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Conceptualising strategic communication management (SCM) in the context of governance and stakeholder inclusiveness

ABSTRACT

The research objective for the study was to conceptualise strategic communication management (SCM) in the context of governance. Based on the insights obtained through the conceptual analysis, the core of corporate communication practice in the reflective paradigm is broadened from *social* responsibility to *societal* responsibility. Corporate communication, in its strategic role (SCM), therefore assists in solving or avoiding conflict between organisational behaviour and the public perception of how *societally* responsible organisations should operate.

Furthermore, theoretical and conceptual linkages that emerged through the conceptual analysis suggest that the three meta-theoretical approaches initially selected for the governance domain (the *triple bottom line, stakeholder,* and *stakeholder inclusiveness* approaches) should also be added to the framework for SCM. It was also found that corporate communication (especially in its strategic role, known as SCM) can be regarded as a *stakeholder orientated/responsible* approach.

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INTRODUCTION

Since the turn of the century, major shifts have taken place worldwide in the relationship of business with individuals and society. A survey of CEOs conducted by the Arthur W. Page Society (2007) found that chief executives believe that we are at one of those inflection points in business history; the game is changing in fundamental ways, and accepted beliefs, long-standing institutions, and highly successful enterprises are subject to rapid redefinition. It can thus be safely stated that, at this point in time, there is no more 'business as usual.'

Stakeholder and societal interests, concerns, values, and norms are more effectively articulated in this new business era than at any time since the dawn of the free enterprise system. Contemporary concepts such as the triple bottom line, governance, sustainability, corporate citizenship, societally responsible behaviour (social, environmental, and economic), reputation, trust, legitimacy, and ethics are monopolising strategic conversations from the US to Europe to South Africa (Steyn, 2009: 517). These conversations have (or should have) a bearing on the future practice of corporate communication.

Changing business paradigms have indeed influenced corporate communication, bringing about a changing focus in the field over the last 30 years. It has developed substantially from technical role-playing at lower organisational levels for most of the 20th century (known as 'public relations') to managerial role-playing since the 1980s (increasingly called 'corporate communication').

The first ten years of this century "ignited a new beginning of the public relations profession in its day-to-day practice, conceptualization and public perception" (Muzi Falconi, 2010: 5). Paradigms such as relationship management (Ledingham & Bruning, 2000); reputation management (Fombrun & Van Riel, 1997); the European societal/reflective approach (Van Ruler & Verçiç, 2002; Holmström, 1996, 1997); the strategic approach (Steyn, in Toth, 2007, 2009; in Karakaya Şatir, 2011); Grunig's (2009) strategic management, behavioural paradigm; and the *Pretoria School of Thought* (De Beer, Steyn & Rensburg, forthcoming 2013) entered university curricula, and have been embraced by forward-looking organisations — necessitating strategic role playing by senior corporate communication practitioners (Steyn, in Karakaya Şatir, 2011).

The field of corporate communication, including its latest theoretical developments and best practice in a strategic organisational context, can be described as 'strategic communication management' (De Beer, Steyn & Rensburg, forthcoming 2013).

1. STRATEGIC COMMUNICATION MANAGEMENT (SCM)

Strategic communication management (SCM), according to the *Pretoria School of Thought* (De Beer, 2010; De Beer, Steyn & Rensburg, forthcoming 2013), is a scientific worldview or paradigm that conceptualises communication management in the strategic context of the organisation. In this view, 'communication management' is not equated with 'strategic communication management'. Communication management is defined as the management of communication

between an organisation (institution) and its internal and external stakeholders, and other societal interest groups, and is performed at the **functional** level of an organisation. SCM assumes corporate communication to be a strategic management function with a mandate to function at the **strategic** (macro, societal, or environmental) level (Steyn, in Toth, 2007; in Karakaya Şatir, 2011). Grunig, Grunig, and Dozier (2002: 143, 383) call this the 'full-participation' approach to strategic corporate communication, where the function is 'empowered,' i.e. involved before strategic decisions are made.

The central concepts of SCM are *environmental scanning* with a view to identifying and managing *stakeholders* and *issues*. Since an issue cannot be considered as such without a stakeholder or interest/advocacy group being involved, stakeholders and the publics/advocacy groups that develop around issues, need to receive the organisation's attention (Steyn, in Toth, 2007).

When solely guided by a process of gathering, understanding, and interpreting the often-conflicting expectations of specific stakeholders, an organisation will improve the quality of its decision-making processes and accelerate its implementation. However, it will risk not being sufficiently aware of wider societal expectations, values, and norms – also known as the public interest (Muzi Falconi, 2010: 5). The analysis of societal issues and trends is important because the values and beliefs of key stakeholders are derived from broader societal influences. Awareness of, and compliance with, societal attitudes can help organisations avoid restrictive legislation and being regarded as a 'bad corporate citizen' (Harrison & St John, 1998). The integration of the stakeholder relationship governance process with those of boundary spanning and issues management is therefore essential (Muzi Falconi, 2010: 5).

According to Steyn (in Toth, 2007), corporate communication[1] in its strategic role:

- provides an organisation/institution with a societal (outside-in) perspective by feeding intelligence with regards to strategic stakeholders[2] (their expectations, concerns, values, and norms), societal issues, and the publics[3] (interest/advocacy groups) that emerge around the issues into the organisation's strategy development processes — thereby assisting an organisation to adapt its strategies/goals/policies/behaviour to its societal and stakeholder environment;
- influences organisational leaders to address reputation risks and other strategic issues identified in the reflective process by aligning organisational goals and strategies to

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[1] **'Corporate communication'** is used in this paper because of the negative connotations of the term 'public relations,' and also because the latter is often equated with the tactical level.

[2] People or groups are **stakeholders** when they are affected by the decisions/behaviour of an organisation, or when their behaviour/decisions affect the organisation (Grunig & Repper, in Grunig, 1992: 125).

[3] **Publics** form when stakeholders (or other interest/advocacy groups) recognise one of more of the consequences of organisational behaviour as a problem, and organise to do something about it (Grunig & Repper, in Grunig, 1992: 124).

societal and stakeholder expectations/concerns/values/norms — serving both the organisation's and the public interest;

- influences organisational leaders to state the organisation's position on, and practice two-way communication with external and internal stakeholders about, issues of strategic importance;
- builds mutually beneficial relationships with the organisation's stakeholders and other interest groups in society on whom it depends to meet its goals; and
- assists the organisation to act socially responsible, and thus obtain legitimacy, garner trust, and build a good reputation.

The above process constitutes corporate communication's contribution to strategic decision making, which manifests in inputs in the development of an organisation's enterprise strategy, i.e. a contribution to the organisation's triple bottom line through a focus on the 'people' and 'planet' (rather than 'profit') components (Steyn, in Toth, 2007). Considering SCM in the triple context environment – people, planet, and profit (as addressed in this article) — is a seminal perspective that is shaping the theoretical and pragmatic thinking in the field of communication management (De Beer & Rensburg, 2011a, 2011b; Muzi Falconi, 2010; Rensburg & De Beer, 2003; Steyn, 2009; Steyn, in Şatir, 2011; Steyn & De Beer, 2012; Steyn & Niemann, 2008, 2010; Stockholm Accords, 2010).

2. PROBLEM STATEMENT

The concept of governance (prominent in the corporate world, as well as in government and the non-profit sector) is receiving attention in all sectors of the economy and academia. The King Code of Governance for South Africa, 2009 (IoD, 2009a; PWC, 2009: 2), states that a fundamental shift is needed in the way companies and directors act and organise themselves. This has (partly) come about because corporate scandals (such as Enron, WorldCom, and Tyco), which occurred in the early years of the 21st century, reinforced the idea that companies and corporate executives care little for ethics in their pursuit of profit. At the end of the first decade, the global financial crisis dealt another blow to public trust in business as an institution. These crises revealed a need for managers and academics to re-think the traditional ways of conceptualising the responsibilities of companies (Parmar, Freeman, Harrison, Wicks, De Colle & Purnell, 2010).

A way to restore trust in business is through ideas and processes that demonstrate that business cares about more than just profit. The triple bottom line, stakeholder inclusiveness, corporate governance, and sustainability approaches to strategic management currently followed by best practice companies (JSE, 2010; Dow Jones, 2011) demonstrate that profit does not have to be incompatible with caring about employees, communities, or the planet. Business organisations should be rebuilt around a new set of principles and behaviours (Nohria, in HBS, 2010: 3), such as stakeholder inclusivity, where the legitimate interests/expectations of stakeholders are considered to be in the best interests of the company (IoD, 2009a). Another important principle is that governance, strategy, and sustainability are inseparable (IoD, 2009a; Gao & Zhang, 2006).

According to Steyn and De Beer (2012), the field of corporate communication presently has much to offer in bringing about the organisational changes referred to above; for instance, through the performance of its strategic role in the new organisational process of 'integrated reporting.'

It is, however, the view of the authors that current developments in the business-society relationship (specifically the stakeholder inclusiveness approach to governance) necessitate a broadening of the concept of SCM to also include governance principles in its value-added contributions to the organisation. Corporate communication practitioners have to remain relevant to the priorities, issues, and risks of the 21st century organisation. Not only will the expectations/concerns of stakeholder and societal interest groups have an impact on the SCM function in the organisation, but top management expectations will also place new demands on it.

The research objective of this exploratory study was to broaden SCM conceptually by exploring it in the context of governance, with reference to stakeholder inclusiveness.

3. METHODOLOGICAL APPROACH

The research approach was qualitative (Patton, 1990: 424; Struwig & Stead, 2001: 11-13), and the design exploratory (Bless & Higson-Smith, 1995: 41) and non-empirical (Mouton, 2001: 175). The research method was a literature study, the data sources were literature on meta-theories, theories, and concepts in the domains of SCM and corporate governance (including stakeholder inclusiveness).

The data analysis method was a conceptual analysis which, according to Mouton (2001: 175), refers to the "analysis of the meaning of words or concepts through clarification and elaboration of the different dimensions of meaning." Well-structured conceptual analysis makes conceptual categories clear, explicates theoretical linkages, and reveals conceptual implications of different viewpoints (Mouton, 2001: 175).

4. THEORETICAL FRAMEWORK

This study explored the concept of SCM in the context of governance and stakeholder inclusiveness. **Table 1** indicates meta-theories and theories that the authors deemed relevant at the start of the exploration process (the numbers in Table 1 refer to the corresponding section in the text).

Table 1: Meta-theories, theories, and concepts of the study

DOMAIN	Corporate communication (Public relations)	Governance
PARADIGM	**(4.1) Reflective paradigm** (Holmström, 1996)	**(4.2) Triple bottom line** (Elkington, 1999) Broad view
META-THEORETICAL FRAMEWORK	**(4.1) Societal approach** (Van Ruler & Verčič, 2002)	**(4.3) Stakeholder approach** (Freeman, 1984) Descriptive and prescriptive **(4.4) Stakeholder orientated/ responsible approaches** (Zambon & Del Bello, 2005)
THEORETICAL FRAMEWORK	*Mutual reflection:* • **Reflective task (SCM)** • Expressive task *Corporate communication functions:* • **Mirror function (SCM)** • Window function *Strategic PR roles:* • **(Reflective) Strategist (SCM)** • Manager • Technician *Levels of strategy formulation:* • **Contribution to enterprise strategy (SCM)** • Functional strategy • Implementation strategy	*Narrow view:* • Shareholders • Set of transactions *Broad view:* • **Stakeholders** • **Relationships** *Enlightened shareholder view* • Stakeholder interests have instrumental value *Stakeholder inclusiveness view* • **Stakeholder interests are in the best interests of the company**
CONCEPTUAL FRAMEWORK	**(4.4.1) Strategic Communication Management (SCM)**	**(4.5) Governance**

Source: Authors' conceptualisation

4.1 The reflective paradigm for corporate communication

The Danish scholar Holmström (1996, 1997) anchored corporate communication in social systems theory, an approach that sought to understand it as a macro-level (or sociological) phenomenon — a structure relating to society in general, rather than individual segments thereof. In Holmström's (1996, 1997) **reflective paradigm**, the role of corporate communication is to advise on methods of problem representation, thereby influencing the way management makes sense of important issues.

According to Holmström (1997: 25,76), **social responsibility** is the core of corporate communication practice – solving or avoiding conflict between organisational behaviour and

the public perception of how socially responsible organisations should operate. Business organisations have an impact, beyond their financial bottom line, on the so-called societal level — they also affect other organisations, individuals, and stakeholders in society. A precondition for maintaining public trust is social responsibility (Holmström, 1996: 81).

The assumptions of the reflective paradigm for corporate communication are shared by the European **societal approach**, explicated in the Bled Manifesto by Van Ruler and Verčič (2002: 16) as a strategic process of viewing an organisation from an 'outside' perspective — showing a special concern for broader societal issues. Legitimacy and public trust in the organisation are central concepts, and an organisation's inclusiveness — preserving its 'license to operate' — is of primary concern (Verčič, Van Ruler, Bütschi & Flodin, 2001: 382).

4.1.1 Reflective and expressive task for corporate communication
Mutual reflection, the core concept of the reflective paradigm, consists of a reflective and an expressive task for corporate communication (Holmström, 1996: 97-98):

- The **reflective task** (inward communication) is to act as a sensor — selecting information on what is considered *socially responsible* behaviour in the public sphere (society), transmitting it to the organisation, and encouraging organisational members to balance their behaviour in relation to societal expectations, concerns, values, and norms, thereby assisting to make the organisation deserving of trust. This task is similar to the reflective dimension/role of corporate communication identified by Verčič *et al*. (2001) in the European Body of Knowledge (EBOK) project.
- The **expressive task** (outward communication) is to create and provide regular, widely distributed information (based on reflection) on behalf of the organisation, to ensure that societal members regard it as socially responsible, in order to gain/strengthen the public trust that is necessary in interacting with other systems.

> With regards to the research objective of this study, it is part of the reflective task to convey/transmit/reflect information to the organisation's management that **'good governance'** and **'stakeholder inclusiveness'** are considered *socially responsible behaviour* by stakeholders and societal members, and to encourage adjustment of organisational behaviour/strategies accordingly, so that the organisation earns and maintains public trust.

4.1.2 Strategic communication management research programme in South Africa
During the same period that the EBOK project was being conducted by Verčič *et al*. (2001) in Europe, Steyn (2000a), unaware of the EBOK project, laid the foundations of a 'strategic communication management' paradigm at the University of Pretoria, now referred to as the *Pretoria School of Thought* (De Beer, 2010; De Beer, Steyn & Rensburg, forthcoming 2013). The theoretical pillars of this paradigm are **'role'** (specifically the reflective communication strategist), and the **'levels of strategy formulation'** (specifically the contribution of corporate communication to the development of enterprise strategy at the top management/societal level of the organisation) (Steyn, in Toth, 2007).

Steyn (2000a) conceptualised three corporate communication roles, which were subsequently empirically verified: strategist, manager, and technician (Steyn, 2000b). Considered the most important is the communication **strategist** role, based on the **mirror** function of corporate communication (Steyn, 2000b: 29-31; Steyn, 2004: 24; Steyn & Puth, 2000: 19-21). The strategist's activities are performed at the top management or societal level of the organisation — representing corporate communication's strategic **contribution to the enterprise strategy development** process. The strategist is responsible for (but also supports corporate, business-unit, and functional strategies in) the identification of reputation risks and other strategic issues/opportunities that need to be communicated. According to Steyn (in Toth, 2007), this role is based on the outside-in approach to strategic management and the information acquisition/processing role of the boundary spanner.

> In performing the information acquisition/processing role of the boundary spanner, it is the responsibility of the communication strategist to identify and bring to top management's attention that '**governance**' and '**stakeholder inclusiveness**' are reputation risks if the organisation does not acknowledge and adhere to these societal expectations/values/norms.

In a comparative analysis, Steyn and Bütschi (2003) found the European reflective role to be conceptually similar to the South African communication strategist role. Consequently, based on the assumptions shared with the reflective paradigm, Steyn (2009) selected the latter as the meta-theoretical approach for her theory of three roles for corporate communication and relabelled the communication strategist to the '**reflective strategist**'.

The reflective strategist acts as an advocate for key stakeholders by explaining their expectations/values/norms/views (*inter alia*, on '**good governance**' and '**stakeholder inclusiveness**') to management; makes the latter aware of the impact of their behaviour/ organisational policies and strategies on key stakeholders and societal interest groups; and acts as an early warning system before issues in the environment (e.g. non-conformance to expectations regarding '**good governance**' and '**stakeholder inclusiveness**') escalate to crises.

Furthermore, the reflective strategist influences management to adapt organisational strategies to societal/stakeholder expectations, concerns, values, and norms, thereby balancing the quest for the realisation of organisational goals (profit) with respect for the natural environment (planet), and its inhabitants (people). Management is made to understand that public trust is not earned by simply changing outward communication to *signify* responsibility; an organisation has to behave responsibly (i.e. practise '**good governance**' and '**stakeholder inclusiveness**').

This concludes the explication of the first theoretical pillar of the SCM paradigm, that of (the reflective strategist's) role. In the next section, the levels of strategy formulation as the second pillar will be addressed.

4.1.3   Levels of strategy development

Strategy development generally takes place at five organisational levels, namely enterprise, corporate, business unit, functional, and implementation strategy (Digman, 1990). According to Steyn (in Toth, 2007), the corporate communication function contributes to strategy development at three organisational levels:

- The development of **enterprise strategy** at the top management level, for which the reflective strategist has co-responsibility with top management (Steyn, 2003; Steyn, in Toth, 2007; Steyn & Niemann, 2008, 2010). This forms part of corporate communication's mirror function which, according to Steyn and Bütschi (2003), is similar to Holmström's reflective task. *This is the core of SCM*.
- The development of **corporate communication** strategy at the functional level (Steyn, 2000c, 2003), both deliberate and emergent (Steyn, in Toth, 2007), for which the communication manager has responsibility, and **implementation** strategy at the operational level, for which the communication technician has responsibility. This forms part of corporate communication's window function, which, according to Steyn and Bütschi (2003), is similar to Holmström's expressive task.

Relevant to the objectives of this research, is corporate communication's strategic contribution to developing the enterprise strategy at the societal or environmental level — an overarching strategy level that addresses the organisation's relationship with society and its stakeholders (Freeman, 1984), as well as its political and social legitimacy (Ansoff, 1977). Enterprise strategy is also known as the strategy level that achieves non-financial goals (Steyn & Puth, 2000; Steyn & Niemann, 2008, 2010.).

The enterprise strategy stems from research on the social responsibility of business, and answers the question of what the organisation *should* be doing (Freeman, 1984), i.e. to ensure that its strategies, actions and outputs are "consistent with the value-pattern of society" (Sutton, 1993: 3). As a bridging strategy (Meznar & Nigh, 1995), enterprise strategy attempts to rapidly identify changing societal/social expectations, so as to promote organisational conformance to those expectations. This is done in order to minimise risk to the organisation's reputation (Fennell & Alexander, 1987; Grunig, 2006); be regarded as societally responsible (socially, environmentally and economically); a good (corporate) citizen; and thereby securing legitimacy and ensuring that the organisation is seen as trustworthy and credible (Steyn, 2003, 2009, in Toth, 2007).

In addressing stakeholder expectations, values, and concerns, as well as social and environmental issues (non-financial/sustainability dimensions of strategy), the enterprise strategy differs from the corporate strategy, which addresses the business dimensions of strategy (Freeman, 1984).

Stead and Stead (2000: 310) extended the scope of enterprise strategy to the ecological level of analysis, calling it 'eco-enterprise' strategy. This provides a sound theoretical

framework for ethically and strategically accounting for the ultimate stakeholder, which is 'Planet Earth'.

Playing the strategic role of corporate communication by contributing towards the development of an organisation's enterprise strategy is the foundation of SCM.

> It is at the level of enterprise strategy that an organisation's approach to '**governance**' and '**stakeholder inclusiveness**' is decided, and strategic (non-financial) goals are set in order to address these stakeholder and societal expectations/values/norms.

4.2 Triple bottom line approach to decision making

The **triple bottom line (TBL)** was selected as the overarching paradigm for the governance domain. Traditionally, organisations were only expected or required by law to report on financial or economic matters. In line with the drive towards corporate governance worldwide, there is a move from this single bottom line to a TBL approach (Ehlers & Lazenby, 2004: 45). The TBL entails business organisations focusing not just on the economic value that they add, but also on the environmental and social value that they add — or destroy (Elkington, 1999).

In a **narrow view**, the TBL is a framework for measuring and reporting corporate performance against economic, social, and environmental parameters over a period of time (Elkington, 1999):

- The traditional measure of corporate 'profit'— the bottom line of the **profit and loss** account.
- The bottom line of a company's 'people' account — some measure of how **socially responsible** an organisation has been throughout its operations.
- The bottom line of the company's 'planet' account — a measure of how **environmentally responsible** the organisation has been.

This paper is based on the **broad view** of the TBL as an approach to decision making that captures the whole set of **values, ethics, societal expectations, issues, and processes** that organisations must address in order to minimise any harm resulting from their activities, thereby creating economic, social, and environmental value. This requires clarity about the organisation's purpose, and taking into consideration the needs of all its stakeholders and society. The TBL is a way of thinking about corporate social responsibility (CSR), and not a method of accounting. Too many companies have not appreciated the *philosophy* behind the TBL, and are responding only to the reporting requirements (Accountability, 2003).

The TBL should be built into an organisation's corporate governance structures, management tools, individual performance assessments, and reward schemes. In a TBL approach, any decision should always seek to balance three considerations, namely whether it is

economically viable, socially responsible, and environmentally sound. Using the TBL as a business principle in decision making balances financial growth with corporate responsibility, short-term gains with long-term profitability, and shareholder return with other stakeholder interests (NovoNordisk, n.d.).

The flexibility of the TBL approach allows organisations to apply the concept in a manner suitable to their specific needs. Currently, some organisations consider governance (the statutory, regulatory, business, administrative, and political processes that determine or influence decision making and actions) along with economic, social, and environmental circumstances – thus adopting a 'quadruple-bottom-line' approach to strategic decision making (Dept. of Environment, n.d.).

4.3 Stakeholder approach

The **stakeholder approach** (perspective/theory) is another framework applied in the domain of governance. Although there are many definitions of a stakeholder, the same principle is generally reflected, namely that the organisation should take into consideration the **needs, interests, and influences of peoples and groups** who either impact on, or may be impacted by its strategies, policies, and operations (Mainardes, Alves & Raposo, 2011). According to Freeman and McVea (2001), a stakeholder approach emphasises *active* management of the business environment and relationships, as well as the promotion of shared interests. The interests of key stakeholders must be integrated into the very purpose of the organisation.

According to Freeman and McVea (2001), a major contribution of the CSR literature was the broadening of the scope of stakeholder analysis and impressing on management the importance of building relationships with previously estranged groups. The social activist movement has demonstrated the dangers of developing strategies that ignore the influence of antagonistic groups. However, CSR is often regarded as either an 'add-on' luxury that only the most successful businesses can afford, or as damage limitation insurance, rather than as a core input to enterprise strategy.

According to Harrison and St John (1998), stakeholder management is built on a partnering mentality that involves communicating, negotiating, contracting, managing relationships, and motivating. These different aspects are held together by the **enterprise strategy**, which defines what the organisation stands for. The organisation's values and its enterprise strategy may dictate priorities for particular partnerships and discourage others.

Values and values-based management play a critical role in business strategy. According to Collins and Porras (1994), it is a pre-condition to long-term financial success. Diverse collections of stakeholders can only cooperate over the long run if, despite their differences, they **share a set of core values** (Freeman & McVea, 2001). Not only does this provide strong support for the importance of an enterprise strategy, but many of the core values confirm the importance of basing strategy on collaborative stakeholder relationships.

Stakeholder theory allows managers to incorporate personal values into the formulation and implementation of strategic plans. An example is the concept of an enterprise strategy (Schendel & Hofer, 1979) that describes the relationship between the organisation and society by answering the question: What do we stand for? Enterprise strategy is important, because the organisation's survival depends, in part, on there being some 'fit' between the values of the organisation and its managers, the expectations of the stakeholders, and the societal issues that will determine the ability of the organisation to sell its products (Freeman, 1984: 107).

The importance of building relationships with previously estranged groups was pointed out in the CSR literature. The social activist movement has demonstrated the dangers of developing strategies that ignore the influence of antagonistic groups. However, CSR is often regarded as either an 'add-on' luxury that can be only afforded by the most successful businesses, or as damage limitation insurance, rather than as a core input to enterprise strategy (Freeman & McVea, 2001).

4.4 Governance as a stakeholder orientated/responsible approach

The social and environmental aspects of an organisation's external environment, as well as stakeholder-linked issues, have become important corporate value drivers. There is a clear relationship between the **stakeholder perspective** and concepts/practices related to **non-financial** aspects of company behaviour, e.g., corporate governance, sustainability, and CSR (Zambon & Del Bello, 2005: 130):

- Corporate sustainability and CSR involve assessment of the company's economic, social, and environmental impact, taking steps to improve it in line with stakeholder expectations, concerns, values and norms, and reporting on relevant measurements.
- Corporate governance reflects the way companies address legal responsibilities, and therefore provides the foundations upon which corporate sustainability and CSR practices can be built to enhance responsible business operations (Katsoulakos & Katsoulacos, 2007: 356).

According to Zambon and Del Bello (2005: 130-131), the concepts and practices of corporate sustainability, CSR, and corporate governance rely on the notion of 'stakeholder,' and have their **conceptual roots** in stakeholder theory. They can thus be seen as **specific implementations** of the stakeholder theory. (It is not possible, for instance, to be 'socially responsible' or 'sustainable' without identifying the stakeholder target). Collectively, they can be referred to as stakeholder orientated/responsible approaches.

Corporate communication also relies on the notion of 'stakeholder'. Grunig, Grunig, and Ehling (in Grunig, 1992) state that stakeholders (strategic constituencies) are the *raison d'être* (**justification**) for the existence of the corporate communication function. According to Grunig's situational theory of publics (in Grunig, 1992: 14), SCM begins when communication practitioners identify potential problems in the relationship between the organisation and its stakeholders/advocacy groups, and define the 'publics' (categories affected by the problem).

'Publics' arise within or outside of the stakeholder categories. The second stage in SCM is the segmentation of publics into 'latent,' 'aware,' or 'active' publics (as each category responds differently to the potential problems).

It is only after publics and issues have been identified in the process of SCM (i.e. what needs to be communicated *about* and to *whom*) that the process of **communication** management starts (identifying *what* needs to be communicated and *how*).

This concludes the discussion of the meta-theoretical framework selected for the domain of governance. In the following section, the theoretical framework is explicated.

4.5 Governance

A core debate in the corporate governance literature is that of the shareholder perspective (traditional/narrow view of governance) versus the stakeholder perspective (broad view). Corporate governance in the **traditional (narrow)** view refers to the formal system of accountability of the board of directors to shareholders (which is financially orientated). According to Mintz (2005: 585), the shareholder model of corporate governance relies on the assumption that shareholders are entitled (morally, not merely legally) to direct the business organisation, because their capital investments provide ownership rights. While the shareholder model has historically been followed in the US, countries such as Germany adhere to a stakeholder model. The latter considers corporate governance to be more than simply the relationship between a business organisation and its capital providers. It indicates how the various constituencies that define the entity serve, and are served by, the business organisation.

While the traditional school of corporate governance focused on the maximisation of shareholder wealth, stakeholder theory emerged as a response to the shareholder theory. Freeman's (1984) seminal book on stakeholder theory posits that successful managers systematically attend to the interests of various stakeholder groups. This '**enlightened self-interest**' position has been expanded upon, *inter alia*, by Donaldson and Preston (1995), who believe that the interests of stakeholders have intrinsic worth, irrespective of whether it advances the interests of shareholders (Mintz, 2005: 586). In this perspective, business organisations act responsibly when CSR issues have been integrated into their decision-making and governance structures.

The King II Report, published in South Africa (IoD, 2002), defines corporate governance as the building of a balance between economic and social goals, and between individual and communal goals — the aim being to align, as closely as possible, the interest of individuals, organisations, and society. This reflects the **broad view**, where governance is concerned with the informal and formal relationships between the organisation and its stakeholders (rather than a set of transactions), the way an organisation aligns its own goals with those of its stakeholders, and the impact of the organisation on society in general (Ehlers & Lazenby, 2004). These relationships impact on the strategic direction/intent of the organisation and, subsequently, on the performance of the organisation (Gelauff & Den Broeder, 1997: 7-14).

Chapters 1 and 8 of the King III Report (IoD, 2009b) have particular relevance to this research. In Chapter 1: *Ethical Leadership and Corporate Citizenship*, important principles highlighted are, *inter alia*, that the board should: ensure that the company acts responsibly, and is seen to be a responsible corporate citizen; cultivate and promote an ethical corporate culture; and appreciate that strategy, risk, performance, and sustainability are inseparable. King III further states that good governance is essentially about effective, responsible leaders, characterised by the ethical values of responsibility, accountability, fairness, and transparency (IoD 2009b: 20). According to Jones (in Gottschalk, 2011: 87), the principles of modern governance are legitimacy, accountability, performance, and fairness.

In King III's *Introduction and Background* (IoD, 2009b), the approach to stakeholder engagement is outlined in Chapter 8: *Governing Stakeholder Relationships*. In the 'enlightened shareholder' model, as well as in the 'stakeholder inclusive' model of corporate governance, the board of directors should consider the legitimate interests and expectations of stakeholders other than shareholders. However, the way in which stakeholder interests and expectations are treated in the two approaches is very different (De Beer, 2009):

- In the '**enlightened shareholder**' approach, legitimate stakeholder interests and expectations have only instrumental value, i.e. stakeholders are only considered in as far as it is in the interests of shareholders to do so.
- In the '**stakeholder inclusive**' approach, the board of directors considers legitimate stakeholder interests and expectations on the basis that this is in the best interests of the company, and not merely as an instrument to serve the interests of the shareholders.

What this means in practice is that, in the 'stakeholder inclusive' model, the legitimate interests and expectations of stakeholders are considered when deciding in the **best interests of the company**. The integration of, and trade-offs between, various stakeholders are then done on a case-by-case basis, to serve the best interests of the company. The shareholder, on the premise of this approach, does not have a predetermined place of precedence over other stakeholders. However, the interests of the shareholder or any other stakeholder may be afforded precedence, based on what is believed to serve the best interests of the company at that point. The latter should be interpreted within the parameters of the company as a sustainable enterprise and a responsible corporate citizen. This approach gives effect to the notion of redefining success in terms of lasting positive effects for all stakeholders (De Beer, 2009).

In King III, the first paragraph of Chapter 8: *Governing Stakeholder Relationships* states that a stakeholder-inclusive approach to corporate governance recognises that a company has many stakeholders who can affect the company in the achievement of its strategy and long-term sustained growth, and **whose needs have to be considered** when developing the strategic intent of the organisation. The organisation's purpose has to be defined, the values by which the organisation will carry out its activities have to be identified, and both must be

communicated to all stakeholders. In essence, these three factors should be combined in developing strategies to achieve the organisation's financial and non-financial goals in aiming to be sustainable in the long run.

The central insight from the King III Report (IoD, 2009b) regarding SCM is that corporate communication practitioners are to play a strategic role in governing stakeholder relationships, which includes corporate governance, sustainability initiatives, strategy, reputation management, stakeholder engagement, and communication management as its core principles (De Beer & Rensburg, 2011a). This process was outlined in Chapter 8 of King III (*Governing Stakeholder Relationships*). The relevance for SCM is that it illustrates, for the first time, the expectations that the board now has of the reputation of the organisation, stakeholder relationships, and communication functions in the organisation (De Beer, 2009). Toni Muzi Falconi (2009), world-renowned corporate communication practitioner and academic, regards the King III Report (specifically the chapter on *Stakeholder Relationship Governance*) as constituting a "dramatic acceleration of the growth of our profession."

Corporate governance explores the organisation in terms of ownership and as a social entity, i.e. the structure of the organisation, its legal basis, and economic functions (Campbell & Mollica, 2009: xiv). It also deals with managing and being accountable for the full range of corporate responsibilities. As such, it provides guidance for the corporate communication function when developing its strategies, policies, and activities. King III (IoD, 2009b) places significant emphasis on a company being a responsible corporate citizen. Boards are urged to take into account legitimate stakeholder interests and expectations when making decisions in the best interests of the company. Katsoulakos and Katsoulacos (2006: 356, 359) furthermore argue for the integration of corporate responsibility principles and stakeholder approaches into mainstream strategy.

A stakeholder-inclusive approach to governance considers, weighs, and promotes the interests of all the organisation's stakeholders, thus ensuring their cooperation and support. In this way, the organisation creates trust between itself and its internal and external stakeholders, without whom it cannot operate sustainably (IoD, 2009b). If the organisation is run ethically, it earns the necessary approval – its **license to operate** – from those affected by and affecting its operations (IoD, 2009b). Ultimately, good corporate governance guidelines are aimed at helping businesses rebuild their **legitimacy**, providing a way to foster social cohesion between business and society (Oketch, 2004: 9).

The central insight from the perspective of the corporate governance movement is that effective and efficient leadership, management, and control of the business organisation will be impossible without integrating moral attitudes and requirements with behaviour. Values, the embodiment of what an organisation stands for, should be the basis for the behaviour of its members. Such a comprehensive understanding of corporate governance means that the objective of **values management** should be considered a **strategic management task**, anchored at top management level (Wieland, 2005). Fitzpatrick (1996) states that corporate

communication practitioners can offer insights into the values that should guide the business organisation, and should be sensitive to values issues. In the opinion of this article's authors, it is the role of the reflective strategist to offer decision makers insight into the values of stakeholders and societal interest/advocacy groups, which should guide the organisation.

Business organisations that aspire to positions of leadership need to behave as responsible agents. If an organisation is to conduct itself responsibly, it needs the structures and processes that make this possible. A set of governance and management systems that are aligned with this objective is needed. It is not sufficient to have special programmes on the side – a code of conduct is meaningless unless adherence to it is part of the organisation's performance evaluation and compensation system (Bernhut, 2003). Values have to be integrated with what the organisation actually does, i.e. woven into its formal systems and processes, rather than being layered over them (Wieland, 2005).

In the framework of enterprise strategy, a value system based on good governance can provide a sound ethical basis for developing ecologically and socially sensitive strategic management strategies. In doing so, organisations are able to satisfy the demands of a myriad of stakeholders for whom the protection of the environment and social equality are critical (Freeman, 1984).

The terminology of corporate governance is mostly used with respect to corporate *responsibilities* i.e. corporate **environmental** responsibility, corporate **social** responsibility, and corporate **business** responsibility and **sustainability** (Campbell & Mollica, 2009: xv-xvi). Responsible business behaviour constitutes the consciousness that an organisation can do well in the long run by paying attention to the environment and the society in which it operates.

Muzi Falconi (2010: 5) is of the opinion that a *responsible* organisation is effective when it achieves the best possible balance — between any specific, as well as general, objectives — regarding the three different levels of interests involved in any organisational activity, namely the organisation's interests, the different (and often conflicting) interests of its stakeholder groups, and the public interest.

According to Van Tulder and Van der Zwart (2006: 142), CSR is shifting from a largely instrumental and managerial approach to one aimed at managing strategic networks where longer-term relationships with stakeholders are prominent in strategic decision making. The AA1000 standard states that stakeholder engagement is about organisations using leadership to build relationships with stakeholders, thereby improving their overall performance, accountability, and sustainability (Gao & Zhang, 2006: 725-726). Interactive communication with key stakeholders is fundamental to obtaining legitimacy, as engagement leads to knowledge of the stakeholders' legitimate interests and expectations (IRC, 2011). The information acquired through this engagement process enables the executive team to implement, and the governing structure to monitor, the organisation's long-term strategy on a more informed basis.

Views have changed concerning the responsibilities of business, not only towards its owners and shareholders, but also to a vast array of other stakeholders (Freeman, 1984). Accordingly, the demand has risen, not only for ethical corporate conduct, but also for information about this conduct.

In light of the importance attached to governance, it is necessary for the field of SCM to view itself through the lens of governance in order to broaden its assumptions and concepts, so that its purpose remains relevant to 21st century organisations.

5. BROADENING SCM AT THE META-THEORETICAL LEVEL

This exploratory study spans two domains. For the corporate communication domain (including the sub-domain of SCM, i.e. the strategic role of corporate communication), the meta-theoretical approach selected was the reflective paradigm/societal approach. For the governance domain, various meta-theoretical approaches were selected as a framework. In describing the assumptions of the selected approaches to governance, a number of insights emerged regarding, firstly, the broadening of one of the major assumptions of the reflective paradigm and, secondly, the relevance of the governance approaches to SCM.

In the conceptual analysis that follows, the text in *italics* refers to the previous discussion of the corporate communication domain (Sections 1 and 4.1), while boxed text refers to the discussion of the governance domain (meta-theoretical approaches) (Sections 4.2, 4.3, and 4.4) and theory (Section 4.5). The aim is to reveal the theoretical linkages between the two domains. The text in **boldface** indicates conceptual linkages.

5.1 Adding the TBL approach to the SCM meta-theoretical framework

In Section 4.1 of this article, corporate communication (including its strategic role, known as SCM) was positioned within the reflective paradigm, with its most important assumption being that:

> *social responsibility* {is} *regarded as the core of corporate communication practice – solving or avoiding conflict between organisational behaviour and the public perception of how* **socially** *responsible organisations should operate*.

> From a governance perspective on SCM, the authors concluded that the TBL approach to decision making (Section 4.2) needs to be added to SCM's meta-theoretical framework. In assisting the organisation to be(come) a good corporate citizen, the core of corporate communication practice should, in addition to **social** responsibility, include **economic** and **environmental responsibility**, i.e. *societal* **responsibility**. Therefore, corporate communication should assist in solving or avoiding conflict between organisational behaviour and the public perception of how ***societally*** responsible organisations should operate.

5.2 Adding the stakeholder approach to the SCM meta-theoretical framework

In Section 1, it is stated that:

*The central concepts of SCM are **environmental scanning** with a view to identifying and managing **stakeholders and issues;***

and

*Corporate communication in its strategic role provides an organisation/institution with a societal (outside-in) perspective by feeding intelligence with regards to **strategic stakeholders** (their **expectations, concerns, values,** and **norms**), **societal issues**, and the **publics** (interest-/advocacy groups) that emerge around the issues, into the organisation's strategy development processes, thereby assisting an organisation to adapt its strategies/goals/policies/behaviour to its societal and stakeholder environment;*

and

*When solely guided by a process of gathering, understanding, and interpreting the often-conflicting expectations of specific **stakeholders**, an organisation will improve the quality of its decision-making processes and accelerate the time of its implementation. However, the organisation will risk not being sufficiently aware of **wider societal expectations** (the public interest). This is why the **integration** of the stakeholder relationship governance process with boundary spanning and issues management processes is essential.*

The stakeholder approach (Section 4.3) posits that the organisation "should take into consideration the **needs, interests, and influences of people and groups** who either impact on, or may be impacted by, its strategies, policies, and operations." These people are described as the organisation's stakeholders.

The authors concluded that the stakeholder approach needs to be added to corporate communication's meta-theoretical framework (in addition to the reflective/societal approach), to incorporate the **expectations, concerns, values, and norms of stakeholders** that need to be brought to management's attention (in the process of SCM) for purposes of strategy development. The stakeholder approach (referring to organisational **stakeholders**) is needed *in addition to* the reflective/societal approach that was initially selected for corporate communication — the latter referring to the **societal issues** and the **publics** (interest-/advocacy groups) that emerge around the issues.

The stakeholder approach (Section 4.3) also posits that there is "a critical role for **values and values-based management** within business strategy. **Diverse collections of stakeholders** can only cooperate over the long run if, despite their differences, they **share** a set of **core values**. Thus, for a stakeholder approach to be successful, it must incorporate values as a key element of the strategic management process."

> The authors concluded that the assumptions regarding values-based management provide additional substantiation for the **stakeholder approach** to be added to corporate communication's meta-theoretical framework, since it explicates how different organisational stakeholders can cooperate despite their different needs and expectations.

5.3 SCM as a stakeholder orientated/responsible approach

In Section 4.4, it is stated that:

> *Stakeholders (strategic constituencies) are the raison d'être **(justification)** for the existence of the corporate communication function.*

> Also in Section 4.4, it is stated that the concepts and practices of corporate sustainability, **CSR, and corporate governance** rely on the notion of '**stakeholder**' and have their conceptual roots in stakeholder theory. They can thus be seen as specific **implementations** of the stakeholder theory. The authors are of the opinion that corporate communication also relies on the notion of '**stakeholder**', and can thus also be seen as a specific **implementation** of stakeholder theory.
>
> It is therefore concluded that a **stakeholder orientated/responsible approach** is also a suitable approach to corporate communication (especially in its **strategic role, known as SCM**), and should be added to its meta-theoretical framework.
>
> Both domains in the study (corporate communication as well as governance) can thus be regarded as stakeholder orientated/responsible approaches.

5.4 Adding the stakeholder inclusiveness approach (to governance) to the SCM meta-theoretical framework

In Section 1, it is stated that corporate communication, in its strategic role:

> *provides an organisation/institution with a societal (outside-in) perspective by feeding intelligence with regards to **strategic stakeholders** (their **expectations, concerns, values,** and **norms**), societal issues, and the publics (interest/advocacy groups) that emerge around the issues, into the organisation's strategy development processes, thereby assisting an organisation to **adapt its strategies/goals/policies/behaviour to its societal and stakeholder environment;***

<div align="center">and</div>

In Section 4.1, it is stated that, in the societal approach to corporate communication,

> ***legitimacy** and **public trust** in the organisation are central concepts, and that an organisation's inclusiveness — preserving its '**license to operate**' — is of primary concern.*

A stakeholder inclusive approach to governance (Section 4.5) recognises that a business organisation has many stakeholders who can affect the achievement of its strategy and long-term sustained growth, and **whose needs have to be considered** when developing its strategic intent.

In an inclusive approach, the board of directors considers **legitimate stakeholder interests and expectations** on the basis that this is in the **best interests of the company**, and not merely an instrument to serve the interests of the shareholders. The best interests of the company should be interpreted within the parameters of the company as a sustainable enterprise and a responsible corporate citizen.

If the organisation is run ethically, it earns the necessary approval – its **license to operate** – from those affected by and affecting its operations. Ultimately, good corporate governance is aimed at helping business rebuild their **legitimacy**.

It is suggested that the **stakeholder inclusiveness approach** to governance be added to the meta-theoretical framework for SCM.

In Section 5.1:

> ***Societal responsibility*** {is} *regarded as the core of corporate communication practice – solving or avoiding conflict between organisational behaviour and the public perception of how **societally responsible** organisations should operate.*

In Section 4.5, the term 'governance' is mostly used with respect to *corporate* **responsibilities**, such as corporate **environmental** *responsibility*, corporate **social** *responsibility*, corporate **business** *responsibility*, and corporate sustainability. ***Responsible*** business behaviour constitutes the consciousness that an organisation can do well in the long run by **paying attention to the environment and the society in which it operates**.

This is further substantiation for adding the **stakeholder inclusiveness approach** (to governance) to the meta-theoretical framework for SCM.

To summarise: the TBL approach, the stakeholder approach, and the stakeholder inclusiveness approach (to governance) were added to SCM's meta-theoretical framework. Also, it was found that corporate communication (especially in its strategic role, known as SCM) can be regarded as a stakeholder orientated/responsible approach.

6.   *CONCEPTUALISING SCM FROM A GOVERNANCE PERSPECTIVE*

The conceptual analysis conducted revealed the conceptual implications of, and the theoretical linkages between, the reflective paradigm/societal approach initially selected for the corporate

communication domain (including the sub-domain of SCM) and the various approaches selected as the meta-theoretical framework for the governance domain.

Based on the insights obtained through the conceptual analysis, the core of corporate communication practice in the reflective paradigm was broadened from *social* responsibility to ***societal*** responsibility. That is, corporate communication assists in solving or avoiding conflict between organisational behaviour and the public perception of how ***societally*** responsible organisations should operate. The reflective task of corporate communication (**inward communication**) was thus also broadened: in its strategic/reflective role, corporate communication acts as a sensor; selects information on what is considered ***societally responsible* behaviour** in the public sphere (society); transmits it to the organisation; and encourages organisational members to balance their behaviour and strategies in relation to the expectations, concerns, values, and norms of stakeholders and societal members/interest groups.

As suggested by the findings of the conceptual analysis, four approaches were added in order to broaden the meta-theoretical framework of SCM.

6.1 TBL approach to SCM

From a governance perspective on SCM, the major assumption of the TBL approach to decision making was added to SCM's meta-theoretical framework. In assisting the organisation to be(come) a good corporate citizen, the core of corporate communication practice becomes ***societal* responsibility** – including economic and environmental responsibility in addition to social responsibility.

6.2 Stakeholder approach to SCM

The stakeholder approach was added to SCM's meta-theoretical framework to incorporate the **expectations, concerns, values, and norms of stakeholders** that need to be brought to management's attention (in the process of SCM) for purposes of strategy development. The strategic role of corporate communication is thus to provide intelligence on stakeholder values as input into the organisation's strategy development processes, so that decision makers can adjust organisational values, norms, and standards regarding **societal responsibility**, thereby gaining **legitimacy and trust**. Through its contribution to enterprise strategy formulation, corporate communication assists decision makers to realise the need for developing and communicating **a value system** that can provide a sound ethical basis for developing ecologically and socially sensitive strategic management strategies.

Values and values-based management play a critical role in business strategy; diverse collections of stakeholders can only cooperate over the long run if, despite their differences, they share a set of core values.

6.3 Stakeholder inclusiveness approach

The stakeholder inclusiveness approach (to governance) was added to the meta-theoretical framework for SCM, recognising that a business organisation has many stakeholders who can affect the achievement of its strategy and long-term sustained growth, and **whose needs and values have to be considered** when developing its strategic intent. In this approach, values management becomes a **strategic management** task, anchored at the top management level, and part of the input into the enterprise strategy. In its strategic role, corporate communication assists the organisation to define its purpose, identifies the (ethical) values by which the organisation will carry out its activities, and communicates this to all stakeholders.

Corporate communication brings stakeholder needs, values, concerns, and expectations to the attention of decision makers, so that they can consider **legitimate** stakeholder interests and expectations, and **align** as closely as possible, the interest of **individuals, the organisation, and society**. The organisation considers this to be in its own best interests (and not as serving the interests of shareholders). The best interests of the company are interpreted within the parameters of the company as a responsible corporate citizen.

Corporate communication assists the organisation to be a **responsible corporate citizen** and to **integrate** corporate responsibility principles and stakeholder approaches into its **mainstream strategy** (via corporate communication's contribution to enterprise strategy formulation), integrating moral attitudes and requirements with behaviour.

Corporate governance also deals with managing, and being **accountable** for, the full range of corporate **responsibilities**. As such, it provides **guidance** for the corporate communication function when developing its **own strategies, policies, and activities**.

Corporate communication plays a **strategic role** in **governing stakeholder relationships**, which includes corporate governance, sustainability initiatives, enterprise strategy development, reputation management, stakeholder engagement, and communication management as its core principles.

In its strategic role, corporate communication assists the organisation to earn the necessary approval – its **license to operate** – from those affected by and affecting its operations (obtaining **legitimacy** and earning **trust** from stakeholders and society).

6.4 A stakeholder orientated/responsible approach

An additional insight that emerged through the conceptual analysis was that SCM (like sustainability, governance, and CSR) could also be regarded as a stakeholder orientated/responsible approach. Corporate governance and SCM share a **common aim**: the attempt to broaden the responsibilities of business organisations to include more than just financial considerations.

In view of the many theoretical/conceptual linkages and shared assumptions between the meta-theoretical approaches to corporate communication (specifically its strategic role) and governance, the authors concluded that it was theoretically beneficial and insightful to first broaden SCM in the context of governance at the *meta-theoretical* level, before *conceptualising* it.

7. CONCLUSION

Governance is regarded by the authors as a new, overarching *business* paradigm in the triple context environment. Changing business paradigms necessitates a change of focus in the corporate communication domain, specifically in its strategic role, known as SCM (Steyn, in Karakaya Şatir, 2011).

The research objective of this exploratory study was achieved by conceptually broadening SCM in the context of *governance*, with reference to *stakeholder inclusiveness*. This was achieved through a conceptual analysis, which broadened the reflective paradigm (the meta-theoretical approach initially selected for corporate communication and its sub-domain, SCM), and added four new meta-theoretical approaches to SCM, *inter alia*, the stakeholder inclusive approach to governance.

From this perspective, the expectations, concerns, values, and norms of stakeholders can be brought to the attention of management for the purpose of strategy and policy development. Strategic intelligence on the above could inform the enterprise strategy, and could also be reflected in the organisation's integrated report. The current business revolution in the context of the TBL necessitates a new positioning of the SCM function as one that is sensitive to the organisation's societal responsibilities. Incorporating stakeholder expectations, values, and concerns into the strategic intent of the organisation could ultimately reduce enterprise risk, and could also contribute to an organisation being more sustainable.

Governance, as explicated in this study, is thus regarded as a new meta-theoretical approach to SCM at the macro level in a triple-context environment. These findings substantiate the vision of Toni Muzi Falconi, (2010: 4), renowned practitioner, academic, and founding Chair of the Global Alliance for Public Relations and Communication Management, who stated:

> *"The effective governance of stakeholder relationships is the new global frontier of the public relations and communication profession."*

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