

## **CHAPTER 1**

### **1. INTRODUCTION TO THE PROBLEM AND ITS SETTING**

In this first chapter the problem is introduced, research questions are stated, and the conceptualisation, delimitations, assumptions, and importance of the study are explicated. A synopsis of the research strategy and methodology is also provided.

#### **1.1 INTRODUCTION**

This first chapter, together with the literature review (chapters 2 to 4), forms the conceptual framework for the study (the *what* and *why*). The research design section (chapter 5) describes *how* the study is conducted. Chapter 6 explicates the process of action research and Chapter 7 outlines findings, conclusions and recommendations.

#### **1.2 STATEMENT OF THE PROBLEM**

##### **1.2.1 THE PROBLEM**

Chief executives (CEOs) and other senior managers do not seem to be satisfied with the performance of their corporate communication managers/practitioners. Perceptions are that practitioners fail to assume broad decision making roles in organisations. The communication function is peripheral to policy formulation, not a legitimate part of it (Budd 1991).

Corporate communication practitioners seem to be unable to see the big picture or understand the key issues in their industry (Lindenmann & Lapetina 1982)—their thinking is tactical, whereas top management wants them to think strategic (Neubauer 1997). Practitioners are focused on their own activities and media, on the achievement of *communication* goals and objectives--without necessarily linking them to *business* goals (Fleisher & Mahaffy 1997). According to Blum (1997), the South African CEOs he interviewed indicated that their practitioners were merely reactive, and awaited the initiative of their top management. There appears to be a lack of understanding between top management and the corporate communication function on the latter's role in the strategic management process (Woodrum 1995).

#### 1.2.2 THE SETTING OF THE PROBLEM

Almost two decades ago, Lindenmann & Lapetina (1982) wrote the following:

*“The public relations **function** is viewed by corporate management as extremely important for the 1980s. The public relations **practitioner**, however, is viewed as often failing to assume broad decision making roles.....and is lacking in what it takes to climb to the top of the corporate hierarchy”.*

The main weaknesses of corporate communication practitioners pointed out by Lindenmann & Lapetina (1982) were that they often lacked a comprehensive understanding of the social, political and business problems and issues about which they wrote and counselled. They also lacked good management skills and the ability to look at the 'big picture'. Practitioners adopted a role as implementers of policy rather than as shapers and moulders of policy.

The more recent international body of knowledge on public relations points to the fact that dissatisfaction with the performance of corporate communication managers/practitioners remains. According to Budd (1991:9), the way in which corporate communication/public relations is practised, reduces it to nothing more than *communications*, meaning the exchange or transmission of information. Corporate communication is peripheral to policy formulation, not a legitimate part of the process—“*a major industry, with corporate titles abounding, but no closer to decision making than it was in the 1970s*”.

An international study of chief executives (CEOs) and senior communicators showed that these two groups approached (internal) communication and its role in the organisation from two different perspectives. When communication executives spoke about communication, they were usually referring to the products, programmes and activities that the communication team had created. When the CEOs talked about communication, they usually described it in terms of results, or solutions to critical problems (Esler 1996).

The perceptions of CEOs are that the corporate communication function is focused on *communication* goals and objectives without necessarily linking them to the achievement of *business* goals—they are not seen as making a contribution to the bottom line. Practitioners generally perceive their work as fire fighting, as ‘doing’ or implementing—their thinking is tactical, rather than strategic (Fleisher & Mahaffy 1997). They either do not evaluate their work (Esler 1996), or they measure *outputs* rather than *outcomes* (Lindenmann 1993). Furthermore, the intelligence obtained are not integrated into the strategies of the larger organisation nor the function into its larger organisational domain (Fleisher & Mahaffy 1997).

Top management feels that the corporate communication function should be less obsessed with its own activities and media, and more focused on key

organisational issues and outcomes (Esler 1996). They want senior corporate communicators to think strategically—to look at the goals and mission of the organisation and assist in delivering honest, open communication programmes or develop systems that will reach their employees (and other stakeholders) and help them understand the business of doing business. However, communicators have never been up to the task to any great extent—they are not there when they need to think about what needs to be done (Neubauer 1997).

The situation described above might also be applicable to South Africa. During informal interviews with South African CEOs, Blum (1997) found that most had a lack of faith in the ability of their communication staff. They felt that corporate communication managers needed to adopt a more professional business approach—they often had an inability to present communication strategies coherently and see the 'bigger picture'. They neither had understanding of other aspects of the business, nor did they have a holistic view of the industry. Communicators needed to know what the vision and the real purpose of the business was, and not isolate themselves within their own departments. CEOs complained that communicators were merely reactive, and awaited their decisions or initiatives. Although CEOs expected valuable input from their communicators—information that they could use to further the aim of the business—they did not necessarily receive this.

It is clear from the above that corporate communication managers are not regarded as playing a strategic role in their organisations (Towers 1993). Furthermore, the role of corporate communication is ill-defined in many organisations. There seems to be a lack of understanding and agreement about this role between the communication manager and his/her most important stakeholder—the chief executive (Woodrum 1995).

A possible reason for the fact that corporate communication managers do not make a strategic contribution in their organisations, might be that they do not have the required skills to do so (Moore 1996; Neubauer 1997). Little evidence can be found within the literature on public relations as to *how* exactly the corporate communication manager should contribute to the organisation's strategy formulation processes, *what* indeed constitutes a strategic role, or according to Tibble (1997), what strategy actually means in a corporate communication context.

Research by Groenewald (1998a) on the knowledge base of South African corporate communication *managers* indicated that they were not unaware of their shortcomings. Important findings of the study were that corporate communication managers perceived *strategic communication skills, management skills* and *management communication skills* as significantly more important than technical communication skills—however, perceived effectiveness of their training in the aforementioned was significantly *lower* than in technical communication skills.

It can therefore be deduced that corporate communication managers in Groenewald's study did not consider themselves sufficiently equipped for their present positions by the training they had received in skills they deemed important. This situation indicates a vicious cycle in industry that, if not broken, will reflect negatively on the position of the corporate communication manager, indeed on the whole communication profession:

*“Encroachment is the inevitable by-product of a calling that fails to rise above technique. Practitioners must change their practice or see PR relegated to a low-level support function reporting to others...”(Broom & Dozier 1983:5).*

The question arises how practitioners are to change their practice. Most corporate communication managers are communication technicians by training (Burger 1993). Many do not have the knowledge and skills to play a (strategic) management role. They often fill a management position by virtue of the fact that they are the most senior practitioner, or because they perform well in their technician roles. This, however, will not necessarily equip them for the role that seems to be expected by their top management.

The *Excellence Study*, a comprehensive 10-year research project of the communication profession (Dozier, Grunig & Grunig 1995), provides some answers to the above question. It pointed out that if an organisation does not have a practitioner in the role of corporate communication *manager* with knowledge of strategic management, the communication function cannot contribute to the organisation's strategic management process, make the organisation more effective (Dozier, *in* Grunig 1992:327) or by implication, fulfil expectations. The career failure of top practitioners to assume the communication management role within organisations is a failure to truly emerge as a profession from the communication skills practised by most (Dozier, *in* Grunig 1992:352).

Some corporate communication practitioners filling managerial positions play the role of a manager at the *middle* management level. In many cases, these practitioners managed to obtain management and/or business skills through experience or by attending short courses. If they are good, they manage their function according to classic management principles--planning, organising, co-ordinating, controlling (Robbins & De Cenzo 1998). If they are even more knowledgeable, they draw up a corporate communication strategy based on the corporate strategy, deriving communication goals from corporate goals. Their communication plans and programmes flow from the communication strategy, some practitioners even measuring the impact of these programmes.

Such communication managers can be said to be 'good'—however, they cannot necessarily be considered 'excellent'. Even though they are aligning communication programmes/plans to the corporate strategy, they are functioning at the micro level of the organisation, i.e. the level of implementation. They are not functioning at the macro level (Neubauer 1997), also called the level of *strategic environmental management* by Holtzhauzen (1995), where input to the strategy formulation process is made. Although they might be developing a corporate communication strategy, this is done 'reactive' to the corporate strategy--they are not playing a strategic role at the top management level by pro-actively influencing the formulation of the corporate strategy.

More often than not, these practitioners carry the title of 'manager', but do not understand the 'strategic' management role that CEOs seem to expect. If communication managers do not step into a (strategic) management role, a power vacuum is created. This leads to encroachment, where a person from another functional area is promoted to manage the corporate communication function (Lauzen 1992; Dozier, *in* Grunig 1992). Or the latter is subjugated to another function (e.g. marketing or human resources), where corporate communication activities are implemented following the decisions made by other functional managers (Ehling, White & Grunig, *in* Grunig 1992).

In times characterised by rationalisation and restructuring, not fulfilling the expectations of top management is a precarious situation to be in. Many organisations find themselves in a position where decisions have to be taken on whether they indeed have need of the corporate communication function, or whether a communication technician functioning in the marketing department, for example, could take care of their tactical communication needs. This situation must inevitably lead to the corporate communication function being marginalised and even outsourced as a non-core organisational activity. According to Patrick

(1994), the vast majority of corporate communication support services will increasingly be handled outside the organisation.

Another reason for the problem referred to in previous paragraphs, might be that the CEO/top management of an organisation does not always understand the strategic role of the corporate communication manager themselves (Bovet 1993). They do not realise that their world-views might be obstructing the enactment of such a role by not allowing or supporting two-way symmetrical communication (Grunig & White, *in* Grunig 1992), or by not involving the corporate communication manager in the identification of strategic constituencies (Grunig, Grunig & Ehling, *in* Grunig 1992). Not having been trained in corporate communication—since most business schools do not offer it in their MBA programmes (Groenewald 1998a)—the CEO does not understand the strategic importance of segmenting stakeholders or identifying issues around which publics/activists emerge, or developing communication programmes to adapt to the organisation's environment.

Many CEOs only know and understand the technical aspects of corporate communication through practical experience—therefore this is what they demand and allow. This means that, in most organisations, corporate communication is only practised (and therefore evaluated) on the micro level—the level of implementation—where decisions made by other functions/top management are implemented.

The problem spelled out above is a practical one. However, according to the researcher, this problem might be caused by the *training* that corporate communication managers receive—most notably the lack of (strategic) management and strategic communication skills. A managerial perspective, according to Prof Larissa Grunig, observer of corporate communication (public relations) education across the United States and in some 20 other countries,

serves not only corporate communication students well, but also society (LA Grunig 2000):

*“It prepares the public relations practitioner for a role in managerial decision-making, negotiation, mediation, and conflict resolution. In other words, communication management offers organisations an opportunity to develop stable, long-term relationships with their strategic constituencies and in so doing, use communication rather than litigation, confrontation, or even terrorism to solve the inevitable problems that occur between organisations and their publics. Never have organisations and the societies in which they exist needed such dialogue and collaboration more.”*

The apparent shortcomings in the training of corporate communication students and practitioners might, in essence, be a *theoretical* problem -- caused by the lack of theory on what constitutes a strategic role at the top management level, and by the lack of a model(s) on how students can be prepared for such a role.

The Department of Marketing and Communication Management at the University of Pretoria (UP) is the only university in South Africa offering corporate communication training that is solely positioned in a Faculty of Management and Economic Sciences, teaching corporate communication *only* from a managerial perspective. It therefore seems logical that this Department should take the lead in investigating the problem outlined above.

The researcher (teaching Strategic Communication Management both at the third year and honours level at UP) will therefore attempt to determine whether a need exists at the top management level of South African organisations for the corporate communication manager to play a strategic role, and also to determine what such a role entails. Furthermore, to address the apparent lack of strategy in

the function by conceptualising corporate communication strategy as a strategy providing focus and direction to the organisation's communication with its strategic stakeholders.

Most important, however, is to relate theory to practice--this will be addressed by hypothesising a model for developing corporate communication strategy which is based on corporate strategy. This model will be implemented amongst non-profit organisations by groups of corporate communication students in the Department (by means of action research). The researcher/lecturer will evaluate the students' completed corporate communication strategies, and thereafter improve the model based on an analysis and comparison of the different groups' outputs.

To teach final year students the role of corporate communication in strategic management, and to empower them to practically develop a corporate communication strategy for an organisation will prepare students more successfully through their tertiary training to live up to the expectations of top management -- and to make a more meaningful contribution towards the effectiveness of their organisations once they are employed.

### 1.3 CONCEPTUALISATION OF THIS EXPLORATORY STUDY (AND A FUTURE EMPIRICAL STUDY)

*Conceptualisation* can be described as a process that, inter alia, entails defining the key concepts in a research question. Concepts acquire meaning, or even new meaning, within a conceptual framework such as a theory or a model. Such concepts are referred to as 'theoretical concepts' or 'constructs' (Mouton 1996:115). *Constructs* are concepts that have been consciously and deliberately invented for particular scientific purposes (Diamantopoulos & Schlegelmilch 1997).

Miles & Huberman (1984) consider it advantageous to the qualitative study to have a conceptual framework--identifying constructs, giving the constructs descriptive or inferential names, and getting some clarity about their interrelationships.

A conceptual framework explains, either graphically or in narrative form, the main dimensions to be studied—the key variables and the relationships amongst them. It specifies who and what will, and will not, be studied and also assumes some relationships. It is best presented graphically, and prior theorising and empirical research are important inputs.

**Figure 1.2: CONCEPTUALISATION OF THIS EXPLORATORY STUDY (AND A FUTURE QUANTITATIVE STUDY)**

<b>THEORY</b> (exploratory study)	<b>Systems theory</b> <b>Theory of excellence in PR and communication management</b>		
	↓	↓	↓
<b>CONCEPT</b> (exploratory study)	<b>Strategic management roles in corporate communication</b>		<b>Implementation roles in corporate communication</b>
	↓	↓	↓
<b>CONSTRUCTS</b> (exploratory study)	<b>Mirror function</b>	<b>Window function</b>	<b>Window function</b>
	↓	↓	↓
<b>CONSTRUCTS</b> (exploratory study)	<b>Information gathering and processing (environmental scanning and boundary spanning)</b>	<b>External representation</b>	<b>External representation</b>
	↓	↓	↓
<b>CONSTRUCTS</b> (exploratory study)	<b>Inputs into organisation's strategy formulation processes (development of corporate strategy)</b>	<b>Inputs into corporate communication function's strategy formulation (developing corporate communication strategy and policy)</b>	<b>Developing communication plans/ functional tactics</b>
	↓	↓	↓
<b>FACTORS AS CONSTRUCTS</b> (to be conceptualised in this exploratory study, and to be isolated in a future quantitative study)	<b>Role of PR strategist (Strategic role at top management or macro level)</b>	<b>Role of PR manager (Strategic role at the functional or departmental level)</b>	<b>Role of PR technician (Tactical role at the implementation level)</b>
	↓	↓	↓
<b>HYPOTHESES</b>	To be developed in this exploratory study, but tested in a future quantitative study.	To be developed in this exploratory study, but tested in a future quantitative study.	To be developed in this exploratory study, but tested in a future quantitative study.
	↓	↓	↓
<b>ITEMS</b>	To be developed in this exploratory study and to be measured in a future quantitative study	To be developed in this exploratory study and to be measured in a future quantitative study	Some will be developed in this exploratory study and some standardised items will be used in a future quantitative study

Source: Own research

### 1.3.1 EXPLORATORY STUDY

As explicated in Figure 1, this is an *exploratory, qualitative* study that has as its aim to clarify concepts and constructs, and develop hypotheses to be tested in a future quantitative study.

The major concept in this study is ***strategic management roles of the corporate communication function***. In the public relations literature reference is often made to a strategic role for the corporate communication practitioner -- however, uncertainty reigns as to what exactly is meant by the term. This study conceptualises strategic management roles in corporate communication as those consisting of activities performed in executing the ***mirror*** function and some of the activities executed in performing the ***window*** function of corporate communication.

Van Riel (1995:2) described the *mirror* function of corporate communication as the monitoring of relevant environmental developments and the anticipation of their consequences for the *organisation's communication policy*. For the purpose of this study, the researcher broadens the construct ***mirror*** function to the 'monitoring of relevant environmental developments and the anticipation of their consequences for the *organisation's policies and strategies, especially with regard to relationships with stakeholders*'.

The *window* function was described by Van Riel (1995:2) as the preparation and execution of a communication policy, resulting in messages that portray all facets of the organisation in a lucid and appealing way. For the purpose of this study, the researcher broadens the construct *window* function to add *strategy* to policy definition, and leaves out '*in a lucid and appealing way*' (for the latter smacks of

asymmetry). The construct **window** function is therefore seen as ‘the preparation and execution of a communication policy *and strategy*, resulting in messages that portray *all facets of the organisation*’.

The researcher regards the mirror and window function as functions typically performed by an organisation’s boundary spanners. Most authors concur that boundary spanning roles are involved with either *(information) inputs* to the organisation and *(information) outputs* from the organisation. This corresponds with Adams’ (1976) boundary spanning roles of **acquisition** and **disposal**, and Aldrich & Herker’s (1977) **information processing** and **external representation** roles.

Katz & Kahn (1966) see three boundary spanning roles: procuring resources and disposing of outputs; *relating the organisation to its larger community* or social system; and **adapting the organisation to the future** by gathering information about trends and **planning to meet these developments**. Leifer & Delbecq (1978) regard boundary spanning activities as *protecting the organisation from environmental stress* and *acting as regulators of information* and material flow between organisation and environment.

To summarise the different views on boundary spanning expressed above, it can be said that **informational boundary spanning** is a two-part process—*firstly*, obtaining information from outside sources to adapt the organisation to the future by gathering information about trends, processing this information, acting as regulators of information by disseminating it internally, and planning to address external developments to protect the organisation from environmental stress. *Secondly*, disposing information to the outside world, representing the organisation in the external environment.

**Strategic management roles in corporate communication is conceptualised by the researcher as being twofold:**

- ◆ **Firstly**, it consists of the role of the **PR strategist**, i.e. a strategic role for the corporate communication manager at the **macro or top management level**. Also called the **mirror** function (as adapted from Van Riel 1995), it consists of monitoring relevant environmental developments and anticipating their consequences for the organisation's policies and strategies, especially with regard to relationships with stakeholders. This is the **information gathering and processing role** of the boundary scanner, being **part of the planning team** that adapts the organisation to the future. This constitutes corporate communication's **inputs into the organisation's strategy formulation processes**, resulting in a contribution towards **corporate strategy** (Research Objective 1).
- ◆ **Secondly**, it consists of the role of the **PR manager**, i.e. a strategic role for the corporate communication manager at the **functional or departmental level**. This role of the **PR manager** is seen to form **part of the window** function.

The **window** or external representation function is the **information disposal** function of the boundary spanner. It is seen by the researcher as consisting of two different roles:

- the **PR manager role at the functional or departmental level**, which is conceptualised as **developing a corporate communication strategy and policy** for the organisation (derived from the corporate strategy), deciding **what should be communicated to stakeholders** to solve problems/capitalise on opportunities presented.
- the **PR technician role at the implementation level**, responsible for implementing the corporate communication strategy by developing

***communication plans and functional tactics*** for the organisation's communication with ***stakeholders***.

Whereas the ***PR manager role at the functional or departmental level*** is regarded as one of corporate communication's ***strategic*** management roles, the ***PR technician*** role is not regarded as such.

In this exploratory study, precise hypotheses with regard to a strategic role at the top management level (the role of ***PR strategist***); a strategic role at the functional level (the role of the ***PR manager***) and a tactical role at the implementation level (the role of the ***PR technician***) will be generated. Measurement questions for the role of the ***PR strategist*** and the ***PR manager*** will also be developed in this study, to be tested in a future quantitative study

### 1.3.2 FUTURE QUANTITATIVE STUDY

In the future quantitative study, an attempt will be made to isolate the constructs of ***PR strategist***, ***PR manager*** and ***PR technician*** by means of a factor analysis. This statistical technique is an exploratory device for uncovering basic concepts or constructs, for exploring the unknown. The method is a "***screen through which data can be sifted to bare their underlying structure***" (Rummel 1970:19).

Factor analysis will thus be used as a deductive approach in hypothesising that the above three roles exist. The data will then be factored to see if these roles emerge.

## 1.4 RESEARCH QUESTIONS AND GUIDING HYPOTHESES

From a conceptual framework it is a direct step to the formulation of research questions, which make theoretical assumptions even more explicit than they may have been in the conceptual framework. Research questions *operationalise* the conceptual framework (Miles & Huberman 1984), by focusing a researcher on the most important variables for data collection. Research questions spell out what the researcher wants most or first, and also leads naturally to considerations about sampling, instrumentation, data-gathering decisions and eventual analysis (Miles & Huberman 1984).

Although this is an exploratory study, the aim is to generate research questions and hypotheses for a future descriptive/quantitative study. Use will therefore be made of *guiding* hypotheses, which indicate some possible directions to follow, but allows the researcher the freedom to explore and generate other hypotheses. Guiding hypotheses are described by Marshall & Rossman (1995:37) as “*merely tools used to generate questions and to search for patterns, and may be discarded when the researcher gets into the field and finds other exciting patterns of phenomena*”.

### **Research Question 1**

Is there a need for the corporate communication (public relations) manager to play a strategic role at the top management level of the organisation (the role of the *PR strategist*) and if so, what does this role entail?

***Guiding hypothesis 1a***

The chief executive is not satisfied with the role played by the corporate communication manager.

***Guiding hypothesis 1b***

The chief executive expects the corporate communication manager to play a strategic role at the top management level.

**Research Question 2**

What is the meaning of the concept 'strategy' in the context of corporate communication (i.e. *corporate communication strategy*) and how does it differ from a *communication plan*?

***Guiding hypothesis 2***

The chief executive expects the corporate communication manager to develop a corporate communication strategy for the organisation.

**Research Question 3**

How can the process of *developing corporate communication strategy* satisfactorily be explicated to third-year corporate communication students at the University of Pretoria, and what lessons can be learnt to serve corporate communication practitioners (in the non-profit, for-profit and government sector), and corporate communication students at other tertiary institutions?

### ***Guiding hypothesis 3***

A model is a suitable tool to satisfactorily explain the process of developing corporate communication strategy to third-year corporate communication students at the University of Pretoria.

All the above research questions are theoretical, e.g. Research Question 3 can be investigated in any one of a number of populations (private/public/non-profit sector) or different sites/settings (e.g. University of Natal or Cape Town). There is no reason to believe that the outcome would be different.

## **1.5 RESEARCH OBJECTIVES**

### **Research Objective 1**

Primary Objective: To conceptualise the role of the *PR strategist*, i.e. a strategic role for the corporate communication (public relations) manager at the top management level (Chapter 3).

Secondary Objectives:

- To determine, by means of an analysis of the relevant literature on public relations, what the role of the *PR strategist* entails.
- To determine, by means of an analysis of the relevant literature on strategic management, whether a need exists for the corporate communication (public relations) manager to play a strategic role at the top management level of the organisation (the role of the *PR strategist*).
- To operationalise the role of the *PR strategist*.

- To develop precise hypotheses for empirically testing the role of the *PR strategist*.
- To develop items for empirically measuring the role of the *PR strategist*.

## **Research Objective 2**

Primary Objective: To conceptualise *corporate communication strategy* (Chapter 4).

Secondary Objectives:

- To differentiate between a corporate communication *strategy* and a communication *plan*.
- To provide an operational definition for the process of developing a corporate communication strategy.
- To develop precise hypotheses for empirically testing the role of the *PR manager* (a strategic role for the corporate communication manager at the functional or departmental level of the organisation) and the role of the *PR technician* (an implementation role at the micro or programme level).
- To develop items for empirically measuring the role of the *PR manager*.

## **Research Objective 3**

Primary Objective: To develop a model that can satisfactorily explain the process of developing corporate communication strategy to third-year corporate communication students at the University of Pretoria, and to identify the lessons to be learnt to serve corporate communication practitioners (in the non-profit, for-profit and government sector) and corporate communication students at other tertiary institutions.

### Secondary Objectives:

- To hypothesise a model for developing corporate communication strategy.
- To involve third-year corporate communication students at the University of Pretoria as action researchers in the implementation of the model amongst some non-profit organisations in South Africa.
- To determine the student groups' *understanding* of the process of developing a corporate communication strategy: *firstly*, by assessing each individual group report and *secondly*, by comparing them in order to pinpoint the areas/constructs where problems are experienced, or alternatively, are (well) understood.
- To evaluate the hypothesised model: *firstly*, by analysing the results of the assessment and comparison of the student group reports (the corporate communication strategies) to ascertain common problem areas/constructs; and *secondly*, to analyse the theory on which the model is based (which was provided to the students to assist in their understanding of the model), as a possible reason for some of the problems experienced.
- To improve the model based on the analysis of the implementation results.
- To identify the lessons to be learnt to serve corporate communication practitioners (in the non-profit, for-profit and government sector) and corporate communication students at other tertiary institutions.
- To make the findings public through presentations at academic and industry conferences, as well as through articles in academic and industry publications.
- To attempt to make a contribution towards theory building on the little-known subject of corporate communication strategy.

## 1.6 DELIMITATIONS OF THE STUDY

This exploratory study will focus on:

- 1) providing a theoretical framework and briefly investigating the historical origins of the concept 'public relations' (PR) role.

*The concept of public relations (PR) model, which is conceptually linked to public relations (PR) role (Dozier, in Grunig 1992:345), will not be investigated.*

- 2) conceptualising the role of *PR strategist*, based on an adapted version of the mirror function (Van Riel 1995:2). The latter will be linked to the strategic management literature through the concepts of boundary spanner and environmental scanner as constituting the information gathering and processing role, explicated by Aldrich & Herker (1977). This role is regarded as representing the corporate communication manager's input into the strategic management process, establishing a strategic role at the macro level. *In this exploratory study, hypotheses and items for measuring the role of the PR strategist will be developed, but not tested.*

- 3) conceptualising *corporate communication strategy* as one component of the window function of corporate communication (Van Riel 1995:2) and one part of the external representation role, as explicated by Aldrich & Herker (1977). This will be linked to the strategic management literature as representing the corporate communication manager's strategic input at the functional level.

*Precise hypotheses and items for empirically measuring the role of the PR manager will be developed in this exploratory study, but tested in a future study. The other part of the window function/external representation role that refers to developing plans and functional tactics, i.e. the role of the technician*

*at the implementation level, will briefly be referred to in this study. Its relationship to the strategist and manager roles will be explained in order to develop hypotheses for testing, but will not be investigated in-depth. This role is well documented in the public relations literature--existing standardised items will mostly be used.*

- 4) hypothesising a model that can be used for explicating the process of developing corporate communication strategy to students and practitioners, as well as implementing, evaluating and improving this model by means of action research.

*The hypothesised model is developed through a literature analysis—it does not proclaim to explicate the way in which corporate communication strategy is indeed formulated in organisations. (This can only be determined by doing in-depth case studies of private sector organisations). The action research took place in non-profit organisations only, conducted by students under leadership of their lecturer (the researcher).*

What the model did aim to achieve, was to focus the attention of students and the staff of non-profit organisations on communication as a means of solving organisational problems, by using communication to address key strategic issues.

What the study also aimed to achieve through action research, was to test the viability of implementing the model, i.e. are the constructs comprehensible to students and staff of non-profit organisations--can the model function as a tool for focusing communication on organisational issues.

Furthermore, the study aimed to evaluate the reports of students to find out where problem areas are, where constructs are not applicable or understood, and where new constructs/organising schemes/categories might surface. This is to be achieved through analysis and comparison of individual group reports, to pinpoint problems experienced by more than one group.

## 1.7 RESEARCH STRATEGY AND METHODOLOGY

To achieve the specific research objectives set, a qualitative strategy was selected. This approach is particularly suited to the exploratory design of the study, as it allows in-depth investigation of little-known phenomena or unstructured processes in organisations (Marshall & Rossman 1995). Exploratory research design assists the researcher to become more familiar with a new area of interest, in order to formulate a problem or develop hypotheses (Bless & Higson-Smith 1995:41).

### RESEARCH OBJECTIVE 1

To conceptualise the role of the *PR strategist*, i.e. a strategic role for the corporate communication (public relations) manager at the top management level (Chapter 3).

In order to achieve this first objective, the means of exploration was a *secondary data analysis*, specifically of the strategic management literature. The aim was to determine whether a real need exists at the top management level of organisations for playing such a strategic role, and to argue the suitability of the corporate communication manager for playing this role. The latter was achieved through an analysis of the literature on public relations.

### RESEARCH OBJECTIVE 2

To conceptualise *corporate communication strategy* (Chapter 4).

In order to achieve this second objective, the means of exploration was a *secondary data analysis*, firstly of the body of knowledge on strategic management, in order to clarify the concept 'strategy' in an organisational

context. Secondly, of the literature on public relations planning to determine the meaning of the concept 'corporate communication strategy' and to ascertain whether a difference existed between a 'communication plan' and a 'corporate communication strategy'.

### **RESEARCH OBJECTIVE 3**

To develop a model that can be used as a tool for explicating the process of developing corporate communication strategy to third-year corporate communication students at the University of Pretoria, and to identify the lessons that can be learnt to serve industry and corporate communication students at other tertiary institutions

The means of exploration for achieving the first Secondary Objective (under Research Objective 3), namely 'To hypothesise a model for developing corporate communication strategy', was again an analysis of both the strategic management and the public relations literature. However, the further secondary objectives of implementing, evaluating and improving the model was achieved by involving students in the process of action research, by means of a confirmatory design.

Since the researcher is an educator, action research was considered the ideal methodology -- not only for building theory, but also for *involving* senior students in the research process and improving practically the process of education. It is a participatory approach that involves both the researcher(s) and the participant community in a shared inquiry (McNiff 1988:3-4). Therefore, action research was the most suitable choice for *improving* a little-known organisational process and *assisting* the non-profit sector (the target population) in obtaining much-needed management and strategic communication knowledge and skills.

Its advantage in this situation was the fact that it required no financial resources—the researcher/lecturer and students conducted the research as part of their academic obligations. Non-profit organisations who agreed to participate, made their staff available at no cost, since they stood to gain by the outcome of the research endeavour.

In conclusion it can be said that the cycle of research and action, which are the central tenets of this methodology (Stenhouse 1975), produced a process of ongoing learning, a win-win situation for all the parties involved.

## 1.8 ASSUMPTIONS

An assumption is a hypothetical statement that the researcher chooses to accept as the truth, at least for the purposes of the investigation. Assumptions are therefore background beliefs that underlie other decisions in the research process (Mouton 1996:123).

1) In describing the *mirror* function of corporate communication, Van Riel (1995:2) referred to the anticipation of environmental developments and their consequences for the organisation's *communication policy*. In describing the window function, he referred to the preparation and execution of a communication *policy*. In this study, the definition of the mirror function was broadened to include the *organisation's policies and strategies*, and the window function was broadened to also include *strategy* together with policy.

These are assumed to be related concepts in the strategic management process -- where *strategy* indicates the direction that an organisation will take (the thinking, the logic behind the actions) and *policy* represents broad guidelines for decision making that permit management to delegate authority (the parameters within which planning is carried out). These two concepts are grouped together since they are assumed to occur firstly on the macro level

(organisational strategy and policy) and secondly, on the functional level (in this case corporate communication strategy and policy).

- 2) The role of the *PR strategist* was developed from a perspective of being core to the organisation, and therefore assumed to be best performed in-house—however, it is assumed that the role of *PR manager* (to a lesser extent) and the role of *PR technician* (totally) can be outsourced.
- 3) The following are assumed to be prerequisites for playing the role of the *PR strategist*:
  - tertiary training in communication *management* (including management and strategic communication skills);
  - being *part of the top management team* (the dominant coalition), with full access to strategic information.
- 4) Strategist is a role, not a position—in small organisations, it is possible that the role of the *PR strategist* and the *PR manager* will be played by the same person. In larger organisations, two different people might play these roles. However, it is assumed unlikely that one person will play both technician and strategist role.
- 5) It is assumed that the role of the *PR strategist* will be applicable to new organisational forms such as the network.

## 1.9 IMPORTANCE OF THE STUDY

Research projects must ask important questions, lead to new ways of thinking and lay the foundation for further research in the field (Leedy 1997:45).

Roles research plays an important part in understanding (organisational and) corporate communication as an emerging profession (Dozier, *in* Grunig 1992:350). This study attempts to provide some answers to Dozier's statement that "*the key issue in roles research is who will manage the corporate communication function and how will it be managed*". It also attempts to provide some insight on the role that is to be played by the person heading the corporate communication function, in order to fulfil the expectations that top management seems to have of this position.

The Excellence Study pointed out that in order to be excellent, an organisation must have a communication practitioner playing the role of the *PR manager* (Grunig, *in* Grunig 1992). This study posits that to be excellent, an organisation should also have a communication practitioner playing the role of the *PR strategist*. In conceptualising the role of the *PR strategist* at the macro level, a unique contribution is made in broadening the theoretical viewpoint of the field of corporate communication (public relations) by drawing on a new body of theory, namely the strategic management literature.

In describing the new role of the *PR strategist* and developing measurement items for the activities which are to be performed on a day-to-day basis by a practitioner in this role, the study addresses a vacuum in the public relations literature. Whereas the literature does refer to the corporate communication

manager playing a strategic role, it does not spell out how this is to be done, i.e. which activities are to be performed.

The researcher also conceptualises an important new activity for the corporate communication manager on the functional level, namely that of developing a corporate communication strategy for the organisation. In creatively applying concepts from one discipline to another, corporate communication strategy provides the missing link between the corporate communication function and the corporate strategy. By indicating how corporate communication goals should be aligned to the organisational mission, the contribution of corporate communication to organisational effectiveness is pointed out.

The study breaks theoretical boundaries by having reconceptualised Cutlip and Center's four-step 'PR process' model, introduced in 1952. It relocates the problem area in corporate communication from the situation analysis (as the first step in the process, taking place at the implementation or at the functional level of the organisation), to solving key strategic issues at the macro level--thereby elevating the corporate communication function from the functional to the strategic level. Corporate communication's contribution to organisational effectiveness is pinpointed by explicating the corporate communication manager's role in *pro-actively* preventing problems by being part of the strategic decision making process, rather than the traditional role of '*fire-fighting*' (*reactively* assisting top management in *solving problems*).

Another important contribution that the study makes is the use of action research as a methodology to implement the hypothesised model. This highlights the importance of using new/creative approaches to improve teaching and shows how students can actively be involved in the research process.

## 1.10 DEFINITION OF TERMS

In this section all the terms in the problem statement or research questions are defined operatively—that is, the definition interprets the term as it was employed in relation to this research project (Leedy 1997:59).

### 1.10.1 CORPORATE COMMUNICATION

Corporate communication can be defined as the “*integrated approach to all communication produced by an organisation, directed at relevant target groups*” (Van Riel 1995:24).

Groenewald (1998b) pragmatically defines corporate communication as the communication on behalf of an organisation; managed as one of the organisational functions by a person(s) carrying the responsibility for the organisation’s communication. She therefore suggests the use of the term *Corporate Communication Management* to clearly differentiate it as a management function, and not as a set of techniques.

For the purposes of this study, the term *corporate communication* will be used, referring to the management function (e.g. ‘corporate communication’ strategy as an overall strategy for the corporate communication function). Corporate communication is preferred for the following reasons:

- The term ‘public relations’ has negative connotations because of its historical association with publicity and propaganda.
- ‘Corporate communication’ is increasingly being used in practice--a survey in the USA amongst Fortune 500 companies indicated the trend to substitute public relations with corporate communication (Groenewald 1998b; Budd 1995).

- 'Public relations' is seen by some chief executives in South Africa as referring only to an organisation's external communication. Corporate communication is regarded as the broader term, encompassing both internal and external communication.

However, in academic literature the subject area is still known as public relations (Groenewald 1998b). When therefore referring to its body of knowledge, the term 'public relations' will be used in this study.

#### 1.10.2 PUBLIC RELATIONS

Grunig & Hunt (1984:6) defined public relations as *"the management of communication between an organization and its publics."* According to Grunig (*in* Grunig 1992:4), this definition equates public relations and communication management. This probably explains the trend discerned in (modern) American academic literature to refer to *public relations and communication management* (Grunig, *in* Grunig 1992:4; Dozier *et al* 1995), emphasising the fact that public relations is regarded as a management function.

For theoretical purposes, public relations as a management function is therefore equated to the term 'corporate communication' as explicated above. The following definitions are seen to be the essence of public relations as employed in this research:

- The First World Assembly of Public Relations Associations, held in Mexico City in 1978, defined public relations as *"the art and social science of analysing trends, predicting their consequences, counselling organisational leaders, and implementing planned programmes of action which will serve both the organisation and the public interest"* (Jefkins & Ugboajah 1986).

- Public relations is *"a communication function of management through which organisations adapt to, alter, or maintain their environment for the purpose of achieving organisational goals"* (Long & Hazelton 1987:6).
- Public relations is *"the management function that establishes and maintains mutually beneficial relationships between an organisation and the publics on whom its success or failure depends"* (Cutlip, Center & Broom 1994).

The emphasis in these definitions is to identify and manage issues and stakeholders/publics in order to assist the organisation to adapt to its environment, and to build mutually beneficial relationships between an organisation and its internal and external stakeholders, on whom it depends to meet its goals.

#### 1.10.3 ROLE

Members of an organisation occupy different positions or ranks, each of which has a different role (Grunig & Hunt 1984). Role can be defined as *"the patterns of behaviour or the every-day activities of a corporate communication practitioner"* (Katz & Kahn 1978).

#### 1.10.4 FUNCTION

According to Grunig & Hunt (1984:96), functions are the output or performance variables of a system (e.g. an organisation) or a subsystem (e.g. a department in the organisation).

#### 1.10.5 MIRROR FUNCTION

The monitoring of relevant environmental developments and the anticipation of their consequences for the organisation's strategies and policies (adapted from Van Riel 1995:2).

#### 1.10.6 WINDOW FUNCTION

The preparation and execution of a communication policy and strategy, resulting in messages that portray all facets of the organisation (adapted from Van Riel 1995:2).

#### 1.10.7 INFORMATION PROCESSING AND EXTERNAL REPRESENTATION ROLES

Aldrich & Herker (1977) describes these two boundary spanning roles as *(information) inputs* to the organisation or *(information) outputs* from the organisation. This corresponds to Adams' (1976) boundary spanning roles of *acquisition and disposal*.

#### 1.10.8 PR STRATEGIST

This key construct will be theoretically defined in the literature analysis, but is explained operationally as a corporate communication practitioner functioning at the top management level, exhibiting the following behaviour (Steyn 2000a; 2000b; 2000c):

- doing environmental scanning in the macro environment, identifying strategic stakeholders and the publics that emerge around issues, and their concerns;
- analysing the consequences of organisational behaviour on stakeholders/ publics and vice versa;
- feeding this strategic information into the organisation's strategy formulation process.

Although the term 'corporate communication' is preferred in general to 'public relations', the newly conceptualised role has been named *PR strategist*, in order that it may be understood in relation to the widely known existing roles of the *PR manager* and the *PR technician*.

#### 1.10.9 PR MANAGER

This key construct will be theoretically defined in the literature analysis, but is explained operationally by the researcher as the activities typically performed by a corporate communication practitioner in a middle management position. A practitioner in the *PR manager* role therefore has the general responsibility of all functional managers, namely of planning, organising, leading, controlling, staffing, budgeting, etc.

Furthermore, a practitioner in the redefined *PR manager* role has the specific responsibility of developing a corporate communication strategy based on the enterprise/corporate strategy (Steyn 2000a; 2000b; 2000c; 2000d), as well as developing and managing the strategic communication plan (*ongoing programmes* such as employee and media relations, corporate identity, publications and crisis communication; or *time-limited campaigns* e.g. information campaigns). A *PR manager* frequently uses research to plan or evaluate work and facilitates communication between management and stakeholders/publics.

#### 1.10.10 PR TECHNICIAN

This term can be operationally defined as a corporate communication practitioner who carries out the low-level (operational) mechanics of generating communication products, implementing policy decisions made by others. The *PR technician* provides the communication and journalistic skills—writing, editing, audio-visual production, graphics, and production of messages—needed to *implement* communication programmes (Grunig & Hunt 1984) and campaigns.

#### 1.10.11 STRATEGY

Strategy is an organisation's pro-active response to an ever-changing environment –the instrument which enables an organisation to find synthesis between its goals and resources in view of the risks and challenges of the changing environment (Kotler 1988:33).

A strategy can best be described as an indication of an organisation's positioning for the future, i.e. **what** should be done, rather than **how** it should be done. According to Drucker (in Kotler 1988:61), it means *doing the right thing*, rather than *doing things right*. It is therefore the thinking, the logic behind the actions (Robert 1997:22).

#### 1.10.12 MODEL

A model is a general, simplified representation of reality. It is an abstraction, a map of reality that captures the important features but leaves out much of the detail. McQuail & Windahl (1993:2) consider a model as a consciously simplified

description of reality in a graphic form. A model seeks to show the main elements of any structure or process and the relationship between these elements.

#### 1.10.13 CORPORATE COMMUNICATION STRATEGY

A corporate communication *strategy* provides the focus and direction for an organisation's communication with its stakeholders, i.e. it determines *what* should be communicated to assist in achieving organisational goals. This is derived from identifying key strategic issues, determining their impact on the organisation's stakeholders and determining *what should be communicated* to solve the problem or capitalise on the opportunity (Steyn 2000a; 2000b; 2000c; 2000d).

#### 1.10.14 COMMUNICATION PLANS

A communication plan puts the corporate communication strategy into practice, i.e. it breaks down a set of intentions into steps, formalising those steps so that they can be implemented almost automatically (Steyn 2000a; 2000b; 2000c).

#### 1.10.15 STAKEHOLDERS AND PUBLICS

In the public relations literature, the term 'publics' is used to describe what is known as 'stakeholders' in the literature on strategic management. These two terms are therefore often used synonymously--however, in the context of the strategic management of an organisation's communication, there are subtle differences.

Individuals or groups are *stakeholders* when they are affected by the decisions of an organisation or if their decisions affect an organisation (Freeman 1984). Stakeholders are normally seen as being passive, e.g. employees or members of

the community. When they become aware of problems and actively communicate, they can be described as *aware* or *active publics* (Grunig & Repper, *in* Grunig 1992:125).

#### 1.10.16 STRATEGIC ISSUES

Strategic issues are defined as “*developments, events and trends viewed by decision makers as consequential because of the potential to impact an organisation’s strategy*” (Ansoff 1980; King 1982; Dutton & Ottensmeyer 1987). Strategic issues could range from a new competitive strategy necessitating fundamental changes in attitudes and behaviour, to restructuring, downsizing, cost improvement, transformation, the acquisition of new businesses or shifts in the environment.

#### 1.10.17 CORPORATE COMMUNICATION (PR) PRACTITIONERS

This refers to all persons actively practising corporate communication (public relations) as their main occupation, whether in public or private companies, government or tertiary institutions, non-profit organisations or any other.

#### 1.10.18 CORPORATE COMMUNICATION STUDENTS

This term refers to third-year students enrolled for the course Strategic Communication Management (KOB 320, Module A), in the Department of Marketing and Communication Management at the University of Pretoria.

#### 1.10.19 STUDENT RESEARCHERS

Corporate communication students were used in the action research process to implement the hypothesised model for developing corporate communication strategy, under the leadership of their lecturer (the researcher). They were solely responsible for obtaining the participation of, and interacting with, their selected non-profit organisation, collecting the data and using it to write a corporate communication strategy.

#### 1.10.20 NON-PROFIT ORGANISATIONS

This is operationally defined as any non-profit organisation registered in South Africa.

### 1.11 THE STRUCTURE OF THE STUDY

#### ***Chapter 1:* INTRODUCTION TO THE PROBLEM AND ITS SETTING**

In this first chapter the problem and research questions are stated, and the conceptualisation, delimitations, assumptions, and importance of the study are explicated. A synopsis of the research strategy and methodology is also provided.

## **Chapter 2: TRADITIONAL PUBLIC RELATIONS ROLES AND THEORETICAL PERSPECTIVES**

This chapter sets the scene with regard to 'public relations' roles, starting with the development of roles research in public relations during the 1980's. It also introduces the theories to be used as a framework for the study and concludes with the findings of the Excellence Study in the middle nineties.

## **Chapter 3: CONCEPTUALISATION OF A STRATEGIC ROLE FOR THE CORPORATE COMMUNICATION MANAGER (THE ROLE OF PR STRATEGIST)**

This chapter *firstly* explores the strategic management literature to determine qualitatively whether a need exists at the top management level for corporate communication to play a strategic role. *Secondly*, the constructs for such a strategic role are determined by analysing both the strategic management as well as the public relations literature. *Thirdly*, measurement questions and hypotheses for empirically testing the strategic role of the corporate communication manager are developed.

## **Chapter 4: A CONCEPTUALISATION OF CORPORATE COMMUNICATION STRATEGY**

This chapter analyses the literature on strategic management to explore the meaning of the concept strategy. It also analyses the body of knowledge on public relations planning to determine whether the concept of strategy exists in corporate communication. The difference between a 'strategy' and a 'plan' is highlighted and 'corporate communication strategy' is conceptualised.

### ***Chapter 5: RESEARCH STRATEGY AND METHODOLOGY***

This chapter discusses the rationale for the qualitative research strategy, as well as the exploratory and confirmatory designs selected for the study. The methodology of action research is explicated, and details on sampling, data collection/recording/analysis are provided.

### ***Chapter 6: DEVELOPING A MODEL FOR CORPORATE COMMUNICATION STRATEGY—THE PROCESS***

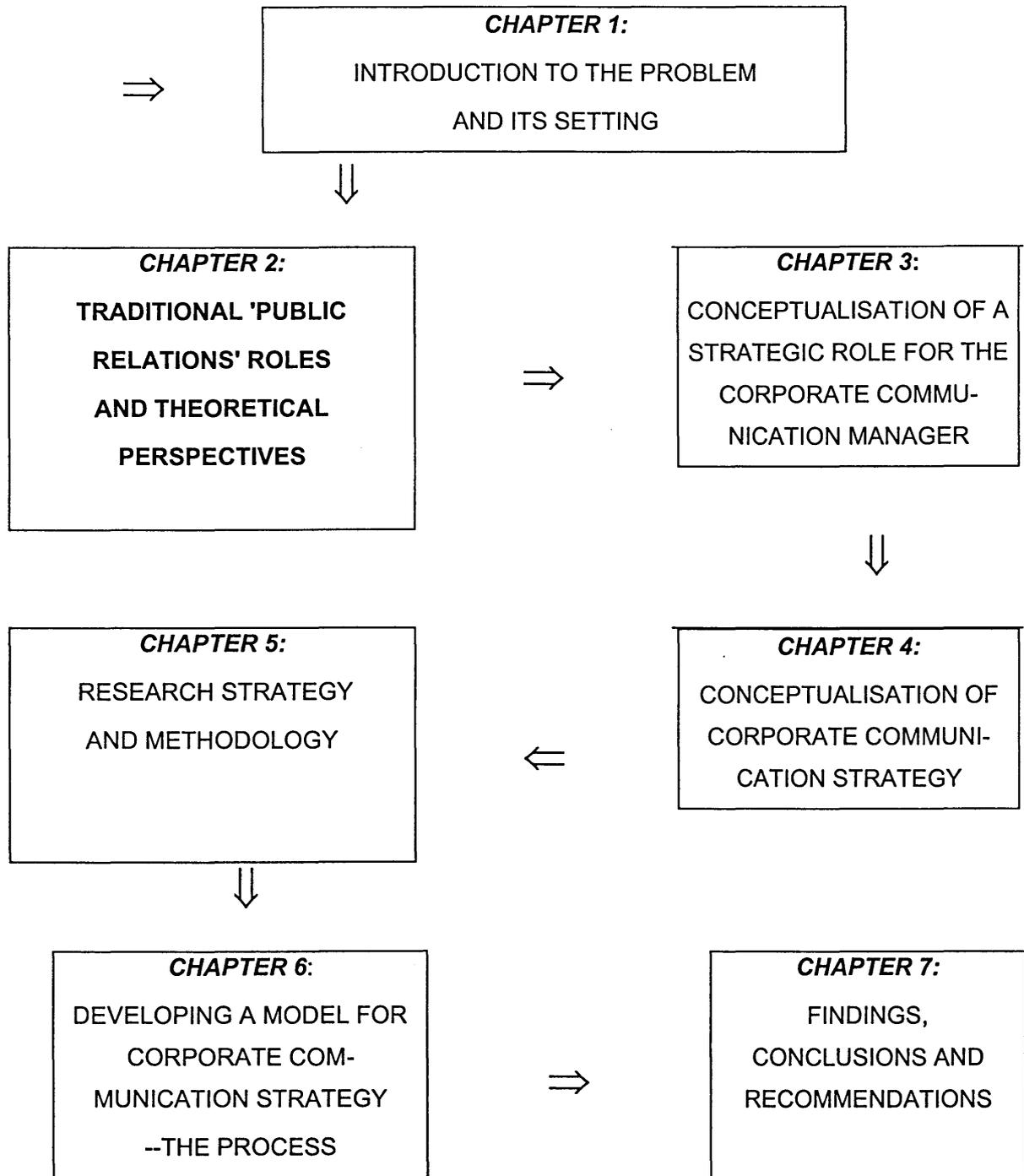
Based on a literature investigation, a model is hypothesised as a tool for explicating the process of developing a corporate communication strategy to students. This model is implemented by student groups in a longitudinal action research project, and the findings used to revise the model.

### ***Chapter 7: DISCUSSION OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS***

In this final chapter, findings and conclusions reached with respect to the problem and research objectives are stated. Limitations are explicated and recommendations for further research are made.

## **CHAPTER 2**

### **OUTLINE OF THE RESEARCH REPORT**



## CHAPTER 2

### 2. TRADITIONAL 'PUBLIC RELATIONS' ROLES AND THEORETICAL PERSPECTIVES

In this chapter, the concept of role is explicated, the historical origin of public relations roles is explored, and the relationship between research and public relations roles is indicated.

Theoretical descriptions are also provided for the study--the relationships between major constructs are defined within the framework of the *Systems theory* and the *Excellence theory*. The chapter concludes with the findings of the *Excellence Study* which were made public in the middle nineties.

#### 2.1 INTRODUCTION

Practitioner roles are key to understanding the function of corporate communication (Dozier, *in* Grunig 1992). Most organisations have practitioners playing the role of the *PR technician*, providing the communication and journalistic skills to implement the decisions made by other (Grunig & Hunt 1984).

However, for corporate communication to contribute to organisational effectiveness, there must be a practitioner playing the role of the *PR manager*, taking part in the organisation's strategy formulation process (Dozier, *in* Grunig 1992:327). The information that the *PR manager* brings to the decision making table, is obtained through research. Conducting research is a key characteristic of a practitioner in the *PR manager* role. Technician role playing is unrelated to any kind of research (Broom & Dozier 1985:30).

## 2.2 'PUBLIC RELATIONS' (PR) ROLES

### 2.2.1 THE CONCEPT OF ROLE

Katz & Kahn (1978) proposed the *role* concept as a major link between individual and organisational levels of theory. Their perspective is that an individual's behaviour may best be understood as a function of role. An individual occupies an office (or role), a space in the network of relationships that makes up the system called the organisation.

In an organisational setting, the concept of role refers to the standardised patterns of behaviour required of individuals in specific functional relationships (Katz & Kahn 1978:189)--through roles, organisations delineate expectations. The roles themselves may vary across relationships, leading to involvement in more than one activity or system. Such multiple role involvement increases with rank in the organisation. Each individual occupies a number of roles defined by one's group, but in order to decide on action at certain points, a commitment to a predominant role must be made.

#### 2.2.1.1 Historical development of 'PR' roles

Broom & Smith (1979) introduced the concept of roles to corporate communication. *Roles* define the every-day activities of corporate communication practitioners. Research on 'PR' roles operates at the micro (practitioner) level of analysis, i.e. the study of individual practitioners and their work activities. According to Dozier (*in* Grunig 1992:327):

*“PR roles are at the nexus of a network of concepts affecting professional achievements of practitioners, structures and processes of the function in organisations, and organisational capacities to dominate or co-operate with their environments.”*

Four theoretical roles, first conceptualised by Broom & Smith (1979) dominate corporate communication practitioner roles studies:

- *The expert prescriber* is seen as the authority on both corporate communication problems and solutions (Cutlip, Center & Broom 1994:42), best informed about corporate communication issues and best qualified to answer corporate communication questions. A practitioner in this role researches, defines corporate communication problems, develops programmes, and takes responsibility for implementing programmes (Grunig & Hunt 1984). This role, however, leads to passive management involvement which frustrates practitioners—they are held responsible for programme results having little control over critical parts of the situation. The expert prescriber role can be linked to the two-way asymmetric and publicity/press agency models (Grunig & Hunt 1984:21).
- *The communication facilitator* is a “go-between, interpreter or communication link” between management and publics. This role casts practitioners as sensitive listeners and information brokers who remove barriers in relationships between the organisation and its publics. Communication facilitators are boundary spanners who improve the quality of decisions that are related to policies, procedures and actions of both publics and organisations (Cutlip, Center & Broom 1994:43). They are liaisons and mediators who keep continuous two-way communication flowing between the organisation and its publics. The communication facilitator role can be linked

to the public information and two-way symmetric models (Grunig & Hunt 1984).

- *The problem-solving process facilitator* is a practitioner who helps others in the organisation solve their corporate communication problems (Grunig & Hunt 1984). These practitioners work with management in defining and solving corporate communication problems, becoming part of the strategic planning team. This role is in contrast to the passive expert prescriber role, and can be linked to organisations practising the two-way symmetric model (Grunig & Hunt 1984:26).

Broom (1982) and Dozier (1984) found these first three roles to be interchangeable, conceptual components of the same empirical role, the *PR manager* role. Practitioners in the *manager* role make communication policy decisions and are involved in all corporate communication decision making. They frequently use research to plan or evaluate their work, and counsel management (Grunig & Hunt 1984). They are held accountable for corporate communication programme outcomes—they view themselves and are viewed by others in the organisation as communication experts. They facilitate communication between management and publics, and guide management through what practitioners describe as a “*relational problem-solving process*.” Communication managers conceptualise and direct corporate communication programmes (Grunig, *in* Grunig 1992:19).

Dozier (1984) also found a corporate communication technician role that closely matched Broom’s conceptualisation (Broom & Smith 1979) of the service provider role that he called the *communication technician*:

- *PR/communication technicians* do not participate in management decision making, but “*carry out the low-level mechanics of generating communication products that implement policy decisions made by others*”. The dominant coalition makes strategic decisions, specifying actions and designating the communications directed at publics. The technician provides the communication and journalistic skills—writing, editing, audio-visual production, graphics, and production of messages—needed to carry out corporate communication programmes. He/she does not make organisational decisions, but implements the decisions of others, and does not do research to plan or evaluate work done. This role is linked to the press agency (publicity) and public information models (Grunig & Hunt 1984).

The *PR manager* and *PR technician* roles are uncorrelated, indicating that they are empirically as well as conceptually distinct. They emerge empirically time and again in studies of different practitioners. However, these two broad public relations roles include several more narrow roles. The communication technician may write press releases, edit an employee newspaper or write speeches. At middle levels of management, communication managers may manage a media or employee relations programme. At higher levels of corporate communication management, they could plan the entire public relations programme, supervise middle-level managers, and counsel top managers on communication policy (Grunig & Hunt 1984).

#### 2.2.1.2 Roles and the use of research

The use of research by practitioners is an important indicator of the managerial and technician role. Dozier (1984, 1986, 1987) and Broom & Dozier (1985, 1986) studied the ways practitioners use research in their practices. Analysis indicated that practitioners playing the manager role used both *scientific impact* and *seat-*

*of-the-pants evaluation*. Technician role playing was unrelated to any evaluation style. Evaluation activities also correlated with practitioner success in increased participation in management decision making (Broom & Dozier 1985:30).

According to Broom (1986:15), organisations receive inputs from their environments in the form of information about publics and environmental forces. The formal and informal research activities used by corporate communication practitioners to obtain information about 'what is going on' in the external environment, is called *environmental monitoring or scanning*. In systems language, environmental scanning is "*the detection of environmental turbulence or change likely to affect the homeostasis of the system*" (Broom & Dozier 1990:3-6).

Research on performance control and programme adjustment (*evaluation research*) is conceptually distinct from *environmental scanning*, which is research alerting organisations to turbulence or change in the environment that may affect the survival and growth of the organisation (Broom 1986).

Research studies indicate that all types of information gathering helps practitioners move into management roles (Cutlip, Centre & Broom 1994:46). Research is essential in the management of the adjustments, adaptations, and responses of the organisation to changing environments. Without a basis in research, corporate communication is little more than a low-level technical activity in support of management decisions in which the practitioner did not participate (Broom & Dozier 1990).

## 2.3 A THEORETICAL FRAMEWORK FOR THE STUDY

### 2.3.1 SYSTEMS THEORY

Systems theory as a meta-theoretical approach to public relations/corporate communication is important (Holtzhausen 1995; Long & Hazleton 1987; Cutlip, Center & Broom 1994; Baskin & Aronoff 1988; Grunig & Hunt 1984). The systems theory has its roots in General Systems 'Theory', which is in fact a scientific *approach* and not a theory (Angelopulo 1994:41).

The systems theory assists in understanding the total context of management. The systems concept of management incorporates organisational and environmental subsystems into the manager's thinking. One of the assumptions of systems management is that it challenges established practice—thereby helping to find innovative solutions to organisational problems (Grunig & Hunt 1984:95).

#### 2.3.1.1 Open and closed systems

All systems can be classified in terms of the nature and amount of interchange with their environments. A closed system has an impenetrable boundary so it cannot exchange matter, energy, or information with its environment—it therefore moves toward progressive internal chaos (entropy), disintegration, and death. An open system is one that exchanges inputs and outputs through a boundary that is permeable, and is oriented toward life and growth. The extent to which a system is open or closed is an indication of its (in)sensitivity to its environment,

and therefore to its inability to adapt to new conditions (Cutlip, Center & Broom 1994).

Simple, relatively closed systems react to outside events only if the input—change pressure—is sufficient to penetrate the system boundary. Complex, relatively open systems monitor—and in some cases, actively probe—their environment to detect and predict changing conditions. Sophisticated open systems anticipate changes and initiate corrective actions to counteract the changes before they become major problems (Cutlip, Center & Broom 1994).

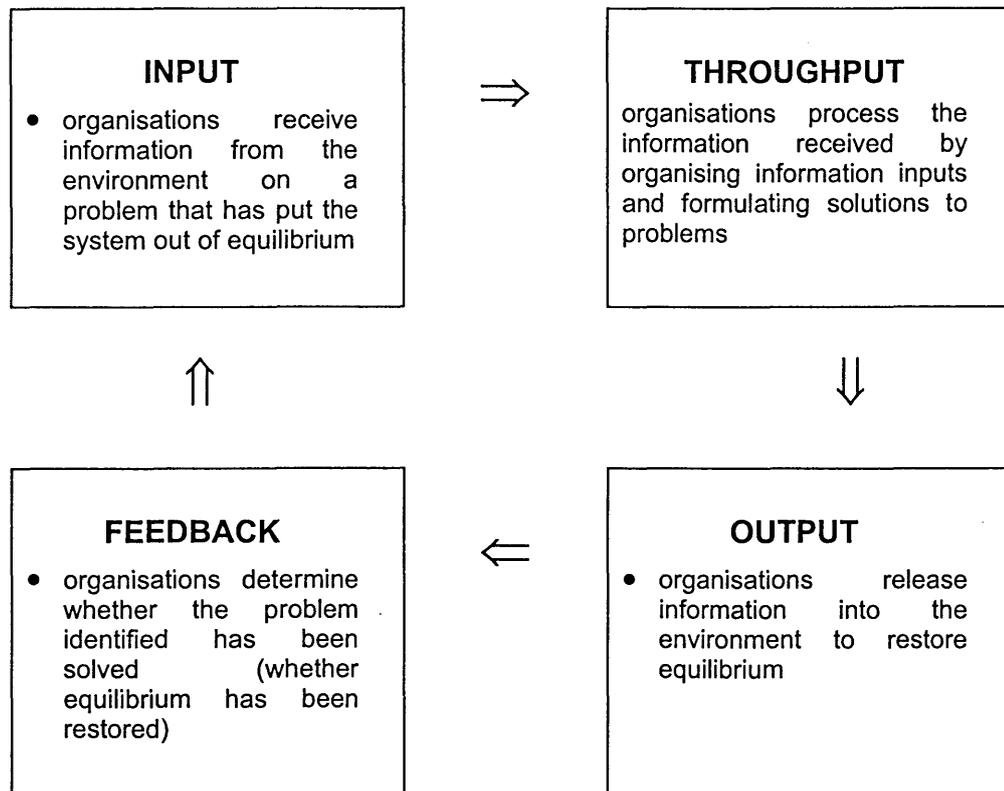
### 2.3.1.2 Systems concepts

Systems concepts such as input, output, throughput, and feedback is used to describe the behaviour of a system. Systems receive *input* from the environment, e.g. as information, that identify problems that have put the system out of equilibrium with interpenetrating systems in its environment.

Systems process the inputs from the environment through an activity known as *throughput*. The systems organise the information inputs they receive and formulate solutions to the problems that generated the inputs. Systems then release *outputs* into the environment in an attempt to restore equilibrium with interpenetrating systems.

After those outputs affect the environment, the system seeks *feedback* from the environment to determine if it has solved the identified problem. This process continues until the system is back in equilibrium with its interpenetrating systems (Grunig & Hunt 1984:94-95).

**Figure 2.1: SYSTEMS CONCEPTS**



*Source:* The figure is based on the theoretical discussion of systems concepts in Grunig & Hunt (1984).

### 2.3.1.3 The organisation as an *effective* system

Traditional theories of management set forth principles for developing an internal structure to supervise internal processes in order that an organisation be successful. However, Pfeffer & Salancik (1978:11) define success in meeting internal goals as 'efficiency', whereas they regard 'effectiveness' as "*an external standard of how well an organisation is meeting the demands of various groups and organisations that are concerned with its activities*".

An open systems approach is therefore a necessary condition for any organisation for ongoing effectiveness in the exchange of values with the environment (Cutlip, Center & Broom 1994). This approach is maximised through the process of strategic management where the organisation strives to balance its mission—what it is, what it wants to be, and what it wants to do—with what the environment will allow or encourage it to do. Higgins (1979) defines 'strategic management' as *“the process of managing the pursuit of the accomplishment of the organizational mission coincident with managing the relationship of the organisation to its environment”*.

There are two types of communication behaviours which systems (including individuals, units within an organisation, organisations, publics, and groups) engage in. Systems acquire (seek or listen to) information and they disseminate (give) information. Information can be defined in information theory terms as anything that reduces the uncertainty in a situation (Schramm 1973:38).

The management environment, in which information acquisition and disposal takes place, comprises the following (Smith & Cronjé 1992:28-30):

- *micro or internal environment*, over which the organisation has complete control;
- *market or task environment* surrounding the organisation e.g. the consumers, competitors and suppliers, over which the organisation has some control;
- *macro or external environment* which includes the technological, economic, sociological, physical, institutional-political and international environments, over which the organisation has little or no control.

Important characteristics of the management environment is that the micro, task and macro environments are interrelated, and that there is increasing instability and change in the environment (a function of the amount of information available). Furthermore, that the environment is increasingly complex (as

indicated by the number of external variables to which the organisation must react). These characteristics stress how important it is for management to understand and have a knowledge of the environment in which the organisation must function (Smith & Cronjé 1992:30-31). An active outward orientation for the organisation (Angelopoulo 1994:40) is best attained with the active intervention of a facilitating agent, such as a department of corporate communication.

There are three primary types of activities involving both internal and external organisational communication that should be part of strategy formulation (Kreps 1990:242):

- Identification of environmental opportunities and risks, which involves mainly external communication.
- Identification of strategic issues that influence public attitudes and behaviours toward the organisation, which involves mainly external communication.
- Identification of organisational strengths and weaknesses, which involves mainly internal communication.

These activities required in strategy formulation clearly indicate the need for setting up and managing internal and external communication channels to direct organisational growth and development.

This is the first argument presented to support the role of the *PR strategist*, i.e. a strategic role at the top management level for the practitioner heading the corporate communication function. Such a role will firstly entail monitoring and pro-actively probing the organisation's environment to detect and predict changing conditions, to identify issues that influence the attitudes of internal and external stakeholders towards the organisation, and to initiate corrective action.

### 2.3.2 A GENERAL THEORY OF EFFECTIVENESS AND EXCELLENCE IN PUBLIC RELATIONS AND COMMUNICATION MANAGEMENT

The Excellence Study resulted in the first general theory of effectiveness and excellence in public relations and communication management, also called the 'Excellence Theory' (Grunig, *in* Grunig 1992). The generality of a theory refers to its scope—for a theory to be regarded as a general theory its explanation "*must be sufficiently general to cover a range of events beyond a single observation*" (Littlejohn 1992). Grunig (1993:171) described the general theory of excellence in public relations and communication management as a 'grand theory', rarely found in communication.

The 'Excellence Study' refers to a \$ 400 000, three-nation study of public relations and communication management, funded by the IABC Research Foundation. The Excellence Study took 10 years to complete, and consisted of both a qualitative and a quantitative study (Dozier *et al* 1995).

#### 2.3.2.1 A general theory of effectiveness and excellence in public relations and communication management -- the literature review

Excellence in public relations and communication management, or simply 'communication excellence', refers to an abstraction or 'ideal' that the Excellence Study sought to measure. *Communication excellence* describes the ideal state in which knowledgeable communicators assist in the overall strategic management of organisations, seeking symmetrical relations through the management of communication with key stakeholders/publics on whom organisational survival and growth depends (Dozier *et al* 1995).

The qualitative phase of the Excellence Study (a literature analysis) sought answers to two questions:

- The **effectiveness** question addressed the question of what it means for an organisation to be effective and how corporate communication contributes to making an organisation more effective.
- The **excellence** question addressed how corporate communication must be practised and the communication function be organised to contribute the most to organisational effectiveness and therefore to the organisation's bottom line (Grunig, *in* Grunig 1992:3).

The **effectiveness** question is the foundation for a theory of excellence in public relations and communication management. There are different perspectives from which to explore effectiveness in organisations, of which the most relevant to this study is the strategic constituencies approach. This perspective focuses on segments within the environment that most threaten the organisation rather than on the total environment (Grunig, Grunig & Ehling, *in* Grunig 1992).

The behaviour of strategic constituencies, called *stakeholders* by Freeman (1984) and *publics* in the literature on public relations, has consequences for the organisation (or vice versa) and is the justification for the existence of corporate communication. The dominant coalition typically decides on the critical stakeholders and the strategies for dealing with them (Grunig, *in* Staff 1988). Corporate communication only share this responsibility when they are included in the dominant coalition.

However, the dominant coalition's *perception* of the external environment and the *actual* environment do not always correlate (Downey, Hellriegel & Slocum 1975). Managers do not base their decisions on objective assessments of the environment, but on their own perceptions thereof. Identifying key constituencies is one of the skills that professional corporate communication managers bring to the strategy formulation process (Robbins 1990).

If the corporate communication function can identify the strategic stakeholders and the publics in the environment and manage the organisation's response to these interdependencies, the theories of effectiveness show that corporate communication can help the organisation reduce uncertainty and conflict by stabilising relationships with key stakeholders and publics on whom the organisation depends (Grunig *et al*, in Grunig 1992).

The role of the *PR strategist* in the above regard is to identify strategic stakeholders and publics, and to manage strategies to deal with stakeholders and the issues around which publics emerge. Such a role will contribute towards organisational effectiveness by stabilising relationships with key stakeholders, thereby helping to reduce uncertainty in strategic decision making.

The **excellence** question was firstly researched at the *micro or programme* level of analysis, i.e. the level of individual corporate communication programmes. Peters & Waterman (1982) pointed out that excellently managed organisations have characteristics in common that make them more successful than others—the same is true for communication departments in organisations.

The *meso or departmental* level of analysis determined the characteristics of corporate communication departments that, most often, managed communication in this way. At the *macro or organisational* level of analysis, organisations and their environments were researched to determine the conditions associated with excellent communication departments (Grunig, in Grunig 1992:3). For the characteristics of excellent corporate communication, as proposed by the literature review of the Excellence Study, see Figure 2.2.

**FIGURE 2.2: CHARACTERISTICS OF EXCELLENT PUBLIC RELATIONS\* AT THE DIFFERENT LEVELS OF ANALYSIS**

I. PROGRAMME LEVEL (micro level)
1. Programmes managed strategically
II. DEPARTMENTAL LEVEL (meso level)
2. Integrated public relations department
3. Separate function from marketing
4. Direct reporting relationship to senior management
5. Two-way symmetrical model
6. Senior public relations person in the managerial role
7. Potential for excellent public relations, as indicated by:
<ul style="list-style-type: none"> <li>• knowledge of the symmetrical PR model</li> <li>• knowledge of the managerial role</li> <li>• academic training in public relations</li> <li>• professionalism</li> </ul>
8. Equal opportunity for men and women in public relations
III. ORGANISATIONAL LEVEL (macro level)
9. World-view for public relations in the organisation reflects the two-way symmetrical model
10. Public relations manager/director has power in or with the dominant coalition
11. Participative rather than authoritarian organisational culture
12. Symmetrical system of internal communication
13. Organic rather than mechanical organisational structure
14. Turbulent, complex environment with pressure from activist groups
IV. EFFECTS OF EXCELLENT PUBLIC RELATIONS
15. Programmes meet communication objectives
16. Reduces costs of regulation, pressure, and litigation
17. Job satisfaction is high among employees

Source: Grunig (*in* Grunig 1992:28). \*As mentioned in Chapter 1, the term 'public relations' is used in academic literature, especially in the United States.

### 2.3.2.2 An expansion on the general theory of excellence in public relations and communication management

Holtzhausen (1995:164, 227) expanded on Grunig's general theory by firstly describing the corporate communication function at the micro level as one of *strategic communication management*. Secondly, she referred to corporate communication at the meso level as the *strategic organisational management* of the corporate communication function (Grunig named this the 'departmental' level). Thirdly, Holtzhausen posited that issues pertaining to organisational structure and culture will in some instances belong at the macro level (which

Grunig referred to as the 'organisational' level) -- Holtzhausen named this the *strategic environmental level*. For the purpose of this research, the terminology as put forth by Holtzhausen, will be adhered to.

Holtzhausen (1995) saw the macro level as the organisational level where the strategic management of the organisation takes place. It is where those managers who interpret the legal/political, competitive, technical and socio-cultural environment of the organisation) interface with the organisation's environment. Decisions at the macro level determine the attitude of the organisation towards communication with stakeholders, create the culture, determine the management style and the general direction. The macro level also describes the external environment, i.e. whether it operates in an autocratic or democratic system, which cultural perspectives exist outside the organisation, and even the global influences on the organisation.

What is most important in Holtzhausen's expansion of the general theory is the reversal of the process described by Grunig. She implied that the *macro* environment is actually the determining factor in the way corporate communication is practised at the meso and micro levels (Holtzhausen 1995:227). This is in contrast to Grunig (1990) who posited that strategic management only took place at the micro level of corporate communication, and that this contributed to organisational effectiveness.

In reversing the process described by Grunig, Holtzhausen's views are important in the argument for the role of the *PR strategist*. She posited that corporate communication's role in strategic management (at the macro level) determined the contribution of corporate communication to organisational excellence, and that decisions at the macro level determined the attitude of the organisation towards communication with stakeholders. Therefore, if the corporate communication manager is not part of the dominant coalition and does not play a

strategic role at the macro level, he/she will play no part in determining or devising strategies for managing strategic constituencies.

### 2.3.2.3 A general theory of excellence in public relations and communication management—the empirical study

The first phase of the empirical study was conducted from 1990-1991, consisting of a large-scale quantitative survey of 321 organisations in Canada, the United Kingdom and the United States. The respondents included corporations, not-for-profit organisations, government agencies, and professional/trade associations in all three countries. A second phase in 1994, consisted of case studies of 24 organisations that participated in the original survey (Dozier *et al* 1995). Follow-up studies to the Excellence Study have since been conducted in 25 countries across the world including Greece, India, Taiwan and Slovenia.

The *Excellence Study* found that communication excellence is universal—it was the same in different countries and across corporations, not-for-profit organisations, government agencies, and trade or professional associations. That is because communication excellence involves knowledge or expertise that transcends any particular public, organisational division or unit, industry, organisational type, or national setting (Dozier *et al* 1995:4).

Other findings were that communication excellence can be thought of as three spheres, one inside another. At the centre is the *knowledge base* of the communication department. The middle sphere represents a set of *shared expectations* about communication between communication managers and an organisation's top management.

Surrounding the knowledge core and the middle sphere of shared expectations, is a larger sphere of *organisational culture*. In general, participative cultures founded on teamwork and participative decision making are more apt to nurture communication excellence. However, in certain circumstances, communication excellence can be found in authoritarian cultures (Dozier *et al* 1995). For the purposes of this study, the first two findings concerning the knowledge base and shared expectations are relevant.

- Knowledge base

Communication technicians (practitioners who possess technical communication skills) perform mostly one-way communication activities---writing and editing; producing publications, film, video and photography; generating publicity; handling media enquiries; organising events, etc. In itself, these activities do not lead to excellence.

The *core* knowledge base for excellent communication departments involves knowledge of the *manager* role, especially strategic management. This includes contributing to strategic planning, making communication policy decisions, outlining communication programme alternatives, guiding top management through a logical problem-solving process, and being held accountable for programme success and failure (Dozier *et al* 1995:11).

Excellent communication furthermore involves knowledge of two-way symmetrical communication, e.g. specialised knowledge about formal and informal research. This includes doing environmental scanning to identify emerging trends and issues that affect the organisation, or doing formative and evaluative research to determine the effectiveness of corporate communication programmes.

Two-way communication can either be symmetrical or asymmetrical, representing two different world-views about the nature of relationships between organisations and stakeholders. Two-way asymmetrical communication entails the persuasion of stakeholders to think and behave as the organisation wants—top management is not expected to change its thinking or behaviour about a policy or issue. The organisation 'wins' only if the stakeholders 'lose'.

In using the two-way symmetrical communication model, 'win-win' solutions are developed through negotiation and compromise for solving conflicts between an organisation and its stakeholders. An important characteristic is that top management may change what it knows, how it feels, and the way the organisation behaves when using the two-way symmetrical model of communication. Practitioners act as advocates for the stakeholders' interests in strategic decision making, leading to ethical practices (Dozier *et al* 1995:12-13).

- Shared expectations

In the previous section it was seen that knowledge to play the *manager* role, to contribute to strategic decision making and execute two-way communication programmes were necessary prerequisites for communication excellence. However, it is not sufficient. To be excellent, the communication manager/department must develop partnerships with top management, the group of individuals who takes the decisions in the organisation (Dozier *et al* 1995:14).

In organisations with excellent corporate communication programmes, there are shared expectations between top management and senior communicators on what constitutes communication management, which role communication should play in the overall management of the organisation, and how communication can benefit the organisation. In the Excellence Study, chief executives (CEOs) with excellent communication programmes scored high on the Excellence Factor, and answered questions differently than did other CEOs (Dozier *et al* 1995).

CEOs valued communication managers who made inputs into the strategic management process by:

- acting as boundary spanners, environmental scanners and 'early warning systems'.
- telling top management what stakeholders know, how they feel, and how they might behave relevant to strategic decisions under consideration.
- acting as advocates for stakeholders, stating their viewpoints to top management.
- designing corporate communication programmes and messages to effectively communicate desired outcomes among targeted stakeholders, after decisions were made.
- sitting around the boardroom table when strategic decisions are made, thereby contributing to strategic management and planning.
- practising two-way, symmetrical communication.

If top management understands this role of the excellent communication manager and demands it, and the communication manager has the knowledge to deliver, critical linkages evolve between the communication department and top management (Dozier *et al* 1995:14-17):

*"When dominant coalitions expect communicators to think strategically to solve a problem or conflict with a key public, that reinforces the knowledge or expertise in the communication department to deliver communication excellence. When communicators respond strategically to help solve a problem important to the dominant coalition, that reinforces the strategic view of communication in the dominant coalition".*

### 2.3.3 CONCLUSION

Roles research plays an important part in understanding organisational and corporate communication as an emerging profession (Dozier, *in* Grunig 1992:350). Roles are powerful theoretical and empirical links between various concepts in a model of the corporate communication function. Of importance to this study, are the links to management decision making, research (both programme evaluation and environmental scanning), practitioner belief systems about the practice, and job satisfaction (Dozier, *in* Grunig 1992:335).

Most practitioners play the role of the *PR technician* and are found in all corporate communication departments, but practitioners in the role of *PR managers* are a necessary component of *excellent* corporate communication departments. Communication managers are found in organisations with threatening environments, with an open-system mind-set and are more likely to practise two-way symmetrical or asymmetrical models of corporate communication (Grunig, *in* Grunig 1992:19).

Systems theory suggests that the corporate communication function is essential to the survival and growth of organisations facing increasingly unstable and threatening environments. Definitions of corporate communication/public relations founded on systems theory, call for the problem-solving process facilitation, the communication facilitation and the expert prescription of a corporate communication *manager* (Dozier *in* Grunig 1992:352).

This study will attempt to provide some clarification on the key issue in roles research that, according to Dozier (*in* Grunig 1992:329), is the following: Who will

manage the corporate communication function, how will it be managed, and what are the role expectations.

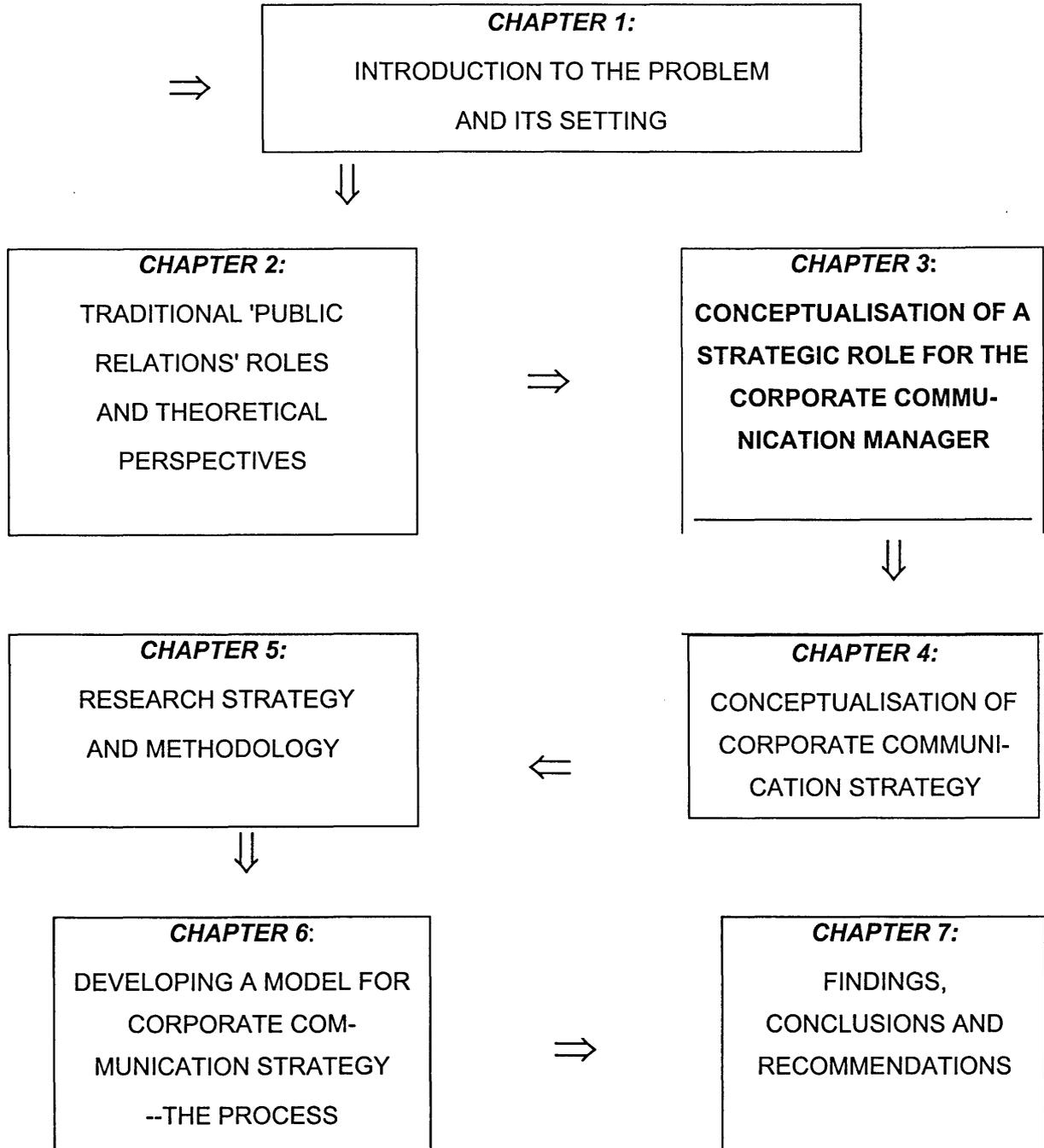
In conclusion it can be said that the systems theory provides the ideal theoretical approach for the development of a strategic role for the corporate communication manager. Its emphasis on receiving information from the external environment in the form of input, interpreting this information during throughput, providing information to the environment during output, and receiving feedback on the whole process describes the process of corporate communication management.

Furthermore, the general theory on effectiveness and excellence in public relations and communication management strongly supports the argument for a communication manager to play a strategic role at the top management level. Reference is made here to the findings of the Excellence Study, specifically to the *knowledge base* of the communication manager to play a strategic role, as well as the *shared expectations* with top management on the activities that constitute such a role.

In view of the fact that (i) chief executives seem to expect their corporate communication managers to play a strategic role in the organisation, to take part in the strategic decision making processes (as seen in Chapter 1), and (ii) the two major theories in corporate communication support such a role, a strategic role for the most senior manager heading the corporate communication function is to be conceptualised in the next chapter.

### CHAPTER 3

#### OUTLINE OF THE RESEARCH REPORT



## CHAPTER 3

### **3. CONCEPTUALISATION OF A STRATEGIC ROLE FOR THE CORPORATE COMMUNICATION MANAGER (THE ROLE OF THE PR STRATEGIST)**

In this chapter, the role of the corporate communication manager in strategic decision making is analysed firstly from the perspective of the public relations literature, in order to conceptualise the role of the *PR strategist*, and to determine the constructs for such a role. Secondly, the strategic management literature is explored to determine qualitatively whether a need exists at the top management level for the corporate communication manager to play a strategic role, and to determine the constructs for such a role. Thirdly, precise hypotheses and measurement questions for empirically testing the role of the *PR strategist*, are developed.

#### **3.1 INTRODUCTION**

In the preceding chapter, the role of the *PR strategist* as a major construct in this study was substantiated within the framework of two corporate communication grand theories. This chapter is dedicated to achieving Research Objective 1: To conceptualise the role of the *PR strategist*, i.e. a strategic role for the corporate communication manager at the top management level.

The role of the *PR strategist* is further investigated by obtaining a perspective from the body of knowledge on public relations. References to the strategic management of corporate communication have been analysed and the following

constructs have been pinpointed: the *mirror function* (information acquisition/processing), *boundary spanning*, *environmental scanning*, *stakeholders*, *publics*, *activists* and *issues*. Furthermore, the strategic management literature is investigated to obtain top management's perspective on the need for such a role—the constructs that have been identified are the *environment*, *boundary spanning*, *environmental scanning*, *stakeholders* and *issues*.

The following guiding hypotheses were set in Chapter 1 to lead the investigation.

**Guiding hypothesis 1a**

The chief executive (CEO) is not satisfied with the role played by the corporate communication manager.

**Guiding hypothesis 1b**

The chief executive (CEO) expects the corporate communication manager to play a strategic role at the top management level.

## 3.2 THE PUBLIC RELATIONS LITERATURE PERSPECTIVE

### 3.2.1 THE STRATEGIC MANAGEMENT OF CORPORATE COMMUNICATION

Van Riel (1995:1-2) regards the corporate communication function's contribution in achieving organisational goals as "*professionally carrying out the window and the mirror function*". The researcher has broadened Van Riel's definition, in referring to the 'window' function as the preparation and execution of a communication policy *and strategy*, resulting in messages that portray all facets of the organisation. (This is the role of the *PR manager* that will fully be described in Chapter 4). In fulfilling this function, corporate communication managers

interpret the philosophies, policies, programmes and practices of top management to its publics (Seitel 1992). In this facilitating role, they help accomplish an active outward orientation for the organisation (Angelopulo, *in* Lubbe & Puth 1994).

In the past, corporate communication practitioners have frequently represented the organisation to the external environment—their journalistic training and use of the public information model emphasise the external representation function (Grunig & Hunt 1984). A relatively new practice in corporate communication is information acquisition and processing through environmental scanning (Dozier 1990). Environmental scanning is research conducted to detect problems and assess the status quo (Dozier & Repper, *in* Grunig 1992), and forms part of the problem-defining stage of corporate communication strategy formulation (Dozier 1986).

Environmental scanning is a form of system inputs—organisations gather intelligence about stakeholders and environmental forces. According to Broom & Dozier (1990), environmental scanning moves through three stages: problem detection, exploration, and description. When these inputs are collected systematically, it forms part of environmental scanning (Broom 1986). The strategic function of scanning is early detection of emerging problems as well as quantification of existing or known problems in the environment. This kind of research is conceptually and methodologically distinct from program evaluation—the latter being designed to evaluate the planning, implementation and impact of communication programmes (Dozier 1986).

Van Riel (1995:2) has described the above practice of information acquisition and processing through environmental scanning as the *mirror* function of corporate communication. The researcher has broadened the concept mirror function (see italics) to ‘the monitoring of relevant environmental developments

and the anticipation of their consequences for the *organisation's strategies* and policies, especially with regard to relationships with stakeholders'. (This is the role of the *PR strategist*, to be described in this chapter).

Corporate communication's value in the process of strategy development is that it is a source of intelligence regarding the organisation's environment, an early warning system that identifies issues before crises erupt. It is the organisational function that assists top management in gathering, interpreting and using the information (Winokur & Kinkead 1993:1). Large organisations usually gather large amounts of information, but much of it is lost because it is not gathered and interpreted at one collection point (White & Mazur 1995:25). Managing this process of information gathering from the external, internal and task environment will necessarily involve research and a systematic approach to sources of information (White & Mazur 1995:28).

Corporate communication managers are in an excellent position to provide this interpreting function, because of wide contact with the external and internal environment and an outside view of the organisation. They know what top management and the stakeholders are thinking, have firsthand knowledge of the reasons for management's decisions, and the rationale for organisational policy (Dozier *et al* 1995).

They explain to top management the impact of their behaviour on public opinion and prevent them from insulating themselves. They have a clear understanding of each stakeholder's concerns, sensitivities and preconceptions, being effective communicators (Winokur & Kinkead 1993:1). They therefore interpret the stakeholders' views to top management by giving continuous feedback. This means finding out what stakeholders really think and letting management know, whether they like it or not (Dozier *et al* 1995). Grunig & Hunt (1984:9) call this a boundary role: the corporate communication manager's/ practitioner's function at

the edge of an organisation as a liaison between the organisation and its external and internal stakeholders -- being in touch with the real world by having one foot inside and one outside the organisation.

Corporate communication managers have real value in their ability to maintain a degree of detachment from the motives that drive other members of management--they view corporate policies with a multiple vision (Mason 1974). This is often lacking in other management members who develop an internal 'myopia' where they can only see within the short-range boundaries of the organisation (Hicks 1987). This role of the corporate communication manager keeps the organisation in harmony with its environment, gives it credibility and leads to acceptance of organisational policies.

Communication is increasingly gaining the status of an indispensable management tool. Corporate communication managers are no longer seen as 'information conduits', but rather act as fully fledged strategic advisers to top management (Seitel 1992:1-2). Communication managers must think strategically and demonstrate their knowledge of the organisation's mission, goals and strategies by aligning communication goals with those of the organisation. Trying to establish a communication programme without corporate direction, "*is a little like driving cross country without a road map*" (Webster 1990:19).

Corporate communication managers must have the opportunity of making strategic inputs in the strategy formulation of the organisation by taking part in decision-making--the role of information gatherer and processor is key to their participation (Dozier *et al* 1995). To make a real contribution to organisational effectiveness, corporate communication managers must be part of the strategic management of the total organisation. Good corporate communication cannot be

practised in a vacuum, but is only as good as its access to top management (Seitel 1992:10).

In the words of Grunig & Repper (*in* Grunig 1992:120), strategic management applies to corporate communication in two important ways:

- The first is the corporate communication manager's involvement in the strategic management of the organisation by surveying the environment, helping to define the mission and goals, and in developing problem-solving strategies for the entire organisation. This is the role that has been described above, a role for the most senior corporate communication manager/practitioner at the top management level—conceptualised by the researcher as the role of the *PR strategist*.
- The second has to do with strategically managing the corporate communication department's own programmes, integrating and co-ordinating its work with that of the organisation. This is the role of the *PR manager*, to be described in Chapter 4.

It is important to note that the corporate communication function is only effective:

- when the corporate communication manager reports directly to and is part of top management (Seitel 1992:10-11);
- when the corporate communication manager is knowledgeable on the *manager* role, especially on strategic management (Dozier *et al* 1995);
- if the chief executive (and other members of top management) understands and demands this role (Dozier *et al* 1995).

### 3.2.2 A MODEL FOR THE STRATEGIC MANAGEMENT OF CORPORATE COMMUNICATION

The management of *publics* has been the core business of corporate communication since the 1950's. It is important to note that the significant groups of people in an organisation's environment are called *publics* by communication professionals, but *stakeholders* by managers and senior executives. (The management of *stakeholders* will be discussed in the second part of this chapter, as a part of the strategic management process--see 3.3.5).

For practical purposes, these concepts can be, and often are, used interchangeably. However, in the theoretical context of strategic communication management there is a clear distinction between the two (which will be adhered to in this study). This distinction is highlighted in Grunig & Repper's model (*in* Grunig 1992:124) for the strategic management of public relations (corporate communication), which consists of the following stages:

- The stakeholder stage

People are *stakeholders* of an organisation when the behaviour of the organisation has consequences for them or vice versa. Therefore, stakeholders are affected by organisational decisions or their decisions affect the organisation.

Many stakeholders, such as residents of a community, are passive. They are unaware of the mutual influence between themselves and the organisation or they see no need to act, or to become involved with the organisation. However, this situation might change when there are shifts in the environment -- resulting in a stakeholder's values, needs, desires, wants, goals or objectives becoming significantly different from those of the organisation.

- The publics stage

Publics form when stakeholders recognise the consequences of an organisation's decisions/behaviour as a *potential problem*. A crucial distinction for segmenting people into publics is the extent to which they passively or actively *communicate* about a problem/issue and the extent to which they *behave* in a way that supports or constrains achievement of the organisation's mission.

When a stakeholder or another individual/group faces a potential problem created by organisational decisions, but do not yet detect the problem, they constitute a *latent* public (passive, but with the potential to be active). An executive committee's decision to manage staff numbers downward would probably transform employees (as a passive stakeholder group) into a latent public the moment the decision is taken, since such a decision could have major consequences for the employees.

When a latent public recognises the potential problem, it becomes an *aware public*. An announcement in the employee newsletter that the company is over-staffed and that certain measures will have to be taken, immediately creates an aware public (likely to become active whenever the first measure to carry out this policy is implemented). When the employees organise to do something about the problem, they become an *active* public. In such a case, they might collect signatures for a petition to top management, or lay complaints with the labour union.

- The issues stage

Crable & Vibbert (1985:5) maintain that issues enter the public agenda because an active public makes an issue out of a problem that is not satisfactorily addressed by an organisation: "*An issue is created when one or more human agents attaches significance to a situation or perceived problem*". They influence public opinion on the issue by, for instance, bringing in the media and participating in protest marches—when they have reached the latter stage, active publics can be called *activists*.

The media plays a major role in the creation and expansion of issues. As publicity mounts, other organisational stakeholders (or people not associated with the organisation) hear about the issue and may also become publics/activists on the issue (Van Leuven & Slater 1991).

- Activists

Activists merit special attention by corporate communication managers because they present threats to the organisation. However, they also present opportunities to those corporate communication managers who manage strategically. Pro-actively dealing with activists increases the need for, and the power of, the corporate communication function (LA Grunig, *in* Grunig 1992:503-530).

In the past, top management has tended to ignore the potential impact of small groups in the external environment (called pressure groups, special interest groups, issue groups, grassroots opposition or social movements). These terms

all refer to collections of individuals that organise to exert pressure on the organisation on behalf of a certain cause.

Activist groups are characterised by their motivation, fervour, and enthusiasm; and will persevere until they achieve their goals. Their intent is to improve the functioning of an organisation from the outside. The aims of many typical activists are to present options as forcefully and as articulately as possible. They see the organisation as having no choice—it will change or be changed. Special interest groups operating outside the organisation increasingly try to control it (LA Grunig, *in Grunig 1992:503-530*).

According to Mintzberg (1983), organisations are affected by four types of powerful groups: owners, associates (suppliers, clients, partners, or competitors—all of whom have a purely economic relationship with the organisation), employee associations, and external publics. Mintzberg regards the most powerful external publics as being the mass media, government, and special interest groups.

Activist groups are increasingly aware of the power of the mass media and use it to their advantage—media coverage conveys legitimacy. The more the media covers an issue, the more negative the public's opinion of the organisation being pressured becomes. Activists often work with government to affect internal operations of organisations. In such cases, an organisation faces opposition from more than a single source, which presents a real threat to their autonomy (LA Grunig, *in Grunig 1992:503-530*).

### 3.2.3 THE ROLE OF CORPORATE COMMUNICATION IN THE MANAGEMENT OF STAKEHOLDERS, PUBLICS, ISSUES AND ACTIVISTS

Corporate communication management is the management of relationships with stakeholders. It is also the management of issues in order to minimise the conflict with publics and activist groups. Ideally, organisations should not wait until the issues stage to deal with problems, but should identify them in advance and manage the organisation's response to problems (Heath 1990:32). A pro-active approach may give the organisation a competitive advantage in detecting and managing potential problems before the media or government become involved in the issue or crisis.

The corporate communication function should scan the environment and the organisation's behaviour on a regular basis to identify the consequences they might have on each other. Ongoing communication with stakeholders will build stable, long-term relationships that will help to manage conflict, should it arise. Once potential problems have been identified, research should be done to determine whether publics are latent, aware or active. Communication with publics to involve them in the organisation's decision making processes assists in solving problems before they turn into issues. It is important to note that different kinds of communication with publics are needed, depending on whether they are in the latent, aware or active stages of communication behaviour (Grunig & Repper, *in* Grunig 1992).

While continually scanning the environment, the corporate communication function should detect issues that emerge around problems, and manage the organisation's response to them. This process is also known as 'issues management' (Grunig & Repper, *in* Grunig 1992). Special attention should be given to active publics who have turned activist--their interests should be

reconciled with the organisation they pressure. An important challenge faced by top management is to develop and establish a systems approach to the management of public policy issues in order not to surrender corporate autonomy and efficiency to the whims of bureaucrats and activist groups (LA Grunig, *in* Grunig 1992).

The corporate communication manager can play a most valuable role in this situation in knowing when, what and how to communicate. Meeting this challenge entails using the pro-active approach of issues management--constantly monitoring relevant stakeholders to find out how the organisation is perceived and how to reach them via different channels of communication. This role in dealing with stakeholders, issues and activism may be a new phenomenon for many corporate communication practitioners. Not until the recent era of environmental and consumer issues did CEO's really seek a corporate communication practitioner who understood their business (LA Grunig, *in* Grunig 1992).

Corporate communication practitioners who engage in issues management, expand their role beyond publicity or press agency. They firstly identify and analyse emerging issues and secondly, evaluate alternative organisational responses. Rather than managing the issue or the activists, they assist in managing organisational efforts to contend with the problem. In this way, the corporate communication manager becomes part of the reconciliation process as well as the accompanying communication effort.

Without this involvement from corporate communication, the organisation may find itself unprepared to manage issues that lead to adverse government regulations. As a result, the CEO may turn to "*outworn and traditional public relations defence mechanisms*" (LA Grunig, *in* Grunig 1992). Plumb (1984:4) advises corporate communication practitioners faced with opposition from

outside groups to constantly study their organisation and industry, to monitor the changing public climate, and to shape communication programmes that make sure people understand what is going on.

Although the impact of pressure groups on big organisations is increasing, many corporate communication efforts are the result of reactive, rather than proactive, management. Corporate communication should be aware of the expectations and perceptions of key stakeholders before it becomes a major threat to the organisation. They should also make organisational leaders more aware of, and knowledgeable on, the decision making processes of those organisations/groups that affect them. Without a thorough understanding of adversarial groups, the organisation is at their mercy (LA Grunig, *in* Grunig 1992).

When the corporate communication manager is not part of strategic management, top managers may try to ignore him/her (LA Grunig, *in* Grunig 1992). This can be countered by undertaking research on stakeholders/publics/activist groups and presenting this strategic information to management, together with strategies on how to manage the situation.

The communication manager should also make top management aware that stakeholders or pressure groups' trust in big business is not born overnight--it takes time, commitment and on-going personal contact. Top management should therefore be accessible and understand the importance of creating communication channels before controversy erupts--giving information when things are going well is being proactive (LA Grunig, *in* Grunig 1992).

#### 3.2.4 CONCLUSION

From the literature on public relations, the major constructs for the role of the *PR strategist* (the role of the corporate communication manager at the top

management level) has been identified as the mirror function, environmental scanning, boundary spanning, as well as the management of stakeholders, publics, issues, and activists.

### **3.3 THE STRATEGIC MANAGEMENT LITERATURE PERSPECTIVE**

The purpose of this investigation of the body of knowledge on strategic management is to analyse the strategic management process in order to determine whether there is a need at the top management level for the most senior manager/practitioner heading the corporate communication function to play the role of a *PR strategist*, as conceptualised in the previous section.

#### **3.3.1 THE STRATEGIC MANAGEMENT PROCESS**

The modern concept of strategic management, defined as “*balancing internal activities with strategies for dealing with external factors*” (Pearce & Robinson 1997), is the ideal way for an organisation to achieve maximum effectiveness. Pfeffer & Salancik (1978:11) see success in meeting internal goals as 'efficiency' (doing things right), whereas 'effectiveness' (doing the right thing) is “*an external standard of how well an organisation is meeting the demands of various groups and organisations that are concerned with its activities*”.

According to Digman (1990:14), the strategic management process is an attempt to achieve a productive fit between the organisation's external or macro environment (economic, competitive, social, political/legal, technological factors) and its internal situation (structure, systems and procedures, climate and resources). The organisation must consider the threats and opportunities present

in the external environment, and the strengths and weaknesses present internally. However, executives are often compelled to subordinate the demands of the firm's internal activities and external environment to the multiple and often inconsistent requirements of its various stakeholders (Pearce & Robinson 1997).

Viewing strategic management as a process has the implication that any change in one component will affect several or all of the other components. Since this process is very dynamic, it should be monitored constantly for significant shifts in any of its component parts. Top management should continually assess the impact of the organisation's implemented strategies on the external environment, and take this into account in future decision making (Pearce & Robinson 1997:19).

Strategic management focuses on strategic decisions—those decisions that deal with the determination of organisational strategy, provide the definition of the business and the general relationship between the organisation and its environment. This includes an analysis of the environment, of resources and strategic capability, and of culture and stakeholder expectations (Costa & Teare 1994).

To keep up with the external environment, management must watch for changes and trends of strategic significance. The more rapid and discontinuous the change, the greater the need for environmental analysis and forecasting. The changes and trends are brought into and disseminated within the organisation by means of a strategic information system (Digman 1990:51). Although some information may be within the organisation, much of it exists in unrelated, unevaluated 'bits and pieces' that are difficult for decision makers to use. As a result, much information goes unused (Aaker 1983).

Strategic information is the information necessary to make strategic decisions at either the corporate or business level of the organisation. This information can be an important resource to the company if it is used to achieve a strategic competitive advantage (Wiseman 1988). Most companies rely on their management information systems (MIS) to obtain strategic information. However, the information top management really needs must be separately collected and processed and must follow separate pathways from information required for operations. MIS is almost exclusively concerned with the past, with the control function applied to the operational activities of the firm--few focus on the planning function or strategic decisions critical to the company's future (King & Cleland 1978:221; Rhyne 1985; Digman 1990, Xu & Kaye 1995).

What is therefore required is a separate strategic information system (SIS) designed to support the company's competitive strategies. The SIS should provide for 'scanning' the business environment to pick up new signals, and 'monitoring' to track previously identified trends, singled out as being significant to the organisation. An important part of an SIS is establishing responsibility for acquiring and handling such information within the organisation. Ansoff (1977) held that the degree to which an organisation is successful in integrating such information into its planning, will determine the level of its strategic thrust.

### 3.3.2 THE ENVIRONMENT

Strategic decisions deal with the determination of organisational strategy. In the process, the organisation monitors its environment, incorporates the effects of environmental changes into corporate decision making, and formulates new strategies (Jain 1997:10). The environment, perhaps more than any other factor, affects organisational strategy, structure, internal processes and managerial decision making (Duncan 1972; Pfeffer & Salancik 1978; King & Cushman 1994:16).

From an information processing perspective, the environment is important because it creates uncertainty for managers, especially top managers (Nanus 1982:39). The central problem for chief executives today is the management of change and complexity arising from the organisation's interaction with an increasingly turbulent external environment. This manifests itself in a number of ways: the increasing amount of time devoted to environmental concerns by chief executives; major sections of annual reports devoted to social responsibility; the increased number of public affairs staff and lobbying efforts; and frequent media appearances by corporate representatives (Nanus 1982:39).

Environmental uncertainty is the absence of information about organisations, activities and events in the environment (Huber & Daft 1988). It results in increased information processing within organisations because top managers must identify opportunities, detect and interpret problem areas, take strategic decisions and implement strategic or structural adaptation (Hambrick 1982; Culnan 1983; Jemison 1984).

When organisations make decisions, they do so based on a set of shared perceptions of the organisation and its environment. From the academic literature, however, it is evident that there is a lack of a definite interpretation of the term *environment* (Grunig & Repper, *in* Grunig 1992:122)--various authors conceptualise it in different ways.

Pearce & Robinson (1997) define the environment as "*the sum total of all conditions and forces that affect the strategic options of the organisation and define its competitive situation, but that are typically beyond its ability to control*". They see the environment as consisting of three categories:

- The *remote* environment (also called *macro* or *societal* environment by other authors), refers to sectors that affect organisations indirectly, by influencing its long-term decisions. It originates beyond, and usually irrespective of, any single organisation's operating situation. It consists of social, economic, political, technological and ecological factors to be considered.
- The *operating* or task environment includes sectors that have direct transactions with the organisation and influences day-to-day operations and goal attainment (Wheelen & Hunger 1992). It is typically much more subject to the organisation's influence or control than the remote environment -- and they can therefore be much more proactive in dealing with it. The operating environment, consisting of groups such as customers, suppliers, competitors and creditors (Hagen & Amin 1995), is usually easier to scan, the timing is more easily understood, and the impact is more predictable—scanning is also done more often.
- The *functional or internal environment*, which was added to the above classification by Olsen, Murthy & Teare (1994), refers to areas of specialisation within the organisation such as finance, human resources, operations, administration, marketing, corporate communication, and research and development.

Van Wyk (*in Spies 1994*) calls the macro, task and internal environment, the *decision making environment* of the organisation. When researching the environment, Mitroff (*in Spies 1994*) includes another component namely the *stakeholder environment*, thus adding behaviouralist methodology to the procedure. Pearce & Robinson (1997:46) also mention the stakeholder approach to the environment in stating that the legitimate right of the organisation's stakeholders must be recognised. All of the stakeholder groups must be identified and their relative rights, as well as their ability to affect success, be weighed. These stakeholders include not only stockholders but others affected

by the organisation's actions such as customers, suppliers, governments, unions, competitors, local communities and the general public.

The environment is built from the flow of information into the organisation (Duncan 1972). The organisational environment is not the physical surroundings (buildings, offices, equipment, people) that organisational members encounter, but the information to which they react. Thus the focus of the organisational environment is "*an action, process view of the messages that organisational members perceive and the meanings that they create in response to these messages*" (Weick 1969). Organisations create their own environments by paying attention to some information from out there while ignoring other information. An organisation's environment is therefore "*an arbitrary invention of the organisation itself*" (Starbuck 1976:1078).

Lenz & Engledow (1986) has a different view of the organisation's internal and external environment, namely that it can be represented as "*a patterning of strategic issues*". This differs from the depictions of the environment above as a set of general components (e.g. the technological, economic or social component), or a set of cognitive maps, or a collection of stakeholders. In considering the diverse views expressed above, one has to agree with Grunig & Repper (*in Grunig 1992:122*) that there is no consensus on the exact nature of the concept 'environment'.

### 3.3.3 BOUNDARY SPANNING

Boundary spanning is an important concept in the context of understanding the organisation's external environment. Organisations must acquire timely information from a number of external areas to be able to make strategic decisions. This strategic information is frequently provided by *boundary*

*spanners*, people within the organisation who interact with the organisation's external environment (Aldrich & Herker 1977).

Boundary spanning is defined as “*the set of activities involved with organisation-environment interaction*”. Boundary spanning units are important in strategic decision making because of their ability to recognise and deal with trends or changes in the external environment—an important characteristic of complex organisations that wish to survive (Jemison 1984:131).

Most authors concur that boundary spanning roles are involved with either inputs to the organisation or outputs from the organisation. This corresponds with Adams' (1976) boundary spanning roles of *acquisition* and *disposal*. Aldrich & Herker (1977) propose two primary classes of boundary spanning functions: information processing (called the *mirror* function by Van Riel 1995) and external representation (called the *window* function by Van Riel). Jemison (1984) inter alia associates the following activities with the above roles:

- *Information acquisition and control*: information is acquired from external sources and decisions are taken by boundary spanners as to whom, when and what portions of the information should be given to others.
- *Information is provided* to the external environment to create a favourable image of the organisation.

These boundary spanning roles can be carried out by more than one organisational function and are not synonymous with a particular position in the hierarchy (Tushman & Scanlan 1981). Organisational functions that engage in these boundary spanning roles will gain influence over strategic decisions to the extent that the boundary role is related to a critical contingency in that organisation (Hickson, Hinings, Lee, Schneck & Pennings 1971).

Communication across boundaries is difficult and prone to bias and distortion. Boundaries can be spanned effectively only by individuals with the ability to translate across communication boundaries and who are aware of contextual information on both sides. Since informational boundary spanning is a two-part process, it will only be accomplished by individuals who obtain information from the environment and also disseminate it internally (Tushman & Scanlan 1981). These individuals must be well linked internally and externally.

Salesmen and buyers, for instance, are active in the external environment but there is no evidence that they actually disseminate information inside the organisation (Leifer & Huber 1977). They play the so-called 'representational' boundary spanning roles that usually do not mediate critical resources for the organisation, nor are they informally powerful roles (Tushman & Scanlan 1981). Corporate communication technicians traditionally also fall within this category.

Information acquired via formal information media (e.g. MIS reports) is inherently dated, and formal information systems have only limited encoding capabilities. Widespread direct communication across organisational boundaries is costly, inefficient, and prone to bias (Katz & Kahn 1978). Informal social mechanisms, such as boundary spanning, are an effective medium for acquiring and interpreting timely, current, and soft information (Aldrich & Herker 1977). Such information must be interpreted to be of relevance to the organisation and organised in a manner that fits the decision-making structure and process. Ignoring seemingly irrelevant information from the environment can have disastrous consequences for organisations.

Regarding high-level, strategic decisions, boundary-spanning personnel can play their most important role by acting as consultants who advise on methods of problem representation. As environmental scanners, they make important decisions when they decide to present certain information (but not other

information) to decision makers. Many decision makers will give importance only to that information that affects their area of specialisation (Dearborn & Simon 1958). Some decisions require constructing new meanings about the organisation in relation to its environment and typically involve action to change existing meanings. Boundary spanners have an important role to play and are uniquely equipped to structure new meanings regarding both the organisation and its environment. They provide decision makers with appropriate conceptual frameworks, representing the decision problem in a form that permits a solution (White & Dozier, *in* Grunig 1992).

Boundary spanning is one mechanism by which information is imported into organisations. The special characteristics of boundary spanners allow decision makers to maximise their information acquisition at a relatively low cost in terms of time, energy, and effort (Mintzberg 1973). However, boundary spanning individuals are often denied greater influence because their loyalty is suspect as a consequence of relatively frequent contact with outsiders. Boundary spanners violate the (psychological) demarcation between organisation and environment (Leifer & Delbecq 1978:4), and are viewed as identifying with external rather than internal interests. It seems the messenger is still blamed (although not killed) for unwelcome messages, regardless of their value to the decision making process (Aldrich & Herker 1977).

#### 3.3.4 ENVIRONMENTAL SCANNING

Assessing the organisation's environment used to be "*an informal endeavour based on intuitive judgements*". Today, however, it has become one of the most challenging aspects of the strategic management process (Robbins & De Cenzo 1998:101). Whether environmental changes have positive or negative consequences depends almost entirely on the speed, accuracy and interpretation of the information, the communication regarding changes and the rapid internal

reorientation of the organisation (King & Cushman 1994:16). Effective systems should be developed to acquire relevant environmental information in a timely fashion (Choudhury & Sampler 1997).

An analysis of the external environment can best be achieved by means of a research technique called *environmental scanning* and *monitoring*. It has as its primary purpose to provide an understanding of the constituents of the *macro or societal environment* (Jain 1984, 1990; Mason & Wilson 1987; Fahey & Narayanan 1986; Olsen, Murthy & Teare 1994; Xu & Kaye 1995; Pearce & Robinson 1997).

Environmental scanning is considered by many as the first step in the strategy formulation process (Hambrick 1981, 1982; Bourgeois 1980; Phillips & Calantone 1994; Robbins & De Cenzo 1998:105). It is the process of identifying and tracking trends that lead to business opportunities and threats (Olsen, Murthy & Teare 1994; Yasai-Ardekani & Nystrom 1996).

During the last two decades business leaders have seen that rapid changes in the environment could seriously threaten their organisations--they have learnt that they should understand their environment and change along with it in order to survive and prosper (Bates 1985; Yasai-Ardekani & Nystrom 1996). It is therefore important to monitor the relevant changes taking place (Digman 1990), since an organisation can only respond to those parts of the environment of which it is aware (Kuhn 1969).

'Scanning' was first conceptualised by Aguilar (1967) as the way in which managers studied the environment. He defined it as "*scanning for information about events and relationships in a company's outside environment, the knowledge of which would assist top management in its task of charting the company's future course of action.*" Hambrick (1981:1982) reinforced Aguilar's

view, conceiving it as the “*first step in the ongoing chain of perceptions and actions leading to an organisation’s adaptation to its environment*”.

Environmental scanning is a process in which an organisation learns about events and trends in the external environment, establishes relationships between them, and considers the main implications for problem definition and decision making. Daft & Weick (1984) have a narrower definition for scanning by seeing it as part of the interpretation process in an organisation: *Scanning* is data collection (viewing the environment); *interpretation* is translating events and developing shared understanding amongst top managers of how the environment affects the organisation; and *learning* is the process by which knowledge about outcome relationships is developed (i.e. providing a rough outline of the future state of the environment for purposes of strategy formulation).

#### 3.3.4.1 Findings of initial research on environmental scanning: The macro or industrial view

The earlier stream of research on environmental scanning has taken the macro or industrial view, asking which organisational units and systems gather environmental data and how is it used (Aguilar 1967; Fahey & King 1977; Jain 1984; Stubbart 1982; Thomas 1980).

⇒ How is environmental scanning used?

Environmental scanning and management’s perception of the environment is central to the strategy formulation process--management need to study and understand the environment in order to think strategically (Aguilar 1967; Kefalas & Schoderbek 1973; Miles, Snow & Pfeffer 1974; Thayer 1978; Bourgeois 1980; Hambrick 1982; Daft, Sormunen & Parks 1988; Pearce & Robinson 1997). It is

therefore imperative to conduct environmental analysis to ensure that important external changes and information are included in the organisation's strategic decisions (Fahey & Narayanan 1986:1).

Scanning improves an organisation's abilities to deal with a rapidly changing environment in various ways (Jain 1990):

- It helps an organisation to capitalise on opportunities early.
- It provides an early warning signal of impending problems.
- It sensitises an organisation to the changing needs of its customers {and other stakeholders}.
- It provides a base of objective qualitative information about the environment.
- It provides intellectual stimulation to strategists in decision making.
- It improves the image of the organisation in the eyes of its stakeholders and publics.

In spite of its obvious advantages, scanning is not an ordered process in many organisations. In an analysis of 31 South African companies, Binedell (1982) found that 28 undertook environmental scanning on an irregular basis, and were dependent on published and 'informally' collected information. Only two published their analyses and presented them as a starting point for the planning cycle.

⇒ *Which systems are used in structuring environmental scanning?*

The corporate strategy must continually be reviewed to incorporate the impact of environmental trends of strategic significance--a systematic approach to environmental scanning is therefore needed (Jain 1997). Studies have shown that a number of environmental and organisational variables are of major importance in determining the content of specific business strategies. Many are

well-known, but some -- such as stakeholder values and social responsibility -- have not been studied adequately by researchers.

To make sense of chaos in today's world, decisions should be based on the maximum amount of information. The only way to secure information is to actively request it. In the case of key relationships with stakeholders, this means regular conversations, focus groups and opinion surveys. It also means that the organisation must organise itself to be receptive to inputs of opinion. Whether the subject is financial control, social performance, or environmental management, it is essential to have formal processes of information collecting, reporting and auditing if the issue is to be understood and managed effectively. This will lead to agreement on objectives which secure stakeholder commitment, such as improvements in product quality, employee development, or environmental management, thereby adding stakeholder value (Wheeler & Sillanpää 1998).

- *Which organisational unit should gather the data?*

A problem with scanning is who to ask to conduct the analysis and how to obtain useful information (Bates 1985). Scanning tasks must be made manageable by assigning individuals to scan information sources most relevant to company operations. It is important to keep the interests and backgrounds of participants in mind. Other organisational members who are exposed to important information, should also be made aware of the system (Aaker 1983).

There is frustration in knowing how and what to analyse and how to get the information utilised by line managers (Diffenbach 1983). This is exemplified by the following comment made by a researcher: "*Environmental scanning is one of those many ideas which look good on paper, but proves intractable in implementation*" (Stubbart 1982). This general feeling about the difficulties encountered in implementing environmental scanning seems to have carried

over to the 1990s. Askew (1997) pointed to the fact that, at present, most monitoring procedures are *ad hoc* and unformalised.

Engledow & Lenz's (1985) research results pointed to the fact that environmental scanning is even more complex and harder to do than originally envisioned. However, four principles regarding effective implementation that emerged were the following:

- Environmental scanning must be linked, conceptually and practically, to current planning and operations.
- Systems for environmental analysis must fit the culture and decision-making styles of the organisation.
- Continuing support from internal champions such as the CEO or another is required to sustain the scanning over time. Environmental analysis is a relatively new, poorly defined activity which does not have a historical role in the planning process, and is always in danger of being smothered. Working champions must provide expertise and credibility, and have a strong belief in the inherent worth of the activity. The champions must be broad-thinking individuals with knowledge of relevant analytical methods, a keen sense of the philosophy and politics of the organisation and of the decision-making styles of key executives. They must have an 'away from the system' perspective, suggested by Ansoff (1980).

Much of the discussion focuses on whether environmental scanning should be organised as a free-standing staff function or in concert with strategic planning (Engledow & Lenz 1985), or in a unit outside the normal planning process e.g. across organisational hierarchies (Ansoff 1980). In practice, it is done in many different ways (Jain 1997):

- Line managers undertake it as part of their responsibilities.
- The strategic planning department undertakes to do it.
- A specific office is instituted to conduct scanning.

Other organisational arrangements could include a separate corporate entity for scanning; a corporate/strategic planning department; a product/market area or strategic business unit; the legal department; corporate communication/public relations or public affairs; marketing research; or a think tank or concept group (Jain 1984).

From Jain's (1984) study it appears that marketing research is the preferred organisational unit for scanning the social environment. The legal department is used for political scanning. Corporate communication/public affairs engages in environmental scanning as a substitute for corporate/strategic planning in all areas except the economic environment. More specifically, in organisations just starting the scanning activity, economic scanning is assigned to corporate/strategic planning, with other forms of scanning delegated to corporate communication (Jain 1984).

Freeman (1984:221) concurs with the latter in seeing the task of corporate communication not only to participate in strategic management processes, but also to scan the environment for new issues and new stakeholders, and to bring these to the attention of the business unit managers responsible.

#### 3.3.4.2 Later streams of research on environmental scanning: The micro-level

Later studies focused on the informal scanning behaviours of individual managers, i.e. how they get information about their environment (Kefalas & Schoderbek 1973; Wang & Chan 1995, Yasai-Ardekani & Nystrom 1996; Oswald, Mossholder & Harris 1997). People possess a strong motivation to understand their environments, but limitations on their cognitive abilities create biases as they acquire and process information. Managers tend to focus on their own short-term interests, and they fail to share information with other managers (Yasai-Ardekani & Nystrom 1996).

There are numerous studies which centre on the information gathering activities of senior level executives, also referred to as boundary spanning activities (Murphy 1989:102). Top managers learn about the environment by means of environmental scanning (Hambrick 1982; Culnan 1983). Although they do not do all the scanning themselves, chief executives are responsible for the organisation/environment alignment (Ritvo, Salipante & Notz 1979). It is their job to be aware of external events, to interpret the environment and to translate cues into meaning for other organisational members—they must define the environment (Daft & Weick 1984).

Scanning represents a difficult organisational problem because the environment is vast and complex, and managers experience 'bounded rationality'—they cannot comprehensively understand the environment (Cyert & March 1963). The nature of the information retained from managerial sensing is largely a function of the filters that are applied (Choudhury & Sampler 1997).

A complex environment would seem to call for the increased use of sophisticated scanning systems, yet most information at top levels is gained through *ad hoc*, human sources (Hambrick 1981, Mintzberg 1973). Top management scanning tends to be irregular rather than systematic (Fahey, King & Narayanan 1981).

Upper-level executives do not indicate a consistent, concentrated tendency to scan according to their organisations' strategies, neither is it target-oriented. Environmental monitoring is largely individual and directed to person-specific interests (Reinhardt 1984:29). The general tendency is to scan according to own functional interests (Pfeffer & Salancik 1978:74-77). Knowledge of long-term trends possibly affecting the whole company is usually lacking. According to Wang & Chan (1995); Jain (1990); and Fahey & Narayanan (1986), one of the major problems confronting strategic management is that the external environments of many organisations have become increasingly turbulent with prevailing environmental information often being highly complicated, novel, ambiguous, or dynamic. Top managers often misperceive environmental changes because they cannot adequately process—that is to view, search, and interpret—information with the above characteristics (Ansoff & McDonnell 1990).

Another factor which could bias the judgement of decision makers is that, in order to avoid information overload, people base their judgements on information that is readily available to them and on things with which they are familiar (Robbins & De Cenzo 1998:140-141). Managers also develop paradigms—deep-seated beliefs about the nature of the organisational world and the way in which the task of organising should be undertaken (Wang & Chan 1995). They are therefore not open to new information or new ideas/ways of doing.

### 3.3.4.3 Conclusion to scanning

Three decades after environmental scanning was first conceptualised, it is still not practised in an orderly manner, nor is it in widespread use. The literature emphasises the fact that it is still not clear who (or which function) in the organisation should take responsibility for managing the process. It does however seem that the CEO needs support in his/her role as the main environmental scanner.

### 3.3.5 THE STAKEHOLDER APPROACH TO STRATEGIC MANAGEMENT

Higgins (1979:1) defines strategic management as “*the process of managing the pursuit of the accomplishment of the organisational mission coincident with managing the relationship of the organisation to its environment*”. In the discussion on the conceptualisation of the environment earlier in this chapter (section 3.3.2), Pearce & Robinson (1997:15, 46) referred to the *stakeholder approach* to the environment by stating that the legitimate right of an organisation’s stakeholders must be recognised. All of the stakeholder groups must be identified, and their relative rights and ability to affect organisational success, be weighed. Mitroff (*in Spies 1994*) also referred to the *stakeholder environment*. Dozier *et al* (1995:27) concurred when they defined the overall strategic management of organisations as being “*inseparable from the strategic management of relationships*”).

For the purpose of this study, the organisation’s environment will be looked on as the product of the strategic decisions of others □i.e. stakeholders□—consisting of the government, competitors, customers, society, and a host of other outside

influences. Events external to the organisation have important effects on future results (Digman 1990).

### 3.3.5.1 The stakeholder approach

Major strategic shifts in the business environment require conceptual shifts in the minds of managers (Emshoff 1978). One possible approach to the conceptual problem of dealing with the external environment of the organisation, is to place emphasis on the concept of 'stakeholders'—who they are and what their stakes entail.

The stakeholder approach provides a new way of thinking about strategic management—that is, how an organisation can and should set and implement direction—and what the affairs of the organisation actually constitutes. This approach to strategic management is concerned with groups and individuals who can affect the organisation, and the managerial behaviour in response to those groups and individuals (Freeman 1984:vi).

Developing good stakeholder relationships is becoming increasingly necessary in the information age. This also involves making consistent efforts to measure and manage stakeholder relations, with the objective of “*continuous improvement in all company operations, and ultimately the goal of increasing stakeholder value*” (Clarke 1997:211-221). Wheeler & Sillanpää (1997:xi) explain the concept of 'stakeholding' in today's business by comparing the organisation to:

*“a social vehicle whose speed and steering are dependent upon careful reading of the road signs and the behaviour of other road users. The route is best determined by involving all passengers with knowledge to contribute to the map reading”.*

A 1995 survey of Chief Financial Officers (CFOs) in the USA found that the vast majority worry about, and even measure, the organisation's performance in meeting stakeholder goals, supporting the notion that the quality of relationships with stakeholders drives financial performance (Birchard 1995). This is in contrast to the traditional view where the company has been perceived as a bundle of assets in which lies the key to economic performance--but more in keeping with the Eastern viewpoint where an organisation is conceived as a set of relationships (Boisot & Child 1996).

Organisations are responsible to a variety of stakeholders who have vested interests in the performance of the firm and on whom organisational activities have an impact (Freeman 1984; Evan & Freeman 1988). According to Freeman (1984:24), the "*emergence of numerous stakeholder groups and new strategic issues require a rethinking of our traditional picture of the firm...*". Freeman's *stakeholder approach* to understanding an organisation in its environment has broadened management's vision of its roles and responsibilities beyond the profit maximisation function, to include interests and claims of non-stockholding groups. This idea is connected to an old tradition that sees business as an integral part of society, rather than an institution that is separate and purely economic in nature (Freeman & Lifdtka 1997).

Freeman (1984) calls for 'external affairs' managers to take the responsibility for strategically managing stakeholder groups. In his view, these managers should be boundary spanners; people with the so-called 'soft skills' who excel in the management of values, perceptions, expectations and feelings; people who possess excellent communication skills; people who know how to *listen* (Freeman 1984: 26). Corporate communication practitioners are among an organisation's designated boundary spanners (White & Dozier, *in* Grunig 1992).

### 3.3.5.2 The stakeholder concept

Evidence of the stakeholder concept can be traced as far back as Barnard (1938): *“The role of top management is to ensure the continued co-operation of all stakeholders by providing them at least minimal satisfaction”*. By the 1970s the stakeholder concept began to surface in the strategic planning literature (Taylor 1971; Haselhoff 1976; King & Cleland 1978; Hussey & Langham 1978; Davis & Freeman 1978; Mason & Mitroff 1981; Emshoff & Finnel 1979:41; Mitroff & Emshoff 1979).

Dill & Ackoff (*in* Dill 1975) moved the stakeholder concept from the periphery of corporate planning to a central place: *“The move today is from stakeholder influence towards stakeholder participation.”* Dill regarded the role of strategic management as communicating with stakeholders and considering the role and impact of adversary groups. Until now, stakeholders had been assumed to be non-adversarial, or adversarial only in the sense of labour-management relations. By broadening the notion of stakeholder to *“people outside...who have ideas about what the economic and social performance of the enterprise should include”*, Dill (1975) set the stage for the use of the stakeholder concept as an umbrella for strategic management.

The use of the stakeholder concept means thinking in terms that are broader than current strategic and operational problems. Business is not about squeezing the last drop out of suppliers and charging as high as possible a price to customers. This is the trader’s mentality, thinking short term. To survive in the economic jungle, a company must win the loyalty of all important groups, not only their shareholders (Freeman 1984).

In their writings on stakeholder capitalism, Freeman & Lifdtka (1997) reinterpret the concept of the value chain in terms of stakeholders. Stockholders are nothing

but a key stakeholder group, whose support must be sustained in the same way as other important stakeholders. The issue is one of balancing the interests of stockholders and stakeholders are aligned and the issue is one of balancing the interests of these groups. The emergence of consumer advisory panels, quality circles, just-in-time inventory teams, community advisory groups were all designed to get the organisation more in touch with the key stakeholder groups that affected its future. If this is not done, key stakeholders use the political process to force regulation or legislation that protects them—hence the proliferation of labour legislation, consumer protection and legislation, and environmental protection (Freeman & Lidfka 1997).

If stakeholders participate in decision making which affects them, they will be more committed to the future of the organisation. This points to a new role for organisations interested in leading the way—that of the “*architect and shaper of an evolving community of stakeholders*” (Freeman & Lidfka 1997).

### 3.3.5.3 Stakeholder management

During the 1980's, the concept of stakeholder management emerged as a method for *systematically* taking into account the interests of those groups who can affect and are affected by the organisation (Freeman & Lidfka 1997). This necessitates an understanding of *who* the organisation's stakeholders are and *what* their perceived stakes are. Freeman's (1984) classic definition of “a stakeholder in an organisation is any group or individual who can affect or is affected by the achievement of the organisation's objectives,” is one of the broadest definitions in the literature. It is based on the reality that organisations can indeed be vitally affected by, or they can vitally affect, almost anyone.

Stakeholders are individuals and groups with a 'stake' in how well the organisation performs (Dill 1979:49). Looking at the interest or stake of stakeholders, it can be said that shareowners have an *equity* stake; customers and suppliers have an *economic* stake; and single-issue groups have an *influencer* stake. Looking at the concept of power, the prevailing world view in the 1980s was that stockholders have *formal voting* power; customers, suppliers and employees have *economic* power; special interest groups and government have *political* power. By 'economic power' is meant "*the ability to influence due to marketplace decision*" and by 'political power' the "*ability to influence due to use of the political process*" (Freeman & Reed 1983). A stakeholder may at once be a shareholder, customer and employee. According to Freeman, corporate communication/public affairs managers and lobbyists deal in the political arena.

The proponents of stakeholder analysis advocate a thorough understanding of an organisation's stakeholders and recognise that there are times when stakeholders must participate in the decision-making process. This involves assessing the stake and power of each stakeholder group. At the absolute minimum, a board of directors and top management must be aware of the impact of their decisions on key stakeholder groups (Freeman & Reed 1983).

Organisations which will sustain competitive advantage in the future are those which focus less on present shareholders and financial measures of success, but more on relationships with stakeholders (Goldenberg 1995). The influence of all stakeholder groups on the values, beliefs, policies, decisions and management of organisations is on the rise and here to stay.

#### 3.3.5.4 Where does the responsibility for stakeholder management lie?

In the modern complex corporate structure that encompasses multiple business units, divisions, matrix configurations, etc., it is far too easy for the responsibility for stakeholders to become diffused. Integration occurs at the business or product level, but not necessarily at the corporate level where the impact of the organisation on a particular stakeholder group should be considered. Freeman (1984:233) argues for the existence of a manager responsible for bringing the needs of certain stakeholder groups to the constant attention of the other organisational units of the organisation.

The broadening of *corporate communication* into public affairs is a response to changes in the business environment. What has evolved is a concept of 'external affairs' whereby a group of managers (perhaps corporate communication or public affairs) is given the task of managing particular external groups. External affairs managers are in the best possible position to know who the stakeholders of the firm really are, and to communicate this message internally to the managers responsible for developing integrated business strategies (Freeman 1984:223).

Freeman sees it as the responsibility of these external affairs managers to paint the 'bigger picture' and to decide how policy is formulated or practised while taking multiple stakeholders into account. Their experience with thinking in terms of the 'big picture' can be an invaluable resource to profit centre managers caught up in their day-to-day affairs. Someone needs to explicitly formulate a statement of the organisation's objectives or mission in dealing with each stakeholder group, as a guideline for managers whose organisational units affect that stakeholder.

External affairs managers should have communication skills, seriously needed in negotiating 'win-win' solutions. However, to negotiate they must be empowered to make trade-offs and take decisions. The external affairs manager must be seen as a valuable resource to the chief executive, as a "*manager of vision and insight who can help to decipher a complex external environment and negotiate with a multiplicity of stakeholder groups*" (Freeman 1984).

Stakeholder managers should be 'ombudspersons', or places where stakeholders could go to have disputes listened to, and possibly resolved. Stakeholder experts could also form a 'ready-made' environmental scanning team, with information on stakeholder expectations (Freeman 1984:236).

Freeman sees the function of corporate communication as being externally oriented, making the organisation sensitive to the concerns of the external environment and convincing the external environment of the worthiness of the organisation's positions. However, while there is an increasing feeling that the corporate communication function is more important than ever, the traditional concepts and tools (press release, annual report, videotape) used are increasingly ineffective. As a boundary spanner, the corporate communication practitioner also has little credibility inside or outside the organisation, caught in the middle of all the environmental change (Freeman 1984). The stakeholder approach therefore requires a redefinition of the corporate communication function, which builds on the communication skills of corporate communication professionals, yet is responsive to the real business environment of the day (Freeman 1984:219).

The key message of the RSA 'Tomorrow's Company Inquiry' (1996) was that as the business climate changes, the rules of the competitive race are being re-

written. The effect thereof is to make people and relationships more than ever the key to sustainable success:

### 3.3.6 ISSUES MANAGEMENT

If environmental analysis is a starting point for strategy formulation, then issue identification is its control focus (Murphy 1989). Real issues that affect the strategic direction of the organisation or business unit need to be identified and tracked (Freeman 1984:22). The positive or negative impacts of macro and micro environmental forces on the business should be determined (Murphy 1989) and management advised on their response.

According to Freeman (1984:221, 224) issues management needs to be integrated with the stakeholder concept: *“Stakeholders are real, while issues are only useful conceptual abstracts.”* The external affairs manager must think broadly and be sensitive to changes in the stakeholder environment, identify new and emerging issues *and* stakeholders.

#### 3.3.6.1 Definitions

The Conference Board of America defined an ‘issue’ as *“a condition or pressure, either internal or external, that if it continues, will have a significant effect on the functioning of the organisation or its future interest”*. Issues are *“unsolved problems and a trend whose time has come”* (Brown 1979:1). Chase (1977) defined an ‘issue’ as *“an unsettled matter which is ready for decision”* and ‘trends’ as *“detectable changes which precede issues”*. Chase, who originally conceptualised issues management in 1976, later changed the definition of an ‘issue’ to *“a gap between corporate action and stakeholder expectations”*. He

defined 'issues management' as the "*process used to close the gap*" (in Bryan 1997).

### 3.3.6.2 The issues management process

The term 'issues management' was first coined by Howard Chase (1977) as a management process consisting of "*identifying, analysing, developing positions, and briefing management on public policy issues that will have a critical effect on the company.*" Through the years the term 'issue' obtained a broader meaning and is now seen to include all key issues -- public policy, as well as social and strategic issues -- confronting organisations (Wartick & Rude 1986).

Arrington & Sawaya (1984) see issues management as a process that involves early identification of potential controversies, development of organisational policy related to these issues, creation of programmes to carry out policies and its implementation, communication with appropriate publics about these policies and programmes, and evaluation of results.

Issues management is a preventative technique that focuses on managing the issue rather than dealing with the crisis—the latter often evolves gradually because nobody notices it in the making. The idea is to locate the smoke and take action before a major fire develops. In this way, the organisation has a better opportunity to shape, rather than react to public discourse and decision making. Issues management is a low-cost technique for minimising the chances of a high-cost crisis (Bartha 1995).

### 3.3.6.3 Strategic issues

'Strategic issues' are defined as "*developments, events and trends viewed by decision makers as consequential because of the potential to impact an organisation's strategy* (Ansoff 1980; King 1982; Dutton & Ottensmeyer 1987). Internal strategic issues can alter the organisation's performance if left unnoticed. However, most frequently, strategic issues emanate from sources outside the organisation's boundaries such as competitor actions, political unrest, changes in government regulations, etc. (Dutton & Ottensmeyer 1987).

The subjectivity involved in their detection and diagnosis makes strategic issues difficult to manage. Because they are ambiguous, complex and fluid, their identification and diagnosis is an ongoing, interpretive and politically charged activity (Dutton, Fahey & Narayanan 1983).

### 3.3.6.4 Where does the responsibility for issues management lie?

A major question concerning issues management is which organisational function should manage it. In the public relations literature, many see issues management as fitting into the corporate communication function. Chase (1977), the father of issues management, regards it as the 'highway' along which corporate communication practitioners can move into full participation in management decision making. Heath & Cousino (1990) concur when saying that corporate communication practitioners' role in contributing to the bottom line lies in protecting corporate interests by being sensitive to the needs of a variety of external stakeholders. Ewing (*in* Gaunt & Ollenburger 1995:204) made the following statement:

*“We invented it [issues management], we developed the techniques and no one is better equipped to staff issues management than we are. Who else is responsible for relationships with all the stakeholders? Issues management runs parallel in value to strategic planning among top management and we should never give it up”.*

Other corporate communication authors question these viewpoints--Cattell (1986) feels that corporate communication practitioners are technicians, not qualified to act as management counsellors. Gaunt & Ollenburger (1995) wonder whether issues management would not be more efficiently performed by the board of directors or the CEO, since it determines the very survival of the organisation.

In the strategic management literature, authors such as Wartick & Rude (1986) position issues management in existing organisational departments such as public affairs, corporate communication, government affairs, community affairs, social responsibility, consumer affairs, strategic planning, or corporate planning. They summarise the overriding purpose of issues management programmes as filling a void in corporate activity.

Finlay (1994) sees change management as one of the organisation's main tasks—the decision making process should be opened up and made more accountable to a wider segment of the public, taking an increasingly outward focus. He regards the public affairs function as one of the few resources of top management that is capable of providing detached, objective, analytical thinking about the impact and consequences of potential and corporate decisions on a wide variety of stakeholders.

As can be seen from the above, most authors position issues management within the corporate communication or public affairs function. Because of the

importance of issues management to the strategy formulation process, it seems a natural extension of the strategic role of the corporate communication manager to take responsibility for the management of issues, together with the management of stakeholders.

### 3.3.7 CONCLUSION

The investigation of the strategic management literature indicated the following as important constructs for a role that seems to be needed at the top management level: the environment, boundary spanning, environmental scanning, stakeholders and issues.

## **3.4 CONCEPTUALISATION OF THE ROLE OF THE *PR STRATEGIST***

Firstly, the major constructs determined through the investigation of the literature on public relations will be presented in conceptualising the role of the *PR strategist*. Secondly, the need that exists at the top management level will be described and related to the role of the *PR strategist*. Thirdly, based on the constructs developed from the strategic management as well as the public relations literature, the role of the *PR strategist* will be operationalised.

### 3.4.1 THE ROLE OF *PR STRATEGIST*, AS CONCEPTUALISED FROM THE LITERATURE ON PUBLIC RELATIONS

The corporate communication manager's involvement at the top management or macro level of the organisation is seen as acquiring strategic information, through environmental scanning, on the stakeholder environment. This entails identifying

the organisation's strategic stakeholders and their concerns, as well as determining the consequences of organisational behaviour on them. It also includes identifying and monitoring issues around which publics/activists emerge, before they erupt into crises (Grunig & Repper, *in* Grunig 1992); and anticipating their consequences for organisational strategies and policies. Van Riel (1995) describes these activities as the *mirror* function of corporate communication. Furthermore, to present this strategic information to top management as input in the organisation's strategy formulation process (Robbins 1990), ensuring that the information is considered and used.

The researcher conceptualises these activities as the role of the *PR strategist*, a role to be played by the most senior manager/practitioner responsible for the corporate communication function. In managing the organisation's interdependencies with the stakeholder environment, in being a liaison between the organisation and its stakeholders, uncertainty and conflict is reduced and relationships with strategic stakeholders are stabilised. In this role, the corporate communication function's contribution towards organisational effectiveness is maximised (Grunig, Grunig & Ehling, *in* Grunig 1992).

However, to be truly effective in this role, the most senior manager responsible for the corporate communication function should be part of the top management team.

#### 3.4.2 TOP MANAGEMENT'S NEED FOR AN 'EXTERNAL AFFAIRS' MANAGER

From the literature on strategic management, it is apparent that there are certain strategic aspects in the process which are not receiving the necessary attention, mainly because of uncertainty on who or which organisational unit should take the responsibility for it.

Strategic management focuses on strategic decisions—those decisions that deal *inter alia* with the determination of organisational strategy and the general relationship between the organisation and its environment. Top managers need to study and understand the environment in order to think and manage strategically. Environmental scanning, conceptualised by Aguilar (1967) as “*scanning for information about events and relationships*” is generally accepted as a means whereby top managers stay informed, and identifies changes, trends and events of strategic significance.

However, research findings on environmental scanning at the macro level pointed out that there is a problem as to whom (or which organisational function) should conduct it. For effective implementation, scanning should be linked to strategy formulation and fit the organisational culture, needs internal champions, and should be conducted by people who have an ‘away from the system’ perspective. Some authors such as Freeman (1984) suggested that corporate communication or public affairs should take the responsibility for scanning—they should scan the environment for both new *issues* and new *stakeholders*.

Research on scanning at the micro level found that top managers were responsible for scanning, but they had limitations on their cognitive abilities in doing it. They experienced ‘bounded rationality’, not being able to comprehensively understand or interpret the environment. They focused on information that was readily available to them, with which they were familiar and corresponded with their own short-term interests. Top managers directed scanning to person-specific interests, were not open to new information or new ideas of doing, and failed to share information with other managers.

A corporate communication practitioner in the role of the *PR strategist* can be the early warning system top management needs—doing environmental scanning, providing objective qualitative information on stakeholders, identifying issues in the environment and presenting relevant information on stakeholders to decision makers in a form that permits a solution. As a boundary spanner, the *PR strategist* will develop a shared understanding amongst top managers of the effects of their policies and of external issues on the organisation's stakeholders, and suggest strategies for managing these interdependencies.

Another problem identified in the strategic management process, is a lack of agreement on what constitutes the 'environment'. Although consensus exists that the environment creates great uncertainty for top management, it is not clear what it is that must be studied.

The *PR strategist* regards the strategic management of organisations as inseparable from the strategic management of relationships. The environment is therefore seen as the 'product of the strategic decisions of others', as a 'collection of stakeholders' and a 'patterning of issues'. The *PR strategist* regards an analysis of the values, needs, opinions, judgements, perceptions, expectations and even feelings of internal and external stakeholders as the first step in the strategic process. Providing this intelligence to top management will go a long way towards reducing uncertainty in strategic decision making.

The stakeholder approach to strategic management posits that the organisation must of its own volition undertake to satisfy the wants and needs of its key stakeholders, and recognise their legitimate rights. All of the stakeholder groups (not only the stockholders) must be identified and their relative rights and their ability to affect success, be weighed. This emphasis on the concept of stakeholders—who they are and what their stakes entail—requires thinking in

terms which are broader than current strategic and operational problems. The role of top management is to ensure the continued co-operation and loyalty of all stakeholders, moving from recognising stakeholder influence towards their inclusion in organisational decision making.

Freeman (1984) argued the need for an 'external affairs' manager to take the responsibility for strategically managing these stakeholder groups, someone who understands stakeholder thinking and has the vision and insight to decipher a complex external environment and negotiate with a multiplicity of stakeholder groups. External affairs managers will think broadly and be sensitive to changes in the stakeholder environment. They will know who the stakeholders of the organisation really are, and will communicate this message internally to the managers responsible for developing integrated business strategies. They will paint the 'bigger picture', decide how policy is to be formulated or practised while taking multiple stakeholders into account, and will explicitly formulate a statement of the organisation's objectives or mission in dealing with each stakeholder group.

However, managing stakeholders is no longer sufficient. The organisational environment is becoming increasingly turbulent--new and emerging issues *and* stakeholders must be identified. To be really effective, external affairs managers should manage the issue rather than deal with the crisis. Management's attention should be directed to strategic issues and understanding should be created of their implications for stakeholders. The management of issues is a critical, yet difficult process for top management to do alone or to control explicitly.

In the literature on issues management, many authors position the function in departments such as public affairs, corporate communication, government affairs, community affairs, social responsibility—all of which fall under the

umbrella of corporate communication. This supports Freeman's suggestion of corporate communication being a natural choice for 'external affairs' managers.

This has already been spelled out as the role of the *PR strategist*. In identifying the consequences of organisational behaviour on stakeholders and other individuals/groups, the *PR strategist* determines who the strategic stakeholders are and what the effect of each major strategic issue is on all the stakeholders. Publics emerging around issues are identified, determining whether these publics are in the latent, aware, active or activist stages of communication behaviour. By providing information to latent and aware publics, by putting processes in place for stakeholders and publics to routinely surface their concerns, by involving active publics or activists in the organisation's decision making processes, the *PR strategist* uses negotiation to reduce conflict and stabilise relationships with groups on whom the organisation's survival depends.

According to Freeman (1984), an 'external affairs manager' will have the ability to translate across communication boundaries, as well as the 'soft skills' needed to interpret values, perceptions, expectations and feelings. He/she will possess excellent communication skills, will know how to *listen*, and will become an 'ombudsperson'—providing a place where stakeholders could go to have disputes listened to, and possibly resolved. Freeman suggested corporate communication/public affairs managers as being ideal 'external affairs managers'—the corporate communication function is more important than ever. However, he sees traditional communication concepts and tools (press releases, annual reports, videotapes) are increasingly ineffective. The stakeholder approach requires a redefinition of the corporate communication function--building on its communication skills, yet being responsive to real business needs.

The objectives of this study is to conceptualise the role of the *PR strategist* as a strategic role for the corporate communication manager at the top management level, responsible for identifying and managing stakeholders and issues. The role of the *PR manager* is to be redefined as a strategic role at the functional level, responsible for developing a corporate communication strategy as a link between the corporate communication function and the corporate strategy.

If these objectives are achieved, it does indeed suggest a redefinition of the corporate communication function—building on existing communication skills, yet being responsive to real business needs. This broadening of the theoretical viewpoint of the field of public relations is centred around the role of the *PR strategist*, who takes responsibility for the activities described by Freeman as constituting the role of an 'external affairs' manager.

In summary, it can be said that the role of the *PR strategist*, as conceptualised from the public relations literature, seems to provide a solution to the need expressed in the strategic management literature for certain activities to be performed and certain processes to be put in place.

*“Only through deepened relationships with—and between—employees, customers, suppliers, investors and the community will companies anticipate, innovate and adapt fast enough, while maintaining public confidence. A company adopting an ‘inclusive’ approach engages in reciprocal rather than adversarial relationships with their stakeholders; follows a partnership approach with employees, customers, suppliers and other stakeholders; and maintains a license to operate by working actively to maintain public confidence in the legitimacy of their operations and business conduct” (RSA Inquiry 1996).*

### **3.5 OPERATIONALISATION OF THE ROLE OF THE *PR STRATEGIST***

The role of the *PR strategist*, i.e. the role of the corporate communication manager at the top management level, is seen to consist of the following:

- doing environmental scanning in the macro, task and micro environment;
- analysing the organisation's linkages to key stakeholders, drawing up a stakeholder map;
- assisting in the identification of key strategic issues through issues monitoring and analysis;
- identifying the publics and activist groups that emerge around issues;
- analysing the consequences of corporate behaviour and external events/trends/issues on strategic stakeholders and publics;
- determining stakeholder concerns, sensitivities, feelings and attitudes towards the organisation;
- forecasting the behaviour of stakeholders/publics/activists and its consequences for the organisation;
- feeding this strategic intelligence into the organisation's strategic thinking and planning processes for the purpose of strategic decision making, thereby making inputs into the organisation's strategies.

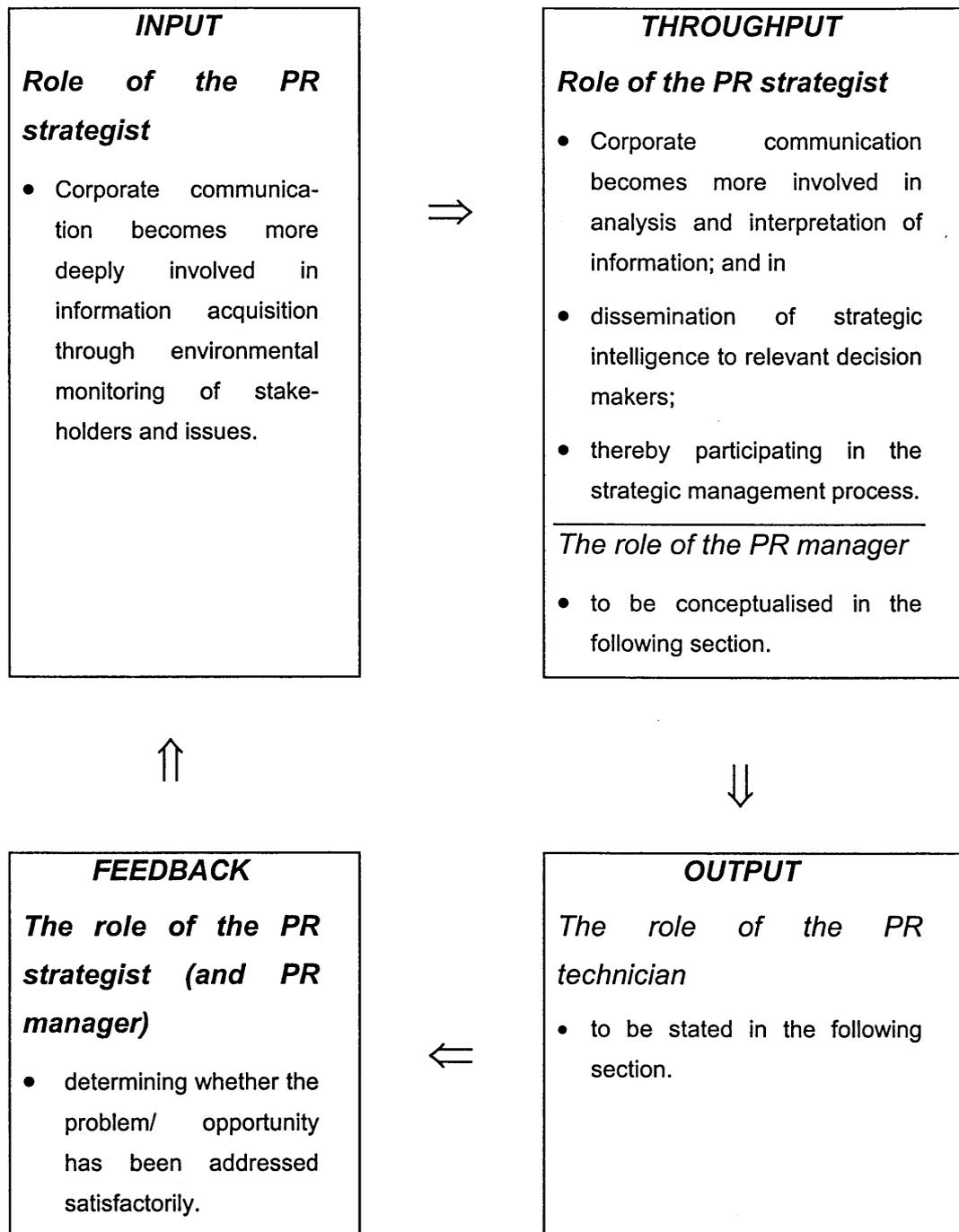
### **3.6 RELATING THE SYSTEMS APPROACH TO THE ROLE OF THE *PR STRATEGIST***

In relating the systems approach to the role of the *PR strategist*, the researcher suggests that the systems approach to corporate communication be broadened. That is, that corporate communication becomes more deeply involved in the organisation's information acquisition phase (input) through environmental scanning and boundary spanning activities than has been the case up till now.

Furthermore, that the throughput phase be extended to include analysis and interpretation of information, as well as dissemination of strategic intelligence by corporate communication to relevant decision makers -- thereby participating in the strategic management process.

Based on the systems approach (as seen in Chapter 2, section 2.3.1), the role of the *PR strategist* can be described as monitoring and pro-actively probing the environment to detect and predict changing conditions, to identify issues that influence the attitudes of internal and external stakeholders towards the organisation, and to initiate corrective action.

**Figure 3.1: SYSTEMS APPROACH TO THE ROLE OF THE PR STRATEGIST**



Source: Own research

### 3.7 PRECISE HYPOTHESES FOR THE ROLE OF THE *PR STRATEGIST*

In this section, precise hypotheses for empirically measuring the role of the *PR strategist* are generated, with the aim of testing them in a future empirical study. The hypotheses are based on the guiding hypotheses stated in Chapter 1, and adapted after the new insights gained through the literature study in Chapters 2 and 3.

Hypothesis 1: The chief executive (CEO) expects the most senior manager/practitioner responsible for the corporate communication/public affairs function to play a strategic role at the top management level of the organisation, i.e. the role of the *PR strategist*.

Hypothesis 2: The role of the *PR strategist* consists of gathering and interpreting strategic information on the stakeholder environment, to be used in the organisation's strategy formulation processes.

Hypothesis 3: CEO expectations for the most senior manager/ practitioner responsible for the corporate communication/public affairs function are statistically significantly higher in the role of the *PR strategist* than his/her perceptions of the performance in this role.

Hypothesis 4: CEO expectations for the role to be played by the most senior manager/ practitioner responsible for the corporate communication/public affairs function are statistically significantly higher for the *PR strategist*, than for the *PR manager*.

Hypothesis 5: CEO role expectations for the most senior manager/practitioner responsible for the corporate communication/public affairs function are statistically significantly higher in the role of the *PR strategist*, than in the role of the *PR technician*.

Hypothesis 6: CEO perceptions of the performance of the most senior manager/practitioner responsible for the corporate communication/public affairs function are statistically significantly lower in the role of the *PR strategist* than in the role of the *PR manager*.

Hypothesis 7: CEO perceptions of the performance of the most senior manager/practitioner responsible for the corporate communication/public affairs function are statistically significantly lower in the role of the *PR strategist* than in the role of the *PR technician*.

### **3.8 MEASUREMENT QUESTIONS FOR THE ROLE OF THE *PR STRATEGIST***

The following nine items are suggested for empirically measuring the role of the *PR strategist* (as obtained from the literature on public relations and strategic management):

Identify key stakeholders (through research) that can enhance or constrain achievement of the organisation's mission (Kreps 1990; Grunig, Grunig & Ehling, <i>in</i> Grunig 1992; White & Mazur 1995).
Act as advocate for key external stakeholders by explaining their views to top management (Dozier <i>et al</i> 1995).
Explain to top management the impact of their behaviour, obtained through research, on key external stakeholders such as the media, investors, communities (Grunig & Hunt 1984:9).
Initiate dialogue with pressure groups limiting the organisation's autonomy, e.g. environmentalists or consumer advocates or legislators (LA Grunig, <i>in</i> Grunig 1992).
Reduce uncertainty in strategic decision making by interpreting the external environment to top management (Dozier 1990; Dozier <i>et al</i> 1995:12-13; Van Riel 1995).
Develop strategies for building sound relationships between the organisation and key stakeholders (Dozier <i>et al</i> 1995).
Act as 'early warning system' to top management before issues erupt into crises (Dozier <i>et al</i> 1995).
Identify organisational problems that communication can solve, e.g. reduce employees' fears or uncertainty during rationalisation/ mergers (Steyn 1999).
Determine employees' information needs through research (Winokur & Kinkead 1993:1).

### 3.9 RESEARCH OBJECTIVES ACHIEVED IN CHAPTER 3

The following research objectives were achieved in this chapter:

#### **Primary Objective 1**

The role of the *PR strategist* was conceptualised as a strategic role for the corporate communication (public relations) manager at the top management level--performing the mirror function, also known as the boundary spanning role of information acquisition.

### Secondary Objectives:

- An analysis of the relevant literature on public relations was carried out. The constructs for the role of the *PR strategist* were determined as being the mirror function (information acquisition/processing), boundary spanning, environmental scanning, stakeholders, publics, activists and issues. The activities constituting this role, were spelled out.
- It was determined, by means of an analysis of the relevant literature on strategic management, that a need exists at the top management level for a role of which the constructs were the following: the environment, boundary spanning, environmental scanning, stakeholders and issues. Since these were also constructs of the role of the *PR strategist*, the role needed at the top management level was equated to the role of the *PR strategist*.
- The role of the *PR strategist* was operationalised.
- Precise hypotheses for empirically testing the role of the *PR strategist* were generated.
- Items for empirically measuring the role of the *PR strategist* were developed.

### 3.10 CONCLUSION

The term 'environment' permeates the literature on strategic management. However, in discussing the environment, authors seldom describe *how* the organisation should interpret the environment or *who* in the organisation should observe the environment. Although some public relations authors have recognised the role of corporate communication in helping to identify the most important components of the environment, very few scholars in strategic management have mentioned it (Grunig & Repper, *in* Grunig 1992).

Quite a number of authors in strategic management mention stakeholders and issues as important components of the environment. Whereas issues management is mentioned by some as being the domain of corporate communication or public affairs, very few relate corporate communication to the management of stakeholders. This seems strange in view of the fact that the management of 'publics' (stakeholders) has been the business of corporate communication for most of the previous century.

One of the exceptions is Freeman (1984), in his stakeholding approach to strategic management. Although he suggested that 'boundary spanners' or 'external affairs' managers such as corporate communication or public affairs could be ideal in managing stakeholder relations strategically, Freeman thought that the corporate communication function will first have to be redefined—its concepts and activities were unsuited to responding to the turbulent environment.

Considering the 'Statement of the Problem' described in Chapter 1, it can only be deduced that corporate communication practitioners' emphasis on technique and media, and their focus on communication goals rather than organisational goals, makes them unsuited in the eyes of top management to fulfil the important function of stakeholder and issues management. Also, that their failure to assume broad decision making roles keeps them outside the boardroom.

However, it is clear from the analysis of the strategic management literature that a vacuum continues to exist for an 'external affairs' manager, as described by Freeman (1984). It is therefore suggested that a corporate communication practitioner in the role of the *PR strategist* would be an ideal candidate for the position.

The management vacuum in corporate communication is “*the opportunity of a century*” (Staff 1984). Filling the vacuum, especially on the strategic level, would allow corporate communication professionals to add to their skills and fulfil their aspirations for leadership roles in organisations. It is the opinion of the researcher that this can only be realised if they acquire the knowledge and skills needed to play the role of the *PR strategist* as explicated in this chapter, i.e. a strategic role for the corporate communication manager at the top management level.

According to Grunig & Repper (*in Grunig 1992:124*):

*“Public relations will fill the environmental void in theories of strategic management by diagnosing the environment to make the overall organisation aware of stakeholders, publics, and issues as they evolve. Theories of strategic management will fill the void in public relations theory of how public relations can contribute to making organisations more effective”.*

This chapter indicated the contribution that could be made by the most senior corporate communication manager towards filling the environmental void in theories of strategic management. In the next chapter, the strategic management literature will be investigated in order to pinpoint corporate communication’s contribution to organisational effectiveness. *Corporate communication* strategy will be proposed as the link between the communication function and the corporate strategy, ensuring the alignment of communication goals to the organisational mission.