CHAPTER 3

STAKEHOLDER RELATIONSHIP MANAGEMENT

3.1 INTRODUCTION

Falconi (2009:[4]) is of the opinion that "the effective governance of stakeholder relationships is the new global frontier" for communication management. On the one hand the process of communication is imperative and on the other hand, the enabling tools for stakeholder relationships are important. An understanding of the stakeholder concept, stakeholder relationships, stakeholder engagement, governance, issues management, crisis management/conflict resolution and reputation management is required first and therefore the focus areas of this chapter.

These focus areas are normative and provide the foundation for the ideal way in which companies look at stakeholders, manage stakeholder relationships, as well as issues and conflict. This normative view is used to inform the formulation of guidelines for the management of stakeholder relationships according to Chapter 8 of the King III Report on Governance.

The understanding of the concept of stakeholders, stakeholder relationships, stakeholder engagement, governance, issues and crisis management and how these influence reputation and the management thereof, may be regarded as the armour of communication professionals in assisting their companies to manage stakeholder relationships according to the King III Report on Governance. In both Chapters 1 and 2 it is mentioned that stakeholder relationship management is an academic field within the discipline of communication management. However, as it is central to the general research question of this study, a separate chapter is dedicated to this field.

Chapter 3 consists of two main sections. The first highlights stakeholder identification, categorisation and prioritisation, where a number of contributors' works are considered and their value and relevance outlined in relation to each other. The second section explores the concepts of stakeholder engagement, stakeholder relationship management and stakeholder governance. The similarities and differences between these concepts are highlighted and the use of stakeholder relationship management as preferred term is considered.

Today organisations no longer question whether or not they should be communicating with selected stakeholder groups, but rather how to manage communication across stakeholder groups. A number of factors inform the growing power of stakeholders and the complex links that exist between them which include globalisation, the rise of the professional investor, the empowered employee, the information revolution, the rising awareness regarding the influence of business on society, organisations' own wish and endeavour to influence society and government support (Scholes & Clutterbuck, 1998:227-228).

As the values and beliefs of stakeholders are formed by societal issues and trends, the management of stakeholders and their issues has become an important aspect of business. A broad approach should be adopted where strategic issues are identified and managed through a strategic management process (Steyn, 2003:170). This is often referred to as the stakeholder approach, which focuses on multilateral relationships within stakeholder groups (Griffin, 2008:11).

From this point of view, stakeholders are not only stakeholders because the organisation identified them as such. They are stakeholders because they perceive themselves as such as well (Griffin, 2008:11). This is significant for both companies and their communication professionals and thus needs further exploration.

3.2 THEORETICAL VIEWS OF THE STAKEHOLDER CONCEPT

This section outlines a discussion of the stakeholder concept itself, followed by the three theoretical viewpoints of this concept. This is important in the context of this study as the theoretical views may influence how stakeholder relationships are managed. These theoretical views also need to be aligned with the intentions of Chapter 8 of the King III Report on Governance.

The concept of a stakeholder is generally accepted in the business context. The stakeholder term was introduced by the Stanford Research Institute in 1963 (Zsolnai, 2006:38) and originally defined as “those groups without whose support the organization would cease to exist” (Freeman, 1984:31). This definition was adapted over the years, but the most prominent and accepted definition remains the definition by Freeman (1984:46), which states that stakeholders are “all of those groups and individuals that can affect, or are affected by, the accomplishment of organisational purpose”.

Stakeholders are also regarded as an array of forces (economic, political, or social) that have an impact on an organisation’s 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 organisation. The all-encompassing nature of this definition broadened the scope and reach of stakeholder analysis, which led to the theory-building efforts by scholars across a variety of stakeholder research.

Phillips (2004:2) argued that stakeholders are those groups from whom the organisation voluntarily accepts benefit, and to whom the organisation therefore incurs obligations of fairness. These may be considered normative or legitimate stakeholders. In the case of derivative stakeholders such as competitors or activists, they can significantly influence the organisation's success and thus hold power over the organisation.

In the communication management literature the term used for stakeholders is 'publics'. With communication management's foundations in journalism, the term publics related to the recipients of messages from organisations, better known as audiences. Recent research in communication management has directed its focus to the value of the relationships with these publics, which encouraged adopting the term 'stakeholder' both in practice and theory (Rawlins, 2006:2). For the purpose of this study these terms are used interchangeably.

For a better understanding of the stakeholder concept, three theoretical views of the stakeholder concept are provided. These theoretical viewpoints of the stakeholder concept and stakeholder theory are highlighted by Spitzeck and Hansen (2010:380), and include the instrumental, descriptive and normative views of stakeholder theory as conceptualised by Donaldson and Preston (1995:66). A brief discussion on each of these views follows.

3.2.1 Instrumental stakeholder theory

The instrumental stakeholder theory proposes that the organisation pay attention only to the stakeholders who can affect the value of the organisation. This implies that from a stakeholder management or governance point of view, only those stakeholders with power will be given a voice to secure their contribution to the success of the organisation (Spitzeck & Hansen, 2010:380). The instrumental theory aims to describe the outcome of the behaviour of managers of organisations and reveals how to attain organisational objectives through stakeholder management (PesQueux & Damak-Ayadi, 2005:9; Mainardes, Alves & Raposo, 2011:233).

3.2.2 Descriptive stakeholder theory

The descriptive view identifies and classifies the different constituents (stakeholders) of an organisation without consideration of their legitimacy of their power (Spitzeck & Hansen, 2010:380). Descriptive/empirical formulations of this view of the stakeholder theory describe and/or explain how organisations or their managers in actual fact behave (Friedman & Miles, 2006:106) and set out how the organisation operates in terms of stakeholder management (PesQueux & Damak-Ayadi, 2005:9; Mainardes et al., 2011:233). Descriptive/empirical formulations of the theory describe and/or explain how organisations or their managers in actual fact behave (Friedman & Miles, 2006:106).

3.2.3 Normative stakeholder theory

The normative view considers the value and moral rights of stakeholders being affected by organisational behaviour and highlights the rights and duties of the actors involved. It also considers how a balance of concerns of different stakeholders can be achieved (Spitzeck & Hansen, 2010:380). Normative stakeholder theory is concerned with the moral propriety of the behaviour of organisations and/or their managers (Friedman & Miles, 2006: 106), which defines how management should operate in terms of moral principles (PesQueux & Damak-Ayadi, 2005:9; Mainardes et al., 2011:233).

Each of these views has implications for stakeholder relationship management. Stakeholders, with or without power and legitimacy should be considered to a more or lesser extent when organisational decisions are made. However, the normative theory is most applicable to this study as it is central to corporate social responsibility (Overton-de Klerk & Oelofse, 2010:389). It asserts that an organisation's responsibilities not only go beyond compliance with business and legal expectations, but also include society's expectations that organisations are good corporate citizens who can be held accountable for greater support and corporate social responsiveness (Overton-de Klerk & Oelofse, 2010:390).

The stakeholder theory is based on the assumption that values comprise a part of doing business and asks managers to express the shared sense of the value created. The stakeholder theory is based on two questions. The first is what the purpose of the firm is and the second is, what responsibility management has to stakeholders. These questions assist managers to verbalise the shared sense of value created, in other words, what creates outstanding performance and guides managers to state how they want to do business, especially around which relationships they want to and need to establish with stakeholders (Freeman, Wicks & Parmar, 2004:364).

The essential premises of the stakeholder theory are, according to Jones and Wicks (1999:207) as well as Mainardes et al., (2011:229-230) that:

- the organisation has relationships with many stakeholders that affect and are affected by its decisions,
- the nature of these relationships is based on processes and outcomes for the organisation and its stakeholders,
- the interests of all legitimate stakeholders have intrinsic value, and
- the focus is on managerial decision-making.

Therefore, management must engage in identifying stakeholders and develop processes of identifying and interpreting stakeholder needs and interests. As an outcome of this process relationships can then be constructed where the entire process is planned around the organisation's objectives (Mainardes et al., 2011:230). This may enable communication professionals in assisting their companies to manage stakeholder relationship according to the King III Report on Governance. In fact, understanding stakeholders is central to communication professionals' knowledge to implementing the principles outlined in Chapter 8 of the King III Report through the development of a communication management strategy, not only focussing on building better relationships and managing those relationships with stakeholders, but also having company strategy and the organisation's objectives in mind.

Clarkson (1995:104) maintains that the stakeholder concept consists of three fundamental factors including the organisation, other actors and the nature of the company-actor relationships. Mitchell, Agle and Wood (1997:860-862) argue that these factors represent phenomena in themselves which include the relationship between the company and stakeholders, the position of stakeholders towards the company, the company as being dependent upon stakeholders, stakeholders having power over the company, stakeholders as being dependent on the company, the company as holding power over stakeholders, the company and stakeholder as being mutually dependent, the company and stakeholders as engaged in contractual relations, stakeholders as running some kind of risk, stakeholders as having a moral right over the company, and stakeholders as having interest in the company.

These phenomena require organisations to identify, categorise, prioritise and communicate with stakeholders. A variety of scholars provide some insight into this area which is elaborated upon next.

3.3 RELATIONSHIP BUILDING WITH STAKEHOLDERS THROUGH EFFECTIVE IDENTIFICATION, CATEGORISATION AND PRIORITISATION

This section outlines the ways in which stakeholders are identified, categorised and prioritised. This is necessary as the managing of stakeholder relationships can only be effective if the communication professionals have a thorough and clear understanding of who the stakeholders, with whom relationships needs to be managed, is. This process is simplified by first identifying, the categorising and finally prioritising stakeholders as communication professionals may not be able to manage relationships with all stakeholders all of the time. A summary of these ways are provided and the value and relevance of these are delineated. A variety of ways for the identification, categorisation and prioritisation of stakeholders exists (Falconi, 2009:[14]; Gregory, 2007:65; Rawlins, 2006:2; Grunig, 2005:778; Steyn & Puth, 2000:201; Mitchell et al*.,* 1997:853; Clarkson, 1995:107; Donaldson & Preston, 1995:66; Freeman, 1984:52; Grunig & Hunt; 1984:141). Their work with a brief description of what it entails is outlined in Table 3.1, followed by a discussion. This is necessary as each contribution made provides insight into how the identification, categorisation and prioritisation of stakeholders ultimately influence the effective management of stakeholder relationships. The summary and discussion of each of the contributors starts with the earliest contributor, progressing to end with the latest contributor. This is necessary as some of the author’s work is based on some of their predecessors.

Table 3.1: Summary of different contributors

NAME OF MODEL / FRAMEWORK / GUIDELINE / PROCESS	AUTHOR/S	DESCRIPTION
Stakeholder management framework (SMF)	Freeman (1984)	The stakeholder management framework outlines three levels at which the processes used by the organisation to manage relationships with stakeholders being the rational, process and transactional levels are applied. Each level requires different approaches to stakeholder mapping.
Linkages model	Grunig and Hunt (1984)	This model proposes that stakeholders are identified through the type of link they have with the organisation. The linkages include enabling, functions (both input and output), diffused and normative linkages.
Three part taxonomy	Donaldson and Preston (1995)	The three-part taxonomy is based on the three views of stakeholder theory being instrumental, descriptive and normative.
Primary and secondary stakeholder classification	Clarkson (1995)	The classification of primary and secondary stakeholders has implication for the way in which relationships are formed and maintained.
Stakeholder typology around the attributes of power, legitimacy and urgency Classes of stakeholders	Mitchell et al. (1997)	Power, legitimacy and urgency attributes are used to help identify and prioritise both dependent and influential stakeholders. Linked to this, these authors develop a prioritisation strategy around latent, expectant and definitive stakeholders. These authors further outline a classification of stakeholders.
Types of publics	Steyn and Puth (2000)	These authors outline stages that stakeholders go through in their awareness and level of activity.
Situational theory of publics	Grunig (2005)	The situational theory of publics (stakeholders) attempts to explain and predict why some publics (stakeholders) are active and others are passive. This theory can identify which stakeholder will communicate in different ways with the organisation about decisions that affect them.
Four-step process to prioritising stakeholders	Rawlins (2006)	The steps include: Step 1: Identifying potential stakeholders according to their relationship with the organisation. Step 2: Prioritising stakeholders by attributes Step 3: Prioritising stakeholders by relationship to the situation Step 4: Prioritising the publics (stakeholders) according to the communication strategy.
Communication strategy typology	Gregory (2007)	This author outlines a communication strategy typology around the model developed by Mitchell et al. (1997) where stakeholders are

NAME OF MODEL / FRAMEWORK / GUIDELINE / PROCESS	AUTHOR/S	DESCRIPTION
		either informed, consulted, involved or partnered with, depending on their level of power, legitimacy and urgency.
GOREL process (Governance of relationships)	Falconi (2009)	This author describes a process of governing stakeholder relationships (GOREL). This process involves nine steps: Step 1: Envisioning Step 2: Identifying and listening to active stakeholders Step 3: Defining specific objectives Step 4: Involving potential stakeholders Step 5: Relating with issue influencers Step 6: Convincing opinion leaders Step 7: Contents, channels and 'spaces' Step 8: Content roll out Step 9: Evaluation and reset Part of step 2 and 4 is a stakeholder mapping phase which considers a stakeholder's awareness of organisational goals and their interest in relating with the organisation.

Researcher's own construct

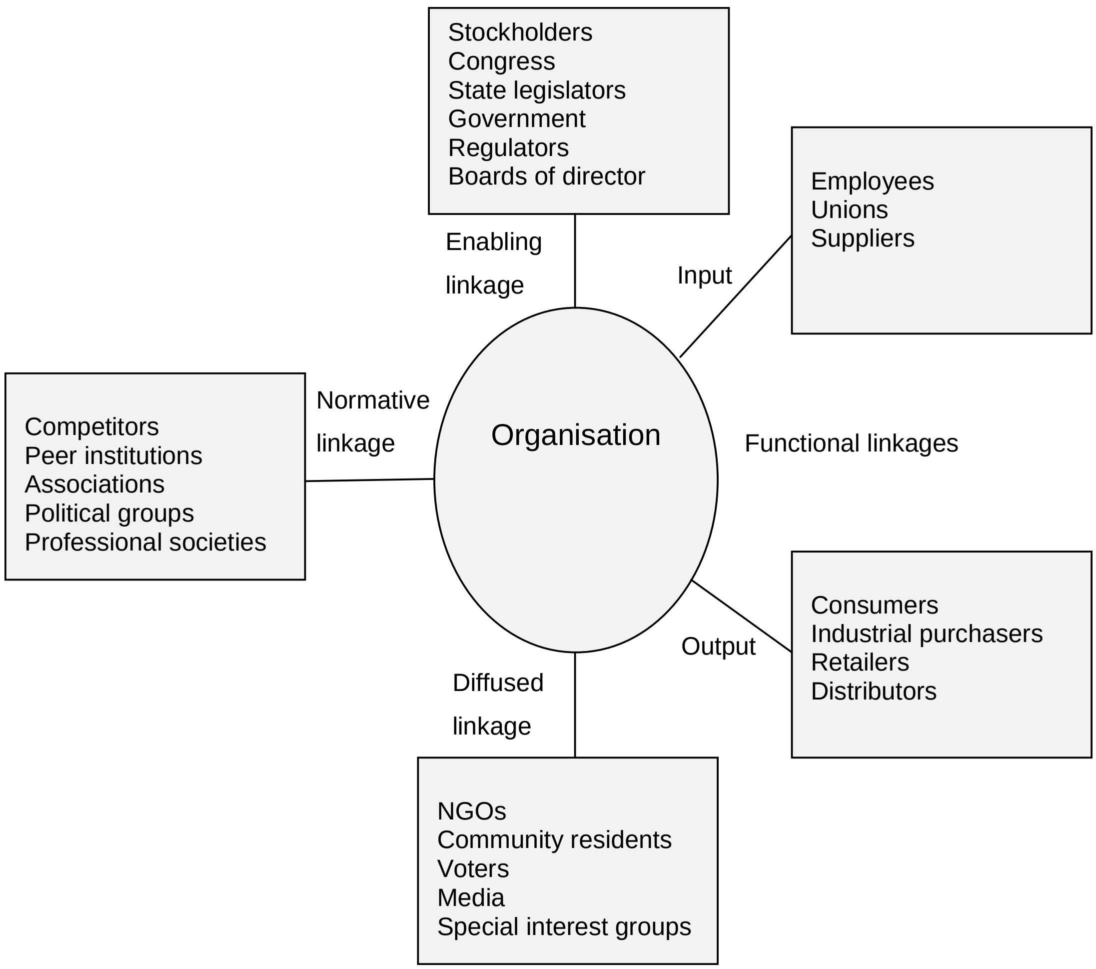
3.3.1 Freeman's stakeholder management framework (SMF) (1984)

The stakeholder management framework (SMF) outlined by Freeman (1984:53) involves three levels of the organisation. The first is the rational perspective which involves understanding who the stakeholders of the organisation are, as well as what the perceived stakes are. The second is the organisational processes which involve an understanding of the processes used to manage the organisation's relationships with its stakeholders and determining whether these processes are suitable in relation to the stakeholder map of the organisation. The third and final is the transactional level, which involves the understanding of the interactions the organisation has with stakeholders and whether these fit with both the stakeholder map and organisational processes for managing stakeholders.

3.3.2 Grunig and Hunt's linkages model (1984)

One of the best efforts to identify stakeholders, according to Rawlins (2006:3), was that of Grunig and Hunt (1984:141) with their linkages model. The model consists of four linkages that identify stakeholder relationships which include enabling, functional, diffused and normative linkages. This model is depicted in Figure 3.1.

Figure 3.1: Linkages model of Grunig and Hunt (1984)



Source: Rawlins (2006:4)

These linkages enable organisations to acquire and keep resources and their autonomy to operate. The enabling stakeholders have some control and authority over the organisation and could include stockholders (shareholders), the board of directors, legislators and regulators among others. Functional linkages are essential for the functioning of the organisation. Some are involved in the input of the organisation such as employees and suppliers, and others form part of the output of the organisation such as consumers and retailers. Normative linkages are those groups with whom the organisation has a common interest and shares similar values, goals or problems. They may include competitors. Diffused linkages are those stakeholders who become involved based on the actions of the organisation and often the organisation does not have regular interaction with them. They could include the community, activists and special interest groups (Rawlins, 2006:4).

3.3.3 Donaldson and Preston's three part taxonomy (1995)

Donaldson and Preston (1995:66-67) proposed a three-part taxonomy to understand stakeholder relationships being:

- normative, asking how should the organisation should relate to its stakeholders;
- instrumental, asking what happens if the organisation relates to its stakeholders in certain ways; and
- descriptive, asking how the firm relates to its stakeholders.

3.3.4 Clarkson's primary and secondary stakeholder classification (1995)

Two broad groups of stakeholders are defined in the literature, being primary and secondary stakeholders. Primary stakeholders are those without whose continuing participation the organisation cannot survive as a going concern. They are typically shareholders and investors, employees, customers and suppliers, as well as public stakeholder groups i.e. governments and communities that provide infrastructures and markets and whose laws and regulations influence business. A high level of interdependence exists between the organisation and its primary stakeholder groups. Furthermore, should any primary stakeholder group become dissatisfied and withdraws, the organisation will be seriously harmed and in some instances may lose its ability to continue with its operations (Clarkson, 1995:106). The management of relationships with primary stakeholders may result in enhancing the company's ability to outperform competitors in terms of long-term value creation, beyond merely having their continued participation in the company (Hillman & Keim, 2001:127).

Secondary stakeholders are those who have some bearing or an effect on, or are influenced or affected by the organisation. However, these groups are not involved in dealings that are critical for the endurance of the organisation (Clarkson, 1995:107).

3.3.5 Mitchell, Agle and Wood's stakeholder typology and classes (1997)

Mitchell et al. (1997:853) offer a number of ways in which stakeholders can be identified such as primary or secondary, owners and non-owners of the company, owners of capital or owners of less tangible assets, actors or those acted upon, those existing in a voluntary or an involuntary relationship with the company, as right holders, contractors or moral claimants, as resource providers to or dependents of the company, risk-takers or influencers, and legal principles to which managers bear a fiduciary duty.

To simplify the above ways outlined by Mitchell et al. (19977:853), it may be necessary to categorise the stakeholders of the organisation. This may provide a way to address one of the requirements outlined in Chapter 8 of the

King III Report where stakeholder interests should be considered. Furthermore, in proactively dealing with stakeholder relationships, stakeholder groups should be identified. This provides one way of achieving this. Various ways exist in which stakeholders can be categorised. One way is the power-interest matrix. It categorises stakeholders depending on the amount of power they have to influence others and the level of interest that they may have in an issue. The more power and interest they have, the more likely their actions are to impact on the organisation. Figure 3.2 depicts that power-interest matrix.

Figure 3.2: Power-interest matrix

		INTEREST: Low	INTEREST: High
POWER	Low	**A**	**B**
	High	**C**	**D**

Source: Gregory (2007:65)

Scott and Lane (2000:54) argue that managers in companies pay attention to certain stakeholders more than to others, because of time and cognitive limitations. One is to consider the power, legitimacy and urgency which are determined by the salience that stakeholders will have to managers (Scott & Lane, 2000:54). Companies differentiate between stakeholders based on their views of perceived power, legitimacy and urgency. These attributes are considered in attempting to find an appropriate balance between stakeholder groups (Mitchell et al., 1997:882). Each of these concepts are discussed in more detail.

Power

Power is defined as “a relationship among social actors in which one social actor, A, can get another social actor, B, to do something that B would not otherwise have done” (Pfeffer, 1981:3). More importantly, stakeholders have power when the company perceives them to have the capability to inflict their will on the company (Mitchell et al., 1997:882).

Legitimacy

Legitimacy is defined by Mitchell et al. (1997:866) as socially accepted and expected structures or behaviours. Legitimacy and power when combined, create authority. Similarly, Suchman (1995:574) defined the concept as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions”.

Urgency

Urgency is defined by Mitchell et al. (1997:867) as the degree to which stakeholder claims call for immediate attention. Urgency is based on two features being time sensitivity and criticality. Time sensitivity is the extent to which a delay on the part of the company in the deadline of the claim to relationship is unacceptable to the stakeholder. Criticality refers to the importance of the claim or relationship to the stakeholder.

The idea of urgency in dealing with stakeholder relationships has been a focus point of issues and crisis management. Although a number of definitions for an issue exist, the definition by Steyn and Puth (2000:207) as “a point of conflict between an organisation and one or more of its publics”, is most appropriate in the context of this study. The organisation needs to take action when an issue impacts on the organisation. This action is often referred to as issues management. On the one hand, issues management is seen as identifying, analysing and developing positions, and informing management on issues that will have a critical influence on the organisation. On the other hand, it is also seen as a strategic early warning system for identifying weak areas in the organisation's total environment (Steyn & Puth, 2000:210-211). Mitchell et al's. concept of urgency in identifying, classifying and prioritising stakeholders, highlights both the concepts of issues and conflict/crisis management. Both these concepts are discussed later in this chapter.

Salience

Salience is regarded as the degree to which the company gives priority to competing stakeholder claims (Mitchell et al., 1997:869).

The authors, Mitchell et al. (1997:874) proposed stakeholder classes that allow the company to pay special attention to the implications of the influence each stakeholder class may have on the company. These classes are latent stakeholders, discretionary stakeholders, demanding stakeholders, expectant stakeholders and dominant stakeholders. These classes are based on the extent to which the stakeholder groups have power, legitimacy and urgency and are outlined in Table 3.2.

Table 3.2: Classes of stakeholders

CLASS	ATTRIBUTE	COMPANY VIEW	COMPANY ACTION
LATENT STAKEHOLDERS	One of the identifying attributes	Recognition of stakeholders' existence	Limited time, energy and other resources to track stakeholder behaviour and to manage relationships
DORMANT STAKEHOLDERS	Power No legitimate relationship or urgent claim	Cognisant of stakeholders as they may acquire legitimacy and urgency	Monitor
DISCRETIONARY STAKEHOLDERS	Legitimacy No power	No pressure on company to engage in an active relationship	Engage through corporate social responsibility

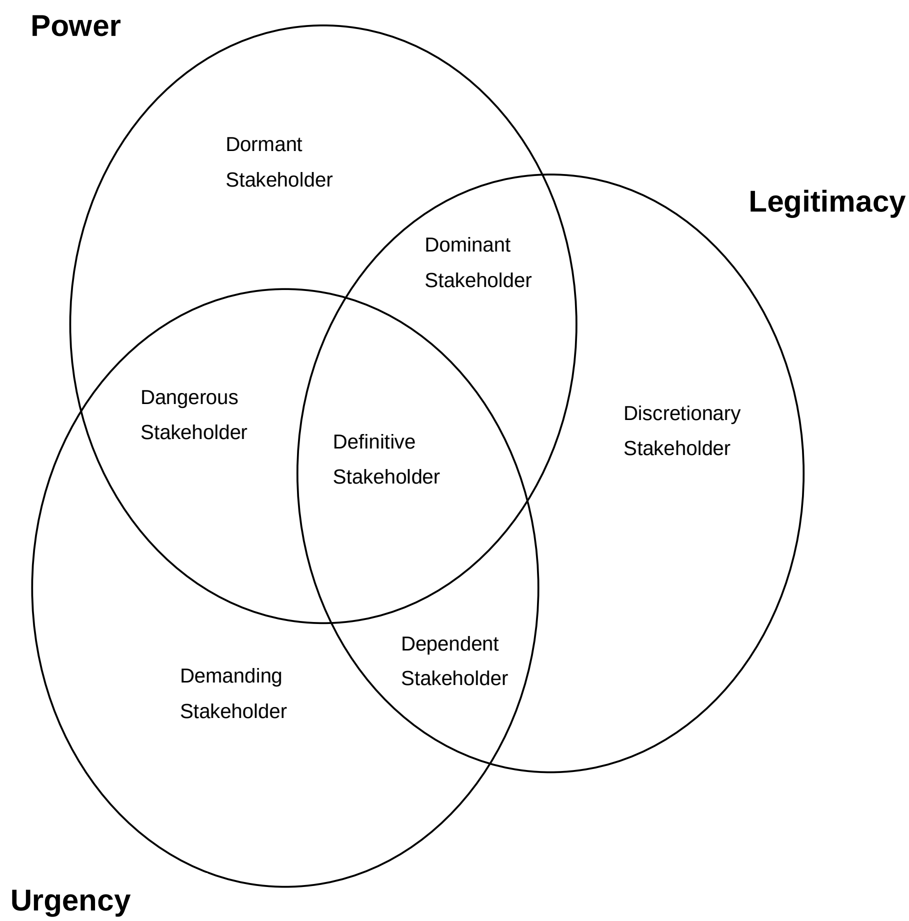
CLASS	ATTRIBUTE	COMPANY VIEW	COMPANY ACTION
DEMANDING STAKEHOLDERS	Urgency Neither power nor legitimacy	Passing company attention	No action
EXPECTANT STAKEHOLDERS: DOMINANT	Power and legitimacy	Formal mechanisms that acknowledge the importance of their relationship with the company	Expect and receive much attention from company management
EXPECTANT STAKEHOLDERS: DEPENDENT	Urgency and legitimacy	Need advocacy or guardianship of other stakeholder/internal management values to gain power	Full engagement
EXPECTANT STAKEHOLDERS: DANGEROUS	Urgency and power	Seen as coercion and possible danger to the stakeholder-company relationship and the stakeholders themselves	Mitigation
DEFINITIVE STAKEHOLDERS	Urgency, legitimacy and power		Clear and immediate mandate to give priority to the stakeholder's claim

Source: Conceptualised from Mitchell et al. (1997:874)

Simmons and Lovegrove (2005:501) regard Mitchell et al.'s identification of power, legitimacy and urgency as determinants of stakeholder saliency as a 'significant contribution to the literature'.

Mitchell et al. went further to develop a prioritisation strategy, according to Rawlins (2006:6). This strategy is developed around the three attributes of power, legitimacy and urgency. Thus, a latent stakeholder possesses only one of the attributes, an expectant stakeholder possesses two attributes and a definitive stakeholder possesses all three attributes. Latent stakeholders are further classified as dormant, discretionary and demanding stakeholders. Expectant stakeholders are organised into dominant, dependent and dangerous stakeholders, and stakeholders who have all three attributes are definitive stakeholder and they have the highest priority (Rawlins, 2006:6). This stakeholder typology is depicted in Figure 3.3.

Figure 3.3: Stakeholder typology: one, two, three attributes present



Source: Mitchell et al. (1997:874)

3.3.6 Steyn and Puth's types of publics (2000)

Other attempts to classify stakeholders include the work of Steyn and Puth (2000:201) who proposes that stakeholders, as they move through the stages of awareness towards becoming active, transform from being stakeholders to publics to eventually reaching the point where they become activists. This transformation is illustrated in Table 3.3.

Table 3.3: Stakeholder stages/classification

STAKEHOLDERS	LATENT PUBLICS	AWARE PUBLICS	ACTIVE PUBLICS	ACTIVIST GROUPS
Are passive – do not perceive a problem	Are not aware of potential problem yet	Become aware of potential problem	Take action in response to the problem	Actively protest - mobilise media and government
Example:	Example:	Example:	Example:	Example:
Employees, media, unions, customers, community	Top management takes decision to retrench 5 000 employees	Announcement in employee newsletter of retrenchment. Article appears in newspaper of retrenchment	Employees start consulting labour unions about their rights. Unions organise internal meeting to discuss the matter	Unions call out strikes, employees take court action, unions lobby the government, articles appear in media

Source: Adapted from Steyn & Puth (2000:201)

3.3.7 Grunig's situational theory of publics (2005)

The situational theory of publics developed by Grunig (2005:778) attempts to explain and predict why some publics are active and others are passive. Grunig (2005:778-780) identified non-publics, latent publics, aware publics and active publics. Non-publics are those stakeholders who do not face a problem. Latent publics are those who face the problem, but do not recognise it as problematic. Aware publics are those stakeholders who recognise the problem and active publics are those stakeholders who do something about the problem (Rawlins, 2006:9).

Grunig (2005:778) used three variables that explain why certain people become active in certain situations. These variables include the level of involvement, problem recognition and constraint recognition. The level of involvement is determined by the extent to which stakeholders connect themselves with the situation. Problem recognition is the extent to which stakeholders do not look for or process information unless they recognise the connection between them and a problem. Constraint recognition is the extent to which stakeholders think that nothing or something can be done about the problem (Rawlins, 2006:9). Table 3.4 outlines which stakeholders are more likely to be defined by the level of involvement, problem recognition and constraint recognition.

Table 3.4: Grunig's situational theory of publics

	HIGH INVOLVEMENT	LOW INVOLVEMENT
Problem-facing behaviour High problem recognition Low constraint recognition	Active publics	Active/aware publics
Constrained behaviour High problem recognition High constraint recognition	Aware/active publics	Latent/aware publics
Routine behaviour Low problem recognition Low constraint recognition	Active (reinforcing) publics	Non-active/latent publics
Fatalistic behaviour Low problem recognition High constraint recognition	Latent publics	Non publics

Source: Rawlins (2006:10)

3.3.8 Rawlins' four step process to stakeholder prioritisation (2006)

A model that prioritises stakeholders through a four-step process is presented by Rawlins (2006:1). The steps include:

1. Identifying all potential stakeholders according to their relationship with the organisation.
2. Prioritising stakeholders by attributes.
3. Prioritising stakeholders by relationship to the situation.
4. Prioritising the publics according to the communication strategy.

In Step 1 Rawlins (2006:3) proposes the use of the linkage model developed by Grunig and Hunt (1984:141) to identify all the possible stakeholders of an organisation. This model was discussed earlier and is not repeated here.

From this broad identification the second step involves prioritising stakeholders according to attributes. In this regard, Rawlins (2006:5) suggests the use of the Mitchell et al. (1997:874) model considering power, legitimacy and urgency as stakeholder attributes. This model was discussed earlier. Rawlins (2006:5) suggests a synthesis of the Grunig and Hunt and Mitchell et al. models from which a stakeholder priority hierarchy becomes apparent. Enabling and functional linkages (stakeholders), as most factors important for the long-term success of the organisation, are dominant stakeholders with power, legitimate interests and associated urgent issues. Normative linkages (stakeholders) have little direct power, but are rather considered a threat. Diffused linkages (stakeholders) are problematic with no direct relationship with the organisation. They are reactive to organisational actions and thus difficult to recognise and identify. Therefore they are situational and their relationship temporary. These stakeholders do not have power and their claims are not always legitimate. They have urgency and are thus demanding. In some cases they are dependent stakeholders and in other cases they are definitive stakeholders, where they partner with other stakeholders to obtain power and legitimacy (Rawlins, 2006:9).

From Step 2 it is still not clear who of the identified stakeholders will become active groups in urgent situations. Therefore the third step involves prioritising stakeholders by relationship to the situation. In this regard, Rawlins (2006:9) proposes the use of Grunig's situational theory of publics as discussed earlier. Hallahan (2000:499-515) added the concepts of inactive and aroused publics to that of Grunig's non-public, latent, aware and active publics (stakeholders). Inactive publics are groups of individuals with low levels of knowledge and involvement regarding the organisation and they may not recognise the consequences of the organisation's actions. Aroused publics also have low levels of knowledge, but recognise a problem or issues (Rawlins, 2006:9). Of importance from using this theory is that active publics (stakeholders) will have more priority over aware, aroused and inactive publics as their urgency is greater.

As part of Step 3, the self-interest of stakeholders should be addressed because the interests of key stakeholders should be integrated with the purpose of the organisation and coupled with the management of stakeholder relationships in a reasoned and strategic way. Two additional types of stakeholders should be recognised in this instance, being intervening and influential stakeholders. Intervening stakeholders act as opinion leaders and pass information on to the priority stakeholders. The influential stakeholders can be intervening stakeholders, but they can also affect the success of the communication strategy (Rawlins, 2006:12).

Step 4 of Rawlins' model involves considering strategies to help mediate issues with priority publics (stakeholders). From the previous steps it becomes clear that definitive stakeholders, who are also active publics, are the top priority publics. However, active publics are not always definitive stakeholders, meaning that the organisation will have to develop strategies that will determine whether the stakeholder is supportive or non-supportive and active or inactive. Therefore, four groups of priority stakeholders emerge as highlighted in Table 3.5.

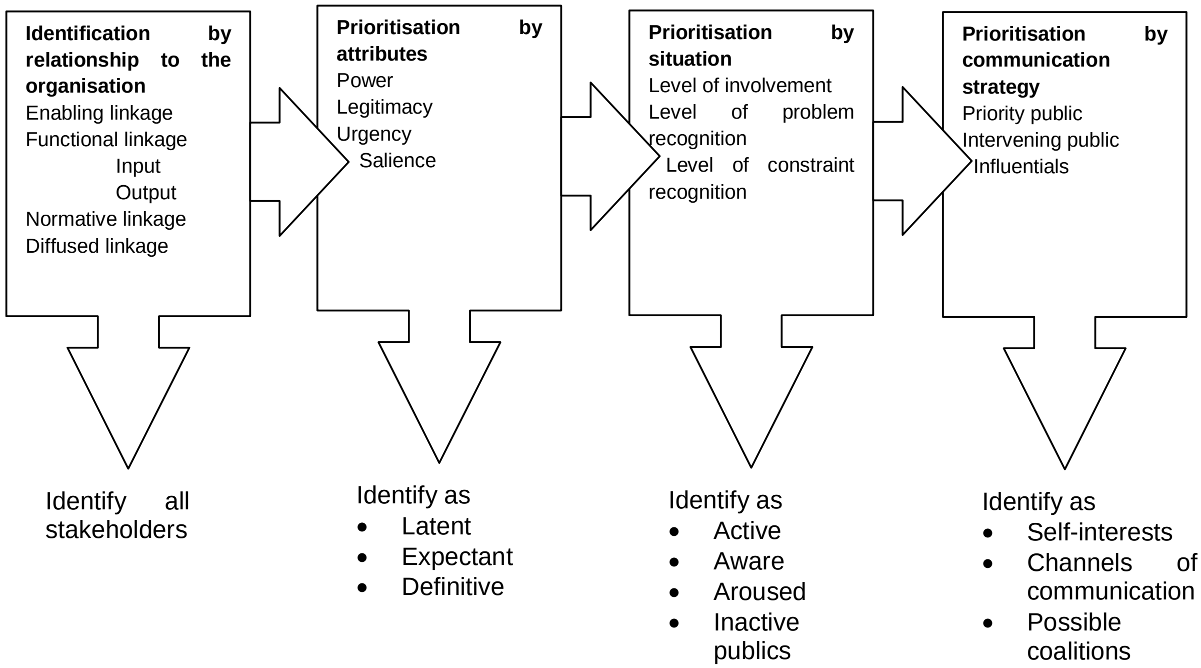
Table 3.5: Rawlins's prioritising publics by communication strategy

STAKEHOLDER	ACTIVE/SUPPORTIVE VS INACTIVE/NON-SUPPORTIVE	COMMUNICATION STRATEGY	MESSAGE FOCUS
Advocate stakeholders	Active Supportive	Involvement	Action and behaviour oriented
Dormant stakeholders	Inactive Supportive	Inform	Awareness and understanding reducing negative perceptions and increasing emotional attachment
Adversarial stakeholders	Active Non-supportive	Conflict resolution strategies Win-win solution	Non-defensive messages
Apathetic stakeholders	Inactive Non-supportive	Increase awareness	Invite to collaborate

Source: Conceptualised from Rawlins (2006:11)

The four steps are graphically displayed in Figure 3.4

Figure 3.4: Rawlins' four-step process of prioritising stakeholders



Source: Adapted from Rawlins (2006:13)

3.3.9 Gregory's communication strategy typology (2007)

Management should consider the categories of stakeholders in the organisation and develop communication strategies directed at these stakeholder groups. In Chapter 8 of King III it is required that management develops and strategy and policy to manage relationships with stakeholder groups. This typology provides some insight into how such a strategy may be devised. Gregory (2007:66) proposes a communication strategy typology as outlined in Figure 3.5.

Figure 3.5: Communication strategy typology

		INTEREST: Low	INTEREST: High
POWER	Low	**Inform**	**Consult**
	High	**Involve**	**Partner**

Source: Gregory (2007:65)

Informing strategies implies one-way communication. Stakeholders in this segment are latent and may not seek information. However, the organisation may want to create interest. Where stakeholders have a high interest in an issue although little power, the organisation could consult with the particular stakeholder/stakeholder group. There is a need for discourse and engagement. Stakeholders who have a high interest in an issue actively seek information. Furthermore, to consult requires listening and reciprocating with an active response on the part of the organisation (Gregory, 2007:65).

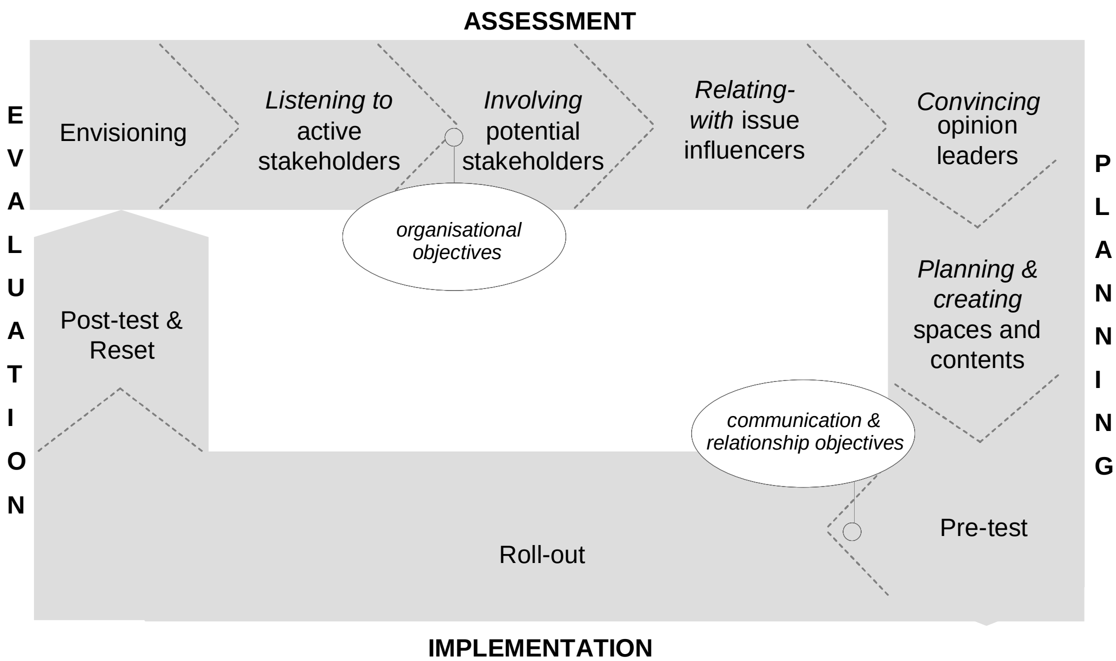
Stakeholders have an organic relationship with organisations. This means that depending on the circumstances, some stakeholder groups at certain times take on more prominence than others, and at other times will take on less (Gregory, 2007:60).

Organisations are facing more pressure to be held accountable for their actions. The sources of accountability originate from both the internal and external environments in which the organisation exists. Stakeholders form part of this external and internal environments and are becoming increasingly demanding (Gregory, 2007:59).

3.3.10 Falconi's GOREL process (2009)

The GOREL (Governance of Relationships) process is described by Falconi (2009:[14]) as a generic or situational scrapbook approach to the day-to-day practice of stakeholder relationships. This process is depicted in Figure 3.6.

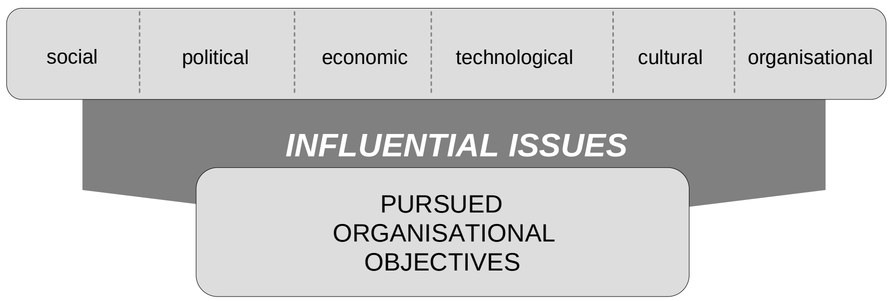
Figure 3.6: GOREL (Governance of Relationships) process



Source: Adapted from Falconi (2006:[21])

The envisioning phase of the GOREL process involves the understanding of the organisation with regard to its mission, vision, values and strategy (Falconi, 2009:[14]). With this understanding in mind, the identification of and listening to active stakeholders can take place. This is done by collecting information and data related to positions, policies, attitudes and behaviour related to the goals of the organisation. This is followed by understanding and interpreting this information (Falconi, 2009:[15]). Based on this step, specific objectives are defined based on the consideration of active stakeholders. The next step implies involving potential stakeholders through a push format of relationship creation developed by communication (Falconi, 2009:[15]), followed by relating to issue influencers. An understanding of the environment within which the organisation operates, is necessary (Falconi, 2009:[16]). This is depicted in Figure 3.7.

Figure 3.7: Issue analysis



- Which issues relevantly influence the achievement of a specific organisational objective (balance between importance and urgency)?
- On which of those issues may the organisation effectively play a pro-active, direct and conscious orientation role?

Source: Adapted from Falconi (2009:[17])

From the issues analysis, issue influencers are identified based on their direct or indirect power to influence the identified issues. Furthermore, opinion leaders need to be identified and convinced. Opinion leaders are those individuals or groups the organisation believes have power and means to influence the opinions and behaviours of the organisational publics (stakeholders) (Falconi, 2009:[18]).

From this process of stakeholder identification, the contents and channels to communicate with the different stakeholders can be determined, followed by a pre-test and setting of communication and relationship objectives, the roll-out of messaging, and finally evaluation (Falconi, 2009:[18-21]).

3.3.11 Analysis of the identification, categorisation, prioritisation and relationship management models, frameworks, guidelines and processes and their value and relevance in the context of this study

Table 3.6 outlines the models, frameworks, guidelines and processes outlined in the literature around the matters of stakeholder identification, categorisation, prioritisation and relationship building. Furthermore, the value and relevance of each of these contributions to this topic are briefly mentioned. This is needed as some overlap between the different models, framework, guidelines and processes exists. In order to be able to find the most suitable and possible combination of these, this summary and contextualisation is needed. Furthermore, to enable communication professionals to assist their companies to manage stakeholder relationships, according to the principles outlined in Chapter 8 of the King III Report, considering their limited know-how in this regard, this summary of making sense of the different models, frameworks, guidelines and processes may provides some clarification.

Table 3.6: The value and relevance of the models, frameworks, guidelines and processes of stakeholder identification, categorisation, prioritisation, relationship management

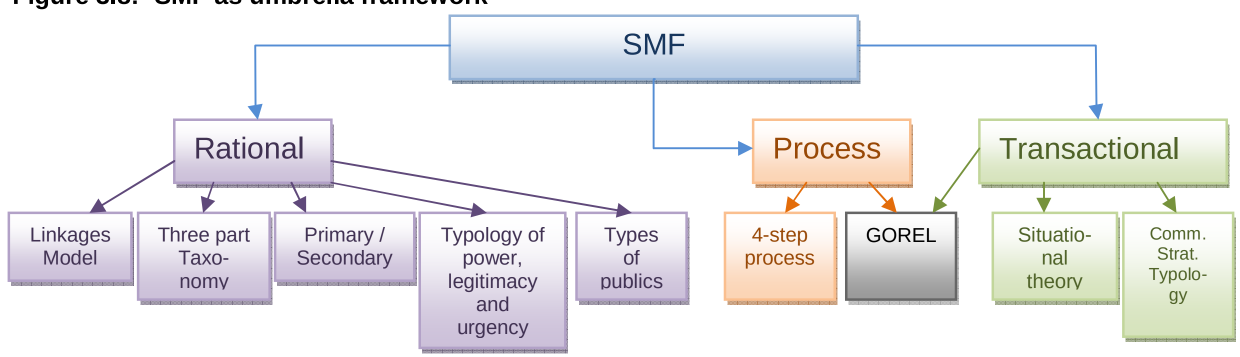
NAME OF MODEL / FRAMEWORK / GUIDELINE / PROCESS	AUTHOR/S	VALUE AND RELEVANCE TO THIS STUDY
Stakeholder management framework (SMF)	Freeman (1984)	The value of the stakeholder management framework (SMF) lies in considering the various levels of the organisation being the rational, process and transactional level. Looking at the various ways in which the different authors approach and understand the communication, relationship management, identification, classification and prioritisation of stakeholders, this framework seems to provide an umbrella view under which each of the works of these authors can fall. With regard to the rational level, which involves understanding who the stakeholders are, coupled with the perceived stakes, the linkages model of Grunig and Hunt, the three part taxonomy of Donaldson and Preston, the primary and secondary stakeholder classification of Clarkson, the stakeholder typology of power, legitimacy and urgency of Mitchell et al. the classes of stakeholders of Mitchell et al. and the types of publics of Steyn and Puth, naturally find a link. The four-step process of Rawlins as well as the GOREL process of Falconi can both be associated with the process level of the SMF. The situational theory of Grunig, Gregory's communication strategy typology and Falconi's GOREL process are all related to the transactional level, which provides understanding of the interactions between the organisation and its stakeholders. The umbrella view provided by Freeman's SMF is depicted in Figure 3.8. **Figure 3.8: SMF as umbrella framework** 

Table 3.6: The value and relevance of the models, frameworks, guidelines and processes of stakeholder identification, categorisation, prioritisation, and relationship management (continued)

NAME OF MODEL / FRAMEWORK / GUIDELINE / PROCESS	AUTHOR/S	VALUE AND RELEVANCE TO THIS STUDY
Linkages model	Grunig and Hunt (1984)	The linkages model provides a starting point for stakeholder identification as highlighted in the work of Falconi (2009).
Three-part taxonomy	Donaldson and Preston (1995)	The three-part taxonomy provides the opportunity for organisations to deepen stakeholder identification around how organisations relate to stakeholders, as well as what happens if these organisations relate to stakeholders in specific ways. This may provide the organisation with a better understanding to improve efforts to manage stakeholder relationships.
Primary and secondary stakeholder classification	Clarkson (1995)	The primary and secondary stakeholder classification is another way with which to classify stakeholders. However, it should not be used in isolation from other/further classification approaches.
Stakeholder typology around the attributes of power, legitimacy and urgency Classes of stakeholders	Mitchell et al. (1997)	The stakeholder typology around power, legitimacy and urgency provides the opportunity for organisations to gain a more structured view of their stakeholders, and enables organisations to have a platform with which to prioritise stakeholders. This is important as engagement and communication with stakeholders need to be specific and tailored. The classes of stakeholders approach are another way, apart from primary and secondary stakeholder classification, to understand different stakeholders better. It is however more detailed than the primary/secondary classification.
Types of publics	Steyn and Puth (2000)	Apart from the primary/secondary stakeholder classification of Clarkson and the classification of stakeholders by Mitchell et al., Steyn and Puth offer a similar classification of stakeholders. The main difference of the Steyn and Puth classification is that it also describes the phases through which stakeholders transform as they move through the stages of awareness of organisational issues.
Situational theory of publics	Grunig (2005)	The situation theory of publics by Grunig provides a platform to better understand the behaviour associated with certain publics (stakeholders). The stakeholder classification used by Grunig is similar to that of Steyn and Puth, which, if used in combination with each other, may prove very useful in predicting what an organisation can expect, in terms of behaviour, from a particular stakeholder. Furthermore, it can also be used as a classification framework, similar to that of Mitchell et al., with the difference that it considers the level of involvement of a stakeholder, as well as their level of problem recognition.
Four-step process to prioritising stakeholders	Rawlins (2006)	The four-step process of Rawlins brings the work of authors such as Grunig and Hunt, Mithcell et al. and Grunig (situational theory) together in a process of stakeholder identification, classification, followed by prioritisation. His contribution lies in identifying possible communication strategies and message focus areas associated with certain stakeholder group classifications.

Table 3.6: The value and relevance of the models, frameworks, guidelines and processes of stakeholder identification, categorisation, prioritisation, relationship management (continued)

NAME OF MODEL / FRAMEWORK / GUIDELINE / PROCESS	AUTHOR/S	VALUE AND RELEVANCE TO THIS STUDY
Communication strategy typology	Gregory (2007)	The communication strategy typology by Gregory provides a simplistic view of the communication strategies associated with the stakeholders identified through the Mitchell et al. stakeholder typology. Considering the four-step process of Rawlins, it seems too simplistic and may need to be used in conjunction with more detailed processes or frameworks.
GOREL process (Governance of Relationships)	Falconi (2009)	The GOREL process of Falconi provides a thorough guideline for aligning stakeholders with the values of an organisation. The way in which stakeholders are identified and classified in this process seems simplistic. However, if the identification and classification of stakeholders of Grunig and Hunt, Mitchell et al., Steyn and Puth, as well as Grunig are incorporated in the “listening to stakeholders” phase of the process, it may enhance the usefulness of this process. The incorporation of Rawlins’ process as well as Gregory’s communication strategy typology may further enhance the impact this process may have.

Researcher’s own construct

The effective identification, categorisation and prioritisation of stakeholders influence their level of satisfaction with the company. Similar to Clarkson (1995:110), who posits that the dissatisfaction of some stakeholder groups can harm the company, Graham (1997:284) argues that a company's reputation, and in some instances, its survival, depend on how well it communicates with key stakeholders. It is not enough for a company to be ethical and forthright in its dealings, it must also be perceived as such. Awareness thus needs to be created. Therefore, the following discussion focuses on stakeholder relationship management, engagement with stakeholders and the governance of stakeholder relationships.

3.4 STAKEHOLDER ENGAGEMENT (SE), STAKEHOLDER RELATIONSHIP MANAGEMENT (SRM) AND GOVERNING STAKEHOLDER RELATIONSHIPS (GSR)

In Chapter 1, Table 1.2 various key terms that are central to this study were outlined. Some of these included the concepts of stakeholder engagement, stakeholder relationship management and the governing of stakeholder relationships. From the literature, these three concepts around stakeholder relationships emerged with slight differences between them. To guide communication professionals on how they can assist their companies to manage stakeholder relationship according to the King III Report on Governance, clarification around which term is most applicable is needed. Furthermore, as communication professionals' knowledge on implementing the principles outlined in Chapter of the King III Report is limited, confusion with terminology may be detrimental. From the next sections, it is clear that the most appropriate term in the context of this study is that of stakeholder relationship management (SRM) as it incorporate most aspects of stakeholder engagement as well as the governing of stakeholder relationships. This section explores these concepts in an attempt to determine whether there are any similarities and differences notable, followed by a comparison. This comparison ensures that the three concepts' similarities and differences are compared around the same dimensions being its purpose, focus, outline, whether any guidelines or frameworks exist and the requirements for being effective in the practise of the particular concept.

3.4.1 Stakeholder engagement (SE)

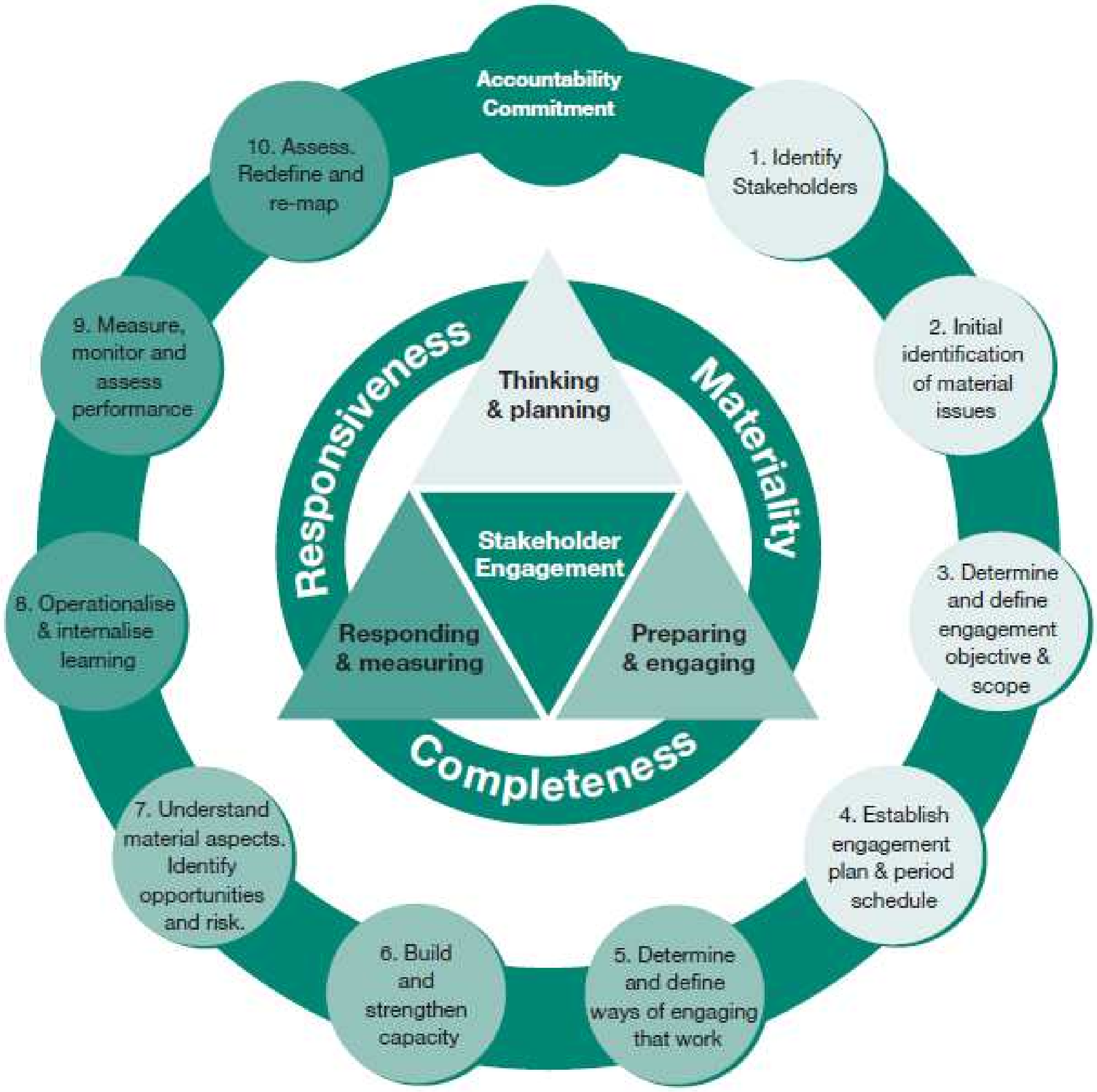
Stakeholder engagement is defined by Sloan (2009:26) as the process of involving stakeholders. However, before stakeholders can become involved, organisations need to first identify and assess their current levels of stakeholder engagement. Sloan (2009:27) proposes different ways to identify and assess stakeholder engagement, which include (Sloan, 2009:27):

- the level of policy commitment to stakeholders
- the number of stakeholder engagement activities
- the focus on performance outcomes.

Different organisations consider stakeholder engagement as a key parameter to identify socially responsible companies. These organisations include rating agencies, non-profit organisations, standard developing bodies and advocacy organisations from across the globe. The specific organisations that consider stakeholder engagement as a key parameter to identify socially responsible companies include the Ethical Investment Research Services (EIRS) (rating agency), Jantzi Research (rating agency), Innovest Strategic Value Advisors (rating agency), Calvert Investment (ethical investor), Domini Social Investment (ethical investor), AccountAbility (advocacy organisation), Global Reporting Initiative (standards organisation) and SAM/Dow Jones (stock market indices) (Sloan, 2009:28-29). These organisations advocate the importance of stakeholder engagement and one of their reasons include that stakeholder engagement is likely to increase accountability, strengthening trust and corporate credibility of companies. It further provides the means to gain acceptance and build the trust of a wide group of different stakeholders for these companies. Finally, stakeholder capital is a leading indicator of the quality of management and long-term financial performance of a company.

AccountAbility, an organisation established to promote accountability for sustainable development wrote a Stakeholder Engagement Standard Exposure draft (AA1000SES) in 2005 which provides a framework for successful stakeholder engagement. This organisation argues that the purpose of stakeholder engagement is to drive strategic direction and operational excellence, which ultimately leads to sustainable development. It proposed a framework for quality stakeholder engagement as outlined in Figure 3.9.

Figure 3.9: Stages and elements of the framework for quality stakeholder engagement



Source: AccountAbility (2005:30)

According to *AccountAbility* (2008:13), stakeholder engagement is based on three principles, namely materiality, completeness and responsiveness as outlined in the central circle of Figure 3.9 where:

- materiality requires knowing stakeholders and the organisation's material concerns;
- completeness requires an understanding of stakeholder concerns, expectations and perceptions related to their material issues; and
- responsiveness requires responding to stakeholders' and the organisation's material concerns.

In a bid to address these principles, organisations need to meet specific requirements, indicated by the outer circle of Figure 3.9. These requirements must be met for the elements, as indicated by the parts of the triangle within the central circle, to function effectively. Another way to present the framework is in the form of a Table, which provides the opportunity to outline more detail with regard to the links between each element, the requirements associated with each element, and the details related to each of the requirements. This is presented in Table 3.7.

Table 3.7: Specific requirements for the elements of the framework

ELEMENT	REQUIREMENT	DETAILS
THINKING AND PLANNING	Identify stakeholders	Organisation to establish methodology and process to identify and map stakeholders and manage the relationship. Communicate stakeholder map to stakeholders.
	Initial identification of material issues	Organisation to establish a methodology and process to identify material issues associated with its activities, products, services, sites and subsidiaries.
	Determine and define engagement strategy, objective and scope	Organisation to establish a stakeholder engagement strategy which includes the context, objectives and scope for engagement.
	Establish engagement plan and implementation schedule	Organisation to establish a stakeholder engagement plan and schedule. Communicate plan and schedule to stakeholders.
PREPARING AND ENGAGING	Identify ways of engagement that works	Organisation to establish suitable ways of engagement.
	Build and strengthen capacity	Organisation to identify and assess stakeholder capacity needs in resources and competencies and respond to these.
	Engage with stakeholders in ways that facilitate	Organisation to identify and understand stakeholder concerns, opportunities and

ELEMENT	REQUIREMENT	DETAILS
	understanding, learning and improvement	risks.
RESPONDING AND MEASURING	Operationalise, internalise and communicate learning	Organisation to learn from stakeholder engagement to inform strategies and operations. Communicate what it learns and how it will respond.
	Measure and assess performance	Organisation to establish processes and ways to measure monitor and assess the quality of its stakeholder engagement practice.
	Assess, re-map and re-define	Organisation to assess, re-map stakeholders and re-define stakeholder engagement strategy.

Source: Conceptualised from AccountAbility (2005:21-23)

From the process outlined in Table 3.7 it is clear that stakeholder engagement is not just about communicating with stakeholders. It involves collaboration, learning and innovation. Central to the *AccountAbility* framework lies the three triangles (see Figure 3.9) outlined as elements in Table 3.7. The thinking and planning element involves identifying stakeholders and their concerns, determining and defining how these will be addressed through an engagement strategy, and drafting an engagement plan and implementation schedule. Simultaneously, the organisation needs to prepare itself through identifying ways of engagement that work (i.e. that facilitate understanding, learning and improvement), and build and strengthen its capacity to do so. At the same time the organisation needs to respond and measure its success.

Learning from the stakeholder engagement needs to be internalised and operationalised. The quality of the organisation's engagement practice should then be monitored and assessed frequently, from which it can then assess, re-map its stakeholders and finally re-define its stakeholder engagement strategy. The *AccountAbility* framework provides a platform for continuous stakeholder engagement. Subsequent to the exposure draft of the AA1000SES Stakeholder Engagement Standard released in 2005, a final exposure draft of this standard was released on 2011.

Sloan (2009:40) states that corporate leaders are starting to realise the rising expectation in this regard. Therefore, their relationships with stakeholders are becoming more inclusive and stakeholder engagement forms part of the central business process in transforming the organisation and the stakeholder engagement strategy. For stakeholder engagement to be successful, leadership and management must be committed to stakeholder inclusion. Some of the activities that leadership and management may consider, among others, include a review and adoption of the policy which prescribes the organisation's intentions with respect to its stakeholders, agree on benchmarks and performance indicators, as well as run stakeholder consultation surveys (Wheeler & Sillanpää, 1998:204-208).

As organisations are seen as living processes similar to organisms living in an unpredictable environment, there is a shift towards building and maintaining stakeholder relationships through bottom-up grassroots participation, connectivity and dialogue (Ströh, 2007:134). Through this participation, connection and dialogue, collaboration, learning and innovation, as proposed by the *AccountAbility* framework, becomes possible.

Henry (2001:226) argues that some stakeholders may form part of different stakeholder groups at the same time. For example, employees are also local community members, part of society at large, customers and shareholders – simultaneously. Many other examples exist in the literature. What is important is that this complexity is dynamic with regard to the different roles played by the stakeholders on the one hand, but also in a systematic sense where changes in one part of the system impact on other parts. This implies that individual relationships can only be managed effectively by taking into account the wider system of which they are part.

Long-term value creation in a company is achieved through relationships with key stakeholders, which in turn are achieved through cooperative planning and design efforts (Hillman & Keim, 2001:128). Kaplan and Norton (1996:75) argue that the drivers of financial performance are the relationships a company has with customers that impact customer service. Other stakeholder relationships within the company that drive financial performance are those with employees and communities.

The notion that the engagement of stakeholders does not imply the responsible treatment of stakeholders is of importance. Greenwood (2007:320) argues that the responsible treatment of stakeholders has been defined as the organisation acting in the interests of legitimate stakeholders. Coupled with this is determining who the legitimate stakeholders are and how an organisation balances conflicting stakeholder claims. Furthermore, Greenwood (2007:319) states that just because someone communicates or consults with another does not mean that they have any interest in fulfilling the other's desires or wants. The intent of the actors lies at the root of the engagement. In this regard, Greenwood (2007:319) summarises how stakeholder engagement can best be understood, based on the work of several authors including Evan and Freeman in 2004, Van Buren III in 2001, Arnstein in 1969, Phillips in 1997, Peccei and Guest in 2002, Gray in 2002, Freeman in 1984, Sillanpa in 1998, Deegan in 2002, Swift in 2001, Own, Swift, Humphrey and Bowerman in 2000, Livesey and Kearins in 2002, Power in 2004, Kamoche in 2006 and Bauman in 1993 in Table 3.8.

Table 3.8: Understanding stakeholder engagement

ENGAGEMENT AS A FORM OF RESPONSIBILITY	ENGAGEMENT BECOMES A MECHANISM FOR RESPONSIBILITY
Fiduciary duty	Acquitting the moral duty of the company
Consent	Enhancing voluntary explicit consent, ameliorating unfairness
Corporate governance	Allowing stakeholders access to decision-making, enhancing stakeholder voices
Participation	Allowing stakeholders to participate in the company
Fairness	Fulfilling the obligation to stakeholders
Cooperation	Enhancing trust-based cooperation
Accountability	Enhancing the accountability of the company

ENGAGEMENT AS A FORM OF MANAGERIALISM	ENGAGEMENT BECOMES A MECHANISM FOR MANAGERIALISM
Unitarism	Encouraging unity of values, suppressing dissent, discouraging informal communication
High-commitment HRM	Eliciting employee contribution, becoming an 'employer of choice'
Non-financial accounting	Measuring and valuing non-financial, intangibles of the company e.g. capital, social capital
Strategic management	Managing the company in response to the interests of the stakeholders
Continuous learning	Involving stakeholders so that the company can continuously learn and improve
Legitimisation	Legitimising the company to its stakeholders
Risk management	Deflecting criticism
ENGAGEMENT AS A FORM OF SOCIAL CONTROL AND CONSTRUCTION	**ENGAGEMENT BECOMES A MECHANISM FOR SOCIAL CONTROL AND CONSTRUCTION**
Trust-distrust	Substituting trust or mitigating distrust
Managerial capture	Enhancing managerial control
Social construction	Constructing an image of the company
Fatal remedy	Undermining democratic goals by attempting to control the immeasurable and making it rational and objective
Knowledge appropriation	Transforming stakeholders' tacit knowledge to explicit knowledge
Immorality	Suppressing moral instinct

Source: Adapted from Greenwood (2007:319)

These aspects outlined in Table 3.8 are also in line with what is outlined in Chapter of the King III Report on Governance, discussed in Chapter 4.

3.4.2 Stakeholder relationship management (SRM)

According to Sloan (2009:26), "stakeholder relationships have long been a touchstone of corporate sustainability" where companies had to manage the relationships with these stakeholders. These relationships in turn create sustainability and high-performing organisations, financially, socially and environmentally (Sloan, 2009:26).

As organisations need to focus on building long-term relationships with stakeholders, the six elements these relationships consist of and as discussed by Grunig and Hon (1999:13), are briefly outlined:

- Control mutuality, which implies the degree to which parties agree on who has the rightful power to influence one another.
- Trust, which constitutes one party's level of confidence in and willingness to open themselves to the other party. Trust consists of three dimensions, namely integrity, dependability and competence. Integrity is the belief that an organisation is fair and just. Dependability is the belief that and organisation will do what it says, and competence is the belief that an organisation has the ability to do what it says.
- Satisfaction is the extent to which each party feels favourably towards the other as expectations about the relationship are reinforced. A satisfying relationship is one in which the benefits outweigh the costs.
- Commitment is the extent to which each party believes and feels that the relationship is worth spending energy on in order to maintain and promote it. The two dimensions of commitment are continuance commitment and affective commitment. Continuance commitment refers to a particular line of action and affective commitment is an emotional direction.
- Exchange relationships involve that one party gives benefits to the other only because the other has provided benefits in the past, or is expected to do so in the future.
- Communal relationships exist where both parties provide benefits to each other, because they are concerned about the welfare of the other, even when they do not get anything in return.

Four approaches to coping with stakeholder groups in the environment exist namely, inactivity, reactivity, pro-activity and interactivity. Inactivity involves ignoring the opinions and values of stakeholders as well as their stake in the organisation. Reactivity has to do with waiting for something to happen (stakeholder reaction) and then responding to it. Pro-activity involves attempting to predict the behaviour of stakeholders and then positioning the organisation towards those. Interactivity has to do with active involvement with stakeholder groups that can affect the future of the organisation (Steyn & Puth, 2000:188).

As part of stakeholder management, Steyn and Puth (2000:195) argue that stakeholders are identified and that research is undertaken to ascertain the nature and size of their interests, aspirations, limitations, attitudes, perceptions, hopes and fears and the influence they have. Stakeholder demographic and psychographic details are needed in order for organisations to attempt to manage relationships with stakeholders (Guth & Marsh, 2000:96).

The successful management of relationships with key stakeholders may result in more than continued support and participation. These relationships constitute intangible, socially complex resources that enhance the organisation's means to do better than competitors with regard to long-term value creation (Hillman & Keim, 2001:127).

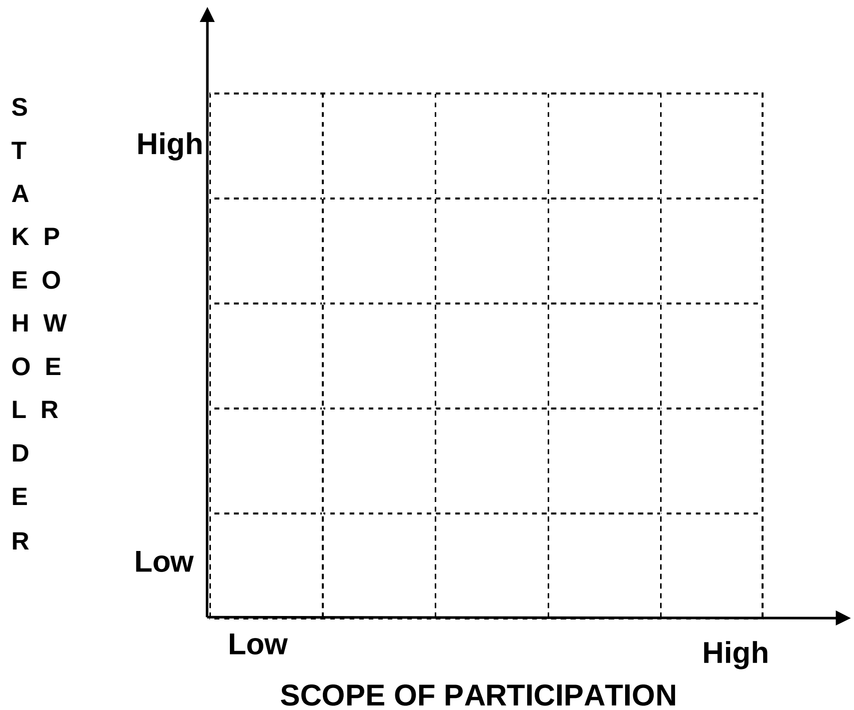
3.4.3 Governing stakeholder relationships (GSR)

The concept of governing stakeholder relationships seems to be fairly new as limited literature was found on this topic. In fact, although Chapter 8 of the King III Report on Governance for South Africa is entitled Governing Stakeholder Relations, very little literature is available. The concept is mentioned by Falconi (2009:[1-22]), where he proposes a process called GOREL (discussed under 3.3.10) for governing stakeholder relationships. This process is not discussed again in this section. It was discussed under 3.3, as this process was significant for the discussion of stakeholder identification, classification and prioritisation. What is important to mention is that Falconi (2009:[2]) argues that organisations may not necessarily manage the stakeholders, but rather govern their relationships with them.

Research was conducted by Spitzek and Hansen (2010:378-391) into how stakeholders are voluntarily granted influence in corporate decision-making. These authors refer to the concept of stakeholder governance. Therefore, this section is based on their work.

According to Spitzeck and Hansen (2010:380), the two important dimensions of stakeholder governance are power and scope, where power is the level of influence given to stakeholders in decision-making. On the one hand there may be non-participation where stakeholders do not have any voice in decision, and on the other hand stakeholders may possess the power to decide for the organisation. Scope is the breath of power in decision-making. From this, Spitzeck and Hansen (2010:381) developed the power/scope grid of stakeholder governance. Levels of power were determined, which include no evidence of stakeholder power, listening to stakeholders' voices, intermediary impact, impact on policies and key performance indicators and substantiated impact. With regard to the scope of participation, it is dependent on the type of issue that determines the scope of participation. The issues were classified as operational issues, managerial issues and strategic issues (Spitzeck & Hansen, 2010:381). The power/scope grid of stakeholder governance is outlined in Figure 3.10. This power/scope grid of stakeholder governance is relevant to this study as it considers the nature of stakeholder, but also incorporates issues. Furthermore, it also provides more insight for communication professionals to understanding stakeholders, but also how relationships with them may be managed. Issues and the management therefore are also discussed later in this chapter as stakeholder relationship management is impacted by it.

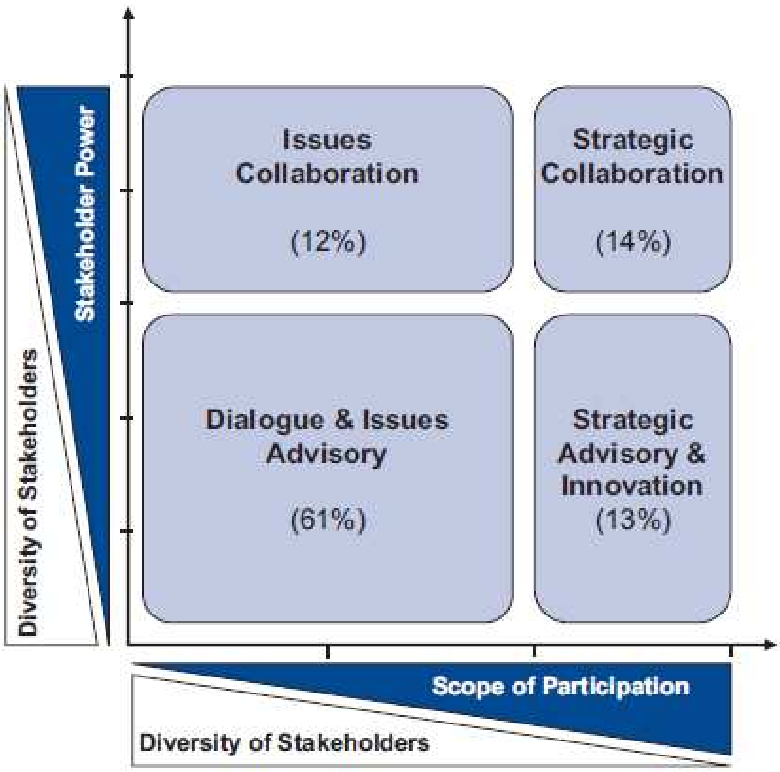
Figure 3.10: Power/scope grid of stakeholder governance



Source: Spitzeck and Hansen (2010:381)

In turn, these authors identified four clusters based on the extent of power and scope of a stakeholder (Spitzeck & Hansen, 2010:384) and these are depicted in Figure 3.11.

Figure 3.11: Clusters of stakeholder governance mechanisms



Source: Spitzeck and Hansen (2010:384)

From the research of Spitzeck and Hansen (2010: 384), the extent to which a particular stakeholder governance mechanism is used is indicated by the percentage in the respective block in Figure 3.11. The four clusters include that of dialogue and issues advisory, strategic advisory and innovation, issues collaboration and strategic collaboration.

With regard to dialogue and issues advisory, it is evident that stakeholders have low scope and low power. In this cluster broad types of stakeholders are involved. The actual mechanisms for stakeholder governance include stakeholder dialogues through multi stakeholder forums and stakeholder advisory panels (SAPs) (Spitzeck & Hansen, 2010:385).

The strategic advisory and innovation cluster involves stakeholders with high scope and low power. In this instance, broad stakeholder dialogues become unimportant with limited diversity of stakeholders. Stakeholder advisory panels are also one of the mechanisms used, with the difference that these advise the organisation's strategy more broadly and focus on specific business opportunities (Spitzeck & Hansen, 2010:385).

The issues collaboration cluster involves stakeholders with low scope and high power. The diversity of the stakeholder in this instance is low as just a few stakeholders are involved. The issues involve include very specific issues around local communities (Spitzeck & Hansen, 2010:385).

The strategic collaboration cluster is focussed on stakeholders with high scope and high power. In this instance stakeholders are seen as partners. Instruments used for engagement are surveys, meetings with representative, involvement in brand management, advisory boards and voting mechanisms (Spitzeck & Hansen, 2010:386).

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3.4.4 Analysis of stakeholder engagement (SE), stakeholder relationship management (SRM) and the governing of stakeholder relationships (GSR)

In order to have a better understanding of the concepts of stakeholder engagement (SE), stakeholder relationship management (SRM) and the governing of stakeholder relationships (GSR), a comparison is provided in the Table 3.9. This analysis is an expansion of the definitions provided in Chapter 1, Table 1.2 and the discussions in section 3.4.1, 3.4.2 and 3.4.3.

Table 3.9: Analysis of SE, SRM and GSR

	STAKEHOLDER ENGAGEMENT (SE)	STAKEHOLDER RELATIONSHIP MANAGEMENT (SRM)	GOVERNING STAKEHOLDER RELATIONSHIPS (GSR)
DEFINITION	Process of involving stakeholders	Building long-term relationships with key stakeholders	Extent to which stakeholders are voluntarily granted influence in corporate decision-making
PURPOSE	• Means to gain acceptance and build trust of stakeholder • Drive strategic direction and operational excellence which leads to sustainable development	Building long-term relationships with key stakeholders considering six elements: • Rightful power to influence • Trust • Satisfaction with the relationship • Commitment • Exchange and communal relationships	Allowing the influence of stakeholders on decision-making dependent on the issues at hand and the relative power of the stakeholder
FOCUS	• Level of policy commitment to stakeholder • Number of engagement activities • Focus on performance outcomes	• Stakeholder inclusion through dialogue-based empowered relationships • Two-way communication	• Power based on evidence of power, listening to stakeholders' voice, intermediary impact, impact on policies and KPIs and substantiated impact • Scope based on the type of issues being operational issues, managerial issues and strategic issues
OUTCOME	• Socially responsible organisations • Increased accountability • Strengthened trust and credibility • Indicator of the quality of management and long-term financial performance	• Continued support and participation of stakeholder • Enhanced means for competitive advantage for long-term value creation • Sustainability • High performing organisations	• Improved governance • Strengthening of trust and credibility
GUIDELINES/ FRAMEWORK/ APPROACHES	AccountAbility's stakeholder engagement framework	Inactivity, reactivity, pro-activity and interactivity	• GOREL process • Power/Scope grid of stakeholder governance • Clusters of stakeholder governance mechanisms
REQUIREMENTS	• Commitment to stakeholder inclusion by leadership and management • Development of a policy	• Stakeholder inclusion should be the norm • Alignment of values	None mentioned

In Table 3.9 stakeholder engagement, stakeholder relationship management and the governing of stakeholder relationships are compared to determine whether these concepts are different or in fact the same. This comparison is based on looking at the definition of each of the concepts, the purpose, focus and outcomes of each of the concepts, and assessing whether any guidelines, frameworks or approaches can be found in the literature. Finally, the requirements, if any, are compared.

- *Definitions*

The definitions are different as involving stakeholders does not imply a relationship is in place, whereas stakeholder relationship management is focussed on building long-term relationships around power, trust, satisfaction and commitment. With regard to the governing of stakeholder relationships, the focus is on the influence on decision-making granted to stakeholders. Relationships imply a two-way dialogue based interaction, which is not necessarily the case with merely allowing influence on decision-making.

- *Purpose*

In view of the purpose of each of the concepts under discussion, it seems that stakeholder engagement may be considered a means to building relationships, whereas the governing of stakeholder relationships places the organisation above stakeholders in terms of power in that it allows stakeholders to influence decision-making.

- *Focus*

Stakeholder relationship management's intent in terms of its focus seems to revolve around stakeholder inclusion and two-way communication at a more strategic level, while stakeholder engagement is focussed on policy commitment, the number of activities and performance outcomes, which seem more operational in nature. The governing of stakeholder relationships, in turn, revolves around power and scope around issues management, which may again be regarded as strategic.

- *Outcome*

There is some alignment of outcomes between stakeholder engagement and the governing of stakeholder relationships, as both revolve around improved governance and accountability and the increased trust and credibility of the organisation. In contrast, stakeholder relationship management's outcome revolves around the stakeholder's support and participation, as well as the competitive advantage of the organisation.

- *Guidelines/frameworks/approaches and requirements*

For all three the concepts, guidelines/frameworks or approaches exist and one of the requirements is stakeholder inclusion.

To summarise, there are some differences between stakeholder engagement, stakeholder relationship management and the governing of stakeholder relationships. It seems that the more encompassing concept is that of stakeholder relationship management, which includes aspects of both stakeholder engagement and the governing of stakeholder relationships. This is particularly relevant to this study as the title of Chapter 8 of the King III Report on Governance is 'Governing Stakeholder Relationships', when in fact, the principles and details contained include stakeholder engagement, governing stakeholder relationship and ultimately managing stakeholder relationships.

From the discussion in section 3.3 and 3.4, issues management, crisis management/conflict resolution and reputation management emerged as areas significant to stakeholder relationship management, although it is not specifically outlined in the conceptualisation of this study in Table 1.1 in Chapter 1. However, in terms of the six principles outlined in Chapter 8 of the King III Report, both issues management and conflict resolution and crisis management are discussed. Therefore, these areas are discussed in more detail next.

3.5 ISSUES MANAGEMENT

Issues management, briefly discussed in Chapter 2, is related to stakeholder relationship management as it influences the needs and expectations of stakeholders. In this section that discussion is expanded upon. It is used to anticipate issues and resolve conflict before stakeholders make it an issue. Often, organisations do not pro-actively identify and address an issue, which causes a crisis. In turn, the organisation then needs to resort to short-term crisis communication (Grunig, 1992a:13).

An issue may be defined as a condition or pressure that may have a significant effect on the functioning of the organisation, a point of conflict between the organisation and stakeholders, or an unsettled matter that is ready for decision (Steyn & Puth, 2000:207). Three categories of issues exist which include current issues, emerging issues and social trends. A current issue is an issue that is currently debated and covered by the media, whereas an emerging issue is an issue that is likely to be important in two to five years, and that may become the subject of legislation and on which the government position has not yet been formulated. A social trend, however, entails changing attitudes and human behaviour that may have political or economic effects (Steyn & Puth, 2000:211).

Issues are created by stakeholders and are based on their subjective interpretation of the position of the organisation with regard to a particular issue (Steyn & Puth, 2000:214). These subjective interpretations form the reputation of the organisation and are often based on credibility and trust. The credibility of the organisation in its interactions with stakeholders is a major component of reputation, which is built over time (Mahon & Wartick, 2003:27) and based on trust. Reputation management is highlighted as a key term of this study in Chapter 1, Table 1.2 and discussed in more detail later in this chapter. However, an area that is closely related to issues management, and which affects reputation management, is crisis management/conflict resolution. Although these two terms are not the same in essence, they are related in that when conflict with stakeholders arises, communication professionals needs to engage in crisis management from a relationship management point of view. This area is also significant for this study as one of the six principles outlined in Chapter 8 of the King III Report is dedicated to conflict resolution.

3.6 CRISIS MANAGEMENT/CONFLICT RESOLUTION

This section expands on the brief discussion of crisis management outlined in Chapter 2. There is often much conflict within as well as outside the organisation with stakeholders about the choice of the goal of the organisation (Grunig & Hon, 1999:8). This often requires the organisation to look into conflict resolution strategies. Strategies for maintaining relationships that deal with conflict resolution can be grouped into three categories (Grunig & Hon, 1999:16-17):

- *The integrative approach*

  The integrative approach is symmetrical as all parties in the relationship benefit by exploring common or complementary interests and solving problems together through dialogue and participative decision-making. The goal is a win-win solution that values the integrity of a long-term relationship between an organisation and its stakeholders.

- *The distributive approach*

  The distributive approach is asymmetrical as one party benefits at the expense of another by seeking to maximise gains and minimise losses within a win-lose or self-gain perspective. The tactics associated with the approach include trying to control through domination, argument, insistence on a position, or showing anger, faulting the other party, hostile questioning, presumptive attribution, demands, or threats.

- *The dual concern approach*

  The dual concern approach focuses on balancing the interests of stakeholders with the interests of the organisation. Some dual concern strategies are asymmetrical because they emphasise the organisation's interest over that of the stakeholder, or *vice versa,* and will not be effective. These strategies include contending, avoiding, accommodating and compromising. With contending, the organisation tries to convince the stakeholder to accept its position. When the organisation leaves the conflict either physically or psychologically, it avoids the conflict. During accommodating, the organisation lowers its aspiration and during compromising the organisation meets the stakeholder part-way, but neither is completely satisfied with the outcome. Those strategies that are symmetrical are most effective and include cooperating, being constructive, saying win-win or no deal.

A win-win solution to conflict resolution is only possible if the stakeholders have a long-term relationship with the organisation. The dimensions of conflict resolution include, similar to those outlined in the dual concern approach by Grunig and Hon (1999:16-17), contending, cooperating, avoiding, accommodating and compromising. Two further dimensions include unconditionally constructive and win-win or no deal approaches (Plowman, 2007:92):

- In the unconditionally constructive approach the organisation acts in a way that will be good for the relationship and good for the organisation, whether or not the stakeholder follows the same guidelines. In other words, even if the other party in the conflict does not reciprocate, the organisation acts in reconciling the strategic interests of both the organisation and its strategic stakeholder.
- The win-win or no deal approach means that if the parties cannot find a solution that would benefit both, they would agree to disagree.

The effectiveness in dealing with conflict and ultimately a crisis depends on the organisation's ability to manage the crisis, through managing its relationships and strategically preparing and planning for crises (Hagan, 2007:438). Preparation and planning for crises include understanding the organisation's stakeholders (Hagan, 2007:429), assessing the vulnerabilities of the organisation (Hagan, 2007:423), conducting environmental scanning research and issues management, as well as designating a crisis management team and conducting training activities which include mock crisis drills/simulations (Hagan, 2007:433).

Issues and crisis management impact the reputation of companies, which requires reputation management as outlined in the next section.

3.7 REPUTATION MANAGEMENT

Reputation management is briefly discussed in Chapter 2, but expanded upon in this section as it is one of the academic fields of communication management important in the context of this study. Furthermore, the first of the six principles of Chapter 8 of the King III Report (discussed in more detail in Chapter 4) focuses on reputation management and how stakeholders impact this. Reputation management is one of the areas communication professionals need to align with their stakeholder relationship management practises in assisting companies to managing their stakeholder relationships according to the King III Report on Governance. Thus, it should be incorporated in both company and communication management strategies.

Various disciplines have contributed to the definition of reputation including economics, strategy, marketing, organisation theory, sociology, communications and accounting (Fombrun, Gardberg & Sever, 1999:242). This emphasise not only the importance of reputation for the company as a whole, but also the incorporation of reputation management in both company and communication management strategies. Table 3.10 outlines how these disciplines consider this concept.

Table 3.10: Reputation defined by various disciplines

DISCIPLINE	DEFINITION
ECONOMICS	Reputations are traits or signals that describe a company's probable behaviour in a particular situation
STRATEGY	Reputations are intangible assets that are difficult to rivals to imitate, acquire, or substitute and so create mobility barriers that provide their owners with a sustained competitive advantage
ACCOUNTING	Reputation is one of many types of intangible assets that are difficult to measure but create value for companies
MARKETING	Reputation describes the corporate associations that individuals establish with the company name
ORGANISATION THEORY	Reputations are cognitive representations of companies that develop as stakeholders make sense of corporate activities
SOCIOLOGY	Reputational rankings are social constructions emanating from the relationships firms establish with stakeholders in their shared institutional environment
COMMUNICATION	Reputations are corporate traits that develop from relationships companies establish with their multiple constituents

Source: Fombrun et al. (1999:243)

As reputation is defined in different ways by different groups and individuals, Griffin (2008:11-12) provides a more simplistic way of considering the concept. He says that as individuals, what people think about you affects how they treat you. Similarly, people think different things about your organisation, which may be good or bad, based on how they see the world. The overall impression that these thoughts of different people add up to is referred to as your reputation. Griffin (2008:12) adds that over time, reputation can be changed by what you do and/or by changing how you explain what you do.

Corporate reputation, for the purpose of this study, is defined as the combined opinion of an organisation's complete nature, which is based first and foremost on the past dealings with stakeholder groups by the organisation (Fombrun & Shanley, 1990:233; Hannon & Milkovich, 1996:408). It is regarded as an intangible asset. Some authors suggested that it is a possible source of sustainable competitive advantage for the organisation and positively related to organisational achievement (Hannon & Milkovich, 1996: 405; McMillan-Capehart, Aaron & Cline, 2010:185).

Bebbington, Larrinaga and Moneva (2008:339,340) reported an examination of six reputation ranking studies (Fortune, Management Today, Financial Times, Rayner (2003), Reputation Quotient and Reputex Social Responsibility Ratings), which revealed that reputation gets evaluated by stakeholder based on five elements of reputation. These include a company's financial performance; the quality of management; the social and environmental responsibility performance; the employee quality; and the quality of the goods/services provided. The is significant in the context of this study as how stakeholders view companies (reputation) is impacted upon by the company's ability to manage relationships with these stakeholders around the five elements mentioned above. The implication of this is that although communication professionals can assist in managing relationship with stakeholder from a strategy, process and engagement point of view, they are not able to change any of these five elements. In other words, communication professionals can merely influence these elements and communicate around these elements.

3.7.1 The relationship between identity, image and reputation

In order to understand the concept of reputation, it must be understood in relation to the concepts of identity and image (Walker, 2010:363). There is a tendency in the literature for organisational identity to refer to internal stakeholders only, image to refer to external stakeholders only, and corporate reputation to refer to both (Walker, 2010:363). Identity is regarded as the way organisational members perceive, feel, and think about the organisation, as well as the extent to which they identify with the organisation (Vella & Melewar, 2008:8). It results in how an organisation presents, positions and differentiates itself visually and verbally at corporate, business and product levels (Melewar, 2003:197). Image refers to how stakeholders (external to the organisation) perceive and interpret the ways in which an organisation manifests itself and relates to the experiences, beliefs, feelings, knowledge, associations and impressions that each stakeholder has about the organisation. While identity is based on the impressions of organisational members (employees), image resides in the minds of audiences (Melewar, 2003:214).

Hatch and Schultz (1997:362), make an important point by stating that culture is the "cognitive instrument that translates corporate identity into image". After a comprehensive study of the literature on reputation, Walker (2010:370) defined corporate reputation as "a relatively stable, issue specific aggregate perceptual representation of a company's past actions and future prospects compared against some standard." In Table 3.11 the distinction is outlined between organisational identity, image and reputation.

Table 3.11: Organisational identity, image and reputation

	IDENTITY	IMAGE	REPUTATION
STAKEHOLDERS	Internal	External	Internal and external
PERCEPTIONS: ACTUAL OR DESIRED	Actual	Desired	Actual
EMANATING FROM INSIDE OR OUTSIDE THE ORGANISATION	Inside	Inside	Inside and outside
POSITIVE OR NEGATIVE PERCEPTION OF THE ORGANISATION POSSIBLE	Positive or negative	Positive	Positive or negative
RELEVANT QUESTION	What/who do we believe we are?	What/who do we want others to think we are?	What are we seen to be?

Source: Adapted from Walker (2010:367)

In other words, when considering organisational identity, the stakeholders involved are internal; the perceptions of these stakeholders are emanating from inside the organisation and can be either positive or negative. For organisational image, the stakeholders are external and the perceptions considered are what the organisation wants them to be. Image emanates from outside the organisation and therefore the possible perception is positive. The stakeholders, having formed actual perceptions of the organisation around its reputation are both internal and external, and thus the perceptions emanate from both inside and outside the organisation. Similarly, the perception can either be positive or negative.

Reputation is often evaluated around five elements which include: financial performance, quality of management, social and environmental responsibility performance, employee quality, and the quality of the goods/services provided. Individuals use these elements when they evaluate reputation and also those that managers perceive individuals may use when they form a view of the organisation's reputation (Bebbington et al., 2008:339, 340). In view of the concepts of identity and image outlined in Table 3.11 these elements relate not only to individuals outside the organisation, but also inside. This is important for organisations to realise as employees evaluate their organisations around its financial performance, the quality of management, how it performs with regard to social and environmental responsibility, and the quality of its good/services. Simões and Dibb (2008:77) state that managers and employees in turn can assist the organisation in the formation of the image of the organisation among its external stakeholders.

3.7.2 Integrated strategic communication in support of reputation management

According to Niemann (2005:4), the traditional role of marketing management and communication management is raised, through the approach of integration, to that of business management. This implies that both marketing management and communication management become business approaches. Through the process of integration with marketing management, communication management contributes directly to the bottom line and the general wealth for the business. As mentioned before, reputation management needs to form part of company or business strategy as well as communication management strategy, which is achieved through integrated strategic communication. The implication of this is that the company are able to ensure transparent and effective communication for building and maintaining trust and confidence among stakeholders as stipulated in one of the six principles of Chapter 8 of the King III Report. Grunig (2009:2) supports this notion in that he states that excellent communication management departments integrate all communication functions into a single department or alternatively find a mechanism to coordinate departments responsible for different communication activities.

The term integrated communication can be applied to communication management in three ways (Hallahan, 2007:310):

- one voice/one look communication approach, which suggests that a business must develop a single persona and voice that is consistent,
- the coordinated approach between communication management and marketing, and
- communicating purposefully, which suggests that integration involves everyone in the business.

Integrated communication is based on the view that all communication from and about the organisation is to portray a unified message (Burger, 2009:106). The concept of integrated communication – in brief – means unity of effort across the organisation. This does not, however, refers only to consistent messages – the "one-voice-one-look" approach – but includes unity of rationale for the organisation, unity of organisational procedures, unity of organisational purpose, and unity of achievements within the organisation. Integration refers ultimately to everything the organisation actually does and does not do (Niemann, 2005:274), which in turn impacts the reputation and resultant reputation management efforts.

Niemann (2005:248-250) outline three levels of integration being the organisational, stakeholder and environmental levels. While the organisational level is internal, the stakeholder and environmental levels are external. At the organisational level, integration needs to take place across business units, functions and regions in terms of systems, processes and procedures. Here the CEO and senior communicator plays a vital role. At the stakeholder level the managing of stakeholder relationships are important as there is an overlap, interdependence and interaction between stakeholders. The environmental level includes the social, political, economics and related environments, which needs to be considered by the organisation.

Integration is therefore an organisational pursuit, and not merely a quick-fix solution to marketing management. In essence, integration intensifies the integrity of the organisation. Integration produces integrity, because an organisation that is seen as a whole rather than as an anthology of incongruent, autonomous functions, is perceived as being more sound and reliable (thus a unity of efforts), the latter being imperatives for sustainable relationships with stakeholders.

3.8 CONCLUSION

The analysis of the related concepts of stakeholder engagement (SE), stakeholder relationship management (SRM) and the governing of stakeholder relationships (GSR) highlighted stakeholder relationship management (SRM) as the more encompassing concept of the three as it includes elements of both stakeholder engagement and the governing of stakeholder relationships. This is significant as, although Chapter 8 of the King III Report's title is 'Governing Stakeholder Relationships', the principles and detail contained in this chapter relate to the governing of stakeholder relationships, but also stakeholder relationship management. The analysis further pointed to the strategic nature of stakeholder relationship management as the focus of stakeholder relationship management revolves around stakeholder inclusion and two-way communication at a strategic level.

An analysis of the identification, categorisation, prioritisation and relationship management models, frameworks, guidelines and processes highlighted the more relevant and appropriate models, frameworks, guidelines and processes that may be considered for developing guidelines for managing stakeholder relationships. It was determined that a process of stakeholder profiling is needed which may include stakeholder identification, stakeholder prioritisation according to attribute of the stakeholder and then based on the situation.

For stakeholder identification, the linkages model developed by Grunig and Hunt in 1984 is relevant as it provides a starting point for stakeholder identification as highlighted in the work of Falconi (2009). The stakeholder typology around power, legitimacy and urgency provides the opportunity for organisations to gain a more structured view of their stakeholders, and enables organisations to have a platform with which to prioritise stakeholders. This is important as engagement and communication with stakeholders need to be specific and tailored. The classes of stakeholders approach is another way, apart from primary and secondary stakeholder classification, to understand different stakeholders better. It is however more detailed than the primary/secondary classification. The situation theory of publics by Grunig (2005) provides a platform to better understand the behaviour associated with certain publics (stakeholders). The stakeholder classification used by Grunig (2005) is similar to that of Steyn and Puth (2000), which, if used in combination with each other, may prove very useful in predicting what an organisation can expect, in terms of behaviour, from a particular stakeholder. Furthermore, it can also be used as a classification framework, similar to that of Mitchell et al*.* (1997), with the difference that it considers the level of involvement of a stakeholder, as well as their level of problem recognition.

As stakeholder identification, categorisation and prioritisation influence stakeholder relationship management, the consideration of possible ways in which to better understand stakeholders is important. In the context of this study, this consideration of ways in which to understand stakeholders is important as it forms part of providing guidelines for communication professionals to assist companies in their stakeholder relationship management endeavours in the context of Chapter 8 of the King III Report on Governance.

Finally, ideas around issues management, crisis management or conflict resolution and reputation management are provided, as these are inherent to stakeholder relationship management. On the one hand issues and conflict often require crisis management, which in turn impacts reputation. Reputation management understanding and interventions are needed to limit reputational risk for the company. These concepts are central to the guidelines for managing stakeholder relationships as well as communication management.

Stakeholder relationship management lies at the core of corporate governance as outlined in the King III Report on Governance for South Africa. Therefore, Chapter 8 of the King III Report concentrates on this concept and is discussed in Chapter 4, with specific emphasis on its implications for communication management.