Towards a theoretical framework for the governing of stakeholder relationships: a perspective from South Africa

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Abstract

Including stakeholder approaches into mainstream strategy has been a topic of recent research in the disciplines of strategic management and strategic communication management. The King III Report on Corporate Governance for South Africa (September 2009) illustrates the pragmatic approach to this integration with its chapter on 'Governing Stakeholder Relationships'. This inclusive approach to governance creates awareness among business, government and civil society, of the role that stakeholder relationship management, and therefore strategic communication management, can play in the development, implementation and monitoring of corporate strategies in a sustainable manner. A theoretical framework for an integrated approach—as developed in this article—will guide responsible strategic communication management with specific reference to the governing of stakeholder relationships. It will demonstrate that communication management principles, such as stakeholder relationship management, can assist an organisation in achieving its objectives—even to a point of becoming objectives in themselves.

INTRODUCTION

An increasing number of organisations view corporate responsibility as integral to their systems of governance. This helps set the new agenda for business on a local and global scale. Strategic priorities, skills and capacity building, new business development, stakeholder relationships and ethics are important elements of this new reality in which communication in all its dimensions will play a significant role. A new communication management paradigm will be needed to support the triple context domain that contemporary business, government and civil society have to operate in. It will also include new risks to monitor and address, based on the actions of stakeholders. This consciousness of communication between people about issues that affect them is what could ensure a sustainable future for all. A fundamental element of sustainability is therefore the phenomenon of communication in all its manifestations.

Although the current paradigm of communication management addresses the important concepts in this new reality, it is doubtful whether this paradigm has succeeded in obtaining legitimacy for the communication profession in the boardroom. Without this legitimacy, very little of the knowledge and expertise of communication professionals will be acknowledged and appreciated, with the result that little value will be added to the organisation.

The question can therefore be posed whether a new paradigm, based on the shared expectations between managers and communicators (as identified in the Excellence

Study) and the legitimate expectations of stakeholders of organisations (as identified in the inclusive approach to governance) is not needed to address the challenges that businesses face today. This paradigm, focusing on the governing of stakeholder relationships, should include the concepts of corporate governance, sustainability, strategy, communication management, stakeholder relationships and corporate reputation. Whereas the first three concepts can be considered as being part of the management science domain, the latter three forms part of the communication science domain. A new, more relevant, paradigm, developed from these perspectives, should address the gap between these domains in order to meet expectations on the different levels. Although existing theories of corporate governance, strategic management and strategic communication management provide answers to some of the questions posed on the concept of stakeholder relationship governance, a theoretical framework should provide a platform for further investigation into this phenomenon.

This article addresses the relevant corporate governance, management and communication theories that could contribute to an understanding of a governance and sustainability perspective in the academic field of strategic communication management. The result will be a contribution to governing stakeholder relationships as addressed in the King III Report on Corporate Governance for South Africa, 2009 and the recently written Stockholm Accords.

Existing models

Although many existing models contain constructs that can explain certain aspects of the stakeholder governance phenomenon, a strategic management model and a communication management model were identified in this article, to address the phenomenon of stakeholder relationship governance in a holistic manner. The main aim is to develop a new theoretical framework from the *stakeholder-oriented integrative strategic management model* (Katsoulakos and Katsoulacos, 2007) and the d*efinitive model of the identity management process* (Stuart, 1999). These models encapsulate in different ways the interrelationships between the relevant concepts of this article, namely corporate governance, sustainability, strategy, communication, stakeholder relationships and corporate reputation. However, a new theoretical framework that explains the phenomenon of stakeholder relationship governance will have to be developed. It will contain the relationships and outcomes that will be needed to understand a new paradigm for the academic field of strategic communication management.

A pragmatic approach

The Excellence Theory, with its focus on shared expectations between management and the top communicator, lead to more detailed questions about the nature of the shared expectations between top management and the top communicator. Answers to these questions could assist with the further conceptualisation of the communication management function on a strategic level.

Public relations research has over the years progressed through three levels of problems: The *macro* (environmental) level, which refers to explanations of public relations behaviour and the relationship of public relations to organisational

effectiveness; the *meso* (group) level, which refers to how public relations departments are organised and managed; and the *micro* (individual) level, which refers to the planning and evaluation of individual public relations programmes. Grunig, Grunig and Dozier (in Botan and Hazleton, 2006, 2006, p. 31) furthermore state that the value of communication can be determined at least on four levels: the *programme* level, the *functional* level, the *organisational* level and the *societal* level. A third significant contribution to strategic communication management was made by Steyn (in Steyn and Puth, 2000, pp. 20–21) who identified the *strategist role* (played at the macro or top management level of an organisation) for the communication professional, apart from the *manager role* (played at the functional, departmental or divisional level of an organisation) and the *technician role* (played at the implementation or programme level).

The King III Code and Report on Corporate Governance for South Africa 2009 explains in principle in Chapter 8 on the Governing of Stakeholder Relationships, what the board's expectations are of the top communicator with regard to strategic communication management. The board therefore demands the governing of stakeholder relationships and expects the top communicator to deliver on these expectations. One of the major theoretical approaches in the King III Report—which also stands on the three pillars of *governance*, *sustainability* and *strategy*—is the inclusive stakeholder approach. The principles contained in Chapter 8: Governing Stakeholder Relationships are *Principle 8.1*: The board should appreciate that stakeholders' perceptions affect an organisation's reputation. *Principle 8.2*: The board should delegate to management to proactively deal with stakeholder relationships. *Principle 8.3*: The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the organisation. *Principle 8.4*: Organisations should ensure the equitable treatment of shareholders. *Principle 8.5*: Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence. *Principle 8.6*: The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible (King III Report, 2009).

The Stockholm Accords, developed and advocated by the Global Alliance for Public Relations and Communication Management, closes the demand-delivery loop of shared expectations between top management and the top communicator by explaining how communicators can deliver on the expectations as set out in the King III Report. Its six main concepts of governance, sustainability, management, internal communication, external communication and the alignment of internal and external communication are described in principle and can be considered as a step towards a new paradigm for responsible communication management. The Accords will therefore provide guidance on the general approach to communication management.

A PROPOSED THEORETICAL FRAMEWORK FOR GOVERNING STAKEHOLDER RELATIONSHIPS

The following theoretical framework was developed for the conceptualisation of the governing of stakeholder relationships and a new integrated approach to strategic communication management (Table 1).

Table 1. Theoretical framework

Meta-theoretical approaches	Systems theory				
	Cybernetics				
	Symbolic interactionism				
	Rules theory				
Primary domain	Social science				
Secondary domains	Law		Management science	Communication science	
Disciplines	Business law		Business management	Communication management	
Academic fields	Corporate governance		Sustainability Business in society Risk management Strategic management	Strategic communication management (public relations, stakeholder relationship management, reputation management) Interpersonal communication Corporate communication (management communication, organisational communication, marketing communication) Business communication	
Paradigms	Inclusive stakeholder approach			Reflective paradigm	
Theories	Corporate governance	Sustainability	Strategy	Communication	Stakeholder relationships	Corporate reputation
				General theory: Excellence theory		
Institutional theory	Theory of corporate social	Industrial organisation/environmen	Symbol theory	Four public relations	Information integration	

	responsibility	tal approaches		models	theory
Theory of distributive justice	Legitimacy theory	Resource-based view and related theories of core competencies and dynamic capabilities	Conversation and text in the process of organising	(Press agentry Public information Two-way asymmetric communication Two-way symmetric communication)	Consistency theory (Cognitive dissonance theory Theory of beliefs, attitudes and values)
Agency theory	Social issue life cycle theory	Business networking and relational perspectives	Structuration theory		Problematic integration theory
		Knowledge view of the firm	Organisational control theory	Medium theory	
		Corporate responsibility and sustainability	Organisational culture	Agenda setting theory	
		Stakeholder approaches		Social action media studies	
				Network theory	
				A dialectic theory of relationships	
				Relationship management theory	
Models	Stakeholder oriented integrative strategic management model			Definitive model of the identity management process	
Major concept	Governing organisation–stakeholder relationships				

Metatheoretical approaches

The following metatheoretical approaches have been identified to describe the phenomenon of responsible strategic communication management, with specific reference to the governing of stakeholder relationships:

Systems theory

General systems theory maintain that biological, psychological and social systems possess certain common qualities that define the system concept—qualities that are not mutually exclusive and that include wholeness; interdependence; hierarchy; self-regulation and control; interchange with the environment, balance, change and adaptability; and equifinality (Littlejohn, 1983, pp. 29–32). Cutlip, *et al.* (2002, p. 15) state that: 'A system is a set of interacting units that endures through time within an established boundary by responding and adjusting to change pressures from the environment to achieve and maintain goal states'. According to Beerel (1998, p. 22), systemic analysis is a continuous review of the relationships within a system. The new science postulates that a systemic perspective demands recognising that all living phenomena are connected in a myriad of non cause-and-effect, and non-linear networks that are in perpetual flux and motion. The future behaviour of these networks can be estimated with some probability but not with certainty.

Cybernetics

Organisational systems are considered cybernetic systems and often are characterised by permeable boundaries in that environmental elements freely enter and leave them (Witmer in Botan and Hazleton, 2006, 2006, p. 363). Cybernetics is the study of regulation and control in systems, with emphasis on the nature of feedback. Important features of open systems are that they are regulated, that they seek goals and that they therefore are purposeful.

Symbolic interactionism

The bodies of theory of symbolic interaction and of rules theory capture the symbolic nature of communication, and are consistent with one another in many respects. Symbolic interactionism, a formulation primarily from the field of sociology, is the broadest overview of the role of communication in society. Many of the more specific theories of communication, language and socialisation are subsumed under this broader framework (Littlejohn, 1983, p. 45). The early symbolic interactionists stressed the role of the shared meaning of symbols as the binding factor in society, and were concerned with studying people in relation to their social situation (Littlejohn, 1983, p. 46). Society is a cluster of cooperative behaviours on the part of society's members. Conscious, symbol-using behaviour has a responsive, adaptive and cooperative nature. The symbols used must also possess shared meaning for the individuals in society. In Mead's terminology, a gesture with shared meaning is a significant symbol. Society therefore arises in the significant symbols of the group (Littlejohn, 1983, p. 48).

Rules theory

Rules theorists have gone beyond symbolic interactionism to discuss the specific mechanisms at work in everyday interaction. They teach that people generate rules for interaction and use these rules to govern social behaviour (Littlejohn, 1983, p. 45). The rules theory gives form and substance to the interaction-meaning cycle. Susan Shimanoff states: 'In order for communication to exist, or continue, two or more interacting individuals must share rules for using symbols. If every symbol user manipulated symbols at random, the result would be chaos rather than communication' (Littlejohn, 1983, p. 60).

Domains, disciplines and academic fields

The major concepts in this paper originated from the primary domain of social science, and three of its secondary domains, namely law, management science and communication science. The *academic disciplines* from which the concepts originate are (1) *Business Law*, with its academic field of *Corporate Governance*; (2) *Business Management*, with its academic fields of *Sustainability, Business-Society Management, Risk Management* and *Strategic Management*; and (3) *Communication Management* with its related academic fields of *Strategic Communication Management* (*Public Relations*), *Corporate Communication* (*Management Communication, Organisational Communication, Marketing Communication), Interpersonal Communication* and *Business Communication*.

Paradigms

The reflective paradigm and the inclusive stakeholder approach were identified as worldviews for understanding the phenomenon of governing stakeholder relationships.

Reflective paradigm

The reflective paradigm proved to be the most suitable paradigm for developing a theoretical framework to explain the governing of stakeholder relationships. Reflection is an expression of *polycontext–referential self-regulation* with its focus on phenomena such as the triple bottom line (people, planet, profit), multistakeholder dialogue, symmetrical communication and ethical accounts. *Polyvalues orientation* supports the argument that the organisation's licence to operate can be obtained by governing relationships with stakeholders in a second-order polycontextual environment where the reflective perspective sees an environment to be respected, as opposed to the asymmetric, counter-active practice's first-order independent perspectives on an environment to be 'managed'. This paradigm activates top management and influences corporate policies. Public expectations are also changing and specific stakeholder expectations are often competing, which increases the demand for clarification of the organisation's identity, role and responsibility in society. In the reflective *leadership function*, there is a focus on values and 'ethical' policies and programmes (Holmström, 2002).

Reflection follows the evolution of society's forms of regulation and coordination. It illustrates how social processes learn to cope with conflicts. The classical regulating environment of business—market and state—follows the development towards polycontextual legitimation processes based on reflection. The political system establishes 'voluntary' forms of regulation to encourage social co-responsibility within business as well as in the markets and with other stakeholders, which promotes a polycentred, polycontextual form of regulation—governance structures (Holmström, 2002).

Trust is no longer anchored in legislation only but in complex and dynamic patterns of expectations. The *communicative function* is essential in this mutual form of regulation; there is a focus on communicating values, ethical reporting and even branding, to signal what is to be expected from the organisation as a precondition of trust. The reflective paradigm implies a change in business' understanding of its corporate social responsibility (CSR) as fulfilled by the narrow economic self-interest to a social responsibility based on an 'enlightened self-interest' (Holmström, 2002). As a communicative network, an organisation is kept together by a social system of meaning. The economic rationale is the meaning that integrates a business enterprise, whereas organisations with other functional references interpret the world from other perspectives. In a *monocontextual* corporate practice, there is a narrow economic focus on 'profit', whereas a *polycontextual* practice evolves with considerations of 'planet and people' as a precondition for 'profit'. Trust is gained and the motive for the organisation's multistakeholder dialogue is 'To secure a license to operate' (Holmström, 2002).

Inclusive stakeholder approach

The classic definition of a stakeholder is 'any group or individual who can affect or is affected by the achievement of the organisation's objectives'. At its broadest and most ambitious, the stakeholder concept represents a redefinition of all organisations: how they should be conceptualised and what they should be (Friedman and Miles, 2006, pp. 1–2). Yamak and Süer (2005, p. 111) state that CSR has emerged as a major topic following recent corporate scandals, which may also be interpreted as the demise of *shareholder theory* (a manager's duty is to maximise shareholders' returns) and the rise of *stakeholder theory*. The shareholder theory and the stakeholder theory are two patterns that stand out as explanation of corporate behaviour. Stakeholders are entitled to some rights and interests because they are central to the existence of any business. Problems of corporate governance arise when the rights of stakeholders are violated (Bhasa, 2004, p. 6). Expectations of stakeholders—but also their risk-taking behaviour and interdependencies—will differ according to changing levels of risk (Yamak and Süer, 2005, p. 116). Managers are assumed to ensure that the ethical rights of all stakeholders are respected and balanced. To balance profit maximisation with the long-term ability of the corporation to remain a going concern, therefore, surfaces as the ultimate goal of the firm or organisation. In a study that enabled multiple stakeholder discourses, the *stakeholder–agency perspective* where the organisation is viewed as a 'nexus of contracts between resource holders (stakeholders)' was developed (Yamak and Süer, 2005, p. 113).

Network-based governance, where relations between organisations are coordinated according to a range of social contracts, is also increasingly important in certain sectors. Concepts of stakeholder management point to corporate governance becoming concerned with a 'set of relationships' rather than a 'set of transactions', whereas the emergence of compacts between regulators and corporates points to the emergence of a different understanding of governance and regulation (Dunphy, *et al.*, 2007, p. 77).

In what is referred to as the 'enlightened shareholder model' as well as the 'stakeholder inclusive' model of corporate governance, the board of directors should consider the legitimate interests and expectations of stakeholders other than shareholders. In the 'enlightened shareholder' approach, the legitimate interests and expectations of stakeholders have an instrumental value—stakeholders are only considered in as far as it would be in the interest of shareholders to do so. In the case of the 'stakeholder inclusive' approach, the board of directors considers the legitimate interests and expectations of stakeholders on the basis that this is in the best interest of the organisation to do (King III Report, 2009, p. 13).

Theories

The following theories were identified as significant in the development of a theoretical framework for responsible strategic communication management.

Corporate governance

Corporate governance refers to the method by which an organisation is being governed, directed, administered or controlled and to the goals for which it is being governed. It is concerned with the relative roles, rights and accountability of such stakeholder groups as owners, boards of directors, managers, employees and others who assert to be stakeholders (Carroll and Buchholtz, 2006, p. 609).

Institutional theory

As the major actor in the institutional context, the state plays a crucial role in shaping not only the structures of the business environment but also the individual organisations and the relationships between their stakeholders. This may also be interpreted as part of the legitimacy creation process, which is vital for all kinds of organisations according to institutional theory (Yamak and Süer, 2005, p. 115).

Theory of distributive justice

It behoves an organisation to leverage its economic influence in taking a stand on moral issues, and to contribute to the institutionalisation of values that could benefit society as a whole. Supporting this perspective is Rawls's theory of distributive justice, which holds that rights, property, opportunities and economic advantages should be distributed equally among members of society, but according to merit. Another perspective is that of compensatory justice, which holds that compensation should be given for an injustice that produces harm. Justice can be defined as 'the

system of rules and arrangements that increase human peace, cooperation, production, and happiness' (Pratt in Botan and Hazleton, 2006, 2006, p. 261).

Agency theory

The *theory of separation of ownership and control* is the primary contribution to the body of knowledge of corporate governance (Bhasa, 2004, p. 7). An agency relationship is a contract in which one or more persons—the *principal*(s)—engage another person—the *agent*—to take action on behalf of the principal(s) that involve the delegation of some decision-making authority to the agent. Through different interest–alignment mechanisms and contracts, the divergence of interests is handled to a certain extent. In a similar vein, the relationship between shareholders and management can be described as one of collaboration and coordination secured by contracts (Yamak and Süer, 2005, p. 112; Carroll and Buchholtz, 2006, p. 612). Jensen (2000, p. 1) states furthermore that the public corporation is the nexus for a complex set of voluntary contracts among customers, workers, managers and the suppliers of materials, capital and risk bearing. The rights of the interacting parties are determined by law, the corporation's charter, and the implicit and explicit contracts with each individual. The behaviour of an organisation is therefore the equilibrium behaviour of a complex contractual system made up of maximising agents with diverse and conflicting objectives (Jensen 2000, pp. 1 and 136).

Sustainability

The fully sustainable organisation is an organisation that is itself sustainable because its stakeholders, including its employees, will continue to support it. But it is also a sustainable organisation because it is sustaining the wider society and the ecological environment (Dunphy, *et al.*, 2007, p. 12).

Theory of corporate social responsibility

According to *economic theory*, the sole responsibility of business is to maximise profits. So long as organisations obey the law, there are no requirements or duties beyond the financial imperatives of the corporation. However, the history of the corporate responsibility movement illustrates an evolving definition of the role and responsibilities of business in society, from a focus exclusively on shareholder returns or other financial measures, to the acknowledgement by business of a much broader group of corporate stakeholders and responsibilities (Doorley and Garcia, 2007, p. 357). The conceptual foundation of CSR reflects the evolution of dimensions of CSR from an economic doctrine of profit-making for an organisation's shareholders, into corporate social responsiveness; into social issues management that includes issues identification and analysis and response management; and into the needs of community or society (Pratt in Botan and Hazleton, 2006, p. 249).

Legitimacy theory

Organisations require legitimacy to maintain functional, long-term relationships with the various stakeholders on which they depend. Organisations that lose legitimacy face a variety of difficulties, ranging from punitive legislation to difficulty in hiring staff.

Society judges the legitimacy of an organisation based on its image. Legitimacy is therefore not a characteristic of an organisation, but a measure of the societal perceptions of corporate behaviour compared with societal expectations for corporate activity (Steyn and Puth, 2000, p. 209).

Social issue life cycle theory

Social issues life cycle theory maintains that social issues follow a predictable evolutionary trajectory. They progress from a period in which the issue is not particularly prominent to a period of increasing awareness and expectations for action, to a period where new standards for dealing with the issue become ingrained in the normal functioning of the organisation (Steyn and Puth, 2000, p. 209).

Strategy

Katsoulakos and Katsoulacos (2007, p. 359) identified strategic management theories and showed their interaction in developing a single strategic management capability. The same theories were used for the development of a theoretical framework for the concept 'governing stakeholder relationships'.

Industrial organisation/environmental approaches

Environmental-based strategies focus on market characteristics and examine how best an organisation can configure its value chain to obtain a competitive advantage (Katsoulakos and Katsoulacos, 2007, p. 359).

Resource-based view and related theories of core compentencies and dynamic capabilities

Resource-based theories address how organisations can perform activities within the value chain more efficiently utilising organisation-specific resources that must be valuable, rare, imperfectly imitable and non-substitutable. Resource-related strategies were elaborated through the concept of leveraging core competencies and distinctive capabilities to exploit economies of scope (Katsoulakos and Katsoulacos, 2007, p. 359).

Business networking and relational perspectives

Strategies for developing core competencies are frequently combined with networking and knowledge management strategies. Networking strategies should combine a 'competence' perspective for the acquisition and development of knowledge and capabilities with a perspective of 'governance', for the management of 'relational risks' (Katsoulakos and Katsoulacos, 2007, p. 359).

Knowledge view of the firm

Resource-based strategies will determine the knowledge requirements for core competencies in the context of networking strategies and organisational design. Productivity is dependent on the learning capabilities of the organisation (learning

curve) with the obvious implications on value (Katsoulakos and Katsoulacos, 2007, p. 359).

Corporate responsibility and sustainability

Responsibility-driven self-regulation and responsibility strategies to meet investor and consumer demands are becoming important elements of the strategic positioning of the organisation. Responsiveness is also facilitated by transparency as it encourages broad stakeholder participation in risk management processes (Katsoulakos and Katsoulacos, 2007, pp. 360–361).

Stakeholder approaches

Stakeholder engagement is closely related with the concept of social capital and can be described as '…*networks, together with shared norms, values and understandings which facilitate cooperation within or among groups*'. With stakeholder-based strategic management, organisations recognise and address their responsibilities to all their stakeholders for mutual benefit—or even purely on ethical/moral grounds—in contrast to the agency theory of the firm, where directors of an organisation are duty bound to maximise the interests of those owners (Katsoulakos and Katsoulacos, 2007, p. 362).

General theory

The *Excellence Theory* is a broad, general theory that begins with a general premise about the value of public relations to organisations and to society and uses that premise to integrate a number of middle-range theories about the organisation of the public relations function, the conduct of public relations programmes, and the environmental and organisational context of excellent public relations (Grunig, Grunig and Dozier in Botan and Hazleton, 2006, 2006, p. 54). The Excellence Study has shown that public relations is a unique management function that helps an organisation interact with the social and political components of its environment. This institutional environment consists of publics that affect the ability of the organisation to accomplish its goals and that expect organisations to help them accomplish their own goals. Organisations are not autonomous units free to make money or to accomplish other goals they set for themselves. They have relationships with individuals and groups that help set the organisation's goals, define what the organisation is and does and affect the success of its strategic decisions and behaviours (Grunig, Grunig and Dozier in Botan and Hazleton, 2006, 2006, p. 55). The Excellence Study demonstrated that the value of public relations can be studied at four levels: the level of a specific public relations programme, the level of the public relations function, the level of contributing to organisational effectiveness and the societal level.

The value of public relations comes from the relationships that organisations develop and maintain with publics. The quality of relationships results more from the behaviour of the organisation than from the messages that communicators disseminate (Grunig, Grunig and Dozier in Botan and Hazleton, 2006, 2006, p. 55). Relationships also help the organisation manage its interdependence with the environment. Although communication alone does not create and maintain these

relationships, it does play a vital role. Some scholars also define business as 'a connected set of relationships among stakeholders where the emphasis is on the connectedness' (Grunig, Grunig and Dozier in Botan and Hazleton, 2006, 2006, p. 33).

Communication

Rogers and Agarwala-Rogers (1976, p. 17) state that communication is a process—a continuous sequence of actions that flows like a stream through time. The purpose of communication is to commune with rather than just to persuade or command. It is therefore more meaningful to say that a person *engages* in communication and becomes part of the communication *system* (Rogers and Agarwala-Rogers, 1976, p. 18). Barker and Angelopulo (2006, p. 5) state that the approaches to communication that are most applicable in the context of organisations may be divided into two streams: (1) communication as a *mechanistic* phenomenon and (2) communication as a social, *interactive* and often transactional phenomenon. The totality of an organisation adds up to its communicative ability. There are four major areas in which a communicator needs to develop knowledge: processes, structure, social interaction and organisational-wide relationships (Hamrefors, 2010, p. 144).

Symbol theory

Semiotics assists the understanding of what goes into a message—its parts—and how these are organised structurally. These theories also help the understanding of how the message comes to have meaning (Littlejohn and Foss, 2005, p. 102).

Conversation and text in the process of organising

Organising is a circular process of interaction, with interaction and interpretation affecting one another. A distinction can be made between two theoretical terms—*conversation* and *text*. Conversation is the interaction, or how participants behave towards one another—the words they use, their demeanour, their gestures. Text is what is said—the content and ideas embedded in the language used. But these two processes cannot really be separated—the conversation is understood in terms of the text, and the text is understood in terms of the conversation—a process that Taylor and associates call 'double translation' (Littlejohn and Foss, 2005, pp. 251–252).

Structuration theory

Structuration is a process in which the unintended *consequences of action* create norms, rules, roles and other social structures that constrain or affect future action (Littlejohn and Foss, 2005, p. 252). The concepts of *social integration and duality of agent/institution/agency relationships* recognise the co-construction of an organisation, its constituents and its stakeholders through social interaction, rather than characterising them as discrete entities (Witmer in Botan and Hazleton, 2006, p. 368). Structuration encourages a view of publics (stakeholders) as created and re-created through shared experiences which enables an understanding of their changeability over time. A structurationist view of organisational culture addresses

the ways in which culture is created through the interactions of human actors, both as organisational members and as constituents of organisational publics, which overcomes a limitation of systems theory (Witmer in Botan and Hazleton, 2006, 2006, p. 369).

Organisational control theory

The way in which ordinary communication establishes a certain amount of control over employees forms the basis of this theory. *Control* is exerted in organisations in four ways. The first is simple control, or use of direct, open *power*. The second is *technical control*, or use of machinery. The third form of control is *bureaucratic*, which involves the use of organisational procedures and formal rules. Employees may be given a manual that includes policies to be followed, and memos and reports are used to communicate additional expectations. The fourth is *concertive control*—the use of interpersonal relationships and teamwork. This is the subtlest form of control because it relies on a shared reality and shared values (Littlejohn and Foss, 2005, p. 258).

Organisational culture

Theories of organisational culture emphasise the ways people construct an organisational reality. As the study of an organisation's way of life, this approach looks at the meanings and values of the members. It examines the way individuals use stories, rituals, symbols and other types of activity to produce and reproduce a set of understandings. Work on organisational culture marks an important shift in this field from functionalism to interpretation—from the assumption that the organisation has pre-existing elements that act on one another in predictable ways to the assumption that it is a constantly changing set of meanings constructed through communication (Littlejohn and Foss, 2005, p. 58).

Stakeholder relationships

The relationship perspective of public relations suggests that balancing the interests of organisations and stakeholders is achieved through the management of organisation–public relationships. From that perspective, public relations is seen as 'the management function that establishes and maintains mutually beneficial relationships between an organisation and the publics on whom its success or failure depends' (Ledingham in Botan and Hazleton, 2006, 2006, p. 465). Grunig (1993, p. 122) states that because personal relationships broke down as organisations grew larger over the decades, organisations turned to the media to build symbolic rather than personal—behavioural—relationships with publics. Symbolic activities—the quest for 'positive images'—and behavioural relationships between organisations and publics are two kinds of relationship that are complementary rather than competing and can be viewed as intertwined strands of a rope. The following theories support stakeholder relationship management.

Four public relations models

One-way practices:

1. The most common public relations model is 'press agentry' or 'publicity' that relies primarily on getting favourable publicity in the mass media (Grunig and Hunt, 1984, pp. 22–25).
2. The 'public information' model values relatively objective information dissemination from the organisation to the so-called 'general public' through the mass media and other controlled media such as newsletters, brochures and direct mail (Grunig, 1997, p. 7). The purpose of this model is the dissemination of information, not necessarily with a persuasive intent.

Two-way practices:

1. Asymmetrical communication: Public relations practitioners and their top management with an asymmetrical worldview use knowledge about stakeholders to try to gain their compliance, manipulating and dominating both internal and external publics to further the goals of top management.
2. Symmetrical communication: Those with a symmetrical worldview exchange information with stakeholders in an effort to devise win-win solutions to their common problems or issues (Grunig, 1997, p. 8). According to Lindeborg (1994, p. 5) symmetrical public relations is also more ethical and socially responsible than asymmetrical public relations because it manages conflict rather than wages war.

Medium theory

According to the sociocultural tradition, the media constitute a powerful force in society. Media productions respond to social and cultural developments and in turn influence those developments. The mere existence of certain kinds of media like television affects how people think about and respond to the world. Media fulfil a variety of important functions in society, including framing information, influencing opinion, providing entertainment, setting an agenda of issues and others. At the same time, different segments of society—or audiences —interact in unique ways with the media (Littlejohn and Foss, 2005, p. 277). In addition to the effects of media, media content is vitally important. One of the earliest and best-known theorists in this tradition was Harold Lasswell. In his classic 1948 article, he presented the simple and often quoted model of communication: Who, Says What, In which channel, To whom, With what effect. Using this model, Lasswell listed the parts of the mass communication system (Littlejohn and Foss, 2005, p. 279).

Agenda setting theory

Scholars have long known that media have the potential for structuring issues for the public (Littlejohn and Foss, 2005, p. 279). In other words, agenda setting establishes the salient issues or images in the minds of the public. There are two levels of

agenda setting. The first established the general issues that are important, and the second determines the parts or aspects of those issues that are important. The agenda-setting function is a three-part linear process: the media agenda affects the public agenda, and the public agenda affects the policy agenda (Littlejohn and Foss, 2005, p. 280).

Social action media studies

Many media scholars believe that the audience cannot be characterised as an amorphous mass and that it consists of numerous highly differentiated communities, each with its own values, ideas and interests. Media content is interpreted within the community according to meanings that are worked out socially within the group, and individuals are influenced more by their peers than by the media (Littlejohn and Foss, 2005, p. 282).

Network theory

Patterns of communication will develop over time within an organisation. One way of looking at organisational structure is to examine these patterns of interaction to see who communicates with whom (Littlejohn and Foss, 2005, p. 249). *Networks* are social structures created by communication among individuals and groups. As people communicate with others, *links* are created, which are lines of communication. Some of these are prescribed by *organisational rules* and constitute the *formal network*, but these channels reveal only part of the structure of an organisation. In contrast, *emergent networks* are the informal channels that are built by regular, daily contact among members (Littlejohn and Foss, 2005, p. 247).

A dialectic theory of relationships

Dialectic refers to a tension between opposing forces within a system. People often experience equally compelling 'voices' that impinge upon their decision making. Dialectical tensions can be experienced in larger societal institutions, for example the tension between organisation profit and the job security of employees during layoffs (Littlejohn and Foss, 2005, p. 99). In general, a dialogue is a coming together of diverse voices in a conversation. *Dialogue* can be described as conversations that define and redefine relationships as they emerge in actual situations over time. Relationships are both *dialogical* and *dialectical*, which means that the natural tensions of relationships are managed through coordinated talk (Littlejohn and Foss, 2005, p. 199).

Relationship management theory

A cornerstone of relationship management theory is its focus on managing organisation–public relationships to generate benefit for organisations and publics alike (Ledingham in Botan and Hazleton, 2006, 2006, p. 466). The importance of expectations in the development and nurturing of relationships is explored in this theory (Ledingham in Botan and Hazleton, 2006, 2006, p. 467). Dozier (1995) has observed that 'the purpose and direction of an organisation (its mission) is affected by relationships with key constituents (publics) in the organisation's environment' (p.

85) (in Ledingham in Botan and Hazleton, 2006, 2006, p. 468). He suggested that within the perspective of relationship management, communication becomes 'a strategic management function (that helps) manages relationships with key publics that affect organisational mission, goals and objectives' (p.85). Similarly, although goals are developed around relationships, communication is used as a strategic tool in helping to achieve those goals (and that), whereas measurement of communication efficiencies should certainly be part of the evaluation process, their importance eventually may rest upon their ability to impact the achievement of relationship objectives (Ledingham in Botan and Hazleton, 2006, 2006, p. 68). Moreover, Broom and Dozier (1990) argue that an inappropriate focus on communication has resulted in validation of public relations initiatives in terms of communication output, rather than relational or behavioural outcomes (Ledingham in Botan and Hazleton, 2006, 2006, p. 469). The following definition links relationships and impact: an organisation–public relationship is the state that exists between an organisation and its key publics, in which the actions of either can impact the economic, social, cultural and political well-being of the other (in Botan and Hazleton, 2006, p. 470). A relationship is defined not so much by what is said as by the partner's expectations for behaviour. The notion of *social exchange*, holds that entities in a relationship have a level of *expectations* regarding others in the relationship and that failure to meet or exceed expectations, will decide whether a relationship continues (Ledingham in Botan and Hazleton, 2006, p. 473). Measures of the quality of behavioural relationships include reciprocity, trust, credibility, openness, mutual legitimacy, mutual satisfaction and mutual understanding. They further offered symmetry, intensity, frequency, duration, valance and content as measures of communication linkage attributes (Ledingham in Botan and Hazleton, 2006, p. 474).

Corporate reputation

Competitive advantage accrues from a set of resources that provide superior business performance over the long-term. Research indicates that positive correlations exist between a positive corporate image or identity of a business to superior performance. The aim of corporate identity management is to acquire a favourable corporate image among key internal and external stakeholders so that, in the long-term, this image can result in the acquisition of a favourable corporate reputation, which leads to key stakeholders having a favourable disposition towards the organisation. Studies have shown that positive reputation and image reduce risk and increase market share (Melewar, 2008, p. 11).

Information–integration theory

The information–integration approach to the communicator—a genre of cybernetic theory—centres on the ways people *accumulate and organise information* about persons, objects, situations and ideas to form attitudes, or predispositions to act in a positive or negative way towards some object. Cybernetic theories of the communicator share much with the socio-psychological, because both focus on the cognitive system of the individual—a complex, interacting set of beliefs, attitudes and values that affect and are affected by behaviour (Littlejohn and Foss, 2005, p. 81).

Consistency theories

One of the largest bodies of work related to attitude, attitude change and persuasion falls under the umbrella of *consistency theory*. Two theories of cognitive consistency are prominent—Leon Festinger's theory of *cognitive dissonance* and Milton Rokeach's *theory of beliefs, attitudes and values* (Littlejohn and Foss, 2005, p. 77): (1) Theory of cognitive dissonance: Festinger imagines that the communicator carries around a rich assortment of cognitive elements such as attitudes, perceptions, knowledge and behaviours. Dissonance occurs when one element would not be expected to follow from the other. Two overriding premises govern dissonance theory. The first is that dissonance produces tension or stress creates pressure to change. Second, when dissonance is present, the individual will not only attempt to reduce it but will also avoid situations in which additional dissonance might be produced. The greater the dissonance, the greater the need to reduce it (Littlejohn and Foss, 2005, p. 77). Much of the theory and research on cognitive dissonance has centred on the various situations in which dissonance is likely to occur, including decision making, forced compliance, initiation, social support and effort (Littlejohn and Foss, 2005, p. 78). (2) A theory of beliefs, attitudes and values: Milton Rokeach believes that each person has a highly organised system of beliefs, attitudes and values that guides behaviour (Littlejohn and Foss, 2005, p. 79). Rokeach believes that of the three concepts available for explaining human behaviour—beliefs, attitudes and values—*values* are the most important. Values are specific types of beliefs that are central in the system and act as life guides. Instrumental values—such as hard work and loyalty—are guidelines for living on which people base their daily behaviour (Littlejohn and Foss, 2005, p. 80).

Problematic integration theory

Cybernetic theories of the communicator feature cognitive integration as central to human life. The mind is characterised by a set of attitudes, beliefs and values that move always in a direction of increasing integration or consistency. Austin Babrow adds to this line of work by explaining the role of communication in helping individuals manage what he calls problematic integration. Babrow's theory rests on three pillars, or propositions. First, you have a natural tendency to *align your expectations* (what you think will happen) and your *evaluations* (what you want to happen)—you experience a tension to align your expectations with your values. Second, integrating expectations and evaluations is not always easy and can be problematic. Third, problematic integration stems from communication and is managed through communication (Littlejohn and Foss, 2005, p. 80).

INTEGRATION OF TWO MODELS

The main objective of this article is the integration and synthesis of two existing models in order to explain the phenomenon of the governing of stakeholder relationships. The first is a *communication* model developed by Stuart in 1999 and is called: *A definitive model of the corporate identity management process*. The second is a *management* model developed by Katsoulakos and Katsoulacos in 2007 and is called: *A stakeholder-oriented integrative strategic management framework*.

The first model describes the communication and management processes that take place in the organisation, which contribute to corporate identity and corporate reputation formation. Because it illustrates some of the most significant communication and management processes in an organisation, it can also be used to illustrate the governing of organisation–public relationships. The second model illustrates the integration of stakeholder-oriented theories into mainstream strategy and also refers to sustainability and governance in its development. Although both models are most suitable for the purpose for which they were developed, they can also be adapted and integrated for the purpose of illustrating the process of the governing of stakeholder relationships.

A definitive model of the corporate identity management process

This model, developed by Stuart (1999), explores the significance of the models of corporate image formation and corporate identity management that have been developed from conceptual thinking in the area of corporate identity management. Whereas the earlier models concentrated on the formation of corporate image and did not use the concept of corporate identity, the later models highlighted the corporate identity management process (Stuart, 1999).

Taking into account all the significant features of the previous models Stuart provided an updated model that more clearly defines the corporate identity management process. The factors taken into account are shown in Table 2.

Table 2. Elements of a definitive model

Concept	Comment	Authors
Corporate personality	Ownership, corporate mission, corporate philosophy, core values	Olins, Abratt, Balmer
Corporate/organisational culture	Culture as a context not a variable	Dowling, Hatch and Schultz
Corporate strategy/strategic management	Corporate identity is a deliberate presentation of corporate personality based on corporate strategy	Stuart, Markwick and Fill
Corporate identity/corporate identity mix	Expression of the corporate personality in behaviour, symbolism (including visual identity), communication	Abratt, Stuart, Balmer, van Riel
Corporate identity/corporate image interface	Moment of truth for an organisation, internal-external boundaries breaking down	Abratt, Stuart, Balmer, Hatch and Schultz
Corporate reputation	Result of corporate image over time	Fombrun
Corporate communication/total corporate communication	Consisting of management, organisation and marketing communication. Everything the organisation says, does and	Fombrun, van Riel, Balmer

Concept	Comment	Authors
	communicates	
Integrated communication	The three forms of communication need to be integrated horisontally and vertically	Van Riel, Kitchen, Stuart
Employees	Employees' view of corporate identity is significant	Kennedy, Dowling, Stuart
Environmental influences	Actions of competitors, government legislation, prevailing economy	Kennedy, van Riel and Balmer, Baker and Balmer, Markwick and Fill
Organisational structure, corporate identity structure	Type of organisational structure as it relates to corporate identity structure	Kammerer, van Riel, Stuart

From these elements, a model of the corporate identity management process was presented by Stuart (1999).

Stakeholder-oriented integrative strategic management reference model

Katsoulakos and Katsoulacos (2007, p. 355) set out to establish a strategic management framework that supports the integration of CSR principles and stakeholder approaches into mainstream business strategy. A top-down and bottom-up approach was used to develop the proposed framework. The top-down approach focused on analysing the main strategic management theories (including social responsibility movements) to identify complementary concepts and create a relevant topology. The bottom-up approach was based on empirical research on the views of business organisations on CSR, a review of best practices and case studies. The approach describes a stakeholder-oriented integrative strategic management framework linking the main strategic management theories across value, responsiveness and responsibility dimensions. A mathematical model is presented describing the synergistic development of advantage-creating knowledge and advantage-creating stakeholder relations in accordance with the criteria of the resource-based theory.

The reference 4CR strategic management classification

The reference 4CR classification of strategic management theories against value, responsiveness and responsibility criteria is summarised in Table 3. Each strategic element in the classification is linked to the strategic management theory dealing with it.

- Six strategic management theories are included in the classification with corporate responsibility and sustainability and stakeholder-oriented approaches being considered as two separate strands of strategic management.

- Corporate responsibility and sustainability represents the strategic issues arising from CSR, corporate sustainability and corporate governance.
- Stakeholder-oriented strategies represent strategies to enhance value, responsiveness and responsibility capabilities by utilising enhanced stakeholder relations.
- In general, all three dimensions of strategic management must be addressed through an iterative process supporting refinement and convergence between the various elements.
- Importantly, responsibility and stakeholder strategic elements that impact on competitiveness are included in the value and responsiveness dimensions.
- This allows the responsibility dimension to contain only intrinsic responsibility elements related to ethical issues and accountability, thus differentiating clearly between competitive and responsibility strategies.
- Each strategic management theory focuses in one or two dimensions. In contrast, stakeholder approaches address all three dimensions, possibly with equal weight, and could therefore provide the central link to an integrative strategic management framework.

Table 3. The 4CR reference strategic management classification (Katsoulakos and Katsoulacos, 2007)

	Value	Responsiveness	Responsibility
Industry Organisation Environment-based theories	Market analysis Strategic positioning and value propositions	Trajectories of industry change and strategic options	Industry level sustainability analysis Fair globalisation
Resource-based view	Advantage-creating resources (valuable, rare, inimitable and non-substitutable)	Core competencies	Responsibility impact and improvement capabilities
	Core competencies	Dynamic capabilities	Responsibility competencies mainstreaming
Business networking	Relation-specific assets	Flexible resource accessibility	Sustainable development support networks
	Complementary assets		
	Transactional cost minimisation		
Learning perspective	Advantage-creating knowledge	Business intelligence	Human capital/professional development
	Learning curve	Innovation support	Stakeholder training

	Value	Responsiveness	Responsibility
		Change implementation support	
Corporate responsibility and sustainability	(Self)-regulation	Transparency	Ethics
	SRI-related strategies	Risk management	Accountability
	Green products strategies	Brand and reputation	
	Responsibility positioning		
Stakeholder-oriented strategic management	Stakeholder instrumental value-related strategies	Stakeholder engagement Social capital	Stakeholder intrinsic approaches

Basic principles

The basic principles of the stakeholder-oriented integrative strategic management framework are illustrated in Table 4. Essentially, environment-based strategies, resource-based strategies, networking strategies and corporate responsibility strategies feed knowledge management and stakeholder-oriented strategies to deliver advantage-creating knowledge and advantage-creating stakeholder relations as part of the organisation's core competencies and dynamic capabilities. These capabilities determine the organisation's financial and responsibility performance that could be controlled through feedback loops to the originating strategies.

Table 4. Basic principles of stakeholder-oriented integrative strategic management framework (Katsoulakos and Katsoulacos, 2007)

Concept	Comment
Environmental-based strategies	Determine the competitive and responsibility context for the resource-based strategy, the networking strategy and the responsibility strategy
Resource-based strategies	• Supported by network strategies (with different requirements for relational quality) designed in the context of responsibility and sustainability strategies, particularly to ensure values convergence
	• Determine the primary requirements for knowledge management strategies
	• Core competencies and dynamic capabilities are supported by advantage-creating knowledge and advantage-creating stakeholder relations and reflect broader requirements from both resource based strategies and responsibility strategies
Organisational and networking strategies	Provide a common context that guides the formulation of unified strategies for knowledge and stakeholder management

Concept	Comment
Knowledge management strategies	Knowledge and stakeholder management strategies guide the synergistic development of advantage-creating knowledge and advantage-creating stakeholder relations
Corporate responsibility and sustainability strategies	Determine the primary requirements for stakeholder-oriented strategies
Stakeholder approaches	• If the responsibility strategy represents an *instrumental stakeholder approach*, then optimised financial and responsibility performance is based on the conditions for sustainable competitive advantage that implies that responsibility strategies represent organisational responses to responsibility related opportunities or threats/constraints as any other strategic issue
	• *Intrinsic stakeholder approaches* could generate preferential demand from investors resulting in higher levels of share value particularly if the company outperforms its rivals in responsibility performance
Financial and responsibility performance feedback loops	Loops to environment, resource and responsibility strategies provide the means for performance

Responsible strategic communication management

The above two models that have been discussed can be combined to describe the responsible strategic communication management process, with specific reference to the phenomenon of 'governing stakeholder relationships'. Together with the paradigms and theories briefly described earlier in this article, a new conceptual model can be developed to illustrate this phenomenon. The *4CR reference strategic management classification* of strategic management theories against value, responsiveness and responsibility criteria (Katsoulakos and Katsoulacos, 2007, p. 358) is used as a basis for developing a responsible strategic communication management classification. 'Reflectiveness', as described in the reflective paradigm, was included as a dimension, to illustrate the relevance of this communication management paradigm for strategic management. 'Communicative approaches' were included as a category of theoretical approaches to illustrate the importance of communication in this strategic management classification.

Table 5 shows the responsible strategic communication management classification.

Table 5. Responsible strategic communication management classification (Adapted from Katsoulakos and Katsoulacos 2007)

	Value	Responsiveness	Responsibility	Reflectiveness
Industry Organisation	Market analysis	Trajectories of industry change and strategic options	Industry level sustainability analysis	Polycontextual understanding of the environment
Environment-based theories	Strategic positioning and value propositions		Fair globalisation	Reflection is the production of self-understanding in relation to the environmen
Resource-based view	Advantage-creating resources (valuable, rare, inimitable and non-substitutable)	Core competencies	Responsibility impact and improvement capabilities	Enlightened self-nterest
	Core competencies	Dynamic capabilities	Responsibility competencies mainstreaming	
Business networking	Relation-specific assets	Flexible resource accessibility	Sustainable development support networks	A specific approach to reflective interrelations Shift from confrontation to collaboration Conflict and respect are not opposites
	Complementary assets			
	Transactional cost minimisation			
Learning perspective	Advantage-creating knowledge	Business intelligence	Human capital/professional development	Society activates learning processes towards reflection as a general feature of social processes
	Learning curve	Innovation support	Stakeholder training	Reflection is an evolutionary developed capability of foreseeing potential conflicts between social systems,

	Value	Responsiveness	Responsibility	Reflectiveness
				of evaluating their consequences and of transforming the reflections into organisational learning processes—self-control.
		Change implementation support		
Corporate responsibility and sustainability	(Self)-regulation	Transparency	Ethics	Clarification of own identity, role and function in society
	SRI-related strategies	Risk management	Accountability	Polycontext–referential self-regulation—a designation of 'multistakeholder dialogue', ethical programmes, a broader value orientation, 'triple bottom line' and 'symmetrical communication'
	Green products strategies	Brand and reputation		Polycontextual form of regulation—governance Markets for consumption and employment gradually change to polycontextual forms of regulation with appeals to buy and invest 'ethically', which means to take in broader considerations than immediate self-interest
	Responsibility positioning			
Stakeholder-oriented strategic management	Stakeholder instrumental value-related strategies	Stakeholder engagement	Stakeholder intrinsic approaches	The polycontextual legitimating relations are designated stakeholder relations
		Social capital		and 'stakeholders' in

	Value	Responsiveness	Responsibility	Reflectiveness
				which the organisation is part of the larger societal context—illustrates the complexity of stakeholder interests and legitimate expectations
				To build (instead of manage) relationships Multistakeholder dialogue
Communicative approach	Symmetrical communication	Organisational-public relationships	Stakeholder based strategic management	Governing stakeholder relationships
	Integrated communication	Communication intelligence	Responsible strategic communication management	Communicative stakeholder relations ('new CSR')
	(Interpersonal, organisational, management and marketing communication)	Networking	Licence to operate/ Legitimacy	
	Channel management	Reputation risk	Issues management	
	Communicative leadership	Stakeholder relationship risk		
	Communication through processes			
	Communication through structures			
	Communication through social interaction			

CONCLUSION

The shared expectations between top management and the top communicator, as reported on in the Excellence Study, culminate in the governing of stakeholder relationships when managing communication in a responsible manner. The integration of the two conceptual models that have been described in this article illustrates that stakeholder relationships can become part of mainstream strategy and that a solid theoretical foundation can be developed for governing stakeholder relationships.

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