# TOWARDS A CONCEPTUAL FRAMEWORK FOR STAKEHOLDER RELATIONSHIP MANAGEMENT ON SOUTH AFRICAN WINE FARMS

by

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# Declaration

I declare that the master's dissertation, which I hereby submit for the degree MCom (Communication Management) at the University of Pretoria, is my own work and has not previously been submitted by me for a degree at another university.

**Eden Arlene D'Oliveira**

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# Abstract

The importance of the South African wine industry has grown due to increased access to global markets and its growing contribution to the GDP. The sector contributed R36 billion (1.2%) to the GDP in 2018 and continues to directly and indirectly employ 300 000 people. Therefore, it is of utmost importance that the sector remains stable to drive further development.

However, the industry outlook is uncertain. Rising production costs, climate and technological disruption is cause for concern. Wine farms are under pressure as wine production is declining and sustainability at the farm level is increasingly challenging.

Sustainability and stabilisation do not simply lie in driving direct sales in regional, national and international markets. It is crucial that the industry comes together to drive inclusive growth which considers the quadruple bottom line of people, planet, profit and purpose.

Literature shows stakeholder relationship management (SRM) is a key driver for sustainable and successful businesses across multiple industries. Stakeholder relationships are evident throughout the wine value chain; however, research on wine farms and SRM is limited.

Furthermore, literature suggests that the wine industry as a whole should build and maintain resilient relationships. This should lead to mutual value creation which considers a diverse set of needs and wants from small and large wine farms, consumers, customers and other industry role players. The AccountAbility Stakeholder Engagement Standard (2015) is viewed as central for implementing SRM.

This study adopted an ethnographic design to qualitatively answer the key question of what the best practices for SRM on South African wine farms could be. An industry body for the South African wine industry and several wine farms participated in this study. Interviews and organisational documents served as the sources of empirical evidence.

The evidence suggests that the industry and selected wine farms value SRM as a business function. However, SRM practices are not being used to its full potential despite an understanding of the importance thereof.

The major recommendation of this study is a conceptual framework which could enable wine farms to improve SRM practices and thus better identify and meet stakeholders' legitimate needs and wants. Future research would elevate this framework to a model.

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# Background and orientation

## 1.1    INTRODUCTION

"We are moving from a chain of command to a web of connection, from competition to collaboration, from markets to networks and stockholders to stakeholders and greed to green" (Judith, 2013:179). This connectivity between people, planet, profit and purpose has progressively pressurised organisations to adapt as stakeholders have increasing influence on business survival and success (IoDSA, 2016:3). These factors have emphasised the need to understand Stakeholder Relationship Management (SRM) according to industry, organisation type and management approach has been considered useful for communication professionals due to ubiquitous business transformation (Ledingham, 2003:193).

These and other changes directly affect how wine businesses manage their stakeholder relationships. As with other commercial entities, wine businesses are held accountable as corporate citizens. They are subject to the forces that necessitate change.

SRM is crucially important for all industries as businesses are held accountable as a corporate citizen and member within the triple context of the economy, environment and society (IoDSA, 2016). SRM is vital for the South African wine industry, wine businesses and farms which are highly functional, competitive and proactive in the global market; however, it remains largely undocumented. The basis of this study is the exploration of SRM for small and large wine farms in South Africa.

### 1.1.1    Stakeholder relationship management in a nutshell

The depletion of natural resources, technological advancement, increased use of social media and subsequent radical transparency has caused disruption and accelerated transformation across sectors (IoDSA, 2016:3). The triple context of

society, economy and the environment form a supra-system in which businesses operate. Management across sectors are incorporating contemporary principles to embrace transformation and the triple context. The adoption of the stakeholder inclusive approach signals that businesses are adjusting to new societal norms and expectations for business practices.

In every sector, correlation exists between organisational size, resources, the degree and complexity of activity (IoDSA, 2016:103). This directly affects SRM as Acar, Kocak, Sey and Arditi (2007:717) have found that small and large organisations have inherently different yet similar SRM characteristics and practices. Furthermore, Russo and Perrini, (2010:207-221), explain how organisational size and resources informs different approaches to SRM, which may be a proactive or reactive process.

### 1.1.2    Stakeholder relationship management and South African wine business in a nutshell

Internationally, South Africa is the 12th largest global wine contributor and a national driver of economic development (Vinpro, 2018). Therefore, the application of SRM principles is crucial for the South African wine industry to increase sustainability and success on a global, national, regional and business level.

Vinpro is the largest regulatory and advisory body in the wine industry in South Africa, and SRM forms an integral part of their national agenda. Stakeholder engagement is listed as one of eight focus points for Vinpro. Cooperation between private, public and NGO stakeholders in the commercial agriculture sector plays a pivotal role in holistic improvement across the entire wine value chain (Sanbi, 2014:1).

Wine business management face a network of complex challenges and demands. A stakeholder-inclusive approach can improve business management practices.

According to Vinpro (2015) wine businesses have stabilised in recent years, due to an increased focus on agritourism (later defined as vinitourism). Agritourism has led to (i) alternative usage of natural resources; (ii) micro-level stabilisation of business income;

and (iii) increased the value proposition for local and international visitors (Nowers, de Villiers & Myburgh, 2002:195). Agritourism is heavily dependent on stakeholder relationships which provides a unique offering. This offering combines tourism, produce sales, value-added services, activities and brand promotion opportunities (Nowers, de Villiers & Myburgh 2002:195). This has led to changes between the wine farm and stakeholders. These changes are evident in customer and consumer practices (Cheng, 2016:60-70). This will be explored in Chapter 3.

Zerfass, Verhoeven, Tench, Moreno & Verčič (2011) found communication professionals lack in-depth understanding of necessary business terms and practices. This is also evident in the wine industry and these issues underline the importance of SRM. It indicates that communication professionals have the potential to play a crucial role in the development of the wine industry.

The South African wine industry (and Vinpro) has adopted a proactive and aggressive strategy to establish itself in the international market (Bruwer, 2003:423). Barbieri (2009:348) further acknowledges that the agritourism has driven transformation on wine farms and opened a new path of investigation. The wine tourism sector draws on practical insights for business development and SRM (d'Angella & Go, 2009:429-440).

Technological disruption and agritourism dynamics have created a divide: between wine farms who are able to adapt and profit from new opportunities in the global marketplace and wine farms who are not (Ewert & Du Toit, 2002:77-104).

This study investigates SRM in its entirety, including its inter-disciplinary nature. First, SRM is defined as "the legitimate and reasonable needs, interests and expectations of all material stakeholders in the execution of its duties in the best interests of the organisation over time" (IoDSA, 2016:25). This definition acknowledges the integrated role, as organisations affect and are affected by the triple context of economy, society and environment. Therefore, SRM focuses on the management of the business environment, relationships, shared interests and mutual value creation (IoDSA, 2016:5; Freeman & McVea 2001:3; Varey & White, 2000:2).

SRM is the focal point of this study. With its focus on the wine industry, this study relies on the following distinction between internal and external SRM contexts:

- For internal SRM: the triple context/ quadruple bottom line (QBL), corporate social responsibility and corporate governance are key concepts
- For external SRM: agritourism, brand and reputation management, as well as social media management are central.

All of these concepts and the linkages between them are explained in Chapters 2 and 3 respectively.

## 1.2    PROBLEM STATEMENT

The need for South African wine farms to build relationships with stakeholders is self-evident; however, exactly how these business enterprises pursue SRM goals, is not well documented. As such, the central question of this dissertation is: "What are the best practices for Stakeholder relationship management on South African wine farms?"

### 1.2.1    Goal and objectives

The goal of this study is to investigate the best practices for Stakeholder relationship management (SRM) on South African wine farms.

The following objectives articulate this goal:

**Objective 1:** To investigate the level of SRM knowledge on South African wine farms.

**Objective 2:** To explore current SRM practices on South African wine farms.

**Objective 3:** To compare SRM practices on small and large South African wine farms.

**Objective 4:** To investigate how the AccountAbility 1000 Stakeholder Engagement Standard (AA1000SES) can be adopted for implementation on South African wine farms.

**Objective 5:** To suggest principles for a conceptual framework for SRM on South African wine farms.

## 1.3 THEORETICAL CONCEPTUALISATION OF THIS STUDY

The following framework provides a deeper understanding of the interrelationships between the academic disciplines, theories and concepts in order to answer the aforementioned research objectives. The key concepts represented in Table 1.1 (on the following page) are discussed briefly here and key concepts expanded on in Chapter 2.

| Table 1.1: Theoretical conceptualisation framework | | | |
|---|---|---|---|
| **RQ** | What are best practices for SRM on small and large wine businesses in South Africa? | | |
| **Grand theory** | Systems theory | | |
| **World view** | The Excellence theory and Reflective view of communication management | | |
| **Paradigm** | Strategic constituency perspective and the Inclusive stakeholder approach | | |
| **Interdisciplinary Field** | Sustainability | | |
| **Academic disciplines** | Business Law | Business Management | Communication Management |
| **Academic fields** | Corporate governance | Strategic business management | Strategic communication |
| **Theories of focus** | Agency theory Stewardship theory | Resource dependency theory Resource based view Stakeholder theory | Social identity theory |
| **Constructs** | Corporate citizenship and social responsibility | Brand and reputation management | Stakeholder relationship management (SRM) |
| **Dimensions** | Cornerstones of corporate citizenship and social responsibility (IoDSA, 2016:20)<br>• Ethical culture<br>• Good performance<br>• Effective control<br>• Legitimacy | • Agritourism<br>• Product sales<br>• Customer / consumer relationship management | Stakeholder relationships, which balance the legitimate needs, interests and expectations of stakeholders and organisational sustainability through:<br>• Stakeholder inclusive approach<br>• Leadership, ethics and corporate citizenship<br>• Stakeholder engagement (IoDSA, 2016:71)<br>• Social media tools<br>• Community management |

## 1.3.1    Grand theory

Systems theory can be defined as a set of actors who are responsive to environmental pressures in order to achieve goals with long term sustainability in mind (Scott, Allen, Glen, 2000:371). This theory suggests businesses are a subsystem within society. Business sustainability is dependent on the supra-system. SRM encourages awareness of the system in which a business operates. This means the organisation accounts for its place within the supra-system and embraces the intricacy and interdependencies of a relational system (Lozano, 2005:60).

Systems theory suggests the organisation and its stakeholders are explicitly linked. This is similar to the concept of Ubuntu, which proposes a mutual purpose to all efforts, including organisational endeavours, which results in mutual value creation (IoDSA, 2016:21). This means that an organisation is seen as a corporate citizen and contributing member of society. This is relevant to this study, as traditionally wine businesses were a co-operative model which leveraged a strong sense of community and resilient business to business relationships.

Systems theory proposes an adaptive relationship between organisations and stakeholders, whereby managing and building relationships can be mutually beneficial.  (Lozano, 2005:60). People, planet, purpose and profit are all elements of the system which can affect the organisation. In turn, the organisation can affect the society and environment too. An open system is responsive to these elements and thus should allow for a mutual value exchange (IoDSA, 2016:47).

## 1.3.2    World views

The world views provide perspective for this research. This section discusses the benefit and contribution of communication management, including SRM, from an Excellence and Reflective view.

The Excellence theory incorporates multiple, middle-range theories. It is based on the notion that Public Relations (PR) contributes value to an organisation and society

(Grunig, Grunig & Dozier, 2013). Communication management as a discipline should build and maintain resilient relationships between the organisation and its stakeholders. Stakeholder relationships hold businesses accountable for their behaviour. The communication management function should embody transparency and reflect business actions. This theory promotes mutually beneficial dialogue with stakeholders in order to "satisfy the goals of stakeholders as well as of management" (Grunig, 2008:2).

Communication management and thus SRM is predominantly external-facing (Van Ruler & Verčič, 2005:253). The Reflective view emphasises that businesses should be able to monitor, adjust and align itself according to accepted social norms. Holmström (2005:502) stated, "reflection increases sensitivity to interdependence and increases the independent identity." For the reflective view to be effective, organisations should see the quadruple bottom line. This enables management to be cognisant and stakeholder-centric in their decision-making processes.

### 1.3.3    Paradigms

Strategic constituency perspective and the Inclusive stakeholder approach are the research paradigms for this study. Strategic constituency perspective places stakeholders as a focal point for businesses. It is suitable because organisations have multiple constituents or stakeholders. From this perspective, organisational sustainability is implicitly tied to its ability to meet the multiple stakeholders' expectations. The stakeholder-inclusive approach highlights the intricate linkages between Stakeholder relationship management, communication and management. Previously, organisations itself were the central focus. However, stakeholder relationships are crucial to a contemporary business approach (Stohl, Etter, Banghart & Woo, 2015:316; Jahanoozi, 2007; Foley & Kendrick, 2006). Interdependency implies that the organisation and its stakeholders' value each other's contributions. Organisational success is dependent on its ability to create value for itself depends on the ability to create value for others (IoDSA, 2016:29-30). To instil stakeholder inclusivity, Barton (2011:84-91) suggests these elements:

i.    a shift in managerial incentives and structures;

ii. organisational behaviour that serves the interests of all major stakeholders (both externally and internally); and

iii. commitment from the organisational body to maximise and empower organisational value

## 1.3.4 Interdisciplinary field

Sustainability is long term commitment to holistic development which considers social, environmental and economic matters (IoDSA, 2016:16-19). Organisations should strive to meet current needs without compromising future sustainability. This means organisations should engage and respond to the "challenges and opportunities presented by the dynamic system in which the organisation operates and the capitals that the organisation uses and affects with the aim to achieve the creation of value over time" (IoDSA, 2016:18). Sustainable development is based on the aforementioned notion of interdependency between organisations and societal networks. The organisation is part of a supra-system where the organisation is viewed as a corporate citizen which operates with internal and external stakeholders (IoDSA, 2016:24).

## 1.3.5 Academic discipline 1: Business law

Business law includes all laws and regulations between a business, stakeholders and the government. This includes laws and regulations that govern business transactions (Britannica, 2018). Business law sets out principles, creates precedent and holds businesses accountable for its actions. Business law is critical to this study as the wine industry is heavily dependent on trade and sale regulations and business certification principles.

## 1.3.6 Academic field 1: Corporate governance

Corporate governance is the framework that ensures transparency, fairness and accountability between the organisation and stakeholders (IoDSA, 2016:21). Corporate governance and Corporate social responsibility are closely related.

Corporate social responsibility (CSR) as a concept incentivises organisations to consider their responsibility towards society as a whole and specifically, their stakeholders (Martin, 2006:5). This is elaborated on in section 1.4.

### 1.3.7 Academic discipline 2: Business management

Business management considers sustainability, purpose, effectiveness, productivity and value creation. From the Systems theory perspective, business effectiveness is a complex and relational. Business management is concerned with the "transformation of inputs through business activities into outcomes which fulfil the organisation's purposes and create value over the sort, medium and long term" (The International Integrated Reporting Council, 2013:33). It directly impacts stakeholders and it contributes to the company's behaviour as a corporate citizen.

### 1.3.8 Academic discipline 3: Communication management

Communication management is a unifying paradigm for purposeful communication with various goals (Hallahan, Holtzhausen, Van Ruler, Verčič & Sriramesh, 2007:16). It is a strategic by nature and tasks professionals with conversations that influence the organisation as a whole (Tindall & Holtzhausen, 2011:89). Communication management can be seen as an executive function which can serve all types of stakeholders (Van Ruler, Verčič, Bütschi & Flodin, 2004:36). For effective communication management, organisations should be attuned to the marketplace and stakeholder relationships which are increasingly shaped by accessibility, choice and transparency (Rowles, 2014:36).

### 1.3.9 Academic field 3: Strategic communication

Hallahan, Holtzhausen, Van Ruler, Verčič and Sriramesh (2007:3) defined strategic communication as "purposeful communication by a professional communicator to advance the mission of an organisation." Varey and White (2000:10) noted that strategic communication is concerned with the deliberate governance and management of relationships between the organisation and its stakeholders. Strategic

communication should be focused and deliberate in practice and employ tactics for effective implementation (Hallahan et al, 2007:3-35; Hall, Mintzberg, Ghoshal, Lampel & Quinn, 2003; Dozier, 1992:327-356).

## 1.4    CONSTRUCTS

There are three key constructs for this study. They are (i) Corporate citizenship and Corporate social responsibility; (ii) brand and reputation management; (iii) Stakeholder relationship management.

### 1.4.1    Construct 1: Corporate citizenship and Corporate social responsibility (CSR)

Management has moral and ethical responsibilities to the legitimate needs, interests and expectations of stakeholders (IoDSA, 2016:71). Sundaram and Inkpen (2004:370) have a deeper belief, that ethical or moral mistreatment of stakeholders is detrimental to businesses. Managers should build relationships that motivate stakeholders, create communities and encourage everyone to participate in mutual value creation. SRM should be an ongoing discussion at the management level in order to keep directors informed on stakeholders' relationships and sentiment (IoDSA, 2016:75). "Responsible corporate citizenship implies an ethical relationship between the company and the society in which it operates." (IoDSA, 2009:5). The European Commission (2002:3) defines CSR as "the concept that an enterprise is accountable for its impact on all relevant stakeholders". This means responsible behaviour by businesses that considers social, economic and environmental factors. This extends to, "the quality of jobs and industrial relations, fundamental rights, equal opportunities, non-discrimination, the quality of goods and services, health and environment" (European Commission, 2002:8).

### 1.4.2    Construct 2: Brand and reputation management

Brand management is based on identification by consumers and customers of goods or services from different producers or providers. Brand management is rooted in core

relationships. For any organisation these relationships include customers, employees, suppliers, investors and society, with subtle differences based on sector and location (Tomorrow's Relationships, 2014:19). Mollen & Wilson (2010:919) view both brand and reputation as multi-dimensional and cognitive constructs, concerned with behaviour and affect.

There is debate about the difference between brand management compared to reputation management which will be discussed in Chapter 2. Regardless, brand and reputation management are intrinsically linked to SRM. Brand and reputation provide context for the behaviour of stakeholders and strategic constituencies which is necessary to build resilient relationships.

### 1.4.3 Construct 3: Stakeholder relationship management as a construct

Meintjes (2012:30) suggests that communication management is more comprehensive than publicity and social media management. Public Relations, Communication Management and SRM are powered by sustainability. SRM should be integrated with organisational purpose and practices as the achievement of organisational goals is affected by relationships with external and internal stakeholders (Bendell, 2017:53; IoDSA, 2016:23; Dozier & Grunig, 2002:327-355). Foster and Jonker (2005:52) further suggest that "the essential building block of stakeholder relationships is communication". Therefore, SRM and communication management can be understood as fundamentally linked. The broad expectation is for communication professionals to build positive and strong relationships through communication between management and stakeholders (Steyn, 2007:141).

The King Report (IoDSA, 2016:8) shows that organisations are adopting an inclusive stakeholder approach as they focus on (i) the quality of the company's products or services from a stakeholder perspective and (ii) deepening trust and confidence between stakeholders and the organisation. This rings true for the wine industry, as it is important to ensure that stakeholder relationships are approached in a structured, methodological, transparent and disciplined way. Communication management, as a

business function, can fulfil this role and contribute to the management of stakeholder relationships (Meintjes, 2012:30).

Chapter 2 focuses exclusively on SRM as the cornerstone of this research.

## 1.5 SPECIFIC THEORIES

The following theories navigate this study based on the academic fields and disciplines mentioned above.

### 1.5.1 Agency theory

Agency theory is rooted in finance and economics, which identifies the relationship between shareholders and management as a crucial. Seminal work by (1989:59) proposed that "principal-agent relationships should reflect efficient organisation of information and risk-bearing costs" (Eisenhardt, 1989:59). Agency theory has gained traction among strategy and corporate governance literature, due to the underlying principles. Agency theory is based on two perspectives: principal-agent behavioural theory and positivist agency theory. Principal-agency behavioural theory recognises the importance of work motivation and leverages effective compensation. Positivist agency theory attempts to align the agent-principal interests. It accounts for management's decisions, risk and realities by sharing information and monitoring governance principles (Eisenhardt, 1989:60). Both perspectives have potential challenges which affect the principal's ability to monitor the agent behaviour and transactions (Bendickson, Muldoon, Liguori & Davis, 2016:439).

### 1.5.2 Stewardship theory

The integration of Agency theory and Stewardship theory is increasingly accepted as part of Corporate governance. It recognises a range of factors which affect management's decision-making (Van Puyvelde, Caers, Du Bois & Jegers, 2012:431). Stewardship theory views managers as insiders, who are trustworthy and favoured

their expertise and contribution (Nicholson & Kiel, 2007:593-594; Muth & Donaldson, 1998:6). It gives managers directive power, which may be positive in the complex environment. Stewardship theory anticipates responsible actions to ensure positive organisational returns through effective control (Muth & Donaldson, 1998:6).

### 1.5.3 Resource dependency theory

This study researches small and large wine businesses in South Africa. Small businesses are expected to have more restricted resources and knowledge than large organisations. The Resource dependency theory is based on the principle that organisations should prioritise relationships with other actors in order to access resources. This means business-to-business, supplier and other relationships in the can influence resource acquisition (Bevir, 2006:835). The shared economy (discussed in Chapter 3) is based on the Resource dependency theory.

### 1.5.4 Stakeholder theory

Stakeholder theory suggests that stakeholders are crucial to the sustainability and success of a business. Businesses should consider stakeholders interests as part of the triple context in which they operate. It focuses on a mutual exchange in the stakeholder-organisation relationship (Freeman, 1984:52). More recently, stakeholder theory has raised the importance of holistic value creation and business management which prioritises stakeholders' interests (Bosse, Phillips & Harrison, 2009:452). Stakeholder theory is a building block for SRM. Chapter 2 is dedicated to SRM and the related theories.

### 1.5.5 Resource based view (RBV)

The seminal work by Wernerfelt (1984:171) proposed Resource based view on the notion that organisational capacity, resources and capabilities directly affects profit. Resources are both tangible and intangible assets used to achieve organisational goals (Barney & Arikan, 2001:138). This includes tangible and intangible processes

(such as productivity and allocation processes) to ensure efficient use of available resources (Makadok, 2001:1053).

### 1.5.6    Social identity theory

Social identity theory is based on a sense of self and self-categorisation. Social identity is based on social norms and values individuals' finds appealing within their group or the broader society (Puncheva-Michelotti & Michelotti, 2014:35). Stakeholders choose to interact with individuals, groups and organisations which uphold similar values to their own. This creates a sense of understanding, community and belonging (IoDSA, 2016:24).

This section provided a short the reasoning behind the theoretical conceptualisation of this study. Corporate governance is underpinned by Business law and business management disciplines, Agency theory, Stewardship theory and Resource-dependency theory. Resource-based view and Social identity theory shows the communication management and SRM are key drivers for organisational success. Companies should understand corporate governance, communication management and SRM. As SRM is an asset that should be integrated by organisations to build effective stakeholder relationships which support the organisational vision.

## 1.6 DEFINITION OF KEY TERMS

Table 1.2 provides the key terms of the study in alphabetical order.

| Table 1.2: Key terms and related definitions | |
|---|---|
| **TERM** | **DEFINITION** |
| **Corporate governance** | Corporate governance refers to ethical and effective leadership through an ethical culture, good performance, effective control and legitimacy in organisations (IoDSA, 2016:15). |
| **Management** | This includes senior and executive management. In organisational context, senior management usually reports to executive management. These management roles exert control over the whole or significant portions of the activities and or business (IoDSA, 2016:14). |
| **SMME** | "Small business" means a separate and distinct business entity, including cooperative enterprises and non-governmental organisations, which consists of fewer than 200 employees an annual turnover of less than R64 million. It is managed by one owner or more which, including its branches or subsidiaries, if any, which can be classified as a micro-, a very small, a small or a medium enterprise." (National Small Business Act, 1996:15). |
| **Social media** | Social media can be defined as "Web-based services that allow individuals to (i) construct a public or semi-public profile within a bounded system; (ii) articulate a list of other users with whom they share a connection; and (iii) view and traverse their list of connections and those made by others within the system" (Ellison, 2007:211). |
| **Stakeholder engagement** | Stakeholder engagement takes into consideration a focus on the attributes of both the organisation and the stakeholder(s), or more specifically their relationship (Greenwood, 2007:318). It is the systematic involvement of stakeholders as part of the central business process for organisational transformation in order to adapt to dynamic and changing environments. |
| **Stakeholder inclusivity** | This is an approach in which management takes into account the legitimate and reasonable needs, interests and expectation of all material stakeholders in the execution of its duties in the best interest of the organisation over time (IoDSA, 2016:17). |
| **Stakeholder relationship management (SRM)** | Stakeholder relationship management accounts for the legitimate and reasonable needs, interests and expectation of all material stakeholders in the execution of its duties in the best interest of the organisation over time (International Reporting Council, 2013:33). |
| **Stakeholders** | These are groups or individuals which can be reasonably affected by organisational business activities, outputs or outcomes. Or where actions can reasonably be expected to significantly affect the ability of the organisation to create value over time (International Reporting Council, 2013:33). |
| **Sustainability** | In general, it is "development that meets the needs of the present without compromising the ability of future generations to meet their needs" (World Commission on Environment and Development (WCED), 1987:7) |
| **Transparency** | "The truthful and unambiguous exercise of accountability", it means both the positive and negative effects of organisational activities, decision-making and outcomes are clear (IoDSA, 2016:18). |
| **Triple context** | "The combined context of the economy, society and environment in which the organisation operates" (IoDSA, 2016:18). |

## 1.7    RESEARCH METHODOLOGY IN A NUTSHELL

This study used an ethnographic approach to qualitatively explore SRM in small and large wine farms in South Africa. The AccountAbility 1000 Stakeholder Engagement Standard (AA1000SES, 2015) was used as a guide to describe what SRM practices should be. By doing so, the study attempted to:

i.    identify good practices;

ii.   identify differences and similarities between small and large wine businesses;

iii.  make SRM recommendations for wine farms in this study; and

iv.   provide the groundwork for future research.

This was done through semi-structured interviews and thematic analysis. This research methodology and approach is the focus of Chapter 4.

## 1.8    DELIMITATIONS AND ASSUMPTIONS

### 1.8.1    Delimitations

The study is approached from strategic constituency perspective and the stakeholder inclusive approach which implies mutual understanding and shared value creation in the organisation-stakeholder relationship.

Organisation type influences the SRM approach. This study is; therefore, limited to the context of the selected wine businesses. A large part of the data is collected through semi-structured interviews with communication professionals. As a term, communication professionals, is used loosely. The aim is to talk to the person in charge of SRM and communication at the selected wine farm.

### 1.8.2    Assumptions

It is assumed that wine farms and the communication professionals have sufficient existing knowledge of communication management and SRM. It is assumed that the

value-add of communication management and SRM is conceptually understood. However, it is suspected the depth of knowledge is unknown. Therefore, the first sub-objective provides the starting point by investigating the level of SRM knowledge on the selected wine farm.

## 1.9 IMPORTANCE OF THE STUDY

It is clear stakeholders' expectations are setting the global agenda (IoDSA, 2016:3). Organisations have accepted their place within the triple context. Integrated SRM can better steer organisations to meet the legitimate needs and expectations of stakeholders and to create value in a sustainable manner (IoDSA, 2016:4-10).

Chapter 3 explained there is a need for small and large wine business in South Africa to proactively implement SRM as part of an integrated communication management approach. Building and maintaining resilient relationships can better position wine businesses to meet the growing challenges of sustainability.

This study explores how wine businesses manage their stakeholder relationships, in order to identify best SRM practices. This research is qualitative by nature, in order to improve SRM on wine business and "assist the realisation of tangible benefits" (Sapountzis, Harris, Kagioglou, 2008:32).

This study aims to encourage SRM and deepen the understanding of SRM as an integral function for sustainable and successful wine businesses. It has been proven that SRM is beneficial to businesses (IoDSA, 2016:26). This study aims to illustrate the importance of communication management in this sector as wine business are becoming increasingly stakeholder-centric businesses. The development of SRM as a sub-field of communication management is a key consideration as wine businesses look towards agritourism and social media as a communication tool.

A holistic view of SRM practices in conjunction with communication management highlights important aspects as wine business and multiple other sectors are at the

nexus of various fields. This research specifically looks at the entwinement of SRM, communication management and agritourism, which may lead to the presentation of further research areas. More importantly, it is envisaged that this research will also provide a deeper understanding of how South African wine businesses practice SRM, considering the triple context. The cornerstones of this research are agritourism, SRM and AA1000SES. This research may present an industry-specific version of AA1000SES in order to measure and improve SRM on small and large wine business.


## 1.10   ETHICAL CONSIDERATIONS

Ethnographic research which is exploratory and qualitative is often critiqued for lack of perspective and bias (Murchison, 2010:24). Multiple perspectives and subject positions can lead to deeper insights (White, Kules, Drucker & Schraefel, 2006). This contributes value to reach attentive findings which are more focused and can contribute to solving problems for businesses and industries (Kothari, 2004).

This study created an environment of trust and collaboration by prioritising anonymity, confidentiality and trust during the data collection process.  is supportive of knowledge creation to yield deeper data (Tolman & Brydon-Miler 2001). This counteracted the epistemological challenges and concerns.

To ensure the validity and trustworthiness of this study, the trustworthiness criteria founded by Guba (1891) was used. Further steps were taken to ensure awareness, reflectivity and authenticity. This is discussed further in Chapter 4.

## 1.11   DEMARCATION OF CHAPTERS

This study is structured based on Figure 1.1 below.



Figure 1.1: Research methodology in relation to the other chapters
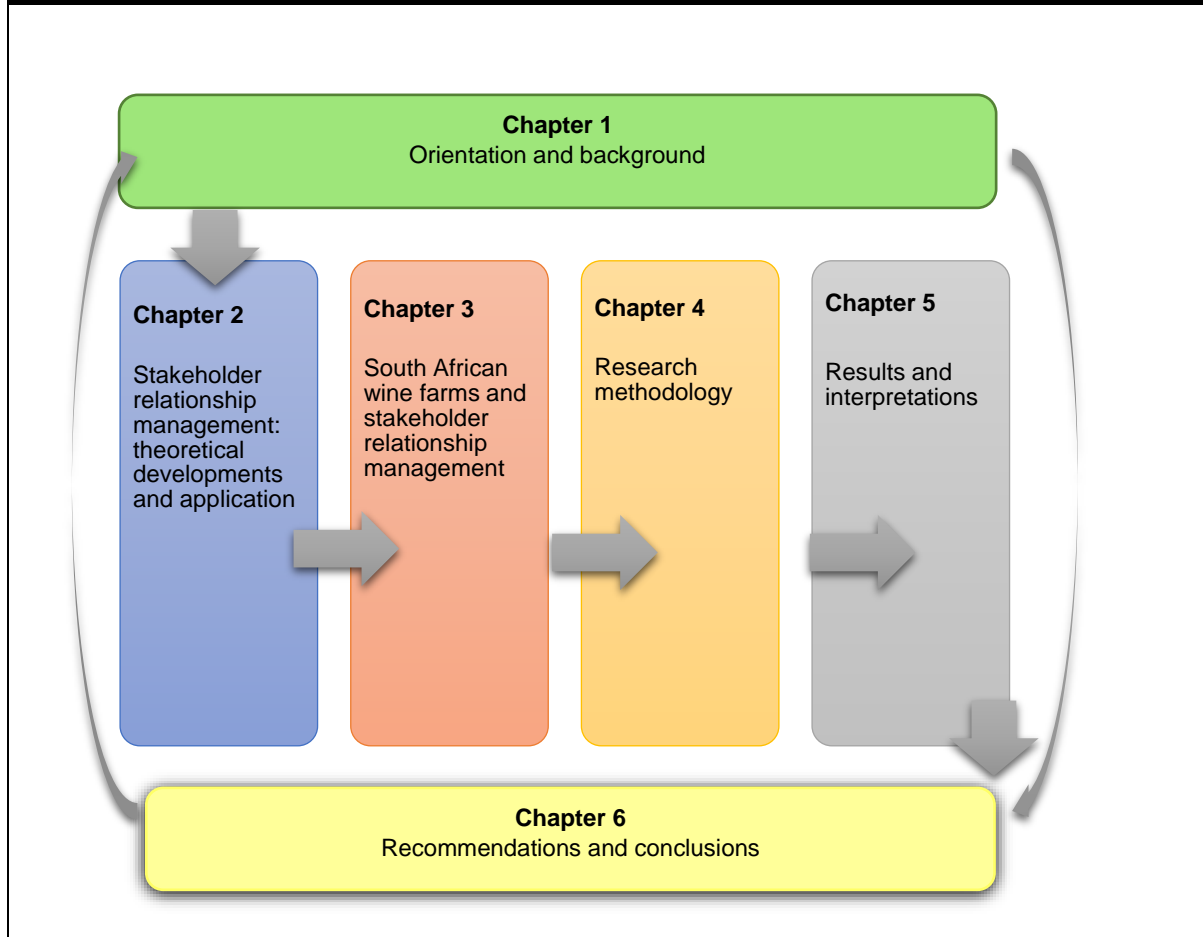
Chapter 2 explores stakeholder theory and application. This emphasises that organisations should be aware of driving factors in order to be proactive rather than reactive to change through effective SRM.

Chapter 3 provides context for SRM on wine farms in South Africa. It discusses the benefits and challenges in the South African wine industry. It argues for improved sustainability, there has must be a shift from a shareholder-centric approach to an inclusive stakeholder approach.

Chapter 4 explains the exploratory and qualitative nature of the study. It is focused on the ethnographic approach, the sources of evidence, data analysis and measures of scientific soundness.

Chapter 5 provides the recommendations and conclusions in alignment with the research objectives and chapter 6 discusses the principles for a conceptual framework for SRM on South African wine farms.

# Chapter 2

# Stakeholder relationship management

## 2.1 INTRODUCTION

The King Report on Corporate Governance in South Africa (IoDSA, 1994) is based on principles of leadership, corporate citizenship and sustainability in alignment with policy in the Commonwealth and 27 EU states. The code provided the building blocks to encourage business decision-makers to take cognisance of the quadruple bottom line of place, purpose, people and profit as well as the legitimate interests of stakeholders in all its decisions (IoDSA, 2016).

The King Report positioned SRM in a place of prominence within business practices and formalised the need for management of relationships with all stakeholders (Meintjes, Niemann-Struweg & De Wet, 2008:60; Lozano, 2005:62; Ledingham, 2001:466). By extension, it gave communication professionals a formal mechanism to share their SRM knowledge and skills to benefit the business (Zerfass, Verhoeven, Tench, Moreno & Verčič, 2011:164; Ledingham, 2001:466).

This chapter provides some clarity in key concepts to this research, namely the stakeholder concept, stakeholder relationships, stakeholder engagement, reputation management and brand management. Extensive literature review has outlined the stakeholder concept, SRM and stakeholder engagement as well as key associated constructs such as communication management, social media and AccountAbility Stakeholder Engagement Standard (AA1000SES, 2015) which is used as the baseline for this study.

**Figure 2.2: Placement of Chapter 2**
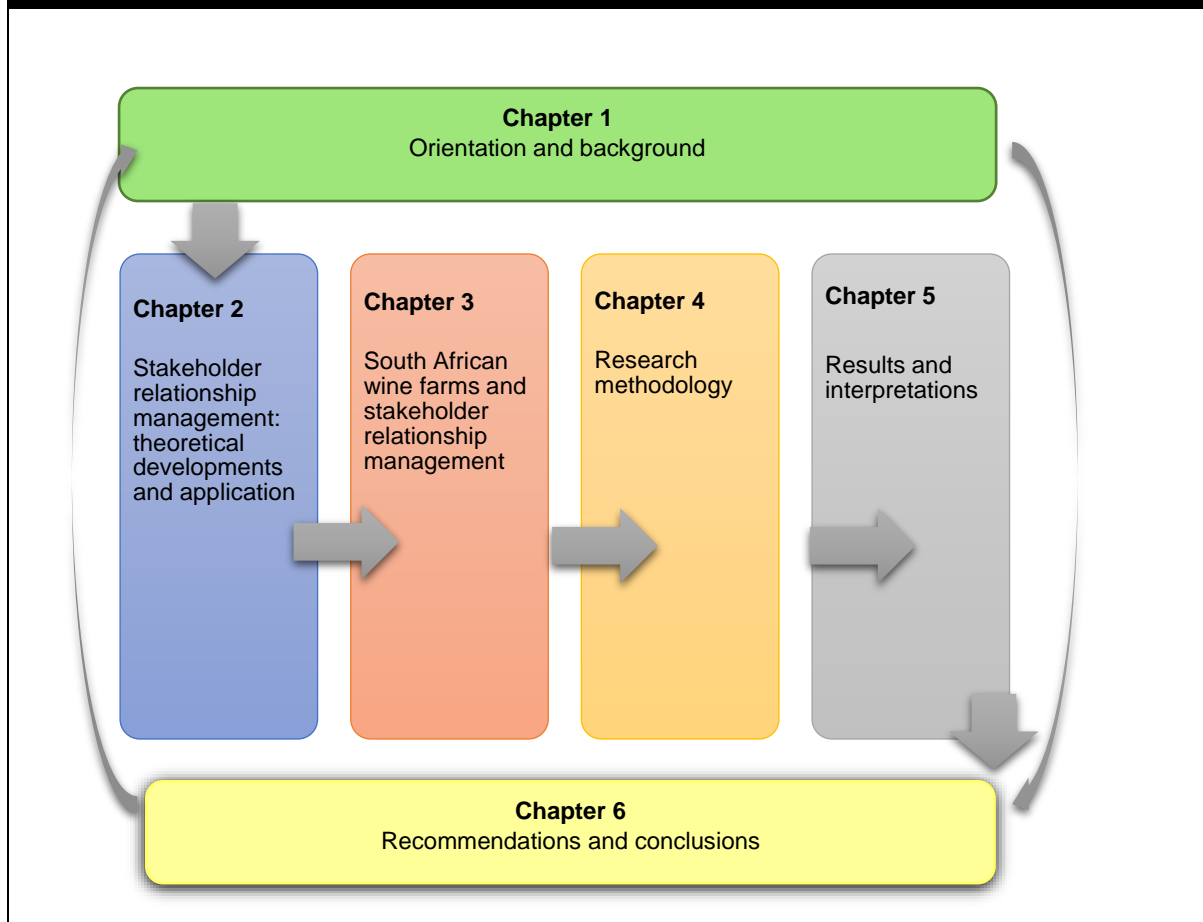


## 2.2    THEOTRETICAL VIEWS OF THE STAKEHOLDER CONCEPT

The importance of corporate governance has catapulted due to economic instability, disruptions and the prospect of continued change (IoDSA, 2016:3). Corporate governance policies have underlined:

- the importance of good management and emphasised that business management should strive to serve in the best interest of all stakeholders (Rossouw, Van der Watt & Malan, 2002:297-298; Scholes & Clutterbuck, 1998:227-228); and

- increased awareness of the long-term benefits related to corporate governance and SRM in all sectors (Murray, 2017:61; Bourne, 2009:4).

King IV was published in 2016. It built on its predecessor and actualised the need for various changes and improvements in today's marketplace. Corporate governance is an umbrella for organisations to consider financial, manufactured, human, intellectual,

social and relationship capital (Integrated Reporting, 2015). These six capitals are the drivers which have re-defined the way businesses prioritise and conduct business (Mazurkiewicz & Grenna, 2003:8).

To use SRM from a management perspective, there is a need to establish and incorporate the stakeholder concept instead of viewing SRM as a 'soft skills' element of business (Bourne, 2016:xvi). Management should understand the principles and acknowledge both tangible and intangible assets within decision-making (Post, Preston & Sauter-Sachs, 2002:52).

Today, stakeholder expectations are greater than ever before (Ingenhoff & Sommer, 2011). Information is more accessible to stakeholders than in any previous phase of economic development. It has fundamentally changed business practices and the management of relationships (Meintjes, 2012:3). Major concept changes due to the current environment are: (i) stakeholder inclusivity; (ii) integrated thinking; (iii) corporate citizenship; and the organisation as an integral part of society (IoDSA, 2016:27). These concepts, together with the embedded principle of interdependency emphasise the growing importance of SRM.

Businesses should adopt a stakeholder-inclusive approach and prioritise stakeholder relationships, instead of a primary focus on financial interests (Sederevicuite & Valentini, 2017:224; Stohl, Etter, Banghart & Woo, 2015). This approach underlines the importance of changing organisational scope by prioritising an inclusive, stakeholder-centric approach in place of financial capital. The benefits are far-reaching and widely acknowledged to the extent that organisations no longer question the need for communication with stakeholders or the management of stakeholder relationships (Scholes & Clutterbuck, 1998:227-228).

These developments have caused "academics studying relationships to invent all kinds of new names for their work" (Hallahan, 2007:16). It can be seen by various terms in the communication management field: integrated (marketing) communication, strategic communication, SRM, corporate governance and so forth. Due to the intricacies, people working in the field often define their work as communication.

This research uses a Strategic constituency perspective and the Inclusive stakeholder approach. This implies organisational success is tied to the organisation's ability to meet the legitimate needs and wants of multiple stakeholders. SRM has developed as an overarching framework for organisations to be responsive to increased environmental and societal change (IoDSA, 2016:3).

Stakeholder relationships are continuously evolving, in part due to increased transparency and access to information. This has led to the increased popularity of SRM among policy-makers, the media and management as a mechanism to be adaptive and responsive to stakeholders (Freeman, Harrison, Wicks, Parmar & de Colle, 2010:5).

The stakeholder concept has become a cornerstone of corporate and societal governance and it has progressively gained more academic interest (Bevir, 2007:917). The stakeholder concept has roots in multiple academic disciplines. It has grown into a business function, such as finance, marketing and HR, as it is critical to organisational sustainability and success within the triple context (IoDSA, 2016:24-25). Broadly, the foundation of SRM rests on people, process and technology, as such it should encompass all organisational practices and be implemented from a managerial level (IoDSA, 2016:3; Luoma-aho & Vos, 2010:315). It is based on the premise that organisations should develop and implement processes which ensure influential stakeholder groups are satisfied. (Freeman & McVea, 2001:10).

The development of stakeholder theory is cohesive with the four fundamental phases of development from a relational perspective (Ledingham, 2001:286). These stages of development are explored more closely below.

### 2.1.1     Instrumental stakeholder theory

This view of stakeholder theory prioritises connections. In this view, management embraces stakeholder inclusivity in order to achieve desired outcomes (Reed, 2002:169). This approach is strategic by nature and it views organisational purpose aligned with the stakeholder concept (Freeman, 2004:234).

### 2.1.2     Descriptive stakeholder theory

Descriptive stakeholder theory implies examination of conditions under which managers treat publics as stakeholders. In practical terms, the descriptive stakeholder theory translates to an effort to "describe and examine the connections between legitimate interests, SRM practices and the achievement of organisational goals" (Bevir, 2007:918). This view aims to describe and explain the reality of the business, including whether stakeholders are affected and can affect the organisation (Reed, 2002:169).

### 2.1.3     Normative stakeholder theory

The normative perspective is seen as the cornerstone of stakeholder theory, as it seeks to interpret functionality and identify moral or philosophical guidelines for businesses (Friedman & Miles, 2006:29). Donaldson and Preston (1995:72) note the normative view assumes:

i.      Stakeholders are people or groups who have legitimate wants and needs which are relevant to the organisation or a specific outcome.

ii.     All stakeholders effectively present value which is intrinsic in its own right.

### 2.1.4     The history and development of stakeholder inclusion

The development of the stakeholder concept acknowledged the shift from communication to relationships (Dozier & Broom, 2006). Public Relations (PR) as a relational concept changed communication from manipulation and traditional impact

measures towards communication acting as a tool which builds, nurtures and maintains relationships (Dozier & Broom,2006; Ledingham, 2003:182).

SRM represents change in the direction and functionality of PR. The movement away from traditional impact measurements affected the understanding of quality communication messages produced or number of stories placed in the mass media. In order to adopt a stakeholder inclusive approach, organisations need to identify stakeholders they affect and stakeholders who affect them (Grunig, Grunig, Sriramesh, Huang & Lyra, 1995:164).

## 2.1.5 The development of Stakeholder relationship management as a business function

Grunig, Falconi Zugaro and Duarte (2014:56) believed that, "the effective governance of stakeholder relationships is the new global frontier" for communication management. SRM is inclusive of PR and communication and businesses should recognise that it fulfils a management function. Businesses benefit from recognising the importance of building relations with publics that contribute to the organisational reality (Grunig, Grunig, Sriramesh, Huang & Lyra, 1995:164). The balancing of organisational and public interests should be achieved through the effective management of the relationship between the organisation and its stakeholders. Communication professionals are responsible for the establishment and maintenance of mutually beneficial relationships between an organisation and the publics. Organisational success or failure is dependent on the organisation-public relationship (IoDSA, 2016:5). The recognition of stakeholders' interests and the intrinsic value thereof, can be viewed as morally superior in terms of social drivers when compared to traditional managerial approaches which are based on maximising profit and shareholders' gains (Bevir, 2007:918).

**2.1.6 Communication management and Stakeholder relationship management: a central function to sustainability**

Responsibilities towards stakeholders should be considered by the organisation to increase long-term sustainability and success (IoDSA, 2016:5; Freeman, 2004:234). In communication management literature, the term used for stakeholders can also be publics. Communication management has its foundations in PR; however, over time relationships with publics has been recognised as increasingly valuable. This in turn has led to the adoption of the term 'stakeholder' both in practice and theory (Rawlins, 2006:2). These terms are used interchangeably in this study.

There are multiple components and linkages to the organisation-public relationship. The linkages with stakeholders are the core concept of communication between the organisations and its publics (Dozier, Grunig & Grunig, 2013). The complexity of society today requires organisations to interpret the relationship system within which it functions. It requires management to adopt a relational view, and to think about the organisation both within and without the network (Lozano, 2005:67).

These theoretical views of SRM show that the instrumental, descriptive and normative stakeholder theories reflect that organisations should (i) ensure qualitative stakeholder communication, (ii) adopt of a relational view which balances organisation and public interests, and (iii) understand the value of investing in SRM as a management function.

The next section delves into three theoretical viewpoints of the stakeholder concept.

**2.3 DEFINING STAKEHOLDER RELATIONSHIP MANAGEMENT**

Briefly, stakeholders can be defined as people "either being affected by or affecting the achievement of an organisation's objectives" (Bevir, 2007:916). More specifically, stakeholders are defined as "groups or individuals which can be reasonably affected by organisational business activities, outputs or outcomes. Or where actions can reasonably be expected to significantly affect the ability of the organisation to create value over time" (International Reporting Council, 2013:33). This supports the previously mentioned definition of SRM, which states SRM as "the legitimate and

reasonable needs, interests and expectations of all material stakeholders in the execution of its duties in the best interests of the organisation over time" (IoDSA, 2016:25). This definition acknowledges the integrated role, as organisations affect and are affected by the quadruple bottom line (people, planet, profit, purpose). Therefore, SRM focuses on the management of the business environment, relationships, shared interests and mutual value creation (IoDSA, 2016:5; Freeman & McVea 2001:3; Varey & White, 2000:2).

It is generally seen as an inclusive philosophy; however, it has sparked controversial debate as it is seen as a vague and subjective (Bevir, 2007:918). The broad definition has led to criticisms due to the implication of extreme inclusivity and an overwhelming number of stakeholders. More fundamentally, it presents difficulties with issues with accountability, mutual value creation and agreement (Falconi, Zugaro, 2001:36-45; Sternberg, 1997:3-10). Other criticism found SRM to be a complicated bargaining process which lacks functionality (Vinten, 2001:36-45). However, these challenges are applicable to all systems within corporate governance. Trust, integrity, transparency and accountability with stakeholder relationships are essential characteristics for effective and responsible leadership (IoDSA, 2016:21).

The broad definition and inclusion of stakeholders may be viewed in a positive light, as the integration of the stakeholder-centric approach affects all business processes and it has been found there may not be a need for a separate Corporate Social Responsibility (CSR) or issues management efforts, as stakeholder inclusivity acts as an umbrella for these efforts (Freeman, 2004:231). Furthermore, the potential organisational benefits outweigh the challenges, it is acknowledged that SRM contributes to effective value creation, organisational wealth and the overall wellbeing and sustainability of an organisations (The Global Communications Report, 2017:23; Post, Preston & Sauter-Sachs, 2002:17).

Organisations are not self-sufficient entities and should consider themselves as an integral part of society. SRM is a business function which is responsive to management concerns and unprecedented levels of change and disruption in the triple context (IoDSA, 2016:23; Freeman & McVea, 2001:9). Therefore, SRM is defined as

an approach whereby management, "takes into account the legitimate and reasonable needs, interests and expectations of all material stakeholders in the execution of its duties in the best interests of the organisation over time. By following this approach instead of prioritising the interests of the providers of financial capital, management gives parity to all sources of value creation, including, among others, social and relationship capital as embodied by stakeholders. Consequently, this is an inclusive, stakeholder-centric approach which stands in contrast with a shareholder-centric approach" (IoDSA, 2016:17).

## 2.4 COMMUNICATION MANAGEMENT WORLD VIEWS AND SRM

Disruption and lack of stability has led to more aware and vocal publics. Today, organisations need to meet the transparency and accountability demands from society for long term sustainability (IoDSA, 2016:21).

Plenty of research has reflected the link between SRM and communication (Grunig, Falconi, Grunig, Zugaro & Duarte, 2014; Meintjes 2012:10; Foster & Jonker 2005:52; Crane & Livesey 2003:39-52). These concepts and functions are not merely linked, SRM and communication has amalgamated in practice.

In the past, broad expectation is for communication professionals to facilitate communication between management and publics (Steyn, 2007:141). The increasing demands made by publics, organisations have shifted some focus towards the importance of communication and stakeholder relationships. Communication professionals become increasingly responsible for the maintenance of stakeholder loyalty, trust and organisational integrity. The duties of facilitating communication is being recognised as a dynamic process in which communication professionals communicate on behalf of the organisation in order to initiate, build, engage and maintain relationships with stakeholders.

This section explores the conceptual models, first pioneered by Grunig (1989), which laid the foundation for the development, recognition and importance of SRM today.

### 2.4.1 Press agentry/publicity

This model draws media attention in any possible way. It is one-way communication; the organisation dispenses information and does not seek any information from the publics. Despite mainly accurate information, it is seen as a form of propaganda as no negative information is freely given (Grunig, Grunig, Sriramesh, Huang & Lyra, 1995:164).

### 2.4.2 Two-way asymmetrical model

Asymmetrical dialogue aimed to control the message and direct perception. It placed importance of using communication to manipulate or persuade its stakeholders, which may or may not involve a two-way interaction (Grunig & Grunig, 1992:65-90).

### 2.4.3 Two-way communication

Two-way communication which is based on the notion of feedback, whereby communication professionals aim to ensure the message they intended to send is understood by the stakeholders. However, it can also be manipulative, as it aims to achieve behavioural change from the publics without changing organisational behaviour (Grunig, Grunig, Sriramesh, Huang & Lyra, 1995:164).

### 2.4.4 Two-way symmetrical communication

This model is seen as superior to asymmetrical dialogue and it is promoted as the most effective communication model (Grunig & Grunig 1992:65-90). It nullifies the notion of passive stakeholders and embraces the interactive nature of communication. Symmetrical dialogue involves the organisation and the stakeholder in a conversation, which is an interactive and interpretative process.

However, Foster and Jonker (2005:52) believed neither asymmetrical dialogue nor two-way communication forms would be successful in today's environment. Andriof (2001:215-237) found that the "conversation" involved information and knowledge

exchange. Weick (cited in Foster and Jonker, 2005:53) added the concept of "sense-making" whereby items are placed into a framework in order to comprehend, redress surprise, construct meaning and interact in the pursuit of mutual understanding. The development of sense-making is seen as a form of persuasion (Cheney & Dionisopoulos, 1989:135-157). The notion of mutual understanding, through which stakeholders and organisations can understand each other's perspectives laid the foundation for the management of stakeholder communication as a process, "which is designed to listen, inform and manage agreement and disagreement, learning with stakeholders, and influence as well as be influenced" (Scholes & Clutterbuck 1998:235).

### 2.4.5  Mixed model communication approach

As mentioned in Chapter 1, stakeholders have access to significantly more information due to technological development. It has led to the increase in stakeholder expectations. A key expectation from stakeholders is an open communication process, including the transparency and exchange of information and knowledge (Niemann-Struweg, Meintjes, & Grobler, 2007:57). Symmetrical communication shows what can be expected from the organisation by communicating values, reporting and branding. These acts embed trust with stakeholders (De Beer & Rensburg, 2011:212). Grunig and Repper (1992:121) and De Beer & Rensburg (2011:209) argue that the value of communication can be found on: (i) programme level; (ii) functional level; (iii) organisational level; and (iv) societal level.

Phillips (2004:3) stressed that the organisation as a whole and managers at all levels are responsible for qualitative interaction with stakeholders. It should not be the sole responsibility of a specialist department. The organisation-publics relationship and stakeholder engagement has knock on effects for development, reputation management, crisis communication, reputational management as well as message and channel management (Meintjes, 2012:357).

Businesses have shifted to focus from profit to communication and interaction. In South African organisations, "communication management is defined as, the

management (which includes messages and channels) and facilitation of communication (through leadership communication, communication integration throughout the organisation and through providing advice and support), with the use of research (pre- and post-intervention implementation) at various levels of the organisation, driven by issues, through identifying stakeholders and managing relationships with these stakeholders, both internally and externally, with the aim of communicating business objectives and intent" (Meintjes, 2012:256).

SRM requires stakeholder engagement, managing communication with stakeholders and establishing a stakeholder communication framework. Stakeholder inclusivity has underlined the importance of including SRM and communication management in upper level decision-making. It also encourages businesses to prioritise two-way symmetrical communication and showcase as much adaptability as possible to reach shared understanding and values with their stakeholders.

### 2.4.6 Application of the mixed model approach for Stakeholder relationship management

The mixed model approach provides a realistic view on organisational position and communication behaviours. According to Tomorrow's Relationships (2014:24), relationships are two-way and recent research has shown that building resilient relationships is dependent on the organisation's ability to achieve certain goals. Broadly, this is based on the organisation's ability to tune into stakeholders needs and wants. Specifically, why stakeholders behave a certain way; what is influencing those behaviours; and what stakeholders perceive and think about the organisation and how these factors impact their potential actions.

Resilient organisations recognise reputation and brand cannot be effectively managed in isolation. Ultimately the external organisational reputation and brand is built on organisational relationships (Tomorrow's Relationships, 2014:11). In order for organisations to build resilient relationships, dialogue should involve:

- "Actively listening and responding to the person's interests and concerns". This includes open communication to develop strong relationships (Tomorrow's Relationships, 2014:14).

- Transparency, in order to minimise misunderstanding and promote honest and realistic answers. Organisations can no longer have secrets (IoDSA, 2016:3).

- Confidence and respect in each other's abilities and opinions, for recognition in what each party contributes to mutual value creation and purpose (Tomorrow's Relationships, 2014:15).

- Consistency between communication and organisational action (IoDSA, 2016).

The world views have reflected the practical implications of the stakeholder concept and an inclusive stakeholder-centric approach. Organisations should ensure dialogue is transparent and consistent. This acknowledges that effective SRM is relational and SRM as a management function contributes to the achievement of organisational objectives. The next section discusses stakeholder governance and stakeholder engagement in more detail.

## 2.5    DEFINING STAKEHOLDER ENGAGEMENT (SE) AND GOVERNING STAKEHOLDER RELATIONSHISPS (GSR)

Literature shows SRM is inclusive of most aspects of stakeholder engagement and governing stakeholder relationships. However, it is necessary to clarify and elaborate on stakeholder engagement (SE) and governing stakeholder relationships (GSR) theoretically, in order to measure communication professionals' knowledge and the application of SRM.

### 2.5.1    Stakeholder engagement (SE)

The previous section looked at communication world views and provided theoretical support for stakeholder inclusivity and mixed model communication. However, in practice some organisations view stakeholder engagement as form of control, whereby the organisation structures and orchestrate the stakeholder relationships (Foster & Jonker, 2005:51). It has been found that communities should be involved,

and stakeholder engagement should at least extend further than one-way or asymmetrical communication which is sent into the abyss (IoDSA, 2016:90).

Stakeholder engagement is recognised as an important accountability mechanism, as it encourages organisations to involve stakeholders in identifying, understanding and responding to issues regarding sustainability. Furthermore, it holds organisations responsible to report and explain decisions, actions and performance to stakeholders (AccountAbility, 2015:6).

As previously mentioned in Chapter 1, this study uses the AccountAbility Stakeholder Engagement Standard (AA1000SES, 2015) as a guide. The cornerstones of stakeholder engagement according to the AA1000SES (2015) are as follows:

- Inclusivity: stakeholder participation in the development and achievement of a strategic plan for improved sustainability;
- Materiality: management clearly identify issues; and
- Responsiveness: organisations should be transparent on issues and challenges.

The engagement of relevant stakeholders for a clear purpose to achieve accepted outcomes is a process (AccountAbility, 2015:6). It is the involvement of stakeholders as part of an organisation's ability to adapt core business processes due to the changing environment (Sloane, 2009:26). Bourne (2009:4) found the structure of engagement focuses on:

- identifying stakeholders;
- understanding and managing their expectations;
- gauging the success of stakeholder engagement activities; and
- steady review of stakeholder community.

Stakeholder engagement is indicated by a number of drivers, which are derived from SRM as an overarching practice. More specifically, SE drivers are identified from the following key constructs: brand management (including brand community), control, mutuality, satisfaction, commitment and the interactive exchange of relationships.

**2.5.2    Governing stakeholder relationships (GSR)**

The primary emphasis of GSR is to protect organisational reputation through the management of stakeholder relationships (IoDSA, 2012). Slabbert (2012) viewed GSR as an organisation-oriented approach, whereby organisation-stakeholder relationships are built and managed. GSR differs from SE due to the focus of organisational needs compared to a stakeholder-centric approach. This is underlined by Wixley and Everingham (2015:83), who define GSR as, "maintaining good relations with the company's major shareholders and stakeholders". The drivers for GSR are founded in corporate governance, which includes transparency, accountability, responsibility and fairness within the organisation-stakeholder relationship.

This research embraces a relational approach to SRM, which is based on the principle that businesses treat relationships with equal importance to other critical issues (Tomorrow's Relationships, 2017:12). The aforementioned theories provide insight into how organisations should manage relationships. "Resilient organisations realise that suppliers, contractors, business partners and customers represent a network of relationships aimed towards a common purpose. Ultimately, the external reputation of an organisation is built on the way that relationships are managed within its business networks" (Tomorrow's Relationships, 2014:15). According Ashcroft, Myers and Schluter (2016), organisations should build strong relationships through the following:

- Shared values and purpose in order to build strong relationships across organisational boundaries;
- a no-blame culture which maintains accountability;
- open communication to encourage collaboration and the development of strong relationships; and
- customer focus which includes reputation risk assessment.

The following Table 2.1 encapsulates the key differences and overlap between SE, SRM and GSR. As this study uses AA1000SES (2015) as a guide for SRM practices in South African wine businesses.

| | STAKEHOLDER ENGAGEMENT (SE) | STAKEHOLDER RELATIONSHIP MANAGEMENT (SRM) | GOVERNING STAKEHOLDER RELATIONSHIPS (GSR) |
|---|---|---|---|
| **Table 2.3: Analysis of SE, GSR and SRM, to identify differences and similarities between these key concepts** | | | |
| **DEFINITION** | "Stakeholder engagement is the process used by an organisation to engage relevant stakeholders for a clear purpose to achieve agreed outcomes" (AA1000SES, 2015:5). | The building and maintenance of resilient relationships which accounts for legitimate needs, expectations and wants of stakeholders, in the best interest of long-term organisational sustainability and success (IoDSA, 2016:17; Tomorrow's Relationships, 2014:5). | The extent to which the organisation voluntarily allows stakeholders' influence in corporate decision-making (Meintjes, 2012:143). |
| **PURPOSE** | • Strives for acceptance and trust through interaction with the stakeholder; and <br> • Drive sustainable development. | Aims to build and maintain resilient relationships with key stakeholders considering five elements: (i) rightful power to influence; (ii) legitimate needs and wants; (iii) satisfaction with the relationships; (iv) relationships which are centralised around shared values and mutual value creation; and (v) stakeholder inclusivity through dialogue-based empowered relationships (IoDSA, 2016). | Allowing stakeholders to influence decision-making, based on the prioritised issues and the relative power of the stakeholder. |
| **FOCUS** | • Response times on social media; <br> • Number of engagement activities; and <br> • Focus on performance outcomes. | Organisational-centric, with focus on the scope of operational, managerial and strategic issues. According to IoDSA (2016:71) SRM focuses on a process which involves: <br> • Identifying stakeholders; <br> • Understanding their legitimate needs, wants and expectations; <br> • Managing these needs, wants and expectations; <br> • Monitoring the effectiveness of SE; <br> • Continuous review of stakeholder community (Bourne, 2016:116). <br> • "Necessary systems to monitor, measure and report the effectiveness of relationships" (Tomorrow's Relationships, 2012:12). | |
| **GUIDELINES** | AA1000SES (2015) | Measurement and accountability of inactivity, reactivity, pro-activity and interactivity. | Stakeholder governance mechanisms (King VI). |
| **REQUIREMENTS** | • Commitment to stakeholder inclusion by management <br> • Development of policy and processes | Stakeholder inclusion based on shared values should be the norm. | There are no fixed requirements. |
| Adapted from Meintjes (2012) | | | |

## 2.6    SUMMARISATION    OF    STAKEHOLDER    RELATIONSHIP MANAGEMENT TOOLS

Over the last several years, there has been development in the definition and application of SRM. Bruning and Ledingham (2000) produced a seminal work which provided a relational approach to study and practice SRM.

The theories and models attempt to provide organisations with practical application for effective SRM. This is done by providing key concepts or principles which indicate the "in-state" of SRM and a means to effectively monitor SRM.

Some of these models or guidelines are based on predecessors and there is an overlap. The central feature for effective SRM is that organisations should adopt a stakeholder-inclusive approach (IoDSA, 2016:71). However, there is further overlap, as some of these models or theories are based on predecessors. The following common principles are identified: (i) identification of stakeholders; (ii) prioritisation of stakeholders; (iii) formalised methods of SE; and (iv) effective leadership and the involvement of management.

Table 2.2 provides a summary of these theories and models as conceptual suggestions for effective SRM made by previous research.

| **Table 2.4: Summary of Stakeholder relationship management models** | | | | |
|---|---|---|---|---|
| **MODEL** | **NATURE / BASIS** | **FACTORS WHICH IN THEORY CONTRIBUTORS TO EFFECTIVE SRM** | **INDICATORS WHICH CAN BE USED TO GAUGE CURRENT "IN-STATE" SRM** | **PROCESSES TO MONITOR SRM** |
| Organisation – public model (Hansen & Bunn, 2003) | Relational, normative, supportive. | Positive relationships on an individual, structural and organisational level (Hansen & Bunn, 2003: 208). | Integrated goals between all stakeholders and perceived benefits from all stakeholders. | Monitoring of mutual understanding, trust, commitment and collaboration. |
| Situational theory of publics (Grunig, 2005) | Behavioural. | Stakeholder action contributes to problem identification, constraint recognition and the level of stakeholder involvement (Grunig, 2005:778). | Identification and definition of stakeholders based on level of activity and involvement. | Information seeking and information processing (Grunig, 2005:778). |
| (Friedman & Miles, 2006) | Organisational perspective (Friedman & Miles, 2006:149). | Stakeholders are classified on a ladder based on the degrees of stakeholder power, involvement, tokenism or non-participation (Friedman & Miles, 2006:162). | The indicators are dependent on the degree of stakeholder management and engagement. Levels of response and proactiveness by the organisation is based on the classification of the stakeholder. | Multi-way dialogue, task forces and deliberate intentions of engagement allow for monitoring (Friedman & Miles, 2006:162). |
| Principles for managing stakeholders (Freeman, Harrison & Wicks, 2007) | Based on Freeman's stakeholder management framework (1984). | All influencers (customers, suppliers, employees, financial role players, communities, media and organisational management) interact and contribute to value creation (Freeman et al, 2007:3). Organisational approach which strives to purpose fulfil stakeholders' interests and needs over time (Freeman et al, 2007:60). | Intensive communication and dialogue with primary and secondary stakeholders. Philosophy of inclusivity – to actively engagement and manage relationships (Freeman et al, 2007:60). | Acknowledge the complexities of stakeholders as people. Constantly monitor and redesign processes to better serve stakeholders (Freeman et al, 2007:60). |
| Situational theory of problem solving (Kim & Grunig, 2011) | Relational | Problem recognition, constraint recognition, involvement recognition, referent criterion (Kim & Grunig, 2011:121). | Situational motivation and communication action in problem solving (Kim & Grunig, 2011:121). | Forefending, permitting, forwarding, sharing, seeking and attending of information (Kim & Grunig, 2011:121). |

| Model for stakeholder classification and stakeholder relationships (Mainardes, Alves & Raposo, 2012) | Based on Mitchell, Angle and Wood's stakeholder typology (1997). | Six types of stakeholder identification: regulator, controller, partner, passive, dependent and non-stakeholder (Mainardes, Alves & Raposo, 2012:1864). | Classification of stakeholder importance and understanding relationships to engage and meet the stakeholder needs from an organisational perspective (Mainardes, Alves & Raposo, 2012:1875). | Monitoring the understanding of stakeholder needs (Mainardes, Alves & Raposo, 2012:1875). |
|---|---|---|---|---|
| Stakeholder relationships as a part of corporate governance (IoDSA, 2016) | Relational. | Responsible and effective leadership, corporate citizenship and mutual value creation (IoDSA, 2016:45-48). | Recommended practices which champion the effective balancing of needs, interests and expectations, "of material stakeholders in the best interest of the organisation over time" (IoDSA, 2016:71). | The governing body should oversee the processes of: (i) identification of individual and grouped stakeholders; (ii) prioritisation stakeholders based on input, outputs, activities and outcomes; (iii) formalised mechanisms for SE; (iv) quality measurement of stakeholder relationships; (v) management of stakeholder risk (IoDSA, 2016:71). |

The evolution of SRM is evident in Table 2.2. Hansen and Bunn (2003) focuses on positive relationships on an individual and structural. Further development by Grunig (2005) and Friedman and Miles (2006) shows awareness of stakeholder behavioural and stakeholder power. The subsequent models Freeman, Harrison and Wicks (2007), Kim and Grunig (2011) Mainardes, Alves & Raposo )2012) and IoDSA (2016) show relational awareness and practical management implications through stakeholder clustering and prioritisation.

## 2.7 ACCOUNTABILITY AS A NORMATIVE GUIDE FOR STAKEHOLDER RELATIONSHIP MANAGEMENT

In order to measure SRM, it is important to understand the difference between effective and deficient SRM. For effective SRM, engagement is a mechanism to provide accountability, involvement, collaboration and cooperation (Greenwood, 2007:318). For this study, the purpose of using AccountAbility 1000 Stakeholder Engagement Standard (AA1000SES, 2015) is to establish a benchmark for effective SRM. This framework rests on the following principles:

- To engage relevant stakeholders for a clear purpose to achieve agreed outcomes; and

- To hold organisations accountable, the framework encourages the inclusion of stakeholders in identifying, understanding and responding to sustainability challenges. Organisations should report, explain and answer to stakeholders for their decisions, actions and performance.

AA1000SES (2015) is not new, it has been built on its predecessors which is centred around the principle of stakeholder inclusivity. As set out by the AccountAbility principles standard (AAPS1000), effective SRM needs should:

- have a clearly defined scope;
- include a decision-making procedure;
- focus on mutually agreed upon issues by the organisation and stakeholders;
- create opportunities for engagement and dialogue;

- correlate with organisational governance and management;
- be transparent;
- have an appropriate process for the engaging of stakeholders;
- be timeous, adaptive and responsive; and
- contribute value for the organisation and its stakeholders.

AA1000SES (2015) process is made up of the following four stages: planning, preparation, implementation, review and improvement. Stakeholder engagement (SE) is important as it allows the organisation to understand the existing relationships with stakeholders, expectations of engagement, issues related to the purpose and scope of engagement, legitimacy, representation and influence among other benefits (AA1000SES, 2015:20).

AA1000SES aims to integrate SE with organisational governance, strategy and operational management. Forward-looking organisations understand how the integration of these processes contribute to success and sustainability (AA1000SES, 2015:12).

The stages of SE, according to AA1000SES (2015), are sequential and it is listed below. All the steps should be continuously reviewed for necessary changes throughout the process.

### 2.7.1    Planning

For SE to be effective, the organisation should know the desired purpose, scope of engagement and stakeholders (AA1000SES, 2015:15). SE must have a purpose, which can be redefined and adjusted during the engagement process.

Organisations should profile and map stakeholders. This can only be done if the scope is associated with the relevant purpose of engagement. The organisation should establish a method to identify all stakeholders. Stakeholder mapping can be done based on dependency, responsibility, tension, influence and diverse perspectives (AA1000SES, 2015:19-20).

Thereafter, the organisation should determine the level and method of engagement which is best suited to meet the desired scope, purpose and stakeholder preferences (AA1000SES, 2015:20).

Organisations should identify boundaries of disclosure. This stage identifies what the organisation will share with their stakeholders. There is a range of options, from complete transparency to limited disclosure which is controlled by the organisation (AA1000SES, 2015:23).

Next, the organisation should draft an engagement plan. The plan should be developed and shared with stakeholders. Furthermore, stakeholders should be able to provide input to the engagement plan (AA1000SES, 2015:23).

Finally, qualitative and measurement indicators should be established by the organisation in the engagement plan. The drafting and indicators of the engagement plan is represented in Figure 2.2.



**Figure 3.2: Components which make up the drafting and indicators of the engagement plan**

The boundaries of disclosure

Method and level(s) of engagement, qualitative and measurement indicators

The purpose and scope of engagement

Engagement plan (including the directive)

Required inputs, such as pre-engagement activities and resources

Owners of engagement, their roles and responsibilites

Identifying, profiling and mapping stakeholders

Adapted from AA1000SES (2015:23)

## 2.7.2 Preparation

The preparation aims to mobilise resources, build capacity, identify and prepare for engagement risks. For effective preparation, the owners of engagement need to identify and gain approval for the resources needed for sustainable engagement. This helps determine if the organisation has capacity to engage. This capacity can include knowledge, skills and opportunity for engagement (AA1000SES, 2015:25-26). Preparation is completed by formally identifying, assessing and addressing engagement risks (AA1000SES, 2015:6).

## 2.7.3 Implementation

The organisation should invite stakeholders to engage, timeously and with appropriate communication. The information should include: the purpose and scope of the engagement; the engagement process and timelines; an explanation of expected stakeholders' contribution; the benefits to the stakeholder invited to participate; logistical and practical information about the engagement; a response guide; additional information that will be provided; and the following implementation steps (AA1000SES, 2015:27).

The organisation, as the owners of engagement, has the responsibility to engage and brief stakeholders timeously and in a considerate manner (AA1000SES, 2015:28). The briefing should include: the purpose and scope of engagement; the nature of the issues at hand; the opportunities and risk associated with it; related policies and systems, what the organisation can and hopes to do (AA1000SES, 2015:28).

Engagement ground rules should be established and supported by both the organisation and stakeholders. These rules should be agreed upon by all the relevant parties. It may include avoiding assumptions about any participants, unclear issues, unequal participation or adopting a solutions-driven approach (AA1000SES, 2015:28).

Engagement and the output thereof should be documented. Documentation should contain: purpose and scope, method, time frame and a summary of expectations, concerns, discussions and interventions (AA1000SES, 2015:29).

Development of an action plan should articulate the organisational response to the engagement and its outputs. The action plan should account for current and future decisions which considers the stakeholders' legitimate needs and concerns; define roles and responsibilities; and determine a realistic timeline. The action plan may develop and change operational practices; relevant policies and strategy; and management responsibilities (AA1000SES, 2015:29-30).

Finally, the implementation phase is completed by the communication of engagement outputs and the action plan (AA1000SES, 2015:30). Reporting should be documented; however, feedback can also be given in meetings, conversations or online (AA1000SES, 2015:30).

### 2.7.4 Review and improvement

As a whole, AA1000SES (2015) should be continuous and recurrent in order to promote and improve engagement as an integral part of organisational management and procedure. The review and improvement phase is cyclical. It consists of monitoring; evaluating; learning and improving; developing and following up on the action plan; and reporting.

The organisation should monitor and evaluate the quality of stakeholder and individual engagement. This should include the purpose and scope of stakeholder participation; commitment and integration of engagement; the engagement process; output and outcomes; and reporting (AA1000SES, 2015:31).

The organisation and stakeholders should try to continuously improve engagement. This is done by identifying weak points and improving them (AA1000SES, 2015:31). As previously mentioned, SE is recurrent; therefore, learning and improving is important at an organisational level. Good internal communication and resilient

stakeholder relationships support this stage of the process. This stage is crucial to ensure long-term sustainability and success. The previously developed action plan and following up on the action plan further supports this part of the process (AA1000SES, 2015:30).

Finally, the organisational owners of engagement should publicly report on SE. "Communicating to stakeholders on the value and impact of engagement should go beyond providing feedback to stakeholders who participated in specific engagements" (AA1000SES, 2015:32). There are multiple forms of reporting: web-based applications, social media, regulatory disclosure, annual or quarterly reporting and integrated reporting. Regardless of the form, it is important that reporting has impact and value (AA1000SES, 2015:23).

## 2.8 BRAND MANAGEMENT AND REPUTATION MANGAEMENT AS A PART OF EFFECTIVE STAKEHOLDER RELATIONSHIP MANAGEMENT

For this study, the brand management concept is focused on two specific constituents of stakeholders: consumers and customers. The differentiation between consumer and customer is important. It is the difference between buyers of wine farm products (consumers) and stakeholders visiting the farm for various agritourism reasons (customers). Understandably, these stakeholders should be prioritised by the wine farms, as they have a larger economic impact on business sustainability.

Subtle differences can be found in academic and professional definitions of reputation, brand, image and impression. Despite these differences, the concepts all describe the "cognitions" that stakeholders have about the organisation (Grunig & Hung-Baesecke, 2015:63-64). Cognition is the process of acquiring knowledge and understanding through thoughts and senses both explicitly and implicitly (Grunig & Hung-Baesecke, 2015:63-64). Most notably, brand is a set of associations customers and consumers have of organisational products, whilst reputation deals with the cognitions multiple stakeholders have of an organisation's ability to fulfil legitimate needs and expectations (IoDSA, 2016:6; Fombrun & Van Riel, 2004:4). Professionally, brand is

used more as a verb associated with communication efforts and reputation is used as a performance-based noun (Huey, 2002:8).

Brand management is closely linked to consumer engagement and embraces, "a psychological state that occurs by virtue of interactive, co-creative experiences with a focal agent/object (i.e. a brand) in a focal service relationship" (Brodie, Ilic, Juric & Hollebeek, 2013:252). In recent years there have been multiple studies conducted on brand engagement, the effect of organisational efforts on consumers and brand community (Hollebeek, 2018:42; Hollebeek, Juric & Tang, 2017:204; Gummerus & Mele, 2010:181).

Despite the ongoing debate regarding between brand and reputation management both are considered "cognitive representations in the minds of the publics" (Grunig & Hung-Baesecke, 2015:67). Furthermore, both reputation and brand are intangible assets with their value well established (IoDSA, 2016:6). There is a clear overlap between brand and reputation which are cognitively constructed. Some argue that brand management is proactive and has an inherently positive sentiment, whereas reputation management is reactive and has a negative sentiment (Aula & Mantere, 2012). Organisational reputation is constructed, de-constructed and evolved by stakeholders, not the organisation itself (Aula & Mantere, 2012:342).

Reputation, brand and stakeholder relationships are intrinsically linked. According to Grunig and Hung-Baesecke, (2015:63), brand and reputation management are the consequence of resilient stakeholder relationships. This view is supported by Dozier, Grunig and Grunig (2013) and the principle of King VI (2016:23) which believes relationships (and reputation) provide context for the behaviour of stakeholders and strategic constituencies.

Ultimately, brand and reputation management are key construct which is closely related to SRM. Brand and reputation are intangible concepts which crystallise in stakeholder perception and stakeholder behaviours. It is a consequence of good business practices within the triple context.

## 2.9 SOCIAL MEDIA AS A STAKEHOLDER RELATIONSHIP MANAGEMENT TOOL

The amount of social media products, services and platforms makes defining communication technology a challenge (Boyd & Ellison 2008:210-211). Terminology remains unclear, with academic literature using the terms social networks, social media or social network sites interchangeably (Boyd & Ellison, 2008:211). For this research, the term social media will be used. The use of "network" often places the emphasis on relationship initiation, whereas social media has a broader focus is on device-mediated communication. This suits social media as a communication tool.

It is an important concept in the context of this research, as the usage of social media platforms has become a fundamental part of communication, which is used by organisations to gain a competitive advantage (Jiang, Luo & Kulemeka, 2017:24-25). Social media has been found as a source of engagement, due to the creation and exchange of user-generated content (Kaplan & Haenlein, 2010:32). It has led to increased transparency and changes in how organisations think about concepts such as SRM.

Social media is a global phenomenon and a societal norm which promotes conversations and communities. It connects with publics, builds and maintains stakeholder relationships (The Social Media Report, 2012:2). Since the emergence of social networking sites (SNS), social media platforms or social media, more than two decades ago, organisations are challenged to incorporate technological innovation into their communication practice (Aula & Heinonen, 2016:39). This implies communication professionals require a combination of traditional brick and new-age click skills.

Social media has drawn attention to virtual word-of-mouth, hyper-informed publics and opportunities for engagement (The Social Media Report, 2012:2). Social media has become an additional tool in a communication professionals' arsenal. It is a communication tool which maximises organisational outputs.

Simply defined, social media allows people to engage with others, events and brands (The Social Media Report, 2012:2). More specifically, social media is representative of internet-based, networked communications which enable the convergence of personal, public and business communication (Meikle, 2016:xiv). It is a connection between technological structures and human agency Fuchs (2017:40). Technology such as social media, "enable and constrain human activities how knowledge is created, produced, distributed and consumed in dynamic networks" (Fuchs, 2017:40). This practically translates to posting multimedia information such as text, images, audio and video as well as location-based services and gaming (Albarran, 2013:2).

The very word 'social' associated with media implies a focus on the user and the facilitation of communal activities. This is underlined by Kent and Taylor's (1998) seminal work, which identified five dialogic principles to aid the negotiation of ideas and opinions on social media:

- User-friendliness of the interface;
- Maintenance of visitors;
- Generation of return visits;
- Provision of useful information for a variety of users; and
- Maintaining a dialogic loop.

These dialogic principles have broadened the academic debate, which has led to dialogic strategies and outcomes (Bortree & Seltzer, 2009:317-319) and the culture of connectivity and sociality (van Dijck, 2013:4-5) to mention a few.

Social media can be seen as online facilitators or enhancers of human networks, whereby webs of people promote connectedness as a social value (van Dijck, 2013:11). There is a wide-spectrum of research and literature covering the notion of sociality deeply rooted in sociology theory (Ellison & Boyd, 2013:221; Postill & Pink, 2012:127; Miller, 2008:388). According to Fuchs (2017:46), social media and SRM is a techno-social system which comprises of the three modes of sociality: cognition, communication and cooperation. Due to multiple forms of sociality and types relationships (personal, public, business or a transcendence thereof), there are

multiple possible purposes for social media. This will be explored further in the following section.

### 2.9.1    Challenges and benefits of social media as a tool

Social media has put business practices around the world under a microscope. Social media as a communication tool has affected SRM, reputation and other correlated concepts (Aula & Heinonen, 2016:ix). It has also led to challenges such as privatisation, governance, access and capitalisation of user-generated content. Facebook is a practical example of an information driven social media platform. As a communication tool, social media is predominantly used to create and maintain relationships and communities (Fuchs, 2017:7). The Global Communications Report (2017) found that content creation and social media are the primary drivers for organisational change, demise or development.

Relationship building through social media has been explored in research (Fuchs, 2017; van Dijck, 2013; Postill & Pink, 2012; Miller, 2008). It has spawned further debate regarding the definition of communication management and PR due to the added responsibilities social media has presented. Social media has questioned the positioning of the communication professional within the organisation (Overton-de Klerk & Verwey, 2013:370-376). Despite the ongoing debate, communication professionals' duties today include the facilitation of forums across multiple platforms for discourse and free participation, whereby both stakeholders and the organisation and initiate engagement and encourage collaboration (Slabbert, 2012:4).

The use of social capital in SRM can be powerful, multidimensional and complex (Botan & Hazleton, 2006:283). Traditional communication and social media can be viewed as key mediators that aid the interaction between organisations and stakeholders. It provides a means for dialogic communication and these PR or engagement practices can improve the organisation-public relationship by establishing platforms, principles and strategies (Rybalko & Selzer, 2010:340; Kent & Taylor, 1998:325). From an organisational perspective, it has opened up online

development or maintenance of relationship and reputation has become crucial for sustainability and success (Aula & Heinonen, 2016:4; Kent & Taylor, 1998:331).

Social media tools are increasingly accessible and the amount of information and communication on social media has phenomenally increased (Aula & Heinonen, 2016:36). Brand management, reputation management, relationship building and reinforcing existing relationships are among the major purposes of social media (Daejoong, Jang-Hyun, Yoonjae, 2014:2606). Brand and reputation management are prioritised as processes to engage with customers, consumers and relevant stakeholders. Previous research has indicated that brand and reputation management provide networking, informational value, insight and support for SRM (Grunig & Hung-Baesecke, 2015:72-73).

### 2.9.2    Examples of social media as a tool

The consumer and customer clusters of stakeholder relationships can be formed in person or online. Social media as a tool is able to create and maintain stakeholder relationships.

According to Vinpro, for the wine industry there are three distinct clusters of stakeholders which can be reached through specific communication tools: (i) consumers and customers between 24 – 35 years old are the most active cohort on Facebook; (ii) email and website remains popular communication tools for the stakeholder cluster between 35 – 50 years of age and; (iii) traditional media (magazines and flyers) is the most effective for stakeholders above the age of 50 (Vinpro, 2018).

There has been a growing usage of online brand communities. Brand communities have been recognised and growing in practice and academic literature over the last 15 years (Dessart, Veloutsou & Morgan-Thomas, 2015:30). Brand communities are defined as, "specialised, non-geographically bound community, based on a structured set of social relationships among admirers of a brand" (Muniz & O'Guinn, 2001:412). Furthermore, online brand communities should support for stakeholder engagement

and brand management with a specific organisation or brand (Hollebeek et al, 2014). The construct of brand community, as a driver, circles back to the fundamentals of SRM, as it focuses on the following five sub-processes: learning, sharing, co-developing, advocating and socialising.

Social media as a new communication platform has presented tremendous opportunity; however clearly, there are challenges too (The Global Communications Report, 2017:2-10). The management, governance and SRM guidelines for social media platforms are not clear. Social media does not follow institutional norms, instead it is an interactive platform which allows networked communication between users who both produce content and participate at the same time (Bechmann & Lomborg, 2013:765-781). As an interactive platform, organisations have to be integrated into society in order to use the tool effectively. Organisations have made mistakes on the virtual highway, due to misunderstood messages and tone-deaf communication. It has led to highly public social media disasters, which has highlighted organisational awareness of the potential negative influence on branding, credibility and trust (Schlinke & Crain, 2013:85-92). "The challenge is how to filter the noise being generated so that meaningful conversations can take place" (Tomorrow's Relationships, 2014:30).

In closing, social media is a complex term with multi-faceted meaning (Fuchs, 2017:7). Different types of social media promote various forms of "social", such as information, communication, communities and collaboration (Fuchs, 2017:7). It can be viewed as building blocks for organisational identity, conversations, sharing, online presence, relationships, reputation and groups (Kietzmann, Hermkens, McCarthy & Silvestre, 2011:241). Social media is an increasingly popular communication tool. However, in order for social media to be an effective communication tool, organisations should monitor, understand and be responsive (Kietzmann, Hermkens, McCarthy & Silvestre, 2011:250).

## 2.10    CONCLUSION

This chapter consisted of five main sections: (i) the importance of SRM; (ii) communication and stakeholder theories; (iii) AccountAbility Stakeholder Engagement Standard as a normative guide for effective SRM; (iv) SRM as an overarching framework for related concepts: SE, GSR, brand management; (v) social media as a communication tool.

SRM is recognised and can contribute to organisational sustainability and success. Communication professionals should have a deep understanding of key concepts and the tools at their disposal, in order to build resilient relationships from a relational perspective.

The following chapter focuses on South African wine businesses and SRM in the context of this research.

# CHAPTER 3

# South African wine businesses and Stakeholder relationship management

## 3.1     INTRODUCTION

Wine businesses, like all businesses, strive for sustainability. Ohmart (2008:7) contends that "sustainability involves everything you do in the business, including economics, environmental impacts of everything done on the business and all aspects of human resources, including not only you and your family but your employees and the surrounding community". This chapter provides context for SRM on wine farms. Figure 3.1 shows Chapter 3 in relation to the others.

**Figure 3.4: South African wine farms and Stakeholder relationship management in relation to the other chapters**
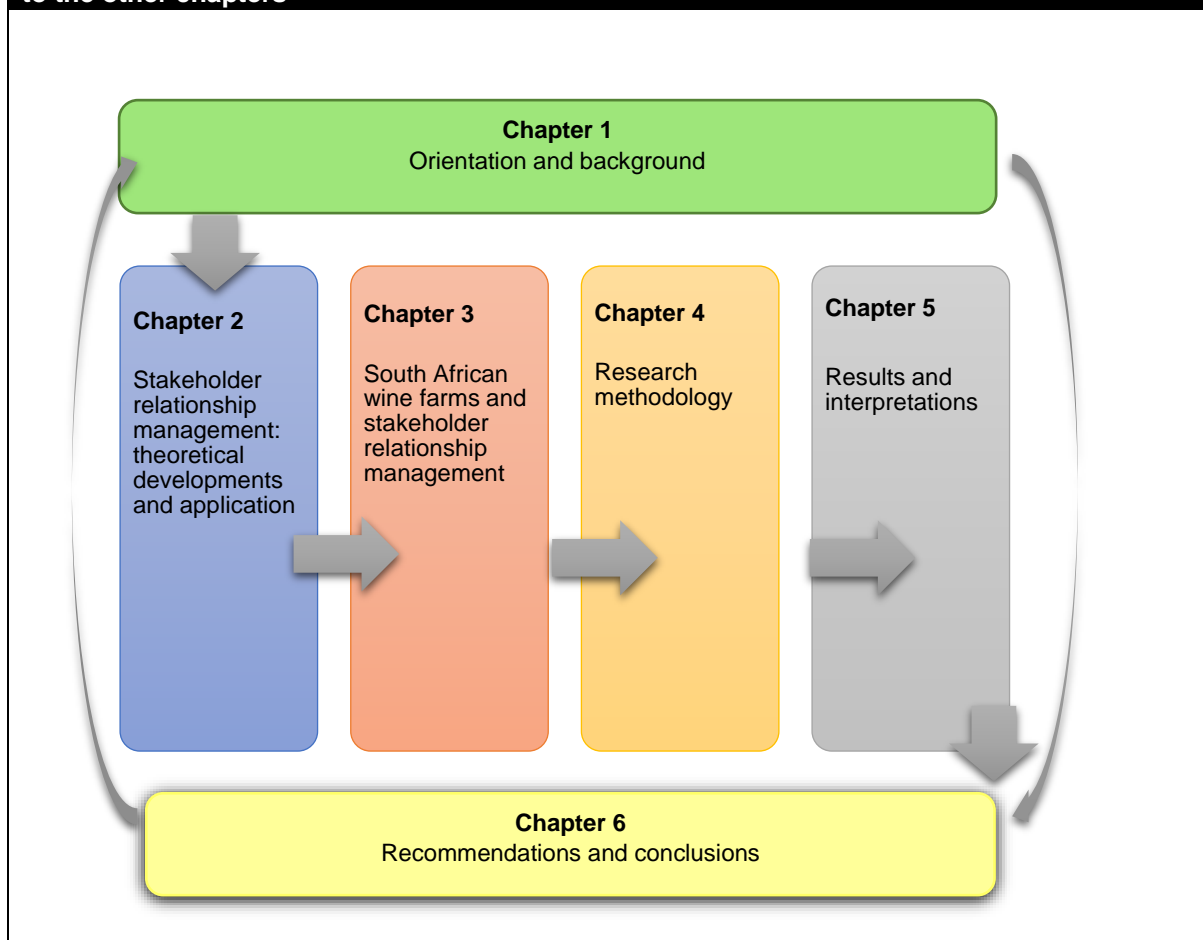
Wine businesses are not only concerned with producing good wine. A wine business should embrace a relational view to "understand how it adds value and translates this value into information relevant for effective management and decision-making" (Tomorrow's Relationships, 2014:7).

To maximise sustainability, there has must be a shift from a shareholder-centric approach to an inclusive stakeholder approach. Healthy SRM practices should be a dynamic process to enable agility - global macroeconomic forces of development, disruption and change continue to impact businesses, economies, societies and cultures (IoDSA, 2016; PwC Report, 2015:18).

As corporate citizens, organisations should be aware of driving factors in order to be proactive rather than reactive to change (PwC Report, 2015:20). SRM helps organisations gain insights in order to be more proactive. SRM coincides with a proactive approach and allows understanding of legitimate needs, concerns, expectations and wants of prioritised stakeholders (IoDSA, 2016:5). The AccountAbility Stakeholder Engagement Standard (AA1000SES, 2015) is an example of this since it focuses on (i) planning; (ii) preparation; (iii) implementation; (iv) review and improvement as ongoing processes.

SRM is gaining prominence across all sectors and it is one of the four pillars of corporate governance as illustrated in Chapter 2. Integrated thinking enables organisations to critically assess, strategise and consider a broader spectrum of factors in order to create value and thrive (IoDSA, 2016:6). VinIntell (2013:4) found the set of factors which should be considered are economic, technological, environmental, legislative, financial and consumer profiling.

This chapter uses wine farms and wine businesses as interchangeable terms. It will explore the drivers of change, challenges and opportunities in the wine industry. It considers how SRM should be used to navigate challenges and unlock opportunities.

## 3.2 GROWING COMPETITION IN THE GLOBAL WINE INDUSTRY

Wine business face challenges at different levels. Globalisation is not a new reality and has led to increased competitiveness between established and emerging wine markets (Casini, Contini, Scozzafova, 2011). Traditionally, nations consumed local wine or wine from nearby wine producing countries, but in recent years cross-border and wider range international wine trade has dramatically changed for established and emerging wine markets (Cusmano, Morrison, Rabellotti, 2010).

According to Bell and Giuliani (2007:198) transformation in the global wine industry should be discussed in two clusters: Old World (established markets) and New World (emerging markets). Old World countries include France, Spain, Portugal and Italy. New World or emerging wine markets include South Africa, Australia, New Zealand and China (Freedman, 2017).

Decreases in trade barriers, cost and logistical challenges have enabled wine producers to trade more easily beyond their region. This presents a challenge for established wine markets, but it is an opportunity for emerging wine markets. The established markets narrowly continue to dominate wine exports with emerging markets becoming a force of its own, as reflected in the Figure 3.2.

**Figure 3.5: Leading countries in wine export**
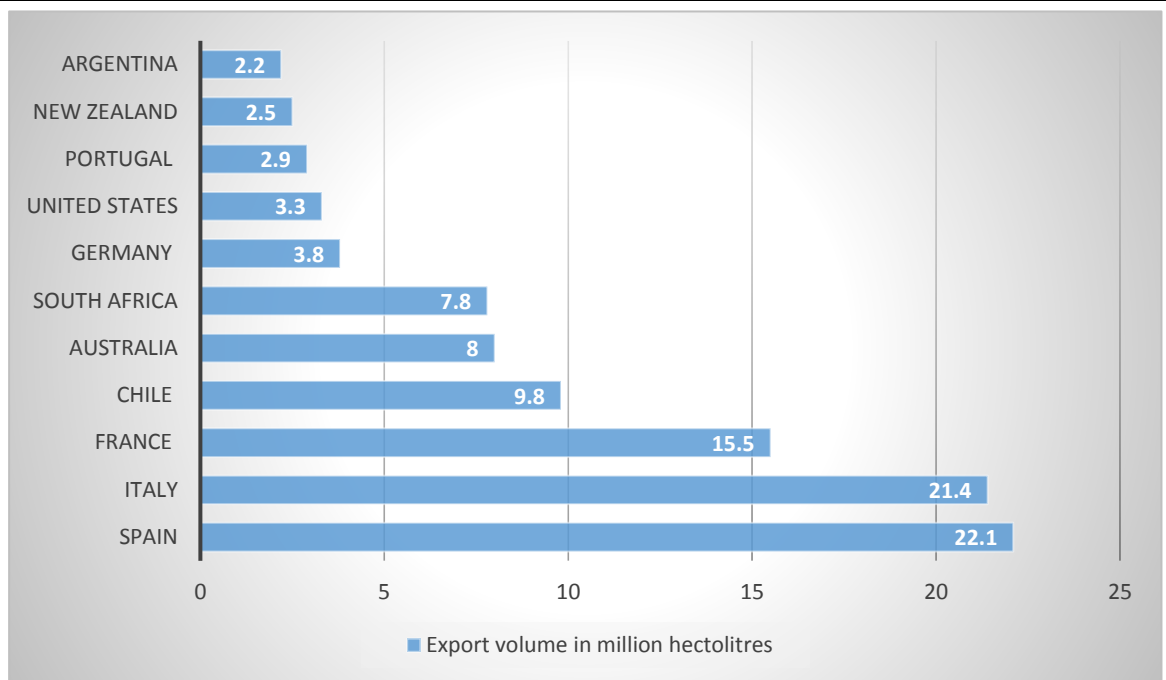


**Source:** Statista (2007)

Emerging wine countries have been disruptors in part due to their ability to capitalise on opportunities. Established markets, on the other hand, are faced with challenges on how to adapt and maintain their dominance in the international wine market.

France is recognised as a traditional leader and established Old World wine market. This country has remained the leader in valuable and quality exports for the international wine market because it continuously adapts to changes. (Workman, 2018).

China, as an emerging market across industries, has been recognised as the largest global driver. It is no different for the wine industry as China is the leading emerging market for wine production and consumption based on the 2017 survey (The United Nations of Fine Wines, 2018).

### 3.3 CHALLENGES FOR THE GLOBAL WINE INDUSTRY

The PwC Report (2015:21) found demographical change, climate change and resources, technological development and increased urbanisation to be challenges for

the global wine industry. In addition, VinIntell (2013:4) highlight economic, technological, environmental, legislative, financial and consumer profile factors as elements that cause serious challenges.

Wine businesses around the world as part of the triple context need to navigate key external stakeholder relationships (IoDSA, 2016). Legislature, environmental awareness and consumer profiling are more demanding and challenging than ever before. These relationships include customers, communities, associations, regulators, associations, activists and environmental groups. This is due to increased access, transparency and corporate responsibility.

These key relationships can enable or cripple wine production, distribution and consumption. SRM between producers, distribution networks and product differentiation efforts have a far-reaching impact. Beyond the impact on individual actors (wine business, wine makers, packaging actors and so forth) these relationships can affect the performance of the regional wine industry on the international stage.

Economic and legislative actors also have the ability to enable or disrupt wine regions around the world. Policy makers are able to instigate change through legislature or wine industry associations. There is no international norm for the relationship between tax rates and alcohol consumption levels. A range of market and cultural considerations influence alcohol consumption and there is a large variance between countries.

Internal stakeholder relationships within a business include relationships with employees and the integration of wine business functions such as viticulture, business managers and wine makers. SRM is important as most wine regions and business traditionally use the co-operative business model (Lee, 2015).

Human resources are a challenge on the business level which has affected the wine industry as a whole. The wine industry is faced with increased competition from other industries to hire and retain talent. Other industries are often found to be more

appealing due to career prospects (PwC Report, 2015:54). Human resource management is closely related to the size of the wine business (Kidwell & Fish, 2006).

## 3.4 OPPORTUNITIES FOR THE GLOBAL WINE INDUSTRY

Economic, technological, legislative, financial and consumer profile factors do not only present challenges. These factors can also enable wine businesses and unlocks opportunities.

Independent production and distribution associations, which enable networks at country level, have unlocked further knowledge sharing, membership and collaboration. This has strengthened the traditional cooperative business models

Edu-tech, agri-tech, fintech and health-tech are considered to be part of the next wave of development in emerging markets (Goalkeepers, 2018). These enabling technologies have the potential to ease access and use in rural agricultural areas around the world (Winetech, 2016). This includes the potential to strengthen internal stakeholder relationships within wine business and the retention of skilled business workers (PwC Report, 2013).

The benefits of these technologies are evident. Majority of business workers were excluded from formal financial services in the past. Financial services such as mobile money, e-wallet and cardless services have better enabled formal financial services by workers in rural areas (FinMark Trust, 2016). For businesses, credit services and assistance are available from UniGro (an agricultural FSP which offers credit and insurance) through a mobile app (Afgri, 2018).

Agri-tech has normalised the use of solar power, pay-as-you-go electricity, water management and improved application of environmentally friendly practices.

Social media has reduced the cost and provided opportunity for smaller business to be more proactive for consumer profiling, communication, brand and reputational management.

Globally, the challenges and opportunities are closely related. Technology does provide opportunity; however, for some cost to digitise the value chain remains high and unavailable. Environmental, legislative, financial and consumer profile factors present both challenges and opportunities. These factors are often unique in each region. The following section provides a synopsis of the challenges and opportunities in the South African wine industry.

## 3.5 A SYNOPSIS OF CHALLENGES IN THE SOUTH AFRICAN WINE INDUSTRY

South Africa is an emerging market and the country faces a set of challenges that affect multiple industries. The following sections explore the challenges and opportunities for South African wine business for the following factors: economic, corporate social responsibility, environmental, legislative, consumer profile, agritourism and technological.

### 3.5.1 South Africa's economic stability

South Africa has experienced economic pressure over the last five years. Recent data from the World Bank (World Bank: South African Economic Update, 2018:6) supports the theory of continued stabilisation but South African growth is still slow compared to trends in other emerging markets (World Bank: South African Economic Update, 2018:6). December 2018 was the end of the technical recession in South Africa. Inventory, industry and agriculture contributed to the rebound beyond analysts' expectations (Focus Economics, 2019).

Slow growth compounded with fiscal woes, lack of fixed investment due to the ongoing land reform debate and rising debt-servicing costs has resulted in two out of three credit rating agencies to maintain the "junk-status" which indicates a country has dropped below an acceptable investment grade (Focus Economics, 2019).

### 3.5.2    South Africa's socio-economic climate

The economic downgrades by credit-rating agencies are in part due to political and economic tensions. Inequality is highly correlated to land reform and expropriation, corruption, crime, the level of basic education, labour demand and foreign skilled labour competition. These challenges will be elaborated on in the following sections.

### 3.5.3    South Africa's policy on land reform and expropriation

Broadly defined expropriation is "the act of a government in taking privately owned property, ostensibly to be used for purposes designed to benefit the overall public" (Kenton, 2018). This is due to the previous development of land ownership under the apartheid regime. Land expropriation for fair value was implemented in South Africa's constitution to re-dress the imbalances of the past. In that stage it was a question of willing buyer, willing seller and fair value for land.

Ineffective land reform to date has resulted in the proposal of land expropriation without compensation (Ngcukaitobi, 2018). Since December 2017, the land expropriation without compensation debate has captured the attention of international press and increasingly the question is being asked, "Is South Africa going to be the next Zimbabwe?" (Ngcukaitobi, 2018)

There are two proposed ways the ruling party could implement land expropriation without compensation: (i) through case-by-case judiciary which hold its own complexity or (ii) needs-based land redistribution programme, to enable everyone to obtain land on an "equitable basis" (Constitutional Injunction Section 25(5)).

To date no legislation has been passed and the purpose of land reform is to reverse the legacies of apartheid and colonialism, including poverty, food insecurity and the dominance of men in society. Further, the ruling party resolution in December 2017 indicated land expropriation without compensation is focused on vacant, unused and

underutilised state land, as well as land held for speculation and irretrievably indebted land (Ngcukaitobi, 2018).

### 3.5.4 Corruption and crime in South Africa

Corruption costs South Africa's GDP approximately R27 billion rand and 76 000 jobs (Business Tech, 2017).

According to the United Nations Office on Drugs and Crime report (2015) South Africa had the fifth highest murder rate in the world (Business Tech, 2018).

Attacks on business and businessmen have gained international news coverage. According to the South African Police Service (SAPS) parliamentary address "sixty-two businessmen were murdered of a total 20,336 murders which means that businessmen murders represented just over 0.3% of all killings in South Africa in 2017" (Davis, 2018).

### 3.5.5 Education, labour demand and foreign skilled labour competition

Basic education has improved with a steady increase in the number of students and pass rate for high school graduation. However, there are challenges including decreased capital expenditure by South African tertiary institutions, retention of skilled labour and demand-side challenges presented in the labour market (South African Market Insights, 2019).

### 3.5.6 Regulatory challenges

The South African wine industry is further faced with challenges related to production, domestic consumption, regulatory and other requirements emanating due to the ever-evolving young democracy and overall uncertainties of national social, economic, and political stability (Vinpro, 2018).

The challenges have been clustered above according to socio-economic climate, skills development (education, labour demand and foreign labour competition) and regulatory challenges. South African wine industry is a rising global competitor and continues to hold potential for inclusive development navigated by industry, policy-makers, regulators and government.

## 3.6 OPPORTUNITIES FOR THE SOUTH AFRICAN WINE INDUSTRY AS A GLOBAL COMPETITOR

Despite ongoing challenges, the South African economic landscape can be improved through selected policy reform (World Bank Poverty and Inequality Assessment Report 2018). The agricultural sector and wine industry has recovered due to increased trade, accommodation and value-added products which has driven further consumer expenditure. Further, Africa and South Africa specifically is considered a key area for growth for the global wine industry (PwC Report. 2015).

### 3.6.1 Key regulation and associative bodies

South Africa is considered an emerging wine market and has been competitive on the international stage. South Africa has been recognised as the eighth largest producer of wine globally and ranked 12th in the world in terms of surface area under vines which is predominantly based in the Western Cape (Vinpro, 2017:11).

The South African wine industry is large and there is an overwhelming number of regulatory bodies, committees and representatives within the industry. Over the last 15 years, numerous issues have given rise to additional forums, such as the Wine Industry Development Association (WIDA), the South African Wine and Brandy Company (SAWB), the South African Wine Industry Trust (SAWIT) and the Wine Industry Strategic Plan (WIP). There is overlap in the mandates and objectives of some of these bodies, as illustrated in Table 3.1.

| Table 3.5: Overview of regulatory bodies in the South African wine industry | |
| --- | --- |
| **Organisation** | **Description** |
| **Agricultural Ethical Trade Association (WIETA)** | This association provides a code of good practices to ensure compliance, improve working conditions and improve ethical trade (WIETA, 2012). |
| **Biodiversity and Wine Initiative (BWI)** | A biodiversity committee focused on the conservation of the Cape Flora Kingdom and biodiversity in farming practices. |
| **SA Wine Council** | Previously known as the South African Wine and Brandy Company (SAWB). The SA Wine Council is an advisory panel with board representation from Vinpro, wine cellars and SALBA. The panel provides development and strategic direction within governmental growth and transformation including B-BBEE (This will be elaborated on in Section 2.2.1). (Vinpro, 2018). |
| **South African Wine Industry Information and Systems (SAWIS)** | As the name suggests this body provides knowledge management to industry role players (SAWIS, 2018). |
| **South African Wine Industry Trust (SAWIT)** | SAWIT aims to strengthen stakeholder relations and promote a business and worker agenda (SAWIT, 2018). |
| **Wine and Spirit Board (WSB)** | A technical advisor to the Agricultural Department, provides wine certification and administers the integrated wine scheme approach (Department of Agriculture, forestry and fisheries: A profile of the South African Wine Market Value Chain, 2011:108). |
| **Wine Cellars of South Africa** | This institution was established in 2002 and is made up of approximately 56 cellars and wine marketers. The aim to establish an environment which is conducive to optimal wine production (Department of Agriculture, forestry and fisheries, 2011). |
| **Wine Improvement Organisation (OIV)** | Established in 1986 with members from KWC, Distell, TechnoGrow, and Vinpro this body focuses on improving wine grapes (Department of Agriculture, forestry and fisheries: A profile of the South African Wine Market Value Chain, 2011:107) |
| **Wine Industry Development Association (WIDA)** | WIDA was established in 2006 and promotes economic empowerment, skills and social development (WIDA, 2018). |
| **Wine Industry Strategic Plan (WIP)** | Established by SAWB in 2003, WIP aims to "achieve a better life for all in the wine industry through strategic leadership, collaboration and innovation" (Accessed on 24.09.2018: https://bit.ly/2I9IjcY) |
| **Wine of South Africa (WoSA)** | Established in 1999, WoSA focuses on wine exports. WoSA provides international market awareness and representation (WoSA, 2018). |
| **Winetech** | Winetech members belong to Vinpro and South African Liquor Brandowners Association (SALBA). They are made up of sub-committees which focus on topics ranging from viticulture, stakeholder networking and agritech in order to improve international competitiveness (Winetech, 2016). |

### 3.6.2     Vinpro as an industry guide for this study

Vinpro is the longest standing independent, not for profit organisation which services 2500 South African wine producers, cellars and industry stakeholders (Vinpro, 2018). Vinpro supports the development of a sustainable and participative wine community (Vinpro, 2018:7). For these reasons, Vinpro is referred to as the main industry body in this study. There are more than 50 organisations and committees in the wine industry and Vinpro is representative for wine producers on all of these relevant forums and regulatory bodies. Vinpro provides a guide to regulations and current industry norms. Stakeholder engagement is one of Vinpro's eight focus areas (Vinpro, 2018:7-11). Figure 1.3 provides an organogram of Vinpro.

The theoretical framework of this study overlaps with the focus areas outlined by Vinpro. This includes effective communication, sustainability, client-centred products and services, which demonstrates the organisation has adopted a stakeholder-inclusive approach. Figure 3.2 provides a conceptual structure of the regulatory bodies within the South African wine industry.

**Table 3.6: The landscape of South African wine industry organisations**

| Vinpro |
| Divisions: consultation services, agicultural activity, wine business, transformation and development, wineland media and communication, stakeholder engagement |

SA Wine Council

South African Wine Industry Trust (SAWIT)

South African Wine Industry Information and Systems (SAWIS)

South African Liquor Brand Association (SALBA)

Winetech

Sustainable Wine South Africa

Wine of South Africa (WoSA)

Fairtrade Africa

Building and allied workers union of South Africa (BAWUSA)

Wine Industry Strategic Plan (WIP)

Wine Industy Development Assoociation (WIDA)

SA wine Cellars Board (SAWCB)

WWF -SA Conservation - South African Biodiversity Committee

Premimum Wine Industies of South Africa (PIWOSA)

Wine and Agriculture Ethical Trade Association (WIETA)

South African Society of Enology & Viticulture

Varietal associations: Shiraz SA, Checnin Blanc Association, PinotageAssociation, Cape Vinter Association, Cape Port Producers Association

Notes:

- Green indicates organisations which are housed within Vinpro or organisations which Vinpro has representatives on.
- Orange indicates organisations housed within SA Wine Council
- Vinpro and SA Wine Council have an ongoing relationship
- The outlined organisations are independent organisations which may or may not have Vinpro representatives.

**Source:** Own conceptualisation

### 3.6.3    Business models of South African wine business

A stakeholder-centric approach is not new to the wine industry as relationships have been a historic part of the traditional business model.  South African wine businesses have typically been dominated by a co-operative business model. Co-operative business models are evident in wine regions around the world (Lee, 2015). In this model businesses together with winemakers share the capital risk and cost to bring wine to the marketplace more easily. Businesses often have a direct interest as the primary shareholder land owners (Sanbi, 2014).

Sustainability has been a growing challenge and working with businesses to improve management practices is needed (Sanbi, 2014). Business management faces a network of increasingly complex challenges and demands, due to growing competition and a greater awareness of the triple context.

Livelihood insecurity, poverty and the need for market access, all require a more proactive approach (King, 2010). It has led to wine industry support and development initiatives by regulatory bodies, the private sector and government. This has taken form as black economic empowerment (B-BBEE) subsidies, increased availability of financial institutional support, partnerships, ethical trade frameworks and wine industry specific research (Krige, 2005:25).

Despite existing initiatives, subsidies and programmes, previous research has found a need for "a more transparent, inclusive, comprehensive conversation in the wine industry" (Krige, 2005:6). The encouragement of cooperation between private, public and NGO stakeholders is important in South Africa (Sanbi, 2014).

The concept of *Ubuntu* appeals to the interconnectedness of people and the accountability which is based on relationships, people and the community, and the intrinsic linkages accepted within the triple context. *Ubuntu* is the conceptualisation of SRM based on interdependent relationships instead of one-way relationships (King, 2010). This supports the concept that SRM, while not a panacea for the wine industry, it could be an important piece of the puzzle for improvement.

These following sections explores challenges and opportunities for South African wine business and elaborates on what factors influence wine business.

### 3.6.4 Economic factors

The global wine trade, prices and volume has been steadily growing despite a brief dip in 2008 – 2009 due to the international economic crisis (Regnerova, 2016) and other challenges.

On a broad economic scale, SRM is important for the wine industry, as South Africa's relationships with other countries and trade barriers are relationship based (VinIntell, 2013). Shareholders, the market and retailers are additional representatives of the financial community (Krige, 2005:7).

The Western Cape winelands contributes approximately 14% to South Africa's GDP with a large agricultural contribution. Viticulture specifically contributes some 30% to the region's horticultural income and about 3% to its Gross Regional Product. The gross output value of wine industry-related is estimated at R14.6 billion (Vink & Tregutha, 2005). This is reflected in Figure 3.3 below.

**Figure 3.6: Types of agricultural crop**
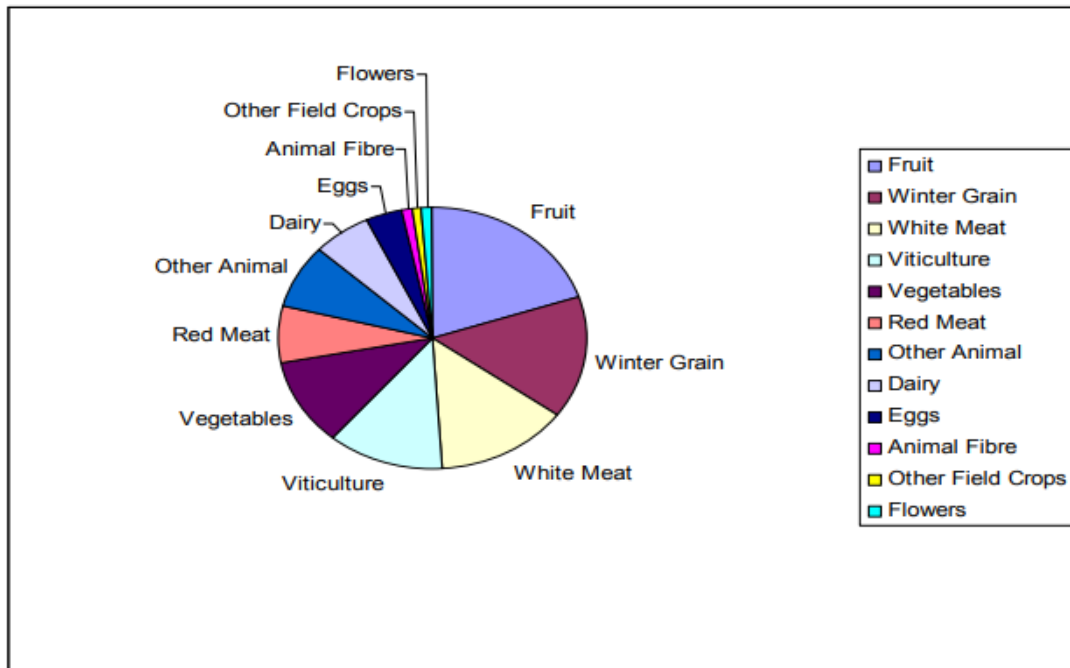


**Source:** Vink & Tregutha (2005

In South Africa, the GDP contribution by the alcoholic beverage sector continues to be dominated by beer with 55% while the wine industry comprises 27% of the alcoholic beverage contribution (South African Treasury Government Review, 2014:7).

In the past, the South African wine industry has largely focused on exports. The following Figure 3.4 depicts the export value chain.

**Figure 3.7: Configuration of the Value Chain for Wine in South Africa - Export Segment**

GRAPE GROWING

consists of certifications, agri-chemicals, land and machinery, contract and permeant labour, and viticulture.

WINE MAKING CELLARS

consists of logistics and transport, design, bottles, labels, certifications, winemaking process, bottling and packaging, cellaring and bulking.

MARKETING AND EXPORT:

Consists of marketing and advertising, export logistics and transport, certification, design and branding, biochemical testing, wine competition and public relationships, wine tasting, scoring and judging, market information.

Types of grape grower groups Cooperative members, shareholders in the farmer cooperative, independent grape growers

Types of wine mkaing cellars Cooperative cellars, ex-cooperative cellars, prviate cellars

Marketers / Exporters, producer-wholesalers, brokers, procurement officers

**Source:** Adapted from SAWIS (2018)

Private cellars have independence, partial integration with the various actors. Cooperative cellars generally deliver their entire crop to their cellar, whereas shareholder growers and ex-cooperative cellars divert some of their crop and product.

Weightman (2018) identified the domestic market as a growing priority. This has led to small wine business embracing small business concepts, such as the notion of the shared economy. It is the principle of collaborative consumption such as lending or borrowing goods, trading, bartering for or sharing labour in order to reduce expenses and strengthen community and networking opportunities for mutual value creation (Lee, 2015).

The wine industry can be considered an early adopter of the shared economy (Lee, 2015). The industry comprises an array of large businesses and SMMEs which are often family run and co-operatives, as mentioned in the previous section. Small and large wine business form part of the research question. Unlike other industries, small wine farms have been part of the industry for a long time and despite disruption and challenges, co-operative business models and the shared economy which is increasingly becoming more digitised continues to support small business.

Schor (2015) argues that shared production is increasingly normal due to the management of labour and other costs, increased efficiency which has been enabled by increased access to technology, such as digital platforms and social media.

As previously mentioned, agritourism has been flagged as a priority, as it enables economic growth, stabilisation and additional job creation on a micro-economic scale (Wesgro Annual Report, 2016-2017:11). SRM should be important to each business, as it contributes to organisational sustainability by building and maintaining resilient relationships between the organisation and stakeholders (Tomorrow's Relationships, 2014:6).

Figure 3.5 shows the domestic value chain in comparison to the export value chain represented in Figure 3.4. It reflects four tiers with various stakeholders. The tiers are

as follows: (i) retail and trade; (ii) agents and distributors; (iii) vinitourism; (iv) grape growing.

**Figure 3.8: Configuration of Value Chain for Wine in South Africa - Domestic Segment**



On trade: restaurants, cafes, catering

Off trade: supermarkets cbains, bottle stores, independent shops, mail order

RETAIL

Cooperatives cellars, grape growers cooperatives, sharehlders in farm cooperatives

AGENTS AND DISTRIBUTORS

Private cellars, ex-cooperative members, producer-wholesalers

Vineyard sales, private label sales

Wine tourism sales

VINITOURISM

Grape growers, shareholders in farmer cooperatives

Grape growers, cooperative members

GRAPE GROWING

**Source:** Adapted from SAWIS (2018)

There are various product pathways which begin with grape growers. Some wine farms both produce and buy in grapes in order to produce wine (Vinpro, 2018). Vinitourism activities on wine farms and wine tastings elsewhere have created an additional product pathway (Vinpro, 2018). The same applies to the growing agents and distribution networks which shows that stakeholder relationships are increasingly important for wine farms and businesses throughout the value chain (WoSA, 2018).

### 3.6.5    Corporate social responsibility

As previously mentioned, heightened transparency and societal pressure demand organisations to behave as responsible corporate citizens. As a result, corporate social responsibility (CSR) research, across various industries including agribusiness and the wine sector has gained a lot of traction in recent years as an avenue of investigation (Meade & Ahnlid, 2016; Luhmann & Theuvsen, 2016; Edoho, 2008). This research found due to the complex nature of the topic and the industry together and evolving demands of stakeholders, "explorative fieldwork such as expert interviews with different stakeholders might be suitable for gaining insights into agribusiness-specific aspects" (Luhmann & Theuvsen, 2016:627)

The most recent PwC Report (2010) which benchmarks wine farms in South Africa, found that wine farms generally are respected as corporate entities, as: (i) employees have clear job descriptions and are recognised for their contribution; (ii) cellars conduct fair performance evaluations using effective methods; and (iii) employees receive fair and competitive compensation and personal milestones are recognised. However, areas which need attention include (i) communication between employee and employer; (ii) training; and (iii) skills development (PwC Report, 2010:8). These points clearly include the purpose and scope of stakeholder participation; commitment and integration of engagement; the engagement process; output and outcomes; and reporting (AA1000SES, 2015:31) for internal stakeholders. It ear-marks communication between the employee and employer as an area for improvement.

### 3.6.6    Management of environmental factors

Climate change and the availability of resources has led to increased importance on the practice of ethical, careful and proactive practices to ensure sustainability (PwC Report, 2015:21).

The wine industry is susceptible to environmental factors. Poor harvests can have a heavy negative impact on the business and the industry as a whole. The International Organisation of Wine and Vine (OIV), 2017 monitored an all-time low in production due to unpredictable and unfavourable weather conditions (International Organisation of Wine and Vine, 2018).

Managerial awareness of the loss of biodiversity, climate change and its challenges (such as water, energy and temperature) at a regional and micro-level continues to grow (Sanbi, 2014; VinIntell, 2013). Environmental practices and the ethical implications related to water utilisation, chemicals and waste management may affect relationships with "green" stakeholders, workers and employees.

Some wine farms have joined a Biodiversity and Wine Initiative (BWI) which uses business strategy in order to frame biodiversity and environmental awareness as a unique, competitive and value-added advantage in order to attract publics and find a place in the agritourism market (Sanbi, 2014).

This research is conducted in the Cape Winelands which is within the Cape Floral Kingdom. Wine farms comprise a large proportion of agricultural activity in the Western Cape, and it is responsible for the conversion of about 103 000 hectares of land, with an approximate 8.8% of the total employment in the province (Rumble, 2013).

The Cape Winelands are dependent on winter rainfall and year-round rainfall in the Southern Cape provides varied crop mix and traditionally stability as the adequate rainfall and well-developed infrastructure for supply and demand-side agricultural processing (Vink & Tregurtha, 2005).  The Western Cape faced the worst drought of the century over 2017 and 2018.

Credit agencies warned that the extended water crisis would lead to an increase in the city's borrowing, expenditure and impact the regional GDP (Reuters, 2018).

The "Day Zero" campaign run by the city encouraged citizens to use 50 litres of water per day in order to avoid the taps running dry. The drought contributed to a decline in agricultural output by 20% in 2018, decimating the wheat crop and reducing apple, grape and pear exports to Europe, according to the national government (Reuters, 2018).

Agricultural water is managed by water associations to which wine farms must belong (Reuters, 2018). With recent developments in responsible water use wine farms have been able to more effectively use available water supplies. This has not had a correlated impact on the overall cost of agricultural production. Support mechanisms such as the drought relief programme by AgriSA has provided a brief respite; however, there are calls for tax rebates and for water associations to continue managing water resources instead of enforced water restrictions by city (AgriSA, 2018).

Water in the Western Cape remains a high priority concern, due to drought and increasing water and electricity costs (PwC Report, 2015:17). Proactive practice has resulted in good quality wine; however, a lower yield than previous years could not be prevented (Vinpro, 2018). The World Bank South African Economic Update (2018:6) predicted a downward turn for agriculture in 2016 and 2017. This was exacerbated by the drought.

### 3.6.7 Legislative factors

There are multiple legislative responsibilities for a wine business. Government, anti-alcohol lobbies and industry representatives are drivers as to how wine farms operate (Krige, 2005:7).

Wine farms have to contend with the national health and safety standards for food production, as a consumptive product. For wine production, wine business should be

compliant with the Integrated Production of Wine Scheme (IPW) which is an industry regulation and guidelines set out by Enviro Scientific. This is mandatory for wine exports. Further sustainable farming is supporting people, planet and profit.

For internal stakeholders, the Basic Conditions Employment Act and the Labour Relations Act apply. The South African wine industry is navigating labour legislature, cost and productivity are issues to be a desirable employer, attract and motivate the right employees (PwC Report, 2015:54). Human Resources presents challenges. A high number of wine businesses and farms do not formally have a Human Resources (HR) as a business function. It is a key focus area going forward (PwC Report, 2015:53).

South Africa is both the main destination and source for illicit trade in sub-Saharan Africa (Southern African Development Community, 2011). Illicit trade heavily impacts the economy. This has resulted in anti-illicit trade action plans and underlined the need to clamp down on corruption. Alcohol taxation could unintentionally drive shifts in consumer behaviour and alcohol consumption.

It is important that legislature and policy provides surety for both government and industry which should take economic impact into consideration.

Vinpro further provides a guide for regulations from an objective point of view. As a body, Vinpro engages on 50 forums with government, industry influencers and stakeholders (Vinpro, 2016). They offer free financial benchmarking and feasibility guidelines. Increased awareness of the wine value chain among producers, cellar managers, traders, influencers and other stakeholders is beneficial to the wine industry as a whole (Vinpro, 2016b).

Vinpro has also aligned its stance on land expropriation with Agri SA and Agribiz. These bodies support land reform but they do not see the need to amend Section 25 of the Constitution for accelerated land reform. Vinpro's alignment therefore mainly encourages the finalisation of the Expropriation Bill, the availability of well-placed

state-owned land for housing reform, solving legislative gaps for land beneficiaries and available land and diversification of land planning and zoning.

For the wine industry Vinpro is working closely with policy makers and regulators on 3 fundamentals according to the Constitutional Review Committee Submission document by Vinpro:

- Acceleration of water infrastructure projects as the drought has heavily affected the industry.
- The formation of the Wine Industry Value Chain Round Table to further address transformation.
- Further assistance for land beneficiaries to integration into the formal economy by ensuring market access, technical and financial support, development finance models and facilitation of partnerships.

The South African wine industry has a relatively low wine consumption rate for a wine-producing nation (Weightman, 2018). This could be due to a combination of factors, such as (i) the previous focus of wine exports; (ii) the dominance of South African Breweries; which favours beer; as well as (iii) cultural and societal norms and preferences.

### 3.6.8 Consumer profile factors

The wine industry is predominantly consumer facing which fuels both challenges and opportunities. Consumer habits in established and new markets and an increase in overall consumption has put pressure on the industry (MacGregor, 2018).

Some research has indicated that social sustainability practices, personal values, preferences and satisfaction with the work itself contributes to success (Gabzdylova, Raffensperger & Castka, 2009). Wine industry specific research has found that in practice, efforts such as the Biodiversity and Wine Initiative (BWI) do not guarantee improved sales or profit. However, in a few select export markets it has helped maintain access to market or shelf space, as international retailers demand environmental assurance as pre-requisite for business (Vink & Tregutha, 2005).

Consumer preference and sales indicates that the beer industry dominates the alcoholic beverage sector. The wine industry contributes 9% of the total liquor volume sold in South Africa in 2009 – 2010 (South African Treasury Government Review, 2014:6).

Demographical change has affected consumer segmentation and by extension increased global market access and opportunity (PwC Report, 2015:21). Changing consumer patterns are an important variable, as buying power and influence of Generation Y is expected to affect the market. (VinIntell, 2013:4). Furthermore, product quality and customers' demand remain important social factors (Gabzdylova, Raffensperger & Castka, 2009).

Increased urbanisation and the resulting economic impact has extended to the wine industry in two ways: increased urban consumers and increased visitors to business. Increased education has caused an increase in urban consumers and ease of travel has increased visiting customers to the winelands (PwC Report, 2015:21).

Euromonitor International (2017) found value for money is becoming increasingly important for the consumer and an increasing need for wine producers to justify price. This is countered by international wine bodies who found a decrease in consumption for cheaper wines and an increase in consumer-interest for quality and vintage wine varietals (The United Nations of Fine Wines, 2018).

Country-level consumer segmentation and profiling research is ongoing and it has been spurred on by agritourism. Euromonitor International is leading country-specific research in South Korea, United Kingdom, Japan and Taiwan (Anderson & Wittwer, 2013).

It is evident by demand-side data (Heaney 2003; Carlsen and Dowling 2001; Getz 2000) that independent researchers and institutions are present in both established (France, Spain, Italy and Portugal) and emerging wine producing countries (New Zealand, South Africa, Argentina and China).

On the negative side, the wine farming community and NPOs have been affected by increased migration of skilled workers and the related attrition rate. This has resulted in a Vinpro Foundation, which strives to "support and improve the sustainability of the wine industry and related stakeholders by promoting and backing people excellence in the South African wine industry" (Vinpro Foundation, 2018).

This translates to the complex realities of workers, wine farms and consumers (Vinpro Foundation, 2018). However, according to the Vinpro Foundation (2018), there has been incremental improvement for workers.

Ethical trade audits on wine business have led to improved working and living conditions for 40 000 workers since 2015. Organisations such have Vinpro have initiated programmes for child neglect and Foetal Alcohol Syndrome. However, alcohol and substance addiction remain an ongoing concern.

### 3.6.9 Agritourism

Agritourism is broadly based on the nature of interaction between visitors and agriculture - whether the product is based on the business or whether the visitor experiences authentic working agriculture (Flanigan, Blackstock & Hunter, 2013). The definition of agritourism is not standardised and this is even less so for wine-related tourism.

Hall, Longo, Mitchell and Johnson (2000) defined wine tourism as "visitation to vineyards, wineries, wine festivals and wine shows for which grape wine tasting and/or experiencing the attributes of a grape wine region are the prime motivating factors for visitors." This study uses these terms interchangeable and draws on the effects of agritourism as mentioned in Chapter 1.

Vinitourism is a synergy of food, wine and location which provides an experience for tourists. This niche form of tourism has led to (i) changes in the utilisation of natural resources; (ii) stabilisation of business income at micro-level; and (iii) contributed

towards broadening the experiences of visiting tourists (Nowers, De Villiers & Myburgh, 2002:195).

Vinitourism is recognised as one of six drivers for the South African economy (Vinpro, 2018). The wine industry's strategic framework identified wine-related tourism as a key priority to grow the sector. Vinpro has led the initiative with support from Wines of South Africa (WoSA), Wesgro and the South African Wine Routes Forum (SAWRF). The first wine tourism strategy was launched for South Africa in 2016 and a dedicated wine tourism manager appointed in 2017 (Vinpro, 2018).

The main objective of the strategy is to promote collaboration among the various stakeholders operating in the wine and tourism sectors, government and the private sector in order to drive economic growth and employment opportunities.

Vinitourism has grown the role of wine farms beyond wine making and wine supply, as it has extended their reach beyond core product sales. It has led to stabilisation at a micro-level through value-added products, services and activities have embraced a combination of technological, economic, environmental and social change. These products, services and activities are broadly categorised as agritourism, as it contributes to business sustainability and success. Agritourism may be seen as a complex combination of social-cultural and social-economic categories, such as host-guest relationship, consumption practices and behaviours (Cheng, 2016:111).

Vinitourism is the result of diversification, as alternative crops and events have led to value-added products which are not wine related; therefore, for this research the terms agritourism and wine tourism is used interchangeably. Agritourism influenced the management of relationships with stakeholders. It has created a stronger organisation-public relationship through business visits. It has underlined the importance of interactive long-term relationships between the organisation and the public.

The use of two terms represent a lack of consistency and shared knowledge or guidelines in the industry (Barbieri, Xu, Gil-Arroyo & Rich, 2016:1094). Despite the lack of consistency in terminology, agritourism has led to an overwhelming amount of

benefits which have emphasised the importance of SRM. As it has provided the potential benefit of micro-level growth through increased visitors, consumers, customers and brand reputation. From Vinpro's perspective, the purpose of SE is to encourage collaboration between stakeholders in the wine and tourism industries, government and private sector which dives economic growth and employment opportunities. The long-term goal is to further establish South Africa as a wine tourism leader and destination, renowned for quality wine, food and experiences (Vinpro, 2018).

### 3.6.10    Technological factors

Technological development has the challenges of constant disruption and change to the business market place (IoDSA, 2016:3) with the potential benefit of increased efficiency in the long-term (PwC Report, 2015:21). Technological innovation, development and adoption differs widely based on historical, institutional and organisational context (Bell & Giuliani, 2007:199).

Social media has deepened its penetration as a communication tool and with stakeholders in various age groups (VinIntell, 2013:5). Technological innovation is a going concern for management and considered an opportunity for precision farming practices, inventory management, budgeting, forecast demands, availability of real-time data, additional communication platforms across borders and cloud storage (PwC Report, 2015:14).

Communication technology is constantly evolving and organisations are now brick and click based. While physical location and interpersonal communication are still the foundation for relationship building, online platforms, communication policy and strategy are increasingly important (IoDSA, 2016). These changes have been motivated due to the way people access information, market products, sell goods and the building and maintenance of relationships.

There are fast-paced changes in SE, as 20 million out of 53 million South Africans have smart phones and 25% of the global population regularly make use of social

media (PwC Report, 2015:23). This aligns with findings by Agriculture Intelligence Report (2017:11) which identified a growing need for big data and analytical services to better inform market, audience and communication intelligence.

### 3.6.11    Vinitourism in the Western Cape, South Africa

In 2001 the Western Cape government noted wine tourism has potential as 43% of tourists to South Africa visit the winelands. The wine industry indirectly contributes more than R3.5 billion annually to the tourism industry (Vink & Tregurtha, 2005).

Geo-spatial data from AgriSA's app tracker indicates an increase in vinitourism. Figure 3.6 shows wine producing farms with cellars with the green dots. Vinitourism is indicated with purple dots in Figure 3.7.

**Figure 3.9: Wine business with cellar capacity**
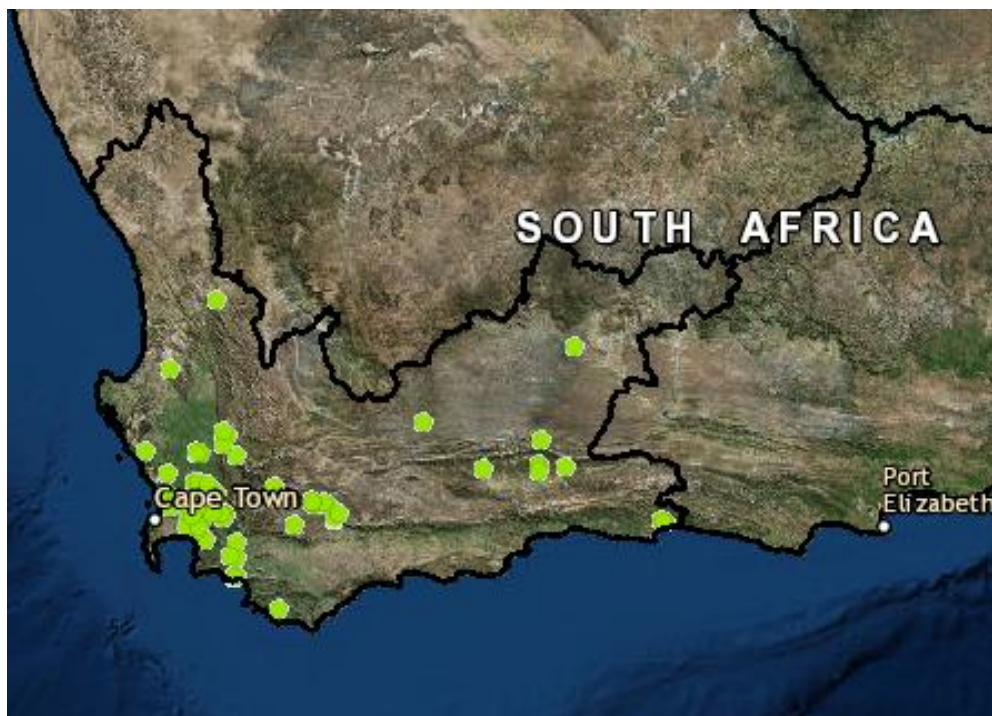


**Source:** AgriSA apptracker  (2018)

This shows that wine farms are spread out across the Cape Winelands with increased concentration near the coast due to the suitable wine-making climate. Figure 3.7 in

comparison shows wine tours and wine businesses which do not produce wine but are wine businesses which are focused on vinitourism.

**Figure 3.10: Wine tours (including vinitourism and business without cellars)**
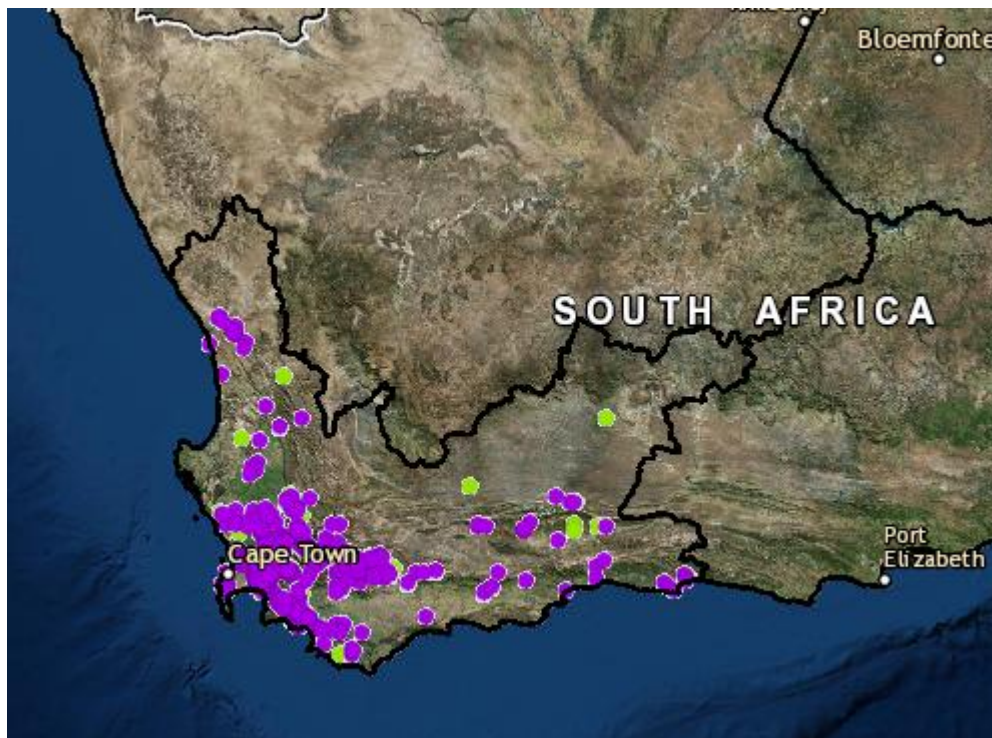


**Source:** AgriSA apptracker (2018)

This shows that vinitourism has taken off for wine farms and other businesses. Vinitourism has the potential for micro-economic stabilisation for business. It is clearly being proactively pursued by businesses and wine farms.

## 3.7    WINE BUSINESS SIZE AND CONSEQUENCES FOR SRM

The definition of SMEs is varied worldwide (OECD, 2005). This study used the definition as per the Department of Trade and Industry which is based on the South African Small Business Act.

The National Small Business Government Act (1996) defines "Small business" as a separate and distinct business entity, including cooperative enterprises and non-

governmental organisations, which consists of fewer than 200 employees and annual turnover of less than R64 million. It is managed by one owner or more which, including its branches or subsidiaries, if any, which can be classified as a micro-, a very small, a small or a medium enterprise."

There is slight variation in the cut-off points for each economic sector and StatsSA are tasked with the yearly adjustments to provide for inflation. The most recent benchmarking for wine business clustered wine business in two categories: annual turnover below R25 million and annual turnover above R25 million. For the purpose of this research this was used as the economic indicator for wine business size.

Approximate land size also considered as an indicator. However, there is a lack of recent data as indicated in Table 3.7 below.

| Table 3.7: Business numbers and sizes by statistical region for the Western Cape | | | | |
|---|---|---|---|---|
| 1    Region | No    of farming units | 2    Total size (ha) | 3    Average size (ha) | Number of businesses |
| Kuilsriver, Paarl, Somerset West, Stellenbosch, Strand, Wellington | 1101 | 155473 | 141 | 776 |
| Ceres, Montagu, Robertson, Tulbagh, Worcester | 1339 | 122659 | 913 | 1947 |
| **BDM Total** | **2440** | **278132** | **1140** | **2723** |
| **Source:** Eckert, Liebenber & Troskie (1997) | | | | |

Small wine farms are a force within the wine industry in South Africa. Small (less than 100 tons) to medium (less than 500 tons) wine grape businesses produce over 77 per cent of the total yield (South African Government Treasury Review, 2014:7).

The development of separate scorecards for small and large wine business in terms of transformation. The elements on the transformation scorecard are as follows: ownership; management control; employment equity; skills; development and learnerships; preferential procurement; enterprise development; rural development and poverty alleviation (South African Wine Council, 2007:21).

There has been significant improvement as AgriSA claim that nearly 30% of agricultural land is already black-owned (Ngcukaithobi, 2018).

According to the Skills and Development Act (1998), Agri-SETA is the organisation responsible for the relevant, qualitative and accessible training and development in the sector. Wine business should spend approximately 3% of their leviable amount (total salaries and wages) on training of black people (PwC Report, 2013). Necessary skills development is prioritised as reflected in Table 3.4.

| Table 3.8: Training and development agri-BEE scorecard and prioritisation | |
|---|---|
| **Senior management** | BEE, marketing, financial and time management skills, HR training. |
| **Professionally qualified, experienced specialists and middle management** | Wine-making skills development, time management, management practice, resource allocation and leadership skills. |
| **Skilled, academically qualified employees, supervisors and junior management** | Wine-making skills development, ICT courses and life skills. |
| **Semi-skilled** | Adult Basic Education Training, operational training for cellars workers (such as forklift), first aid, health and safety and fire-fighting. |
| **Unskilled** | Adult Basic Education Training, operational training for cellars workers (such as forklift), health and safety. |
| **Source: PwC Report (2013)** | |

## 3.8 STAKEHOLDER RELATIONSHIP MANAGEMENT ON WINE BUSINESS IN SOUTH AFRICA

Stakeholders can be classified and grouped according to the influential factors which drive the wine industry. In short, the previous section can be translated into the following stakeholder groupings.

### 3.8.1 The importance of proactive communication management and Stakeholder relationship management

As mentioned in Chapter 1, communication management is a strategic discipline which tasks professionals with conversations that influence the organisation as a whole (Tindall & Holtzhausen, 2011:89). Communication management and SRM are intrinsically linked, and proactive organisational practices should contribute to sustainability and success (IoDSA, 2016).

Proactive SRM is encouraged by AA1000SES (2015). This means organisations adopt SRM as part of their corporate governance, organisational strategy and operational management. This allows communication departments to fill a clear mandate, which defines the purpose of engagement with various groups of stakeholders. This purpose should align with organisational strategy and desired outcomes.

For large wine businesses this is presented in communication departments with a selection of specialists for marketing, communication, brand and relationship management. Medium-sized wine businesses tend to enlist agencies to meet their communication needs, while small wine business these duties are often split among individuals who hold other portfolios.

### 3.8.2 Internal and external stakeholder engagement: building and maintaining resilient relationships

Creation of effective internal and external relationships is important, and these efforts are inevitably linked (Tomorrow's Relationships, 2014:6).

Today, organisations are seen as corporate citizens, who are given license to operate in the triple context by stakeholders (IoDSA, 2016). Organisations tend to survive if they meet the minimum requirements set by external stakeholders. Organisations thrive if they exceed the expectations of external stakeholders. An organisation's ability to meet or exceed expectations is determined by internal stakeholders (Tomorrow's Relationships, 2014:6).

For wine businesses, internal relationships may be divided into three broad groupings: operational management, wine production staff and hospitality staff. Communication management and Stakeholder relationship management can be more impactful if it is housed within operational management with linkages to each work stream. However, organisational structure is generally unknown, and it forms part of this exploratory study.

Stakeholder theory guides this study and also contributes to prioritising and balancing stakeholder interests. Stakeholders are people or groups who have legitimate wants and needs which are holistically relevant to the organisation ideology or relate to a specific outcome (IoDSA, 2016; Donaldson & Preston, 1995:72)

### 3.8.3    Transparent and effective communication with stakeholders

Stakeholders are demanding organisations to provide transparent disclosure on multiple dimensions of economic, social, and environmental performance (Rasche & Esser 2006; Logsdon and Lewellyn 2000). Transparency and trust are necessary to build and maintain resilient relationships (Tomorrow's Relationships, 2014).

For the wine industry, this has its challenges as there is a differentiation between customers and consumers. Technology is playing an increasing role in managing relationships despite location, through social media platforms. Community management, shared economy and ecommerce platforms are a handful of tools which wine business are using to implement transparent and more effective communication with both customers and consumers.

Transparent and effective communication with stakeholders can be achieved if it is integrated as part of the core wine business functions. This will ensure communication professionals are able to articulate the correct message to key stakeholders consistently.

This is explored in more detail as part of brand and reputation management.

### 3.8.4    Brand and reputation management

For consumer profiling from the organisational perspective, brand and SRM remains invaluable (PwC Report, 2015). The report suggests that in order to establish and maintain a recognised brand, at least 10% of business revenue should be allocated to

marketing and promotion to assist in developing the story of your product (PwC Report, 2015:47).

There are branding-related opportunities for South Africa. Some argue there are not established brands in the mid-range of $7 / 5€ which is a fast-developing market segment (Department of Agriculture, forestry and fisheries, 2011:112). While others have found wine market unification and a call against market fragmentation. This is based on the argument that wine businesses are competing for fewer spots on shelves both domestically and internationally.

This calls for South African market consolidation which could enable South African brands to scale up and compete with the growing international demand for increased quantities. This encourages South African wine market to collaborate and unify as a fewer but more consolidated proudly South African brands. Collaboration would mean fewer brands overall but perhaps bigger brands at various price points with a unified and defined feature which could gain more traction in the international market (Smith, 2018).

Consumers and customers are typically the largest grouping of stakeholders for wine business. Large wine farms actively push resources into brand management. Brand management includes a range of external communication efforts, such as traditional and digital marketing, social media listening, audience and market intelligence.

According to Euromonitor International (2017:28), millennial generational norms have led to an increase of importance for the adoption of technology including online communities, social consciousness, transparency and word of mouth virtually or traditionally.

Weightman (2018) focused exclusively on the consumer and customer grouping in the South African wine industry. Weightman (2018) concludes that consumer preferences are similar across ethnic groups in South Africa where wine consumption is generally female, with an inclination towards red wine and corked bottles.

## 3.9   SUMMARY

SRM and stakeholder engagement (SE) as a key tenant of communication management is becoming increasingly normal. This is due to the changes in the wine industry which is economically motivated, technologically enabled and the reality of the triple context. The practical implications for SRM are clear. There is increased access within the stakeholder-organisation relationship. There are potential benefits and risks. Benefits include community building beyond the wine business itself, it has enabled agritourism and promoted knowledge sharing. There is an opportunity to build relationships with consumers and to maintain relationships with customers.

The same applies for the growing number of communication tools to manage stakeholder relationships due to evolving communication technology. Digital platforms have made the co-operative business model more efficient, agritech has mitigated risk and increased knowledge access for business workers.

With benefit comes risk. Brand and reputation management, transparency and corporate social l responsibility are becoming increasingly important for wine business.

There is support for the South African wine industry in the various bodies and associations and governmental support for agritourism, as part of the six identified drivers for economic growth. Vinpro is also committed to working with policy makers and regulators to enable the South African wine industry by navigating water shortages and provided the necessary financial and technical support.

There increasing awareness in the wine industry to become more consumer-driven. This is being done through agritourism and consolidated efforts to increase competitive capacity internationally and within the domestic alcohol industry.  It can be accelerated through the use of the AccountAbility Stakeholder Engagement Standard (AA1000SES, 2015) to prioritise, integrate, plan, implement, review and improve key stakeholder relationships.

# CHAPTER 4

# Research methodology

## 4.1    INTRODUCTION

Research methodology is a strategy of investigation which documents the transition from the underlying assumptions to research design and data collection. This chapter explains and critiques the research design and it provides insight into the research approach used for this study.

**Figure 4.11: Research methodology in relation to the other chapters**
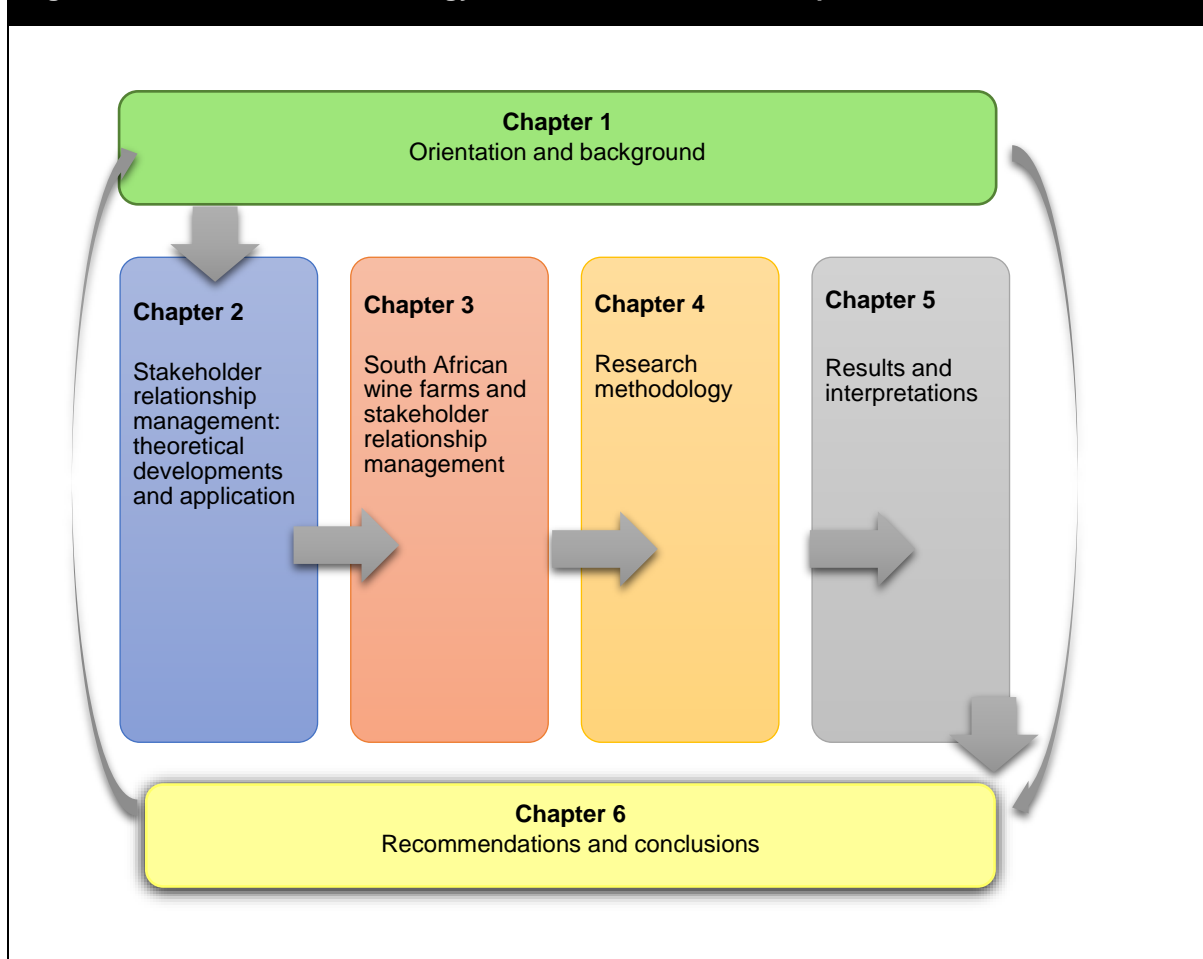


The following section provides the reasoning behind the research methodology as the strategy for enquiry.

## 4.1.1    Research Approach

The study is exploratory in nature and executed from a qualitative approach.

Exploratory research aims to gain understanding and insights. The main aim of this research is to discover what is hidden and has not been discovered yet (Kothari, 2004:2). According to Kumar (2019) exploratory research asks, "what are the key factors?" Exploratory research has special value to help solve various operational or planning problems for businesses and industries (Kothari, 2004:6). This approach is well-suited to answer the central question of this study, i.e. "what are best SRM practices for South African wine farms?"

Exploratory research further fosters learning and it is characterised by (i) investigation; (ii) flexibility; and (iii) versatility (White, Kules, Drucker & Schraefel, 2006:36). It also supports both inductive and deductive forms of reasoning. It is inductive as it produces rich, qualitative information and it is deductive as it contributes to theory building (Davies, 2006:110). Finally, it develops insights and understanding from patterns in the data instead of a numerical form. It allows this study to focus on relationships between elements and concepts (Vilakati, 2009:43).

Four characteristics of qualitative research make it a particularly appropriate approach for this study: (i) naturalism; (ii) the insider perspective; (iii) the level of detail; and (iv) flexibility.

This approach is naturalistic as it strives to understand SRM as it naturally occurs on South African wine business. Qualitative research emphasises the context (Daymon & Holloway, 2010). This aligns with the Excellence theory and Reflective view as the world views which guides this research. This is well suited as SRM is rooted within the organisational ability to adjust and align itself according to the triple context and mutual value creation.

In qualitative research, both flexibility and structure are needed (Surayni, 2013). Qualitative research should have enough structure to enable reliability and

simultaneously maintain the flexible and inductive nature of qualitative inquiry (Guest, MacQueen & Namey, 2011:88).

The level of detail enhanced the depth and breadth of understanding for SRM on South African wine business (Kanuha, 2000:444). This perspective characteristically negotiates better trust and acceptance in order to gain deeper insights.

The qualitative design supported the development of a holistic description of SRM as a subject instead of viewing it as a quantifiable element (Lozano, 2015). Well-documented detail ensured that individual voices and detail are not lost in a pool of numbers and the words (Dwyer & Buckle, 2009:60).

This study did not aim to find a solution to a problem. Instead, the goal was to explore, document, observe and identify current knowledge and practices in wine businesses compared to a normative ideal. The level of detail and the flexibility provided by the qualitative design was therefore crucial to the success of this study.

Detail and the ability to explore the inquiry is suited to the postmodern approach to qualitative research, which supports the documentation of experiences, knowledge and practices (Dwyer & Buckle, 2009:59).

The overarching research question was: What are the best practices for Stakeholder relationship management on South African wine farms?" As previously mentioned, the goals of this research were to (i) document the level of SRM knowledge; (ii) identify current SRM practices; (iii) compare SRM practices on small vs. large wine farms; and (iv) to identify what wine businesses thought were best practices for SRM.

The qualitative approach allowed for the investigation of the rationale for (i) communication-related decision making; (ii) provide detail on their prioritisation of stakeholders; (iii) mutual value creation; and (iv) thought processes regarding SRM in the wine industry. It allows the researchers to explore SRM as a topic, by understanding the meanings ascribed to SRM and related concepts.

## 4.2    CORE IDEAS THAT GOVERN ETHNOGRAPHIC RESEARCH

Research design can be thought of as the logic that sheds light on how the study was conducted. Yin (2003:19) further explains "a research design is an action plan for getting from here to there, where 'here' may be defined as the initial set of questions to be answered and 'there' is some set of (conclusions) answers". According to Murchison (2010:4) ethnography is a practical research design used in a number of areas such as anthropology, social and public policy, marketing and management which is demonstrated below.

**Figure 4.12: Research Process**
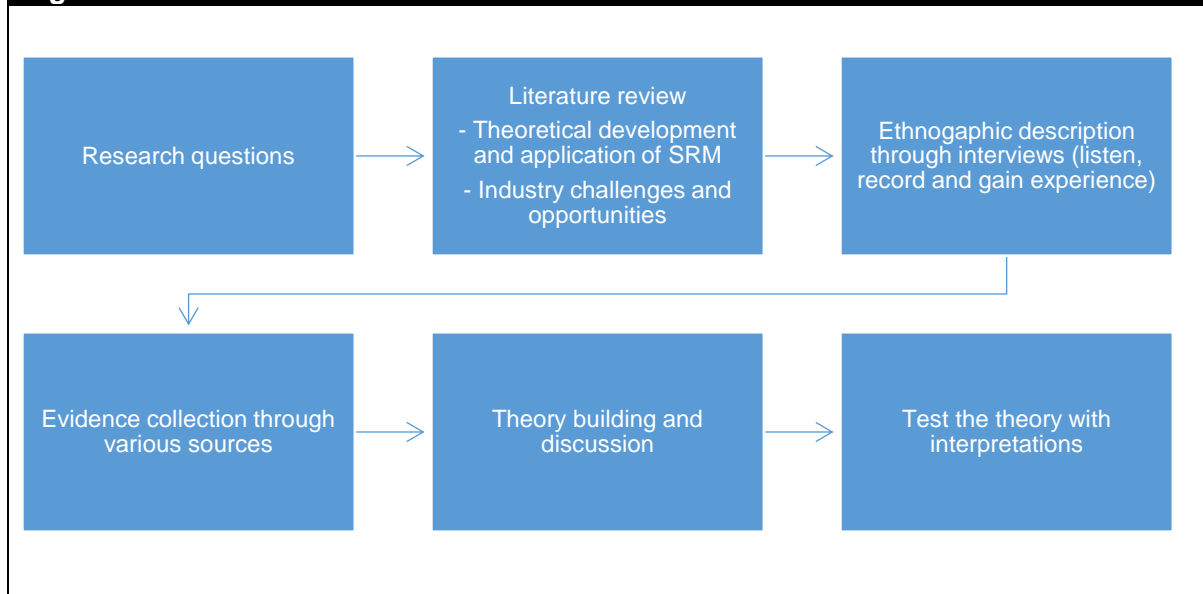


The ethnographic research design is based on three principles: (i) naturalism; (ii) understanding; and (iii) discovery. Ethnography supports research which is focused on the interlinkages between key concepts as it naturally occurs in a certain context (Descombe, 2014:81). Additionally, ethnography places emphasis on "a holistic approach which stresses processes, relationships, connections and interdependency among the component parts" (Descombe, 2014:81).

According to Genzuk (2003:4) "to be able to explain human actions effectively, research must gain an understanding of perspectives on which they are based." It is necessary to learn and understand the concepts and context of the research in order to contribute valuable insights.

There is debate on the application of causality and freely constructed human interaction and institutions in the social world (Genzuk, 2003:4). An effective ethnographic approach is based on the researcher's immersion in the data, recognition of the dynamic process and consideration of the different perspectives and biases that influences the research (Suranyi, 2008:123).

Murchison (2009:4) further explains the ethnographic approach allows the researcher to explore and understand human interactions in action. It provides a mechanism for learning the meanings that members are using to organise their behaviour and interpret their experience (Myers, 2013).

The main advantages of ethnographic research are the principle of discovery (listed above) and the ability to enable deep understanding. The disadvantages include (i) the length of time ethnographic research requires and (ii) the lack of breadth for the study with small datasets (Myers, 2013). This is explored further under section 4.8.

The ethnographic research design is used to deeply understand how an organisation works (Myers, 2013:92). It allowed this study to understand and explore the broader context within which communication professionals work.

The ethnographic research design embodied all the elements of the research phenomenon being investigated in this particular study. SRM is a combination of constructs which is most effective if it is integrated (IoDSA, 2016). In theory SRM should be explored holistically which is an appropriate fit for the ethnographic research design.

There is a clear need for building relationships with stakeholders in the South African wine industry; however, it is not well documented. SRM in the South African wine industry is the hidden concept which forms a fundamental part of communication management and stakeholder relationships.

The ethnographic approach is reliant on the link between behaviour and thought (Murchison, 2010:140). From an ethnographic perspective, the study deals with both thought (existing SRM knowledge on South African wine farms) and behaviour (current practices). Therefore, a researcher plays a vital role in the production, collection, interpretation and recording of data for ethnographic work (Murchison, 2010:73).

The ethnographic approach further requires a strong focus on the hidden. Non-obvious observation can provide a detailed account which better enables a researcher to navigate "discrepancies between perspectives, what people say and what they do, and between what has been reported or described previously and what is encountered in the course of research" (Murchison, 2010:43).

For the purpose of ethnographic research, knowledge and behaviour should be considered as objects to be collected for the researcher to gain greater insights (Murchison, 2010:29). Knowledge is accessed through conversation and behaviour through observation (Murchison, 2010:28).

Ethnographic research should not be compensated by focusing on knowledge and observation independently. These concepts are interlinked and it is an interactive process (Maxwell, 2012:87). The researcher should balance participation and observation in order to capture knowledge and behaviour for deliberate identification and review later (Murchison, 2010:29).

Finally, the ethnographic approach is highly dependent on the researcher in terms of the collection, identification and analysis of the data. Researcher bias is possible due to preconceptions and the researcher's actions during the evidence collection (Saunders et al, 2007:318). This was navigated by collecting evidence from different sources, ensuring data quality and cross-checking the data to avoid researcher bias (Suryani, 2013). The selection of evidence collection which helped to achieve a clear analysis and reduce researcher bias.

The ethnographic approach is a practical way to explore these practices and also consider issues pertaining to the size of such businesses. The practices for SRM were

evaluated against the AccountAbility Stakeholder Engagement Standard (AA1000SES, 2015). This led to the identification of best practices and areas of improvement in order to make recommendations.

## 4.3    SAMPLING STRATEGY

Theoretical, purposive sampling was used to select two small and two large wine farms in the Cape Winelands. In part, this was due to the size of the Cape Winelands area which is approximately 22 309 km² between the West Coast and Overberg coastal regions. The district includes five local municipalities; namely Drakenstein, Stellenbosch, Witzenberg, Breede Valley and Langeberg (Vinpro, 2018). Business size was determined by the South African Small Business Act, as explained in Chapter 3.

All wine farms listed in the Platters wine guide (2016) for the Cape Winelands were considered. The Platters wine guide is a comprehensive list of all wine farms in the Cape Winelands. The guide does blind and labelled tastings and then ranks the wine farm according to Figure 4.3.

**Figure 4.13: Platters wine guide rating system**

| | | |
|---|---|---|
| ★★★★★ | 95-100 / 18-20 pts | Superlative. A South African Classic |
| ★★★★⯪ | 90–94 / 17–17.5 pts | Outstanding |
| ★★★★☆ | 86–89 / 16–16.5 pts | Excellent |
| ★★★⯪☆ | 83–85 / 15.5 pts | Very good/promising |
| ★★★☆☆ | 80–82 / 15 pts | Good, for early drinking |
| ★★⯪☆☆ | 77–79 / 14.5 pts | Average, with some appeal |
| ★★☆☆☆ | 73–76 / 14 pts | Pleasant enough |
| ★⯪☆☆☆ | 70–72 / 13 pts | Plain and simple |
| ★☆☆☆☆ | 65–69 / 12 pts | Unexciting |
| ⯪☆☆☆☆ | 60–64 / 11 pts | Very ordinary |
| ☆☆☆☆☆ | 50–59 / 10 pts | Somewhat less than ordinary |

**Source:** Platters (2018)

According to the Platters wine guide, there were 560 wine business in the Cape Winelands. For wine business to be eligible for this study, there had to be digital evidence of recent communication activity, i.e. active websites and social media accounts which showed engagement with stakeholders, no older than three months at the time of this research. From the 560 business, only 142 business were eligible for the selection process. This showed a lack of digital communication from the majority of wine business.

Eligible wine business was classified according to their size. Small wine business was identified according to the South African SME definition per the South African Small Business Act and large business exceeded these guidelines. Based on this guide and eligibility, there were 52 large business and 90 small business eligible for selection.

All the wine business was contacted via email or telephone. The email acted as an introduction. The introduction included a brief description of the study and confirmed that the organisation met the selection criteria. All wine business which expressed an interest in the project were sent further details on the research. Business were invited to call or email to confirm their interest in participation.

12 large business and 17 small business expressed an interest to participate in this research. The main challenge was contacting the wine business and many did not answer emails or phone calls. The period of contact was August – September 2018. Shortlisted businesses who showed an interest in participating in this research were added to the final selection pools based on their size.

Wine businesses were then informed that they had been selected for semi-structured interviews. Appointments were made with each wine business over a period of 6 weeks from the second last week of September until the end of October. This allowed for concentration, reflection and centralisation of notes for each interview. It also suited the wine businesses as the interviews were not conducted during the peak summer season.

## 4.4 SOURCES OF EVIDENCE

There is no single way to collect evidence for exploratory and qualitative inquiry. Evidence collection is a series of interrelated activities used to gather good information (Creswell, Hanson, Plano & Morales, 2007:118). This reality enabled the study to (i) engage with different types and sources of data and (ii) consider multiple perspectives (Murchison, 2010:42).

Ethnographic data collection consists of observation, conversation and interviews (Schensul, & LeCompte, 2013:3). There are various strategies of observation, conversation and interviews which will be discussed in this section. The evidence collection process was planned and executed according to ensure the quality of the research (i) using multiple sources of data and methods; (ii) maintaining the chain of evidence; and (iii) exercising care when using data from the various sources.

The literature review provided the basis to understand the key concepts. It was the backbone of this research, as SRM is closely related to other key constructs, such as: SE, communication management, brand and reputation management and agritourism. These constructs were the focus of Chapters 2 and 3.

AccountAbility Stakeholder Engagement Standard (AA1000SES, 2015) provided a guide for what effective SRM practices should entail. Broadly, AA1000SES (2015) outlines how organisations should, "establish commitment to stakeholder engagement; determine the purpose, scope and stakeholders of the engagement; integrate stakeholder engagement with governance, strategy and operations; and deliver quality and inclusive engagement practice, and valuable outcomes" (AA1000SES, 2015:9).

### 4.4.1 Interviews

Interviews are a popular form of fieldwork for the ethnographic research design (King in Cassell and Symon, 2004:11). It allowed the pursuit of specific issues and it may lead to focussed and constructive suggestions.

Interview formats include realistic, phenomenological, and social constructionist. Realistic interviews are more structured and allows for systematic comparison (King in Cassell and Symon, 2004:12). Phenomenological interviews focus on setting presuppositions aside and deepening the understanding of the phenomenon at hand (Madil, Jordan & Shirley, 2000). Social constructionist interviews are a blended approach which is semi-structured, probing and reflective (Wood & Kroger, 2000:91). For this study, five semi-structured interviews provided insights into communication professionals' knowledge and "how the members of the group being studied understand things" (Denscombe, 2014:81). Interviews further gave participants the ability to communicate much more freely and to provide more detailed descriptions for the researcher to gain a deeper, detailed and rich understanding from the participant (Denscombe, 2014:81).

Interviews are defined as a set of probing questions posed one-on-one to a participant by the researcher to get an idea of what the participant thinks about something, or why he or she behaves in a certain way (Burns & Bush, 2006:221). It gathers perspectives through perceptions. Interviews were practical for this research, as wine farms in the Cape Winelands are dispersed. It allowed the researcher to deeply explore and understand current SRM practices on small and large wine farms.Table 4.1 provides an overview on the advantages and difficulties of interviews.

| Table 4.9 Advantages and difficulties of interviews | |
|---|---|
| Advantages | **Difficulties** |
| Direct contact may lead to specific and constructive insights (Genise, 2002). | Understanding ambiguity and social interpretations such as body language, phonemic sounds and other communication indicators which can affect meaning and understanding (Bech, X:91). |
| Interviews gain more detailed information for deeper discovery (Shneiderman & Plaisant, 2005). | Artificial nature of interviews: qualitative interviews ask participants to provide inputs with a time pressure (Myers and Newman, 2007). |
| Few participants are needed to gain rich and detailed data (Shneiderman & Plaisant, 2005; Genise 2002). | Elite bias may occur when interviews are conducted with participants who are on a high level within the organisation. This could lead to broad and high level contributions (Myers and Newman, 2007). |
| Participant-observation creates the opportunity for valid insights and flexibility (Berg, 2001:91). It can also provide difficulties (see understanding ambiguity and social interpretations). | Hawthorne effects: interviews can lack neutrality and be intrusive (Fontana & Frey, 2000). |

The challenge of social interpretations was navigated through the use of field notes. This allowed flexibility and reflectivity to acknowledge subjectivities which was representative of a responsible ethical stance.

### 4.4.2    Development of the interview guide

Semi-structured interviews were used to navigate the disadvantages of interviews. It allowed for the benefit of both the structured and unstructured format (Myers, 2013). It allowed for structure, consistency and conversation across all interviews. The questions were structured in such a manner that the research objectives were covered in every interview. This ensured some consistency as interviews and later comparison of responses.

The interviews were structured along three sections pertaining to the following themes: (i) the level of SRM knowledge; (ii) current SRM practices; (iii) comparison of small and large wine farms; and (iv) the necessary steps for effective SRM. (Refer to Annexure A and B for the interview questions). The semi-structured approach also allowed for new questions to emerge during the conversation (Myers, 2013).

### 4.4.3    Documents

Ethnographic research makes use of various forms of documents to guide the answer to the main research question (Genzuk, 2003). Documents are a record of observations which produces meaning and understanding of the phenomenon being studied (Genzuk, 2003).

Possible documents can include work descriptions, annual reports, memos, records, correspondence, informational brochures, newsletters, websites, posters, social media pages, and many other kinds of written items. This study used (i) note-taking; (ii) websites; (iii) social media pages; (iii) newsletters; and (iv) informational brochures.

These documents can be clustered into three types: (i) archival documents; (ii) descriptive documents for factual data; and (iii) observational documents recorded thoughts, questions and concerns during the evidence collection process.

Archival documents for this study were informational brochures, websites, social media pages and documents in archive from Vinpro as stakeholder relationships are a focal point for the industry. Fieldnotes are both descriptive and observational. It catalogued details throughout the evidence collection process and it allowed for reflection and qualitative data analysis with theory building.

### 4.4.4    The process of evidence collection

The key points considered for evidence collection were (i) the importance for evidence sources and (ii) the identification and prioritisation of ethnographic data recorded.

The ethnographic approach allowed the researcher to be a participant and observer through interviews which suited the exploratory and qualitative nature of the research.

According to Murchison (2010:86) a complete research record is crucial for successful ethnography. The research record can be kept in a variety of documents as mentioned in section 4.4.3.

For this study, interviews were face-to-face and audio recorded. In addition, the researcher did ethnographic note-taking in a central notebook. This enabled the researcher to collect and observe a large degree of detail.

The researcher had the following responsibilities (i) to record a descriptive body of information; (ii) to build trust; (iii) to aid the flow of sense-making in the interview process (Johnson & Rowlands, 2012); (iv) to evaluate information; (v) to probe the participant's experience, behaviour and attitudes to identify underlying concepts. Supplementary questions were used to probe and discuss issues if it did not naturally arise.

## 4.5    DATA ANALYSIS

Qualitative nature of the research required an ongoing process of reflection about the data which asked analytical (Creswell, Klaasen, Plano Clark & Smith, 2011). Interpretation and continual reflection were necessary in order to comprehensively explore SRM in the wine industry, which takes communication management and agritourism into account.

This suited the ethnographic approach which implied this research was more than just a description, it was a crafted construction (Descombe, 2014:81). Ethnographic research design was able to provide deeper insights due to the unique position as a participant-observer where the researcher became the primary research instrument through which information was collected, recorded and analysed (Murchison, 2010:29).

This study relied on thematic analysis for all the empirical evidence and provided a link between the mental model proposed by AA1000SES (as a normative guide) and insights from interviews.

Thematic analysis was an inductive, semantic and realist process. This study used both primary and secondary data for thematic analysis. Primary data consisted of interviews and fieldnotes and secondary data consisted of social media pages, websites and Vinpro archives.

Data processing and preparation consisted of the expansion of fieldnotes and audio interviews to a comprehensive written format. Written format was useful for accuracy, reflection, interpretation, comments and edits (Miles, Huberman & Saldana, 2014:71). This stage involved reading and re-reading the data, to become immersed with the data (Braun & Clarke, 2012:57-71).

Coding generated labels or keywords that identified important features relevant to the grand research question (Braun & Clarke, 2012:57-71). The organisation of data into patterns, themes and critical meaning was recognised as open coding (Khandkar, 2009).

This consisted of the organisation of all data: (i) the description of the SRM practices; (ii) the interpretation of the degree of effectiveness of SRM practices; (iii) the analysis of the interviews and documents.

Open coding enabled theme development which was directed by the content of the data. It involved the entire dataset and allowed for collating, clustering and the display of condensed themes for further thematic analysis. This study used manual open coding for social media pages, websites, field notes and interviews.

This phase involved the examination of codes and collated data which identified significant broader patterns of meaning and potential themes. Data was collated relevant to each candidate theme and then tested the viability of each candidate theme.

Candidate themes were checked against the normative guide (AA1000SES), to determine that they tell a convincing story of the data, and one that answered the research questions.

In this phase, themes were typically refined, which sometimes involved themes being split, combined, or discarded. Together thematic analysis and the normative guide enabled a comprehensive exploration of SRM.

## 4.6 MEASURES OF SCIENTIFIC SOUNDNESS

Scientific soundness is an evaluation criterion for the research methodology. It measures evidence collection, reproducibility, validity, accuracy, risk adjustment methods and comparability of data resources (Malterud, 2001).

Scientific soundness and quantitative evaluation of research has dominated research methodology and design (Anney, 2014:273). The evaluation of research is crucial to ensure a well-suited research design. This can be challenging as evaluation is traditionally qualitative and qualitative research approaches are diverse with various types of paradigms (Anney, 2014:273). The trustworthiness criteria is an accepted

evaluation for qualitative research to ensure the quality of the findings (Anney, 2014:272; Bryman & Bell, 2014:43).

The concept of a trustworthiness criteria was initiated by Guba (1891). Guba found the following concerns should be answered regardless of the research methodology or paradigm: (i) truth and value; (ii) applicability; (iii) consistency; and (iv) neutrality.

Validity and reliability are important considerations in qualitative research which are closely related to the trustworthiness criteria (MacQueen, Namey & Guest, 2011:79). This contributes towards "the accuracy and trustworthiness of instruments, data and findings in research" (Bernard, 2000:48). Validity in qualitative research is dependent on (i) analysis procedures of the researcher and (ii) information through interaction with participants (Creswell, Klaasen, Plano Clark & Smith, 2011:85).

In addition, Klein and Myers (1999) suggested a set of evaluative questions for ethnography.

(i)     Is this a contribution to the filed?

(ii)    Does this research offer rich insights?

(iii)   Has a significant amount of evidence been collected?

(iv)    Is there sufficient evidence about the research method?

Bryman and Bell built on these questions and suggested the (2014:44) trustworthiness criteria consists of: (i) credibility; (ii) transferability; (iii) dependability; and (iv) confirmability, as set out below.

| Table 4.10: Trustworthiness criteria | |
|---|---|
| Credibility | The ability of the research to add to the existing body of knowledge and the acceptability of the findings by others. |
| Transferability | Transferability asks the question if findings from small qualitative samples can be transferred. |
| Dependability | Dependability refers to the evidence review. |
| Confirmability | Refers to the objectivity and the management of researcher bias. |
| Sources: Anney (2014:272-281), Bryman and Bell (2014:43-47) | |

Transparency of the data collection process does not guarantee validity, but it allows for an informed decision-making for the credibility of the research findings research (MacQueen, Namey & Guest, 2011:84).

This is relevant for the study as the researcher is a central research instrument to ethnographic research (Suryani, 2008:124). The depth of information is dependent on what the researcher considers relevant (Suryani, 2008:124).

This is a challenge as the researcher has the responsibility to (i) be aware of researcher bias; (ii) balance observation and participation; (iii) and keep notes in order to allow for review and interpretation.

## 4.7 ETHICAL CONSIDERATIONS

As mentioned in Chapter 1, ethnographic research which is exploratory and qualitative is often critiqued for lack of perspective and bias (Murchison, 2010:24). Seminal work by Wiener (1986) and Freeman (1991) showed awareness of multiple perspectives and subject positions can lead to attentive findings which are more focused on the groups and topics under investigation.

To ensure awareness, reflexivity and authenticity this research took the following steps:

   (i) The relevant person at each wine farm received a document explaining the research and that all data collected was strictly confidential.
   (ii) Anonymity of the selected wine farm and the respondents was maintained throughout the process. This was important as the information may include personal perceptions and opinions about SRM practices and processes.

Privacy is of utmost importance for successful ethnographic research. Informants have to be willing to share their lives and thoughts to a large extent for the researcher to be access the necessary knowledge (Murchison, 2010). For these reasons anonymity, confidentiality and trust between the researcher and informant is crucial.

Epistemological challenges are further evident due to the use of semi-structured interviews. The relationship between the researcher and participant should not be treated only as a data access point but as a connection. An environment of trust and collaboration is supportive of knowledge creation to yield deeper data (Tolman &

Brydon-Miler 2001). The insider perspective which is adopted to gain greater insights. Reflectivity is key in the endeavour for objectivity and neutrality (Snape & Spencer, 2003:21). The researcher is also tasked with the responsibility to acknowledge subjectivities (Maxwell, 2012). Awareness and reflectivity are used to counteract the concerns and maintain the benefits of the qualitative research.

## 4.8    LIMITATIONS

The clear limitation of ethnographic research is its ability to focus on one or a few cases (Flick, 2002). Objectivity is the other core limitation as it is dependent on the researcher as a research instrument (Murchison, 2010:31).

Ethnographic research has concerns such as validity and replicability (Murchison, 2010:31). This was counterbalanced by additional types of information and techniques.

Extensive literature review presented in Chapter 3 compared this research to the existing body of knowledge. The interview with Vinpro attempted to make the researcher transparent to the study.

The semi-structured interviews were an interactive process. This assumed that both the participant and the interviewer have existing knowledge in order to understand the questions and the subsequent discussions (Johnson & Rowlands in Sage Handbook of Interview Research, 2014:103).

The researcher had contact with the communications professionals during the selection process and for the interview. This was approximately three hours of contact. The researcher did not observe the communication professional for an extended period of time. But the researcher was able to monitor the digital communication of the wine farm for the period of this research. Hammersley and Atkinson (1993) argued that extended participation and observation was necessary. This is disputed by as other research found participant observation to be a flexible, methodologically plural

and context related strategy which should be combined with other forms of evidence collection (Murchison, 2010; Merriam, 2009; Flick, 2004; Russel & Gregory 2003).

Spradley and McCurdy (2008) highlighted that the researcher should be prepared to learn from the participants. The researcher's ability to learn from informants is dependent on "the value of knowledge and information that others possess and that the researcher is attempting to access" (Murchison, 2010:32).

Language, meaning and understanding are important for the research process. South Africa has eleven official languages of which three are dominantly spoken in the Cape Winelands. The researcher has mother tongue proficiency in two of the three languages. This enabled understanding between the researcher and the participant.

However, research is limited by any embedded meaning in the interview questions. This was managed by careful consideration of the questions. The research objectives also placed the researcher in a position to learn from Vinpro and the communication professionals.

## 4.9    CONCLUSION

This chapter accounted for the research methodology and approach.  In conclusion, ethnography was well-suited to this research due to the nature of the research and the scope of research.

This research navigated the challenges of qualitative and exploratory research to the best of its ability through a sound understanding of validity and reliability, multiple sources for evidence collection and three mechanisms for analysis (thematic analysis, interview analysis and the use of a normative guide.

# CHAPTER 5

# Results and interpretations

## 5.1 INTRODUCTION

This chapter presents the results and interpretations of evidence collected and analysed using the approach described in Chapter 4.

**Figure 5.14: Results and interpretations in relation to the other chapters**

| | |
|---|---|
| **Chapter 1**<br>Orientation and background | |
| **Chapter 2**<br>Stakeholder relationship management: theoretical developments and application | **Chapter 3**<br>South African wine farms and stakeholder relationship management |
| **Chapter 4**<br>Research methodology | **Chapter 5**<br>Results and interpretations |
| **Chapter 6**<br>Recommendations and conclusions | |
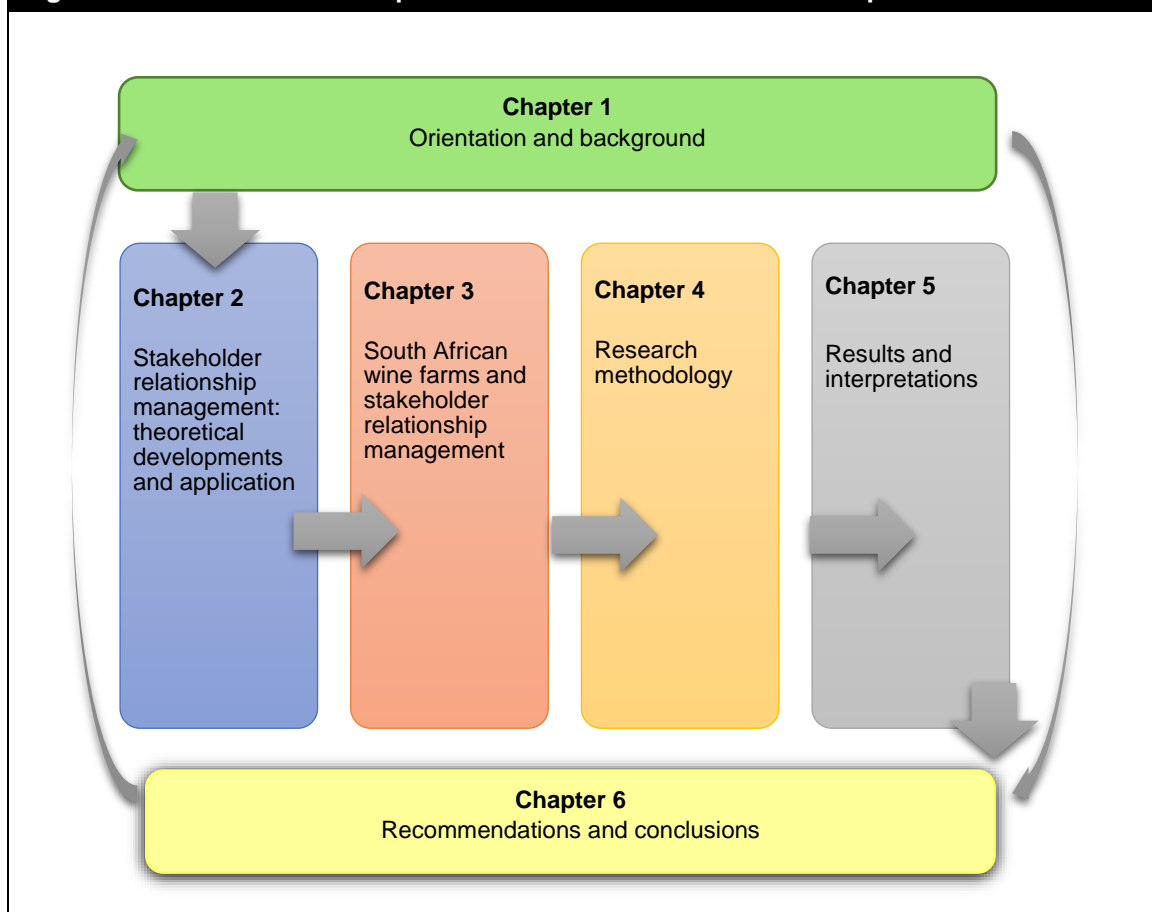
There are two main sections. The first section provides an overview and description of the sources of evidence available from each wine farm.

The second section clusters, discusses and interprets the thematic findings according to the research objectives.

## 5.2    AN OVERVIEW OF THE SOURCES OF EVIDENCE

This study used (i) websites; (ii) social media pages; (iii) newsletters and marketing brochures. As mentioned in Chapter 4, for wine farms to be eligible for this study, there had to be digital evidence of recent communication activity, i.e. active websites and social media accounts which showed engagement with stakeholders, not older than three months at the time of this research. It is important to note that of the 560 wine farms and approximately 4400 producers and other related businesses in the Cape Winelands, only 142 wine farms were eligible for the selection process in Chapter 4.

This section provides an overview of each type of evidence collected and analysis for each of the selected wine farms.

### 5.1.1    Websites

Table 5.1 provides a brief overview of each wine farms website which is discussed below.

| Table 5.11: Overview of websites for each wine business | | |
|---|---|---|
| **Farm** | **Platforms** | **Observations** |
| **A** | Website | Interactive display with live animation |
| **B** | Website | Video and narrative-based website which tells the wine farm's story. |
| **C** | Website | Minimalist website with information for the wine farm. More of a landing page and source of information. |
| **D** | Website | Minimalist website with information for the wine farm. It offered an e-commerce platform for wine to be bought and delivered. |

Each website offered a different user experience and the website fulfilled different strategic purposes. The interactive websites for wine farms A and B were focused on story-telling and it was largely a marketing tool with a brand management focus.

The interactive websites made use of story-telling mechanisms to connect with their customers and consumers. However, it should be noted that interactive websites are expensive to develop and subsequently maintain. Wine farms A and B which were large and had the resources for this type of website.

The websites from wine farms C and D were clean and simple. They made use of WordPress and available templates on the platform. For farm C, the website was a repository of information. This included past events, harvests, photographs of staff and events. Information regarding upcoming events was also available on the website. The website was a business tool and communication platform for wine business D as an e-commerce site. This is a strategic investment as other wine businesses make sales through: (i) traditional wholesalers; (ii) e-commerce wholesalers; (iii) customers; and (v) consumers.

All the wine farms in this study measured their success and investment in their websites through website analytics. Metrics such as total amount of page views, total amount of unique page views and total time spent on the site by the user allowed the wine farms to evaluate if the website was an effective means of stakeholder engagement.

### 5.1.2    Social media platforms

In general, the social media pages of farm which participated in the study had the following components: (i) a basic description and important information; (ii) public posts; (iii) reviews; and (iv) photographs. The two large farms had advertisements and interactive features such as videos. Table 5.2 provides an overview of the social media platforms for each wine farm.

| Table 5.12: Observations from social media for each wine business | | |
|---|---|---|
| **Farm** | **Platforms** | **Observations** |
| **A** | Facebook | A mixture of positive and negative sentiment in the review section. This farm had the largest amount of reviews at 2268 people and an average rating of 4.7 out of 5. |
| | Instagram | Common keywords include experience, wine |
| **B** | Facebook | Pre-dominantly positive sentiment in the review section. Interestingly, this farm also had 4.7 rating out of 5 based on input from 685 people. |
| | Twitter | Limited engagement around specific events |
| **C** | Facebook | Limited reviews, multiple check-ins and followers |
| **D** | Facebook | Pre-dominantly positive sentiment with some negative sentiment by consumers and customers. |

All the wine farms had Facebook, while wine farm A and B had additional accounts on Instagram and Twitter. Facebook was clearly the primary social media platform for all the wine farms. It is important to note that Facebook has switched from ratings to a

recommendations system since October 2018. This has allowed users to choose "yes" or "no" to recommend a business. There is an option for richer endorsement in terms of accompanying text or images.

This function is currently exclusive to businesses which provide food or drink but it is expected to be rolled out to other industries. The recommendation-leaving process is meant to be easier for the user and suggests attributes (or 'tags') for the user to select as descriptors of their visit.  Tags which were commonly found for the sample were: knowledgeable staff, large wine list, good selection and great food.

### 5.1.3     Newsletters and marketing brochures

Newsletters and marketing brochures were used intermittently by all the wine farms. An overview is provided in the following table which is then discussed below.

| Table 5.13: Observations from newsletters and marketing brochures for each wine business | | |
|---|---|---|
| Farm | Publication type | Observations |
| A | Newsletters and marketing brochures | Scheduled targeted mailers which are sent out consistently. Paid marketing campaigns and brochures one seasonally. |
| B | Newsletters | Occasional mailers done to update stakeholders, minimal marketing material for targeted local events. |
| C | Marketing brochures | Digital and print marketing brochures done for wine sales, small paid marketing campaigns via social media. |
| D | Newsletters and marketing brochures | Scheduled mailers, segmented stakeholder lists to ensure content resonates with the recipient. Paid marketing campaigns for print and digital. |

Table 5.3 presents each wine businesses' approach. It could be seen as representative to the level of maturity for the communication function for each wine business. Farms A and D have a planned and integrated approach to newsletters and marketing for strategic engagement, whereas farms B and C have a more inconsistent and opportunistic approach to these communication outputs.

### 5.1.4     Interview A: Industry body

Five semi-structured interviews were conducted as explained in the previous chapter. Interviewee A was the head of the Stakeholder Engagement Unit of Vinpro. Vinpro has eight divisions: (i) consultation; (ii) agricultural economy; (iii) wine business; (iv)

transformation; (v) development; (vi) Wineland media and communication; (vii) HR and finance, admin and special projects; as well as (viii) stakeholder engagement. The Stakeholder Engagement Unit is a cross-cutting executive function and works closely with the communications. Their focus is on maximising the last mile of the value chain.

Stakeholder engagement became a key focus area for Vinpro in 2015. The Stakeholder Engagement Unit aims to add value and improve SRM. The need for the unit was explained in the following statement, "*the value chain of wine farms is predominantly external-facing in terms of stakeholder relationships, as farms increasingly focus on their agritourism to drive engagement with consumers and customers instead of wholesales*".

Figure 5.2 was given by Vinpro and provides an overview of the organisation which highlights a few key aspects for this study.

**Figure 5.15: Overview of Vinpro objectives**
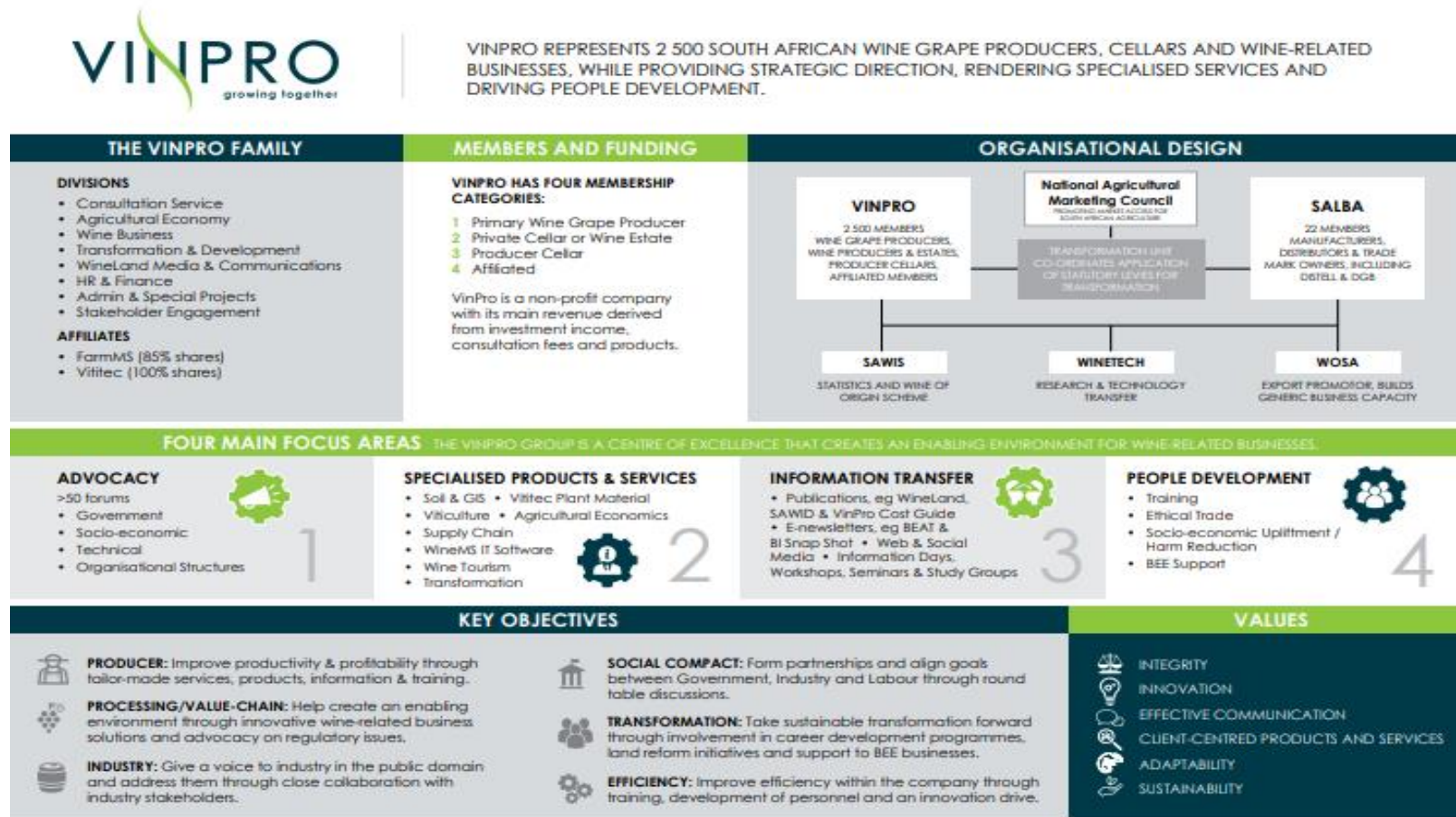
Figure 5.2 shows that Vinpro is clearly the largest industry leader with over 2500 wine businesses throughout the value chain with stakeholder engagement as one of the main divisions for the organisation. They are incentivised to advocate for 40 forums, ensure delivery of specialised products and services, share knowledge and information and develop the industry. This is done in collaboration with industry which can be divided into four categories of stakeholders: (i) primary wine grape growers; (ii) private cellars and wine estates; (iii) producer cellars; and (iv) affiliates.

Vinpro is best placed to advise wine businesses on effective communication, stakeholder-centric products and services, innovation and adaptability in order to ensure sustainability.

### 5.1.5    Interviews B to E: Farms

- **Interview B: Large farm 1**

The communication specialist was responsible for website and a social media presence on two platforms (Instagram and Facebook). The management of stakeholder relationships was a function which is integrated at the Exco level where the communication specialist partakes in management discussions. The communication team was skilled in brand management, marketing and social media.

- **Interview C: Small farm 1**

The communication specialist generally advised the wine farm remotely and was responsible for the website, social media, daily operations and special events such as weddings. Communication with stakeholders and Stakeholder relationship management is seen as important; however, there are clear capacity constraints to the implementation of SRM and communication.

- **Interview D: Large farm 2**

The communication specialist provided executive support to the head of operations, marketing and sales team. SRM is integrated into the strategy and operation of the wine farm.

- **Interview E: Small farm 2**

The communication specialist was highly involved in business development. This provided integration of SRM. The challenge for this communication professional was capacity to execute all tasks.

## 5.2    EMERGING THEMES FROM THE EVIDENCE COLLECTED

This section discusses the emerging themes for the first three research objectives. Table 5.4 provides an overview of the themes related to each research objective. Each objective reiterates the purpose of the research objective for clarity before the themes are discussed and interpreted.

| Table 5.14: A summary of themes for research objectives 1 – 3 | |
|---|---|
| **Objectives** | **Themes for Vinpro, small and large wine farms** |
| i. **Level of SRM knowledge** | ▪ Theme 1: Triple context awareness<br>▪ Theme 2: Value-add to the economy<br>▪ Theme 3: Communication as social dialogue |
| ii. **Current SRM practices** | ▪ Theme 4: Brand management and influence<br>▪ Theme 5: Stakeholder intelligence<br>  ○ Approaches to SRM<br>  ○ Stakeholder mapping<br>▪ Theme 6: consumer-centric (stakeholder-centric) approach<br>▪ Theme 7: Consistency and responsiveness<br>▪ Theme 8: Unstructured internal SRM<br>  ○ Societal challenges (relationships with farm workers) |
| iii. **Differences between large and small farms** | ▪ Theme 9: Vinitourism<br>▪ Theme 10: Shared economy<br>▪ Theme 11: Conscious value contributions and competition<br>  ○ Export and retail relationships<br>  ○ Targeted trade |

The fourth research objective discusses the purpose and usefulness of the AccountAbility Stakeholder Engagement Standard (2015). It synthesises the findings

from all the research objectives and provides principles for effective SRM. This forms the foundation for the recommendations and conclusions in Chapter 6.

### 5.2.1 Objective 1: Level of SRM knowledge

This objective tested the level of existing SRM knowledge by the industry body (Vinpro) and the selected wine farms.

SRM is an important overarching mechanism to ensure organisations are able to satisfy legitimate needs and wants from stakeholders. This could be due to global change and disruption as discussed in Chapter 1. It was crucial to determine the level of SRM knowledge as the first step which would affect current practices and areas of improvement. This study found that there is existing knowledge but understanding varies. There was not a clear, mutually agreed upon definition for SRM by Vinpro, wine farm management or communication professionals.

The themes for research objective one are triple context awareness, value-add to the economy and communication as social dialogue.

▪ **Theme 1: Triple context awareness**

There was not a single definition of SRM. However, all the definitions were rooted in an understanding and awareness of the triple context. This study found SRM was broadly viewed as any activity that involves people and groups of people within and outside the organisation who benefits from stakeholder engagement (SE). SE was a more frequently used term. Communication professionals defined SE as a team's ability to consistently communicate and engage with important stakeholders.

Vinpro defined stakeholder engagement as the process which involved people who may be affected by organisational decisions it makes or can influence the implementation of organisational decisions. Vinpro is deeply conscious of wine farms within the triple context. It is important to consider wine within agriculture and agriculture within the economy.

Awareness of the triple context is evident in the establishment of the Stakeholder Engagement Unit and changes in the approach to (i) benchmarking; (ii) harvest analysis and forecasting; (iii) improvement of wine business models; (iv) adoption of a consumer focus; (v) continued growth in vinitourism; and (vi) evaluation of the current retail model and direct sales.

Vinpro clearly acknowledged the need to steer wine farms to add value and operate within the triple context of economy, environment and society through the establishment of the stakeholder engagement unit. "*The industry sentiment is that we are in the midst of a transition for new market opportunities*".

Vinpro and large wine farms are conscious of the current value proposition and the industry's ability to unlock new market opportunities and the triple context on a global, national and regional level. Small wine farms showed a greater focus on the triple context on a national and regional level.

- **Theme 2: value-add to the economy**

It is beneficial if the wine industry, as a whole, understands its unique value-add to the economy. It enables systemic improvements, reduces friction in the value chain and healthy competition.

This study found that large wine farms are more aware of the value-add to the economy. They reflect a deeper SRM knowledge and how it practically translates to positioning the South African wine industry on a global level. Wine farms should behave like corporate citizens in order to function within the triple context on a global, national and regional level.

- **Theme 3: Communication as social dialogue**

*"There is a change of the guard. And with that there is the opportunity to understand and do better."*

Vinpro and WIETA have coined the term "social dialogue" for communication. Social dialogue was defined as "*relationships and communication which involves a range of dialogue at governmental, regional and farm level.*" This places the focus on the linkage between communication and behaviour. Communication should be purposeful. Communication is crucial to ensure a mutually beneficial course of action is taken at governmental, regional and farm level.

This is based on a need for everyone in the value chain to engage in order to tackle issues such as inclusive growth, transformation and job creation. This is done through:

i. Increased transparency

ii. Knowledge sharing and industry learning on regional and farm level

iii. The use of social media as a communication tool for knowledge sharing

iv. Improved dialogue with customers and consumers

The commitment from Vinpro "to do better" is evident and it is seemingly appreciated by the industry as, "*there is a renewed energy in the South African wine industry, as it is turning a new corner following a long downward cycle.*"

There has been a visible improvement in the understanding and adoption of consumer focus as vinitourism continues to grow and improve. Vinitourism which appeals to millennials as the dominant cohort and it is beginning to set the global agenda.

### 5.2.2    Interpretation of evidence

Vinpro and the selected wine farms all recognise the value of SRM. There is existing SRM knowledge and SRM is valued contribution by the industry and for the industry.

Vinpro's Stakeholder Engagement Unit is operationalising SRM to ensure accountability, involvement, collaboration and cooperation between policy-makers, regulators and wine farms. It has allowed for Vinpro as the leading industry body "to do better" and to systematically report and answer to the industry for decisions, actions and performance.

SRM is indicative of triple context awareness; therefore, it is a mechanism which can play a crucial role in future sustainability and success of the wine industry. This is supported by Labrey (2015) who emphasises that the financial capital market system is insufficient to guard against the multi-faceted and interconnected risks of the future and hence organisations should account for human, intellectual, social, relationship, and natural capitals (Integrated Reporting, 2015). As this study explored relationship-building, communication in a sector where natural, human and social capital are crucial – uncertainty, was found to be an underlying theme.  There are greater expectations from stakeholders than ever before as change and disruption is breeding uncertainty for small organisations in the industry.

The UN Sustainable Development Goals (SDGs), African Agenda 2063 and South African 2030 National Development Plan are some of the reactions to disruption and change due to financial instability, climate change, radical transparency and technological drivers of change.

Communication as a social dialogue is a phrase coined by Vinpro. It can be interpreted as mixed model approach to SRM which caters to the wine industry as a whole and wine farms throughout the value chain. It provides a realistic view for positioning the South African wine industry based on shared values and mutual value creation. Dialogue places additional focus on communication and behaviours in order to increase triple context awareness and further unlock the value-add to the economy.

### 5.2.3   Objective 2: Current SRM practices

This research objective documented and analysed current SRM practices. This section focuses on the approaches the selected wine farms have towards SRM. Three themes emerged from this objective: stakeholder intelligence, the consumer-centric approach and unstructured internal SRM.

Each of the wine farms had a different approach to SRM based on existing knowledge, organisational approach, management expectations and daily duties. Table 5.5 provides an overview of each wine farms approach to SRM.

| Table 5.15: Approaches to SRM | | |
|---|---|---|
| **Farms** | **Approach to SRM?** | **What does this approach mean?** |
| A | SRM as an influencing agenda. | SRM is a process which is focused on influencing stakeholders similar to asymmetrical dialogue aimed to control the message and direct perception. It does involve interaction with stakeholders; however, it is primarily focused on influence.<br><br>*"it is important to acknowledge the role of influencers because followers take action based on the influencers' recommendations"* |
| B | SRM as a model for change | SRM is viewed as the overarching framework for management to ensure ethical leadership, sustainability in the tripe context and integrated thinking.<br><br>*"Every physical business has tried to transition from brick and mortar to digital. It's taken 25 years to realise that what we've been doing is probably not what we want to do"* |
| C | SRM as governance stakeholder relationships (GSR) and stakeholder engagement (SE) | The drivers for GSR are founded in corporate governance, which includes transparency, accountability, responsibility and fairness within the organisation-stakeholder relationship.<br><br>*"Prioritisation of reach, consistency and engagement"* |
| D | Brand-centric SRM | Two-way communication which is based on the notion of feedback, whereby communication professionals aim to ensure the message they intended to send is understood by the stakeholders. However, it can also be manipulative, as it aims to compel stakeholders to take certain action. This approach is tied together with brand management as it aims to build experiences and images to affect stakeholder behaviour.<br><br>*"The content and product are the essential means we need to communicate in order to change perceptions, give inspiration and compel people to act"* |

Each farm had a different approach to SRM and attribution could be drawn in part to the farm size as it has an influence over the duties, scalability and resources availability which is discussed in Objective 3. Regardless of the size of the wine business, all of these approaches to SRM are stakeholder-centric, with a few subtle differences. Farm A is focused on what is influencing consumer behaviours; Farm B is focused on why stakeholders behave a certain way; Farm C is focused on consistency between communication and organisational action; farm D is focused on what stakeholders think about the organisation and how that influences their potential actions. All of these approaches hold merit; however, they should not be mutually exclusive to one another. This is discussed further in the interpretation of Objective 2.

▪ **Theme 4: Brand management and influence**

Brand management was raised in Chapter 2. It was defined as the identification by consumers and customers of goods or services from different producers or providers. Some communication professionals identified themselves as brand managers and this study observed job advertisements aimed at brand managers. This demonstrates a clear prioritisation of the relationships the communication professional is expected to focus on.

There is a clear brand-centric approach when *"the content and product is the essential means we need to communicate in order to change perceptions, give inspiration and compel people to act."*

▪ **Theme 5: Stakeholder intelligence**

A stakeholder-centric approach assumes the organisation is aware of the triple context and has stakeholder intelligence. Stakeholder intelligence informs a wine farms ability to identify, categorise and visualise stakeholders. Stakeholder intelligence translates to access to stakeholders and qualitative engagement with stakeholders. Stakeholder mapping is a tool which can be used to better understand and cluster stakeholder groups. It allows organisations to prioritise, reach or target certain stakeholder groups in a strategic manner. Figure 5.3 (on the following page) provides insight to stakeholder mapping as a tool which can identify, categorise and visualise stakeholders.

**Figure 5.16: Stakeholder segmentation and mapping**
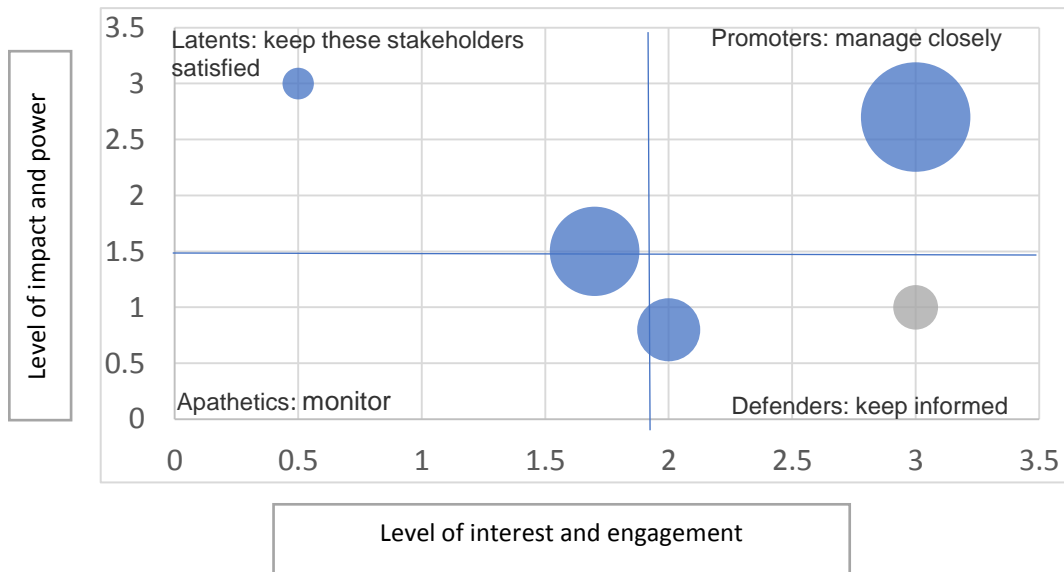


**Source:** Adapted from Olson, Prepscius and Baddache (2011)

This figure demonstrates that stakeholder mapping can contribute to qualitative SE and SRM. Mapping is an important step to understanding who your key stakeholders are, where they come from, and what they are looking for.

This study found that wine farms are actively prioritising external stakeholder relationships with consumers and customers. This could be due to the effect which consumer and customers relationships have directly on wine sales and vinitourism. This is discussed in the following section.

- ▪ **Theme 6: A consumer-centric approach**

This theme is structured as follows: (i) an overview of relationships for the wine industry; (ii) a consumer-centric approach from Vinpro's perspective; (iii) a consumer-centric approach from the perspective of wine farms.

Table 5.6 provides an overview which are prioritised within the wine industry. This table demonstrates that Vinpro and the selected wine farms have adopted a stakeholder inclusive approach.

| Table 5.16: Overview of relationships in the wine industry | | | |
|---|---|---|---|
| **Relationship** | **Purpose and engagement activities** | **Boundaries of disclosure** | **Owner of engagement** |
| Wine business – consumer / customer | Increased transparency with all customers and consumers as a citizen within the triple context. The relationship between the wine farm and the customer or consumer can be initiated, brokered and maintained through social media engagement and / or vinitourism engagement. | The minimum boundaries of disclosure for the wine business is basic information. Basic wine business information consists of location, trading hours, food and wine service and guest rooms if available.<br><br>The consumer shares a degree of their digital presence when engaging on social media as a communication tool and a degree of themselves in person. | There should be mutual ownership to reach mutual benefit. Wine farms should behave like a responsible corporate citizen in order to be granted the right to operate. |
| Wine farm – wine farm | Increased disclosure between wine farms, producers and wine makers to ensure growth of the entire value chain. There are community of practices and various forums for the same purpose. | There are no fixed boundaries of disclosure. Knowledge sharing is done on a discretionary basis by each wine business representative through in-person engagement or through appropriate forums and communities of practice. | This is mutually beneficial relationship and the degree of sharing is based on reciprocity and support from one another. |
| Regulatory bodies – Vinpro | To support inclusive growth, transformation and sustainability for the wine industry. Formal engagement through scheduled meetings, appointed representatives and formal consultation. | Complete disclosure with AgriSA and regulators for sustainable development of the industry. | The regulatory bodies are the owner of the engagement. Vinpro serves as an industry representative and as such should look after the interests of wine farms throughout the value chain. |
| Vinpro – other wine industry bodies | The purpose of engagement is determined for each wine industry body as demonstrated in Chapter 3. | Vinpro has a representative on most of these bodies as an accountability mechanism and to provide feedback to the relevant person. | Vinpro is the umbrella for all other wine forums and bodies. Vinpro is the owner of engagement and sets the boundaries of disclosure and engagement. |
| Vinpro – wine farms | Information days, open knowledge sharing, in-person meet ups. | Increased sharing and social listening from Vinpro to the community in order for Vinpro to add value and remain a thought leader in the industry. | This is an increasingly a mixed model communication approach which places the onus on both parties. |

It shows there are multiple stakeholders with legitimate needs and wants which Vinpro and wine farms should manage. The boundaries of disclosure and owner of engagement shows the rules of engagement which are established in each type of relationship. Vinpro as an industry body is responsible to create an enabling environment for wine farms.

Transparency was an implicit theme within the consumer-centric approach as there is increased disclosure between wine farms and increased transparency between wine farms, consumers and customers. The following section provides a description of each of the relationships in Table 5.6.

▪ **Vinpro and other wine industry bodies**

Vinpro is a facilitator and advisor for the wine industry who looks after the interests of the entire wine industry with regulatory bodies. For this purpose, Vinpro has a governance approach to SRM which is focused on relationships with regulators and other regional and national bodies. The current mission for Vinpro's Stakeholder Engagement Unit from a stakeholder perspective is to reduce friction to the value chain, increase transparency, improve communication and knowledge sharing. This currently consists of (i) defining the owners of engagement; (ii) clarifying roles and responsibilities.

Vinpro has improved who owns engagement between the 16 regulatory or advisory bodies and associated forums. By clarifying the roles and responsibilities of each forum and body, it has minimised the overlap of work and allowed for an improvement in the depth of work as each body or forum has a defined scope and purpose.

▪ **Vinpro and wine farms**

To be an enabler in the industry, Vinpro should initiate and maintain resilient relationships with all wine businesses. This research showed various forms of engagement between Vinpro and wine businesses such as information days,

communities of practice, social media engagement, in-person engagement and vinitourism engagement. Wine businesses should feel they are able to ask for assistance when needed.

For this purpose, Vinpro's Stakeholder Engagement Unit which is focused on best stakeholder engagement practices and consumer-centric. This is shown in their mandate below.

*"The prioritisation of organisational reach, consistency and engagement with stakeholders"* and *"a strategic mandate to reduce friction between the wine farm and the customer as much as possible and to make things as transparent as possible".*

Consistency, engagement and reduced friction in the wine value chain is challenging due to the size and distance which the Cape Winelands spans. It is easy for work to become siloed and for knowledge transfer to take place in certain areas while it does not occur in others. The annual Vinpro information day is a popular guide for information which has taken place annually for the last 14 years with almost 1000 attendees.

Vinpro has improved their reach, manpower and offerings through corporate partnerships with organisations like PwC for benchmarking and with Nedbank for information days. PwC is a multi-national company and Nedbank is one of the top 20 largest companies in South Africa. These partnerships have contributed to, streamlined and amplified Vinpro's message to a wider network of potential stakeholders. It has also contributed to a stronger Vinpro brand and awareness of the value of the organisation to the wine farming community.

The theme for this year was consciously stakeholder-centric in order to build resilient relationships within the industry and to encourage more wine businesses to adopt a stakeholder inclusive approach.

This year Vinpro's information day used social media as a communication tool to encourage stakeholder engagement. Stakeholder engagement using social media as

a communication tool. "*Social media has opened up a number of communication channels.*"

Vinpro has used social media more consistently in the past and it has gained some traction over the last 18 months. This was evident with the Vinpro information day held in January 2019. Vinpro has an interactive website, Twitter, YouTube and a Facebook page. This is shown in Figure 5.4 below.

**Figure 5.17: Social media as a communication tool for Vinpro Day**



**Source:** Twitter (2019)

The creation of the hashtag (#VinproDay) and messaging and resonated with the attendees as #VinproDay went viral (shown in Figure 5.4). Due to popular demand a video was later uploaded to Vinpro's YouTube channel.

The following Figure 5.5 shows the effectiveness of using social media as a communication tool for knowledge sharing and engagement across the wine industry value chain.

**Figure 5.18: Snapshot from Vinpro's Twitter analytics**

**Source:** Tweetreach (2019)
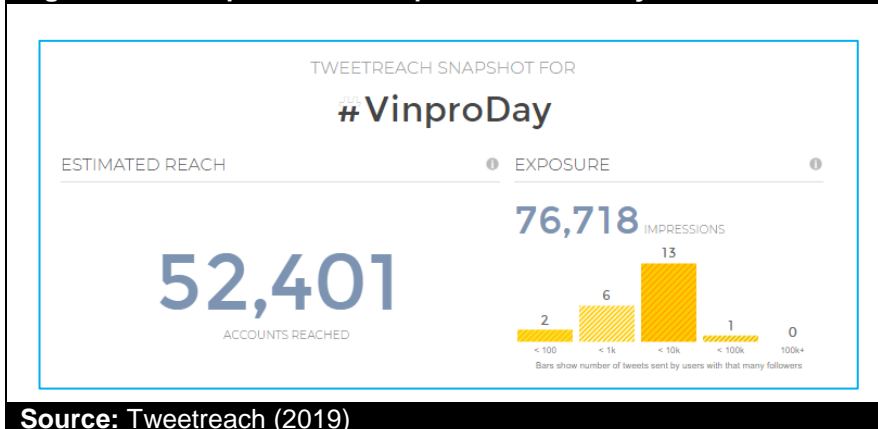
Consultation from the Vinpro Engagement Unit to improve SRM knowledge is available to wine businesses. There are a number of communities of practice (for producers, farm managers and communication professionals). The communities of practice tend to meet quarterly to discuss and share knowledge.

This is done because Vinpro has consciously prioritised social dialogue, knowledge sharing, information and resilient relationships such as partnerships. "*Now more than ever, wine grape producers need to take ownership of their future and leverage the opportunities, information and partnerships available to them to secure a sustainable future.*"

Vinpro felt the following stakeholders should be identified and prioritised by wine farms: (i) functional management; (ii) partnerships for farm sustainability; (iii) project teams; and (iv) vinitourism.

Improved business models from farm management, including strategic partnership and direct sales (vinitourism included) were identified as the areas which will allow for stabilisation and improved sustainability

▪ **Wine business-to-wine business**

Traditionally wine farms have enjoyed a shared economy. This evident between viticulturalists and wine producers, joint trainings and access to the services provided

by Vinpro. In the past, the entire value chain was co-operative; however, there has been an increase in competition. Sharing of knowledge is limited at the management level. It should be extended to other levels within the wine business. This is discussed as a key theme as part of research objective 3.

- **Wine business - consumers and customers**

Consumers were found to be the most consistently prioritised stakeholders. Resilient relationships with consumers (people who buy products from wine farms) and customers (people who visit wine farms) is an important part of vinitourism and wine sales.

All wine businesses are managing and creating relationships with consumers and customers. Wine businesses are aware of brand management as a key concept and they are in a state of transition. The use of social media as a tool is representative of transition and leveraging technology.

The influence agenda for wine farms refers to uptake and consumption of wine-business related products and visitors to the Cape Winelands. This evident as wine businesses collectively are unlocking wine festivals, e-commerce sales and regional vinitourism experiences. Individual wine farms are building and maintaining resilient relationships with stakeholders. This varies for small and large wine farms as summarised in the following section.

From a wine business perspective, certain relationships are crucial for all wine businesses. It was noted that for the wine industry *"there are four broad stakeholder groups: (i) users (consumers and customers); (ii) governance (management structures; (iii) influencers; and (iv) providers."*

Communication professionals are increasingly the owners of engagement for organisations. Most organisations had between 1 and 5 communication professionals, either internally or externally. Interestingly, job titles were reflected in what the

communication professional valued as important and informed how they executed their role.

Communication professional titles included: Communication Manager, Brand Manager, Digital Communications Manager, Communications Coordinator and Digital Communications Coordinator.

All the communication professionals spoke about stakeholder engagement. This is demonstrative of all the themes explored so far (triple context awareness, value-add to the economy, stakeholder intelligence and consumer centric focus). Communication professionals from large wine farms were more focused on the influence of stakeholders whereas communication professionals from small wine farms were concerned with access to stakeholders.

"*Externally SRM is focused on reducing friction between the business and the customer as much as possible and to make things as transparent as possible*." This is important to add value to the last mile of the value chain.

Small wine farms spoke about the missing link between forums and organising bodies and "*what is happening on the ground*" as "*part of the things which has changed is access to stakeholders*" and the need to "*work with people for impactful engagement*".

Large wine farms in comparison spoke about "*chains of influence*" and how to engage in order to ensure "*more usability by more cohorts.*"

All of these extracts show a heightened awareness of changes in stakeholders which is reflective of millennials coming of age as the dominant cohort globally. Access to stakeholders has changed due to social media and ubiquitous transparency. In turn this has changed how organisations can engage with stakeholders as algorithms for social media platforms promote meaningful engagement between people instead of communication from organisations across industries.

▪ **Theme 7: Consistency and responsiveness**

Communication professionals agreed that there is a code of best practices through official channels which included: (i) clear communication; (ii) responsiveness to stakeholders; and (ii) review of communication. Communication professionals should know "*who is active on which communication channels and sharing on a consistent basis through the available channels.*"

There was lack of clarity on the legitimate needs and wants of stakeholders. Within the farm community there is a clear need for improved management, timeous responses and to provide an opportunity for feedback or review. It is clear that "there is a need to do better" but it is evident that *"[I'm] not certain what feedback looks like and if I [as a communication professional] am empowered to provide it.*"

The approaches to SRM and effective methods of communication with stakeholders is translated into Table 5.7. It provides an overview of the communication professional duties (key performance areas) as expressed in the interviews.

Table 5.7 reflects the tasks and outputs expected from communication professionals. SRM is not explicitly mentioned; however, it is an underlying consideration for the tasks and key performance areas. There is a need to clarify expectations and contributions of communication professionals as there is a wide range of expectations and tasks.

For the small wine farm which employed a communication professional who was offsite, they were much more conscious of clarifying contributions as to what was expected from the communication professional which resulted in a more focused scope of work.

| KPA | Performance Outputs | Possible standards |
|---|---|---|
| **Table 5.17: An overview of key performance areas, outputs and standards for communication professionals** | | |
| **Digital communication strategy** | Design and maintenance of communications strategy | • Digital communications strategy is developed with clear goals and activities to support strategy.<br>• Digital communications strategy is effectively incorporated. Regular communication with management team to develop and update digital communications strategy is coordinated and maintained. |
| | Implementation of the digital communications strategy | • Appropriate and effective digital content formats are identified to support digital communication strategy (e.g. blogs, infographics, podcasts, articles, animated videos)<br>• Portfolio of digital content is coordinated and managed with the workstreams and editorial team to support the digital communications strategy.<br>• Application of digital branding, format and style is coordinated and managed.<br>• A network of external partners across digital is built or maintained to support the communication strategy. |
| | Monitoring of digital communications strategy | • Analytics dashboard is set-up and managed to track the reach and impact of the digital. communications strategy.<br>• Analytics are fed into reporting. |
| **Website development and management** | Website support | • Functionality ensures easy navigation of content for users. |
| **Digital platforms** | Social media supports digital communications strategy | • Social media presence is increased to support digital communications strategy.<br>• Social media is used to drive people to relevant content.<br>• Social media is used to build brand. |
| **Strategic event support** | Events integrated into the digital communication agenda | • Event support contributes to the digital communications strategy<br>• Brand is enhanced through integrating events into digital communications strategy. |
| **Personal Performance** | Delivering on personal responsibility areas. | • Contribute to positive team morale and building sustainable interpersonal relationships.<br>• Effective management of time ensured.<br>• Deadlines are met.<br>• Assistance is sought as and when required. |
| **Interpersonal Performance** | Team player who manages (potential) conflict proactively and effectively. | |
| **People development/ Care and growth of people** | • Project team empowered to deliver on tasks<br>• Assigned team members coached to achieve their potential<br>• Active engagement in recruitment, induction, team morale and development initiatives for retention, care and growth of team members | |

*Green indicates KPAs, outputs or standards reflected by large farms.*

For large wine farms the communication professionals' scope is more focused and measured. Inputs from large wine farms contributed largely to the conceptualisation of Table 5.7 above.

"*Engagement with stakeholders can lead to new ideas and help identify risks*" according to Vinpro. This is crucial after an eight year downward spiral for the industry. There is a need to harness existing skills, share knowledge, experience and practices to stabilise the industry and allow for responsible innovation.

It is clear that communication professionals do not have a seat at the management table. The function provided is valued by the industry; however, communication professionals generally felt resource allocation was not within their portfolio of work.

When probed further, communication professionals' echoes that there are two facets to the communication function: (i) focused duties which stem from the influence agenda and (ii) implementation of communication management and stakeholder engagement.

Influence is an apt term for the industry. It implies that communication professionals are able to instigate change. The industry is in need of change for: (i) the way stakeholder relationships are managed; (ii) the ability to involve the right people at the right time; (iii) identification of legitimate needs and wants; (iv) management of expectations; and (v) improved flow of information.

Implementation consisted of social media management and content creation while the influence agenda was viewed as an overarching framework for SRM. Well-managed stakeholder relationships have the potential to provide information to shape implementation. This leads to the question of how communication professional roles may evolve if it is focused on implementation on small wine farms.

In order to achieve these tasks, the communication professionals listed the most common tools in order of frequency were found to be: Word press, social media channels and analytics, Google Analytics and meetings in person.

Social media was viewed as a communication tool or channel to reach certain audiences, mainly the millennial cohort. Wine farms have not yet segmented their audiences further based on the specific social media platforms according to audience attributes.

There was a mixed sentiment from communication professionals about social media as a tool. The importance of access to stakeholders and the contribution to a stronger brand was acknowledged but every communication professional mentioned the potential risk.

The ubiquitous nature of social media means it can be a time-consuming task. Social media provides an access point for stakeholders to interact with wine farms, but it does not guarantee visitors or consumers of the wine farms' offerings.

Social media as a tool requires heightened responsiveness and the ability to manage negative reviews too. All the wine farms in this study had some negative reviews or comments on their platforms.

- ▪ **Theme 6: Unstructured internal SRM**

Knowledge sharing on the other hand is part of inclusive growth which fits Vinpro's mandate. "*Internally SRM is focused on knowledge sharing and communication to contribute to a stronger wine industry.*"

This aligns with their mission which is to be an organisation which "liaises closely with government and industry role players on issues that have an impact on the profitability and sustainability of its members and the industry as a whole. It keeps its members and the broader industry informed of industry trends and technical expertise and renders specialised services ranging from soil science to viticulture, agricultural economics and transformation and development" (Vinpro, 2018).

This is traditionally done for partnerships and agreements on a farm level and Vinpro should fulfil this role at a regional and governmental level but progress is slow. Current concerns at the regional and governmental level which was elaborated on in Chapter 3 are: (i) land expropriation without compensation; (ii) transformation; and (iii) sustainability

### 5.2.4    Interpretation of evidence

This study found there are multiple approaches to SRM, each of which hold merit. There is potential to build and maintain more resilient relationships through a mixed model approach to SRM which considers aspects of all of the approaches by the selected wine businesses. All the participants prioritised the wine farm-consumer / customer relationship and wine business-wine business relationships. Without resilient relationships between wine businesses and with consumers, the organisation loses its license to operate.

Vinpro has advocated for a stakeholder-centric approach which has been adopted by the selected wine farms as consumer-centric. Resilient relationships with consumers and customers remain the focus and they continue to add stabilisation on a wine business, regional and national level. Digital communication tools (websites, social media, newsletters) are being used to manage these relationships.

There is both positive and negative sentiment from communication professionals on the effective use of digital communication tools. Transparency, brand and reputation management are the theoretical underpinnings which communication professionals should understand. The negative sentiment: stakeholder engagement should be sustainable and potential engagement risks should be identified, assessed and addressed before the implementation phase in order to mitigate negative sentiment.

This is challenging for wine businesses. Social media does not have clear rules for engagement. Negative reviews and ratings remain a challenge on Facebook which is the dominant social media platform for wine businesses. According to AA1000SES

(2015), first generation communication tends to be ad-hoc and reactive engagement, second generation is planned and systematic engagement which manages the potential risk and benefit whereas third generation communication is integrated, strategic engagement to optimise organisational performance.

Vinpro has continued to have strong internal relationships with regulators, policy makers and affiliated organisations which are tasked with various parts of the value chain.

Internal SRM is in dire need of attention from wine businesses. There are no guidelines and processes beyond the Basic Employment Act. Communities are increasingly important. Businesses should be responsible corporate citizens with the legitimate needs and wants of both internal and external stakeholders.

### 5.4.3    Objective 3: Differences between large and small farms

This research objective focused on the differences and similarities in the level of knowledge and SRM for small and large wine businesses.

The size of the wine business was seen as a consideration from the beginning of this study. Chapter 3 focused on industry norms, size, scale and resources. Literature and this study showed there are challenges regardless of the size of the business. Size is not a good indicator for defining small, medium and large wine farms. When using yield as an indicator, there are a number of successful small (less than 100 tons) to medium (less than 500 tons) wine grape farmers who produce over 77 per cent of the total yield (South African Government Treasury Review, 2014:7).

It is clear from the previous research objectives that wine businesses are focused on business to business and business to consumer / customer relationships. However, both internal and external relationships are important. Internal relationships may be divided into three broad groupings: operational management, wine production staff

and hospitality staff. Communication management and SRM can be more impactful if it is housed within operational management with linkages to each business function.

Small farms also provide opportunity more than large farms, as one communication professional reflected on a natural integration with the business, "*I tend to have awareness of all the facets of the wine business, from the cellar to the restaurant, guest rooms and farm workers.*"

The key themes in this section are: shared economy, focused duties for digital communication, vinitourism, brand management, competition and conscious value contributions.

- ▪ **Theme 7: Vinitourism**

Vinitourism has contributed to micro-stabilisation on a farm level and it has increased industry's value contribution to the GDP (as discussed in Chapter 3). This study found that most wine farms have employed a communication professional to better serve vinitourism needs. This aligns with literature as vinitourism began to gain traction in established wine markets such as France and Napa Valley in the late 1980s due to a concerted marketing effort (Carlsen, Charters & Cowan, 2006). In South Africa, it took off in the early 2000s and it created the space for communication professionals to add clear, measurable value.

This gave communication professionals the scope to shape the industry and for organisations to begin to understand the importance of SRM and SE.

Tourism is a recognised driver of economic development in South Africa. Vinitourism has presented the opportunity to "*continue expansion and development, encourage responsible tourism, economic empowerment and reinvestment in the community, ensure a viable future.*"

Vinpro and the selected wine farms have integrated vinitourism into their business structure. Vinitourism has undergone a cycle of change. Initially, it was viewed as a

panacea for struggling wine farms as it opened up a new stakeholder cohort of customers (those visiting farms) compared to consumers (those buying wine business related products).

Subsequently, it has increased competition and made wine businesses consciously choose how they engage with the traditional cooperative model and shared economy which is discussed below.

- **Theme 8: Shared economy**

Triple context awareness is cohesive with the traditional cooperative model for wine businesses which is based on the shared economy. It is not a new notion for agricultural businesses as mentioned in Chapter 3. Triple context awareness, increased transparency and higher stakeholder expectations have led to a renewed energy for the traditional approach. Unlike other parts of the world and industries, technology and innovation has been an enabler for the South African wine industry for inclusive growth.

All the selected wine farms engage with the shared economy. Large wine businesses have progressively been able to privatise; however, engagement is still necessary to improve South Africa's position in the international wine industry. There is a push from Vinpro and large wine farms for the industry to focus on producing and selling premium wine to increase the value of South African wine in the international market. There is further potential in the local market by growing the consumption of wine amongst South Africans as an emerging market where beer has been dominant (Weightman, 2018).

Smaller farms and businesses have maximised their use of the shared economy in alternative ways. They have found scale and reliance on other businesses in the value chain. Small wine businesses are focused on value contribution on a smaller scale, in order to ensure sustainability and success which takes human capital, manufacturing capital and environmental capital into account as key considerations.

Vinpro raised capacity and resources as the key difference between small and large wine farms which could be overcome as it proposes shared resources, capacity and a cooperative sales model for successful implementation.

Sustainability has been an increasing challenge and the stark numbers prove it as according to the Stakeholder Engagement Unit, "*more than 80% of SA wine farms are below a sustainable net farm income of R30 000 per hectare.*"

To add to this concern, Vinpro has found that many wine farms are leaving the wine industry for other more profitable crop instead of replacing vines. This is supported by the Bureau for Economic Research and the Bureau for Food and Agricultural Policy which estimate that there will be 10% less vines by 2022 (Vinpro informational brochure on viticulture).

Resources and capacity challenges extend across all business functions. The scope of work for communication professionals on small wine farms compared to large wine farms differs greatly. For the small wine farm where the communication professional was in-house, there was a broader scope and a variation of duties.

- **Theme 11: Conscious value contributions and competition**

Wine businesses are increasingly aware of where they can contribute and receive value from relationships. There is an underlying uncertainty regarding sustainability which has driven a more conscious decision-making process for wine businesses. There is awareness of the challenges that wine businesses have been facing for the last eight years which in part has been aggravated by ongoing land reform discussions. This has resulted in the industry's lack of ability to retain talent as identified by the PwC Report (2015).

All wine businesses are conscious and competing regardless of size. There are subtle differences to how the wine farms compete and contribute to individual sustainability and success.

Awareness of the wine landscape and stakeholders was more detailed and focused on the large wine farms in comparison to the small wine farms. There was an agenda which the entire farm worked to deliver on. Smaller wine farms were focused, but the planning was not as detailed. Small wine farms lack the defined purpose and scope of engagement and they are hyper-aware of the time and resources needed to engage with various stakeholders. Large farms on the other hand are not concerned with time and resources required and instead they are concerned with defining the purpose, scope and owners of engagement.

Smaller wine farms are actively trying to engage through two-way communication which is based on the notion of feedback, whereby communication professionals aim to ensure the message they intended to send is understood by the stakeholders.

The large wine farms indicated increased awareness of customers and consumers through a mixed method approach with stakeholder segmentation and mapping. It gained a greater understanding and enabled large farms to adopt a targeted approach and build resilient relationships.

Conscious value contributions have also created a hyperawareness of the industry landscape and competition. This study observed competition between wine farms in a number of ways: from marketing brochures to packaging, shelf space and customers.

According to Ratcliffe and Groenewald (2018), the South African wine industry is lagging behind compared to other wine industries and this is in part due to a lack of capital and innovation for packaging.

Small wine farms have less resources, capacity and seemingly less focused approach. But they are more motivated to review, learn and improve as quickly as possible due to awareness of operating costs. It has enabled small wine businesses to take targeted action and trade through local e-commerce sites and festivals. This study observed that small wine businesses were more responsive than large wine businesses but often lacked the resources to compete on digital methods of engagement (such as video) and they did not reach the same volume of interactions with customers and consumers.

Large wine farms and wholesalers manage relationships with retailers. The competition for shelf space has intensified in local and international markets as large companies aim to further establish their position which leaves little room for smaller competitors. Large wine farms are able to maintain multiple distribution channels as they are able to make larger investments on traditional channels such as retail and export in addition to exploring and building new channels for distribution.

Shelf space is part of a traditional selling model and small wine businesses are early adopters of alternative means. There is an increasing amount of cellar sales through vinitourism, e-commerce and local festivals. Small wine farms are increasingly competitive through these newer channels.

### 5.2.5 Interpretation of evidence

There are challenges for South African wine businesses throughout the value chain. It is being navigated with (i) renewed emphasis on the shared economy; (ii) continued focus on vinitourism; (iii) conscious value contributions and competition.

SRM is crucial for wine businesses to be able to leverage these emerging themes as tools. Resilient relationships need to be built and maintained for mutual value creation with other wine farms to benefit from the shared economy.

Vinitourism requires proactive SRM with consumers and customers using tools such as social media and e-commerce wine sales. In-person engagements are needed too; both on the wine farm and in other locations, such as wine festivals in order to ensure multiple touch points to interact and ensure stabilisation for wine businesses. Conscious value contributions are a consequence of triple context awareness, value add to the economy and the drive to improve the position of the South African wine industry on an international level.

Vinpro are aware of capacity and resource challenges on both small and large wine farms. To determine farm size and manage these challenges, the question should be, what is a viable income from a wine business and what is a small-scale farmer? This study indicates that size directly determines capacity and resources, but it is not an absolute for sustainability and success. Size may be an indicator of how wine farms are navigating change; however, each wine business has their own approach to SRM and other business functions (such as vinitourism, HR and operations).

### 5.4.4 Objective 4: Implementation of the AccountAbility 1000 Stakeholder Engagement Standard

This research objective proposed the use of AccountAbility 1000 Stakeholder Engagement standard as a normative guide for SRM for the selected wine farms. The findings are discussed in three sections: (i) the purpose of AA1000SES (2015); (ii) the adoption of a guide; and (iii) areas which can be improved based on a guide. Communication professionals, in-house or through agencies tend to bring their experience as a guide. It is important to explore a variety of engagement methods and to constantly tailor the method of engagement to suit the purpose.

▪ **Purpose of a guide**

The purpose of AA1000SES (2015) is to encourage understanding for communication professionals and wine farms to improve SRM practices aligned with business sustainability and success.

"*To improve the design and delivery of stakeholder engagement, it is important to be clear about what the purpose of engaging with stakeholders is. The purpose should underpin the entire approach which influences the 'who', 'how' and 'what'.*"

Vinpro was formed to liaise with "*government and industry role players on issues that have an impact on the profitability and sustainability of its members and the industry as a whole.*" In a way, the organisation is rooted in SRM.

The more recent formulation of the Stakeholder Engagement Unit is due to increased industry awareness of the need for improved SRM. Wine farms are conscious that the industry is in a "*Transition phase. For new market opportunities.*"

The adoption of a guide for wine farms would provide a practical means for organisations to improve SRM practices. As one of the communication professional's reflected, *"We seem to be settled on a linear communication process. Are we captive by the design*?"

▪ **The adoption of a guide**

The adoption of guiding principles for SRM would present the wine industry with an inclusive stakeholder-centric approach which is fit-for-purpose.  It could be used as a guide to instigate new implementation processes. "*This framework could allow us to break free from communication practices from the past*" and "*for engagement, we need to work with people who are more likely to adopt [a stakeholder-centric approach]."*

It could be adopted as a means to ensure "*wine farms better serve various groups of stakeholders throughout the value chain*" by having a consistent set of guidelines.

Large wine farms felt a guide can be adopted to, "*ensure the consumer is front of mind.*" The wine farm-consumer relationship is a strategic part of wine businesses. The Stakeholder Engagement Unit expressed the need for farm workers to understand that "*consumers are the most important person in any direct sales model.*" In order to implement a stakeholder-centric approach, wine farms and businesses, like other industries need to be aware of the triple context and "*for your business to be relevant, you have to be relevant in your own community*".

### 5.2.6 Interpretation of evidence

Communication management was seen as a process and was the overarching framework by communication professionals. This study found SRM, brand management and other key concepts formed part of communication management.

This study found the pre-dominant existing mechanism was key performance indicators based on expectations of the communication professional, as indicated in objective 2. There is a need for an organising mechanism to ensure effective SRM.

Overarching guides such as AA1000SES (2015) provide a measure for SRM as a process. There are four key stages to AA1000SES (2015). These are (i) planning; (ii) preparation; (iii) implementation; and (iv) review and improvement. Wine farms are not making use of AA1000SES (2015) to its full potential. The areas for improvement are discussed in Chapter 6 under the recommendations for objective 4.

## 5.3 CONCLUSION

This study found that communication management, SRM, brand management and other key concepts were highly interlinked which aligns with the literature in Chapter 2.

There is clear room for improvement with SRM. This is evident as wine farms are increasingly reliant on vinitourism. Wine farms are leveraging the shared economy and technology to improve the position of farms on an individual, regional, national and international stage for inclusive growth and market development.

It is important to consider the industry landscape and industry intelligence in relation to the organisations SRM. Triple context awareness is also increasingly important to ensure that stakeholder engagement is focused and purposeful.

While capacity and resources are a challenge, a consistent process with conscious decision-making and transparency can benefit wine farms. SRM should be integrated into the organisational management structure in order to maximise value.

Chapter 6 will provide the final conclusions according to the objectives and presents the principles towards a conceptual framework for SRM on wine farms.  These principles are a mechanism to improve SRM. It is the key recommendations and synthesis of this study.

# CHAPTER 6

# Recommendations and conclusions

## 6.1    INTRODUCTION

Figure 6.1 confirms the place of this chapter in relation to the entire study.

**Figure 6.19: Chapter 6 in relation to the other chapters**

| | | | |
|---|---|---|---|
| **Chapter 1** Orientation and background | | | |
| **Chapter 2** Stakeholder relationship management: theoretical developments and application | **Chapter 3** South African wine farms and stakeholder relationship management | **Chapter 4** Research methodology | **Chapter 5** Results and interpretations |
| **Chapter 6** Recommendations and conclusions | | | |
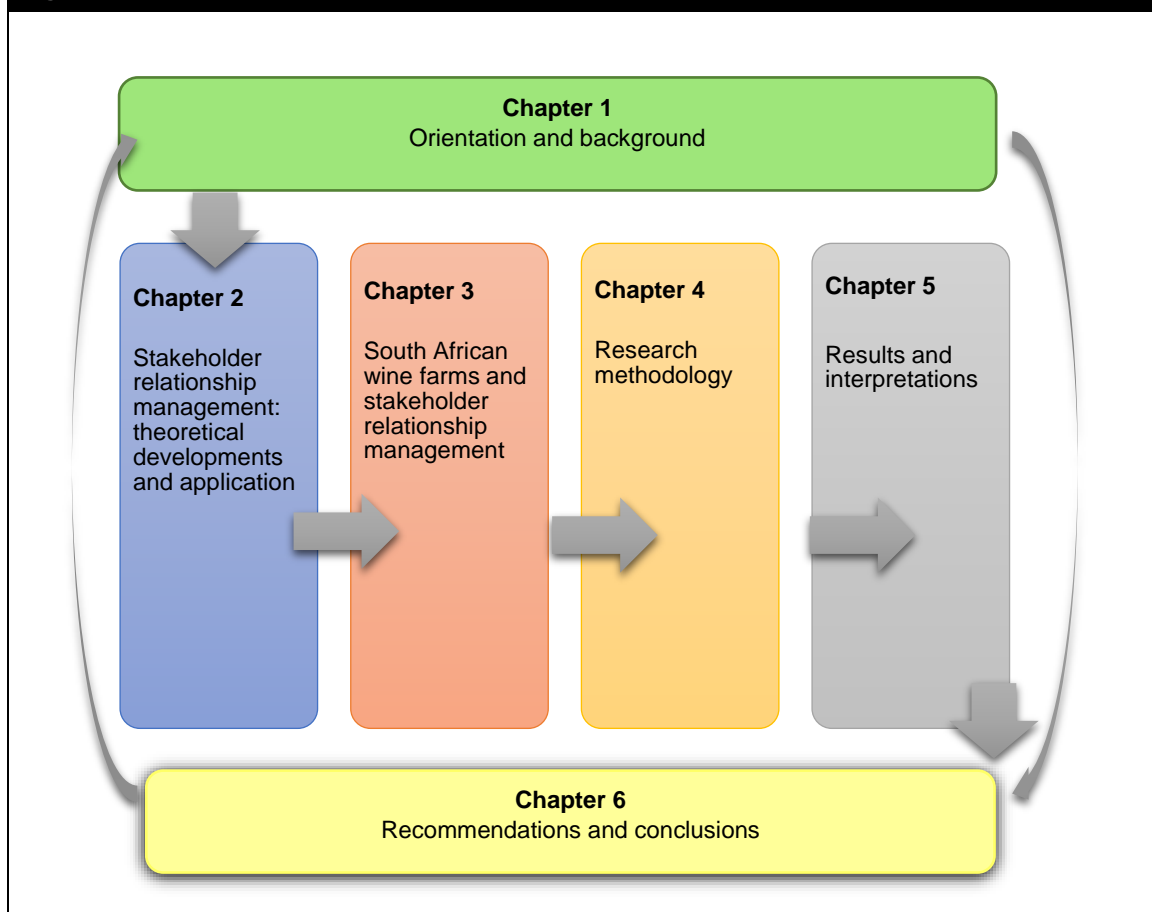
The key conclusion of the study is that South African wine farms are adopting a stakeholder-inclusive approach. SRM practices are being used to support the six capitals, i.e. financial, manufacturing, human, social and relationship, intellectual and natural and thus contribute to the sustainable development of the wider wine industry value chain.

A key focal point of this chapter is the synthesis of empirical insights to propose a conceptual framework for SRM on South African wine farms.

## 6.2    CONCLUSIONS IN RELATION TO OBJECTIVES

This section provides the conclusions according to each research objective.

### 6.2.1    Objective 1: Level of SRM knowledge

There is existing SRM knowledge and there is a clear awareness of the importance of SRM across the value chain. The high level of awareness and enthusiasm for this idea as a business principle is championed by Vinpro (the industry body).

For small wine farms, there is a need to (i) learn more about SRM and (ii) prioritise SRM for better implementation. For larger wine farms, there is a responsibility to share knowledge and support Vinpro's Stakeholder Engagement Unit. For the industry body, Vinpro, small and large wine farms there is an acknowledgement of the challenges the industry faces, optimism for integrated SRM and a need to make the transition.

The main themes identified in Chapter 5 were triple context awareness (including stakeholder intelligence), value-add to the economy and communication as social dialogue. This is indicative of an aware and responsive industry which is striving for sustainability and success.

### 6.2.2    Objective 2: Current SRM practices

The approaches found in this study were (i) SRM as an influencing agenda; (ii) SRM as a model for change; (iii) SRM as governance of stakeholder relationships (GSR); (iv) stakeholder engagement (SE) and brand-centric SRM.

A successful combination of these approaches can unlock the new market opportunities. It can thus improve the value-add to the economy and help facilitate effective social dialogue throughout the value chain.

There is acknowledgement that despite a generally consumer-centric approach, stakeholder expectations are not always being met and there is room for improvement. The wine farm industry is in a state of transition towards a holistic stakeholder-inclusive approach. There should be greater understanding of (i) both internal and external stakeholders' legitimate needs and wants and (ii) the standardised processes and tools needed to do so.

### 6.2.3    Objective 3: Differences between small and large wine farms

There is value in the shared economy for the wine industry. SRM is a key construct which, if adopted optimally, could add value to the entire value chain for the wine industry as demonstrated by other industries.

Literature and the empirical evidence from this study point to challenges regardless of the size of wine farms. The physical size (hectares) is not a good indicator for defining small, medium and large wine farms. A smaller section of fertile land is able to give a greater yield than a large section of infertile land. Sustainability and profitability reporting might serve as a better indicator.

There are clear thematic similarities between all wine businesses, namely: vinitourism, shared economy, conscious value contributions and competition. Results suggest that there were differences in the way small and large wine farms navigate these themes.

Small farms show a high consciousness of value contributions. They are early adopters of alternative distribution channels in order to leverage the shared economy and compete. Large wine farms are able to build alternative distribution channels of their own, maintain traditional channels with retailors and/or exporters and contrary to small wine farms, their awareness of value contributions is growing due to the triple context.

### 6.2.4 Objective 4: Implementation of the AccountAbility 1000 Stakeholder Engagement Standard

Stakeholder engagement is not new to the wine industry; however, stakeholder expectations are not always being met. Increased interactions with customers and consumers and South Africa negotiating its position in the global wine industry, have emphasised the importance of a guide for best SRM practices.

The wine industry is also aware that a license to operate in the triple context is not guaranteed and boundaries of disclosure are shifting dramatically. In order to manage these changes, good quality engagement is needed. This can contribute to operational improvement, as well as more equitable and sustainable development for the wine industry on an international, national, regional and farm level.

The wine industry and selected wine farms can implement AA1000SES (2015) to enable (i) more purposeful engagement; (ii) differentiation between good quality and bad quality engagement; and (iii) standardised processes to ensure reliability and sustainable management.

There is room for improvement in the stages suggested by AA1000SES (2015). These areas are: (i) planning; (ii) preparation; (iii) implementation; (iv) review and improvement.

Better planning is needed for both internal and external SRM. On farm, regional and national level there is a need for standardisation of processes. This begins with better understanding of the purpose of engagement and understanding what success looks like. Farm management should determine indicators for prioritised relationships with customers, consumers and other wine businesses.
Internal stakeholders are directly involved in operations. Wine farms need to better define the purpose of engagement and drive quality engagement.

AA1000SES (2015) presents an opportunity for better preparation, as shown in Figure 6.2.

**Figure 6.20: Steps for an effective engagement plan**



**Source:** Adaption from AA1000SES (2015)
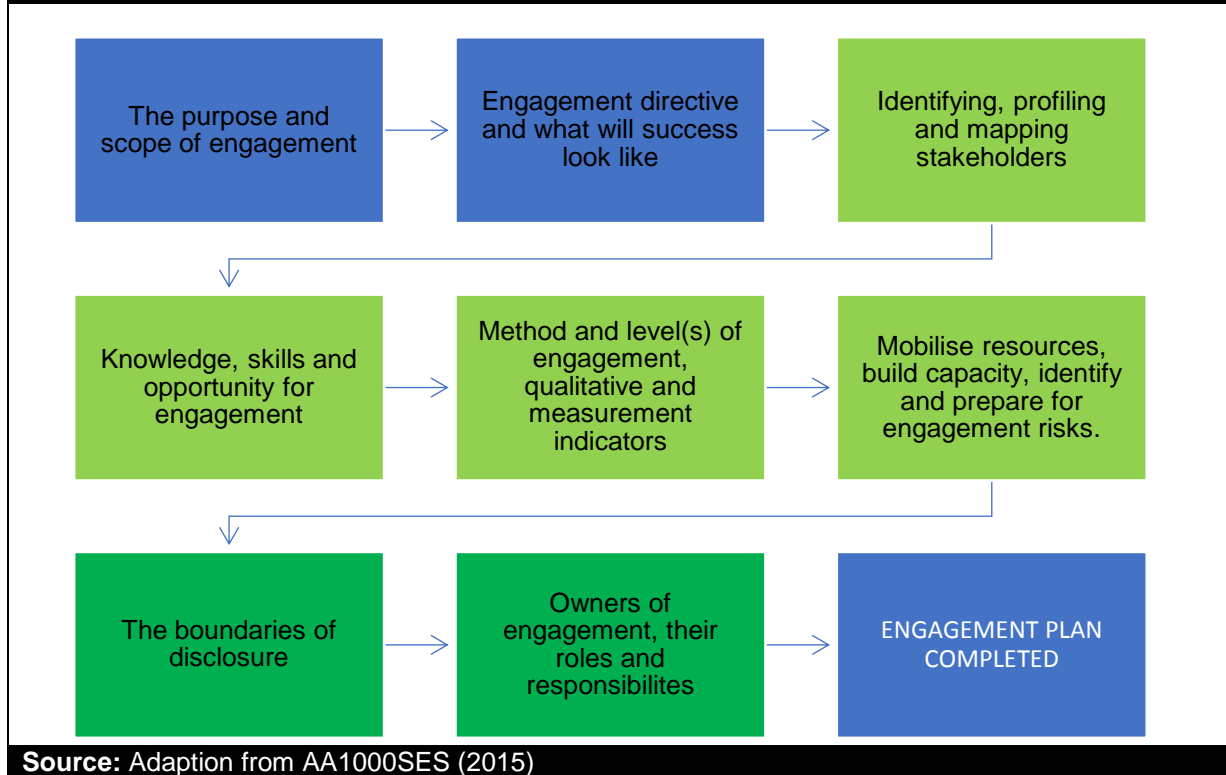
Vinpro's Stakeholder Engagement Unit and wine businesses in this study can improve on: (i) defining the boundaries of disclosure on a micro- and macro-scale; (ii) identification of pre-engagement activities and resources followed as part of the engagement plan.

There is an overwhelming need for more consistent implementation and responsiveness by wine farms. The engagement strategy should be created by farm management and there needs to be buy-in for the engagement plan.

The review and improvement stage of AA1000SES (2015) needs the most attention from Vinpro and selected wine farms. There is a need to identify indicators in the planning process in order to review whether the engagement was successful or not.

## 6.3    RECOMMENDATIONS IN RELATION TO OBJECTIVES

This section provides high-level recommendations in relation to the objectives. Objective 5 presents the principles towards a conceptual framework for SRM on South African wine farms as the synthesis of these recommendations.

### 6.3.1    Objective 1: Level of SRM knowledge

There is room for more breadth and depth of SRM knowledge in the wine industry. The level of knowledge can mature further in order to better manage and maintain stakeholder relationships.

Vinpro's Stakeholder Engagement Unit should continue their work to reduce friction in the value chain and share knowledge across the Cape Winelands. Vinpro could facilitate better SRM by making AA1000SES (2015) available to all wine farms through their Stakeholder Engagement Unit.

Relatively few wine businesses were eligible for this study. Wine farms should improve the level of knowledge of stakeholders who contribute towards the success and sustainability of the business. Wine farms should collect and share stakeholder intelligence for each of the stakeholder clusters represented in Figure 6.3.

**Figure 6.21: Considerations for the wine farm**



Environmental and technological challenges

Producers and viticulturalists

Transformation actors and drivers of inclusive growth

Regulators and governmental bodies

Wine farms

Wholesalers, retail outlets, restaurants

Wine sales

Customers

Vinitourism
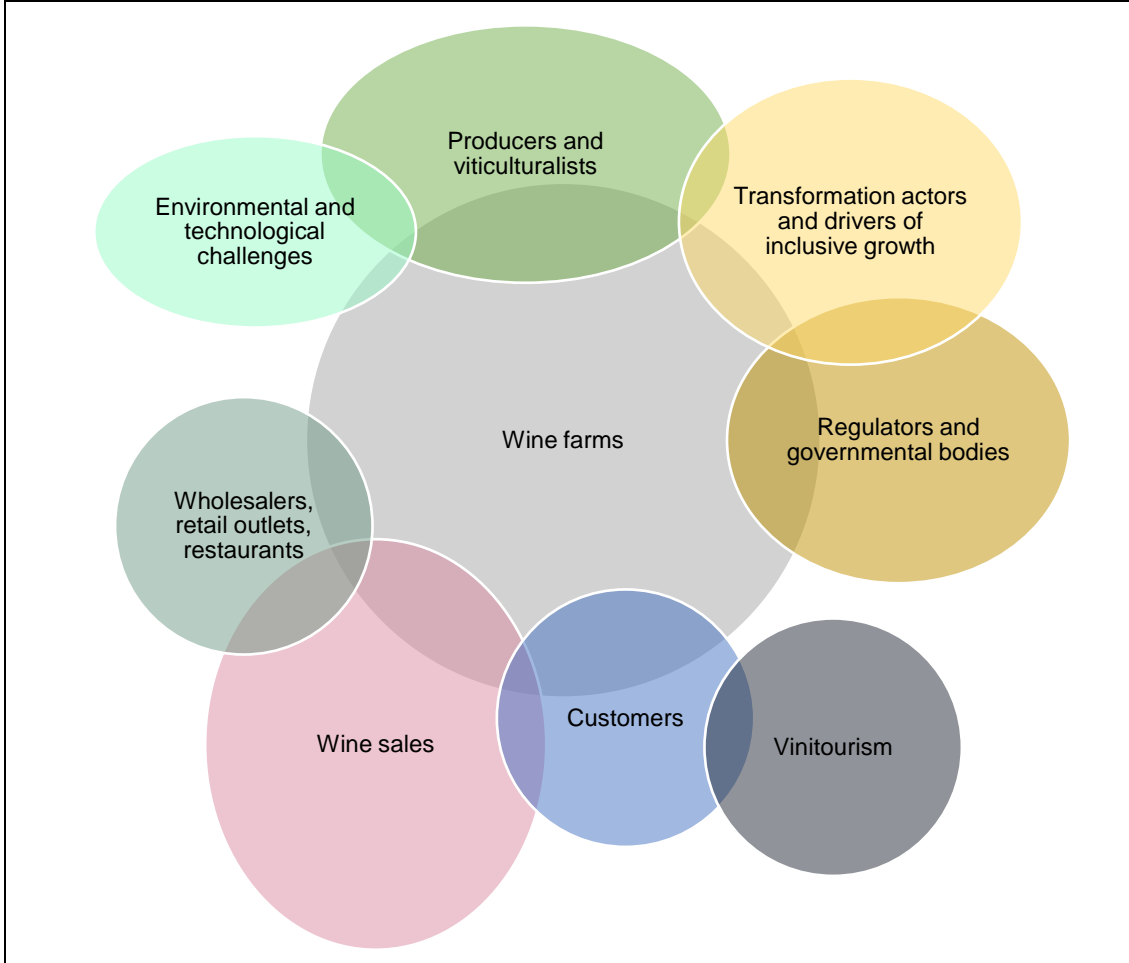
**Source:** Own conceptualisation

If wine farms are able to collect and share stakeholder intelligence for the stakeholder clusters represented in Figure 6.3 would contribute to improved SRM knowledge on wine farms.

### 6.3.2    Objective 2: Current SRM practices

Each farm adopted their own approach to SRM. Each of these approaches (brand management and influence, stakeholder intelligence, the consumer-centric approach) have merit and can be improved through a more proactive, structured and standardised process.

As a consumer-centric industry, the key recommendations for Vinpro and wine farms for current SRM practices are as follows:

▪ Ensure SRM is an intrinsic value-add with positive brand association.

- Ensure tangible value-add through improved sustainability.
- Avoid a copy and paste approach for SRM.
- Ensure SRM is enabling the business to compete strategically.

This will ensure that wine businesses are less reactive, opportunistic and ad-hoc in their approach and more planned, purposeful and strategic.

### 6.3.3    Objective 3: Differences between small and large wine farms

Each farm adopted their own approach to SRM. Each of these approaches (brand management and influence, stakeholder intelligence, the consumer-centric approach) have merit and can be improved through a more proactive, structured and standardised process.

As a consumer-centric industry, the key recommendations for Vinpro and wine farms for current SRM practices are as follows:

- Ensure SRM is an intrinsic value-add with positive brand association.
- Ensure tangible value-add through improved sustainability.
- Avoid a copy and paste approach for SRM.
- Ensure SRM is enabling the business to compete strategically.

This will ensure that wine businesses are less reactive, opportunistic and ad-hoc in their approach and more planned, purposeful and strategic.

### 6.3.4    Objective 4:  Implementation of the AccountAbility 1000 Stakeholder Engagement Standard

The recommendations for this objective are structured according to the key stages set out by AA1000SES (2015).

▪ **Planning**

Planning can be done seasonally to ensure management, employees and farm workers can engage with the process qualitatively. Seasonal planning can solve problems such as access to stakeholders and improving communication channels.

Wine businesses should collect stakeholder intelligence for the various stakeholder clusters shown in 6.2.4. This should build resilient relationships and provide insight into different methods of engagement needed to support business goals.

▪ **Preparation**

Preparation should result in a living document which captures the engagement strategy and the implementation plan. The paper trail allows for monitoring, evaluation and learning throughout the process.

All external-facing staff should be trained and equipped to manage all possible outcomes for the planned engagement. It would enable communication professionals to better deal with negative sentiment via social media review as identified in Chapter 5. The plan should include roles and responsibilities to hold the relevant person accountable.

▪ **Implementation**

As mentioned in Chapter 5, good implementation of SRM is dependent on: (i) defining the boundaries of disclosure on a micro- and macro-scale; (ii) defining the owners of engagement; (iii) identification of pre-engagement activities and resources; (iv) clarifying roles and responsibilities. These defining steps are different; dependent on the purpose and scope of the engagement.

Improved implementation for the prioritised relationships with consumers and customers can be reached by (i) a guide of best practices for employees to refer to; (ii) the use of roaming management on the floor to see engagement and areas for

improvement; (iii) provide opportunities for consumers and customers to provide feedback on the farm (not only via Facebook review and recommendation process).

- **Review and improvement**

Vinpro and wine farms should commit to review and improvement indicators. Incentives could be used to encourage management and communication professionals to close the loop before the next planning cycle. This could include: (i) annual reviews; (ii) follow up surveys after events; (iii) project close outs; and (iv) quarterly SRM reviews by communication professionals which is discussed with management.

## 6.4 OBJECTIVE 5: PRINCIPLES FOR A CONCEPTUAL FRAMEWORK FOR SRM ON SOUTH AFRICAN WINE FARMS

The aforementioned recommendations are synthesised in the principles for a conceptual framework. Figure 6.4 below provides an overview of the six the principles for best SRM practices on South African wine farms. It consists of (i) environmental scanning; (ii) value design and preparation; (iii) proactive planning; (iv) community-building; (v) implementation and monitoring; (vi) measurement, feedback and improvement.

**Figure 6.22: Principles for a conceptual framework**

VISION AND VALUES + INDUSTRY INTELLIGENCE = ORGANISATIONAL SRM OBJECTIVES

**Environmental scanning:**
Collect stakeholder intelligence for stakeholder identification, mapping and prioritisation to inform community-building throughout the value chain.

**Value design and preparation:**
Define legitimate needs and value package (including purpose, scope and engagemnet directive, and what success will look like)

**Proactive planning:**
Finalise the engagement plan(s), boundaries of disclosure, owners of engagemnent, influence and brand management,.

**Community-building:**
Establish effective forums, platforms and methods of engagement and build communities as open channels for communication and social dialogue (customer, referral, recruitment, supplier and alliance, internal communities)

**Implementation and monitoring:**
Action the engagement plan
Monitor and ensure consistency of method and level(s) of engagement

**Measurement, feedback and improvement:**
Review quality, evaluate the method and level of engagement plan according to measurement of indicators and KPAs, stakeholder satisfaction studies.

Source: Own conceptualisation

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### 6.4.1 Principle 1: Environmental scanning

This principle is based on the need for a greater depth of SRM knowledge. SRM knowledge can be improved through environmental scanning. It is based on the notion of collecting evidence. The principle of environmental scanning should enable consistent awareness of the ever-changing landscape and increase the level of SRM knowledge for Vinpro and wine businesses.

An engagement plan should include (i) stakeholder awareness; (ii) stakeholder mapping; and (iii) environmental scanning on a strategic level. Vinpro and wine businesses should be scanning for stakeholder intelligence as it adds value to the quality of the engagement.

This encourages greater awareness of the environment provides the foundation for planned, purposeful and strategic SRM. It can be used to inform strategy at a business, regional, national and industry level. Increased environmental scanning should improve awareness of all stakeholders in the wine industry for mapping and prioritisation of stakeholders.

This would lead to Vinpro and wine businesses having more knowledge about these stakeholders to better segment and map stakeholders with additional intelligence collected from environmental scanning. Increased intelligence should allow wine businesses to create personas for each segmentation. Personas are a semi-fictional representation of each stakeholder cluster based on data collected through environmental scanning and existing data about stakeholders. Personas should include demographics, behavioural patterns, needs, wants, motivations and goals. More detailed personas should improve the mapping and prioritisation of stakeholders.

### 6.4.2 Principle 2: Value design and preparation

This principle is based on the need for better engagement strategy and preparation by wine farms.

Value design should allow organisations to ensure the relationship objectives are integrated with the business vision and approach. This is based on the theory of SRM as an integrated function which was established by the King Report as mentioned in Chapter 1.

Value design should align business strategy and relationship objectives by using environmental scanning, business and stakeholder intelligence. It allows businesses to ensure that brand management and influence (key themes identified in Chapter 5) are purposeful in approach.

Integrated understanding value-add means understanding why actions are taken throughout the organisation. It would better enable consistency, responsiveness and improve internal SRM. Understanding the purpose and value should encourage uptake of internal knowledge sharing and prioritisation of internal relationships which could contribute to a stronger wine industry.

Vinpro needs to focus on creating a value design which the key role players in the industry supports. This would enable them to be able to realise their goals of inclusive growth, transformation, sustainability and success. Value design and preparation is the second recommendation principle which should enable wine businesses to be cognisant of the value-add to the economy.

The value design should be rooted in mutual understanding. Value design should ask the following two crucial questions which links to the second part of this principle, which is preparation.

The second part of the value design principle is preparation. Preparation should identify the purpose, scope and engagement directive as identified by AA1000SES (2015).

Together, the principle of effective value design and preparation should ask:
- What are the legitimate needs and wants of the stakeholder?
- Is this a qualified value-add which can be reached as a business?

▪ What is the mutual value creation for both parties?

### 6.4.3    Principle 3: Proactive planning

This principle is indicative of a more structured and standardised process as a recommended in Objective 2.

Proactive planning is highly interlinked with value design and preparation. This is due to the nature of preparation and planning. Preparation by definition is focused on a specific future purpose, whereas planning is building the design. In this case, the design is the engagement plan. This step ensures a completed engagement plan.

### 6.4.4    Principle 4: Community-building

This principle is based on the need for responsiveness, transparency, access to stakeholders and ongoing social dialogue. It is important to identify and build forums, platforms and methods of communication to engage with targeted stakeholders. Preferred channels of communication can be identified through environmental scanning and the construction of personas.

Community building can be used to test these preferred channels. Communities should:
▪ Create opportunities to build resilient stakeholder relationships.
▪ Embrace technology and the use of social media as a communication and audience building tool.
▪ Learn from other wine farms in the region and elsewhere in the world.

There is a need for increased transparency. Wine businesses should disclose more with clear messaging to consumers, customers and the community. Transparent, consistent and clear messaging will build trust and a stronger brand. This would improve the quality of engagement.

The following principle is focused on monitoring, measurement, feedback and improvement.

### 6.4.5    Principle 5: Implementation and monitoring

This principle is based on the need for standardised implementation by Vinpro and wine farms to allow for the maturation of SRM practices. Implementation and monitoring should go hand in hand. It is necessary to monitor engagement to ensure consistency regardless of the method or level of engagement.

This can only be done if a clear plan is set in place which strategically implements and then evaluates the method and level(s) of engagement. Review can occur in various ways through: (i) the creation of maintenance of resilient relationships; (ii) increased brand value and audience following; (iii) social sentiment from the various stakeholders.

### 6.4.6    Principle 6: Measurement, feedback and improvement

This is based on the need for review and improvement as part of SRM. Ideally the measurement indicators should be agreed upon during the planning process. Wine businesses have asked the question, "what does success look like?" in order to clearly define expectations from SRM practices.

## 6.5  CONTRIBUTION OF THE STUDY

This study has contributed to understanding existing SRM knowledge for Vinpro and selected wine businesses. It has provided deep qualitative insights into the current state of SRM on small and large wine farms in South Africa and provided principle recommendations accordingly.

SRM is seen as a value-add for the industry by the industry. Leading industry bodies such as Vinpro have demonstrated this through their commitment to stakeholder engagement.

The principles towards a conceptual framework (i) encourage take up of SRM by wine farms and businesses throughout the value chain; (ii) identify best practices from early adopters of SRM; (iii) support the work of Vinpro's Stakeholder Engagement Unit; and (v) paves the way for more farms and wine businesses in the industry to further adopt a stakeholder-inclusive approach

## 6.3 RECOMMENDATIONS FOR FUTURE RESEARCH

This research was exploratory by nature. It has opened up a number of possibilities for future research. The emerging themes each offer an avenue of investigation and research which can contribute to further maturation of SRM within the industry holds promise.

This could build on this qualitative research and quantitatively explore and map impact pathways for SRM contributions to communication management, integrated thinking, sustainable development and integrated reporting.

## 6.4 CONCLUDING REMARKS

SRM by nature is a continuous evolving process which is only effective if integrated into the business. None of the stages for effective SRM are mutually exclusive. As a practice it is crucial to the sustainability and success of any business.
The themes which emerged are testament to the need for SRM to be adopted by more wine businesses. AA1000SES (2015) was a useful guide to construct the principles which provides the means for impactful improvement for the wine businesses in this study and contribute towards a conceptual framework.

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# Annexure A: Ethics Letter

**RESEARCH ETHICS COMMITTEE**

Tel: +27 12 420 3434
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**Faculty of Economic and Management Sciences**

18 June 2018

Prof AF Grobler & Ms A Leonard
Communication Management Division

Dear Prof Grobler and Ms Leonard

I refer to this committee's letter dated 14 May 2018. The documents and clarifications resubmitted in response were reviewed on 15 June 2018, and the committee's decision is reflected below:

| Protocol No: | EMS091/18 |
|---|---|
| Principal researcher: | EA D'Oliveira |
| Research title: | A conceptual framework for South African small and large wine farms' Stakeholder Relationship Management (SRM) |
| Student/Staff No: | 17384232 |
| Degree: | MPhil (Communication Management) |
| Supervisor/Promoter: | Prof AF Grobler / Ms A Leonard |
| Department: | Communication Management |

Outcome of resubmission:

| Decision: | Approved |
|---|---|
| Conditions (if applicable): | None |
| Period of approval: | June 2018 – May 2019 |

The approval is subject to the researcher abiding by the principles and parameters set out in the application and research proposal in the actual execution of the research. The approval does not imply that the researcher, student or lecturer is relieved of any accountability in terms of the Codes of Research Ethics of the University of Pretoria if action is taken beyond the approved proposal. If during the course of the research it becomes apparent that the nature and/or extent of the research deviates significantly from the original proposal, a new application for ethics clearance must be submitted for review.

We wish you success with the project.

Sincerely

pp PROF JA NEL
CHAIR: COMMITTEE FOR RESEARCH ETHICS

cc:      Dr E de Beer

Fakulteit Ekonomiese en Bestuurswetenskappe
Lefapha la Disaense tša Ekonomi le Taolo

# Annexure B: Letter of introduction and informed consent

**Faculty of Economic and**

**Management Sciences**

**LETTER OF INTRODUCTION AND INFORMED CONSENT**

*(Must be completed at the start of each interview.)*

<u>Research conducted by</u>:

Ms E.A D'Oliveira (17384232)

Cell: 0763066000

To whom it may concern,

You are invited to participate in an academic research study conducted by Eden Arlene D'Oliveira, Masters student from the Department of Communication Management at the University of Pretoria.

The research is entitled, "**A conceptual framework for South African small and large wine farms' Stakeholder relationship management (SRM)".** The purpose of the study is to describe and explore Stakeholder relationship management on small and large South African wine farms.

Please note the following:

- This is an <u>anonymous</u> study, as your name will not appear on the in-depth interviews.  The answers you give will be treated as strictly <u>confidential</u> as you cannot be identified in person based on the answers you give.

- Your participation in this study is very important to us. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.

- Please indicate when it will be a suitable time for the researcher to conduct the in-depth interview. Attached is a copy of the questions that will be asked for your perusal. Please be prepared to answer the questions as completely and honestly as possible. This should not take more than 30 - 45 minutes of your time.

- The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.

- Please contact my study leader Miss Anne Leonard (anne.leonard@up.ac.za) if you have any questions or comments regarding the study.

Please sign the form to indicate that:

- You have read and understand the information provided above.
- You give your consent to participate in the study on a voluntary basis.


_____                                        _____

**Respondent's signature**                                                                **Date**

**Annexure C: Vinpro (regulatory body) interview schedule**

**Interview schedule: Vinpro Stakeholder relationship management**

Dear Interviewee,

Thank you for agreeing to participate in this study.
As was explained before, this interview should last **between 30 - 45 minutes** and will be recorded digitally.

Thank you for your time and for sharing your unique insights regarding the focus area of the study.

**Section A: Demographic details**

| | |
|---|---|
| **Date:** | |
| **Name and surname:*** | |
| **Organisation:*** | |
| **Job title:** | |
| **Email address:*** | |
| **Telephone number:*** | |
| **Highest academic qualification:** | |
| **Highest professional qualification:** | |

*\* Information used exclusively for administrative purposes.*

**SECTION B: INTERVIEW QUESTIONS**

**1.       The level of Stakeholder relationship management knowledge**

1.1       What purpose does it serve for Vinpro, as a regulatory body, to focus on Stakeholder relationship management?

1.2       How would you define Stakeholder relationship management?

1.3       What purpose does Stakeholder relationship management and stakeholder engagement serve the wine industry?

1.4       What are management's expectations by making stakeholder relationships and stakeholder engagement a focal point for Vinpro?

1.5       As a sector, why do you think wine farms should spend time and energy on Stakeholder relationship management?

**2.       Current Stakeholder relationship management practices**

2.1       What guidance or information do you currently offer to wine farms for Stakeholder relationship management and stakeholder engagement?

2.2        Describe your approach to Stakeholder relationship management.

2.3        How do you think effective stakeholder engagement and Stakeholder relationship management should be practiced?

2.4        How should wine farms identify, group and prioritise stakeholders?

2.5        Which stakeholder groups do you think are being prioritised?

2.6        Describe how your organisation uses or should use social media as a tool.


**3.        Comparison of small and large wine farms**

3.1        What do you think the differences are for Stakeholder relationship management on small and large South African wine farms?

3.2        How does the size of the farm affect Stakeholder relationship management?

3.3        How should organisational resources be used for Stakeholder relationship management?

3.4        How has the emergence of agritourism affected Stakeholder relationship management on small and large wine farms?


**4.        The implementation of AccountAbility 1000 Stakeholder Engagement Standard (AA1000SES)**

4.1        What are the steps that should be used by wine farms for stakeholder engagement?

4.2        What should be used as a guideline for Stakeholder relationship management?

4.3        What purpose does the adoption of AccountAbility 1000 Stakeholder Engagement Standard fulfil?

4.4        How can the AccountAbility 1000 Stakeholder Engagement Standard be adopted by South African wine farms?

# ANNEXURE C: COMMUNICATION SPECIALIST INTERVIEW SCHEDULE

**Interview schedule: Communication Specialists**

## Section A: Demographic details

| | |
|---|---|
| **Date:** | |
| **Name and surname:*** | |
| **Organisation:*** | |
| **Job title:** | |
| **Email address:*** | |
| **Telephone number:*** | |
| **Highest academic qualification:** | |
| **Highest professional qualification:** | |

*\* Information used exclusively for administrative purposes.*

## SECTION B: INTERVIEW QUESTIONS

**1.      The level of Stakeholder Relationship Management knowledge**

1.1      How would you define Stakeholder relationship management?

1.2      Why do you think Stakeholder relationship management and communication management is relevant to wine farms?

1.3      What purpose does Stakeholder relationship management and implied stakeholder engagement serve to you as a communication professional?

1.4      Explain how your role, working with stakeholder relationships and implied stakeholder engagement fits into the overarching organisational structure.

**2.      Current Stakeholder Relationship Management practices**

2.1      To what extent does Stakeholder relationship management inform and influence part of your duties?

2.2      Describe your approach to Stakeholder relationship management.

2.3     How do you think as an organisation effective Stakeholder relationship management and stakeholder engagement should be practiced?

2.4     How does grouping and prioritisation of stakeholders affect your communication efforts?

2.5     What are effective methods of communication with stakeholders?

2.6     How would you describe your duties?

2.7     Which tools do you use the most for these duties?

2.8     How would you describe social media as a tool for your duties?

**3.     Comparison of small and large wine farms**

3.1     Describe how the size of your organisation affect your duties.

3.2     How do you think it differs on small and large South African wine farms?

3.3     How should organisational resources be used for Stakeholder relationship management?

3.4     How does the size of the farm affect Stakeholder relationship management?

**4.     The implementation of AccountAbility 1000 Stakeholder Engagement Standard (AA1000SES)**

4.1     What are the steps that should be used by wine farms for stakeholder engagement?

4.2     What should be used as a guideline for Stakeholder relationship management?

4.3     What purpose does the adoption of AccountAbility 1000 Stakeholder Engagement Standard fulfil?

4.4     How can the AccountAbility 1000 Stakeholder Engagement Standard be adopted by South African wine farms?