CHAPTER 1
ORIENTATION AND BACKGROUND

1.1 INTRODUCTION

In the 18th century there were 11 banking crises, in the 19th century there were 18 and in the 20th century there were 33 financial crises. It is projected that the 21st century will see approximately 60 financial crises (Spitzeck & Hansen, 2010:38). This alarming increase in financial crises resulted in governments and businesses globally to question the way in which businesses are managed coupled with the way in which decisions are made. Since 1994 many efforts have been introduced internationally, such as the Cadbury Report (UK) of 1992, the Sarbaines-Oxley Act (USA) of 2002, and the King Report on Governance (SA) since 1994 (to mention a few) in order to curb the occurrence of these financial crises.

Many of these efforts are based on the principle that the success of any organisation is inextricably linked to three interdependent subsystems – social, environmental and the global economy (Tomorrow's Company, n.d.:4). These three systems are referred to as planet, people and profit in the King Code of Governance for South Africa 2009 (Hereafter referred to as King III) as part of its discussion on sustainability (Institute of Directors, 2009:12).

The 2009 Trust Barometer published by the Edelman public relations firm indicated that in 2009 trust in business was at a 10-year low in the United States. While the 2010 Barometer indicated that trust levels had improved, they remain far from ideal. This trend seems to surface across the globe (Swerling, Sen, Bonefeste, Rexvan & McHargue, 2009:5).

The King III Report, which came into effect in March 2010 as a result of the global financial crises, the crises on corporate governance, low trust in business and the introduction of the new Companies Act no. 71 of 2008, emphasises the management of relationships with stakeholders. The report proposes that the board of directors of a business should take cognisance of the legitimate interests of stakeholders in all its decisions. Freeman (1984:25) defined stakeholders as “all of those groups and individuals that can affect, or are affected by, the accomplishment of organisational purpose”. In other words, anybody or any group, (shareholder and stakeholder alike) that to some extent or through certain linkages may be regarded as a stakeholder of a given business. The all-encompassing nature of this definition has broadened the scope and reach of stakeholder analysis.

The King III Report on Governance consists of 8 chapters of which Chapter 8 is entitled ‘Governing Stakeholder Relationships’. This chapter contains six principles, all aimed at creating a basis for stakeholder relationship management in South Africa. These principles revolve around stakeholders and their link with reputation, proactive stakeholder relationship management, stakeholder engagement, the treatment of stakeholders, transparent and effective communication with stakeholders as well as dispute and conflict resolution with stakeholders. This provides a platform for communication professionals to contribute to the business through their knowledge and skills regarding the management of stakeholder relations.

At the same time, the Stockholm Accords, a Global Alliance initiative endorsed by the World Public Relations Forum, served as a call of action to public relations and communication professionals across the globe to enhance and affirm the central role that communication management plays in businesses’ success (Skoogh, McCormick & Falconi, 2010:1).

Businesses today are realising that, to survive in a world of accelerated change, it is imperative to transform from old style business to new order business where people can add more value to the business. This new order business recognises various stakeholders and recognises the need to change the traditional models of practice in the business' communication strategy (Barker & Du Plessis, 2002:2).

The growing power of stakeholders and the complex interrelationships between them are driven by a number of factors (Scholes & Clutterbuck, 1998:227-228) including:

- globalisation,
- the rise of the professional investor,
- the rise of the sophisticated customer,
- the rise of the empowered employee,
- the information revolution,
- a rising awareness of the influence of business on society,
- an organisation's own wish to influence society, and
- government support.

These factors are coupled with stakeholders' increased access to significantly more information than in any previous phase of economic development. This fact may be regarded as the most defining characteristic of the 21st century global marketplace (Niemann-Struweg, Meintjes & Grobler, 2007:57). For this reason companies should adopt an inclusive stakeholder approach if they want to survive. Grunig and Grunig proposed as early as 1998 that the communication management function can make an organisation more effective when it identifies its stakeholders (also often referred to as strategic constituencies) in the environment and proactively develops communication programmes aimed at building long-term relationships with them (Grunig & Grunig, 1998:141).

For stakeholder relationships to be effective, they should be integrated into the management and the strategic decision-making of the organisation. Furthermore, a stakeholder focus (or ideology) can only be effective, and in so doing enhance the overall effectiveness of the company, if it is integrated in all the departments throughout the organisation.

Companies engaging in activities designed to primarily increase profit have become outdated due to the fact that a greater awareness of stakeholders now receive preference (O'Dwyer, 2005:809). Managers have realised that communication management encompasses the management of a wide range of relations between a business and its stakeholders. This realisation acknowledges that companies must engage in communication management, which involves determining the quality of the function (communication management), as well as the position of the function within the business (O`Dwyer, 2005:809). Against this backdrop, the role, value, influence and impact of public relations or communication management have also changed dramatically. Communication management, however, is often considered to be a misunderstood occupation where employers, who work in departments other than in communication management, question its value and impact (Wright, 1997:143). In order for communication management as a business function to advance in terms of maturity as well as increased significance in today's global economy, it needs to position itself at the same level as other corporate service functions such as marketing, finance and human resource management.

1.2 TOWARDS SUSTAINABILITY THROUGH GOOD CORPORATE GOVERNANCE

Although many definitions in different contexts exist, sustainability, for the purpose of this study and in the context of an organisation, can be defined as the approach to ensure that "the rate at which resources are consumed by the organisation in relation to the rate at which resources can be regenerated" (Aras & Crowther, 2008:436). The Brundtland Report of 1987 was the first to mention sustainability. This report focused on the tension between the development of mankind for a better life and the environment (Kuhlman & Farrington, 2010:3436). Four aspects of sustainability need to be recognised, namely (Aras & Crowther, 2008:437):

- societal influence, which implies the impact that society has on the organisation in terms of a so-called social contract and stakeholder influence;
- environmental impact, which is the effect of the actions of the organisation on its environment;
- organisational culture, which is the relationship between the organisation and its internal stakeholders i.e. employees; and
- finance, which is the adequate return for the level of risk taken.

Sustainability was conceptualised over time, and today includes three dimensions namely social, economic and environmental (Kuhlman & Farrington, 2010:3437). These three dimensions stem from a concept, the triple-bottom line, which was coined in 1994 by Elkington (2006:523). He argued that caring for the environment (planet), as well as contributing to the social dimension (people), should be added to the traditional bottom line (profit).

Sustainability focuses on the future and is concerned with ensuring that the choices of future resource utilisation are not constrained by decisions taken in the present. This does not only have implications for society, but also the organisation itself. Furthermore, the creation of value within the business is followed by the distribution of value to the stakeholders of that organisation (including shareholders) (Aras & Crowther, 2008:439).

The activities of an organisation impact on the external environment, implying that organisations become accountable to a wider audience than just shareholders. This is referred to as the social performance of a business as a member of society. It challenges the traditional role of accounting in reporting results in that a wide stakeholder community should be recognised rather than having an ownership approach to accountability. The need for a new social contract between a business and its stakeholders exists with sustainability at its core (Aras & Crowther, 2008:435). Organisations that understand that an inter-relationship exists between sustainability and governance will ultimately be able to practice better corporate governance (Aras & Crowther, 2008:444). In other words, corporate governance is concerned with creating a balance between the economic and social goals of a company, including such aspects as the efficient use of resources, accountability in the use of its power, and the behaviour of the corporation in its social environment (Sethi, 2002:38).

Stakeholder relations can best be understood from a general systems theory perspective. Von Bertalanffy (1973:4-5) attests that the systems theory is a broad, multidisciplinary approach to knowledge based on the systems concept, where it is designed to capture the ways in which various phenomena can be viewed holistically as a set of interacting forces. The interacting forces in the context of this study are the social, environmental and economic systems. The phenomena related to exploring stakeholder relations comprise communication management from a governance perspective.

Corporate governance has attracted the attention of business managers, accountants, auditors, investment managers and governance officials globally since the mid-1980s (Aras & Crowther, 2008:439). It is defined as the body of principles and rules which guide and limit the action of directors. Corporate governance is rarely considered from the point of view of compromise and the instability of rule, except where the interests of stakeholders and shareholders are concerned. There is a hierarchical difference between stakeholders with direct rights and those with indirect rights (Bonnafous-Boucher, 2005:37). To improve their strategies, companies must know that the corporate governance principles are transparency, accountability, responsibility and fairness, which are all related to the company's corporate social responsibility (Aras & Crowther, 2008:441).

1.3 THE ROLE OF COMMUNICATION IN CORPORATE GOVERNANCE

Internationally, the recognition of the risks and opportunities associated with successfully managing company reputation around corporate responsibility, and thus governance, is increasing. For organisations, the alignment of corporate behaviour with stakeholder expectations is a business priority in managing their reputations. This implies an information requirement among stakeholders that is not currently being satisfied by many organisations (Dawkins, 2004:108). Communication management in the 21st century, according to Falconi (2009:[5]), focuses on building relationships with stakeholders through dialogue to improve the quality of organisational decision-making processes by listening to stakeholders' expectations. This organisational function addresses the information requirement mentioned by Dawkins and can therefore be regarded as the 'missing link' in the practice and communication of corporate governance (Dawkins, 2004:108).

An online article published by a US-based company, CoreBrand, which has been in business for nearly 30 years and focuses on correlating branding and communication with financial performance, outlined five major trends in communication management at the end of the 1990s (Altziebler, 1999:[1]). The first is that the standard measurement of return on investment (ROI) for communication management will become a fully accepted accounting principle; secondly, the communication management department will be measured by, and rewarded for, contributing to corporate financial performance; thirdly, there will be a convergence of communication disciplines under the communication management umbrella; fourthly, the chief communication officer will head the communication management department with direct access to senior management; and lastly, the next generation of chief executive officers will have stronger communication skills with less focus on legal and accounting backgrounds (Altziebler, 1999:[1]).

Pointing out that the top communicator in the organisation is going to form part of the senior management team as a trend (Altziebler, 1999:[1]) is neither new, nor surprising. Grunig, Grunig and Ehling (1992:86), suggested as early as 1992 that the head of communication management should be included in the dominant coalition in order for him or her to contribute to the overall effectiveness of the business. A decade later, Grunig (2006:164) again pointed out that communication management should form part of what he refers to as the dominant coalition. He argues that the dominant coalition does not necessarily consist of those in formal positions of power (Grunig, 2006:165), however, the interests of stakeholders can only be heard or served if someone with the knowledge and authority forms part of senior management.

It may be argued that, the inclusion of Chapter 8 in the King III Report on Governance for South Africa 2009, which is focussed on managing stakeholder relationships and mentioned in the introduction, is a key aspect of communication management in business based on Varey and White's (2000:10), case that communication management, practised at a strategic level, is concerned with the management or governing of the relations between the organisation (and management) and its stakeholders. In the view of Steyn and Niemann (2008:2), it may be a starting point for communication management to be recognised for contributing to the overall performance of the business as guidelines or frameworks for outlining the strategic contribution of communication management in achieving good corporate governance, sustainability or corporate social responsibility are lacking. The six principles outlined in Chapter 8 highlights the important role reputation and effective communication plays in engaging and managing stakeholders. This is, according to Chapter 8 of the King III Report on Governance, done by strategically ensuring stakeholders are treated fairly, with transparency and through handling disputes and conflicts quickly. Chapter 8 of the King III Report on Governance stipulate that the board of directors should delegate the managing of stakeholder relationships to the company's management for which the CEO is ultimately responsible. Here Grunig (1992b:236) emphasises the importance of the CEO's communication abilities in creating a climate internally for communication management to be effective, and externally for effective stakeholder affairs.

Communication managers should have a seat at the strategy-formulation table. Coupled with this is what Argenti, Howell and Beck (2005:83) regard as the strategic communication imperative – "an increasingly urgent need for executives to ensure that their communication practices contribute directly to corporate strategy implementation. To achieve this, senior manager involvement is imperative, communication should be integrated, communication must have a long-term orientation, and top communicators must have broad general management skills" (Argenti et al*.,* 2005:88-89).

For communication management to contribute to business effectiveness it should be integrated into the strategic decision-making of the organisation, and it should play a supporting role to other management functions in the business. In other words, it must be sanctioned as a strategic influencer. As mentioned, Chapter 8 of the King III Report asks that the board of directors delegate the responsibility of managing stakeholder relationships to management. This delegation should include communication management fulfilling the role of strategic decision-making influencer and providing support for other management functions. Dawkins' (2004:119) research highlights that for communication management to be effective in communicating corporate responsibility, a clear communication strategy should be developed, where the content, style and channel are tailored and all coordination of communication is managed. She concurs that employees are under-utilised in enhancing reputation among key stakeholders.

Steyn (2007:140) contends with Dawkins' research by outlining the following functional responsibilities of communication management with a strategic mandate in contributing to business effectiveness:

- Developing a communication management strategy addressing the key strategic goals which have emerged from societal and stakeholder issues of the business, and which, in turn, translate into a communication management strategy with its own goals and themes;
- Formulating a strategic communication management plan to achieve the abovementioned goals;
- Counselling business leaders/managers/supervisors on their communication role toward employees; and
- Managing the activities of a support function, which includes:
    - developing, implementing and evaluating communication plans in support of strategies developed at different business levels,
    - developing, implementing and evaluating communication plans in support of the strategies of other business functions, and
    - developing, implementing and evaluating communication plans in support of the top management's communication to employees and other stakeholders.

This study aims to provide guidelines for communication management to managing stakeholder relationships and a positioning framework with which companies may be able to assess their communication management department's stakeholder relationship management capabilities. Positioning is a term mostly used in the marketing field which can be adapted to stakeholder relationship management by considering how the company itself views its communication management department's ability to build and maintain relationships with stakeholders. Therefore it is necessary to explore the functioning of communication management as a business function in the organisation. This provides a clearer understanding of the implementation of stakeholder relationship management as a key function of communication management. Also, guidelines for the successful implementation of stakeholder relationship management for businesses are necessary. Businesses need to become aware of their communication professionals' ability to practise stakeholder relationship management through mapping themselves according to the positioning framework. This will enable them to determine the areas of improvement with regard to stakeholder relationship management. Should businesses fail to improve their stakeholder relationship management competencies, they run the risk of alienating certain stakeholders and/or not meeting the expectations of stakeholders. This, in turn, may have an impact on the reputation of the business.

1.4 STAKEHOLDER RELATIONSHIP MANAGEMENT

Stakeholder relationship management is central to this research and therefore Chapter 3 is dedicated to this concept.

Communication management, according to Varey and White (2000:10), practised at a strategic level is concerned with the management or governing of the relations between the organisation (and management) and its stakeholders. Sundaram and Inkpen (2004:370) state in this regard that managers must develop relationships that inspire stakeholders, and create communities that provide a context in which everyone aspires to do their best to deliver value. They are of the opinion that managers have moral and ethical responsibilities to all stakeholders, and that those organisations that treat their stakeholders in a less than ethical or moral manner, will not continue in business. Surveys have shown that while the first priority of the stakeholders of a company is the quality of the company's products or services, the second priority is the trust and confidence that the stakeholders have in the company (Institute of Directors, 2009:8). For this reason, it is important to ensure that stakeholder relationships are managed in a structured, methodological and disciplined way. Communication management, as a business function, has the knowledge, functions, tools and insight to fulfil this role. Through this role, communication management makes a contribution to the governing of stakeholder relationships and to corporate governance as a whole.

1.5 THE KING REPORT ON GOVERNANCE IN SOUTH AFRICA

South Africa has undergone transformation at political, social and economic levels, which has impacted all aspects of the country, including business. This transformation led to a number of new opportunities and threats for both businesses and their stakeholders alike. Denton and Vloeberghs (2003:86) maintain that business and its stakeholders would benefit if they adapted to a competitive international environment and adopted world-class business principles. Given this, communication management has a significant role to play in this process of mutual adaption between business and the environment, and business and stakeholders (Meintjes, Niemann-Struweg & De Wet, 2009:59), possibly through improved stakeholder relationship management.

The economic crisis, coupled with the distrust in business necessitated action in various forms globally, whether it is in the form of guidelines or acts assisting business to become more transparent and comply with governance rules. In the UK, the Cadbury Report of 1992 was the starting point for the development of corporate governance. In the USA, an act of Congress known as the Sarbanes-Oxley Act (SOX) was introduced in 2002 as a statutory regime. Other parts of the world (56 countries in the Commonwealth, including South Africa, and the 27 states in the EU, including the UK) opted for a code of principles to be applied on a voluntary basis.

In South Africa, the King Committee was established to compile a set of principles now known as The King Report. The first of a set of three reports was released in 1994, followed by a second report in 2002. At the time when the second report (King II Report on Governance) was released, the Johannesburg Securities Exchange (JSE) asked listed companies to comply with the recommendations made in this report. It applied to listed companies, banks, financial and insurance entities including public sector enterprises governed by the Public Finance Management Act and the Municipal Finance Management Act (Institute of Directors, 2010:[1]). The third of these reports (King III Report on Governance) was then released in 2008.

In particular and as mentioned before, the King III Report on Governance included, for the first time, a chapter (Chapter 8) outlining six principles for the management of stakeholder relationships. According to the King III Report on Governance, stakeholder relationship management encompass companies having an awareness of the impact stakeholders have on a company's reputation; that companies should be proactive in managing their stakeholder relationships; that stakeholder relationship management involves stakeholder engagement; that shareholders should be treated equitably; that stakeholder relationship management necessitate transparent and effective communication; and that disputes and conflict should be avoided and overcome expeditiously. South African companies adopting these principles are seen as among the best-governed companies in the world's emerging economies (Institute of Directors, 2009:6-7). The implication for communication management is that it is now in a position to search for a way to counter a shortfall in trust and confidence at precisely the time when the financial and human resources at its disposal are also inadequate compared to past years (Swerling et al., 2009:21). This gives rise to the problem statement, purpose of the study and subsequent research objectives that guide this study.

1.6 PROBLEM STATEMENT AND RESEARCH QUESTIONS

In an article by Sundaram and Inkpen (2004:370), the authors state that theorists in the area of corporate governance seek a "path to a promised land in which accountable corporations managed by ethical decision-makers create the greatest value for the greatest number of stakeholders". Freeman (1984:43-47) proposed stakeholder management as a business strategy, which holds that the pressures of stakeholder groups are progressively becoming more influential on business success and survival (sustainability). Therefore, business strategy must take this change into consideration and guarantee that stakeholder interests are included into strategic decision-making (Letza, Sun & Kirkbride, 2004:251). CEOs are of the opinion that communication management, with its ability to communicate with stakeholders, can play a significant part in considering stakeholder interests as part of business strategy (Grunig, 2006:162).

The topic of corporate governance gained more importance coupled with the substantial number of undeniable corporate scandals at board level (Hilb, 2006:3). At the same time, the new Companies Act no. 71 of 2008 together with changes in international governance trends called for the Third Report on Governance in South Africa. As mentioned before, companies across the globe are encouraged, and in some cases obligated, to give consideration to governance principles. In South Africa, the King Reports, of which the King III Report on Governance in South Africa is the latest, is no different. Chapter 8 of the King III Report on Governance for South Africa focuses on managing stakeholder relationships and thus recognises the value communication management can or should add in this regard.

Consequently, a need exists for a clear articulation of how communication professionals should be managing stakeholder relationship management according to Chapter 8 of the King III Report on Governance. However, the problem is that the purpose of communication management, in particular strategic communication management, is not clear. A redefined business paradigm, the knowledge of stakeholder relationship management of communication professionals, as well as a well-developed communication management strategy aimed at improving stakeholder relationships are needed to address this problem.

The problem statement, outlined above, translates into the general research question being investigated:

How can communication professionals assist their companies to manage stakeholder relationships according to the King III Report on Governance?

A number of research questions arise as a result of the general research question:

- To what extent does the role, scope, function, structure and level of authority of communication management influence the management of stakeholder relationships and the implementation of a company's business strategy?
- What are the implications of Chapter 8 of the King III Report on Governance, with regard to the managing of stakeholder relationships for companies and their communication professionals?
- What trends in communication management, globally, affect stakeholder relationship management?
- Which guidelines for the implementation of stakeholder relationship management, according to the King III Report on Governance, should be established?

- If companies would make use of a stakeholder relationship management positioning framework to position themselves in terms of their current compliance with good corporate governance rules?

1.7 PURPOSE OF THE STUDY

The purpose of this research is threefold. Firstly, the research attempts to consider, both theoretically and empirically through qualitative methods, whether a redefined business paradigm focussing on strategic communication management's contribution to the effectiveness of the business through managing stakeholder relationship management is necessary. Letza et al., (2004:251) state that business strategy must take the pressures of stakeholder groups having more influence on business success and survival and thus sustainability into consideration. The research includes a literature review of stakeholder relationship management theory, a review of the six principles of Chapter 8 of the King III Report on Governance, exploring the global practices and trends of communication management through an analysis of the global communication management studies, the Stockholm Accords mentioned before, and senior communicator views.

Secondly, this research includes considering the fact that communication professionals do not always know how to implement the principles outlined in Chapter 8 of the King III Report. This is particularly concerning as the Johannesburg Securities Exchange (JSE) made it compulsory for listed companies to disclose the extent of their compliance with the King Report in 2004. If professionals are uncertain on how to implement the principles Chapter 8 of the King III Report, which is related to stakeholder relationship management, organisations, in turn, are unable to report the extent of their compliance.

Thirdly, the implementation of the six principles contained in Chapter 8 of the King III Report on Governance requires the development of a communication management strategy addressing the key strategic goals (as identified with societal and stakeholder issues in mind) of the organisation, as well as the communication specific issues that were identified. This strategy would in turn translate into a strategic communication plan. In addition, business leaders and employees would need guidance (counselling) on managing stakeholder relationships as part of the communication strategy. The activities of the communication management department as a support function of the business should also be managed.

1.8 RESEARCH OBJECTIVES

The study is guided by the following specific research objectives as they emanated from the problem statement and research questions discussed in the previous sections:

Ro1: To explore the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing a company's business strategy.

Ro2: To explore the implications of the King III Report and Chapter 8 on managing stakeholder relationships, in particular on companies and their communication professionals in South Africa.

Ro3: To explore the global trends in communication management and its implications for South African businesses.

Ro4: To establish guidelines in accordance with the King III Report for the implementation of stakeholder relationship management for businesses in South Africa.

Ro5: To establish a stakeholder relationship management positioning framework with which South African businesses may be able to position their communication management departments.

The conceptualisation and metatheoretical framework provides an overview of the academic disciplines, theories and concepts related to this research in an attempt to answer the abovementioned research objectives.

1.9 CONCEPTUALISATION AND METATHEORETICAL FRAMEWORK

1.9.1 Theoretical and metatheoretical conceptualisation

The theoretical and metatheoretical conceptualisation of the study is presented in Table 1.1. As this research explores a new field of study it cuts across a number of academic disciplines. These include business law, business management as well as communication management. For this reason an extended conceptualisation is provided highlighting key concepts of these three disciplines, which in turn, are briefly discussed in Chapter 1 and expanded upon in Chapter 2. This is necessary to gain some understanding of the interrelationships that exists between these fields under the interdisciplinary field of sustainability. Furthermore, to provide guidelines for managing stakeholder relationship management in business by communication professionals as well as a framework with which companies are able to benchmark themselves in terms of their stakeholder relationship management capabilities, a broader view into areas other than communication management is required.

The threefold purpose of this research being companies having a redefined business paradigm focussing on strategic communication management's contribution to the effectiveness of the business through managing stakeholder relationship management; communication professionals' knowledge of how to implement the principles outlined in Chapter 8 of the King III Report; and the implementation of the six principles contained in

Chapter 8 of the King III Report on Governance requiring the development of a communication management strategy, further compels a broader conceptualisation of the three disciplines mentioned.

Table 1.1: Theoretical and metatheoretical conceptualisation

<table>
<tr><td>GRQ</td><td colspan="5">How can communication professionals assist their companies to manage stakeholder relationships according to the King III Report on Governance?</td></tr>
<tr><td>GRAND THEORY</td><td colspan="5">Systems theory</td></tr>
<tr><td>WORLD VIEW</td><td colspan="5">The excellence theory and reflective view of communication management</td></tr>
<tr><td>PARADIGM</td><td colspan="5">Strategic constituency perspective and the inclusive stakeholder approach</td></tr>
<tr><td>INTERDISCIPLINARY FIELD</td><td colspan="5">Sustainability</td></tr>
<tr><td>ACADEMIC DISCIPLINE</td><td>Business Law</td><td colspan="2">Business Management</td><td colspan="2">Communication Management</td></tr>
<tr><td>ACADEMIC FIELDS</td><td>Governance</td><td colspan="2">Strategic Management</td><td colspan="2">Corporate Communication
Strategic Communication</td></tr>
<tr><td>THEORIES</td><td>Agency theory
Stewardship theory
Resource dependency theory
(Nicholson & Kiel, 2007)</td><td colspan="2">Resource Based View
Resource dependency theory
Stakeholder theory</td><td colspan="2">Social identity theory</td></tr>
<tr><td>CONCEPTS</td><td>Corporate governance</td><td>Corporate citizenship</td><td>Corporate social responsibility (CSR)</td><td>Stakeholder relationship management</td><td>Reputation management</td></tr>
<tr><td>CONSTRUCTS/ DIMENSIONS</td><td>Principles of corporate governance (Aras & Crowther, 2008:441)
1. Transparency
2. Accountability
3. Responsibility
4. Fairness

Corporate social responsibility</td><td>Dimensions (Mirvis & Googins, 2006):
1. Concept
2. Strategic intent
3. Leadership
4. Structure
5. Issues management
6. Stakeholder relationships
7. Transparency</td><td>Pillars of CSR (Hancock, 2005):
1. Strategic governance
2. Human capital
3. Stakeholder capital
4. Environment</td><td>Elements of stakeholder relationships (Grunig & Hon, 1999:13):
• Control mutuality
• Trust
• Satisfaction
• Commitment
• Exchange and communal relationships</td><td>Reputation evaluation elements (Bebington, Larrinaga & Moneva, 2008:339,340):
• Financial performance
• Quality of management
• Social and environmental responsibility performance
• Employee quality
• Quality of goods/services</td></tr>
</table>

The next discussion outlines the aspects of the theoretical conceptualisation from Table 1.1.

1.9.2 Systems theory as grand theory

The systems theory is one of the predominant theoretical lines of thinking underpinning communication management (Gregory, 2000:266). This theory proposes that mechanical, organic and social systems can be defined by their interactions with their environment. There are three main system perspectives that can be applied to the business context, being the mechanistic, the organismic and the adaptive.

This study is approached from the adaptive perspective. Buckley (1967:129) proposed a process or adaptive systems model with particular emphasis on the role of adaptive feedback being sought in order to initiate change. When a business realises that the prime responsibility of engaging in activities designed to primarily increase profits has become outdated, this business starts practicing within a social cultural context. Then the standpoint of the business shifts to a focus of communication and interaction, which facilitates the organising of stakeholders and society as characteristics of the systems theory (Mersham, Rensburg & Skinner, 1995:42).

Gregory (2000:269) states that the adaptive approach is mostly associated with an open system, which enables professionals to fulfil a function or management role and provides a framework for considering a business in context. This in turn makes businesses examine external forces and internal processes and structures. She further argues that the adaptive systems approach leans mostly towards the two-way symmetrical model, which embraces some of the concepts of morphogenesis, as it proposes that businesses should be as open to change as their publics (stakeholders) are, because of the communication dialogue that takes place. The systems theory emphasises interaction and feedback in relationships within a society (Blumberg, 2008:21). It is therefore the communication and interaction characteristics of the systems theory which facilitate the organising of stakeholders of the business and the community in which the business exists (Mersham et al., 1995:42). Littlejohn and Foss (2005:40) outline the systems theory as a multidisciplinary approach to knowledge, as the principles of a system indicate how things in many different fields resemble each other. This is particularly relevant to the emergence of the concept of strategic integrated communication, which is the culmination of efforts of management, communication management and marketing (Niemann, 2005:76).

1.9.3 The excellence theory and the reflective view as world views

This study was approached from the viewpoints of excellence and reflectivity as expounded in the excellence theory and the reflective view of communication management. These two world views are now discussed in greater detail.

(i) Excellence theory

Kearney (in Grunig & White, 1992:33) defines a world view as "a set of images and assumptions about the world". Image in this regard, can be analysed in two ways. Firstly, the literal sense of a visual representation in the mind, and secondly, organising principles that have variously been called schemata, plans and structures. Verwey and du Plooy-Cilliers (2003:23) agree with this definition and further define a world view as "the different ways in which people view themselves, the environment, time, space, truth, etc." The concept of a world view can be applied in both a research and in a business context. This is also the case in this study where the study is approached from both an excellence and reflective world view.

The excellence movement in management emphasises a set of basics that a business should strive towards to function excellently, which includes punctuality, continued contact with the client, promotion of entrepreneurship, motivation, linking ventures with skills, and a simple and lean business (Cronje, Du Toit & Motlatla, 2000:113). In the field of communication management, the general theory of excellence in communication management emerged and is rooted in a two-way symmetrical world view (Grunig & White, 1992:43).

Major assumptions relevant to this theory are that information flows freely between (sub) systems; the latter seek a moving equilibrium with other systems through cooperation and mutual adjustment; the input of all people is valued, employees have great autonomy; innovation is valued over tradition; and there is a commitment to eliminate the adverse consequences of business actions. Businesses using the two-way symmetrical communication model employ bargaining, negotiation and strategies of conflict resolution to bring about symbiotic changes in the ideas, attitudes and behaviours of both the business and its strategic stakeholders (Grunig & White, 1992:43).

Grand strategies develop from and with the culture and world view (often referred to as the ideology) of the business in mind. A business's world view consists of six dimensions that are critical to communication management. These are according to Botan (2006:226), business goals, attitudes towards change, publics, issues, communication and communication managers/professionals (how they define and constrain the practice). Of particular importance to communication management is the fact that stakeholders looking in from outside don't know what business leaders are thinking and therefore watch leaders' actions and public statements (Botan, 2006:231), which in turn impacts whether the communication may be seen as excellent or not. The excellence theory is discussed in more detail in Chapter 2.

(ii) Reflective view of communication management

Reflectivity in communication management refers, according to Van Ruler and Verčič (2005:253), to a certain group of tasks of professionals, as well as a new view of communication management. The reflective tasks imply the continuous adjustment of corporate decision processes to society's norms and values. Viewing communication management as reflective, emphasises the importance of an organisation's legitimisation within society.

Van Ruler and Verčič (2005:253) argue that communication management is primarily a course of action where the organisation is viewed from the outside. In this way the organisation is able to stay inclusive and thus conserve its licence to operate. Holmström (2005:502) states that "reflection increases sensitivity to interdependence and increases the independent identity." This means that through reflectivity, organisations are able to see themselves in their larger societal context. In turn, the organisation develops restrictions and coordinating mechanisms in its decision-making processes.

Holmström (2005:502) further states that "reflection reveals that the conflict in society is not a means to make a distinction between risk and security." She argues that there are risks associated with any decision taken, and that security and the availability of the absolute correct information are not possible. Reflective structures in organisations do not resolve risk or danger, but are a way of learning to live within a highly complex environment.

Finally, Holmström (2005:502) states that "reflection facilitates new forms of societal regulation in which legitimisation processes supplement traditional interventions by law to more flexibly contain the dynamics and complexity of the functionally different society and its continuous risk production." This can typically be seen in South Africa with the new Company's Act no. 71 of 2008 as the traditional intervention by law, and the King III Report and Code of Governance for South Africa as the new form of regulation with its Chapter 8, highlighting the communicative competencies needed at all levels of society. These communicative competencies are outlined in greater detail in the Stockholm Accords which was a collaborative effort between public relations and communication professionals on every continent of the world and a call to action for the profession.

1.9.4 The strategic constituency perspective and stakeholder inclusive approach as paradigms

The paradigm within which the study falls is the strategic constituency perspective, coupled with the stakeholder inclusive approach. The strategic constituency perspective holds that organisational effectiveness is influenced by the extent to which an organisation is able to satisfy multiple stakeholder needs. This implies that the organisation has a number of constituencies (also referred to as stakeholders), with different degrees of power, attempting to satisfy their demands (Love & Skitmore, 1996:7). Quinn and Rohrbaugh (1983:364) states that by implementing this approach, the impact of strategic stakeholders may be minimised. The minimisation of the impact of stakeholders is possible through the strategic constituency perspective, as organisations are able to identify and understand stakeholders better, with the willingness and ability to consider and satisfy their demands.

The stakeholder inclusive approach asserts that in practice the legitimate interests and expectations of stakeholders are considered when making decisions about the best interests of the business. The integration and trade-offs between various stakeholders are then made on a case-by-case basis, to serve the best interests of the business (Institute of Directors, 2009:9).

The stakeholder concept has developed in a variety of disciplines (Freeman, 1984:48) such as business management (strategic management specifically), communication management and business law with a focus on governance. Sustainability as a field is regarded as interdisciplinary as it appears in the literature of all three the fields mentioned, and is discussed in the next section.

1.9.5 Sustainability as interdisciplinary field

The systems theory, as a multidisciplinary approach, can also be related to sustainability which regards nature, society and business as interconnected in complex ways that should be understood by decision-makers. The King III Report on Governance in South Africa argues that "sustainability is the primary moral and economic imperative of the 21st century" and one of the most important sources of both opportunities and risks for businesses. Most importantly, current incremental changes towards sustainability by businesses are not sufficient. A fundamental shift in the way businesses and directors act and organise themselves is needed (Institute of Directors, 2009:9). For businesses to implement this shift, management must become more reflective in terms of their thinking, their strategies and actions. This applies specifically to the way in which they see and treat stakeholders.

Organisations have been expanding in size and are operating in more and more countries. This growth has increased the power of organisations and the impact they have on the social, political and ecological environment of these countries (Irwin, 2003:304). This has brought a greater expectation from society for organisations to act responsibly and be accountable for their impacts (Rensburg & Cant, 2009:234).

Drucker (1993:6) states that the essence of management includes the responsibility of effectiveness and efficiency as well as social responsibility, where corporate responsibility constitutes an organisation's respect for society's interests, demonstrated by taking ownership of the effect its activities have on stakeholders. It prompts an organisation to look at the social implications of its business beyond its traditional bottom line. This accountability extends further than baseline compliance with existing regulations to encompass voluntary and proactive efforts to improve the quality of life for employees and their families, as well as for the local community and society at large. A responsible company makes a concerted attempt to reduce the negative social and environmental footprint of its operations through a strategy focussed on the long term (Argenti, 2009:108). Porter and Kramer (2006:80) argue that a corporate social responsibility (CSR) strategy can, if implemented carefully, enhance organisations' competitiveness.

The three main academic disciplines that fall within the scope of this study are business law, business management and communication. Each of these and their related academic fields are discussed.

1.9.6 Business law as academic discipline

Corporate governance (CG), as a concept of business law, is defined as the body of principles and rules which guide and limit the actions of directors. Corporate governance is rarely considered from a compromise viewpoint and the instability of rule, except where the interests of stakeholders and shareholders are concerned (Bonnafous-Boucher, 2005:37). Similarly, Hilb (2006:9) defined governance as a system by which businesses are strategically directed, integratively managed and holistically controlled in an entrepreneurial and ethical way and in a manner appropriate to each particular context. The academic field that forms part of business law includes corporate governance (CG).

Corporate governance as academic field

"The importance of CG lies in its quest at crafting/continuously refining the laws, regulations, and contracts that govern companies' operations, and ensuring that shareholder rights are safeguarded, stakeholder and manager interests are reconciled, and that a transparent environment is maintained wherein each party is able to assume its responsibilities and contribute to the corporation's growth and value creation" (Jamali, Safieddine & Rabbath, 2008:444). In other words, corporate governance sets the tone for the organisation in terms of defining how power is exerted and how decisions are reached. It aims to refine the laws, regulations and contracts and govern organisations' operations, ensuring that shareholder rights are protected, stakeholder welfare is considered and transparency is upheld. Good corporate governance includes corporate leadership and strategy setting, honesty and transparency, as well as corporate social responsibility (CSR) (Jamali et al., 2008:444-445). The principles, as outlined by Aras and Crowther (2008:441) include transparency, accountability, responsibility and fairness which form the constructs of the corporate governance concept as outlined in Table 1.1.

1.9.7 Business management as academic discipline

Business management is defined as processes of activities carried out by managers to enable the business to achieve its goals and objectives with the use of human and material resources (Cronje et al., 2000:110). The management activities include planning, organising, leading and control. Management theory has evolved into a science where the business environment includes many huge and powerful businesses in both private and public sectors; where a comparatively large middle management group exists in these businesses; where well-defined managerial activities are clearly separated from non-managerial activities; many decision-makers exist; and the emphasis is on teamwork and rationality (Cronje et al., 2000:110). The most important schools of thought on management are (Cronje et al., 2000:111-112):

- The scientific school, which argues that through observation, job analysis, job measurement, redesigning of jobs and financial incentives, the productivity of a business would increase.
- The classical school concentrates on top management and the focus is to identify the most important elements of management so that universal principles can be developed for each function and element.
- The human relations school, which studies the human element as an important factor in the effective accomplishment of the goals of a business.

The human relations school, with its focus on the human element, is most applicable to this study with its focus on stakeholder relationships, as it concentrates on the stakeholders of the business. For the purpose of this study, the academic fields that form part of business management is strategic management, corporate citizenship and corporate social responsibility.

Strategic management as academic field

Strategy is the positioning of a company as a way of effectively locating it in an environment. The way strategy acts as a go-between, influences the company and its environment. The position of a company is closely linked to its identity or personality and strategy becomes a way in which the environment is perceived (Mintzberg, Lampel, Quinn & Ghoshal, 2003:4). On the other hand, strategic management is the process of continuously rethinking the mission of the company, considering the current environment and then providing a guide for the decisions and outcomes that will take place in the future (Greene, Adam & Ebert, 1985:497-498). In other words, the focus here is on doing the right thing, rather than on doing things right (Steyn, 2003:170). This is important for the current study as the strategic management of a company impacts the stakeholders of the particular company and is a strong determinant of whether the particular company may be regarded as a good corporate citizen.

Corporate citizenship as academic field

Waddock (2004:10) believes that corporate citizenship involves both the relationships with stakeholders as well as the organisation's influence on these stakeholders and the environment. Mirvis and Googins (2006:107) argued that corporate citizenship consists of seven dimensions, which, in the context of this study, forms the constructs under study. These dimensions include the definition of corporate citizenship (the concept), the strategic intent of the organisation, leadership, structure, issues management, stakeholder relationships and transparency. These are discussed in more detail in Chapter 2.

Corporate social responsibility as academic field

According to Argenti (2009:108), corporate responsibility constitutes an organisation's respect for society's interests, demonstrated by taking ownership of the effect its activities have on stakeholders. It prompts an organisation to look beyond its traditional bottom line at the social implications of its business. This accountability extends beyond baseline compliance with existing regulations to encompass voluntary and proactive efforts to improve the quality of life for employees and their families, as well as for the local community and society at large. Hancock (2005:70) argues that the attention of corporate leadership should revolve around the four pillars of corporate social responsibility (CSR), which include strategic governance, human capital, stakeholder capital and the environment (these are discussed in more detail in Chapter 2). Together these pillars account for 80% of a company's true value and future value-creating capacity. They also form the constructs of this study.

Corporate governance frameworks are a set of principles concerning the governing and strategic management of companies and how these principles are communicated externally. These frameworks attempt to create a structured dialogue between organisations, shareholders and stakeholders. Communicating strategic direction to external stakeholders increases the stakeholders' understanding of the intentions of the organisation and assists the formation of partnerships (Parum, 2006:559). For this reason, the theoretical domain of communication management is highlighted in the context of the current study.

1.9.8 Communication management as academic discipline

In a study conducted by Tindall and Holtzhausen (2011:89), the strategic role of communication management involved firstly, that professionals participate in strategic planning and are part of the strategic planning team, coupled with considering the strategic implications of all the work they do for the organisation. Secondly, strategic communicators view themselves as communication experts and are seen as such by others in the organisation as well. Thirdly, strategic communicators are problem solvers in the area of communication and finally, strategic communicators interact with the environment to stay up-to-date with new stakeholder groups and societal trends and as such their work is future-focused. The communication management function can be seen as bridge building or boundary spanning, where professionals have contact with all kinds of outsiders with differing aims. It can be seen as a craft and as a professional function (Van Ruler, Verčič, Bütschi & Flodin, 2004:36).

For the purpose of this study, the academic field associated with communication management includes corporate communication, strategic communication, stakeholder relationship management and reputation management. These are expanded upon later in this chapter as well as in Chapters 2 and 3.

Corporate communication as academic field

Steyn and Puth (2000:5) state that corporate communication is communication on behalf of a business, and it is aimed at increasing the effectiveness of the business through the creation and maintenance of stakeholder relationships. Ströh (2007:215) contends that corporate communication is more concerned with the building of relationships with stakeholders through the facilitation of participation in strategic planning.

Strategic communication has emerged as an academic field related to communication management as well as corporate communication. It is therefore regarded as an academic field suited to this study.

Strategic communication as academic field

Strategic communication can be defined as communication aligned with the business' overall strategy, to enhance its strategic position (Argenti et al., 2005:83). Similarly, Hallahan, Holtzhausen, Van Ruler, Verčič, and Sriramesh (2007:3) defined strategic communication as "deliberate and purposeful communication by a professional communicator to advance the mission of an organization." Fleisher (1998:164) argues that for communication management to be a truly strategic function, it must also be a central means to achieving sustainable competitive advantage. He further argues that strategic communication management includes the following characteristics:

- A long-term, non-reactive focus on performance between a business and its critical stakeholders.
- Linkages between communication management and business strategy processes at both staff and line levels.
- Expectations that effective strategic communication management policies and performances should produce a variety of business benefits which should be visible in some form of improved business performance in the marketplace.
- The roles played by line managers and communication managers in transforming that function to become more strategically orientated.
- The utilisation of systematic planning and evaluation processes and techniques, by communication management.

Central to communication management, corporate communication and strategic communication are stakeholder relationship management and reputation management. These concepts are discussed in the next section.

Stakeholder relationship management as academic field

Stakeholder management is fundamentally stakeholder relationship management, as it is the relationship that is managed and not the actual stakeholder groups (Friedman & Miles, 2006:158). In essence is holds that the forces of stakeholder groups are increasingly affecting business success and survival. Therefore business leaders must understand this change and ensure that stakeholder interests are incorporated into, rather than being ignored, in strategic decision-making (Letza et al., 2004:251). In a study conducted by Grunig (2006:162), CEOs reported that communication management contributed to organisational strategy by “hearing external voices”. These voices were seen as the stakeholders in the organisation’s environment, heard by communication professionals through environmental scanning.

The first principle in Chapter 8 of the King III Report clearly links the influence of stakeholders on company reputation. Therefore, in the context of this study, reputation management as academic field is important. Although it is briefly discussed here, it is expanded upon in Chapters 2 and 3.

Reputation management as academic field

Mahon and Wartick (2003:23) define reputation as the “historical actions, and memories/perceptions of the stakeholders involved with the organisation in a given situation over time”. The implication of this is that organisations should have a real appreciation of the criteria used by stakeholders in assessing reputation. More importantly, reputation is developed over time as a result of a sequence of multifaceted interactions and actions. Therefore, reputation management involves attending and nurturing a company’s reputation carefully with stakeholders, ensuring this is done in a credible fashion (Mahon & Wartick, 2003:23-24).

In the context of this study, Sethi (2002:24) refers to the ‘reputation effect’ which involves the opportunity for responsible organisations to create an individual and positive public identity through their codes of conduct. This has a direct effect on these organisations’ bottom line through increased revenues, customer loyalty, expanded markets, a productive workforce and a supportive regulatory environment. A voluntary code of conduct, such as the King III Code in South Africa, actually serves a larger public purpose considering the problems faced by an industry or by different organisations due to its flexible nature.

A number of theories, from the three academic disciplines and fields under study, guide this study. They include the agency theory, stewardship theory, research dependency theory coupled with the resource based view, stakeholder theory and social identity theory. Each is briefly discussed in Chapter 2.

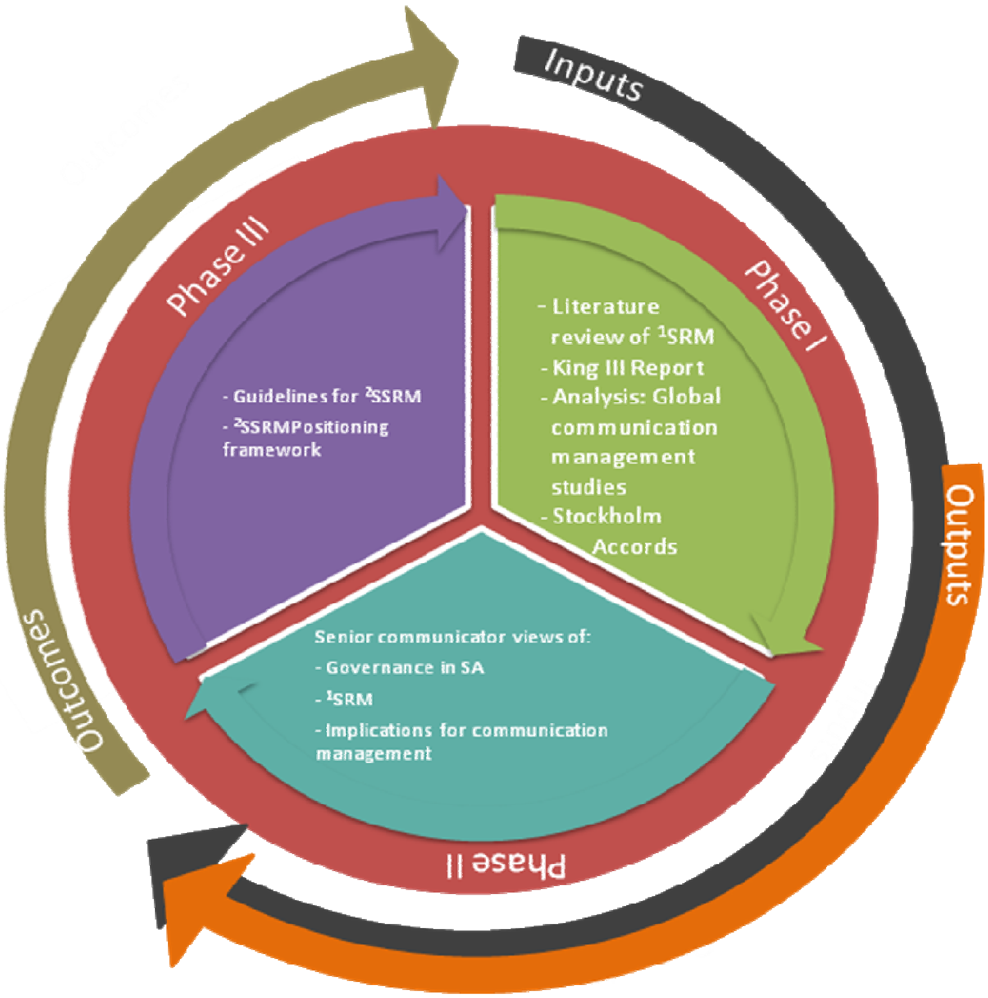
A broad overview of the theories and literature regarding corporate governance, business management and communication management provides the platform from which the study is approached, as outlined in this section. These inform the research design adopted for this study in an attempt to answer the research questions and address the research objectives.

1.10 RESEARCH DESIGN

This study was approached from a qualitative paradigm. For this reason, this study is exploratory, descriptive and contextual in nature as it attempts to explore and describe the stakeholder approach to implementing relationship management as defined in the context of the King III Report. Exploratory research is based on an inductive approach and aims to arrive at a dense description of the phenomenon of inquiry. Descriptive research aims to describe situations or events and implies that the representation of reality of participants should be clearly described. Lastly, contextual research is based on the attempt to understand events, actions and processes in participants' contexts instead of generalising results (Babbie & Mouton, 2001:272). In this context an exploratory research design is appropriate as the phenomenon of governance, specifically related to stakeholder relationships, is part of the enquiry. A descriptive research design is appropriate as the situation that represents the reality of the participants in terms of how they understand and practice stakeholder relationship management, applies. A contextual research design is appropriate for this study as this study takes place in the context of each company respectively with no attempt to generalise the results.

Figure 1.1 outlines a model representing the three phases of this study being the exploration phase, the in-depth interviews with senior communicators phase and the guidelines and framework phase.

Figure 1.1: Model representing the phases of the study



Researcher's own construct

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[1] Stakeholder relationship management

[2] Strategic stakeholder relationship management

In figure 1.1 a model that outlines the three phases of this study is presented. These phases are discussed in the next section. The model outlines the inputs, outputs and outcomes of this research. The inputs are those elements of the research that inform the outcomes being the guidelines for strategic stakeholder relationship management (SSMR) and the strategic stakeholder relationship management (SSMR) positioning framework. However, in the process of considering each of the inputs a number of outputs in themselves are achieved. These include the analysis of the global communication management studies and a consideration of the Stockholm Accords. The arrows in the three rounded triangles indicate the flow of events of this study and that each element informed the next.

1.10.1 Phase I: Exploration

Phase I of this research consisted of four elements:

- The first element of Phase 1 consisted of a literature review on stakeholder relationship management. This provided much needed theoretical grounding to embark on understanding the six principles of Chapter 8 of the King III Report. It further assisted in understanding the possible contribution of strategic communication management to business effectiveness through stakeholder relationship management.
- The second element of Phase 1 is a discussion of Chapter 8 of the King III Report on Governance for South Africa 2009, entitled Governing Stakeholder Relationships. The literature review informed the discussion of Chapter 8 of the King III Report on Governance and assisted in highlighting the implications of this chapter for South African business and communication professionals. This discussion of Chapter 8 of the King III Report in relation to the literature on stakeholder relationship management as well as communication management provides communication professionals with a deeper understanding of

what is required of them in implementing stakeholder relationship management in their companies.

- The third element consisted of an analysis of the global studies on communication management since 2005. Again, the literature review informed the areas under scrutiny in this analysis. Particular emphasis was placed on whether governance and the governing of stakeholder relationships have emerged globally as topic of importance.
- The fourth element consisted of considering the Stockholm Accords and how it relates to the global governance debate and Chapter 8 of the King III Report on Governance.

Phase 1 informed the empirical phase of the study.

1.10.2 Phase II: In-depth interviews with senior communicators

Phase II consisted of in-depth interviews with senior communicators (specifically involved in stakeholder relationship management) of selected companies in South Africa. It was necessary to gain some insight and understanding of how those who work closest to the management of stakeholder relationships conduct this, coupled with whether a need exists for a more formalised and methodological approach to stakeholder relationship management. This formed the empirical phase of the study. Phase II was informed by the literature review on stakeholder relationship management, the discussion of Chapter 8 of the King III Report on Governance and its implications for business and communication management, as well as the global review of communication management practices and trends.

The data was analysed with the use of Cresswell's (2009:183) guidelines for analysis of qualitative data. This process starts with organising and preparing the data for data analysis. This involves the transcription of interviews and arranging the data into different types, depending on the sources of information. Next, the researcher needs to read through all the data to get a general sense of the information and to reflect on the overall meaning. The following step is to start with the coding process, which is the organising of the material into chunks or segments of text before bringing meaning to the information. This means that text is gathered into categories which are labelled. Here, Tesch's (1990:142-145) process of analysis was used, which consisted of eight steps:

1. Get a sense of the whole.
2. Pick one document and think about the substance and write thoughts or create memos.
3. Continue step two (2) for several participants and start to cluster similar topics together arrayed as major topics, unique topics and leftovers.
4. Use this list to go back to the data and use the preliminary scheme to see if new categories and codes emerge.
5. Find the most descriptive wording for the topics and turn them into categories. Find ways to reduce the list of categories by grouping topics that are related to each other.
6. Make a final decision on the abbreviation for each category and alphabetise the codes.
7. Assemble the data material belonging to each category in one place and perform a preliminary analysis.
8. Recode if necessary.

From the coding, themes and descriptions emerged from which interrelating themes/descriptions are identified. These were then interpreted and validated for accuracy. The data obtained in this study was analysed with the use of the QSR Nvivo 9 software package, which assisted greatly in the process described above. This Software package assisted the researcher to classify, sort and organise qualitative and quantitative data. It allowed the researcher to create themes and to code the data.

Both Phases I and II form part of the input into the research process, which culminates into and informs phase III of the study. Chapters 2, 3, 4, 5 and 7 consist of outcomes related to this study.

1.10.3 Phase III: Guidelines and framework

From Phases I and II, guidelines on the management of stakeholder relationships in accordance with the King Report on Governance for South Africa were developed. As part of this, the establishment of a stakeholder relationship management positioning framework is proposed. Phase III forms the outputs related to this study.

Due to the qualitative nature of the study and depth and breadth of Phase I outlined above, a vast amount of information and detail precede Phase III.

1.11 PUBLIC RELATIONS VS COMMUNICATION MANAGEMENT

Throughout the literature and global research on communication management different terminology such as public relations and corporate communication is used when referring to communication management. Clarification in this regard is thus necessary to assist with the internal validity of the study.

1.11.1 Public relations

Grunig and Hunt (1984:6) define public relations as “the management of communication between an organisation and its publics”, and Steyn (2007:140) defines communication management as ‘the management of communication between an organisation and its internal and external stakeholders/other societal interest groups”. Stakeholders/other societal interest groups are often referred to as publics in the literature. These two definitions and terms outlined above can therefore be equated to each other. On the other hand, there are authors such as Van Ruler and Verčič (2005:264) who see the role of communication management as broader than public relations. They regard this broader role as contributing special concern for broader societal issues and approaches to problems. This is particularly relevant with regard to the reflective paradigm from which this study is approached as mentioned before.

1.11.2 Corporate communication and communication management

Public relations according to Argenti (2003:38) is regarded as the predecessor to corporate communication. Typically, the public relations function was tactical in most companies and was often also referred to as public affairs. The effort was to prevent the press from getting too close to management. Today, the strategic influence of the function is being recognised more widely, where corporate communication is seen to be managed communication for the organisation in order to enhance the effectiveness of the organisation with the use of establishing and servicing stakeholder relationships (Steyn & Puth, 2000:5). Similarly, Goodman (2006:197) states that corporate communication is used as an umbrella term for a number of functions regarded as strategic. These functions include “public relations, crisis communication, corporate citizenship, reputation management, community relations, media relations, investor relations”.

It can thus be argued that the terms, ‘Public Relations’, ‘Corporate Communication’ and ‘Communication Management’ can be used interchangeably due to the close nature of the definitions provided, although some may argue that slight differences between them exist. For the purpose of this study, all three terms are throughout referred to as ‘Communication Management’.

1.12 DEFINITION OF KEY TERMS

A number of key terms lie at the core of the study and are provided in alphabetical order in Table 1.2. Some of these are expanded upon later in Chapter 1 or further chapters as indicated. Similarly, a number of key concepts lie at the core of communication management. However, as these are specific to the field of communication management, these are discussed in more detail in Chapter 2.

Table 1.2: Key terms and related definitions

TERM	DEFINITION
COORDINATION OF INTERNAL AND EXTERNAL COMMUNICATION	Organisational communication is a multi-faceted, multi-stakeholder, interrelation enterprise, concurrently engaging several value networks concurrently and often involving diverse legal frameworks. The communicative organisation ensures full consistency of its storytelling by balancing global transparency, finite resources and time sensitive demands dealing with fast moving inside/outside changes and new conflicts of interests that emerge from multiple stakeholder participation. Communication with internal, boundary and external stakeholders is coherent and coordinated with the organisation's mission, vision, values as well as its actions and behaviours (Skoogh et al., 2010:2-7)
CORPORATE CITIZENSHIP	Although varied definitions of corporate citizenship exist, the definition provided by Hancock (2005:18) is used for the purpose of this study. It states that "corporate citizenship is not just about charitable giving; rather it is the whole way in which a company, its products and services interact with society." (Discussed earlier in this chapter)
CORPORATE GOVERNANCE	Corporate governance is defined as the body of principles and rules which guide and limit the action of directors (Bonnafous-Boucher, 2005:37). Hilb (2006:9) defined governance as a system by which businesses are strategically directed, integratively managed and holistically controlled in an entrepreneurial and ethical way and in a manner appropriate to each particular context (Discussed earlier in the chapter)
EXTERNAL COMMUNICATION	Organisations must review and adjust their policies, actions and communicative behaviour to improve their relationships with increasingly influential stakeholders, as well as with society at large. The communicative organisation develops skills to continually nurture its relationships with customers, investors, communities, governments, active citizen groups, industry alliances, mainstream and digital media and other situational stakeholders (Skoogh, et al., 2010:2-7)
GOVERNING STAKEHOLDER RELATIONSHIPS	The governing of stakeholder relationships revolves around allowing the influence of stakeholders on decisions dependent on the issues at hand and the relative power of the stakeholder

TERM	DEFINITION
	(Discussed in detail in Chapter 3)
INTERNAL COMMUNICATION	Internal communication enhances recruitment, retention, development of common interests and commitment to organisational goals by an increasingly diverse, extended and segmented set of internal stakeholders. The communicative organisation expands well beyond the traditional definition of full-time employees. Internal stakeholders include: full-timers, part-timers, seasonal employees, retirees, contractors, consultants, suppliers, agents, distributors and volunteers (Skoogh, et al., 2010:2-7)
MANAGEMENT	In an accelerated global competitive network society, the quality and effectiveness of an organisation's decisions are increasingly determined by their time of implementation. The communicative organisation acts on the principle that it is in the organisation's interest to be sensitive to the legitimate concerns of stakeholders, as well as balanced with wider societal expectations. This requires a high priority for listening before strategic and operational decisions (Skoogh, et al., 2010:2-7)
STAKEHOLDERS	The concept of a stakeholder is generally accepted in the business context. Stakeholders are "all of those groups and individuals that can affect, or are affected by the accomplishment of organisational purpose" (Ford, Boss, Angermeier, Townson & Jennings, 2004:21). Stakeholders are also regarded as an array of forces (economic, political, or social) that have an impact on a business' actions, behaviours and policies including interest groups, parties, actors, claimants and institutions (Mitroff, 1983:4). In other words, anybody or any group, to some extent or through certain linkages, can be a stakeholder of a given business (Discussed in detail in Chapter 4)
STAKEHOLDER ENGAGEMENT	Greenwood (2007:318) defines stakeholder engagement as those practices that the organisation engages in to include stakeholders in a constructive way in organisational actions (Discussed in detail in Chapter 3)
STAKEHOLDER RELATIONSHIP MANAGEMENT	Relationship management has become a major paradigm in communication management research (Brown & White, 2011:77). In 1998, Ledingham and Bruning identified five dimensions of relationships which include trust, openness, investment, involvement and commitment (Jones & Bartlett, 2009:13) from which they later developed a multidimensional matrix that measured these characteristics against professional, personal and community relationships (Brown & White, 2011:78). Recently, communication management has recognised the role of relationship management (advice, counsel and implementation management) (Phillips, 2006:40) where relationship values are seen as significant in corporate governance and reporting (Phillips, 2006:37) (Discussed in detail in Chapter 3)
SUSTAINABILITY	Sustainability of the organisation depends on balancing the demands from the environment with the ability to meet future needs based on economic, social and environmental dimensions. The communicative organisation assumes leadership by interpreting sustainability as a transformational opportunity to improve its competitive positioning by pursuing and constantly reporting on the achievement of its sustainability policies across the economic, social and environmental 'triple bottom-line' (Skoogh, et al., 2010:2-7)
REPUTATION	Corporate reputation is regarded as a result of the interactions

TERM	DEFINITION
	between a company and its stakeholders. Therefore each stakeholder's decision affects the individual's impression about the company and what that person communicates to others (Deephouse, 2000:1097). Reputation is thus an organisation's image, built up over time and not simply a perception at a given point in time. Furthermore, it is a product of internal and external constituencies (stakeholders) and is thus different from identity, which is constructed by internal constituencies only. Therefore, reputation can be defined as the sum of the perception of all stakeholders. A good reputation exists when an organisation's identity and image are aligned (Argenti, 2009:83). The process or alignment may be regarded as the management of reputation.
REPUTATION MANAGEMENT	Griffin (2008:19) argues that reputation management consists of three components that can be separated and managed in different ways. These components are corporate social responsibility, issues management and crisis management.
TRANSPARENCY	Organisations come to understand who they are and what their communication strategies are through environmental diagnosis. Transparency is a vital aspect of this environmental diagnosis. The notion that communication management should participate in the continuing provision of knowledge and insight, which helps stakeholders make decisions for the common good, is considered the 'enlightened choice' by Heath (2006:94). This is regarded as the contribution of communication management to a better society (Heath, 2006:102; Motion & Weaver, 2005:58). However, the role of communication management is to ensure a balanced flow of information about all societal issues that concern companies. For this information to be transparent, it should have limited ambiguity, complexity and reduce the potential for power abuse, fraud, and corruption. This in turn assists in building or rebuilding trust and healthy stakeholder relationships (Jahansoozi, 2006:943).

1.13 DELIMITATIONS AND ASSUMPTIONS

1.13.1 Delimitations

This study falls within the stakeholder paradigm which is embedded in the network view that postulates that mutuality between the organisation and its stakeholders enhances benefits and reduces risks for both organisations and stakeholders. The focus is on mutual value creation that is operationalised according to the notion of an organisation's 'licence to operate', to innovate and compete (Sacks & Rühli, 2011:1). The two more specific areas of this paradigm from which this study is approached is the strategic constituency perspective (Institute of Directors, 2009:9) and the stakeholder inclusive approach (Wheeler & Silanpää, 1998:203) outlined under 1.9.4. The stakeholder paradigm developed as a criticism to some of the assumptions of the economic paradigm due to the manifestation of stakeholder dissatisfaction with economic developments (Sacks & Rühli, 2011:4).

It is acknowledged that the type of organisational form influences strategic communication in managing stakeholder relationships. However, Bolin and Härenstam (2008:542) found that Weber's ideal organisational type 'bureaucracy' is declared as belonging to the history of a vanishing industrial society and replaced by a postmodern ideal type of organisational form that is designed for dealing with the changing societal and business situation. The problem is however, that in contemporary business both bureaucratic and post bureaucratic characteristics coexist in most workplaces. Furthermore, Uhl-Bien and Marion (2009:633) argue that real organisations have both formal and informal systems. The formal (bureaucratic) system's focus is on clearly defined responsibilities that are only interdependent with other responsibilities in a linear or sequential fashion, while the informal (adaptive) system's focus is on fuzzy boundaries between functions, is creative, adaptive and non-linear. The implication of this is that bureaucracy cannot be considered obsolete in its totality in contemporary workplaces (Bolin & Härenstam, 2008:542), while post bureaucracy cannot be adopted in its totality either. The consideration of these organisational forms may provide very relevant and interesting insights into the topic at hand. However, with neither bureaucracy, nor post bureaucracy evident each in its own right in what Uhl-Bien and Marion (2009:633) regard as 'real' organisations, these types of organisational forms were not regarded as central to the study.

The research is conducted within the context of the King Report on Governance for South Africa. The King Committee and the King Code have become internationally recognised brands (Institute of Directors, 2009:6), which implies that, not only does the King Report have global relevance with implications not only for South African communication professionals, but also communication professionals across the globe.

The target population of the empirical phases included all profit driven companies as outlined in the 11th Edition of the Top Performing Companies publication (a publication released annually of those companies whose performance exceed that of others based on set criteria in South Africa) as an attempt to have a representation of the three sectors and industries outlined in the publication. Those sectors and industries that fall outside of the scope of this publication do not form part of this study.

This study only focussed on profit driven businesses having a person or department dedicated to communication management (specifically stakeholder relationship management) in South Africa. Thus, other types of organisations, and those outside of South Africa are excluded from the study.

Additionally, the study explored the field of the communication management function. Thus, other related or similar concepts to communication management, such as marketing and integrated marketing communication, did not form part of this study.

1.13.2 Assumptions

It is assumed that the businesses included in this study, especially the senior communicator, have a fair understanding of the issues outlined in Chapter 8 of the King III Report on Governance in South Africa as well as a thorough knowledge of the field of communication management.

Furthermore, it was assumed that the businesses included in this study, practiced good governance and had some established stakeholder relationship management practices.

1.14 IMPORTANCE OF THE STUDY

This study aims to contribute to both corporate governance and sustainability through outlining guidelines for the strategic management of stakeholder relationships termed strategic stakeholder relationship management with the abbreviation of SSRM. These guidelines are based on the principles of Chapter 8 of King III as well as a literature review, a review of global studies into the practices and trends of communication management and senior communicator views of South African businesses.

More benefits, apart from aiming to contribute to corporate governance and sustainability practices, include providing a holistic view of the practices and trends of communication management which highlights important aspects for consideration for further development in the field of communication management, areas that practitioners need to focus on more intently as well as future research areas. More importantly, it is envisaged that this research will also provide a deeper understanding of how the practice of communication management has shifted towards stakeholder relationship management, considering the changing environment within which organisations find themselves.

This study aims to illustrate the importance of communication management and plays a role in the advancement of communication management as a value adding strategic function in organisations, as stakeholder relationship management is regarded as a sub-field of communication management and a key consideration for good corporate governance, both locally and internationally.

Understanding Chapter 8 of the King III Report, as well as the implications of this report for communication management, provides the field and profession the opportunity to illustrate its value through strategic communication and managing stakeholder relationships. Although this may not directly lead to the enhanced professional status of communication management in South Africa, it provides further evidence and a solid foundation upon which a case for professionalisation can be built.

An opportunity to consider best practice through a possible positioning framework, which South African communication professionals can use as a point of reference for their practices, are also among the benefits. This positioning framework, which outlines where a particular business finds itself with regards to strategic stakeholder relationship management (SSRM), is foreseen. This may assist businesses to utilise their stakeholder relationship management strategy as a competitive tool and thus contribute to the improvement of both stakeholder relationship management as well as the role communication management plays in this regard. As guidelines and frameworks to illustrate the strategic contribution of communication management to corporate governance and sustainability are limited, this contribution is regarded as significant.

1.15 RESEARCH ETHICS

Ethics is typically associated with morality and deals with matters of right and wrong. Therefore, anyone involved in research should be aware of the general agreements shared by researchers about what is accepted practice in this area. The areas that were explored were voluntary participation, no harm to the participants, anonymity and confidentiality as well as analysis and reporting (Babbie, 2001:470). Table 1.3 indicates these aspects as they relate to this study.

Table 1.3: Ethical considerations

ASPECT	CONSIDERATION
VOLUNTARY PARTICIPATION	The researcher was sensitive towards participants who did not want to participate or reveal information about aspects of the research. However, this study did not aim to explore personal aspects of participants, but only their experiences of the world of work in communication management.
NO HARM TO PARTICIPANTS	Due to the nature and scope of the study the researcher did not foresee any harm to the participants.
ANONYMITY	Although the researcher was aware of who the respondents were, special care was taken to ensure that people who read about the research could not link a given response to a given respondent.
CONFIDENTIALITY	The researcher ensured that the information provided by respondents was kept confidential.
ANALYSIS AND REPORTING	The researcher was aware of and reported on the limitations and failures of the research.

Source: Babbie (2001:470-475)

1.16 RELATIONSHIP OF THE PHASES WITH THE RESEARCH OBJECTIVES OF THE STUDY

In an attempt to address each of these research objectives, Table 1.4 outlines the research objectives and which phase of the study focuses on the particular objectives in line with the chapter that covers it.

Table 1.4: Research objectives, phases and chapters

RESEARCH OBJECTIVES	PHASES	CHAPTER
Ro1: To explore the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing a company's business strategy.	Phase I, II	Chapter 2, 3 & 7
Ro2: To explore the implications of the King III Report and Chapter 8 on managing stakeholder relationships, in particular on companies and their communication professionals in South Africa.	Phase I & II	Chapter 4 & 7
Ro3: To explore the global trends in communication management and its implications for South African	Phase I	Chapter 5

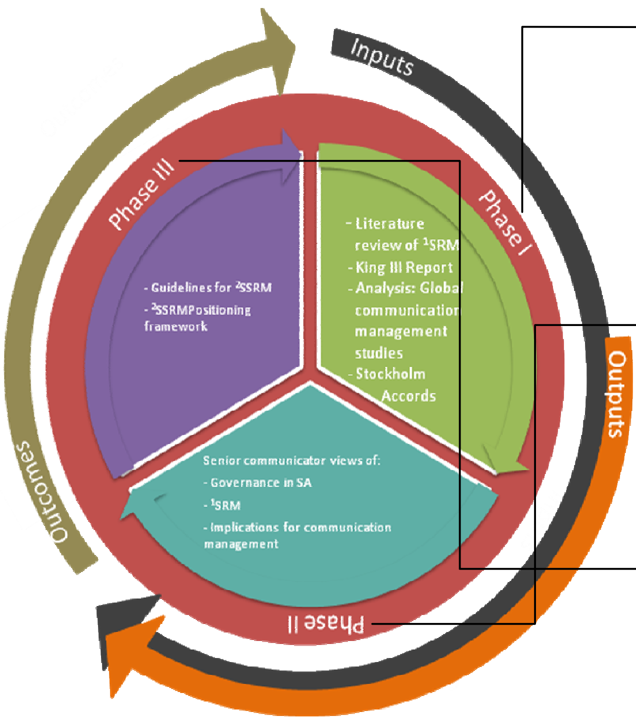
RESEARCH OBJECTIVES	PHASES	CHAPTER
businesses.		
Ro4: To establish guidelines in accordance with the King III Report for the implementation of stakeholder relationship management for businesses in South Africa.	Phase III	Chapter 8
Ro5: To establish a stakeholder relationship management positioning framework with which South African businesses may be able to position their communication management departments.	Phase III	Chapter 8

The study consisted of three levels being input, output and outcomes. The inputs of the study consist of Phases I and II being the exploratory and empirical aspects of the study. The outcomes of the study include the findings associated with research questions 2 and 3. The outputs of the study are associated with the achievement of research objectives 4 and 5.

In Figure 1.2 the relationship of the phases discussed earlier in this chapter with the research objectives of the study are displayed. This is done for ease of understanding the complexity and nature of the research.

Figure 1.2: The relationship between the phases model and the research objectives of this study

The model



Researcher's own construct

Descriptions of the phases

Phase I: Exploration (Inputs)

- Literature review: Stakeholder relationship management
- Discussion of the implications of King III Report for SA business and communication management
- Analysis of global communication management practices and trends (Output)
- Stockholm Accords

Phase II: Empirical (Input with output)

- Senior communicator views

Phase III: Guidelines and framework

- Development of guidelines for stakeholder relationship management
- Conceptualisation of a stakeholder relationship management positioning framework

Associated research objectives

To explore the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships, as well as influencing and implementing a company's' business strategy.

To explore the global trends in communication management and its implications for South African business.

To explore the implications of the King III Report, Chapter 8 on managing stakeholder relationships, in particular on companies and their communication professionals in South Africa.

To establish guidelines in accordance with the King III Report for the implementation of stakeholder relationship management for business in South Africa.

To establish a stakeholder relationship management positioning framework with which South African businesses may be able to position their communication management departments.

DEMARCATION OF CHAPTERS

Table 1.5 outlines the demarcation of the chapters of this study. As an overview, Chapter 2 and 3 inform Chapter 4 in terms of understanding how the theory relates to Chapter 8 of the King III Report on Governance, as well as outlining the implications of this chapter for South African businesses and communication professionals. Chapters 2, 3 and 4 in turn inform Chapter 5, which provides an overview of the analysis of global practices and trends in communication management. These four chapters culminate to form Phase I of this study, which is regarded as the exploratory phase of stakeholder relationship management as outlined in the King III Report on Governance and the central function of communication management.

Phase 1 in its totality informs Phase II. Phase II is the empirical phase of the study where senior communicator views were obtained on the topic of stakeholder relationship management and how selected South African businesses approach it. Both Phases I and II inform the development of nine guidelines for the implementation of strategic stakeholder relationship management. Coupled with this and part of phase II, is the establishment of a positioning framework with which South African businesses are able to determine to what extent they are implementing stakeholder relationship management for optimal results for the business.

Table 1.5: Demarcation of chapters

CHAPTER	NAME	DESCRIPTION
CHAPTER 2	Theoretical foundation	Chapter 2 provides an overview of the theory, world views, paradigm, interdisciplinary field, academic fields and theories related to this study.
CHAPTER 3	Stakeholder relationship management (SRM)	This chapter highlights the stakeholder concept with specific reference to communication and relationship building with stakeholders through identification, categorisation and prioritisation. The concepts of stakeholder engagement, stakeholder relationship management and the governing of stakeholder relationships are explored with an emphasis on the similarities and differences between these concepts. Ultimately, the most encompassing concept, which is also most suited to this study, is that of stakeholder relationship management. Inherently, issues and crisis management or conflict resolution form part of the managing of stakeholder relationships, which in turn impact reputation. These concepts are also discussed.
CHAPTER 4	King III: The implications for communication management	Chapter 4 considers corporate governance, from both a local and global perspective and sketches the context within which the King III Report on Governance for South Africa was developed. Chapter 8 of this report provides the platform for the discussion on the stakeholder concept as well as stakeholder relationship management, and highlights the implications for communication management in South Africa. The implications include an increased responsibility to make the board of directors or management aware of how stakeholders view the organisation and how best to communicate with them, as this has implications for the reputation of the organisation. Knowledge of the stakeholders themselves is important to build and maintain relationships. In essence, communication management is in the ideal position to have a deeper understanding of stakeholder interests and expectations and assist the company in aligning company strategy and stakeholder expectations with each other.
CHAPTER 5	Analysis of global practices and trends of communication management	The aim of Chapter 5 is to provide an overview of the analysis of the global communication management studies specifically. A total of 13 studies were selected from the CCI, GAP and ECM studies since 2005. This was done with the principles of the Stockholm Accords, coupled with the principles of Chapter 8 of the King III Report (discussed in Chapter 4), in mind.

CHAPTER	NAME	DESCRIPTION
CHAPTER 6	Research design for developing guidelines and positioning framework	Chapter 6 describes how Phase II of the study was conducted through scientific research to aid in the development of the guidelines for managing stakeholder relationship management as well as the positioning framework. A qualitative approach was adopted where nine carefully selected senior communicators in some of South Africa's top performing companies, were interviewed.
CHAPTER 7	Senior communicator views on stakeholder relationship management according to the King Report on Governance	Chapter 7 provides the empirical research results from Phases II of this study focussing on the role, scope, function, structure and level of authority of communication management in managing stakeholder relationships as well as the implications of the King III Report, Chapter 8 on governing stakeholder relationships in particular on companies and the communication professionals in South Africa. A number of conclusions are drawn highlighting the importance of communication management in ensuring that managing stakeholder relationship according to the King III Report on Governance has a strategic orientation and is proactive, structured, systematic and scientific.
CHAPTER 8	Guidelines and positioning framework	This chapter, with the background and data obtained from Phases I and II presents the guidelines for managing strategic stakeholder relationship management as well as propose the positioning framework for strategic stakeholder relationship management in companies. The guidelines revolve around strategic stakeholder relationship management being influenced by issues management and conflict resolution coupled with crisis communication. These concepts in turn impact reputation management as a key consideration of senior management.
CHAPTER 9	Conclusion and recommendations	Chapter 9 provides a holistic view of the phases, research objectives and how these are addressed throughout this study. Specific conclusions and recommendations relevant to this study are highlighted with an emphasis on the contribution of this study.