CHAPTER 2

Business management, marketing management and communication management in a changed marketplace

2.1 INTRODUCTION

Today, organisations internationally have to manage many dramatic changes, as mentioned in the orientation and motivation in Chapter 1. These international changes range from fundamental restructuring to innovative shifts in traditional values. However, these changes are even more apparent in a post-apartheid South Africa. This climate of change offers communication professionals unique opportunities to achieve short-term success as well as the long-term survival and growth of the organisation in which they operate. Communication professionals need to function as strategists and leaders, and to involve a portfolio of internal and external communication strategies that will add value to the organisation, and ultimately ensure sustainable existence on both local and international organisational levels.

Against this background of change, international and more specifically South African organisations require a more strategic approach in terms of business management. A more strategic approach to business management in such a changed environment necessitates a learning organisation approach, which implies organisations learning from the environment. From a marketing management viewpoint, this relates to building relationships with *customers* and constantly learning what customer needs and wants are. However, within such a changed international and South African market, organisations need to follow a broader approach to relationship building than merely forging relationships with customers. Organisations need to listen to, and learn from, *stakeholders* on a broader basis rather than simply with customers. This means that communication management should be driven by the strategic intent of the organisation as a whole in order to manage stakeholder relationships.

The approach to ensure that communication management is driven by the strategic intent of the organisation is integrated communication. However, what complicates the communication management of organisations on a local level is the unique, changed South African context, which has an impact on the implementation of integrated communication. Therefore, it is argued that this necessitates an implementation model for the management of strategic integrated communication.

It should, however, be taken into consideration that Chapters 2 – 5 are intended to address the secondary research objectives 1 – 4, as indicated in Table 1.1 of Chapter 1. These include:

Secondary research objective 1:

- To establish theoretically the link between strategic communication and integrated communication in the implementation of strategic integrated communication.

Secondary research objective 2:

- To determine theoretically the perceptible current universal problematic issues in the implementation of integrated communication.

Secondary research objective 3:

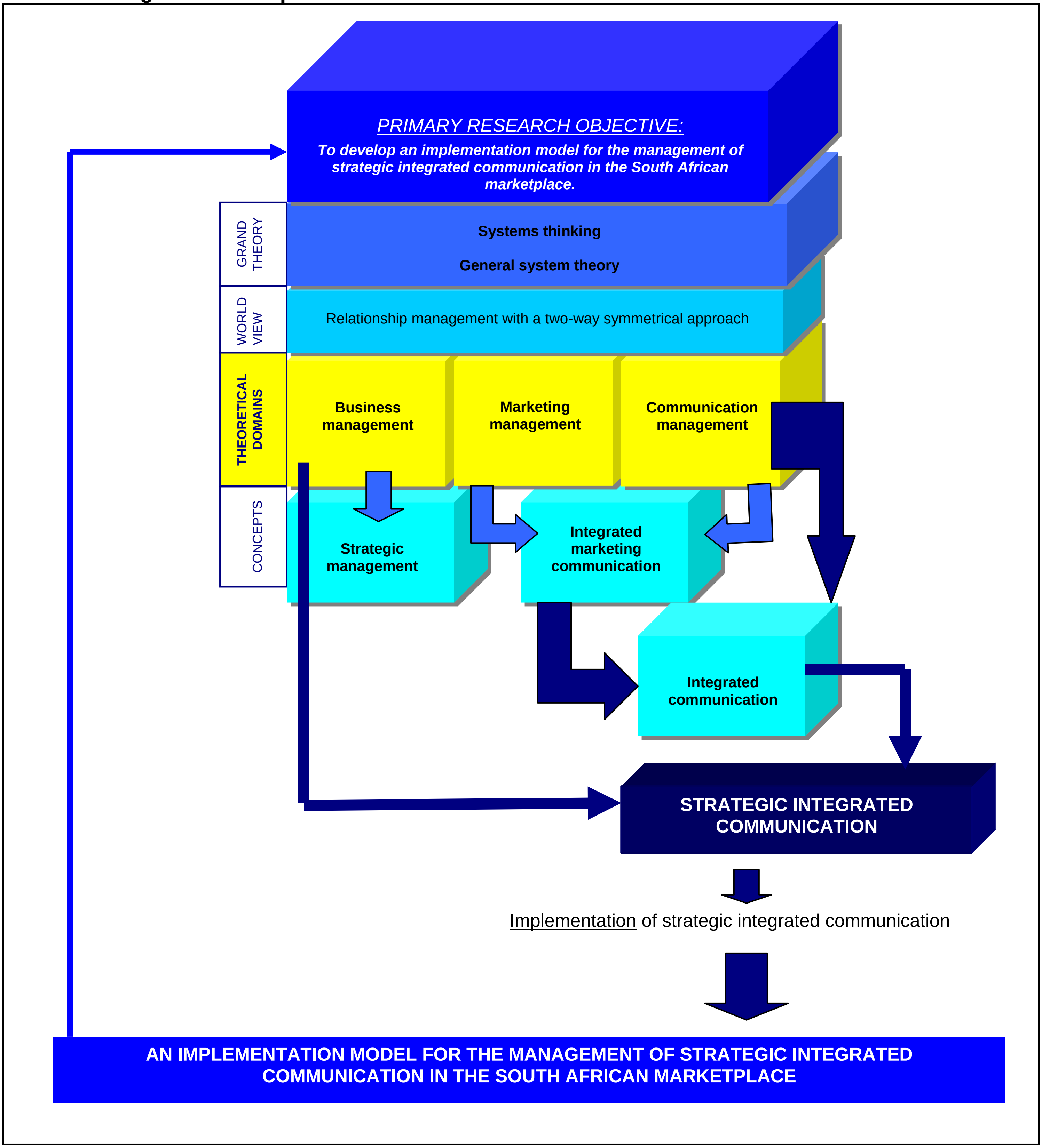
- To describe the current global approach to integrated communication implementation from a theoretical perspective.

Secondary research objective 4:

- To study existing models of integrated communication implementation in order to conceptualise an implementation model for the management of strategic integrated communication for the South African marketplace.

Figure 2.1 provides a summary of the meta-theoretical framework, to contextualise the current chapter within the greater meta-theoretical framework of this study in order to address the relevant research objectives.

Figure 2.1 Chapter 2 in relation to meta-theoretical framework



In this chapter, the three theoretical domains of this study are discussed in the context of a changed marketplace. In Figure 2.1, this is highlighted in yellow, and in the current chapter, it is depicted visually to show the relation between the three domains. This chapter concludes with a focus on the changed post-apartheid South African market to illustrate the need for new communication roles in this changed economic, social and political milieu within the domains of business management, marketing management and communication management.

2.2 BUSINESS MANAGEMENT IN A CHANGED MARKETPLACE

The business world is a system of individuals and business organisations that produces goods and services to meet people's needs in a free-market economy. The business world and the society in which it operates coexist in mutual dependence and they influence each other. Similar to the grand theory of the current study, the derivation of business management is also based on the premise of the general systems theory. Cronje *et al.* (2000:23) state in this regard that the systems approach to management was developed in the 1950s to counter the most serious errors of each of the different schools of management (those of the scientific, classical, behaviourist and the quantitative schools), namely that they studied aspects and functions of businesses in isolation. Impelled by the need to combine the separate components of a business into a whole, the systems approach considers the business as an integrated system consisting of related systems. According to Thompson (2001:223), from a systems point of view, management may be seen as a balancing factor between the various parts or functions (therefore including marketing and communication management) of the business and between the business as a whole and its environment.

Cronje *et al.* (2000:23) argue that the purpose of business management is to hold an organisation to the economic principle of achieving the highest possible output with the lowest possible input of means of production. More specifically, Nieman and Bennett (2002:4) state that this entails an examination of the factors, methods and principles that enable a business to function as productively as possible in order to maximise its profits. In short, it is a study of those things that have to be pursued and done to make an organisation as profitable as possible.

It can therefore be argued that the task of business management is to examine factors, methods and principles that enable a business organisation to function as productively as possible so as to maximise its profits and achieve its objectives. According to Cronje *et al.* (2000:24), one of the general approaches to management methods with the purpose of making an organisation function as productively as possible is that of strategic management. Nieman and Bennett (2002:14) state that organisations succeed if their strategies are appropriate for the circumstances they face, and feasible in respect of their resources, skills and capabilities. They argue that strategy is fundamentally about a fit between the organisation's resources and the markets targeted by it, as well as the ability to sustain fit over time and in changing circumstances. In the following section, change in business management, which necessitates a strategic management focus in order for organisations to exist as learning organisations, is discussed.

2.2.1 The management of change in business management

Thompson (2001:8) argues that change management concerns the management of changes that take place over time according to the strategies and objectives of the organisation. Change can however be gradual or evolutionary; or more dramatic or revolutionary (Cronje, *et al.*, 2000:24).

Montuori (2000:64) states that change management relates to the conceptualisation of the notion of "organisational Darwinism" (i.e. evolution), which implies that, for continued existence in ever-changing environments, the generation of alternatives is an evolutionary process that enables organisations to make the requisite changes for survival. He argues that such conceptualisation is at the heart of the general systems theory in terms of the organisation, which embraces the process of interactive dialogue between the organisation and its external environment.

It is the general systems theory that emphasises the importance of feedback, which means any mutual exchange of influence. Acknowledgement of, and response to, this feedback enables the organisation to adjust to environmental demands. According to Montuori (2000:64), such adjustments are equivalent to Darwin's "survival of the fittest": adaptive change is, therefore, by definition, evolutionary. The feedback portion of the general systems theory describes continual communication between the organisation and its environment, in that the environment "tells" the organisation what change must be made. It is further argued that this idea of feedback is directly related to the world view of this study of relationships management with a two-way symmetrical approach, as feedback is the key to relationship building. Furthermore, feedback is by nature a two-way symmetrical process as it can be seen as the interaction and learning that takes place between the organisation and the changing environment. However, for organisations to survive within a changed market, they have to place critical emphasis on the strategic management of business.

2.2.2 A greater emphasis on strategic management in a changed market

In Chapter 1, it was stated that the definition of Greene *et al.* (1985:14) is used as the definition of strategic management for the purposes of this study. Alternatively, the modern concept of strategic management defined as "… balancing internal activities with strategies for dealing with external factors" (Pearce & Robinson, 1997:13) is the superlative way for the organisation to achieve maximum effectiveness. Thompson (2001:8) conversely defines strategic management as the process by which organisations determine their purpose, objectives and desired levels of attainment; decide on actions for achieving these objectives in an appropriate time-scale and frequently in a *changing environment*; implement the actions; and assess progress and results.

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". By including the notion that strategic management focuses on the relationship between the organisation and its environment, the role of communication management is naturally included in such a strategic process.

It can therefore be argued that strategic management focuses on strategic decisions – those decisions that deal with the determination of strategy that provides the definition of the business as well as the general relationship between the organisation and its environment. It also deals with the strategic planning required to put these decisions into practice with strategic control, which ensures that the chosen strategy is being implemented properly and produces the desired results.

2.2.2.1 Strategic thinking and strategy formulation

Mintzberg (1994:108) and Robert (1997:17) maintain that strategic *thinking* is not the same as strategic *planning*. Where strategic thinking is the process that the organisation's management use to set direction and articulate their vision, strategic planning often looks back at five years of numbers and extrapolates for the next five years. Therefore, this does nothing to change the "look" or the composition of an organisation.

Moreover, Robert (1997:54) contends that strategic *thinking* is a process that enables the management team to sit together and think through the qualitative aspects of business (opinion, judgments and the feelings of stakeholders, among others) and the environment it faces. It produces a framework for strategic and operational plans, and attempts to determine what the organisation should look like, in other words the strategy of the enterprise.

Steyn (2000:7) declares that strategic *thinking* reviews and questions the direction of the business. Robert (1997:56-57) agrees and adds that it produces a profile that can be used to determine which areas of the business will receive more or less emphasis and is both introspective and externally focused. Digman (1990:53) asserts that it is problem solving in unstructured situations, being able to recognise changing situations. This involves, most importantly, the selection of the right problems to be solved.

2.2.2.2 Strategic and operational planning

Robert (1997:26) reasons that where strategic *thinking* determines the strategy – *what* should be done – strategic and operational (tactical) *planning* helps to choose *how* it should be done. This researcher further states that this is the manner to put the strategy into practice. The chosen strategy is created for each division or business unit – the result is then the strategic, long-range master plan.

Digman (1990:54) argues that in the implementation phase, the strategic master plan turns strategy into reality, by means of more detailed and shorter-term plans and schedules at progressively lower operating levels of the organisation. Operational planning allocates tasks to specific existing facilities to achieve particular objectives in each planning period. Pearce and Robinson (1997:304) reason that the operational or action plan incorporates four elements:

a) Specific functional tactics, actions or activities to be undertaken in the next week, month or quarter. Tactics in this sense refer to the fact that each business function, for example marketing, corporate communication or human resources, needs to identify and undertake key and routine but unique activities (functional tactics) that help to build a sustainable competitive advantage.

b) Each tactic, action or activity has one or more specific, immediate (short-term) objectives or targets that are identified as outcomes.
c) A clear time frame for completion.
d) Accountability, by identifying people responsible for each action in the plan.

In applying the above to the communication function in the organisation, it would seem that communication practitioners expend most of their effort on communication strategies on an operational or tactical level. It is however imperative that the communication function should be involved in the strategic thinking and strategy formulation as well as the operational (tactical or technical) planning level, in order to ensure consistency in communication and relationship building with internal and external stakeholders.

2.2.2.3 Levels of strategic management

Strategy development takes place at different organisational levels, namely enterprise, corporate, business, functional and operational levels.

a) Enterprise strategy: Top management and the board of directors develop the *enterprise* strategy (Ansoff, 1980:131) in which questions, such as why the organisation exists, what it attempts to provide to society and what types of relationships it will seek with stakeholders in its environment, are addressed. Dill (1979:49) proposes that two important aspects of creating an enterprise strategy are an analysis of the stakeholders, as well as their values and expectations. It can therefore be argued that these two aspects could be translated into the enterprise strategy being based on a stakeholder approach, therefore elevating the importance of communication into the enterprise strategy. Enterprise strategy also refers to the achievement of non-financial goals, such as enhancing the organisation's image and fulfilling its social responsibilities. In part, Freeman's (1984:4) enterprise strategy represents the social and moral or ethical component of strategic management. In this sense, it can therefore be argued that communication should undoubtedly be part of the enterprise strategy formulation. Furthermore, it can be deduced that enterprise strategy formulation refers among others to the image and reputation management as well as the management of corporate social investment and sustainability programmes, which are part of the communication professional's organisational contributions.

b) Corporate strategy: At *corporate* level, Steyn (2000:8) maintains that strategy is mainly concerned with defining the set of businesses that should form the organisation's overall profile, for example, decisions concerning mergers and acquisition as well as strategic alliances. Digman (1990:38) contends that at this level, strategies tend to be financially oriented.

c) Business strategy: Pearce and Robinson (1997:6) as well as Jain (1997:9) reason that a *business* strategy usually covers a single product or a group of related products, and focuses on how to compete in the product, market or industry segment. Digman (1990:38) asserts that at this level, strategies are often marketing oriented.

d) Functional strategy: Pearce and Robinson (1997:6) postulate that at a *functional* level, the principal responsibility is to execute the strategies of the organisation by developing annual objectives and strategies.

e) Operational strategy: Digman (1990:38) states that at *operational* level, strategies are implemented by establishing short-term objectives and operating (implementation) strategies.

Although these different levels of strategy, namely enterprise, corporate, business, functional and operational strategies, on an internal level are pivotal within strategic management, per definition, strategic management further emphasises the importance of an internal-external balance in strategies. In order for organisations to survive within a changing marketplace, they have to maintain a constant external balance with the environment. Organisations can achieve this by being a learning organisation.

2.2.3 Strategic management in a changed market necessitates a learning organisation

Organisational learning can also be regarded as an outgrowth of the general systems theory. In organisations, when behavioural change occurs in response to feedback, it can be concluded that learning has occurred. It can then further be concluded that when adaptive changes are made in an organisation in response to feedback in the environment, organisational learning has taken place. Thompson (2001:456) defines the learning organisation as that the whole organisation is able to think strategically and create synergy by sharing its knowledge and ideas, and generating actions that contribute to the interests of the whole. Senge (1991:26) postulates that the basic arguments of the learning organisation are as follows:

a) When quality, technology and product/service variety all become widely available at relatively low cost, speed of change is essential for sustained competitive advantage.
b) If an organisation fails, therefore, to keep up with, or is ahead of, the rate of change in its environment, it will either be destroyed by stronger competitors or lapse into sudden death or slow decline. The ideal is to be marginally ahead of the competitors – opening up too wide a gap might unsettle the customers.

c) An organisation can only adapt if it is first able to learn. This learning must be cross-functional in terms of learning from other individuals, departments and business units in the organisation as well as specialist learning in terms of a specific function in the organisation.

Montouri (2000:67) argues that organisational learning, at the very least, involves developing new knowledge or insights with potential impact (ideally positive) on the behaviour of organisational members. Luecke (1994:34) explains that these insights come from the methodology in which organisation members ask themselves what is known, unclear and presumed about their organisational situation, and how this is similar to, and dissimilar from, past events. This will enable members of the organisation to recognise and meet changing environmental demands, a prerequisite for organisational longevity.

Hence, a learning organisation encourages continuous learning and knowledge generation at all levels. It has processes that can move knowledge around the organisation easily to where it is needed, and it can translate that knowledge quickly, into changes in the way the organisation acts, both internally and externally. In order for organisations to survive and sustain themselves (in other words achieve maximum effectiveness), they need to function as learning organisations with a greater emphasis on strategic management, which further impacts on marketing management.

2.3 MARKETING MANAGEMENT IN A CHANGED MARKETPLACE

Kitchen (1999:20) maintains that marketing, as an academic and practical discipline, is a product of the twentieth century. The definition of the American Marketing Association (AMA) of marketing introduces a number of key concepts: "… the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational goals" (Bennett, 1995:244). Additionally, Evans and

Moutinho (1999:4) refer to marketing as "… the process of creating and providing what customers want in return for something they are willing to give (money, time, or membership)". According to these definitions, marketing involves the setting of (an) expectation(s) with customers and management, and the creation of reciprocal satisfaction through exchange processes. From these definitions, marketing can be seen as a concept as well as a process. This concept and process of marketing is based on the notion of *customer* wants and needs. From a marketing management viewpoint, it is therefore argued that in order to be a learning organisation the focus should be on external messages sent to these customers and building customer relationships driven by the departmental strategy of marketing management. Therefore, the focus for marketing management is on customer relationship management through a linear process referred to as the value-chain approach.

2.3.1 Marketing management's emphasis on a customer approach

According to Lancaster and Reynolds (2002:1), Adam Smith noted as long ago as 1776 that:

> Consumption is the sole end and purpose of all production and the interests of the producer ought to be attended to only as far as it may be necessary for promoting that of the customer.

These scholars further state that in this statement, Smith provided the guiding theme for marketing. The key word is '*customer*', as it is the identification and satisfaction of *customer* requirements that form the basis of modern marketing.

To survive and prosper, an organisation must be aware of changes in customer tastes to satisfy existing customers and secure new ones. Satisfying customer requirements is the central focus of an organisation's activities.

In addition, Lancaster and Reynolds (2002:120) argue that customer relationship marketing (CRM) is an extension of the marketing concept, which integrates a number of recent developments in marketing along with the increased technical capabilities open to marketing practitioners, resulting from developments in the application of information technologies.

According to Drummond, Ensor and Ashford (2003:131), CRM is a comprehensive approach that provides the "seamless" integration of every facet of business that relates to the customer whether it be marketing, sales, customer service or field support, through the integration of people, process and technology. This refers therefore to the idea that communication should be used to integrate all efforts of the business when customers are dealt with in order to provide 'seamless' integration. The objective of CRM, according to Wilmshurst and Mackay (2002:346), is to create a long-term, mutually beneficial relationship *with customers.*

The focus of modern marketing is therefore on the building and maintenance of longer-term relationships with customers. This long-term view of customer value and the buyer-supplier relationship are referred to as relationship marketing. The concept of relationship marketing takes marketing management back to its basic principles. It recognises the fundamental importance of sustaining customer relationships in order to generate customer loyalty and repeat business (Drummond, *et al.,* 2003:229). Additionally, relationship marketing acknowledges a broader view of marketing, and defines a number of "markets" which must be addressed in order to optimise customer relationships.

Lancaster and Reynolds (2002:122) argue that relationship approaches aim to develop customer alliances, whereby the customers not only see the organisation as their preferred provider, but actively recommend others to use their products and services. However, the traditional concepts of marketing, customer relationship management and relationship marketing are based on what Duncan and Moriarty (1997:11) refer to as the value chain perspective of customers in building these "relationships" with customers.

2.3.2 A value-chain perspective of building customer relationships

The value-chain perspective is linear, describing a series of value-added, sequential steps in building relationships with customers. It shows how the supply side is linked to the demand side, moving raw materials through a series of value-added production steps, and through marketing and sales, to channel members who provide the final added-value elements for the end user. Since the value chain is based on an industrial economic model (Drummond, *et al.,* 2003:96) and the fact that it can be argued that the value chain takes an *inside-out* perspective, it literally ends when the final sale is made (Wilmhurst & Mackay, 2002:13). Lancanster and Reynolds (2002:49) reason that the value-chain also fails to include the value-adding role of relationships (therefore, two-way symmetrical relationship building approach) and communication with customers. Duncan and Moriarty (1997:11-12) maintain that the value-chain's linear approach works for explaining transaction-based, traditional marketing that focuses on products and customers. It does little, however, to explain the ongoing relationships of all the important stakeholder groups that can both add and remove value. The value chain perspective therefore overlooks the interactive nature of all the various relationships that make up a brand's environment, which is the essence of two-way symmetrical communication management in a transformed market.

2.4 COMMUNICATION MANAGEMENT IN A CHANGED MARKETPLACE

As stated in Section 1.1.3, Chapter 1, Steyn and Puth (2000:18) reason that communication is increasingly gaining the status of an indispensable management function in an organisation's business management. In this regard, Seitel (1992:14) maintains that senior communication professionals are no longer merely seen as "information conduits", but rather as fully-fledged strategic advisers to top management. These professionals must think *strategically* and demonstrate their knowledge of the organisation's vision, mission, goals and strategies by aligning communication goals with those of the organisation.

Hynes (2005:21) argues that, traditionally, business management was seen as a superior function in the organisation, with marketing management reporting to business management and merely acting as a function of business management. He also states that traditionally, communication was not seen as a "management" function, but merely as a function of marketing. However, Hynes (2005:21) strongly proposes that this is not the case in today's organisation. He states that the areas of business management, marketing management and communication are seen as "equal partners" in contributing to the bottom line of the organisation. Therefore, it can be argued that all three functions should be integrated in order to ensure effectiveness and efficiency within the organisation. The emphasis on the organisational mission provides the connection for all three functions to the organisational goals in order to contribute to organisational effectiveness and efficiency on a strategic management level; thus aligning the various functions with the strategic intent of the organisation as a whole. For communication to be able to do this, communication professionals must specifically be part of the strategic management of the total organisation. Webster (1990:18) agrees with this statement by asserting that: "Trying to establish a communication programme without corporate direction, is a little like driving cross-country without a road map". However, Steyn and Puth (2000:18) argue that to accomplish these tasks accurately, communication professionals must first establish what top management and stakeholders are thinking. Communication cannot be practised in a vacuum. Dozier, Grunig and Grunig (1995:15) concur that communication is only as good as its access to top management. Furthermore, communication professionals must have the opportunity to make strategic inputs in the strategy formulation of the organisation by taking part in decision making. Communication professionals must also have first-hand knowledge of the reasons for top management's decisions and the rationale for organisational policy. Similarly, communication professionals must also interpret the *stakeholders*' views for top management by giving continual feedback; thus, through environmental scanning, ensuring that the organisation follows a learning organisation approach.

2.4.1 Communication management's emphasis on a stakeholder approach

Communication is not limited to managing relationships with customers as is the case with marketing management, but should be used for planning and monitoring relationships with all stakeholder groups. As mentioned in Chapter 1, Section 1.6.2, by definition, all the organisation's stakeholders have a vested interest in the success of the organisation (Skinner & Von Essen, 1999:34). Therefore, what the organisation does affects them, and what they do affects the organisation. Duncan and Moriarty (1997:55) state in this regard that the broader and deeper the support of the organisation's stakeholders, the greater the stakeholder capital and thus the greater the organisation's brand equity.

Kotter and Haskett (1992:67) mention that what marketing managers often forget is that profitability is a result of the action of *all the stakeholders*, not just the *customers*. This is because each of the key stakeholder groups can affect profitability just as much as the customers. Just as brand share is the result of the organisation's brand's customer franchise, brand equity is the result of the organisation's stakeholder franchise (Duncan & Moriarty, 1997:55). The marketing department must, therefore, be willing to work with other areas of the organisation and even to give up budget when resources can be better spent to address a problem or leverage an opportunity with a stakeholder group besides customers. Thus, it can be argued that, through this, communication should be utilised to build relationships with stakeholders, broader than the original marketing focus area of only customers.

Relationships are communication driven. Therefore, an analysis of brand communication, especially two-way communication, can provide insight into the nature of these relationships. From an organisation's point of view, this means *learning* what type of support is required from each group. From the stakeholders' perspective, this means *learning* what they expect and what they are willing to pay (in terms of time, money and effort) for having these expectations met. This is therefore in contrast with the customer relationship management approach of marketing management, which focuses on learning about customers.

From a managerial viewpoint, corporate success depends on an ongoing process of stakeholder management in which the interests and demands of the stakeholders are identified and dealt with appropriately. Steyn and Puth (2000:210) argue that from this perspective, it is not social issues to which organisations respond, but rather stakeholder issues. It is important for managers to identify stakeholder groups and determine the amount of power they have as a group. Different groups have different degrees of power, depending on the organisation's dependence on the stakeholder group, the degree of access the group has to political processes as well as their access to the mass media (Verwey & Du Plooy-Cilliers, 2002:4).

As a result of limited resources, managers pay attention to the most powerful stakeholder groups first. Issues are therefore arranged on the basis of the perceived importance of the stakeholder group that is behind the issue. Any issue without a stakeholder group is, therefore, no issue at all (Steyn & Puth, 2000:21). Hynes (2005:41) argues that successful managers are therefore able to identify stakeholder groups and evaluate their sources of power. In this regard, Steyn and Puth (2000:210) point out that managers who fail to respond to powerful stakeholder groups risk having these groups exercise their power to affect the organisation negatively. Based on the above, it is necessary for an organisation to maintain two-way symmetrical communication with the stakeholders, which is based on the stakeholder receiving inputs from many alternative sources rather than merely the organisation, which is the basis of the value-field relationship-building perspective.

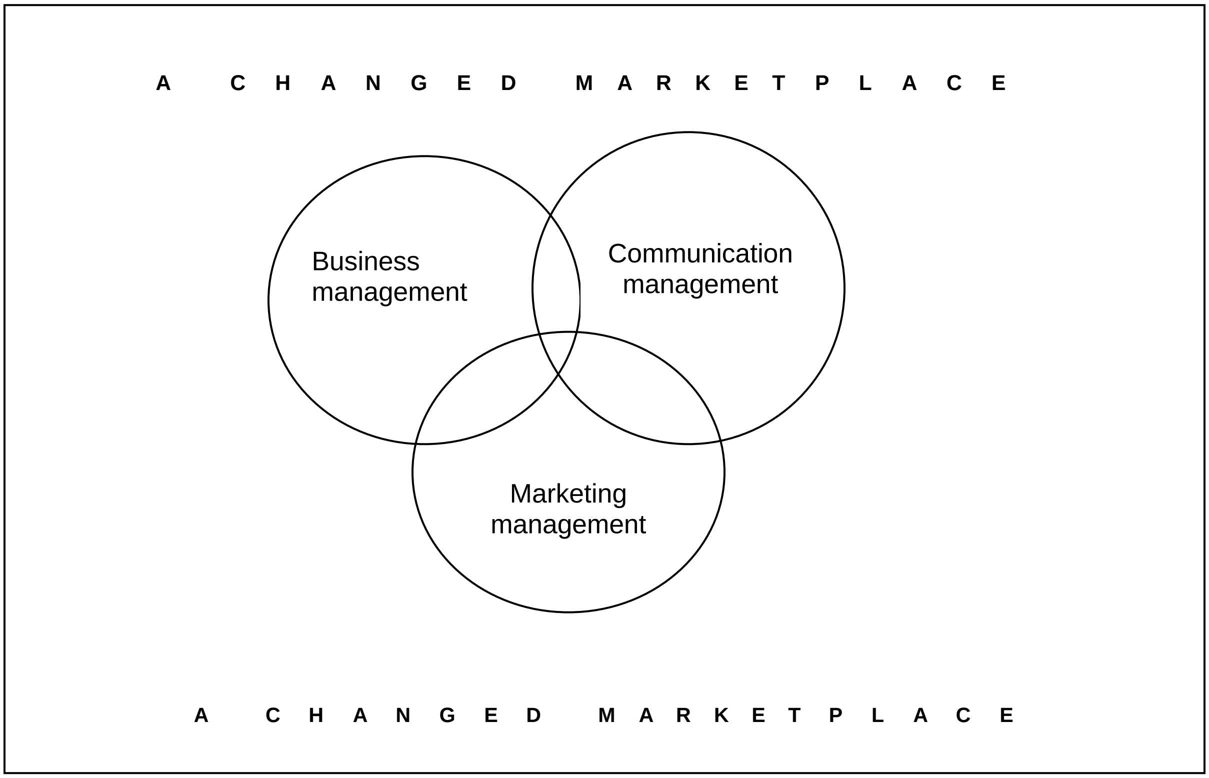
2.4.2 A value-field relationship-building perspective of communication management

Since the world is more connected, with greater interaction and interdependence of brand stakeholders than in the past, Duncan and Moriarty (1997:12) propose that a value-field approach is more applicable in the context of communication, than the traditional value chain perspective of marketing management (Drummond, *et al.,* 2003:96; Lancanster & Reynolds, 2002:49; Wilmhurst & Mackay, 2002:13) in understanding how brand relationships and brand equity are created and how best to manage them.

The value field approach shows how brand equity is a result of a field of relationships and that adding value is a non-linear, dynamic process with continual, overlapping interactions, transactions and feedback (Duncan & Moriarty, 1997:12). Gummesson (interview as quoted in Duncan & Moriarty, 1997:13) calls this an imaginary organisation, while Normann and Ramirez (1993:66) refer to this concept as a "value constellation".

A typical brand exists within a field of stakeholder interactions. The organisation may or may not be directly involved in all the interactions, and yet these interactions can greatly influence its brand relationships and brand equity. This value-field approach shows that the stakeholder is receiving brand inputs from many sources other than the organisation. Therefore, in order to maintain customer focus, it is necessary to manage relationships with all the key stakeholders, because they impact on customer attitudes and behaviour (Duncan & Moriarty, 1997:13). In order to deal with stakeholder rather than customer relationships, the organisation requires a strategic approach to communication management. This implies that communication management is driven by the strategic intent of the organisation (business management) and that it should be aligned with the marketing management of the organisation. The relationship between these three concepts is depicted visually in Figure 2.2, which after a stakeholder approach to strategic communication management is discussed in the following section.

Figure 2.2 The relation of the fields of management in a changed market



2.4.3 A stakeholder approach to strategic communication management

Freeman (1984:vi) declares that 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 essentially constitute. This approach is concerned with the identification and managerial response to groups and individuals who can affect, and are affected by, the organisation's decisions. This approach is valuable not only in the context of strategic management (the domain of business management), but also in terms of marketing and communication. Where the focus in marketing is on customers, the focus in communication is on stakeholders. As stated, customers are the emphasis in integrated marketing communication, whereas stakeholders are the focus in the context of integrated communication. Since integrated communication is a strategic element of business management, it can therefore be argued that a stakeholder approach (rather than a customer approach) to strategic management in the organisational context is imperative.

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". The organisation's environment can thus be seen as the product of the strategic decisions with others (i.e. stakeholders), such as the government, competitors, customers, society and a number of other outside influences. Freeman and Lifdtka (1997:287) postulate that the concepts of stakeholder management as a method for systematically taking into account stakeholder interests and stakeholder analysis (assessing the stake and power of each group) emerged in the 1980s.

A strategy should be in place for each stakeholder group – including groups such as consumer advocates, environmentalists, the media or any other group affected by the organisation's decisions. Wheeler and Sillanpaä (1998:4) argue that these groups' key issues and willingness to expend resources helping or hurting the organisation on these issues must be understood. It would be more advantageous to implement communication processes with multiple stakeholders, to negotiate on critical issues and to seek voluntary agreements with them, rather than having a solution imposed from the outside, for example, through the intervention of the government, activist groups or the media.

What is therefore required are concepts and processes that provide integrated, strategic direction for dealing with multiple stakeholders on multiple issues. For each major strategic issue, the organisation must consider the effects on a number of stakeholders. For each major stakeholder, managers responsible for that stakeholder relationship must identify the strategic issues that affect the stakeholder and understand how to formulate, implement and monitor strategies for dealing with that group. Freeman (1984:27) comments that many organisations do this well with one stakeholder group (e.g. customers), but few have the processes required to integrate a number of stakeholder concerns. Steyn (2000:9) proposes that this can be done by integrating boundary spanners into the strategy formulation process to anticipate stakeholder concerns and try to influence the stakeholder environment. Freeman (1984:28) calls for "… external affairs" managers to take the responsibility for strategically managing stakeholder groups – people who are 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; and people such as corporate communication, public relations and public affairs managers who have a good working knowledge of stakeholder concerns.

Tibble (1997:358) claims that the term strategy is used very sloppily, and "… bandied around like a mantra", but contains little substance. The main point of this thinking is that few communication professionals understand the meaning of strategy, although it is a known, uncomplicated concept for those familiar with management theory. The key problem seems to lie in the application of strategy for communication issues, in other words what strategy means within a communication context. Steyn (2000:10) concurs that the word strategy is often used by communication professionals to describe something "important" (as in *strategic* messages, *strategic* direction) or to describe "activities" (as in communication *strategy*). It is also used mistakenly when, in reality, it should describe a communication aim, objective or tactic in order to accomplish the enterprise vision and/or mission.

2.4.3.1 Communication management and the levels of strategic management

Argenti (2003:22) advocates communication strategy as the vital link between organisational strategies (business management) and the communication function – enabling the professional to implement communication programmes that advance the accomplishment of the corporate vision and mission. To elevate communication to the same level of importance as any of the main functional areas, it is necessary to impact on the organisation and its management where it really counts – the enterprise or corporate strategy. That is, the strategic intent of the organisation. As discussed in Section 2.2.2.3, it is imperative for communication to be part of this strategy, as this is where the organisation's reputation and image are portrayed to the public through non-financial actions, such as corporate governance issues. Steyn (2000:10) adds that strategy formulation and strategic planning are prerequisites for developing a sound communication strategy, for they provide focus and direction to the communication as well as synergy between the enterprise or corporate strategy and communication.

To make communication relevant in the strategy formulation process, Argenti (2003:26) and Eiselen (conference paper quoted in Steyn, 2000:10) suggest the following approach: study the vision and mission, corporate goals and objectives, the major issues facing the organisation or areas of critical importance for achieving the vision or mission and corporate strategies. It is here that the strategic link between enterprise and corporate strategy and the communication function is made.

The implications of the organisation's key strategic issues and strategies as well as the risk of communicating the issue are determined, and the communication strategy is developed. The latter should essentially mirror the enterprise and corporate strategies. Argenti (2003:26) mentions that a draft should be presented to top management for approval and suggestions. Only at this stage should communication plans or programmes be developed.

This discussion is a reference to developing a communication strategy as a functional strategy, as the term is used in the strategic management context. Most communication management authors, such as Hainsworth and Wilson (1992); Windahl, Signitzer and Olson (1993:20); Cutlip, Center and Broom (1994:316-327); and Seitel (1992:146-147) seem to refer to communication planning at the operational level when using the term strategy. However, Steyn (2000:11-29) and Steyn and Puth (2000:62-73) view communication strategy as a functional strategy, providing the focus and direction for an organisation's communication with its stakeholders – determining the *what* rather than the *how* – the mechanism that leads the function towards effectiveness (doing the right things), rather than towards efficiency (doing things right).

Communication strategy is a pattern in the communication function's important communication decisions and actions regarding relationships with strategic stakeholders, stated in such a way that the attitude of the organisation to its stakeholders is clear. It is developed within the context of the organisation's vision, mission, corporate culture, policies and strategies (the internal environment) but it focuses on an assessment of the external (macro and task) environment, and on the stakeholder environment (Argenti, 2003:25).

Steyn and Puth (2000:60) maintain that communication strategy focuses on strategic communication decisions and is the outcome of a strategic thinking process by senior communication professionals and top management with regard to the identification and management of, and communication with, stakeholders.

Argenti (2003:27) reasons that communication strategy can be seen as a proactive capability to adapt the organisation to changes in stakeholder expectations and opinions (through environmental scanning and boundary spanning activities). It can create a competitive advantage for an organisation through the early detection and management of issues, involving strategic stakeholders in decision making – giving the organisation the autonomy to concentrate on achieving its mission.

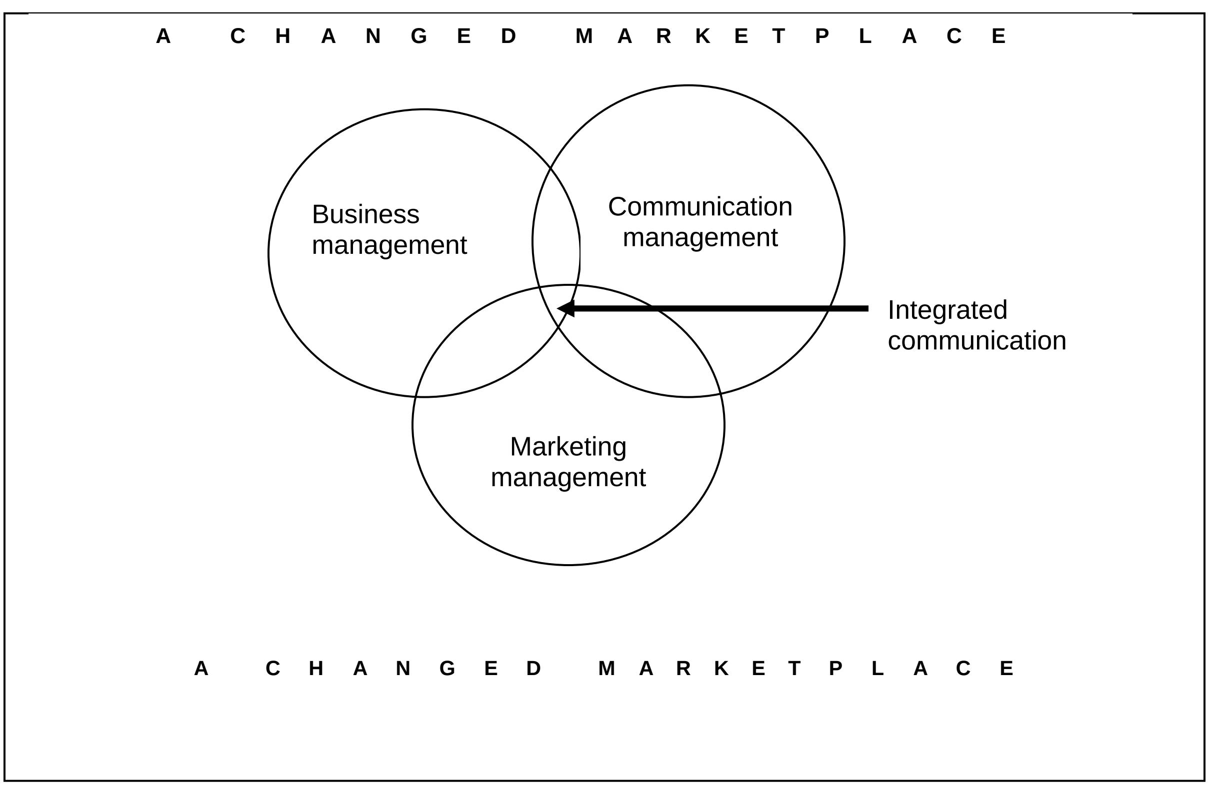
2.4.3.2 Communication strategy in strategic management

Steyn (2000:12) strongly argues and illustrates that communication *strategy* is not the same as communication *plans*, but it provides a framework for the strategic and operational communication plans necessary to carry out the strategy. She also states that it is problem solving in unstructured situations, selecting the right problems to solve. Steyn and Puth (2000:76) contend further that communication strategy does not follow the traditional linear approach where the emphasis is on planning, but it is moulded on the more modern approaches to strategy, for example, adapting the organisation to trends, events and stakeholders in the environment (adaptive strategy). It also focuses on relationships, symbolic actions and communication, emphasising attitudinal and cognitive complexity among diverse stakeholders, which is the essence of interpretive strategy. Grunig and Hunt (already) defined the task of communication two decades ago as "building and maintaining relationships with stakeholders" (Grunig & Hunt, 1984:21).

Furthermore, communication strategy makes communication relevant in the strategic management process through its focus on communication with strategic stakeholders, aligning communication goals to organisational goals. It provides the vital link between the enterprise, corporate and business strategies as well as the communication function. Although the communication strategy is influenced mostly by the organisation's enterprise strategy and provides strategic inputs in the enterprise strategy, it also supports the corporate and business strategies. The functional and operational strategy levels discussed in Section 2.3.2.3 refer more to the execution and implementation of the communication strategy, the enterprise strategy, the corporate strategy and the business strategy.

It can therefore be stated that the process of developing a communication strategy provides the strategic approach required by organisations to identify issues and stakeholders proactively, and to manage communication with strategic stakeholders through strategic organisational communication. It is further strongly maintained that communication in the organisation can and should therefore be an equal partner with all the other management functions in the vital process of strategic management. This approach that encompasses the strategic management of communication in an organisation is *integrated communication*. This is depicted visually in Figure 2.3, which builds on Figure 2.2 to include the concept of integrated communication.

Figure 2.3 Integrated communication in relation to the fields of management in a changed market



The theoretical components of integrated communication are discussed in the following section to illustrate the overlapping nature of the concept between the fields of business, marketing and communication management.

2.5 THEORETICAL COMPONENTS OF INTEGRATED COMMUNICATION

The theoretical components of integrated communication can be summarised as follows, based on the discussions of communication management thus far relating to the constructs of integrated communication depicted in Figure 1.5, Chapter 1:

2.5.1 Two-way symmetrical communication

As to be discussed in the history of integrated communication (Chapter 3), technology has enabled organisations to move from a one-way to a two-way interactive marketing relationship environment (Rockart, Earl & Ross, 1996:46). How organisations manage their two-way interactivity (brand relationships) is becoming more important than the products themselves (Duncan, 2001:26). This means brand value is determined by how well organisations not only create, but also retain and grow their brand relationships (Chicco & Chandler, 2002:132).

2.5.2 Managing stakeholder relationships

As discussed, the old traditional production-based value chain (from marketing management) needs to be replaced by the non-linear, interactive value field of communication management. As traditional marketing departments are still focused on managing transactions, they do not know how to manage brand relationships. The result is then that the marketing function becomes marginalised.

The McKinsey report described by Carter (2003:1) emphasises this point by stating that:

> Some marketing practices are certain to need reform. One approach is to treat marketing as a process, rather than as a department. Here the organisation is not divided by function – into marketing, sales and production – but by its core processes, such as brand development and delivery system fulfilment. In the last two decades, marketing departments have generated few new ideas. True, they have helped to execute the necessary structural changes arising from developments in globalization, information and communication technology, strategic planning and organizational design. But when we look for new marketing frameworks, or for fresh approaches that will help build the long-term relationships that manufacturers most need today, the examples are few.

It is therefore argued that integrated communication is a *business management approach* for developing brand value for organisations as well as their customers and other stakeholders. It is further argued that the approach is thus both a concept and an interactive process for not only acquiring but also, more importantly, for retaining and maximising the lifetime value of brand relationships. As brands are traditionally seen as the turf of marketing management, integrated communication implies that all stakeholder relationships (communication management turf) influence the brand of an organisation, therefore arguing for an integration of marketing and communication management. Integrated communication is fundamentally concerned with how to reengineer the intangible side of business – the management of brand value and brand equity, which in many organisations has a market value greater than the physical assets (Einwiller & Will, 2002:101).

Integrated communication is based on the fact that it recognises and responds to the fact that everyone in the organisation increasingly has the potential to “touch” the customer (Duncan & Moriarty, 1997:xii; Duncan, 2001:18). Every brand message, to some extent, has one of three effects according to Duncan and

Moriarty (1997:44) and Harris (1998:20): a) strengthens relationships by adding value, b) reconfirms current relationships, or c) weakens brand relationships by reducing brand value.

The purpose of integrated communication is to increase brand value by strengthening relationships, and can therefore be applied to any type of business (Schultz, 1998:20; Schultz, 1999:2; Kitchen & Schultz, 2000:466), for example, packaged goods, services, business-to-business, retail, industrial and non-profit organisations. It is a process that can also be used to manage relationships with stakeholders other than customers – employees, shareholders, government regulators, the media, suppliers and the community.

Based on the said constructs, integrated communication is directing brand value to manage profitable stakeholder relationships. Having a process for managing brand relationships is critical because relationships are the components of brand equity (Duncan, 2001:44). Although brand equity is influenced by how a brand has performed, investors are more interested in the brand's future performance – the collective net sum support of customers and other stakeholders (Gronstedt, 2000:89-90). It is therefore reasoned that stakeholder relationship management is based on the relationship that these stakeholders have with the brand. Thus, reference to stakeholder relationships also encompasses the brand relationships, as it is the brand as a whole with which stakeholders build relationships. Brand equity is also included in this relationship, as brand equity is in essence determined by the quality of a brand's relationships with its customers and other key stakeholders.

2.5.3 Brand relationships and brand equity

Brand equity and brand relationships are seen as the soft or intangible side of business. Organisations have therefore found it easier and more comfortable to focus on cutting costs in the tangible areas (for example production, distribution, sourcing, pricing) by reengineering and downsizing in the organisation. Although brand equity now accounts for the greater part of organisation's market value (Duncan, 2001:37; Duncan & Moriarty, 1997:47), few sources exist on the strategic management of brand equity in organisations. A possible reason for this is that brand equity is still considered an intangible and a difficult concept to grasp and understand.

However, Yarbrough (1996:68) and Moriarty (2002:2) propose that brand equity no longer needs to be ambiguous. These authors as well as Duncan and Moriarty (1997:47) state that the reason for this is that relationships and lifetime customer value can be measured. Gibson (2002-2003:25) further supports this notion by stating that it is also five to ten times less expensive to sell to current customers than to new customers.

By building brand relationships and brand equity, organisations have the ability to track customers, learn their behaviour and predict more accurately how they will respond (Caywood, 1997:565). Also, because the cost of acquiring stakeholders, whether new customers, new employees, new distributors or new investors, has according to Duncan (2001:37) never been higher, organisations need a new model for leveraging these expensive acquisitions and maximising their relationship productivity.

2.5.4 "One voice, one look" vs. "sophisticated" integrated communication

In the last two decades, many organisations and agencies believed they could end all their mixed messages and build better relationships by simply making sure their marketing communication had "one voice, one look" (Thorson & Moore, 1996:136). However, building *long-term profitable relationships* requires much more. "One-voice, one-look" integration alone has generally failed because it focuses on tactics and continues to talk to (the so-called "tell and sell" approach), rather than with (the so-called "listening and learning" approach), customers – therefore, not truly moving away from a traditional promotional approach to marketing communication. Creating "one voice, one look" is a logistical challenge, whereas creating and nourishing brand relationships ("sophisticated" integrated communication) is a strategic challenge, starting with how an organisation is organised. Furthermore, Duncan and Moriarty (1997:48) add that the responsibility for creating, retaining and growing profitable brand relationships can no longer be assigned to a single department in an organisation. It is therefore reasoned that the notion of integrated communication states that it is not a *function* in the organisation, but an organisation-wide *business management approach*, for developing brand value for the organisation and its stakeholders (as stated in Section 3.2.2). This is why Duncan (2001:58), Duncan and Moriarty (1997:174) and Niemann and Crystal (2002:14) strongly advocate that integrated communication is and must be a cross-functional process that involves all key business activities and takes all the stakeholders into account.

2.5.5 Cross-functional processes and planning

Increasing the number of long-term profitable relationships requires more than integrated communication. It requires a cross-functional process that has a corporate focus, a new type of compensation system, core competencies, a database management system that tracks customer interactions, strategic consistency in all messages, marketing of the organisation's mission, and zero-based marketing communication planning (Duncan & Moriarty, 1997:174). In other words, integrating the marketing communication is futile if contradictory, more powerful messages are being sent by other actions of the organisation. Integrated communication is more macro inclined and inclusive than integrated marketing communication, direct marketing and even relationship marketing. The reasoning behind this is that integrated communication requires a) top management's endorsement and commitment, b) an organisational structure that is truly integrated, and c) communication that places as much emphasis on listening and learning in order to ensure a truly two-way symmetrical relationship with customers and other stakeholders as it does on sending messages to these groups.

Integrated communication is therefore a continuum, and the far left is the organisation with no integration at all, and on the far right is the wholly integrated organisation, which does not exist to the knowledge of Duncan and Moriarty (1997:xvii). It is however more important to note that the organisation can benefit from integrated communication in stages. The more integrated the organisation becomes, the more benefits it will reap.

Now that the concepts of business, marketing and communication management in a changed market have been discussed, the changed post-apartheid South African market is focused on specifically to illustrate the need for new communication roles within this changed economic, social and political milieu.

2.6 CHANGED ORGANISATIONS IN A POST-APARTHEID SOUTH AFRICA

The post-1994 election period has forced South African managers to learn rapidly and to handle situations differently. Organisations have been forced to become more competitive to retain and protect local markets against international competitors, and to ensure that they are able to compete internationally. At the same time, Denton and Vloeberghs (2003:85) argue that it is incumbent upon South African organisations to adhere to newly introduced labour legislation, which has changed the former face of labour relations dramatically as it firmly entrenches constitutional rights and duties. Anstey (1994:4) notes that these changes have manifested themselves clearly in the level and nature of South African employment, business enterprises, the organisation of work, trade union strengths and direction, the use of strike action and the shape of collective bargaining systems. Munro (1997:35-37) maintains that businesses in South Africa have major opportunities, provided that organisations learn to "… ride the waves of change". Roodt (1997:16) is of the opinion that the typical South African corporate environment reflects the following characteristics:

a) A "them and us" culture, which delineates a predominantly white management minority from the general workforce, which is a predominantly black and unskilled majority.
b) Adverse labour relations with very strong union backing and the tendency towards conflict and violence.
c) Ethnic and language diversity within the workplace, faction fighting, and stereotyping of co-workers.
d) The existing privilege and discrimination practices based mainly on race and ethnicity despite changes in legislation.
e) The wealth and poverty gap that exists and continues to grow between the "haves" and the "have-nots".
f) Illiteracy predominantly among the greater portion of the South African labour force, which causes the majority of the black population to be unemployable, because of the lack of skills and access to technology.

Against this background, the impact of major international managerial changes is discussed in order to understand the specific impact of these issues on the practice of these issues by South African organisations. These international managerial changes are interrelated in the sense that they can be viewed as a snowball effect of one international managerial change that affects the next change, including the following: a) the shift towards globalisation; b) the re-engineering of organisations; c) the outsourcing of functions; d) organisational restructuring; d) downsizing; e) the empowerment of employees and f) democracy in the workplace.

2.6.1 The shift towards globalisation

Denton and Vloeberghs (2003:85) declare that with globalisation, national managerial concepts have had to follow those of the international arena and meet the same challenges. Goodman (1995:13) argues that globalisation therefore underlies many of the changes in the current concepts of management, and business functioning boundaries are no longer important. The global context of business has created a borderless and boundary-free world (Einwiller & Will, 2002:103).

Verwey (2002:8) argues in this regard that the bipolar geopolitical world has disintegrated, giving way to a new, dynamic, volatile global environment. This phenomenon is related to the rise of the "New Economy". Chambers (2000:20) alternatively argues that this "New Economy" can be defined more descriptively as the "Internet Economy". Two confluent forces have triggered this phenomenon – the globalisation of business (borderlines) and the networking of information technology.

Globalisation describes the escalating convergence and co-dependence of national economies and of the extent and accessibility of markets, distribution systems, wealth, labour and technology. Grulke (1995:1) contends that through the application of communication networks and digital technologies, limitations of time and space have changed, geographical and industrial boundaries have shifted and the importance of geographic location has been reduced. Halal (1993:53) maintains that information technology creates communication networks that could form a universal standard of open trade, a global banking system and currency, and some form of world governance. Verwey (2002:8) reasons that the trade routes for this new global economy are the electronic networks that span the globe. Some evidence of this is the emergence of the European Union and the initiative that is currently being taken by African leaders to manage and develop NEPAD (The New Partnership for Africa's Development). The main objective of NEPAD is to give impetus to the continent's development by bridging gaps between Africa and the developed world (Anon., 2004).

The world arena is by no means static and hence it is a continually changing environment. As a result, adaptability is the key to success. In this regard, Denton and Vloeberghs (2003:86) maintain that flexibility, responsiveness, decisiveness and speed will be qualities on which organisations have to place a premium if they want to succeed. Organisations therefore have to act faster and become far more competitive. Organisations further need to utilise all their resources to maintain competitiveness. Micklethwait and Wooldridge (1997:4) reason that this could mean moving resources and facilities to the most appropriate place, although this maxim should include the removal of all barriers to the creative movement of people and, more specifically, of their ideas to create multi-cultural, multi-national organisations. Similarly, Day and Reibstein (1997:42) state that globalisation and technological change are spawning new sources of competition; deregulation is changing the rules of competition in many industries; markets are becoming more complex and unpredictable; and information flowing in a tightly wired world enables organisations to sense and react to competitors at a faster rate.

2.6.2 The re-engineering of organisations

International competition has already forced many South African organisations towards re-engineering processes and the streamlining of operations to improve efficiency (discussed in detail in Section 2.2.2). Ryan (1997:34) supports this argument by stating that:

> South African chief executive officers are also digesting the new lexicon: transformation, re-engineering, restructuring, downsizing, and right-sizing, with businesses re-designing and re-inventing themselves in a deadly serious quest for survival. South African organisations were suddenly thrust into the international competitive arena. Some are overhauling their businesses from top to bottom, others

> are merely tweaking a process or two, but nearly all are engaged in change of one kind or another.

Hammer and Champy (1993) argue for the redefinition of work processes, the outsourcing of unwanted activities and the downscaling of management levels that have resulted in higher efficiency, higher productivity and better communication between management and staff, in order to survive international competition. Denton and Vloeberghs (2003:87) add to these typical re-engineering processes of organisations and maintain that South African organisations had to improve productivity and follow the international trends towards re-engineering organisations.

Furthermore, Buckingham (1997:3) not only proposes the down scaling of management levels, but also postulates that vertical management structures within organisations should further be limited because they do not always lend themselves to good cross-fertilisation of ideas and information-sharing. Likewise, Semler (1994:13) believes that decreasing the number of layers should result in greater trust and lead to a more humanistic management approach with more democratic organisations where more information is openly shared with a greater number of individuals. Verwey (2002:14) also emphasises the idea of a more humanistic management approach, referring to it as valuing human capital in the organisation. In order for employees to work effectively, they must be motivated, have trust in their fellow workers and their organisation, and have a real sense of commitment to, not compliance with, achieving team goals. This cannot be achieved with alienated, underpaid and abused employees.

However, Denton and Vloeberghs (2003:87) acknowledge that re-engineering has not been seen as what they refer to as “the saviour of the corporate world”. Marais-Steinman (1998:2) claims that organisations have been disillusioned by the fact that there are no “easy fix” solutions (which is what re-engineering promised to be, according to Denton and Vloeberghs (2003:87) to the problems of growing global competition. Handy (1997:24) confirms this by stating that the problem with re-engineering, when it is done incorrectly, is that it leaves people traumatised. It is definitely an aspect that can have a significant impact on managerial degeneration.

2.6.3 The outsourcing of functions

Ryan (1997:37) reports that it has been found that the consulting industry is growing by about 25% a year internationally. As a result of an increasing tendency to outsource certain activities, this shift towards utilising the skills of consultants in training and strategic planning as well as the move towards generating separate business units or smaller organisations is a direct result of the re-engineering process. The re-engineering of organisations has promoted the idea of outsourcing unnecessary, expensive or unwanted activities.

Fowler (1997:40) maintains that there is a growing tendency towards using contract workers and outsourcing, because of the fact that it is financially viable to outsource whenever necessary rather than carry the cost of full-time specialists.

2.6.4 Organisational restructuring

Organisational structures in South Africa have been changing from the traditional and bureaucratic to more flexible structures that have a broader span of control and decentralised decision making in line with international trends (Denton & Vloeberghs, 2003:87). At government level, this principle is applied in that the country is divided and decentralised into nine provinces based on a federal structure, in an attempt to move away from the previous centrally controlled structures in the apartheid era.

Large organisations are by nature more structured, formal and static than smaller organisations. Buckingham (1997:3) claims that larger organisations are therefore less likely to be dynamic and less able to respond rapidly to changes in the marketplace. It is therefore more appropriate for organisations to decentralise or to create smaller organisations in the form of more manageable independent business units with a rapid response and turnaround time. Micklethwait and Wooldridge (1997:4), however, note that there will always be a place for larger organisations because they have the benefits of economies of scale, stability and resources.

Denton and Vloeberghs (2003:87) postulate that a reduction in the size of organisations allows for a focus on specific skills, competencies and resources. However, it may require a greater degree of multi-skilling and the continual updating of such skills to maintain the smaller infrastructure rather than acquiring additional staff. Brand (1997:28) contends that the concept of multi-skilling and continual competency enhancement and diverse career changes may bring about more flexible and viable business decisions. However, this has implications for both managerial and operational staff as well as the actual organisational structures. Pretorius (1997:15) argues that in a changing world, employees should be given greater freedom to enhance their own employability and self-worth, all of which will result in maintaining a higher degree of productivity and "buy-in".

2.6.5 Downsizing

Hammer and Champy (1993:21-39) argue that issues such as the redefinition of work processes, the outsourcing of unwanted activities and the down scaling of management levels (as already discussed) have, among others, resulted in many downsizing activities. Rantanen (1998:12) alternatively maintains that many such activities were poorly planned and managed, causing more and unique problems, such as the most skilled and hardworking employees leaving organisations, distrust between management and staff, the loss of employee loyalty, and demotivation with lowered morale and productivity. Denton and Vloeberghs (2003:87) declare that downsizing is happening throughout the South African economy and they are of the opinion that while some organisations have had no choice financially, other organisations have used downsizing to their own advantage by replacing unwanted employees later with better quality employees.

2.6.6 The empowerment of employees

Denton and Vloeberghs (2003:88) claim that as a result of the development of smaller competency-based business units, as discussed, there will be a greater degree of empowerment coupled with the tendency towards a more humane and people-centred (as opposed to task-centred) management style. Managers should consequently ensure that employees feel a sense of ownership or, in the words of Belasco and Stayer (1993:17): "If you want them to act like it's their business, make it their business".

Buckingham (1997:6) states that aligned with the notion of empowering employees is the concept that managers should spend less time "managing" and more time "mentoring". The mentoring concept in itself brings about less control of staff, as it fosters greater empowerment by allowing decision-making to become a process with wider formal and informal consultation. This further embodies the idea that senior management does not have a monopoly on good ideas, only the most signification information at that moment. Denton and Vloeberghs (2003:88) declare that the emphasis should be on effective and coordinated teams rather than on a top-down information process. This lends itself to greater information-sharing, and breaks down the myth that the best ideas only come from the top of the organisation.

It is vital for management to realise that staff is the most important asset of any organisation, and that they hold the intellectual capital, which can place any organisation at the forefront of the market. Handy (1997:23) argues that while this is often touted by corporate leaders, it is critical from a management point of view to note that the intellectual capital itself is the primary asset of the organisation. Peters (1994:5) declares that a focus on the value of employees' expertise, "brainware" and competencies is likely to give an organisation the competitive edge. Similarly, Goodman (1995:37) reasons that this realisation is especially critical following the decline of traditional industries as prime creators of wealth and the increase in the tangible growth of services and knowledge-based industries as the prime contributors to national wealth creation.

Bennis (1997:151), Covey (1993:44), Peters (1994:7) and Semler (1994:23) state that empowerment is also achieved through a shared vision for the future, which can only be implemented in an organisation where all staff affect common principles and values, and where there is a culture of openness, fairness, honesty and trust.

2.6.7 Democracy in the workplace

In South Africa, the organised labour movements played a significant role in the fight against the previous government's unjust labour system (Mboweni, 1998). There has been a considerable increase in the demand by workers for democracy in the workplace in organisations in general. Mastrantonis and Nel (1995:19) argue that South African businesses have become aware of the need to change corporate governance in a manner that will ensure global competitiveness. Highly productive and flexible organisations have procedures in place whereby employees participate in managerial decisions and have access to relevant information. Employees are trained in understanding business strategy and are recognised for their contribution and given shares in the organisation.

Denton and Vloeberghs (2003:90) postulate that in order to become a competitive entity, there must be competence, coordination and commitment. The aim of democracy at work is, therefore, to increase effectiveness by attempting to move away from the traditional organisational structure towards the implementation of self-managed work teams. Employees will in turn need to be exposed to education programmes so that they can play a participative role in organisational development. Joffe (1995:24) asserts that restructuring with the intention of increasing employee participation should be handled with care as it can sometimes lead to more problems than solutions. Denton and Vloeberghs (2003:90) reason that workers need to be involved from the start: otherwise they will not buy into the process.

It is therefore evident that the milieu in which South African organisations function has drastically changed in the past decade. The international managerial concepts are also a very real challenge for organisations that need to be managed actively. These challenges give communication professionals the opportunity to gain prominence in managing the changed milieu. However, these environmental challenges and accepted international managerial concepts practised by South African organisations can only be managed in the organisation as part of the organisation's business, marketing and communication management.

2.7 CONCLUSION

The increasing interdependence between the organisation, the environment and the stakeholders (in other words, the system in which the organisation is functioning) has placed renewed emphasis on the vital role of communication for organisational survival. Not only have environmental factors changed, but also the idea that business, marketing and communication management are equal partners in the contribution to advancing to the enterprise's mission and vision.

The 1990s were dominated by the realisation that the organisations of today's global economy are different from the way they were a decade ago, and that it is difficult to forecast broader societal and organisational changes in the future with any degree of certainty. It is, however, clear that future organisational needs will be influenced by how well organisations are managed strategically. In an era of continuous change, all organisations need to function as learning organisations in order to survive and sustain themselves. This calls for greater emphasis on strategic management, which implies the alignment of business, marketing and communication management in order to create and nourish long-term relationships with stakeholders. In the alignment of business, marketing and communication management, organisations need a new role in communication within this changed milieu. From this chapter, it is argued that integrated communication is the new role of communication within such a changed environment, as it is communication that creates and maintains relationships with stakeholders which is driven by the strategic intent of the organisation. As is evident from this chapter, change in organisations is complex on an international level, but even more so in a post-apartheid South Africa. Based on this background it is argued that there is therefore a need for an implementation model for strategic integrated communication in the South African context as the proposed new role of communication in this context.

In this chapter, the focus was firstly on business, marketing and communication management in a changed market, after which the essence of integrated communication was discussed, as integrated communication is seen as the new role of communication in a changing marketplace, especially in South Africa. The chapter concluded with a discussion of the changed organisation in a post-apartheid South Africa, in order to illustrate the necessity for an implementation model for integrated communication in such a complex environment. The focal point of the following chapter is the evolution and definition of integrated communication.