over global and local issues.

The theory, although indirectly, notes that communication management should be involved in the process of issue identification and prioritisation as part of issues management, and not only in managing media responses as mentioned by some senior communicators.</td></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Reputation management</td><td>The main subtheme that emerged with regard to reputation management is that it is the management and change of perceptions of key stakeholders.

Senior communicators also regard reputation management as a process which consists of:
Conducting a reputation audit
Identifying issues from the audit results
Developing performance indicates for managers to address those issues identified.
Other views includes:
Issues based and about how issues are managed
It needs action plans
It is a disciplined approach that is linked to performance management.
It is about the customer experience and</td><td>Corporate reputation is regarded as a result of the interactions between a company and its stakeholders. Therefore each stakeholder‘s decision affects the individual's impression about the company and what that person communicates to others (Deephouse, 2000:1097). Reputation is thus an organisation's image, built up over time and not simply a perception at a given point in time. Furthermore, it is a product of internal and external constituencies (stakeholders) and is thus different from identity, which is constructed by internal constituencies only. Therefore, reputation can be defined as the sum of the perception of all stakeholders. A good reputation exists when an organisation's identity</td></tr>
</table>

<table>
<tr><th colspan="3">Area 1: Stakeholder relationships</th></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Reputation management (continued)</td><td>revolves around the company's licence to operate.
Reputation management is about authenticity, integrity, credibility, trust and goodwill.
Research and evaluation are needed through benchmarks, audits and surveys.
New platforms are a challenge. It's about proactively putting out positives about the company, such as impact stories and new product benefits
It needs to consider industry affairs – similar to issues.
It gets developed over years
Good relationships impact reputation management
It contributes to company sustainability and competitiveness
A structured conversation with stakeholders is needed through action plans
Stakeholders should be partnered and engaged.
Communication management is the conscience of the company and needs to put the partnerships in place. If a crisis occurs and there is a reputational fall-out, communication management needs to handle it. There is a reputational risk if risk itself is not communicated, which in turn can lead to an issue or crisis.</td><td>and image are aligned (Argenti, 2009:83). The process or alignment may be regarded as the management of reputation. 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, issues management and crisis management.

From a communication perspective, the management of reputation is heavily influenced by the perceptions of stakeholders. These stakeholder perceptions can be regarded as the domain of communication management (Dihr & Vinen, 2005:7).

Reputation is often evaluated around five elements which include: financial performance, quality of management, social and environmental responsibility performance, employee quality, and the quality of the goods/services provided (Bebbington et al., 2008:339,340).</td></tr>
<tr><td colspan="3">Discussion – Reputation management
Senior communicators seem to understand reputation as the sum of the perceptions (in the form of company image) of stakeholders, over a period of time. Reputation management's components include corporate social responsibility, issues management and crisis management, although only issues and crisis are highlighted by senior communicators. Communication management, with stakeholder perceptions and the management thereof, at its core, is in a position to manage reputation for the benefit of the company. The company aspects that stakeholders consider in forming an image about the company, and thus, ultimately, reputation, are financial performance, quality of management, social and environmental performance, employee quality and the quality of the goods/services provided. Thus, senior communicators feel that stakeholders should be partnered and engaged through having a structured conversation with them.</td></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Conflict resolution and crisis communication</td><td>Two subthemes emerged around general views on conflict resolution and crisis management and the role of communication management in conflict resolution and crisis management. The general views of senior communicators include:
Systems are needed with performance objectives to manage conflict resolution with stakeholders
Conflict resolution is a last resort and only used in certain instances
Consumer protection act can impact this area
Direct engagement with stakeholders is</td><td>Three categories are outlined by Grunig and Hon (1999:16-17) in the theory:
Integrative approach, which focuses on a win-win solution that values the integrity of a long-term relationship with stakeholders
Distributive approach, which focuses on a win-lose or self-gain perspective</td></tr>
</table>

Area 1: ***Stakeholder relationships***		
Theme	**Responses**	**Theory**
Conflict resolution and crisis communication (continued)	needed • An interim process is needed before the legal process, which is not currently in place • It is a positive outcomes-based approach • It is a formal, legal process • Ethics helps avoid conflict • Mutual collaboration is used with legal advice. Used for mostly employees and environmentalists • It is dealt with by the risk and legal departments • Crisis management is different to conflict resolution in some industries • Some companies engage in limited conflict resolution interventions • Issues lead to crises that should be handled by management • Social media impact the necessity for conflict resolution The views on the **role of communication management in conflict resolution** varies: • Communication management should play a proactive role and prepare a communication plan where positioning statements are crafted • Communication management should foresee areas of potential conflict and recommend ways to pre-empt the issues • Top management, in consultation with communication management, should handle conflict resolution • Communication management should engage, learn from and resolve the conflict on a one-on-one basis	• Dual concern approach, which focuses on balancing the interests of stakeholders with the interests of the organisation. Strategies used include contending, avoiding, accommodating and compromising. These are also considered the dimensions of conflict resolution. Grunig and Hon (1999:17) outline two further dimensions: • Unconditionally constructive approach, where the company acts in a way that will be good for the relationship and good for the company even if the stakeholder does not reciprocate • Win-win or no-deal approach means that if the parties cannot find a solution that would benefit both, they would agree to disagree. The role of communication management in conflict resolution and crisis communication is necessary as it assists in understanding the organisation's stakeholders (Hagan, 2007:429), assess the vulnerabilities of the organisation (Hagan, 2007:423), conduct environmental scanning research and issues management, as well as designating a crisis management team and conduct training activities including mock crisis drills/simulations (Hagan, 2007:433). Coombs (2007:172) proposes three lessons for crisis communication management, which include being quick, being consistent and being open. Three main strategies for responding to a crisis include (Coombs, 2007:176): • Corporate apologia, which is a form of self-defence where the list of potential responses includes denial, claiming no responsibility, or bolstering (in other words, accepting responsibility). • Corporate impression management includes making excuses, justifying, getting approval, intimidating,

Area 1: *Stakeholder relationships*		
Theme	**Responses**	**Theory**
Conflict resolution and crisis communication (continued)		apologising, blaming someone else or factual distortion. • Image restoration may include denial, evasion of responsibility, reducing offensiveness of the event, corrective action and mortification

Discussion – Conflict resolution and crisis communication

Some confusion seems to exist among senior communicators with regard to the strategies to handling conflict resolution and crisis management, as well as determining who needs to drive/take responsibility for conflict resolution and crisis communication. Senior communicators do understand though that conflict and crisis are caused by issues and that direct engagement with stakeholders is needed. In the theory, various approaches as well as strategies for handling conflict are provided, which include the integrative, distributive and dual concern approaches. The strategies for handling conflict resolution include contending, avoiding, accommodating, compromising, constructive and win-win/no deal approaches.

In South African businesses, conflict resolution is handled either by the legal department, the risk department, top management, communication management, or a combination of some of these departments. A combination of the legal and risk department, of the legal and communication management department and of communication management and top management was reported. The theory does not stipulate which department should drive/take responsibility for conflict resolution and crisis management. However, it does stipulate that communication management has a role to play in terms of assisting in understanding the organisation's stakeholders, assessing the vulnerabilities of the organisation, conducting environmental scanning research and issues management, as well as designating a crisis management team and conducting training activities including mock crisis drills/simulations (Hagan, 2007:423-433).

Senior communicators view conflict resolution and crisis communication as similar. However, the theory indicates different approaches to handling crisis communication. These include being quick, being consistent and being open. In other words, transparency is important. Further strategies in dealing with crisis communication include corporate apologia, corporate impression management and image restoration in cases where the image and reputation have been damaged.

Table 7.8: Understanding corporate governance

Area 2: *Understanding corporate governance*		
Theme	**Responses**	**Theory**
Corporate governance	The senior communicator views revolve around: • Corporate governance should be institutionalised/embedded and not just done for compliance reasons • Being a responsible corporate citizen built on the value of the company. • It is part of the listing process on the JSE as a requirement, considering due diligence, internal control, having a committee structure on the board of directors, and making use of an integrated report. • The company secretary is responsible for corporate governance. • Global players listing on more than one stock exchange sometimes have to abide by conflicting requirements. Corporate governance is about being transparent where information with shareholders is shared via a shared portal.	Corporate governance is defined as the body of principles and rules which guide and limit the actions of directors (Bonnafous-Boucher, 2005:37). 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).

<table>
<tr><th colspan="3">Area 2: Understanding corporate governance</th></tr>
<tr><td colspan="3">Discussion – Corporate governance
South African business views corporate governance as good corporate leadership and strategy development ensuring value for the company and transparency in its activities. The theory further outlines that corporate governance is about having a long-term vision of performance, resource allocation and making a contribution to knowledge, expertise and information. It is also about the structures and systems that provide a framework for the sustainable management of a company.</td></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Corporate Social Responsibility (CSR)</td><td>The most prominent view expressed by four (4) participants was that their company's CSR was managed by a Foundation/Trust. Another view expressed by three (3) participants was that CSR contributes to companies being seen as good corporate citizens. Some of the other views expressed by at least two (2) participants in each case were:
• Companies in South Africa are moving away from a philanthropic approach to CSR
• CSR is driven by corporate culture
• Community CSR is implemented while it provides human capital
• Volunteerism is a focus area
• Communities and CSR are integrated throughout the business
• Areas of high impact include mostly training or education, but also:
o Scholarships
o HIV/Aids clinics
o Reach for a Dream
o Enterprise development
Other views include:
• The corporate citizenship team develop the CSR strategy
• It revolves around South Africa's national priority issues
• It is a strategic tool
• It is the right thing to do
• It is a systematic approach focussed on business strengths
• It is part of doing business
• An entrepreneurial approach is used as it is more sustainable and value creating for business
• It is about partnerships with stakeholders i.e. partnering with government, as they provide the framework for doing business and partnering with communities as they provide the human capital to run the business
• CSR strategy is structured around public-private projects, NGO/Community involvement and volunteerism
One (1) participant said that it is done because it is a legal requirement. Another participant (1) expressed the view that the intent behind CSR needs to be communicated as it forms part of</td><td>Corporate Social 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 (Drucker, 1993:6).

According to Hancock (2005:70), the attention of corporate leadership should revolve around the 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. Porter and Kramer (2006:91) argue that a CSR strategy, if implemented carefully, can enhance an organisation's competitiveness. Goodman (2001:118) found, in a study conducted by the Corporate Communication International (CCI), that organisations are expected to be good corporate citizens, as well as make money.

Corporate leadership should concern them 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).

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. The assumptions relevant to strategic communication management include (Steyn, 2003:179):</td></tr>
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<table>
<tr><th colspan="3">Area 2: Understanding corporate governance</th></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Corporate Social Responsibility (CSR) (continued)</td><td>reputation management, brand building and communication activities</td><td>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 that 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.</td></tr>
<tr><td colspan="3">Discussion – Corporate Social Responsibility (CSR)
There is awareness among South African businesses that CSR is part of doing business and not merely meeting a legal requirement. The realisation is there that it forms part of being a good corporate citizen, as outlined by Goodman (2001:118), and can contribute to the competitiveness and reputation of a company.

An aspect, not expressed by any of the senior communicators, is that CSR forms part of communication management as it relates to stakeholder engagement and empowerment (Novelli, 2008:269). Steyn (2003:179) argues that CSR has moved beyond the ethical responsibilities towards society where companies are more responsive and identify the stakeholder issues to which their responsibilities are linked. The definition of who these stakeholders are, is shifting to include those who themselves think they are stakeholders. Finally, the analysis of societal issues and trends is important because the values and beliefs of key stakeholders are derived from broader societal influences.</td></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Sustainability</td><td>Eight (8) of the nine (9) participants felt that their companies were being managed in a sustainable way. The one participant, who indicated that their company was not managed in a sustainable way, noted the short-term view of shareholders as the main contributor.

The views regarding sustainability include:
Sustainability is long-term, focussing on finances, people and the environment.
It's about leaving a legacy for the future</td><td>Sustainability is the primary moral and economic imperative of the 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 (Institute of Directors, 2009:9).</td></tr>
</table>

Area 2: *Understanding corporate governance*		
Theme	**Responses**	**Theory**
Sustainability (continued)	• It is responsible management, having a culture of accountability • It is a balanced approach to managing issues • It is contextual, dynamic and being able to adapt • It is subject to competitive situations, focussing on what is relevant to the business • It is about going green (environmental sustainability) and company sustainability • It is about all stakeholders benefiting from the company's existence • It is prudent management and work ethic • It is about a focus on issues around a company's licence to operate and industry trends • It's about renewable energy and energy efficiency From a communication management point of view, the view expressed includes: • Communication management is important as sustainability is integrated into the strategy • It gives a company a value proposition and competitive edge • A system to record engagements with stakeholders is needed Communication management is tasked by the executive team to partner stakeholders with the primary objective to be regarded as no. 1 from a reputation perspective. In that way, communication management contributes to sustainability of the enterprise.	Sustainability is focussed on the future and is concerned with ensuring that the choices of future resource utilisation are not constrained by decisions taken in the present. This does not only have implications for society, but also the organisation itself. Furthermore, the creation of value within the business is followed by the distribution of value to the stakeholders of that organisation (including shareholders) (Aras & Crowther, 2008:439).
Discussion – Sustainability South African senior communicators regard sustainability as top management having a long-term vision, with value for both the company and stakeholders in mind, through a culture of accountability and ethics. It needs to consider the unique industry context of a particular company and balance issues around what is relevant to the business. A matter raised by senior communicators, not explicitly stated in the theory, is that communication management contributes to sustainability as it should be integrated into the strategy. Communicators need to take cognisance of the fact that sustainability may give a company a value proposition and competitive edge. Practically, a system to record engagements with stakeholders is needed.		
Theme	**Responses**	**Theory**
Citizenship	• Citizenship is regarded to be a structured approach used to create the right perceptions. • It is a work-in-progress where people need to appreciate the work a company does. • It is criteria used to view a company and improving credibility • It has a reputational impact • BEE is regarded the biggest challenge as a	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) including: • The *citizenship* dimension involves how citizenship is

Area 2: *Understanding corporate governance*		
Theme	**Responses**	**Theory**
Citizenship (continued)	driver of citizenship. • Research to monitor how a company is seen in the form of tracking studies are done	defined. • The *strategic intent* dimension revolves around the purpose of citizenship in a company. • 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 • The transparency dimension involves the extent to which an organisation is "open" about its financial, social and environmental performance.
Discussion – Citizenship The understanding of corporate citizenship among senior communicators seems fairly limited as only a few views are recorded. These views revolve around citizenship impacting perceptions, credibility and reputation. Some participants acknowledge that it is still a work in process and note the importance of research. The theory provides a more comprehensive view of citizenship outlining seven (7) dimensions, being how citizenship is defined in a company, the strategic intent of the company, leadership and support towards citizenship, the influence of structure on how citizenship is managed, how citizenship issues are handled, the way stakeholders are engaged and the extent to which the company's communication is transparent around its financial, social and environmental performance.		

Table 7.9: Implications of King III, Chapter 8 for South African business and communication management

Area 3: *Implications of King III, Chapter 8 for South African business and communication management*		
Theme	**Responses**	**Theory**
Implications for South African businesses and communication management	The views around the implications of King III, Chapter 8 for businesses include: • It pushes the boundaries of business • It's a call to companies to be more open, transparent, consistent and timeous in their communication • Policies are needed that are transparent and must be communicated • It is a tool to do a health check on communication management in companies, which requires top management's attention • It influences communication strategy, but it starts at a higher level first	The implications for South African business and communication management include an increased responsibility to make the board of directors or management aware of how stakeholders view the organisation, and how best to communicate with them as this has implications for the reputation of the organisation. Knowledge of the stakeholders themselves is important to build and maintain relationships. Various ways exist to identify and classify stakeholders where communication management is in the

Area 3: *Implications of King III, Chapter 8 for South African business and communication management*		
Theme	**Responses**	**Theory**
Implications for South African businesses and communication management (continued)	The view around the implications of King III, Chapter 8 for communication management includes: • Four (4) participants noted that it is a call for communication management to be more pro-active, especially around the positioning of the company • It helps communication management to consolidate stakeholder relationship management initiatives undertaken throughout the business • It helps defining stakeholders and finding the most effective modes of engagement • It's given more structure/systems for communication management which implies having specific targets, methodologies and records of engaging stakeholders • It's an opportunity for communication management to challenge business, address communication issues and raise awareness of communication management as well as obtain management buy-in • It's a way to obtain legitimacy in illustrating the communication management is a systematic approach • A challenge is to ensure that the silos that exist in some companies are communicated in an integrated way.	ideal position to have a deeper understanding of stakeholder interests and expectations and assist the company in aligning company strategy and stakeholder expectations with each other (See detail in Chapter 4).
Discussion – The implications of King III, Chapter 8 for South African business and communication management From the theory the implication for communication management is to proactively inform management of stakeholder views and how that impacts the reputation and business. Knowledge of stakeholders and ways to reach them are imperative. Communication management, with this knowledge of stakeholders, is able to align company strategy and stakeholder expectations with each other. Other implications noted by senior communicators are that communication management needs to be proactive in communicating the position of the business, consolidate stakeholder relationship management initiatives undertaken throughout the business, illustrate the structure and systematic approach to communication management, challenge business to address communication issues and raise the awareness of the function as well as eliminate the silos some companies operate in.		
Theme	**Responses**	**Theory**
The contribution of communication management	The contribution of communication management is noted on three levels: • **Organisational level** o Help company focus messages and actions to ensure transparency and consistency o Doing the right things to help business perform optimally o Communication management is the conscience of the company by raising issues o In the modern economy of information, there is a psychological dependence on communication management for	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 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

Area 3: ***Implications of King III, Chapter 8 for South African business and communication management***		
Theme	**Responses**	**Theory**
The contribution of communication management continues	information and knowledge that is trustworthy o Provide checkpoints for the business to determine the level of effective communication. It is the liquid transport of messages and activities o Communication activities with a strategic purpose in mind make a contribution o Communication management plays an agency advisory role o Communication management enhances brand reputation through managing perceptions and relationships o Communication management breaks down company silos • **Stakeholder level** o Help management to understand stakeholders o Keep employees engaged considering morale, trust and performance o Empower managers to communicate face-to-face with employees o Build partnerships with stakeholders and gain co-operation from stakeholders o Managing information to and from stakeholders o Give clarity and create consensus o It translates company issues to stakeholders o It has the ability to prioritise stakeholders • **Environmental level** o Communication management is at the centre of sustainability o Doing research to monitor and gather information from the environment to identify risks o Creates the context and framework in dealing with issues Communication management requires a holistic communication strategy where measurement is imperative.	communication goals to the organisational goals and mission (Steyn, 2003:179-180). For this to materialise communication integration is needed (Niemann, 2005:4).This integration takes place at three levels, being the organisational level (horizontal and vertical across business units through CEO/top management involvement and communication management playing a strategic role), the stakeholder level (requiring two-way, purposeful and personalised communication) and the environmental levels (considering environmental changes and demands) (Niemann, 2005:248,249,255,260). Communication management contributes to the organisation as it helps reconcile the organisation's goals with the expectations of its stakeholders, which results in monetary value for the organisation. It further assists in promoting ethically and socially responsible organisational decisions and behaviour if the organisation approaches strategy as an integrative grand strategy. In this regard, communication management can transmit information and interpret it. The role of communication management in the organisation towards achieving its goals includes stakeholder communication management with communication programmes aimed at communicating corporate sustainability and corporate social responsibility, the management of stakeholder relationships, issues management coupled with crisis communication, and finally reputation management (See Chapter 3 for more detail).

<table>
<tr><th colspan="3">Area 3: Implications of King III, Chapter 8 for South African business and communication management</th></tr>
<tr><td colspan="3">Discussion – The contribution of communication management
The three levels of strategic communication integration, where communication management contributes to organisational success and sustainability include the organisational, stakeholder and environmental levels. These levels seem to, although not explicitly stated, exist in the participant organisations. At the organisational level, communication management assists the company to build its reputation, to break down silos that hinder integration in the organisation, help the company make its voice heard and provide some strategic guidance. At the stakeholder level, communication management helps the company understand stakeholders, manage the perceptions, relationships and information to and from stakeholders which implies a two-way flow of communication. At the environmental level, communication management engages in research and monitors the environment to help the company identify and manage risks and deal with issues.</td></tr>
<tr><th>Theme</th><th>Responses</th><th>Theory</th></tr>
<tr><td>Communication strategy</td><td>Two different views from the senior communicators emerged with regard to having a more prominent deliberate communication strategy or a more prominent emergent communication strategy. Those participants who have a communication strategy (7) have a more prominent deliberate communication strategy with the following views:
• Communication strategy is based on stakeholders
• King III informs strategy indirectly
• Strategy is holistic in nature and provides checkpoints to business to determine if it is communicating appropriately with its stakeholders
• Stakeholder identification and audience segmentation are involved in development communication strategy
• Communication platforms to invest in with regard to ROI are identified based on stakeholder considerations and challenges
• Specific messages are tailored for specific stakeholders

One (1) participant indicated that their communication strategy forms part of a higher level marketing strategy. As such they don’t have a dedicated communication strategy per se.

One (1) participant indicated that their communication strategy is predominantly emergent in nature and is inherent in the business as a whole.</td><td>Dawkins’ (2004:119) research highlights that for communication management to be effective in communicating corporate responsibility, a clear communication strategy should be developed, where the content, style and channel are tailored and all coordination if communication is managed.

Steyn (2007:140) contends with much of Dawkins’ research where she outlines the functional responsibilities of communication management with a strategic mandate, in contributing to business effectiveness as follows:
• Developing a communication management strategy addressing the key strategic goals, which have emerged from societal and stakeholder issues of the business, and which, in turn, translate into a communication management strategy with its own goals and themes.
• Formulating a strategic communication management plan to achieve the abovementioned goals.
• Counselling business leaders/managers/supervisors on their communication role toward employees.
Managing the activities of a support function. This includes developing, implementing and evaluating communication plans in support of strategies developed at different business levels, developing, implementing and evaluating communication plans in support of the strategies of other business functions and developing, implementing and evaluating communication plans in</td></tr>
</table>

Area 3: *Implications of King III, Chapter 8 for South African business and communication management*		
Theme	**Responses**	**Theory**
Communication strategy (continued)		support of the top management's communication to employees and other stakeholders.

Discussion – Communication strategy

South African senior communicators, mostly use a deliberate communication strategy to contribute to business effectiveness. This strategy is based on stakeholders, is holistic in nature, and provides checkpoints to business to determine if it is communicating appropriately with its stakeholders. Stakeholder identification and audience segmentation are involved in the development of communication strategy impacting which platforms to invest in, in terms of ROI. Finally, specific messages are tailored for specific stakeholders.

An area not highlighted by the participants of this study, is the strategic alignment of communication strategy with the strategic goals of the company, as outlined in the theory. Steyn (2007:140) argues that the strategic mandate of communication management includes not only the development of communication strategy and plans, but also the counselling of business leaders/managers/supervisors on their communication role toward employees, as well as managing the activities of a support function. These activities include developing, implementing and evaluating communication plans in support of strategies developed at different business levels, developing, implementing and evaluating communication plans in support of the strategies of other business functions, and developing, implementing and evaluating communication plans in support of the top management's communication to employees and other stakeholders.

7.6 DISCUSSION OF FINDINGS

The results from the interviews with senior communicators of a selection of South African companies are summarised and discussed under 7.6.1 and 7.6.2.

7.6.1 RESEARCH OBJECTIVE 1

To explore the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing a company's business strategy

The discussion of the results related to Research Objective 1 is structured around three key areas, namely, the description of communication management in South African business, the legitimacy of communication management in South African business, and the requirements (or pre-requisites) for the success of communication management in South African business. The findings and how they relate to the theory, as highlighted through Phase 1 (in Chapters 2, 3 and 4) are summarised next.

(i) Area 1: The description of communication management in South African business

In South African businesses, communication management is defined as the management (which includes messages and channels) and facilitation of communication (through leadership communication, communication integration throughout the organisation and through providing advice and support), with the use of research (pre- and post intervention implementation) at various levels of the organisation, driven by issues, through identifying stakeholders and managing relationships with these stakeholders, both internally and externally, with the aim of communicating business objectives and intent.

The functions mostly performed by South African communication professionals are *internal communication*, *media relations* and *stakeholder engagement/relationship management/communication*. Other functions performed are external communication, investor relationships, reputation management (which now includes risk communication/management), government and community relations and human resources. New functions noted include consumer communication, industry affairs, business development and systems, as well as sustainability communication.

Six key roles are identified as follows:

- *Stakeholder relationship management* which is strategic in nature. This role involves engaging stakeholders, managing communication with stakeholders, and establishing a stakeholder communication framework for the business.

- The *strategy involvement and development* is also strategic in nature. This role involves improving business value and cost saving for the business, assisting in achieving business goals and developing strategy. This is done by acting as the conduit for business activities and encompasses communicating business strategy and aligning communication goals with strategic business goals.
- *Reputation management* is mostly managerial in nature. This involves growing goodwill among stakeholders, managing perceptions and relationships as well as media management.
- The *advisory* role is managerial in nature and involves the empowerment of staff in the business by improving their communication capability. It also includes creating awareness of the communication management function and the role it plays in the business.
- *Crisis communication* is managerial in nature and involves crisis avoidance and crisis communication if and when a crisis occurs. Overlap exists with the reputation management role in terms of media management as well as the stakeholder relationship management role, where, if communication with stakeholders is managed well, crises may be avoided.
- The *message and channel management* role is both managerial and technical in nature. It involves developing communication strategy and the clarification and management of messages to ensure blockages for understanding are eliminated. It further involves identifying key messages, creating and identifying channels and managing these channels and mediums for optimum results. This may be achieved through integration of both the message and channel. This integration is regarded as message consistency and unity, and coordinating communication management and marketing efforts.

Effective leadership communication especially that of the CEO, is central to communication management effectiveness. The CEO should ideally drive stakeholder affairs and issues management.

Risk communication was noted as a new area of importance for communication management, previously only regarded as reputation risk. Risk communication is about neutralising risk through satisfying the information requirements among stakeholders. Efficient organisation of information around specific issues is important.

(ii) Area 2: The legitimacy of communication management in South African business

Sustainability, as a focus area of communication management, drives the authority of communication management in South African businesses. However, broad management skills and business knowledge are needed among communication professionals to enhance this authority. Sustainability, with its long-term focus, coupled with the necessary skills and knowledge is known as the strategic communication imperative. Organisational structure, the industry within which the company operates, measurement, the personal reputation of senior communicators, the counselling role of communication management, as well as the role in media and message management (ensuring the content is relevant) impacting reputation in companies, all influence the authority this function has within businesses. All these aspects contribute to the enhancement of the authority of communication management, except the counselling role played by senior communicators, which devalues the function.

Most communication management departments are still reporting to a larger marketing department. However, senior communicators seem to be moving closer to top management, especially the CEO through dotted-line reporting or reporting directly into the Head of Marketing, who in turn, reports directly to the CEO. This means that the influence and impact of communication management is still diluted as it becomes less likely to be excellent and cannot contribute regularly to strategic management and planning.

Communication management departments vary in size, with some being very small (with 2 to 4 members of staff) to large departments with representatives in different regions. The departments are mostly structured around function or communication technique, especially around media, branding, marketing and communication, internal and external communication, design, digital in terms of platforms/channels used and stakeholder communication. It is no surprise that branding, marketing and communication are included, as the majority of communication management departments are housed within a marketing department. Although limited, some companies integrate their communication either completely within the marketing department, or within the organisation as a whole.

There are still some companies that do not acknowledge the need for communication management in their companies. However, changes in the environment, especially around legislation, are starting to influence these views in some companies. This legislation has the interest of employees and the consumer in mind, both of whom are strategic stakeholders for companies in South Africa. Those companies that do not see the need for communication management do not understand the value and importance of communication management. On the other hand, there are those companies that appreciate communication management. They view communication management as credible, integral to business success, playing a strategic role, managing issues, aligning messages and being proactive in terms of reputation management. This is also what is expected from communication professionals in some companies.

(iii) Area 3: The requirements for the success of communication management in South African business

Communication professionals need to illustrate that this field is managed in a disciplined and structured way, aligned with company strategy. Two of the areas to focus on are managing content that is issue-specific and not generic, and professionals avoiding emotional excitement. These may be considered shortcomings of the professionals themselves. However, a lack of CEO understanding also exists.

Some companies are guilty of organisational arrogance and managerialism that marginalise communication management to focussing its efforts on technical aspects, rather than strategic orientations. Structurally, communication management should be close to the CEO to be successful, which in turn, contributes to the authority of communication management in the company. A flat, task matrix company structure integrates communication management into every aspect of the business, and thus enhances the influence and impact of communication management.

The knowledge base of communication professionals has been under discussion for around two decades where professionals are required not only to have knowledge and skills in the area of communication management and all of its sub-areas of specialisation, but also business and industry knowledge. Ethics has emerged as another area where knowledge is required.

A variety of approaches and tools are utilised in an attempt to measure communication management efforts and impact. However, it seems that these tools are applied in an ad hoc fashion focussed on certain efforts alone. The need for more advanced measurement tools and techniques exists although researchers have worked on this for many years with little progress. Until more advanced measurement tools and techniques become available, a more structured, integrated and all-encompassing research/measurement strategy may be useful, which is aligned to the communication strategy in a bid to get a more broad-based view of the impact of communication management in a particular company.

Disparate standards in the communication management field is an area of concern which, if addressed, may improve the standing of communication management in business, give it more authority to make a more significant contribution to companies achieving business goals and thus ensure that communication management are successful in business.

7.6.2 RESEARCH OBJECTIVE 2

To explore the implications of the King III Report, Chapter 8 on governing stakeholder relationships in particular on companies and their communication professionals in South Africa

The discussion of the results related to Research Objective 2 is structured around three key areas outlined earlier in the chapter, being stakeholder relationships, understanding corporate governance and the implications of King III, Chapter 8 for South African business and communication management.

(i) Area 1: Stakeholder relationships

Stakeholder relationship management in South African business is either proactive or reactive, or seen as similar to stakeholder engagement. The description of the reactive approach to stakeholder relationship management in South African businesses is similar to that outlined in the theory. However, the proactive approach described in the data, aligns to both the proactive and interactive approach to stakeholder relationship management. This is particularly relevant where participants described the process of stakeholder relationship management around stakeholder profiling, consisting of a process of three steps:

1. Address issues and determine upon who it impact.
2. Determine what connects the company and the stakeholders.
3. Conduct issues alignment/interest alignment.

An area, not mentioned by participants, but outlined in more recent theory, is that of governing stakeholder relationships as an extension of stakeholder engagement and stakeholder relationship management. Spitzeck and Hansen (2010:384) outline stakeholder power and scope of dimensions of stakeholder governance. Power is the level of influence given to stakeholders in decision-making. On the one hand there may be non-participation where stakeholders do not have any voice in decisions, and on the other hand stakeholders may possess the power to decide for the organisation. Scope is the breath of power in decision-making.

Some participants defined their stakeholders around the way in which their stakeholders are identified. An overlap thus exists between defining and identifying stakeholders. Of concern is that some companies engage in little stakeholder talk or discussion, which results in their inability to define and identify their stakeholders. The result is little or no strategic, structured or planned engagement and relationship building initiatives. Those who do identify their stakeholders, are mostly aligned with the normative view of stakeholders, which considers the value and moral rights of stakeholders being affected by the behaviour of the organisation and highlights the rights and duties of the actors involved.

The theory proposed various structured ways with which stakeholders can be identified (Falconi, 2009:[14]; Gregory, 2007:65; Rawlins, 2006:2; Grunig, 2005:778; Steyn & Puth, 2000:201; Mitchell et al*.,* 1997:853; Clarkson, 1995:107; Donaldson & Preston, 1995:66; Freeman, 1984:52; Grunig & Hunt; 1984:141).

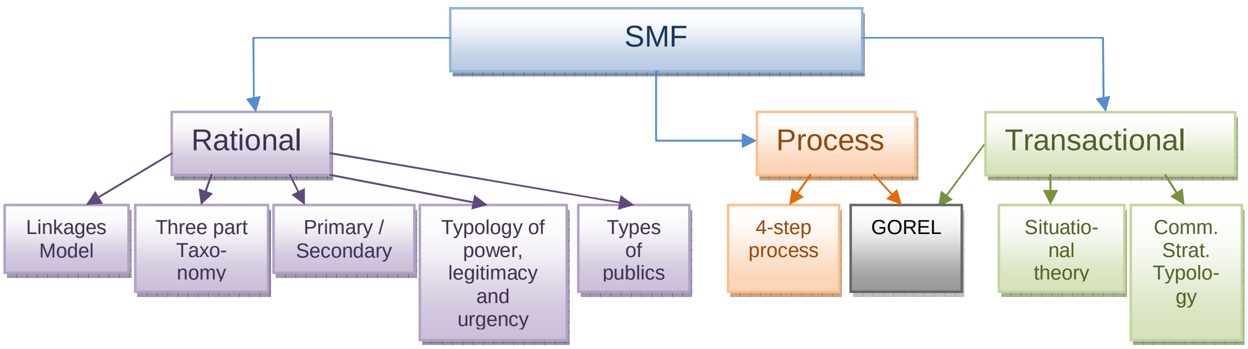
Some of these seem to be used in South African business to a more or lesser extent. The ones that could clearly be identified as being applied from the data, are those of primary and secondary stakeholder identification by Clarkson (1995) and perhaps the situational theory of publics by Grunig (2005). Some approaches, not outlined in the theory, but mentioned by participants in the study, are those of stakeholder identification around the four (4) Cs (Client, colleague, channel and community), which could be useful in some business contexts. Of concern is that some South African businesses make use of intuition to identify stakeholders, or in some extreme cases, pay little attention to stakeholder identification and thus engagement and relationship building.

The stakeholders mentioned by participants are close to those mentioned in the theory as an organisation's typical stakeholders.

Freeman (1984:52) proposed a stakeholder management framework (SMF) around three levels in the organisation, being the rational, process and transactional levels. Looking at the various ways in which the different authors approach and understand the communication, relationship management, identification, classification and prioritisation of stakeholders, this framework seems to provide an umbrella view under which each of the works of various authors can fall. With regard to the rational level which involves understanding who the stakeholders are, coupled with the perceived stakes, the linkages model of Grunig and Hunt (1984), the three-part taxonomy of Donaldson and Preston (1995), the primary and secondary stakeholder classification of Clarkson (1995), the stakeholder typology of power, legitimacy and urgency of Mitchell et al.(1997), the classes of stakeholders of Mitchell et al*.* (1997) and the types of publics of Steyn and Puth (2000), naturally find a link. The four-step process of Rawlins (2006) as well as the GOREL process of Falconi

(2009) can both be associated with the process level of the SMF. The situational theory of Grunig (2005), Gregory's (2007) communication strategy typology and Falconi's (2009) GOREL process are all related to the transactional level, which provides understanding of the interactions between the organisation and its stakeholders. The umbrella view provided by Freeman's SMF is depicted in Figure 7.2.

Figure 7.2: SMF as umbrella framework



Researcher's own construct

Similar to the theory, stakeholder engagement, is seen as inherent and integrated in the business. Mostly, it is seen as a process of identifying and understanding stakeholders, creating platforms or means to communicate with them and developing appropriate messaging. Some companies have an informal, unstructured approach to stakeholder engagement, while others make use of a stakeholder framework. The theory proposes a more formal, structured approach to stakeholder engagement as part of stakeholder relationship management through the AccountAbility stakeholder engagement framework. This framework provides guidelines on ensuring that all legitimate stakeholders are considered, that different ways in terms of platforms are considered in engaging stakeholders, that the company's capacity to handle stakeholder engagement is enhanced, and that the company would learn from its engagement with stakeholders through measurement.

The areas around issues management, identified from the theory that emerged from the senior communicator views, are that issues lead to crisis, that issues management is a disciplined approach, that the company's position on an issue plays a role in resolving or avoiding the issue, research is needed, that it is a strategic consideration and impacts relationships and thus reputation. The theory suggests the disciplined management of issues, which did not emerge from the data. This involves a process first categorising and then prioritising issues. This would typically be followed by identifying stakeholders associated with those issues prioritised. Although some senior communicators noted that issue identification precedes stakeholder identification, others noted that stakeholder identification precedes issue identification. The prioritisation of issues should revolve around corporate issues taking precedence over global and local issues.

The theory, although indirectly, notes that communication management should be involved in the process of issue identification and prioritisation as part of issues management, and not only in managing media responses as mentioned by some senior communicators.

Senior communicators seem to understand reputation as the sum of the perceptions (in the form of company image) of stakeholders, over a period of time. Reputation management's components include corporate social responsibility, issues management and crisis management, although only issues and crisis are highlighted by senior communicators. Communication management, with stakeholder perceptions and the management thereof, at its core, is in a position to manage reputation for the benefit of the company. The company aspects stakeholders consider in forming an image about the company, and thus, ultimately, its reputation, are financial performance, quality of management, social and environmental performance, employee quality and the quality of the goods/services provided. Thus, senior communicators feel that stakeholders should be partnered and engaged through having a structured conversation with them.

Some confusion seems to exist among senior communicators with regard to the strategies to handling conflict resolution and crisis management, as well as determining who needs to drive/take responsibility for conflict resolution and crisis communication. Senior communicators do understand though that conflict and crises are caused by issues and that direct engagement with stakeholders is needed. In the theory, various approaches as well as strategies for handling conflict are provided, which include the integrative, distributive and dual concern approaches. The strategies for handling conflict resolution include contending, avoiding, accommodating, compromising, constructive and win-win/no-deal approaches.

In South African businesses, conflict resolution is handled either by the legal department, the risk department, top management, communication management, or a combination of some of these departments. A combination of the legal and risk department, of the legal and communication management department and of communication management and top management was reported. The theory does not stipulate which department should drive/take responsibility for conflict resolution and crisis management. However, it does stipulate that communication management has a role to play in terms of assisting in understanding the organisation's stakeholders, assessing the vulnerabilities of the organisation, conducting environmental scanning research and issues management, as well as designating a crisis management team and conducting training activities including mock crisis drills/simulations (Hagan, 2007:423-433).

Senior communicators view conflict resolution and crisis communication as similar. However, the theory indicates different approaches to handling crisis communication. These include being quick, being consistent and being open. In other words, transparency is important. Further strategies in dealing with crisis communication include corporate apologia, corporate impression management and image restoration in cases where the image and reputation have been damaged.

(ii) Area 2: Understanding corporate governance

South African businesses view corporate governance as good corporate leadership and strategy development ensuring value for the company and transparency in its activities. The theory further outlines that corporate governance is also about having a long-term vision of performance, resource allocation and making a contribution to knowledge, expertise and information. It is also about the structures and systems that provide a framework for the sustainable management of a company.

There is awareness among South African businesses that CSR is part of doing business and not merely meeting a legal requirement. The realisation is there that it forms part of being a good corporate citizen, as outlined by Goodman (2001:118) and can contribute to the competitiveness and reputation of a company.

An aspect not expressed by any of the senior communicators, is that CSR forms part of communication management as it relates to stakeholder engagement and empowerment (Novelli, 2008:269). Steyn (2003:179) argues that CSR has moved beyond the ethical responsibilities towards society, where companies are more responsive and identify the stakeholder issues to which their responsibilities are linked. The definition of who these stakeholders are, is shifting to include those who themselves think they are stakeholders. Finally, the analysis of societal issues and trends is important, because the values and beliefs of key stakeholders are derived from broader societal influences.

South African senior communicators regard sustainability as top management having a long-term vision, with value for both the company and stakeholders in mind, through a culture of accountability and ethics. It needs to consider the unique industry context of a particular company and balance issues around what is relevant to the business.

A matter raised by senior communicators, not explicitly stated in the theory, is that communication management contributes to sustainability as it should be integrated into the strategy. Communicators need to take cognisance of the fact that sustainability may give a company a value proposition and competitive edge. Practically, a system to record engagements with stakeholders is needed.

The understanding of corporate citizenship among senior communicators seems fairly limited as only a few views are recorded. These views revolve around citizenship impacting perceptions, credibility and reputation. Some participants acknowledge that it is still a work-in-process and note the importance of research. The theory provides a more comprehensive view of citizenship outlining seven (7) dimensions, being:

- How citizenship is defined in a company
- The strategic intent of the company
- Leadership and support towards citizenship
- The influence of structure on how citizenship is managed
- How citizenship issues are handled
- The way stakeholders are engaged
- The extent to which the company's communication is transparent around its financial, social and environmental performance.

(iii) Area 3: Implications of King III, Chapter 8 for South African business and communication management

From the theory, the implications of King III, Chapter 8 for communication management in South African businesses, is to proactively inform management of stakeholder views and how that impacts the reputation and business. Knowledge of stakeholders and ways to reach them are imperative. Communication management, with this knowledge of stakeholders, is able to align company strategy and stakeholder expectations with each other. Other implications noted by senior communicators are that communication management needs to be proactive in communicating the position of the business, consolidate stakeholder relationship management initiatives undertaken throughout the business, illustrate the structure and systematic approach to communication management, challenge business to address communication issues and raise the awareness of the function, as well as eliminate the silos within which some companies operate.

The three levels of strategic communication integration, where communication management contributes to organisational success and sustainability, include the organisational, stakeholder and environmental levels. These levels seem to, although not explicitly stated, exist in the participant organisations. At the organisational level, communication management assists the company to build its reputation, to break down silos that hinder integration in the organisation, help the company make its voice heard, and provide some strategic guidance. At the stakeholder level, communication management helps the company understand, manage the perceptions, relationships and information to and from stakeholders, which implies a two-way flow of communication. At the environmental level, communication management engages in research and monitors the environment to help the company identify and manage risks and deal with issues associated with its strategic stakeholders.

South African senior communicators mostly use a deliberate communication strategy to contribute to business effectiveness. This strategy is based on stakeholders, is holistic in nature, and provides checkpoints to companies to determine if they are communicating appropriately with their stakeholders. Stakeholder identification and audience segmentation comprise the development of communication strategy impacting in which platforms to invest. Finally, specific messages are tailored for specific stakeholders.

An area not highlighted by the participants of this study, is the strategic alignment of communication strategy with the strategic goals of the company, as outlined in the theory. Steyn (2007:140) argues that the strategic mandate of communication management includes not only the development of communication strategy and plans, but also the counselling of business leaders/managers/supervisors on their communication role towards employees, as well as managing the activities of a support function. These activities include developing, implementing and evaluating communication plans in support of strategies developed at different business levels, developing, implementing and evaluating communication plans in support of the strategies of other business functions, and developing, implementing and evaluating communication plans in support of the top management's communication to employees and other stakeholders.

7.7 CONCLUSION

Chapter 7 focussed on exploring the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as the implications of the King III Report, Chapter 8 on governing stakeholder relationships in particular on companies and the communication professionals in South Africa.

An overriding conclusion is that, while stakeholder relationship management is practised in different ways to a more or lesser extent in South African companies, a strategic orientation towards stakeholder relationship management is lacking. A more proactive structured, systematic and scientific approach (in the form of guidelines) to managing strategic stakeholder relationships is needed for organisations to not only meet the requirements outlined in the King III Report, Chapter 8, but also use stakeholder relationship management as a strategic means to enhance company reputation and contribute to value creation for both the company and its strategic stakeholders.

Although communication management still consists of the legacy of public relations and corporate communication in terms of its role, scope, function, structure and level of authority in contributing to business strategy and success, a shift has to some extent taken place in expanding its influence through strategic stakeholder relationship management. Six key roles form part of communication management. These are stakeholder relationship management, strategy involvement and development, reputation management, a communication advisory role, crisis communication as well as message and channel management. Whereas in the past, the role of communication management was mainly described around the technical role of communication management, more emphasis is now being placed on both the managerial and strategic role of communication management.

CHAPTER 8

GUIDELINES AND POSITIONING FRAMEWORK

8.1 INTRODUCTION

The aim of this study is to consider ways in which communication professionals can assist their companies in managing stakeholder relationship management according to the King III Report on Governance. The purpose of the study is thus to look at strategic communication management as a business paradigm, in contributing to companies through improved stakeholder relationship management. Communication professionals' knowledge on managing stakeholder relationships through the development of a communication management strategy needs to be expanded.

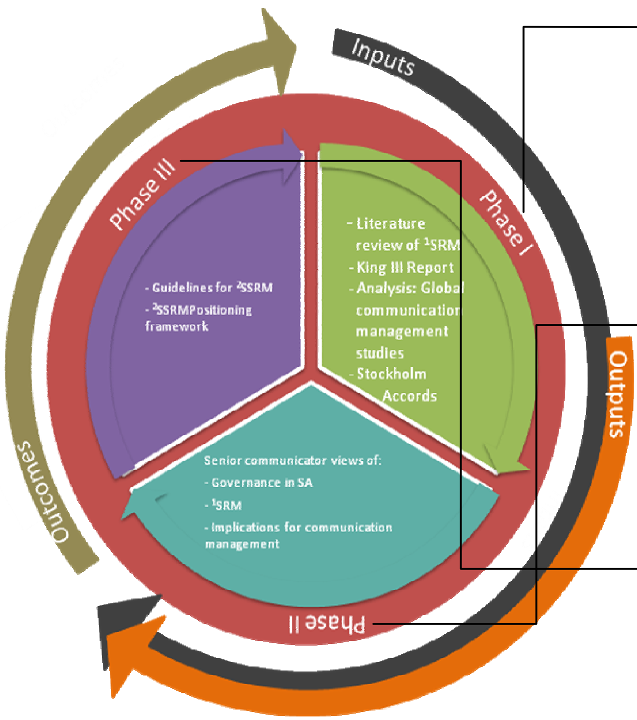
Therefore, the focus of this chapter is on the guidelines and positioning framework for managing stakeholder relationships. These two outputs form Phase III of the study and are a culmination of both Phases I and II completed and discussed in previous chapters. The study's contribution lies in proposing nine guidelines for managing stakeholder relationships and a stakeholder relationship management positioning framework.

The chapter consists of two main sections. The first comprises the guidelines according to the King Report on Governance for managing stakeholder relationships, and the second is the stakeholder relationship positioning framework.

Phase III in relation to Phases I and II is displayed in Figure 8.1. This figure is presented here again to indicate the particular area this chapter addresses.

Figure 8.1: The relationship between the phases model and the research objectives of this study related to Chapter 8

The model	Descriptions of the phases	Associated research objectives



Phase I: Exploration (Inputs)

- Literature review: Stakeholder relationship management
- Discussion of the implications of King III Report for SA business and communication management
- Analysis of global communication management practices and trends (Output)
- Stockholm Accords

Phase II: Empirical (Input with output)

- Senior communicator views

Phase III: Guidelines and framework

- Development of guidelines for stakeholder relationship management
- Conceptualisation of a stakeholder relationship management positioning framework

Chapter 8

To explore the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing a company's business strategy.

To explore the global trends in communication management and its implications for South African business.

To explore the implications of the King III Report, Chapter 8 on managing stakeholder relationships, in particular on companies and their communication professionals in South Africa.

To establish guidelines in accordance with the King III Report for the implementation of stakeholder relationship management for business in South Africa.

To establish a stakeholder relationship management positioning framework with which South African businesses may be able to position their communication management departments.

Researcher's own construct

8.2 SUMMARY OF PHASES

A summary of the phases that have not been completed up to now in relation to the chapters of this study is provided in Table 8.1.

Table 8.1: Summary of the phases not completed in relationship to the chapters of this study

PHASES	CHAPTER	NAME OF CHAPTER
Phase 3: Guidelines for the management of strategic stakeholder relationships and stakeholder relationship management positioning framework	Chapter 8	Guidelines and positioning framework for stakeholder relationship management

This chapter consists of two sections, each highlighting the output from a particular Research Objective, which represents two outcomes of Phase III. These outcomes are the nine guidelines according to the King Report on Governance for managing stakeholder relationship and the stakeholder relationship management positioning framework. These are discussed in section 8.3 and 8.4.

8.3 GUIDELINES ACCORDING TO THE KING REPORT ON GOVERNANCE FOR MANAGING STAKEHOLDER RELATIONSHIPS

In Chapter 8 the strategic role stakeholder relationship management should play in companies is highlighted. For this reason, the guidelines presented here have a strategic intent and are thus referred to as ‘Guidelines according to the King Report on Governance for strategic stakeholder relationship management (SSRM)’. Nine (9) guidelines are proposed based on the outcomes from Phases I and II of this study. They are outlined and discussed in this section. However, preceding each guideline, a brief presentation of the particular literature, global communication management study findings, King

III Report principle (or part thereof) and senior communication view finding informed the particular guideline

Guideline 1 was conceptualised based on the sections as outlined in Table 8.2.

Table 8.2: Conceptualisation of Guideline 1

	RELEVANT CONCEPTS / PRINCIPLES / FINDINGS CONSIDERED
LITERATURE REVIEW (SRM)	Comparison and analysis of SE, SRM and GSR under 3.4.4 in Chapter 3.
KING III REPORT PRINCIPLE	Identifying the strong link the King III Report make between SRM and reputation as indicated under 4.4.1 in Chapter 4.
GLOBAL COMMUNICATION MANAGEMENT STUDY FINDING	Identifying stakeholder relationship management as a clear theme as discussed under 5.6.3 in Chapter 5.
SENIOR COMMUNICATOR VIEWS	Senior communicators identified stakeholder relationship management, which is strategic in nature, as a key role of communication management (Chapter 7, Table 7.4).

Guideline 1

Stakeholder relationship management is strategic and encompasses both stakeholder engagement and the governing of stakeholder relationships

Stakeholder relationship management's intent in terms of its focus seems to revolve around stakeholder inclusion and two-way communication at a more strategic level, while stakeholder engagement is focussed on policy commitment, and the number of activities and performance outcomes, which seems more operational in nature. The governing of stakeholder relationships, in turn, revolves around power and scope concerning issues management, which may be regarded again as strategic. However, the governing of stakeholder relationships places the organisation above stakeholders in terms of power in that it only allows stakeholders to influence decision-making.

Stakeholder engagement and the governing of stakeholder relationships revolve around improved governance and accountability and the increased trust and credibility of the organisation. In contrast, stakeholder relationship management's outcome revolves around the stakeholders' support and participation as well as the competitive advantage of the organisation.

Stakeholder relationship management is the more encompassing concept as it includes aspects of both stakeholder engagement and the governing of stakeholder relationships. Due to its strategic nature, it is referred to as strategic stakeholder relationship management (SSRM).

Guideline 2 was conceptualised based on the sections as outlined in Table 8.3.

Table 8.3: Conceptualisation of Guideline 2

	RELEVANT CONCEPTS / PRINCIPLES / FINDINGS CONSIDERED
LITERATURE REVIEW (SRM)	The literature highlights different levels where stakeholder relationship management should take place. The discussion in Chapter 3 under 3.7.2 on the use of integrated strategic communication in support of reputation management outlined these three levels.
KING III REPORT PRINCIPLE/S	It is implied in the King III Report in principle 1 that SSRM should be integrated through the organisation where the report stipulates that the Board of Directors should delegate the responsibility of managing stakeholder relationships to management (which implies all levels of the business).
GLOBAL COMMUNICATION MANAGEMENT STUDY FINDING/S	Stakeholder fragmentation was noted as a challenge for communication professionals globally mentioned under 5.6.3 in Chapter 5. Integrated strategic communication poses a possible solution from a theoretical point of view.
SENIOR COMMUNICATOR VIEW/S	Table 7.6 outlines the requirements for success of communication management in South African business where the company structure was highlighted as one of the aspects influencing communication management success. Senior communicators pointed to the value of a flat task-matrix (with flexibility) that allows for communication success.

Guideline 2

Strategic stakeholder relationship management (SSRM) requires strategic integrated communication at the organisational, stakeholder and environmental levels of the organisation

Due to its strategic nature, strategic stakeholder relationship management (SSRM) should be integrated throughout the organisation at each organisational level, business unit, functional area and department. A flat task-matrix structure provides the opportunity for the shared responsibility and accountability of managers and employees, for establishing and maintaining stakeholder relationships, through effective relationship building strategies, as well as communication management strategies of managers and employees.

Integrated communication is regarded as message consistency and unity as well as coordinating communication management and marketing efforts. Integrated communication is optimised in a flat, task-matrix type organisational structure where communication responsibility and accountability are shared throughout the company, supporting purposeful communication.

At the organisational level, reputation building needs to become an integrated effort, where the company's voice becomes clear. Silos that exist in the organisation need to be eliminated. At the stakeholder level, the organisation as a whole needs to have knowledge of, and understand and manage the perceptions, relationships and information flow with stakeholders. At the environmental level, research and monitoring efforts of the environment are needed to help the company identify and manage risks and deal with issues associated with its strategic stakeholders.

Effective leadership communication especially that of the CEO, is central to communication management effectiveness as well as successful communication integration. The CEO should ideally drive stakeholder affairs and issues management.

Guideline 3 was conceptualised based on the sections as outlined in Table 8.4.

Table 8.4: Conceptualisation of Guideline 3

	RELEVANT CONCEPTS / PRINCIPLES / FINDINGS CONSIDERED
LITERATURE REVIEW (SRM)	Various approaches to identifying, categorising and prioritising as well as communicating with stakeholders exist in the theory. From an analysis conducted in Chapter 3 (see 3.3.11), some approaches are more relevant to identifying and prioritising stakeholders, while other are more focused on categorising. Before one can categorise

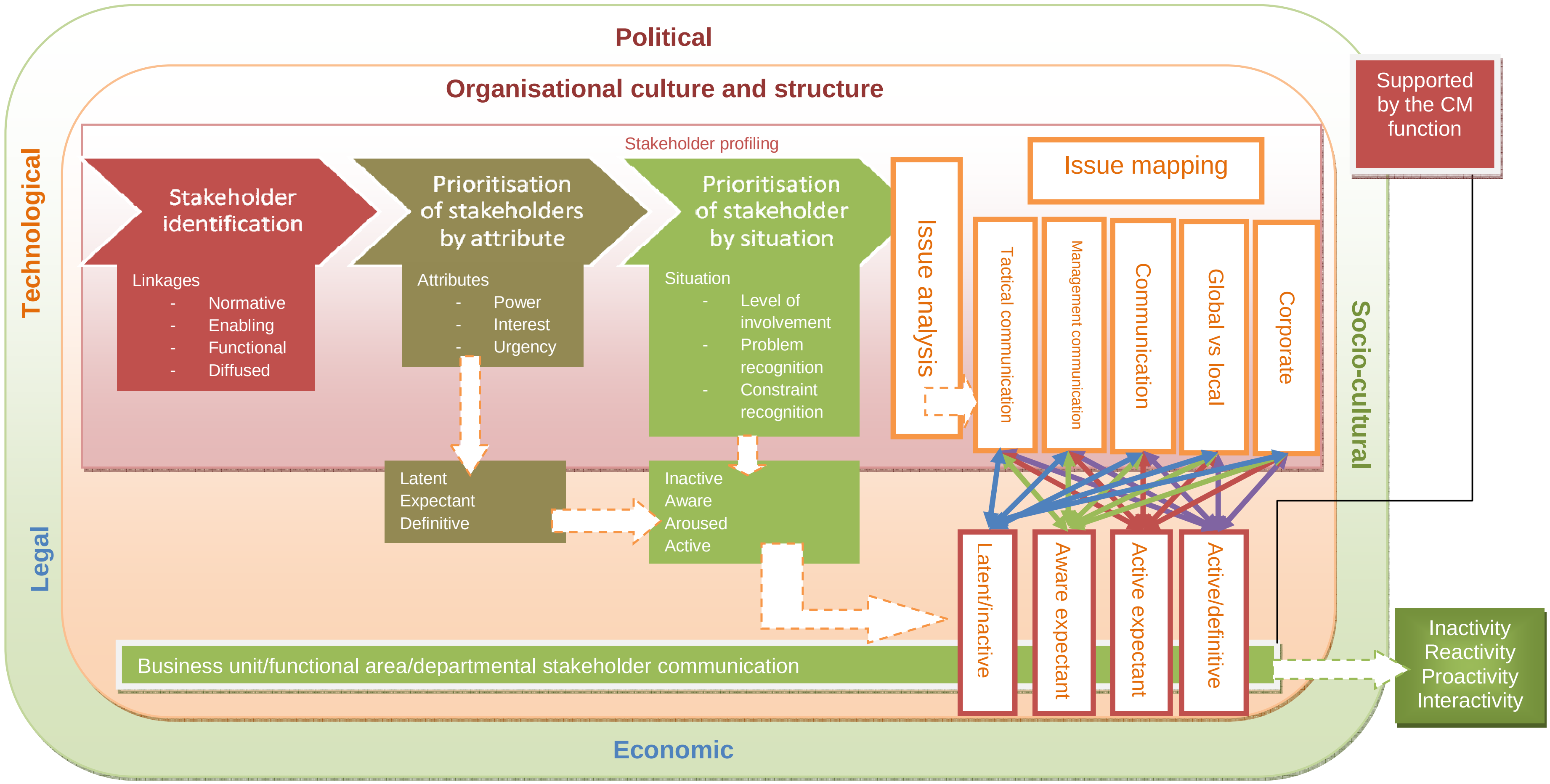
	RELEVANT CONCEPTS / PRINCIPLES / FINDINGS CONSIDERED
	stakeholders, they should first be identified and then prioritised. To ensure inclusivity, the approach where the most possible stakeholders are included could be regarded as that of 'Linkages'. To ensure thorough prioritisation, this can then be done based on the attributes of the stakeholders themselves as well as the situation the organisation finds itself in. The theory outlines types of issues and linking issues with stakeholders may be called issues mapping. This mapping exercise results in possible relationship outcomes. Any business unit/function can make use of this process, with communication management playing a support role.
KING III REPORT PRINCIPLE/S	Principle 2 of the King III Report focuses on the proactive management of stakeholder relationships as outlined under 4.4.2.
GLOBAL COMMUNICATION MANAGEMENT STUDY FINDING/S	The global communication management studies outline stakeholder relationship management as a central function of communication management, although no specific insights in this regard are provided. Furthermore, the global communication management studies highlight the importance of the organisational environment both at a macro and micro level. Therefore the economic, socio-political, environmental, legal and technological environments are considered at a macro level and the organisational culture and structure are considered at a micro level.
SENIOR COMMUNICATOR VIEW/S	One of the functions identified by senior communicators that forms part of the role of stakeholder relationship management is developing a strategic stakeholder relationship management and communication framework. These communicators used various proactive and reactive approaches that are useful for such a framework. These include both structured and unstructured approaches. As the responses on this aspect varied, the literature informed this guideline with incorporation where possible of the approaches used in selected companies. See Table 7.9 where the contribution of communication management is outlined.

Guideline 3

Strategic stakeholder relationship management and governance require the utilisation of a strategic stakeholder relationship management and communication framework to identify, prioritise, communicate and build relationships with stakeholders

A strategic stakeholder relationship management and communication framework, ideally established by the communication management function in the organisation, should be used by the organisations and their respective business units/functional areas/departments to identify, prioritise, communicate and build relationships with stakeholders. This framework should be in line with the strategic stakeholder relationship management process in developing communication strategies and plans. The framework should consider the organisational structure, capabilities of managers and staff, the environment within which the organisation operates, as well as tools to identify, prioritise and categorise stakeholders, with suggested communication and relationship building options. The proposed strategic stakeholder relationship management (SSRM) framework is outlined in Figure 8.2. This Figure forms part of Guideline 3.

Figure 8.2: Strategic stakeholder relationship management and communication framework



Conceptualised from Freeman (1984), Grunig and Hunt (1984), Mitchell et al.(1997), Rawlins (2006), Steyn (2000) & (2007), Falconi (2009) and Phase II of this study.

Companies need to consider the political, sociocultural, economic, legal and technological environments, especially during the process of identifying and analysing issues. Stakeholder profiling comprises of a process of stakeholder identification and prioritisation, which leads to classifying stakeholders in certain groupings. These can then be mapped against the identified issues which make the identification of the appropriate relationship building approach possible.

Four approaches to coping with and building relationships with stakeholder groups in the environment exist namely, inactivity, reactivity, proactivity and interactivity. Inactivity involves ignoring the opinions and values of stakeholders as well as their stake in the organisation. Reactivity has to do with waiting for something to happen (stakeholder reaction) and then responding to it. Proactivity involves attempting to predict the behaviour of stakeholders and then positioning the organisation towards those. Interactivity has to do with active involvement with stakeholder groups that can affect the future of the organisation (Steyn & Puth, 2000:188).

Guideline 4 was conceptualised based on the sections as outlined in Table 8.5.

Table 8.5: Conceptualisation of Guideline 4

	RELEVANT CONCEPTS / PRINCIPLES / FINDINGS CONSIDERED
LITERATURE REVIEW (SRM)	The theory on strategic communication management is outlined under 2.7.3. The development of a communication strategy as part of the role of communication management in governance is outlined under point 1.3 in Chapter 1. Three phases, being the assessment phase, the planning and implementation phase and the monitoring and evaluation phase provide a holistic view of the different facets of strategic stakeholder relationship management (Freeman, 1984:53). The works of various authors (Falconi, 2009; Steyn, 2007; Rawlins, 2006; Mitchell et al., 1997; Grunig & Hunt, 1984; Freeman, 1984) and processes outlined from Phase II of this study are used as platforms to ensure a detailed and systematic methodology to address the assessment phase of this framework. The three levels mentioned in the strategic stakeholder relationship management process (as an extension of the strategic stakeholder relationship management and communication framework outlined under Guideline 3) is based on the work of Freeman (1984).

	RELEVANT CONCEPTS / PRINCIPLES / FINDINGS CONSIDERED
KING III REPORT PRINCIPLE/S	In Table 4.10 the principle and theme around transparent and effective communication is outlined. It was noted that communication management should ensure that its strategy includes a focus on stakeholder relationship building and engagement with an emphasis on building trust and confidence. Platforms should be established to ensure that dialogue takes place between the organisation and its stakeholders, which in turn will provide the framework within which the organisation and stakeholders may be able to align their values and expectations. The handling of information and language should be carefully considered as part of a responsible communication programme and where possible, policies and practical guidelines should support organisation-wide communication. Part of the creation of platforms for transparent communication and dialogue are clearly identifiable and streamline feedback mechanisms.
GLOBAL COMMUNICATION MANAGEMENT STUDY FINDING/S	One aspect highlighted by the global communication management studies was the challenge global communicator has in aligning communication efforts with organisational strategy. See point 5.6.3.
SENIOR COMMUNICATOR VIEW/S	Table 7.9, under area 3, discussing the implications of the King III Report on Governance, outline communication strategy as a key element in communication management's role in implementing the King III Report, Chapter 8 principles on stakeholder relationship management.

Guideline 4

Strategic stakeholder relationship management (SSRM) requires a carefully crafted communication strategy aligned with and influencing business strategy

One of the central roles of communication management involves improving business value and cost saving for the business, assisting in achieving business goals and developing strategy. This is done by acting as the conduit for business activities and encompasses communicating business strategy and aligning communication goals with strategic business goals. This is necessary to ensure the effectiveness of any stakeholder relationship management endeavours.

The ideal stakeholder management process involves three levels in the organisation being the rational, process and transactional levels and should incorporate the various tools available from the theory and used in practice. The first is the rational perspective which involves understanding who the stakeholders of the organisation are, as well as what the perceived stakes are. The second is the organisational processes which involve an understanding of the processes used to manage the organisation's relationships with its stakeholders and assessing whether these processes are suitable in relation to the stakeholder map of the organisation. The third and final is the transactional level, which involves the understanding of the interactions the organisation has with stakeholders and whether these fit with both the stakeholder map and organisational processes for managing stakeholders (Freeman, 1984:53).

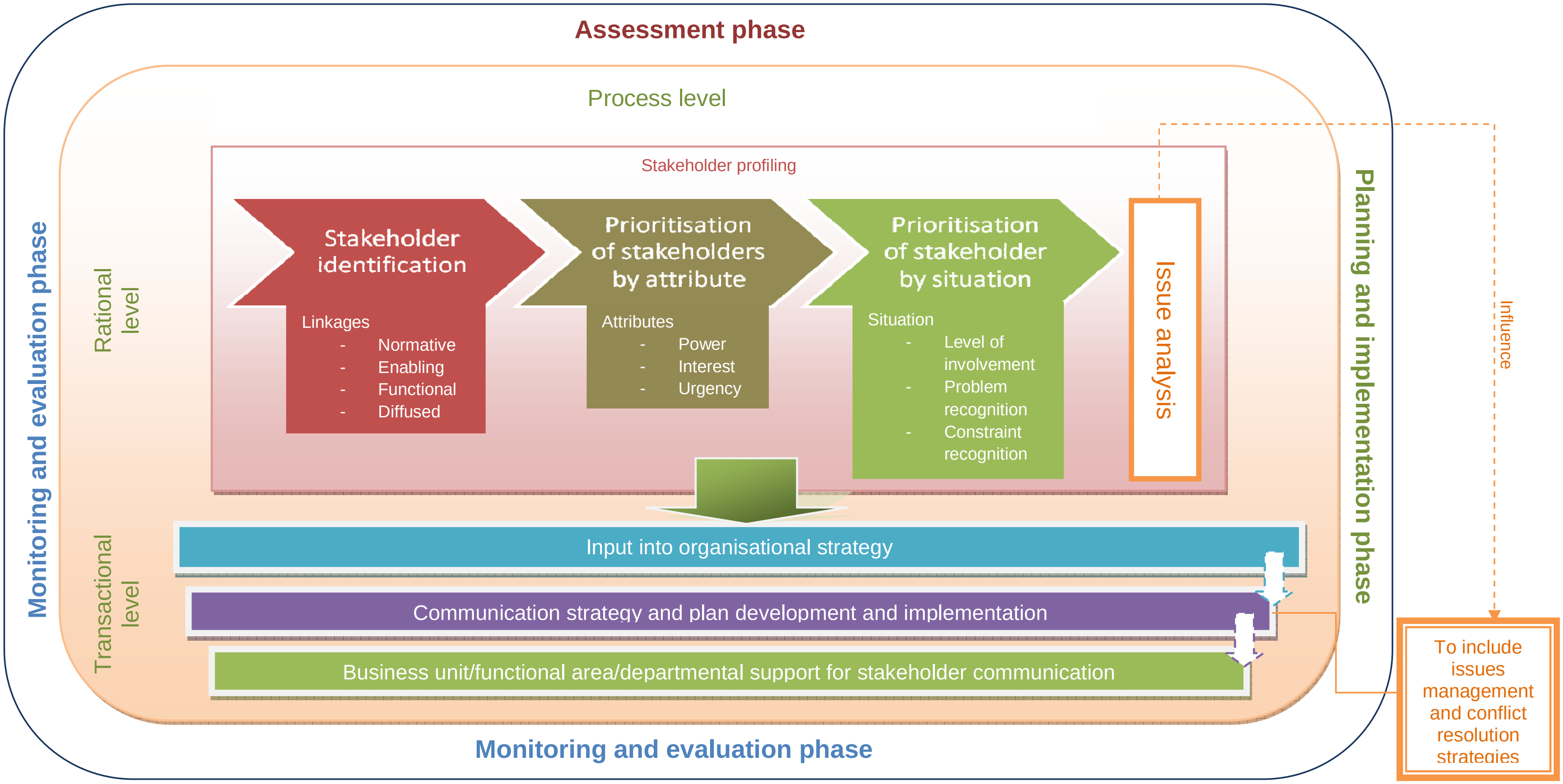
Three phases, being the assessment phase, the planning and implementation phase and the monitoring and evaluation phase provide a holistic view of the different facets of strategic stakeholder relationship management.

During the assessment phase, a process of stakeholder identification, prioritisation aligned with issues analysis is proposed. The works of various authors (Falconi, 2009; Steyn, 2007; Rawlins, 2006; Mitchell et al., 1997; Grunig & Hunt, 1984; Freeman, 1984) and processes outlined from Phase II of this study are used as platforms to ensure a detailed and systematic methodology to address the assessment phase of this framework. Issues analysis entails conducting environmental scanning of the social, political, economic, technological, cultural and organisational environments. From the issues analysis, issue influencers are identified based on their direct or indirect power to influence the identified issues. From this process of stakeholder identification, prioritisation mapped with the issues analysis of the contents and channels to communicate with the different stakeholders can be determined through the development of a communication strategy and plan.

The assessment phase overlaps with the planning and implementation phase, while the latter extends into the three areas where communication management makes the most significant contribution (Steyn 2007:140) through developing a communication management strategy addressing the key strategic goals. These goals have emerged from societal and stakeholder issues of the business which, in turn, translate into a communication management strategy with its own goals and themes, formulating a strategic communication management plan to achieve the abovementioned goals, counselling business leaders/managers/supervisors on their communication role towards employees, as well as managing the activities of a support function. This includes developing, implementing and evaluating communication plans in support of strategies developed at different business levels; developing, implementing and evaluating communication plans in support of the strategies of other business functions, and developing, implementing and evaluating communication plans in support of the top management's communication to employees and other stakeholders.

The monitoring and evaluation phase needs to take place during the assessment, planning and implementation phases, which in turn also impact the assessment phase should adjustments be made from the evaluation of the implication. This is a continuous process. The proposed strategic stakeholder relationship management process is outlined in Figure 8.3. Figure 8.3 forms part of Guideline 4.

Figure 8.3: Strategic stakeholder relationship management and communication process



Conceptualised from Freeman (1984), Grunig and Hunt (1984), Mitchell et al.(1997), Rawlins (2006), Steyn (2007), Falconi (2009) and Phase II of this study

Guideline 5 was conceptualised based on the sections as outlined in Table 8.6.

Table 8.6: Conceptualisation of Guideline 5

	RELEVANT CONCEPTS / PRINCIPLES / FINDINGS CONSIDERED
LITERATURE REVIEW (SRM)	In point 1.3 the important role of the CEO in stakeholder relationship management is already outlined and discussed again under 3.7.2 where integrated strategic communication in support of reputation management was discussed.
KING III REPORT PRINCIPLE/S	Not applicable.
GLOBAL COMMUNICATION MANAGEMENT STUDY FINDING/S	In the global communication management studies a key role of communication professionals in managing stakeholder relationships are counselling the CEO. See point 5.6.3.
SENIOR COMMUNICATOR VIEW/S	Leadership communication emerged as a clear theme from the senior communication views and outlined in Table 7.4.

Guideline 5

Strategic stakeholder relationship management (SSRM) requires CEO, top management / dominant coalition communication as well as knowledge and understanding of the considerations and challenges of stakeholders and how these impact reputation

CEOs are responsible for creating a climate internally for communication management to be effective and externally for stakeholder affairs. Communication can only become an effective leadership tool, if it is practised and applied by the CEO and top management. The integrity of the message is enhanced if it originates and is carried by the CEO, which illustrates respect for stakeholders. Furthermore, the CEO checks issues with staff and then assumes responsibility for communicating on the issue.

Guideline 6 was conceptualised based on the sections as outlined in Table 8.7.

Table 8.7: Conceptualisation of Guideline 6

	RELEVANT CONCEPTS / PRINCIPLES / FINDINGS CONSIDERED
LITERATURE REVIEW (SRM)	Issues management emerged from the literature as a key consideration in stakeholder relationship management and discussed under 3.5 in Chapter 3.
KING III REPORT PRINCIPLE/S	Issues management was not mentioned as such in Chapter 8 of the King III Report. It is however implied that where disputes and conflict arise with stakeholders, these disputes need to be managed. These would not be necessary if issues did not arise between the organisation and its stakeholders.
GLOBAL COMMUNICATION MANAGEMENT STUDY FINDING/S	Issues management did not emerge as a separate theme in this analysis.
SENIOR COMMUNICATOR VIEW/S	Issues and issues management emerged several times in analysing the senior communicator views in Table 7.4, 7.5 and 7.6. The senior communicator views posed little insight into how to handle issues management. These were mainly outlined from the theory.

Guideline 6

Strategic stakeholder relationship management (SSRM) requires structured and effective issues management

Issues management 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 suggested include:

- *Corporate issues,* which are issues arising from the running of the business and may include product quality concerns, corporate governance issues, values and performance (Griffin, 2008:115).
- *Global issues,* which are not just about the individual organisation, but may include environmental and ethical issues (Griffin, 2008:115).
- *Local issues,* which are the issues with a defined affected group (stakeholders) (Griffin, 2008:115).
- *Communication issues,* which are issues created by too little or no communication with external stakeholders (Steyn & Puth, 2000:68).

- *Management communication issues,* which are issues created by too little or no communication between managers and employees or management and external stakeholders (Adapted from Steyn & Puth, 2000:68).
- *Tactical communication issues,* which are issues created by the selection of inappropriate communication channels (Steyn & Puth, 2000:68).

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.

Guideline 7 was conceptualised based on the sections as outlined in Table 8.8.

Table 8.8: Conceptualisation of Guideline 7

	RELEVANT CONCEPTS / PRINCIPLES / FINDINGS CONSIDERED
LITERATURE REVIEW (SRM)	Crisis management is first discussed in the theory when referring to stakeholder relationships and reputation management under 2.7.3. It is again outlined, with approaches to assist in conflict resolution, under point 3.6 in Chapter 3.
KING III REPORT PRINCIPLE/S	A central theme in Chapter 8 of King III is conflict and dispute resolution. As part of stakeholder identification, categorisation / classification and prioritisation, it is possible for the organisation to anticipate conflict situations with certain stakeholders or stakeholder groups. Collaboration is necessary to assist the organisation and stakeholder to overcome their problems. One of the key roles of communication management is dispute resolution, and well as strategies for conflict resolution. This is outlined in Table 4.10.
GLOBAL COMMUNICATION MANAGEMENT STUDY FINDING/S	Crisis communication did not emerge as a clear theme in the global communication management analysis.
SENIOR COMMUNICATOR VIEW/S	The first mention of crisis communication is made in describing communication management in Table 7.4. It is also one of the main roles of communication management identified. It is mentioned again in Table 7.5. However, senior communicators were not able to provide insight into how to handle crisis communication and thus conflict resolution effectively. These were mainly outlined from the theory.

Guideline 7

Strategic stakeholder relationship management requires structured and effective crisis communication approaches to assist in conflict resolution

Five approaches to conflict resolution can be utilised (Grunig & Hon, 1999:16-17):

- Integrative approach, which focuses on a win-win solution that values the integrity of a long-term relationship with stakeholders.
- Distributive approach, which focuses on a win-lose or self-gain perspective.
- Dual concern approach, which focuses on balancing the interests of stakeholders with the interests of the organisation. Strategies used include contending, avoiding, accommodating and compromising. These are also considered the dimensions of conflict resolution.
- Unconditionally constructive approach, where the company acts in a way that will be good for the relationship and good for the company, even if the stakeholder does not reciprocate.
- Win-win or no-deal approach means that if the parties cannot find a solution that would benefit both, they would agree to disagree.

Three other approaches can be considered being corporate apologia, corporate impression management and image management.

Corporate apologia is a form of self-defence where the list of potential responses includes denial; claiming no responsibility or bolstering (in other words, accepting responsibility). On the other hand, organisations can link them to something positive, or use differentiation, where the organisation separates the crisis from some larger context and transcendence, which places the crisis in a new high context. When an organisation takes some responsibility for the crisis, the response uses five elements (Coombs, 2007:178):

- The organisation presents its account of the crisis by offering its frame for the events.
- A statement of regret is issued.

- The organisation uses one of three disassociation strategies to distance itself from the crisis, which include:
    - Opinion/knowledge dissociation argues that the complaint against the organisation is based on opinion.
    - Individual/group dissociation comprises an individual/part of the organisation being declared responsible.
    - Act/essence dissociation argues that the crisis is not representative of the organisation itself.
- The organisation takes action to identify and resolve the problem.
- The organisation explains how it has acted to restore the values violated by the crisis.

A number of impression management strategies exist to assist the organisation in restoring this perception as outlined in Table 8.2.

Table 8.9: Impression management strategies

STRATEGY	DESCRIPTION
1. Excuse	Tries to reduce the organisation's responsibility for the crisis. It may include a denial of intention, denial of control of the crisis, and denial that the organisation produced the trigger event
2. Justification	Tries to deflect the negatives associated with the crisis while accepting some responsibility for the crisis
3. Ingratiation	Organisation tries to gain stakeholder approval of the organisation
4. Intimidation	Organisation states that it has power and will use it against stakeholders or condemners which often include a threat
5. Apology	The organisation accepts responsibility for the crisis and asks to be punished
6. Denouncement	The organisation blames some external person or group for the crisis
7. Factual distortion	The organisation claims statements or descriptions of the crisis are untrue in some way or simply taken out of context

Source: Adapted from Allen and Caillouet in Coombs (2007:180)

Situations may arise where an organisation is accused of bad behaviour. These situations can damage the organisation's reputation. Communication strategies are then used to explain the behaviour and restore the organisation's image. Five general strategies include denial, evasion of responsibility, reducing offensiveness of the event, corrective action and mortification. The denial strategy involves the organisation claiming that there is no crisis. Evasion of responsibility involves the organisation attempting to reduce responsibility for the crisis. Organisations may also attempt to make the crisis appear more positive (reducing offensiveness) or may take steps to solve the problem and/or prevent a repetition of the crisis (corrective action). Mortification involves the organisation accepting responsibility and apologising (Coombs, 2007:181).

Guideline 8 was conceptualised based on the sections as outlined in Table 8.10.

Table 8.10: Conceptualisation of Guideline 8

	RELEVANT CONCEPTS / PRINCIPLES / FINDINGS CONSIDERED
LITERATURE REVIEW (SRM)	Communication management as a discipline that needs to be strategic, disciplined and systematic is discussed under 2.7.
KING III REPORT PRINCIPLE/S	Chapter 8 of the King III Report outlined effective communication as key to stakeholder relationship management. This can only be achieved if the communication management function/department is managed in a strategic, disciplined and systematic way.
GLOBAL COMMUNICATION MANAGEMENT STUDY FINDING/S	The global communication management studies outlined stakeholder relationship management as a key role of communication management and noted that more is required from communication management with fewer resources to do so (See 5.6.3).
SENIOR COMMUNICATOR VIEW/S	The definition and description of communication management as outlined in Table 7.4 delineate six specific roles of communication management. Table 7.6 outlines the requirements for communication management to be successful. Senior communicators outlined two specific aspects being content management that is issues specific and the illustration that communication management follows a disciplined, structured approach that links back to strategy.

Guideline 8

Strategic stakeholder relationship management requires the strategic, structured, disciplined and systematic management of communication throughout the organisation as well as the communication management function/department

Strategic stakeholder relationship management requires the involvement and empowerment of staff in the business by improving their communication capability. It also includes creating awareness of the communication management function and the role it plays in the business. This forms part of the advisory role played by the communication management function. Furthermore, the role of the communication management function/department in strategic stakeholder relationship management revolves around engaging stakeholders, managing communication with stakeholders and establishing a stakeholder communication framework for the business as outlined in Guideline 3.

To effectively manage communication through the organisation, the following roles should be focussed on:

- stakeholder relationship management
- strategy involvement and development
- reputation management
- an advisory role
- crisis communication
- message and channel management

The communication management department should ideally have a direct link with the CEO, either through directly report to the CEO or through dotted-line reporting. If communication management is viewed as credible, integral to business success, playing a strategic role, managing issues, aligning messages and being proactive in terms of reputation management, strategic stakeholder relationship management is optimised.

Guideline 9 was conceptualised based on the sections as outlined in Table 8.11.

Table 8.11: Conceptualisation of Guideline 9

	RELEVANT CONCEPTS / PRINCIPLES / FINDINGS CONSIDERED
LITERATURE REVIEW (SRM)	The literature outlines the requirements of empowerment of the communication management function, assigning decision-making responsibility and accountability to the communication management function, and having a supportive organisational culture and structure (See 2.7.4).

	RELEVANT CONCEPTS / PRINCIPLES / FINDINGS CONSIDERED
KING III REPORT PRINCIPLE/S	Not applicable.
GLOBAL COMMUNICATION MANAGEMENT STUDY FINDING/S	The global communication management studies outline some requirements for communication management under 5.6.3.
SENIOR COMMUNICATOR VIEW/S	Table 7.6 outlines the requirements for success as noted by senior communicators for communication management such as decision-making responsibility through organisational culture and structure, responsibility and accountability of the function and empowerment of the function.

Guideline 9

Strategic stakeholder relationship management is enhanced through the empowerment of the communication management function, assigning decision-making responsibility and accountability to the communication management function, and having a supportive organisational culture and structure

Communication managers need to have a seat at the strategy-making table. This need ensures that communication management practices contribute directly to the effectiveness of company strategy. To achieve this, senior communicator involvement is imperative, communication should be integrated, communication must have a long-term orientation, and the top communicators must have broad general management skills (Argenti et al., 2005:88-89).

Much of the practice of communication management is organisationally situated and organisational culture is a critical aspect of the success of communication management (Kendall in Witmer, 2006:365) in strategic stakeholder relationship management. An organisational culture that is focussed on integration rather than differentiation and fragmentation is more suitable. This implication supports the notion that 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, such as communication management (Phillips, 2004:3). The role of communication management is rather one of facilitating integrated communication, than control of communication initiatives.

The structure of the organisation should allow for autonomy for the communication management function by allowing the top communicator to report directly to the CEO and to be actively involved in issues management, ethical counselling and strategic planning (Bowen, 2006:331). Furthermore, research in issues management indicates that communicators should have enough power and authority to counsel the top decision-makers in the organisation on issues of policy, CSR, risk management and ethics.

8.4 A STAKEHOLDER RELATIONSHIP POSITIONING FRAMEWORK

Positioning is a term mostly used in the marketing field referred to as the development of a specific marketing mix to influence potential customers' overall perception of a firm, product or brand. In other words, it is the place that a firm, product or brand occupies in consumers' minds in relation to the competition's offerings. Positioning can be adapted to strategic stakeholder relationship management (SSMR) by expanding the perception of the firm towards the perception of the firms' ability to build and maintain relationships with stakeholders, as well as expanding considering consumers to stakeholders (Lamb, Hair, McDaniel, Boshoff, Terblanche, Elliott & Klopper, 2010:202,204).

Differentiation is regarded as the cornerstone of positioning and is the process of identifying something that is different about a firm or its product, or in the case of this study, something that is different about a firm's ability to build and maintain stakeholder relationships. The differentiating variable is not necessarily a competitive advantage. This differentiating variable has to be evaluated against at least four criteria. Various bases for differentiation exists (Lamb et al. 2010:201-214) such as:

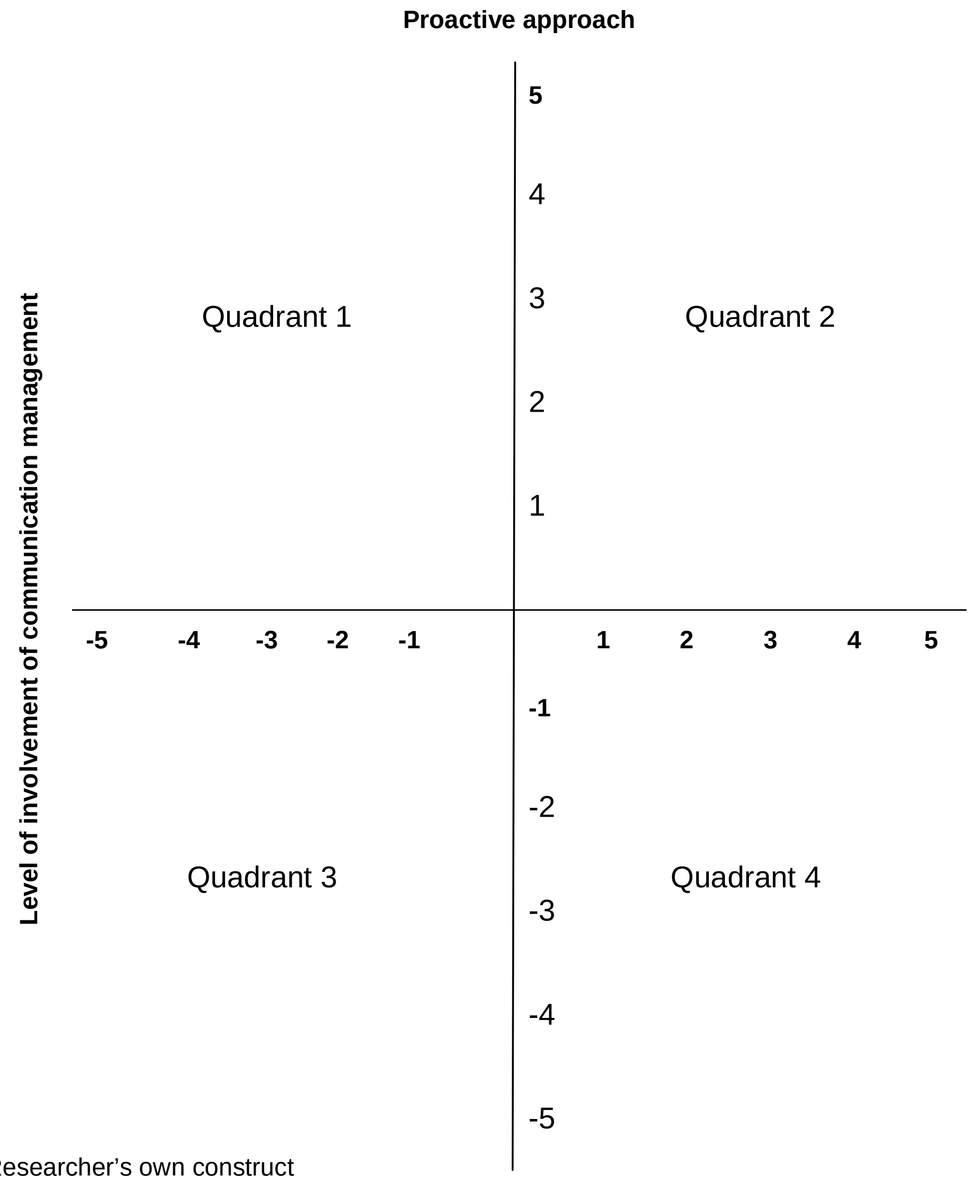
- Product differentiation around its features, performance, durability, reliability, reparability, style, reseller brands and product range, services accompanying the product such as delivery, installation, customer training, consulting service, repairs and miscellaneous services
- Personnel differentiation around competence, courtesy, credibility, reliability, responsiveness and communication, image differentiation around symbol, written and audio or visual media, used events and atmosphere.

Some of the bases for differentiation related to this study may be adapted from those applied in the marketing field, although others need to be considered. These could include three aspects outlined by Sloan (2009:27), being the level of policy commitment to stakeholders, the number of stakeholder engagement activities, and the focus on performance outcomes. Others could include personnel competence, courtesy, credibility, reliability, responsiveness and communication, as well as the use of two-way dialogue based on communication, commitment from top management/dominant coalition, proactive approach to stakeholder relationship management (in the form of some sort of systematic process / framework / approach), company structure and leadership attitude towards stakeholder relationship management, the level of communication management involvement, as well as transparent and effective communication.

During the process of positioning a company needs to know which attributes or bases for differentiation are most important to consumers/stakeholders. An understanding of how competitors are doing in the minds of consumers or stakeholders is also important. A positioning or perceptual map is then used as a means to displaying the location of the company in the minds of stakeholders.

From the senior communicator views (see Chapter 7) it became evident that the two attributes mostly considered influencing stakeholders perceptions of a company's ability to build and maintain stakeholder relationships, are the pro-active approach to stakeholder relationship management and the level of involvement of communication management. This is displayed in the positioning map in Figure 8.4.

Figure 8.4: Positioning map of a company's ability to engage in stakeholder relationship management



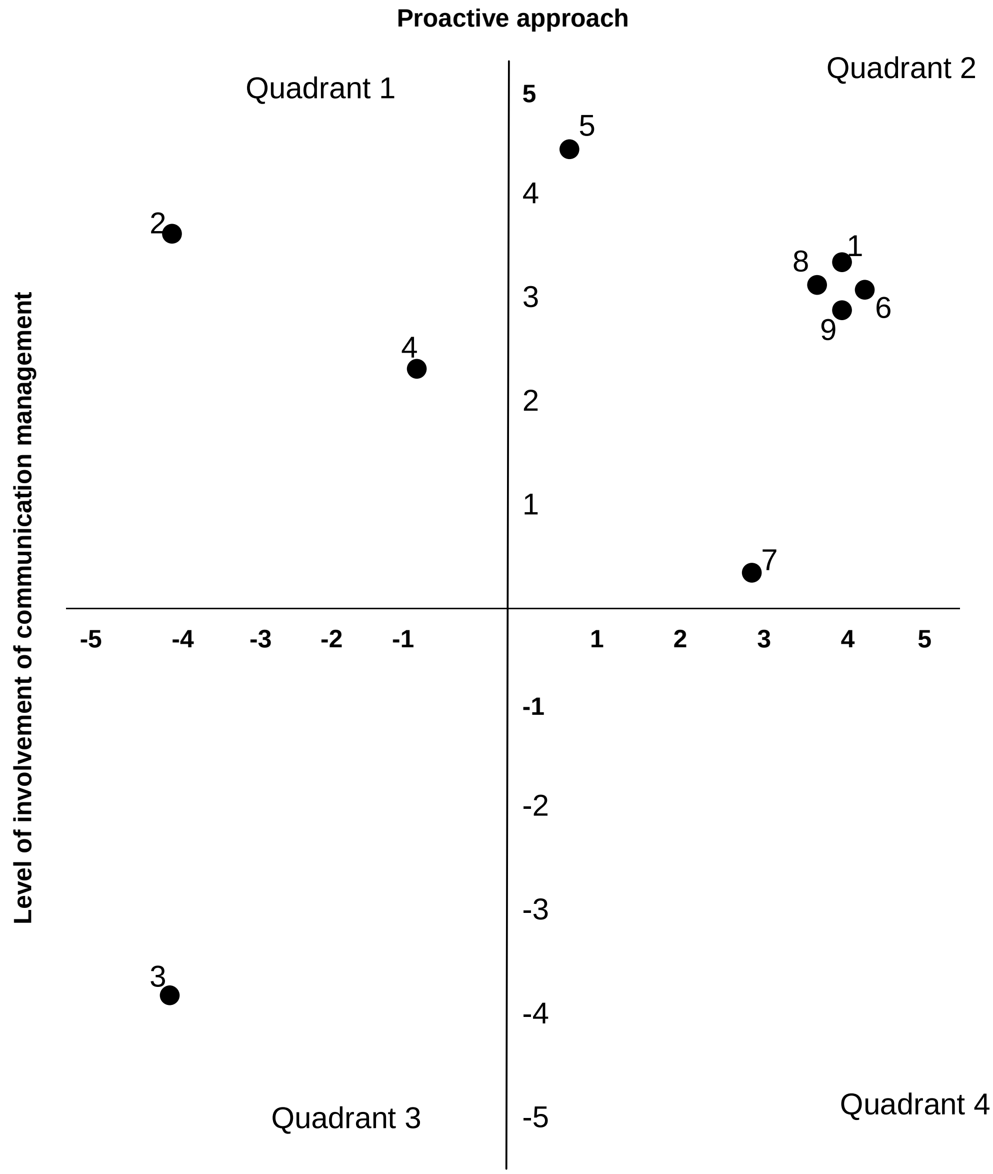
Researcher's own construct

Figure 8.4 shows that there are four distinguishable segments with regard to a company's ability to build and maintain stakeholder relationship management including:

- Those stakeholders who prefer a proactive approach to building and maintaining relationships with stakeholders, but do not care about the level of involvement from communication management (Quadrant 1).
- Those stakeholders to whom both a proactive approach to building and maintaining relationships with stakeholders and the level of involvement of communication management matters (Quadrant 2).
- Those stakeholders for whom a proactive approach to building and maintaining stakeholder relationships does not matter and neither does the level of involvement of communication management (Quadrant 3).
- Those stakeholders who prefer some level of involvement of communication management, with little regard for a proactive approach to building and maintaining relationships with stakeholders (Quadrant 4).

From the data analysis in Chapter 8, the industries represented by the companies included in the research can be presented on the positioning map in Figure 8.5.

Figure 8.5: Positioning map of a company's ability to engage in stakeholder relationship management



Researcher's own construct

From Figure 8.5 the following is evident:

- The companies representing the real estate holding and development and distillers and vintners industries perceive themselves as companies whose stakeholders prefer a proactive approach to building and maintaining relationships with stakeholders, but do not care about the level of involvement from communication management (Quadrant 1).

- The companies representing the wireless telecom services, the hospital management and long-term care, broad line retailers, paper, the building and construction materials and the accounting and consulting services industries perceive themselves as companies to whose stakeholders hold both a proactive approach to building and maintaining relationships with stakeholders and whose level of involvement of communication management matters to a more or lesser extent (Quadrant 2).
- The company representing the household appliances and consumer electronics industry perceives itself as a company to whose stakeholders a proactive approach to building and maintaining stakeholder relationships does not matter, and neither does the level of involvement of communication management (Quadrant 3).
- No companies fell in quadrant 4.

8.5 CONCLUSION

This chapter outlines the details of Phase III of this study. It provides answers to both Research Objectives 4 and 5. Based on Phases I and II, guidelines according to the King III Report on Governance for the implementation of stakeholder relationship management for business in South Africa, were drafted. These guidelines revolve around strategic stakeholder relationship management being influenced by issues management and conflict resolution coupled with crisis communication, which in turn impacts reputation management as a key consideration of top management. The central role of communication management in strategic stakeholder relationship management is highlighted.

The chapter further delineates the adaptation of the positioning concept to the area of strategic stakeholder relationship management considering stakeholders instead of consumers. A proposed positioning map for the positioning of companies with regard to their strategic stakeholder relationship management practices and role of communication management therein is provided.

CHAPTER 9

CONCLUSIONS AND RECOMMENDATIONS

9.1 INTRODUCTION

Chapter 9 provides a holistic view of the phases, and research objectives, and makes concluding remarks on the guidelines for managing stakeholder relationship management according to the King Report on Governance and the stakeholder relationship positioning framework as outcome of the study. The contribution of this study is delineated and the limitations drawn.

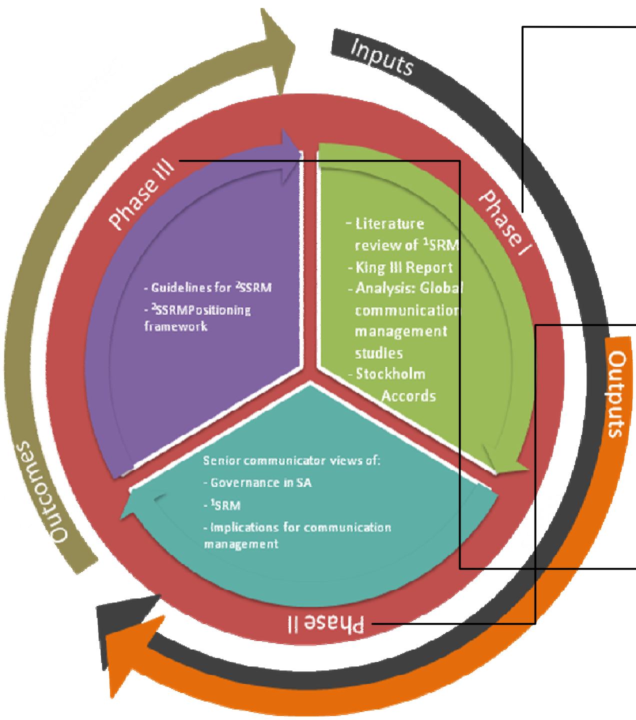
9.2 CONCLUSION OF FINDINGS RELATED TO RESEARCH OBJECTIVES

All research objectives were addressed and the outcome emanating from them (Phases I and II) was used to develop the guidelines for strategic stakeholder relationship management according to the King Report on Governance as well as the positioning framework for strategic stakeholder relationship management. The outcomes of the study comprise the discussion of the implication of Chapter 8 of the King III Report on Governance for communication management, the analysis of the global communication management studies, and the results from the senior communicator views on stakeholder relationship management. The guidelines and positioning framework are the outputs of this study. Both the outcomes and outputs are summarised in this chapter in section 9.2 in the order in which they are addressed per research objective.

For easy reference, the phases of the study in relation to this chapter are presented in Figure 9.1.

Figure 9.1: The relationship between the phases model and the research objectives of this study related to Chapter 9

The model



Descriptions of the phases

Phase I: Exploration (Inputs)

- Literature review: Stakeholder relationship management
- Discussion of the implications of King III Report for SA business and communication management
- Analysis of global communication management practices and trends (Output)
- Stockholm Accords

Phase II: Empirical (Input with output)

- Senior communicator views

Phase III: Guidelines and framework

- Development of guidelines for stakeholder relationship management
- Conceptualisation of a stakeholder relationship management positioning framework

Associated research objectives

To explore the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing a company's business strategy.

To explore the global trends in communication management and its implications for South African business.

To explore the implications of the King III Report, Chapter 8 on managing stakeholder relationships, in particular on companies and their communication professionals in South Africa.

To establish guidelines in accordance with the King III Report for the implementation of stakeholder relationship management for business in South Africa.

To establish a stakeholder relationship management positioning framework with which South African businesses may be able to position their communication management departments.

Chapter 9

Researcher's own construct

9.2.1 The role, scope, function, structure and level of authority of communication management in managing stakeholder relationships

Research Objective 1 aimed to explore the current practice in communication management in South African business with regard to stakeholder relationship management both theoretically and empirically. The literature review provided in Chapters 2 and 3 provided the theoretical grounding for exploring the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships among senior communicators in selected South African companies. Chapter 7 provided the empirical findings. A summary of these findings is outlined below.

(i) Communication management described (role, scope, function, structure)

In South African businesses, communication management is defined as, the management (which includes messages and channels) and facilitation of communication (through leadership communication, communication integration throughout the organisation and through providing advice and support), with the use of research (pre- and post intervention implementation) at various levels of the organisation, driven by issues, through identifying stakeholders and managing relationships with these stakeholders, both internally and externally, with the aim of communicating business objectives and intent.

The functions mostly performed by South African communication professionals are internal communication, media relations and stakeholder engagement/relationship management/communication. Other functions performed are external communication, investor relationships, reputation management (which now includes risk communication/management), government and community relations and human resources. New functions noted include consumer communication, industry affairs, business development and systems, as well as sustainability communication.

Six key roles are identified, including stakeholder relationship management which involves engaging stakeholders, managing communication with stakeholders and establishing a stakeholder communication framework for the business. Strategy involvement and development involve improving business value and cost saving for the business, assisting in achieving business goals and developing strategy. This is done by acting as the conduit for business activities and encompasses communicating business strategy and aligning communication goals with strategic business goals. Reputation management requires growing goodwill among stakeholders, managing perceptions and relationships as well as media management. The advisory role implies the empowerment of staff in the business by improving their communication capability. It also includes creating awareness of the communication management function and the role it plays in the business. Crisis communication necessitates crisis avoidance and crisis communication if and when a crisis occurs. Overlap exists with the reputation management role in terms of media management as well as the stakeholder relationship management role, where, if communication with stakeholders is managed well, crises may be avoided. Finally, the message and channel management role entail developing communication strategy and the clarification and management of messages to ensure blockages for understanding are eliminated. It further involves identifying key messages, creating and identifying channels and managing these channels and mediums for optimum results. This may be achieved through integration of both the message and channel.

Integrated communication is regarded as message consistency and unity and coordinating communication management and marketing efforts. Integrated communication is optimised in a flat, task-matrix type organisational structure where communication responsibility and accountability are shared throughout the company, supporting purposeful communication.

Effective leadership communication, especially that of the CEO is central to communication management effectiveness. The CEO should ideally drive stakeholder affairs and issues management, where issues management and stakeholder affairs are considered a risk for the company. Therefore, risk communication was noted as a new area of importance for communication management, previously only regarded as reputation risk. Risk communication is about neutralising risk through satisfying the information requirements among stakeholders. Efficient organisation of information around specific issues is important.

(ii) The legitimacy of communication management (authority)

Sustainability, as a focus area of communication management, drives the authority of communication management in South African businesses. However, broad management skills and business knowledge are needed among communication professionals to enhance this authority. Sustainability, with its long-term focus, coupled with the necessary skills and knowledge is known as the strategic communication imperative. Organisational structure, the industry within the company operates, measurement, the personal reputation of senior communicators, the counselling role of communication management, as well as the role in the media and message management (ensuring the content is relevant) impacting reputation in companies, all influence the authority the function has within businesses. All these aspects contribute to the enhancement of the authority of communication management, except the counselling role played by senior communicators, which devalues the function.

The influence and impact of communication management is still diluted as it becomes less likely to be excellent and cannot contribute regularly to strategic management and planning due to most communication management departments still reporting to a larger marketing department. However, most senior communicators that do not report directly to the CEO, have dotted-line reporting to their CEOs.

There are still some companies that do not acknowledge the need for communication management in their companies. However, changes in the environment, especially around legislation, are starting to influence these views in some companies. This legislation has the interest of employees and the consumer in mind, both of whom are strategic stakeholders for companies in South Africa. Those companies that do not see the need for communication management do not understand the value and importance of communication management. On the other hand, there are those companies that appreciate communication management. They view communication management as credible, integral to business success, playing a strategic role, managing issues, aligning messages and being proactive in terms of reputation management. This is also what is expected from communication professionals in some companies.

(iii) Requirements for communication management's contribution

Communication professionals need to illustrate that this field is managed in a disciplined and structured way, aligned with company strategy. Areas of concern that hinder communication management's contribution to organisational success through strategic stakeholder relationship management, include a lack of CEO understanding, the marginalisation of the function, the functions' inability to operate at a strategic level, the limited access to the CEO and top management, company structure, the broad knowledge base expected from communicators, limited means to measure efforts and impact, and inconsistent standards in the field.

9.2.2 King III, Chapter 8 implications for business and communication management in managing stakeholder relationships

The implications of Chapter 8 from King III for South African business and communication management in managing stakeholder relationships were discussed theoretically in Chapter 4 and explored empirically in Chapter 7. The empirical findings revolve around three main areas and are summarised in this section.

(i) Stakeholder relationships

Stakeholder relationship management in South African businesses are either proactive or reactive, or seen as similar to stakeholder engagement. The description of the reactive approach to stakeholder relationship management in South African businesses is similar to that outlined in the theory. However, the proactive approach described in the data, aligns to both the proactive and interactive approach to stakeholder relationship management.

Some participants defined their stakeholders around the way in which their stakeholders are identified. An overlap thus exists between defining and identifying stakeholders. Of concern is that some companies engage in little stakeholder talk or discussion, which results in their inability to define and identify their stakeholders. The result is little or no strategic, structured or planned engagement and relationship building initiatives. Those who do identify their stakeholders, are mostly aligned with the normative view of stakeholders, which considers the value and moral rights of stakeholders being affected by the behaviour of the organisation and highlights the rights and duties of the actors involved.

In the theory, various structured ways with which stakeholders can be identified are proposed (Falconi, 2009:[14]; Gregory, 2007:65; Rawlins, 2006:2; Grunig, 2005:778; Steyn & Puth, 2000:201; Mitchell et al., 1997:853;

Clarkson, 1995:107; Donaldson & Preston, 1995:66; Freeman, 1984:52; Grunig & Hunt; 1984:141). Some of these seem to be used in South African business to a more or lesser extent. The ones that could clearly be identified as being applied from the data are that of primary and secondary stakeholder identification by Clarkson (1995), and perhaps the situational theory of publics by Grunig (2005). Some approaches, not outlined in the theory, but mentioned by participants in the study, are those of stakeholder identification around the four (4) Cs (Client, colleague, channel and community), which could be useful in some business contexts. Of concern is that some South African businesses make use of intuition to identify stakeholders, or in some extreme cases, pay little attention to stakeholder identification and thus engagement and relationship building. A need for a comprehensive stakeholder relationship management framework emerged.

Stakeholder engagement is seen as inherent and integrated in the business. Mostly, it is seen as a process of identifying and understanding stakeholders, creating platforms or means to communicate with them and developing appropriate messaging. Some companies have an informal, unstructured approach to stakeholder engagement, while others make use of a stakeholder framework. The theory proposes a more formal, structured approach to stakeholder engagement as part of stakeholder relationship management.

Issues lead to crises and issues management is a disciplined approach. The company's position on an issue plays a role in resolving or avoiding the issue, which results in a research requirement which is a strategic consideration that impacts relationships and thus reputation. The theory suggests the disciplined management of issues which entails a process first categorising and then prioritising issues. This would typically be followed by identifying stakeholders associated with those issues prioritised. Although some senior communicators noted that issue identification precedes stakeholder identification, others noted that stakeholder identification precedes issue identification. The prioritisation of issues should revolve around corporate issues taking precedence over global and local issues.

The theory, although indirectly, notes that communication management should be involved in the process of issue identification and prioritisation as part of issues management and not only in managing media responses as mentioned by some senior communicators.

Senior communicators seem to understand reputation as the sum of the perceptions (in the form of company image) of stakeholders, over a period of time. Reputation management's components include corporate social responsibility, issues management and crisis management, although only issues and crises are highlighted by senior communicators. Communication management, with stakeholder perceptions and the management thereof at its core, is in a position to manage reputation for the benefit of the company. The company aspects stakeholders consider in forming an image about the company, and thus, ultimately, reputation, are financial performance, quality of management, social and environmental performance, employee quality and the quality of the goods/services provided. Thus, senior communicators should partner stakeholders and engage them through having a structured conversation with them.

Some confusion seems to exist among senior communicators with regard to the strategies to handling conflict resolution and crisis management, as well as who needs to drive/take responsibility for conflict resolution and crisis communication. Senior communicators do understand though that conflict and crisis are caused by issues. In the theory, various approaches as well as strategies for handling conflict are provided, which include the integrative, distributive and dual-concern approaches. The strategies for handling conflict resolution include contending, avoiding, accommodating, compromising, constructive and win-win/no deal approaches.

In South African businesses, conflict resolution is handled either by the legal department, the risk department, top management, communication management, or a combination of some of these departments. A combination of the legal and risk department, of the legal and communication management department, and of communication management and top management was reported. The theory does not stipulate which department should drive/take responsibility for conflict resolution and crisis management. However, it does stipulate that communication management has a role to play in terms of assisting in understanding the organisation's stakeholders, assessing the vulnerabilities of the organisation, conducting environmental scanning research and issues management, as well as designating a crisis management team and conducting training activities including mock crisis drills/simulations (Hagan, 2007:423-433).

Senior communicators view conflict resolution and crisis communication as similar. However, the theory indicates different approaches to handling crisis communication. These include being quick, being consistent and being open. In other words, transparency is important. Further strategies in dealing with crisis communication include corporate apologia, corporate impression management and image restoration in cases where the image and reputation have been damaged.

(ii) Understanding of corporate governance

South African businesses view corporate governance as good corporate leadership and strategy development ensuring value for the company and transparency in its activities. The theory further outlines that corporate governance is also about having a long-term vision of performance, resource allocation and making a contribution to knowledge, expertise and information. It is also about the structures and systems that provide a framework for the sustainable management of a company.

There is awareness among South African businesses that CSR is part of doing business and not merely meeting a legal requirement. The realisation is that it forms part of being a good corporate citizen, as outlined by Goodman (2001:118) and can contribute to the competitiveness and reputation of a company. An aspect, not expressed by any of the senior communicators, is that CSR forms part of communication management as it relates to stakeholder engagement and empowerment (Novelli, 2008:269). Steyn (2003:179) argues that CSR has moved beyond the ethical responsibilities towards society where companies are more responsive and identify the stakeholder issues to which their responsibilities are linked. The definition of who these stakeholders are, is shifting to include those who themselves think they are stakeholders. Finally, the analysis of societal issues and trends is important, because the values and beliefs of key stakeholders are derived from broader societal influences.

South African senior communicators regard sustainability as top management having a long-term vision, with value for both the company and stakeholders in mind, through a culture of accountability and ethics. It needs to consider the unique industry context of a particular company and balance issues around what is relevant to the business.

A matter raised by senior communicators, not explicitly stated in the theory is that communication management contributes to sustainability as it should be integrated into the strategy. Communicators need to take cognisance of the fact that sustainability may give a company a value proposition and competitive edge. Practically, a system to record engagements with stakeholders is needed.

The understanding of corporate citizenship among senior communicators seems fairly limited as only a few views are recorded. These views revolve around citizenship impacting perceptions, credibility and reputation. Some participants acknowledge that it is still a work in process and note the importance of research. The theory provides a more comprehensive view of citizenship, outlining seven (7) dimensions being how citizenship is defined in a company, the strategic intent of the company, leadership and support towards citizenship, the influence of structure on how citizenship is managed, how citizenship issues are handled, the way stakeholders are engaged, and the extent to which the company's communication is transparent around its financial, social and environmental performance.

(iii) King III Chapter 8's implications

From the theory, the implication of King III, Chapter 8 for communication management in South African businesses, is to proactively inform management of stakeholder views and how these impact the reputation and business. Knowledge of stakeholders and ways to reach them are imperative. Communication management, with this knowledge of stakeholders, is able to align company strategy and stakeholder expectations with each other. Other implications noted by senior communicators are that communication management needs to be proactive in communicating the position of the business, consolidate stakeholder relationship management initiatives undertaken throughout the business, illustrate the structure and systematic approach to communication management, challenge business to address communication issues and raise the awareness of the function as well as eliminate the silos in which some companies operate.

The three levels of strategic communication integration, where communication management contributes to organisational success and sustainability, include the organisational, stakeholder and environmental levels. These levels seem to, although not explicitly stated, exist in the participant organisations. At the organisational level, communication management assists the company to build its reputation, to break down silos that hinder integration in the organisation, help the company make its voice heard and provide some strategic guidance. At the stakeholder level, communication management helps the company understand, and manage the perceptions, relationships and information to and from stakeholders which implies a two-way flow of communication. At the environmental level, communication management engages in research and monitors the environment to help the company identify and manage risks and deal with issues associated with its strategic stakeholders.

South African senior communicators, mostly use a deliberate communication strategy to contribute to business effectiveness. This strategy is based on stakeholders, is holistic in nature and provides checkpoints to companies to determine if they are communicating appropriately with their stakeholders. Stakeholder identification and audience segmentation are involved in the development of communication strategy impacting which platforms to invest in. Finally, specific messages are tailored for specific stakeholders.

An area not highlighted by the participants of this study, is the strategic alignment of communication strategy with the strategic goals of the company, as outlined in the theory. Steyn (2007:140) argues that the strategic mandate of communication management includes not only the development of communication strategy and plans, but also the counselling of business leaders/managers/supervisors on their communication role towards employees, as well as managing the activities of a support function. These activities include developing, implementing and evaluating communication plans in support of strategies developed at different business levels, developing, implementing and evaluating communication plans in support of the strategies of other business functions, and developing, implementing and evaluating communication plans in support of the top management's communication to employees and other stakeholders.

9.2.3 Global practices and trends in communication management and the Stockholm Accords

Research Objective 3 focussed on the global trends in communication management, which include the growing importance of the function coupled with either an increase in resources, in spite of the global economic crisis, or a decrease because of the global economic crisis. “The economic downturn, widely referred to as the ‘Great Recession’ (which officially dated from December 2007 in the United States), included the two most dismal quarters for the U.S. economy in more than 60 years” (Britannica World Data, 2011:[1]). This downturn turned into a crisis not only for the USA, but also for Europe, Japan and even emerging economies. Some emerging economies, particularly China, have been fairly resilient to the financial crisis (The Economist, 2008:[2-3]).

A similar scenario existed for South Africa (Zini, 2008:[1]). However, the responsibility and what is required from communication management increased. The challenge in this regard was linking communication management actions with organisational strategy. The subfields of internal and change communication grew, as well as the area of CSR. The latter was also seen as the greatest challenge. Stakeholder relationship building emerged as important with trust, face-to-face communication and the use of online mediums as necessary means for building these relationships. Some of the problems in this regard were information overload, stakeholder fragmentation and stakeholder preferences for interactive communication taking place in personal settings.

The overwhelming role of communication management was defined as managing the image and reputation of the organisation as well as counselling the CEO. The global economic crisis impacted the role communication management played with regard to investor relations. Pre-recession the role decreased, but during and post-recession, the role increased.

Reputation was seen as a key driver for CSR with the acknowledgement of the link between reputation and transparency. Here ethics and values were considered the base for transparency and success that needed open communication, dialogue and authenticity. Integrated communication was also mentioned as assisting in ensuring transparency in communication through the alignment of messages. New media was seen as a big challenge, but important for assisting in this process of ensuring transparency. It was considered as a tool to create dialogue.

Professional development for professionals was mentioned, especially training in how to link measurement to communication management as well as strategy.

Lastly, the changing environment caused increased pressure for organisations to be responsible citizens and to engage in CSR initiatives. Accountability and transparency became more important where in the USA organisations were even starting to play a role in Public Diplomacy.

The similarities found between the global studies analysis, the Stockholm Accords and Chapter 8 of the King III Report revolved around the prominence of governance and sustainability mentioned in the global studies (especially from 2008 onwards), as well as in the Stockholm Accords, the literature and the King III Report. Other areas of similarity revolved around the notion of stakeholder relationship management with an emphasis on internal and external co-ordination or integration ensuring these practices are proactive.

9.2.4 Guidelines for strategic stakeholder relationship management (SSRM)

Research Objective 4 set out to propose guidelines for stakeholder relationship management according to the King III Report on Governance. Based on Phases I and II of the study, nine (9) broad guidelines are recommended. Each of these was discussed in detail in Chapter 8. The nine guidelines include:

1. Stakeholder relationship management is strategic and encompasses both stakeholder engagement and the governing of stakeholder relationships.
2. Strategic stakeholder relationship management (SSRM) requires strategic, integrated communication at the organisational, stakeholder and environmental levels of the organisation.
3. Strategic stakeholder relationship management and governance require the utilisation of a strategic stakeholder relationship management and communication framework to identify, prioritise, communicate and build relationships with stakeholders.
4. Strategic stakeholder relationship management requires a carefully crafted communication strategy aligned with and influencing business strategy.
5. Strategic stakeholder relationship management requires the CEO, top management/dominant coalition communication, as well as knowledge and understanding of the considerations and challenges of stakeholders and how it impacts reputation.
6. Strategic stakeholder relationship management requires structured and effective issues management.
7. Strategic stakeholder relationship management requires structured and effective crisis communication approaches to assist in conflict resolution.
8. Strategic stakeholder relationship management requires the strategic, structured, disciplined and systematic management of communication throughout the organisation, as well as the communication management function/department.
9. Strategic stakeholder relationship management is enhanced through the empowerment of the communication management function, assigning decision-making responsibility and accountability to the

communication management function, and having a supportive organisational culture and structure.

Each of these guidelines has detailed descriptions provided in Chapter 8, where Guideline 3 includes a comprehensive strategic stakeholder relationship management framework and Guideline 4 a strategic stakeholder relationship management process.

9.2.5 Strategic stakeholder relationship management positioning framework

A strategic stakeholder relationship management positioning framework outlines the extent to which South African companies perceive their stakeholders to care about their proactive stakeholder relationship management practices and their level of communication management involvement in this process.

Companies representing the real estate holding and development and distillers and Vintners industries perceive themselves as companies whose stakeholders prefer a proactive approach to building and maintaining relationships with stakeholders, but do not care about the level of involvement from communication management, while those representing the wireless telecom services, the hospital management and long-term care, broad line retailers, paper, the building and construction materials and the accounting and consulting services industries perceive themselves as companies to whose stakeholders both a proactive approach to building and maintaining relationships with stakeholders and level of involvement of communication management matter to a more or lesser extent. One company representing the household appliances and consumer electronics industry perceives itself as a company to whose stakeholders a proactive approach to building and maintaining stakeholder relationships does not matter, and neither does the level of involvement of communication management.

9.3 CONTRIBUTION OF THE STUDY

This study contributes to both corporate governance and sustainability through outlining nine guidelines for communication professionals to assist their companies in the strategic management of stakeholder relationships. The term strategic stakeholder relationship management is a direct outcome of this study and may be abbreviated with SSRM. As part of the nine guidelines, a strategic stakeholder relationship management framework and process is proposed, as well as practical guidelines to improve stakeholder relationship management as stipulated in Chapter 8 of King III.

Important aspects for consideration for further development in the field of communication management, such as areas that professionals need to focus on more intently as well as future research areas were identified. A deeper understanding is gained of how the practice of communication management has shifted, considering the changing environment within which organisations find themselves. Having guidelines for managing stakeholder relationship management according to the King III Report on Governance is rare and thus makes a significant contribution to both the body of knowledge of communication management and the practice of this field. An extension of the guidelines is the positioning framework a company can use to assist them to benchmark themselves against other companies with regard to how their communication professionals are assisting them in managing stakeholder relationships.

The contribution that communication professionals can add as a value-adding strategic function in the organisation is outlined, specifically around strategic relationship management confirmed as a subfield of communication management.

Communication professionals, gaining a greater understanding of Chapter 8 of the King III Report, as well as the implications of this report for communication management, provide the field and profession with a further call to action than the Stockholm Accords in order to illustrate its value through the strategic communication with and management of stakeholder relationships. Although this may not directly lead to the enhanced professional status of communication management in South Africa, it provides further substantiation and a concrete underpinning upon which a case for professionalisation can be built.

9.4 CONCLUDING REMARKS

Globally, corporate governance has attracted the attention of businesses and their leadership due to the escalating number of financial crises companies have experienced since as early as the 18th century. A number of efforts to ensure improved governance have been introduced. Some have had greater impact than others. In South Africa, the King Reports, especially the King III Report which came into effect in March 2010, has assisted companies to become more transparent in their practices. One focus area, particularly relevant to this study, is Chapter 8 of the King III Report, which deals with the governing of stakeholder relationships. Stakeholders have growing power through their increased access to information. This creates stakeholder expectations and companies have to align corporate behaviour with these expectations. This, coupled with the information requirement is not being satisfied by many companies. Communication management focusses on building relationships with stakeholders through dialogue in a bid to improve the quality of decision-making in the company. This function addresses this information need as well the managing of expectations through relationship building and is thus the missing link in the governing of stakeholder relationships, outlined in the King III Report and corporate governance.

A need has emerged to ensure the improved management of stakeholder relationships. Chapter 8 of the King III Report outlines a number of principles that the board of directors of companies should acquaint themselves with, but do to provide practical guidelines on how to go about managing these relationships. For this reason, this study focussed on guidelines for the implementation of stakeholder relationship management according to the principles outlined in the King Code of Governance for South Africa. More specifically, it outlined the global trends in communication management and its implications for South African businesses, the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing strategy (including strategic communication) within businesses in South Africa, as this influences the function’s ability to contribute to the companies’ relationship building abilities. It further outlined the implications of the King III Report and Chapter 8 on governing stakeholder relationships, in particular on companies and their communication professionals in South Africa. As an outcome, the focus of this study was the establishment of guidelines in accordance with the King III Report for the implementation of strategic stakeholder relationship management for business in South Africa. In addition, a strategic stakeholder relationship management positioning framework was suggested with which South African businesses may be able to position themselves.

This study has its roots in the systems theory, particularly the adaptive approach associated with an open system. This implies that businesses realise that the main responsibility of engaging in activities designed to primarily increase profits has become outdated, with the business shifting its focus to communication and interaction. It also enables communication management to fulfil a management role focussed on two-way symmetrical communication. This means that businesses are as open to changes as their stakeholders are because of the communication dialogue that takes place. Feedback forms a critical element in the dialogue especially around relationship building. Furthermore, this study is approached from an excellence and reflective worldview. Excellence in communication management is rooted in business valuing the input of all people, the autonomy of employees, the emphasis on innovation, and the commitment to eliminate negative consequences of business actions. Two-way symmetrical communication is the foundation of the excellence worldview. Reflectivity refers to a certain group of tasks of professionals and the way in which communication management is viewed. The tasks relate to the adjustment of corporate decision-making processes to the norms and values of society, while the view of communication management revolves around a business' legitimisation within society.

Exploring the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships as well as influencing and implementing strategy (including strategic communication) within business in South Africa, it was revealed that stakeholder relationship management is practised in different ways in South African businesses. However, a more proactive, structured and systematic/scientific approach is needed in order to meet the requirements outlined in the King III Report, Chapter 8, and to use stakeholder relationship management as a strategic tool to enhance company reputation. For communication management to contribute to this approach, it needs to focus on the role of stakeholder relationship management, strategic involvement and development, reputation management, an advisory role, crisis communication as well as message and channel management.

The global trends in communication management include the increased responsibility of communication management in linking communication to business strategy. Stakeholder relationship management was highlighted as a key role of communication management coupled with the management of the organisation's image and reputation. Reference was made to the link between reputation and CSR as well as corporate governance. Internal and change communication (and in some instances crisis communication) emerged as growing areas of communication management.

The guidelines proposed to assist companies and communication management as a function to improve their effectiveness and value creation abilities, include the cognisance that stakeholder relationship management is strategic in nature and is influenced by issues management and conflict resolution as well as crisis communication. In turn, these impact reputation management, which should be a key consideration of top management. For companies to understand the extent to which they need to apply the guidelines proposed, a positioning framework is presented where they are able to determine their level of strategic stakeholder relationship management practices and the extent to which communication management plays a role therein.

9.5 RECOMMENDATIONS FOR FUTURE RESEARCH

Three main areas of future research are identified:

- Firstly, the proposed guidelines and positioning framework could be tested in different industries and companies of different sizes to determine their relevance, applicability and usability, which could provide the opportunity to refine the guidelines and framework.
- Secondly, the study could be repeated among non-profit organisations, NGOs and government departments, as the King III Report and its principles are intended for these types of organisations as well.
- Finally, the relevance, applicability and usability of the guidelines can be determined globally in companies that have to abide by different corporate governance rules and/or principles.

9.6 LIMITATIONS OF THE STUDY

The limitations related to this study include:

- The limited understanding of some participants of the true nature of communication management, as well as the limited understanding of some participants of Chapter 8 of King III and how it impacts South African businesses.
- Furthermore, during the sampling process, finding suitable participants in the three geographic areas proved to be difficult. In the Johannesburg/Tshwane region, a number of companies met the requirements set out in the sampling plan, but many were reluctant to participate due to the sensitive nature of corporate governance in South Africa. In the Cape Town and surrounds region, a similar scenario existed, while in the Durban region many companies did not meet the requirements. It seemed as if many companies in this region either did not have a communication management department or did not practise communication management.

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APPENDIX A

DISCUSSION OF THE GLOBAL COMMUNICATION MANAGEMENT STUDIES

Studies conducted during 2005/2006

2005	**FIRST GLOBAL STUDY**	
	NAME	**Corporate Communication Institute Practice and Trends study 2005**
	ABBREVIATION	**CCI USA 2005**
	AUTHOR	**Goodman**
	COUNTRY	**United States of America**

Purpose of the study

The overall goal of the Corporate Communication Institute Practices and Trends study in the USA of 2005 was to describe and analyse the state and art of communication management in *Fortune* 1000 companies. The focus was thus on profit driven organisations. With the first study in 2000, the focus was on publicly traded companies for several reasons. Firstly, information in such companies is public and more readily accessible. Second, public companies are often at the front line of corporate practices because of the pressures of the capital market, their need to respond to the media, and the realities of the global marketplace. Lastly, public companies have a greater understanding that their “license to operate” comes from public approval and is maintained by public trust (Goodman, 2005:2).

Methodology

The study was conducted in three phases. The first phase consisted of a 27 question survey that could be completed both on paper and online. The survey asked information about the company itself including the business sector in which it operated, the sales in US dollars, the number of communication staff, the reporting line of communication staff, the dollar value of communication activities related to the budget responsibilities, demographic questions about the top communicator such as age, gender, education, salary and title. From a list of 26 functional areas of communication management, respondents had to indicate which area formed part of their responsibility and for which responsibility did they have a budget. They were asked about the expected changes in budget and staff from the previous financial year and whether they used marketing and/or communication agencies for any of the 26 functional areas. A list of 12 role descriptors was provided, from which respondents had to rank the roles that best describe their role in the company. As, at the time of the survey, issues such as anti-Americanism, terrorism and transparency were topical, questions on these issues were included.

The second phase consisted of additional interviews being conducted with respondents who filled out the survey and indicated whether they are willing to be interviewed. A total of 16 interviews were conducted by telephone and e-mail and consisted of eight open-ended topics which included the top three critical issues in communication management in their organisation. These included the strategic importance of communication management in their organisation (according to them and their CEO); the top three trends in communication management, the trends unique to their company's industry or sector, the communication management contribution to the overall success of the company, the core competencies for individual professionals as well as for the company as a whole, the impact of transparency and disclosure on the relationship between ethics and advocacy in the practice of communication management and any additional comments.

The third phase consisted of site visits which were carried out with communication executives for a deeper investigation into their philosophy, processes, operations, and performance measures. The site visits were conducted in industries or sectors that were undergoing change or a company that was involved with innovative programmes in communication management coupled with the company's willingness to undergo a site visit.

Findings

The key insights, as outlined by Goodman (2005:4-13), include:

- Relationship building with internal and external audiences emerged as important with the challenge of building trust with these audiences.
- Companies were increasingly expecting communicators to do more with less. Budget increases were stabilising and companies had greater demands on communicators.
- Organisational well-being was becoming more important to companies, especially in a hostile environment with anti-Americanism and anti-globalism movements. Companies experienced more pressure to be responsible and accountable.
- The primary roles of communicators were seen to be managing the reputation of companies and counselling top management, specifically the CEO. This placed communication in a position to be more strategic.
- Communication managers were more mature, better educated, and paid more.
- News media and technologies were all-encompassing, immediate, and universal. Media relations were more complex and strategic due to transparency and disclosure laws.
- Stakeholders required companies to be good corporate citizens, but at the same time be profitable.
- Transparency was becoming a best practice strategy for reputation management.

- Writing remained the core skill for communication management.

A prevailing tendency was the role of business in Public Diplomacy. International companies had more influence on more people across the globe than any government. These companies therefore served society in more areas than just carrying out their business. They had a stronger sense of being culturally sensitive and thus could serve a diplomatic function. This tendency was embraced with the trends of instant media coverage, transparency and intangible value drivers (Goodman, 2005:1).

2005	**SECOND GLOBAL STUDY**	
	NAME	**Council of Public Relations Firms' Fourth Generally Accepted Practices Study**
	ABBREVIATION	**GAP IV 2005**
	AUTHORS	**Swerling, Mitroff, Hall, King, Benson & O'Boyle**
	COUNTRY	**United States of America**

Purpose of the study

The GAP IV study was a key survey of industry professionals aimed at identifying new developments in the profession and monitoring trends in the areas most significant to communication decision-makers. Several senior-level professionals participated in the study, which is conducted every other year (University of Southern California, 2009:[1]). The first GAP study was conducted in 2002, but only the studies conducted in 2005 to date were included in this analysis. The results were widely followed by the profession and academia. The purpose of GAP IV was to provide professionals with data they could use to manage communication management in their organisations and to identify trends that may affect their practice of communication (Swerling, Mitroff, Hall, King, Benson & O`Boyle, 2005:1).

Methodology

A 25 question survey was mailed to approximately 4 600 public relations professionals in publicly and privately held organisations throughout the USA (Swerling et al., 2005:2-3).

The major specific goals of the study were to:

- Determine how organisations perceived the value, use and organisation of their in-house communication management departments; and, how they worked with external agencies.
- Ascertain Generally Accepted Practices (or GAPs), and explore “Best Practices” for communication management.
- Identify gaps in knowledge requiring further investigation.
- Provide communication professionals with practical, applied research that could be of immediate direct use to them, and thus, help them improve their effectiveness.

Four principal methods were used to analyse the data:

- For each of the individual survey questions, raw frequencies were tabulated for all of the respondents.
- Where applicable, factor analyses were performed to reveal underlying patterns in the data.
- Explicit comparisons were made between important sub-groups, e.g. companies that employ outside agencies and those that do not.
- Correlations between major segments of the questionnaire were also performed to reveal additional, underlying patterns in the data.

Findings

A clear increase (42%) in the number of respondents indicated that the need for the study was increasing and that it was gaining acceptance as a resource for the profession. Non-commercial organisations' participation also increased which may indicate that they had the same need for data to understand the management of the function similar to that of their commercial counterparts. A broad range of organisations participated including public companies (42.6%), private companies (24.2%), government agencies (4.7%) and not-for-profit organisations (28.5%) (Swerling et al., 2005:[1]).

The study revealed that the profession had entered a period of greater stability and normalisation considering the environmental conditions. A strong economy in 2005 resulted in an increase on average by 4% for communication management budgets. Communication management budgets remained significantly smaller than that of advertising.

According to respondents, CEOs felt that communication management played a role in advancing the company's reputation, marketing, financial success and sales (with variations). Evaluation of this role was not supported by adequate budgets (4%). The communication management function was reporting to top management more and more (65%) and less to marketing (25%).

Fewer companies used agencies although the same amount of budget was still allocated to agency work. Thus, there were fewer clients, spending the same amount of money although among various agencies. In general *Fortune* 500 companies worked with three to four agencies, *Fortune* 501 – 5000 worked with two to three agencies, and smaller companies worked with one to two. Generally budgets increased by an average of 4%. Those communication management departments that reported to top management were more likely to have larger budgets. They were also more likely to be invited to contribute to strategic planning and to integrate the various communication functions. On average only 4% of the total communication management budget was allocated to evaluation. However, CEO's believed that communication evaluation methods were satisfactory.

2006	**THIRD GLOBAL STUDY**	
	NAME	**Corporate Communication Institute Practices and Trends Study China 2006**
	ABBREVIATION	**CCI CHINA 2006**
	AUTHORS	**Wang & Goodman**
	COUNTRY	**China (Asia)**

Purpose of the study

The CCI Practices and Trends study's in China of 2006 purpose was to identify the practices and trends among selected Chinese companies, with the additional inclusion of perceptions and practices of corporate social responsibility (CSR) as part of the communication management function (Wang & Goodman, 2006:4).

The following questions were addressed (Wang & Goodman, 2006:4):

- How did contemporary Chinese companies define the role of corporate communication?
- What functions did Chinese companies include as part of communication management?
- To what extent, did Chinese companies rely on external agencies and third-party vendors for their activities and programmes in communication management?
- What were the attitudes toward CSR among Chinese companies; their motives to develop and participate in CSR programmes; the areas they pursue in their CSR engagement; and how did they communicate their CSR engagement?

As a benchmark investigation, this study formed the foundation for further examination of the development of communication management practices in one of the world's largest emerging markets (Wang & Goodman, 2006:4).

Methodology

The study commenced in 2005 and used a convenience sample of 23 Chinese companies. The participants were identified by Beijing Horizon Market Research Group through its network of clients. As one of the leading market research companies in China, Beijing Horizon has developed a strong client base of Chinese companies in a broad range of industries and sectors. The inclusion of companies of varying sizes in a variety of industries was to provide some representation of the Chinese enterprise landscape. Key personnel in the communication management function for each firm were contacted to take part in the survey.

The survey questionnaire consisted of two main parts. The first part focussed on the structure and practice of communication management. It was largely based on the communication management survey conducted by the Corporate Communication Institute (now named Corporate Communication International) among USA companies, and modified for the Chinese study. The section on CSR was developed specifically for the study, and was based on existing industry and academic studies on this topic.

The questionnaire was developed in English and translated into Chinese by professional researchers at Beijing Horizon. The Chinese translation was then checked and reviewed separately by bi-lingual researchers in the USA, and discussions were held to reach an agreement on the final translation. The questionnaire was e-mailed to the participants for completion. As part of the data collection and analysis procedure, the names and affiliations of the respondents were strictly confidential, and were not to be associated with individual responses.

Findings

Key findings from this study revealed a strong growth and development of communication management as a strategic management function (Wang & Goodman, 2006:6-15):

- Chinese companies focussed on corporate image building, brand strategy, and marketing and sales support.
- Rising budgets and hiring projections indicated a healthy commitment to the importance of communication management.
- The practice of communication management in the Chinese companies emphasised tactical functions compared with the strategic emphasis of *Fortune* 1000 companies. One area recognised, but underdeveloped, was the communication department having crisis communication capabilities.
- Companies used outside vendors or agencies to build corporate identity, brand strategy, and public relations.
- Chinese communicators recognised the need to develop strong Corporate Social Responsibility (CSR) actions, which were centered on disaster relief and higher education, aspiring to develop environmental protection, energy conservation, and workplace safety.
- There was general agreement on the importance of communication management about CSR engagement. The Internet was the preferred means to communicate with internal and external audiences over broadcast and print media.

Studies conducted during 2007

2007	FOURTH GLOBAL STUDY	
	NAME	**Corporate Communication Institute Practices and Trends Study 2007**
	ABBREVIATION	**CCI USA 2007**
	AUTHOR	**Goodman**
	COUNTRY	**United States of America**

Purpose of the study

The purpose of the CCI Practices and Trends study in the USA of 2007 was to outline and analyse the state of the art of communication management in *Fortune* 1000 companies, building on the CCI Studies from 2000 – 2005, identify and analyse communication management practices, identify trends in communication management and build a database for further study (Goodman, 2007:3).

Methodology

An online, 27 question survey (as in the 2005 study) was made available through password access. The link was e-mailed to the *Fortune* 1000 companies during March and again in July with a follow-up postcard reminder in April and May. A response rate of 6.5% was achieved. Nine interviews were conducted with companies indicating that they would be willing to participate in an interview (Goodman, 2007:4).

Findings

Relationships with internal and external audiences or communities were important through the building of trust. Technology had increased the need for direct, frank, and sincere dialogue with stakeholders.

Modest budget and staff increases (5%) impacted the increase in staff responsibilities specifically in terms of meeting the challenge of new media technologies. This was in line with the trend that companies continued to expect communicators to accomplish more with fewer resources. The recommendation was that further professional development should take place as well as cross-fertilisation of skills within departments.

The concept of Public Diplomacy appeared in the CCI USA 2005 study and again in 2007. It became important in overcoming the hostile environment for multinational companies. Company leaders were fulfilling the role of advocates for initiative or change policies due to the global issues facing society. This in turn led to better global collaboration, competitiveness and commitment.

The roles that communication managers saw as most important was that of being the manager of the company's reputation and acting and counsellor to the CEO. The counsel was seen as strategic and therefore the communication manager (top communicator/chief communication officer, hereafter referred to as CCO) became a trusted advisor. With the blurred understanding of what reputation entails, its measurement and who was responsible for it, as well as the management of reputation became very difficult.

Stakeholder communication had to include information about executives remuneration and retaining top talent. On the other hand executives needed to be educated about the need for sincere, accurate, non-defensive discussion about their compensation. Transparency, employee dissatisfaction and stakeholder criticism had to be given more attention due to greater media and public awareness of the issues companies face. Companies had the chance to become dedicated to accountability and transparency.

The demographic profile of communicators was that they were more mature, better remunerated, better educated and there were more males than females. An age gap between managers and their staff existed as almost half of the managers were over 50. Diversity was, thus, a matter that needed attention from these managers with the opportunity for mentorship of this generation.

Media and new technologies were pervasive, instantaneous, and global. Transparency and disclosure laws and practices made media relations more complex, and strategic. However, new technologies forced corporations toward tactical responses.

There was a trend toward a demand for more transparency. Tools such as blogs, Really Simple Syndication (RSS) and consumer generated media were embraced to help facilitate this transparency. The challenge lied in being transparent and also managing the messages.

Corporate communicators were less responsible for the management of the investor relations function. Nevertheless, they were increasingly engaged with the creation of the annual report. Developing a strong relationship with the capital markets was central to building and maintaining a positive corporate reputation. The challenge for communicators was to demonstrate strategic understanding of the business by becoming more involved in investor relations.

Ethics and values offered a strong base for advocacy in the practice of communication management where transparency, disclosure, and “actually doing the right thing” gave the company the credibility and reputation necessary to be an effective advocate.

Although writing was still, at the time, the core skill for communication management, the communication professional needed to have business knowledge; understand budgets; and have the knowledge to measure the value of communication to the organisation. The following were also part of the skill set: strategic thinking, problem-solving, discipline, integrity, crisis management, media relations, and "grace under pressure". The focus was on the contribution of intangible assets such as communication to the value of the company.

The study particularly identified transparency and disclosure as two of the top issues affecting communication management. Some of the responses included (Goodman, 2007:41):

- "We just had a CEO who went through the 'options backdating issue' fostered their departure. Put us in a challenging position going forward: dealing with the ongoing investigation and the legal representation, and the protection and rebuilding of the corp. reputation."
- "Remedial actions are in place, and the outside council push back, so we said publicly we would, but the lawyers do not want us to communicate publicly"
- "Conflict of the compliance and ethics and the rebuilding of the company brand. Have to balance the two."

2007	FIFTH GLOBAL STUDY	
	NAME	**Council of Public Relations Firms' Fifth Generally Accepted Practices Study**
	ABBREVIATION	**GAP V USA 2007**
	AUTHORS	**Swerling, Gregory, Schuh, Goff, Gould, Gu, Palmer & McHargu**
	COUNTRY	**United States of America**

Purpose of the study

The objective of the study was to continue to provide professionals with data they can use today to better manage the communication functions in their organisations, and to point towards trends they must be aware of as they plan for the future (Swerling, Gregory, Schuh, Goff, Gould, Gu, Palmer & McHargue, 2007:i).

Methodology

In 2007 the GAP V used a 38 question survey which was sent to about 10 000 organisations over a period of three months (fourth quarter of 2007). The survey was sent either via e-mail or in hard copy until a total of 520 senior communicators completed all or most of the survey. Similar to the previous GAP studies, four principal methods were used to analyze the data including frequency tabulations, factor analyses where applicable, comparisons between sub-groups and correlations between segments of the questionnaire.

Findings

The findings included a 4.8% increase in the number of respondents. This implies that there was a further acceptance of the GAP studies as an important, ongoing management resource for the communication management profession. A total of 30% public companies, 23% private companies, 11% government agencies and 36% not-for-profit organisations responded to the questionnaire. As with the previous GAP study, the high response rate from non-commercial organisations indicated that they were facing the same demands as that of commercial organisations (Swerling et al., 2007:2-14).

It became clear that most communication managers had access to the top management or dominant coalition (64%). What they did with the access was more important. Those reporting to top management were most satisfied with the reporting lines and were more likely to participate in strategy planning and senior level meetings of all types. CEOs were of the opinion that communication management contributed to financial success and market share. They further believed that reputation contributed to the overall success of the company.

The study found that the profession clearly had a much-improved self-perception. In government agencies and the larger non-profit organisations, communication management was seen as the top contributor to the success of these organisations. Similarly, this was also the case among smaller organisations and even among some of the larger companies. It can, thus, be concluded that the status of communication management was that of a significant contributor and counsellor to senior management.

The study indicated that communication management should champion integration and cross-functional cooperation as it would improve the overall communication effort and therefore make a more significant contribution to the achievement of organisational goals.

2007	**SIXTH GLOBAL STUDY**	
	NAME	**The European Communication Monitor**
	ABBREVIATION	**ECM 2007**
	AUTHORS	**Zerfass, Tench, Verhoeven, Verčič & Moreno**
	COUNTRY	**30 European Countries**

Purpose of the study

This was the first transnational survey on future trends in communication management in Europe. It was an international research project serving solely academic purposes, supported by the European Public Relations Education and Research Association (Euprera), and conducted by a network of leading scholars from more than 30 countries.

The purpose of this research was to (Zerfass, Tench, Verhoeve, Verčič & Moreno, 2007:6):

- Monitor trends in communication management regarding strategic issues, fields of practice, instruments and resources.
- Analyse the changing framework for communication management driven by the European integration.
- Evaluate specific topics such as addressing young people, innovation, trust and evaluation.

Methodology

An online survey was administered in April/May of 2007 to communication professionals in organisations and consultancies. A total of 1 087 communication professionals from 22 European countries responded. A personal invitation was sent to just less than 20 000 professionals throughout Europe via e-mail. Additional invitations to participate were sent via national branch associations, executive education programmes and press releases (partly self-recruiting). The assumptions that underscored the study were that the use of professional terminology and communication management practice has been considered rather standardised throughout Europe. Therefore, national specific aspects were not taken into account. Respondents were considered proficient users of English language. Therefore, it was assumed that no ambiguity was related to language issues. The analysis was both descriptive and analytical.

Findings

The findings highlighted that consumer communication was going to be followed by communication management as the most important field of practice until 2010. More specifically, internal/change communication and community relations and/or corporate social responsibility (CSR) were the fastest growing disciplines within communication management in Europe. Personal and non-verbal communication was taken for granted by agencies. Stakeholders preferred interactive and personal settings for communication.

The three biggest challenges for communication professionals were the digital evolution, linking with the overall strategy of the organisation and ensuring and maintaining trust. Furthermore, the changing nature of stakeholders and societal change brought about the need for interactive and transparent communication.

Measuring the performance of communication remained a major challenge for the profession. The key was to advance communication strategies by establishing value links to corporate strategy, and then implementing methods and performance indicators to measure success. Outdated methods of communication evaluation were still used in Europe. This was worsened by changing stakeholders and fragmented audiences.

Building trust was a major challenge for communication management as open communication, dialogue and authenticity are needed.

Studies conducted during 2008

2008	**SEVENTH GLOBAL STUDY**	
	NAME	**Corporate Communication Institute Practices and Trends Study China 2008**
	ABBREVIATION	**CCI CHINA 2008**
	AUTHOR	**Wang**
	COUNTRY	**China (Asia)**

Purpose of the study

According to Wang (2008:2), the market landscape, media and information environment in China had undergone dramatic transformation, and were increasingly dynamic and competitive. Therefore, this CCI Practices and Trends study's (in China, 2008) main purpose was to determine how communication was managed among Chinese companies, and whether CSR remained part of the communication management function as indicated in the 2006 study.

Three main questions guided the investigation (Wang, 2008:2):

- What were the roles and functions of communication management in Chinese companies?
- How was communication managed among Chinese companies?
- What were the beliefs, principles, and actions concerning CSR in Chinese companies?

Methodology

Different to the study conducted in 2005/2006 in China, the survey instrument of this study consisted of two parts. The first part on communication management was based on prior CCI USA surveys. The second part focussed on CSR developed specifically for this project. A total of 60 Shanghai-based Chinese companies as members of the Federation of Industry and Commerce, a leading trade group in China, took part in the survey. The survey was administered by mail/fax in October-November 2007.

Findings

Wang (2008:4-29) reported that the role and function of communication management among Chinese companies were mostly steered by marketing and publicity needs, rather than based on an extensive and wide-ranging knowledge of their internal and external stakeholders. Despite the perceived importance of the role of communication management in managing corporate image and reputation, little attention was paid to crisis communication and how it impacted corporate reputation management. The function was widely recognised in Chinese companies, with top executive involvement and increased resource allocation to communication management.

The demographic of a typical communication manager was a male/female in his/her late 30s/early 40s, with a Bachelor's degree or some college education while without study/training abroad experience, earning less than $15K a year.

Chinese companies used agencies/vendors to support branding and marketing-related activities within communication management. They overwhelmingly supported the idea of corporate social responsibility (CSR), and their CSR engagement was motivated by both internal (e.g., building corporate culture) and external (e.g., managing corporate image) concerns. Chinese companies supported various CSR initiatives and communicators seemed to disagree with their companies on the areas they should get involved in. The areas that received the most support were that of disaster relief efforts, as well as programmes that aimed to help children and the youth. Areas such as workplace health and safety, consumer rights, and environmental and energy conservation received less support. Communicating about CSR actions was seen as a priority both internally and externally. The preferred media included corporate and internet media, with some local mass media considerations.

Interestingly, the role of the Communist Party and the government in communication management and CSR activities diminished as Chinese companies competed in a progressively more market-driven environment. This was a significant move away from 'the propaganda' model of communication that was at the order of the day for many years. The propaganda model of communication is also known as the press agentry/publicity model developed by P.T. Barnum and discussed by Grunig and White (in Grunig 1992b: 287), the main purpose of this model is propaganda. The form of communication within the press agentry/publicity model is one-way communication, meaning that there is no feedback from the receiver (Niemann-Struweg et al., 2007:8).

2008	**EIGHT GLOBAL STUDY**	
	NAME	**Corporate Communication Institute Practices and Trends Study South Africa 2008**
	ABBREVIATION	**CCI RSA 2008**
	AUTHORS	**De Wet, Niemann-Struweg & Meintjes**
	COUNTRY	**South Africa (Africa)**

Purpose of the study

The CCI Practices and Trends study conducted in South Africa was based on the work of previous CCI studies of both the USA and China.

The purpose of this study was to identify the communication management structures, practices, and trends of certain South African companies with the intention of answering the following questions (De Wet et al., 2008:2):

- What is the role of communication management in South African companies?
- What functions do these companies include as part of their communication management tasks?
- To what extent do the companies rely on outside agencies to implement its communication management functions?
- How do these companies position themselves in the changing socio-political and economic landscape?

As a benchmark investigation this study formed the foundation for further examination of communication management practices in South Africa.

Methodology

The methodology adopted combined quantitative and qualitative research processes. A total of 26 South African companies as listed in 'The best-performing 500 South African companies' were identified and the top communicator (chief communication officer, CCO) of each interviewed. The research was conducted between November 2007 and May 2008. The questionnaire used to guide the interviews consisted of 30 questions and the interviews lasted between one and two hours. The quantitative data were analyzed with the assistance of the University of Johannesburg's Statistical Analysis Unit (Statkon). The qualitative analysis was based on the qualitative data model used by Huberman and Miles (in Henning, 2004:127).

Findings

The most important findings include (De Wet et al., 2008:3-17):
Participants generally realised the importance of communication management as a field that contributes to the functioning of an organisation. A further implication of the understanding of the role of communication management was that it had an effect on participants' understanding of integrated communication. Participants' views of the role of communication management within an organisation were generally superficial as they perceived the role as being largely related to publicity. There was a realisation that a movement towards integrated communication cannot be ignored, as well as working towards a strategic contribution of communication management to the organisation. Some inconsistencies became clear between the emphasis on integrated communication and the role and function identification of communication management within the organisation. This may be attributed to participants' superficial understanding of integrated communication. It was recommended that communication management personnel be encouraged to make use of continuous learning in order to improve and update their capacity. Furthermore, communication professionals should attempt to gain a true understanding of

issues affecting the organisation in order to cross-functionally practice communication management in strategic alignment of the organisation's strategic intent.

Awareness campaigns received a lot of attention and support from participants, but they could not clearly articulate how these campaigns aligned with the strategy of the organisation.

The majority of participants supported professionalisation of communication management which indicated the need for recognition and regulation of the industry.

Participants were tremendously cynical about their organisations' commitment to transparency. Furthermore, there was a definite ambivalence among participants between selective commitments to transparency rather than a window dressing approach to transparency.

A significant number of participants were not informed enough to comment on the King II report (The King III Report was not released at the time of this research) in speaking about the relationship of communication management and governance, which affects relationships with stakeholders. The aim of the King II report was to improve governance and accountability on a voluntary basis for affected companies, although all organisations were encouraged to adopt the code (Grant Thornton, 2011:[1]). Part of the code included guidelines on communication and the information provided to stakeholders (Kneale, 2002:[13]).

Participants mostly had a fair understanding of the socio-political and economic issues at work in South Africa, but were unable to relate these to the organisation's strategy or communication management strategy.

2008	NINTH GLOBAL STUDY	
	NAME	**European Communication Monitor**
	ABBREVIATION	**ECM2008**
	AUTHORS	**Zerfass, Tench, Verhoeven, Verčič & Moreno**
	COUNTRY	**37 European Countries**

Purpose of the study

The second transnational survey on future trends in communication management in Europe, conducted in the summer of 2008 was the most comprehensive analysis of the European market with more than 1 500 participating professionals from 37 countries. The purposes of the study were to monitor trends in communication management, to analyse the changing framework for the profession driven by European integration and to evaluate specific topics like interactive channels and online videos, CSR, evaluation and communication controlling, client relationships and influence on management decisions (Zerfass, Tench, Verhoeven, Verčič & Moreno, 2008:4).

Methodology

The study was conducted with the use of an online survey in June 2008 (4 weeks) in English. A pre-tested questionnaire, with 14 sections, was designed based on hypotheses and instruments derived from previous research and literature. A personal invitation was sent to more than 20 000 professionals throughout Europe via e-mail. Additional invitations to participate were sent via national branch associations and networks (partly self-recruiting). The analysis consisted of empirical research, descriptive and analytical data (using SPSS tools). The results were statistically affirmed by ANOVA tests.

Findings

Zerfass et al*.* (2008:11-68) reported that communication management played a major role in European organisations. Respondents expected a changing relevance of disciplines. In this regard, communication management succeed today's forerunner marketing/consumer communication as the most important field of practice. As with the findings from 2007, internal/change communication and sustainability/CSR were growing and the prediction was made that these fields would become the fastest-growing disciplines within communication management in Europe.

It became important to manage relationships with online channels and social media. Furthermore, face-to-face communication started to play a bigger role in building and maintaining relationships. Interactive channels were growing, but judged in different ways where communication management moved from print to video.

This study found that the three major challenges, although similar to the previous study, were for communication management to find ways to link their function to business strategies; to handle the digital evolution and social web; and interestingly dealing with sustainable development and CSR.

The study indicated that communication professionals knew that there were already a wealth of reliable instruments for assessing communication activities, but there was no easy way to integrate them into concepts for managing communication management and demonstrating the contribution it made to the bottom-line. Communication managers in Europe relied on media monitoring (83%) and internet statistics (62%) to assess the effectiveness of their activities. All other methods were less important. As a consequence, the output level (availability of messages to stakeholders) was over-emphasised. Only one out of three professionals tried to evaluate the outcome or outflow of communication activities. Many professionals lost sight of the input level. Only 28% kept track of internal workflows, process quality and media production costs. Methods to measure the impact on organisational goals were established in almost every second joint-stock company (45.0%), while only one out of five non-profit organisations (19.7%) utilized scorecards or reputation/brand evaluation.

Corporate social responsibility (CSR) was considered a very relevant, but uncertain field. Some considered it to be a strategic issue that communication management had to deal with. It was further seen as something that might boost the power of communication management within organisations. A percentage of 44.8% of European communication professionals were in charge of CSR projects. This might point to the fact that reputation management was a key driver for CSR activities in all types of organisations and regions. Along this line, the main focus of CSR communication was enhancing the corporate profile (values and strategies).

Lastly, a growing demand for skills in intercultural communication was reported.

Studies conducted during 2009/2010

2009	**TENTH GLOBAL STUDY**	
	NAME	**Corporate Communication Institute Practices and Trends Study 2009**
	ABBREVIATION	**CCI USA 2009**
	AUTHORS	**Goodman, Genest, Cayo & Ng**
	COUNTRY	**United States of America**

Purpose of the study

The purpose of the 2009 CCI Practices and Trends study in the USA was to outline and analyse the state of the art of communication management in publicly-traded, multinational companies (Goodman, Genest, Cayo & Ng, 2009:4).

Methodology

This study adopted the same methodology as the 2007 CCI Practices and Trends study in the USA.

Findings

The findings outlined the global economic crisis which resulted in anxiety among top communicators (CCOs) coupled with companies undergoing business model transformation and spread of the networked enterprise. This supported the notion that businesses had to build trust and adapt to a changing media environment.

In response to the economic crisis, dramatic budget (43.1% report >5%) and staff (28.1% report >5%) decreases were reported. The CCOs (90.8%) indicated that amidst the crisis, the function was still valued. However, businesses expected communication management to do even more with fewer resources. Social media had dramatically changed the media landscape for the practice of communication management.

A substantial majority of communicators were responsible for the social media function (78%) and budget (64%), although they used vendors sparingly (28%). The challenge was for these communicators to concentrate on the strategic, rather than the tactical, use of the new technology.

The primary role of communication management executives remained being counsel to the CEO and perhaps more importantly to be the manager of the company's reputation. The management of reputation needed an intentional collaboration and direction with the CEO.

Investor relations required more from communicators in terms of its management. The communication budget for this function increased, which may have been a result of the financial crisis and changing business models. Communicators were more engaged in the creation of the annual report. To build positive relationships in the financial arena communicators needed a thorough understanding the financial crisis of 2008-2009, as well as the changing business environment.

Transparency about executives' compensation received greater attention, with little impact on the practice of communication management. However, engagement in this issue with the media and investors resulted in limited stakeholder criticism. The need for companies to take action and behave in an accountable and transparent way remained important. With the focus on transparency and disclosure, communication management needed to ensure the alignment of messages with behaviour. This was driven by ethics and values of the company that provided the platform for a culture of accountability and better decision-making.

Agencies were used to assist with government relations (<18%), corporate identity (<10%), crisis communication (<10%), and executive communication (<10%). This was a result of the insecurity concerning the direction of the global economy. The use of agencies should not be considered at the expense of development of communication management staff internally.

Communicators needed to have a number of skills and attributes in light of the changing environment. This included adaptability, strategic thinking, problem-solving, integrity, crisis management and an understanding of the business and its strategy.

2009	ELEVENTH GLOBAL STUDY	
	NAME	Council of Public Relations Firms' Sixth Generally Accepted Practices Study
	ABBREVIATION	GAP VI USA 2009
	AUTHORS	Swerling, Sen, Bonefeste, Rezvan & McHargue
	COUNTRY	United States of America

Purpose of the study

The purposes of this study were to continue to provide professionals in the USA with data to improve the management of their departments, to identify trends that may affect them and to determine best practice against which they can benchmark themselves and their organisations (Swerling et al., 2009:5).

Methodology

This study attempted to answer the following relatively easy questions for communication professionals on how to improve the communication management departments they worked in:

- What did they do?
- How did they do it?
- Did they succeed?
- What can be learned from that experience that will guide the practice as it transitions into a healthier environment?

Unlike past GAP studies, GAP VI placed greater emphasis on mid-sized and large organisations, as the vast number and diversity of smaller organisations made it almost impossible to draw broadly applicable conclusions based on their responses. Larger organisations, with more resources, were more likely to be earlier developers and adopters of new techniques. This resulted in a smaller number of respondents to GAP VI than GAP V, but stronger data. A total of 382 communication decision-makers in companies, not-for-profits, and government agencies participated in GAP VI, for which most data was collected in the last quarter of 2009 (Swerling et al., 2009:5).

Findings

Swerling et al*.* (2009:2-28) reported that during recession, the position or place of communication management was vital to its success. In other words, where it reported and how integrated it was with other functions coupled with the values it practiced all influenced the contribution it made to the organisation. Those reporting to the CEO were described as being successful, innovative, proactive, strategic, flexible, ethical, and having good external reputations. The result was that these departments also experienced staff growth, budget increases, more respect for the function and participated in strategic planning.

During difficult times, those factors that assisted organisations to be successful were: having a good external reputation; being proactive; maintaining a longer perspective; being innovative; and mostly being ethical.

2009	**TWELFTH GLOBAL STUDY**	
	NAME	**European Communication Monitor**
	ABBREVIATION	**ECM 2009**
	AUTHORS	**Zerfass, Tench, Verhoeven, Verčič & Moreno**
	COUNTRY	**34 European Countries**

Purpose of the study

This study, as part of a series of studies, continued to be the most comprehensive analysis of communication management in Europe with more than 1 850 participating professionals from 34 countries. The purposes of the study were to monitor trends in communication management; to analyse the changing framework for the profession in Europe; to evaluate specific topics like internal communication; measurement/evaluation; interactive channels and online communities; influence on management decisions; strategic issues; communication disciplines; salaries, training and qualification requirements; and to identify the development of communication management in different types of organisations, countries and regions (Zerfass, Tench, Verhoeve, Verčič & Moreno, 2009:5).

Methodology

An online survey was conducted in May 2009 (4 weeks) in English. A questionnaire was used, with 17 sections, and its design based on hypotheses and instruments derived from previous research and literature. A pre-test was used with 50 professionals in 10 European countries. A personal invitation was sent to over 20 000 or more professionals throughout Europe via e-mail based on a database provided by the European Association for Communication Directors (EACD), the leading network for communication professionals from all fields across Europe, with over 1 000 member organisations. Additional invitations to participate were sent via national branch associations and networks (partly self-recruiting). A total of 2 846 responses were received but only 1 975 were fully completed replies. Finally, 1 863 fully completed replies by participants identified as part of the population (communication professionals in Europe) were evaluated. The data was analyzed with the use of empirical research, descriptive and analytical (using SPSS) tools.

Findings

The study found that the average age of respondents were 42 years with most respondents (60%) having more than 10 years experience. This study, therefore, identifies major developments in the field although it is not representative of the total population throughout Europe.

Many communicators did not make the most of the full potential of strategic communication. The study proved that there are two ways in which communicators could promote business goals. The first was to identify and solve business problems through communication activities. The second was by assisting to define business objectives by including communication strategy in strategy formulation.

The influence of the CCO depended on the role they performed, the position they held in the organisational hierarchy and the years of professional practice.

More focus was placed on internal communication and CSR.

The media landscape was changing in that social media had more prominence and print media reduced in importance. Online channels were growing, but communicators were doubtful about social media platforms such as Twitter. Social networks were used as communication tools and not really for monitoring.

Building and maintaining trust in relationships were more important and social responsibility and sustainable development was still vital. Companies and senior management had lost credibility, reputation and trust. Coupled with this, CSR activities had to illustrate that they are aligned to the strategy of the company.

Similar to the European Communication Monitor (ECM) of 2008, many communicators still viewed measurement from an output perspective (i.e. clippings) rather than input and outcomes as well.

The study further found that when the organisation was going through a crisis, internal communication drove the change and had a link to corporate strategy. On the other hand, communicators saw information overload as the main problem for organisations. Dealing with social media was not only a concern for all communicators, but about one third saw it as the top issue in internal communication. More than half of communicators believed that online communities as a means to create dialogue would become important in the next three years. Interestingly, 75% of communicators said that training managers acted as communicators, spreading authentic content instead of carefully crafted messages.

2010	**THIRTEENTH GLOBAL STUDY**	
	NAME	**European Communication Monitor**
	ABBREVIATION	**ECM 2010**
	AUTHORS	**Zerfass, Tench, Verhoeven, Verčič & Moreno**
	COUNTRY	**46 European Countries**

Purpose of the study

This study continued to be the current most comprehensive analysis of communication management worldwide with 1 955 participating professionals from 46 countries included in the study. The purposes of the study were to monitor trends in communication management, to analyse the changing framework for the profession in Europe and to evaluate specific topics like communication strategy and planning. Other topics included indicators of excellence and power, contribution to organisational objectives, development of the discipline and communication instruments, strategic issues, critical aspects of social media, leadership styles, salaries and job satisfaction to identify the development of communication management in different types of organisations, countries and regions (Zerfass, Tench, Verhoeven, Verčič & Moreno, 2010:4,10).

Methodology

The study made use of an online survey which was conducted in March 2010 (4 weeks) in English. The questionnaire consisted of 19 sections which were based on hypotheses and instruments derived from previous research and literature. A pre-test with 53 professionals in 12 European countries was done. A personal invitation was then sent to 30 000+ professionals throughout Europe via e-mail, based on a database provided by the European Association for Communication Directors (EACD), the leading network for communication professionals from all fields across Europe, with over 1 000 member organisations. Additional invitations were then sent to participate via national branch associations and networks (partly self-recruiting). A total of 4 602 respondents and 2 043 fully completed replies were received. The evaluation was based on 1 955 fully completed replies by participants clearly identified as part of the population (communication professionals in Europe). Methods of empirical research, descriptive and analytical analysis (using SPSS) were used. The results were statistically agreed by Pearson's chi-square tests (x^2) or Spearman's rank correlation tests (rho), and are classified as significant ($p <= 0.05$) where appropriate.

Findings

The findings, according to Zerfass et al. (2010:19-105), highlighted that there seems to be a missing link between communication activities and organisational goals. It was found that some communicators neglected one or more basic courses of action by which communication management may contribute to the achievement of organisational goals. The majority of communicators (72%) confirmed that they engage in building reputation, culture and brands, and only 64% committed themselves to facilitating business processes. This was the only way for communicators to contribute to the bottom-line.

How communicators saw excellence in the practice and the influence they had in the organisation depended on their level of experience and the position they held in the organisation. European communicators saw the criteria for excellence in their communication departments as the ability to build and preserve relationships with stakeholders, and then the capability to organise people to be involved in management decision-making.

The importance of communication increased in times of economic turmoil, however, budgets and resources decreased.

Internal communication and CSR grew as important functions of communication management.

Online channels started to break through as a viable and successful means of communication, although many questions regarding social media still existed. Social media guidelines, monitoring routines and key performance indicators were developed to guide the usage of social media. The threads of social media were seen to be that it creates a means of open dialogue without control coupled with the ease with which information can spread. The majority of communicators claimed they have strategic control of the mediums, but the resources and budget were allocated to the marketing function.

The view on measurement remained narrow and a strong search to specific links between communication and organisational goals continued.

APPENDIX B

TABLES

Table B.1: Inter-coder dataset

	Variable		Variable		Variable		Variable		Variable		Variable		Variable		Variable		Variable		Variable	
	CM function		CM professionals		CM research		CM role		Governance		New media		Other		Reputation		Stakeholder management		Transparency	
Study nr	Coder 1	Coder 2	Coder 1	Coder 2	Coder 1	Coder 2	Coder 1	Coder 2	Coder 1	Coder 2	Coder 1	Coder 2	Coder 1	Coder 2	Coder 1	Coder 2	Coder 1	Coder 2	Coder 1	Coder 2
1	1	1	1	1	0	1	1	1	0	1	1	1	1	1	1	0	1	1	1	1
2	1	1	0	1	0	0	0	0	1	1	1	1	0	0	1	0	0	0	0	0
3	1	1	1	1	0	0	1	1	1	0	1	0	1	1	1	1	1	1	1	1
4	1	1	1	1	0	0	0	0	1	1	0	0	0	0	1	1	1	1	0	0
5	1	1	1	1	0	0	0	0	1	1	0	0	0	0	0	0	1	0	1	1
6	1	1	1	1	0	0	0	1	1	1	1	1	0	0	1	1	0	0	1	1
7	1	1	0	0	1	1	1	1	0	0	0	0	0	0	1	1	0	0	0	0
8	1	1	1	1	0	0	1	1	0	0	0	0	0	0	1	1	0	0	0	0
9	1	1	0	0	0	0	0	0	1	1	0	0	0	0	1	1	0	0	0	0
10	1	1	0	1	1	1	1	0	0	0	1	1	0	0	1	1	1	1	1	1
11	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	1	1	0	0
12	1	1	1	1	1	1	0	0	1	1	1	1	0	0	1	1	1	1	0	0
13	1	1	1	1	1	1	1	1	0	0	1	1	0	0	1	1	0	1	0	0

Table B 2: **Segment, sectors, subsectors and companies included in the South Africa CCI Benchmark study with indication of knowledge of the King III Report**

SEGMENT	SECTOR	SUBSECTOR	COMPANY	KING III
Primary		Coal	BHP Billiton South Africa	×
	Resources	Forestry	Sappi Ltd	✓
Secondary		Oil/Gas	Shell	×
		Gas	ArcelorMittal South Africa Ltd	✓
		Steel	African Oxygen Limited (AFROX)	✓
	Basic Industries	Cement	PPC	×
		Diversified industrials	Imperial Holdings	×
	General Industries	Consulting Engineers	Africon Engineering International (Pty) Ltd	✓
		Commercial vehicles and Automobiles	Daimler Chrysler South Africa (Pty) Ltd	✓
	Cyclical Consumer Goods	Tyres and Rubber	Bridgestone South Africa (Pty) Ltd	×
		Diary	Clover	✓
	Non-Cyclical Consumer Goods	Food processing	Nestle	×
Tertiary	Health	Medical Aid Schemes	Discovery	✓
		Diversified retailers	Massmart	✓
	Retail	Food retail	Pick and Pay	×
		Broadcasting Contractors	Multichoice	×
	Media	Advertising	Nota Bene	×
		Security	Chubb	×
		Contract cleaning	Prestige Group (Pty) Ltd	✓
	Telecommunications	Wireless Telecommunications	Vodacom Group (Pty) Ltd	✓
	Utilities	Utilities	Rand Water	×
		Banks	FNB	✓
		Investment banks	Standard Bank	✓
	Financials	Accounting and Consulting	Deloitte	✓
	Information Technology	Internet	Internet Solutions (division of Dimension Data (Pty) Ltd)	×
	Business Schools	Universities	University of South Africa	✓

Table B 3: Interview guide with amendments after pilot study

	SECTION	QUESTION	AMENDMENTS	NEW QUESTION/FORMAT
SECTION A	View of CM (Role, scope, function, structure, authority)	1. Describe how you would define communication management as it is practiced in your organisation. 2. What role does communication management play in the organisation achieving its goals? 3. What functions fall within the scope of communication management in your organisation? Is this supported with sufficient budget? 4. In the organisational structure, where does communication management fit? 5. How is the communication management department structured? 6. What is the nature of the authority of communication management in the organisation?	• Switch questions 4 and 6 around. • Include the following question at the end of this section: How is the communication management department viewed/seen in the organisation?	1. Describe how you would define communication management as it is practiced in your organisation. 2. What role does communication management play in the organisation achieving its goals? 3. What functions fall within the scope of communication management in your organisation? Is this supported with sufficient budget? 4. What is the nature of the authority of communication management in the organisation? 5. How is the communication management department structured? 6. In the organisational structure, where does communication management fit? 7. In your opinion, how is the communication management department viewed/seen in your organisation?

Table B 3: Interview guide with amendments after pilot study continues

	SECTION	QUESTION	AMENDMENTS	NEW QUESTION/FORMAT
SECTION B	King III Focus areas: View of CG and related concepts)	7. In your opinion, how does your organisation approach corporate governance? 8. Do you believe that the organisation is managed in a sustainable way? 9. Do you believe the organisation can be regarded as a good corporate citizen? Why or why not? 10. Does the organisation engage in CSR activities? If so, what do you believe the driving forces are for the engagement in these activities?	Cluster questions 9 and 10 together.	8. In your opinion, how does your organisation approach corporate governance? 9. Do you believe that the organisation is managed in a sustainable way? 10. Does the organisation engage in CSR activities and if so, what do you believe the driving forces are for the engagement in these activities? Do you think that this contributes to the organisation as being seen as a good corporate citizen?
	King III Focus areas: Stakeholder relationships	11. In your opinion, how does your organisation define a stakeholder? 12. Who are your stakeholders? 13. Does your organisation engage their stakeholders? If so, how do you go about this? 14. What would you say is involved in stakeholder relationship management? 15. Does your organisation manage their stakeholders? If so, how do you go about this? 16. What would you say is issues management? 17. Does your organisation get involved with issues management? 18. Would you say that issues management has a role to play in managing stakeholder relationships? If so, what do you believe is that role?	Cluster the questions around issues management (question 16, 17 and 18) together.	11. In your opinion, how does your organisation define a stakeholder? 12. Who are your stakeholders? 13. Does your organisation engage their stakeholders? If so, how do you go about this? 14. What would you say is involved in stakeholder relationship management? 15. Does your organisation manage their stakeholders? If so, how do you go about this? 16. In your opinion, what is issues management, does your organisation get involved with issues management and do you think that issues management has a role to play in managing stakeholder relationships?

Table B 3: Interview guide with amendments after pilot study continues

	SECTION	QUESTION	AMENDMENTS	NEW QUESTION/FORMAT
SECTION B	King III Focus areas: Reputation management	19. Do you believe that managing stakeholder relationships impact reputation? If so, in what way?	No changes.	17. Do you believe that managing stakeholder relationships impact reputation? If so, in what way?
	King III Focus areas: Conflict resolution/crisis management	20. To what extent does your organisation have to resort to conflict resolution with stakeholders? If so, how does the organisation approach conflict resolution?	No changes.	18. To what extent does your organisation have to resort to conflict resolution with stakeholders? If so, how does the organisation approach conflict resolution?
SECTION C	Implications for CM	21. What would you say are the implications of the King III Report for communication management? 22. What would you say should communication management be doing in organisations with regards to the principles contained in the King III Report? Is this happening in your organisation?	Combine questions 21 and 22 through rephrasing them, but still including all aspects to be explored. Include the suggestion question from the debriefing session:	19. What would you say are the implications of the King III Report (Chapter 8) for communication management, in other words, what should communication management be doing in organisations with regards to the principles contained in the King III Report and is this happening in your organisation? 20. Does the King III Report (Chapter 8) inform/influence your communication strategy? If so, how?
SECTION D	Contribution of CM	23. What would you say is the contribution communication management can make to organisational success and sustainability?	No changes.	21. What would you say is the contribution communication management can make to organisational success and sustainability?
SECTION E	Requirements for success of CM	24. What would you say will advance/stop communication management making this contribution?	No changes.	22. What would you say will advance/stop communication management making this contribution?