

**THE ROLE OF INTEGRATED COMMUNICATION (IC) IN STAKEHOLDER  
ENGAGEMENT: A STRATEGIC CORPORATE SOCIAL RESPONSIBILITY  
(CSR) PERSPECTIVE**

**by**

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## **ABSTRACT**

CSR has become a priority for many key businesses, particularly in light of codes of practice such as the 2009, *The King Report on Corporate Governance for South Africa 2009* (often referred to as King III Report). Effective CSR is dependent on efficient communication between and with stakeholders and businesses, yet the quality of these communications is seldom evaluated.

While the literature emphasises the importance of stakeholder engagement, little attention is given to the communication processes used during stakeholder engagement. This study asserts that Integrated Communication (IC) offers a multi-pronged approach for engaging with an organisations' diverse stakeholders and, when incorporated holistically, aligns CSR throughout an organisation.

This study uses a framework drawn from IC theory as a means of analysing the efficiency of stakeholder engagement within Anglo American South Africa (AASA), a company explicitly dedicated to CSR. A single embedded case study research design is employed, including a review of main CSR documents used by AASA, interviews with key communications staff, as well as a focus group on-site with key staff members.

The research revealed that although AASA is in many ways doing a laudable job in terms of stakeholder engagement, there are key points at which their efforts break down. This is due, in most part; firstly to a lack of integrated awareness throughout the broader business of what constitutes its stated CSR agenda; and secondly to a lack of executive power within the communications department of the business.

It is suggested that by following the proposed IC framework, and investing key communications personnel with executive power rather than merely supportive responsibility, the effectiveness of AASA's stakeholder engagement would be improved. This would improve the likelihood of an effective strategic CSR's success, and be of value to the organisation.

## **OPSOMMING**

Korporatiewe Maatskaplike Verantwoordelikheid (KMV) het 'n prioriteit geword vir baie belangrike besighede, veral in die lig van gedragskodes soos die 2009 derde King verslag oor korporatiewe bestuur. Effektiewe KMV is afhanklik van doeltreffende kommunikasie tussen en met belanghebbendes en besighede, maar die gehalte van hierdie kommunikasie is selde geëvalueer.

Terwyl die literatuur beklemtoon die belangrikheid van die betrokkenheid van belanghebbendes, is min aandag gegee aan die kommunikasie- prosesse wat gebruik word tydens die betrokkenheid van belanghebbendes. Hierdie studie voer aan dat Geïntegreerde Kommunikasie (GK) 'n multi-ledige benadering bied vir die aangaan met organisasies se diverse belanghebbendes en, wanneer holisties opgeneem, lyn 'n organisasie deurgaans in met KMV.

Hierdie studie maak gebruik van 'n raamwerk wat uit GK teorie as 'n middel van die ontleding van die doeltreffendheid wat met belanghebbendes binne Anglo American Suid-Afrika (AASA) uitvloei, 'n maatskappy uitdruklik gewy aan KMV. 'n Enkele navorste gevallestudie is gebruik, insluitend 'n oorsig van die belangrikste KMV dokumente, onderhoude met sleutel kommunikasie personeel sowel as 'n fokusgroep met belangrike personeel op die terrein.

Die navorsing toon dat alhoewel AASA is in baie maniere om 'n lofwaardige werk in terme van die betrokkenheid van belanghebbendes handhaaf, is daar belangrike punte waarop hul pogings kort kom. Dit is te danke oorsaaklik; eerstens 'n gebrek aan geïntegreerde bewustheid regdeur die breër organisasie wat sy verklaarde KMV agenda uitmaak, en tweedens 'n gebrek van die uitvoerende gesag in die kommunikasie-afdeling van die besigheid.

Daar word voorgestel dat die voorgestelde GK raamwerk kruis organisatoriese bewustheid van AASA se KMV agenda sou bevorder, en die organisasie dwing om belangrike kommunikasie personeel te belê met uitvoerende gesag eerder as bloot ondersteunende verantwoordelikheid. Dit

sal op sy beurt die doeltreffendheid van AASA se betrokkenheid verseker. Die waarskynlikheid van strategiese KMV se sukses te verbeter, en van waarde wees vir die organisasie as geheel.

## **KEYWORDS USED IN THIS STUDY**

Strategic corporate social responsibility, sustainability, stakeholder engagement, stakeholder dialogue, interactivity, integrated communication.

<b>TABLE OF CONTENTS</b>		<b>PAGE</b>
<b>1</b>	<b>ORIENTATION AND MOTIVATION</b>	<b>1</b>
1.1	Introduction	1
1.2	Context of the study	1
1.2.1	<i>Background of the study</i>	2
1.2.2	<i>Purpose of the study</i>	3
1.2.3	<i>Relevance of the topic</i>	3
1.2.4	<i>Relationship of the topic to the discipline of communication</i>	4
1.2.5	<i>Other research in the field</i>	5
1.3	Literature review	6
1.3.1	<i>Strategic CSR</i>	6
1.3.2	<i>Stakeholder engagement</i>	8
1.3.3	<i>Stakeholder dialogue</i>	9
1.3.4	<i>Integrated communication (IC)</i>	10
1.4	Goal and objectives of the study	11
1.5	Formulation of the research problem	11
1.5.1	<i>Formulation of the research problem</i>	11
1.5.2	<i>Formulation of the research questions</i>	12
1.5.3	<i>Formulation of the research assumptions</i>	12
1.6	Research Methodology	15
1.6.1	<i>The research method</i>	15
1.6.2	<i>Research approach</i>	16
1.6.3	<i>The population</i>	16
1.6.4	<i>Target population</i>	16
1.6.5	<i>Sampling</i>	17
1.6.6	<i>Data collection techniques</i>	18
1.6.7	<i>Interpretation of the data</i>	19
1.6.8	<i>Reliability and validity</i>	20
1.6.9	<i>Feasibility of the study</i>	21
1.7	Anticipated findings and contributions to the discipline of communication	22
1.7.1	<i>Anticipated findings</i>	22
1.7.2	<i>Anticipated contributions to the discipline of communication</i>	22
1.8	Ethical considerations for this study	22
1.9	Demarcation of the study	23
1.10	Summary	24

<b>2</b>	<b>CORPORATE SOCIAL RESPONSIBILITY (CSR) AND THE RELEVANCE OF STAKEHOLDER ENGAGEMENT</b>	<b>25</b>
<b>2.1</b>	<b>INTRODUCTION</b>	<b>25</b>
<b>2.2</b>	<b>The rise of corporate social responsibility (CSR)</b>	<b>25</b>
	<i>2.2.1 Global trends for CSR's growth</i>	<i>26</i>
	<i>2.2.2 CSR's growth in South Africa</i>	<i>26</i>
<b>2.3</b>	<b>Defining CSR</b>	<b>28</b>
<b>2.4</b>	<b>Perspectives of CSR</b>	<b>32</b>
	<i>2.4.1 Corporate social responsibility (CSR1)</i>	<i>32</i>
	<i>2.4.2 Corporate social responsiveness (CSR2)</i>	<i>33</i>
	<i>2.4.3 Corporate social rectitude (CSR3)</i>	<i>34</i>
	<i>2.4.4 Strategic CSR</i>	<i>35</i>
	<i>2.4.5 Strategic management</i>	<i>36</i>
<b>2.5</b>	<b>Overview of stakeholder theory</b>	<b>37</b>
	<i>2.5.1 Stakeholder theory perspectives</i>	<i>38</i>
	<i>2.5.2 Normative stakeholder theory</i>	<i>39</i>
	<i>2.5.3 Descriptive stakeholder theory</i>	<i>39</i>
	<i>2.5.4 Instrumental stakeholder theory</i>	<i>39</i>
<b>2.6</b>	<b>Defining stakeholders</b>	<b>41</b>
	<i>2.6.1 Identifying Stakeholders</i>	<i>43</i>
	<i>2.6.2 Prioritising Stakeholders</i>	<i>45</i>
	<i>2.6.3 Balancing Stakeholder Interests</i>	<i>46</i>
<b>2.7</b>	<b>Processes for stakeholder management</b>	<b>47</b>
<b>2.8</b>	<b>Summary</b>	<b>52</b>
<b>3</b>	<b>DIALOGUE PROCESSES FOR STAKEHOLDER ENGAGEMENT</b>	<b>54</b>
<b>3.1</b>	<b>Introduction</b>	<b>54</b>
<b>3.2</b>	<b>Relevance of dialogue within CSR stakeholder engagement</b>	<b>54</b>
	<i>3.2.1 Defining stakeholder dialogue</i>	<i>55</i>
<b>3.3</b>	<b>Prerequisites for stakeholder dialogue</b>	<b>58</b>
	<i>3.3.1 Motivation and commitment to CSR dialogue</i>	<i>59</i>
	<i>3.3.2 Procedures for dialogue</i>	<i>60</i>
	<i>3.3.3 Stakeholder participation</i>	<i>61</i>
<b>3.4</b>	<b>Limitations and risks involved in dialogue</b>	<b>65</b>
<b>3.5</b>	<b>Types of dialogue tools</b>	<b>67</b>
	<i>3.5.1 Meetings</i>	<i>67</i>
	<i>3.5.2 Partnerships</i>	<i>67</i>
	<i>3.5.3 Sustainability Reporting</i>	<i>68</i>
	<i>3.5.4 Social Media</i>	<i>69</i>
<b>3.6.</b>	<i>Relevance of social media for CSR</i>	<i>70</i>
<b>3.7.</b>	<i>Summary</i>	<i>71</i>
<b>4</b>	<b>A PROPOSED FRAMEWORK TO MEASURE INTEGRATED</b>	<b>74</b>

	<b>COMMUNICATIONS FOR CSR STAKEHOLDER ENGAGEMENT</b>	
4.1	Introduction	74
4.2	Emergence of integrated communications (IC)	74
4.2.1	Differentiating IC and integrated marketing communications (IMC)	76
4.2.2	Defining IC	78
4.2.3	Strategic communication	81
4.3	Core elements of IC	83
4.3.1	<i>Creating and nourishing relationships</i>	84
4.3.2	<i>Stakeholder focused</i>	85
4.3.3	<i>Strategic consistency</i>	86
4.3.4	<i>Purposeful Interactivity</i>	86
4.3.5	<i>Mission marketing</i>	88
4.3.6	<i>Zero based planning</i>	88
4.3.7	<i>Cross-functional management</i>	89
4.3.8	<i>Creating core competencies</i>	90
4.3.9	<i>Data-driven marketing</i>	91
4.3.10	<i>Integrated agency for outsourcing</i>	92
4.4.	Discussion, critique and addition of IC elements	92
4.5	IC Models	94
4.5.1	<i>Stakeholder-focused models</i>	94
4.5.1.1	<i>Integrated stakeholder relations model (1996)</i>	94
4.5.1.2	<i>Stakeholder Model for Integrating Social Responsibility in Marketing (2005)</i>	96
4.5.2	Process orientated models	99
4.5.2.1	<i>The three-dimensional IC model (2000)</i>	99
4.5.2.2	<i>IC: toward flexible integration (2008)</i>	102
4.5.2.3	<i>Eight-Step IC Model (2000)</i>	103
4.5.2.4	<i>Integrative Framework for Designing and Implementing CSR (2009)</i>	106
4.5.3	Channel oriented models	108
4.5.3.1	<i>CSR Management: The Inside-Out Approach (2008)</i>	108
4.5.3.2	<i>Integrated Model of Media Selection (2010)</i>	110
4.5.4	<i>Content oriented models</i>	111
4.5.4.1	<i>A Framework for CSR Communication (2010)</i>	111
4.6	Review and critique of the IC models within the context of the adopted IC definition for this study	114
4.7	A proposed IC framework to support stakeholder engagement within strategic CSR	116
4.8	Summary	121
5	<b>ANGLO AMERICAN SOUTH AFRICA'S APPROACH TO STAKEHOLDER ENGAGEMENT</b>	124

5.1	Introduction	124
5.2	AASA's operations	125
5.3	AASA's approach to strategic CSR	126
5.4	Stakeholder engagement methods: core pillar of sustainability	128
5.4.1	<i>Corporate level stakeholder engagement: materiality assessment</i>	129
5.4.2	<i>Operational level stakeholder engagement: SEAT process</i>	131
5.4.3	<i>SEAT process: stakeholder engagement plan (SEP)</i>	133
5.5	Outreach and engagement methods	134
5.6	Summary	134
6	RESEARCH METHODOLOGY AND OPERATIONALISATION	136
6.1	Introduction	136
6.1.1	<i>Time line account of steps taken in the research</i>	136
6.2	Purpose and objectives of the study	138
6.2.1	<i>Purpose of this study</i>	138
6.2.2	<i>Objectives of this study</i>	139
6.3	Formulation of the research problem	141
6.3.1	<i>Formulation of the research questions</i>	141
6.3.2	<i>Research assumptions</i>	142
6.4.	Research approach	144
6.4.1	<i>Qualitative and quantitative research approaches</i>	145
6.4.2	<i>The interpretive and positivist research paradigms</i>	146
6.4.3	<i>Research design: embedded single case study</i>	147
6.4.3.1	<i>Applicability and limitations of the single case study approach</i>	147
6.4.3.2	<i>Motivation to use an embedded single case study approach for this study</i>	149
6.4.4	<i>Sample method</i>	150
6.4.4.1	<i>Selection of the organisation</i>	151
6.4.4.2	<i>Interview Sample</i>	152
6.4.4.3	<i>Focus Group Sample</i>	152
6.4.4.4	<i>Sample of documents</i>	152
6.4.4.5	<i>Units of analysis</i>	153
6.4.6	<i>Data triangulation</i>	154
6.5	Data Analysis: A Qualitative content analysis (QCA) approach	155
6.6	Data collection methods	156
6.6.1.1	<i>Qualitative content analysis (QCA)</i>	157
6.6.1.2	<i>Selection of sample documents</i>	157
6.6.1.3	<i>Ethical considerations for the qualitative content</i>	158

	<i>analysis (QCA)</i>	
6.6.2.1	<i>Semi-structured interviews</i>	158
6.6.2.2	<i>Interview schedule</i>	159
6.6.2.3	<i>Pilot testing the interview questions</i>	160
6.6.2.3	<i>Logistics</i>	161
6.6.2.4	<i>Ethical considerations for the interviews</i>	161
6.6.3	<i>Focus Groups</i>	162
6.6.3.1	<i>Moderators guide</i>	163
6.6.3.2	<i>Pilot testing the moderator's guide</i>	163
6.6.3.3	<i>Setting up the focus group</i>	164
6.6.3.4	<i>Ethical considerations for the focus group</i>	165
6.7	<b>Reliability and validity</b>	166
6.7.1	<i>QCA Validity</i>	167
6.7.2	<i>QCA Reliability</i>	167
6.7.3	<i>Validity of semi-structured interviews</i>	168
6.7.4	<i>Reliability of semi-structured interviews</i>	168
6.7.5	<i>Validity the focus group</i>	168
6.7.6	<i>Reliability of the focus group</i>	169
6.8	<b>Case study procedures</b>	169
6.8.1	<i>Case study protocol</i>	170
6.8.1.1	<i>Skill of the researcher</i>	170
6.8.1.2	<i>Field data collection procedures</i>	170
6.8.1.3	<i>Access to the Site</i>	170
6.8.1.4	<i>Sources of data</i>	171
6.8.2	<i>Outline of the case study report</i>	172
6.8.2.1	<i>Case study database</i>	172
6.9	<b>Summary</b>	173
7	<b>DATA ANALYSIS AND FINDINGS</b>	174
7.1	<b>Introduction</b>	174
7.2	<b>Discussion of the findings</b>	174
7.3	<b>Category one: Strategic CSR motivation</b>	177
7.3.1	<i>QCA sub-category: social licence to operate</i>	177
7.3.2	<i>QCA sub-category: business strategy</i>	178
7.3.3	<i>Interviews: sub-category: social licence to operate</i>	179
7.3.4	<i>Interviews sub-category: CSR as organisational culture</i>	181
7.3.5	<i>Focus group sub-category: CSR as a business</i>	182
7.3.6	<i>Interpretation and theoretical discussion of Category one: Strategic CSR motivation</i>	184
7.4	<b>Category 2: stakeholder engagement methods</b>	185
7.4.1	<i>QCA: Stakeholder engagement guidelines</i>	186
7.4.2	<i>Interviews: Knowledge of stakeholder engagement</i>	187

	<i>methods</i>	
7.4.3	<i>Interviews: Benefits of stakeholder engagement methods</i>	189
7.4.4	<i>Interviews: Balancing stakeholder needs</i>	191
7.4.5.	<i>Focus group: Legislative driven stakeholder engagement: Social and Labour Plans (SLPs)</i>	192
7.4.6	<i>Focus group: AASA's stakeholder engagement processes</i>	194
7.4.7	<i>Focus Group: Trust</i>	196
7.4.8	<i>Interpretation and theoretical discussion of category two: CSR stakeholder engagement methods</i>	198
7.5	<b>Category three: Organisational processes</b>	199
7.5.1	<i>QCA: Resources</i>	200
7.5.2	<i>QCA: Structure and function of communications</i>	201
7.5.3	<i>Interviews: Communications strategy</i>	202
7.5.4	<i>Interviews: Organising IC and collaboration</i>	204
7.5.5	<i>Focus group: Collaboration between the CSR and communication function</i>	206
7.5.6	<i>Interpretation and theoretical discussion of category 3: IC organisational processes</i>	208
7.6	<b>Category four: CSR content</b>	210
7.6.1	<i>QCA: positioning the brand</i>	210
7.6.2	<i>QCA: Consistent messaging guidelines</i>	212
7.6.3	<i>Interviews: Creating CSR content for diverse stakeholders</i>	213
7.6.4	<i>Interviews: Methods for consistent content</i>	215
7.6.5	<i>Focus group: Legislation driving content</i>	216
7.6.6	<i>Focus group: Marketing CSR: how much is too much?</i>	217
7.6.7	<i>Interpretation and theoretical discussion of category four: Consistent CSR content</i>	219
7.7	<b>Category five: Communication channels</b>	221
7.7.1	<i>QCA: Two-way communication</i>	221
7.7.2	<i>Interviews: Types of channels</i>	226
7.7.3	<i>Focus group: Use of channels to meet stakeholder preferences</i>	228
7.7.4	<i>Interpretation and theoretical discussion of category five: communication channels</i>	231
7.8	<b>A critical analysis of the overall findings based on the proposed IC framework to support stakeholder engagement within strategic CSR</b>	232
7.9	<b>Summary</b>	241

<b>8</b>	<b>CONCLUSIONS AND RECOMMENDATIONS</b>	<b>243</b>
<b>8.1</b>	<b>Introduction</b>	<b>243</b>
<b>8.2</b>	<b>Answering the four research questions of this study</b>	<b>244</b>
<b>8.2.1</b>	<b><i>Research question one: What is the relevance of stakeholder within strategic corporate social responsibility (CSR)?</i></b>	<b>244</b>
<b>8.2.2.</b>	<b><i>Research question two: To explore different stakeholder dialogue process to support stakeholder engagement?</i></b>	<b>245</b>
<b>8.2.3</b>	<b><i>Research question three: What would an integrated communications framework include to support stakeholder engagement for strategic CSR?</i></b>	<b>247</b>
<b>8.2.4</b>	<b><i>Research question four: How can the IC framework proposed in this dissertation, which supports stakeholder engagement, be incorporated into AASA's stakeholder engagement practices?</i></b>	<b>248</b>
<b>8.2.5</b>	<b><i>Solving the research problem for this study</i></b>	<b>249</b>
<b>8.3</b>	<b>Return to the Research Assumptions</b>	<b>250</b>
<b>8.4</b>	<b>Limitations and strengths of this study</b>	<b>252</b>
<b>8.4.1</b>	<b><i>Limitations of this study</i></b>	<b>252</b>
<b>8.4.2</b>	<b><i>Strengths of this study</i></b>	<b>253</b>
<b>8.5</b>	<b>Recommendations for future research</b>	<b>254</b>
<b>8.6</b>	<b>Relevance of the findings for future research</b>	<b>254</b>
<b>8.7</b>	<b>Conclusions</b>	<b>255</b>
	<b>Sources Consulted</b>	<b>258</b>

## LIST OF TABLES

1.1	Demarcation of the study	23
3.1	Levels of stakeholder engagement process	62
3.2	Ladder of stakeholder engagement framework	63
4.1	Summary of the Proposed IC Framework to support stakeholder engagement within strategic CSR	120
6.1	Sample of documents for the qualitative content analysis	158
6.2	Schedule of semi-structured interviews	17
6.3	Summary of the case study design	171
6.4	Illustration of the case study database	172
7.1	Data analysis summary of categories and sub-categories	175
7.2	Frequency of category and key concepts codes	176
7.3	Category one: Strategic CSR motivation	177
7.4	Category two: Stakeholder engagement methods and sub-categories	180
7.5	Category three: IC organisational processes and sub-categories	199
7.6	Category four: consistent CSR content and sub-categories	210
7.7	Category five: Optimising IC communication channels and sub-categories	221

## **LIST OF FIGURES**

<b>2.1</b>	<b>Five stages of stakeholder engagement model</b>	<b>51</b>
<b>4.1</b>	<b>Ten strategic drivers of IC</b>	<b>84</b>
<b>4.2</b>	<b>Integrated Stakeholder Relations Model (1996)</b>	<b>95</b>
<b>4.3</b>	<b>Three-Dimensional IC Model</b>	<b>100</b>
<b>4.4</b>	<b>Eight-Step IC Model (2000)</b>	<b>103</b>
<b>4.5</b>	<b>A Framework for CSR Communication (2010)</b>	<b>112</b>
<b>5.1</b>	<b>Stakeholder Mapping and Identification at AASA</b>	<b>130</b>
<b>5.2</b>	<b>Anglo American’s Materiality Assessment Process</b>	<b>131</b>
<b>5.3</b>	<b>Summary of the SEAT Toolkit process</b>	<b>132</b>
<b>7.1</b>	<b>The Anglo Social Way - Management system standards</b>	<b>178</b>
<b>7.2</b>	<b>AASA Communications Function Organogram</b>	<b>201</b>

## **ANNEXURES**

<b>Annexure A</b>	<b>Interview Schedule</b>	<b>288</b>
<b>Annexure B</b>	<b>Information Note for Interview Participants</b>	<b>292</b>
<b>Annexure C</b>	<b>Focus Group Moderators Guide</b>	<b>294</b>
<b>Annexure D</b>	<b>Information Note for the Focus Group</b>	<b>300</b>

# **1 ORIENTATION AND MOTIVATION**

## **1.1 Introduction**

This study is concerned with the role of Integrated Communication (IC) in stakeholder engagement within strategic corporate social responsibility (CSR) at Anglo American South Africa - hereafter referred to as AASA.

While the stakeholder literature emphasises the relevance of stakeholders and includes guidelines to identify them, little attention is given to how they actually communicate and work together towards mutually acceptable solutions (Perrot 2003:384; Kent 2011:551). The organisation-stakeholder relationship is contingent on how they communicate to develop mutually beneficial and responsive CSR strategies (Roloff 2008:233).

More specifically, this chapter discusses the context, aim and objectives of this case study. The embedded single case study research design adopted is explained below in order to understand the role of IC to support CSR stakeholder engagement within AASA.

## **1.2 Context of the study**

Numerous perspectives exist about what CSR is and how it should be implemented. This study will show that there is no universally accepted definition of what CSR is influencing how it is implemented today. A general view of CSR as a concept involves organisations integrating social and environmental concerns in the way they generate profits. This study adopts the perspective of strategic CSR, often referred to as the 'business case for CSR' (Carroll 2009:95).

Strategic CSR combines ethics with strong business acumen to create mutual economic and social value (Evans, Haden, Clayton & Novicevic 2013:19). This requires organisations, engaging in profit generating activities, to integrate the perspectives of both internal and external stakeholders. This study aligns with the assertion that social expectations regarding an organisation's CSR are derived from

its stakeholders. These expectations are constantly changing, and if organisations are to be sustainable, they need to adopt a stakeholder orientated approach to develop effective and responsive CSR strategies (Sun, Stewart & Pollard 2010:7).

While stakeholder literature emphasises the importance of stakeholder engagement and the processes involved therein, little attention is given to the communications practices used during stakeholder engagement. IC provides a solution in that it offers a multi-pronged approach for engaging with various stakeholders and when incorporated holistically, aids in aligning CSR seamlessly throughout any organisation.

### **1.2.1 Background of the study**

Both globally and in South Africa, CSR has been considered a panacea for addressing both corporate and societal sustainability (Morsing & Schultz 2006:2). South Africa's government has pledged to step up the delivery of services and has appealed to various social partners including business, civil society and labour organisations to throw their weight behind efforts for socio-economic development (Deloitte & Touche 2013:5; Hamann 2006:179-180). While business organisations, government and civil society are increasingly collaborating, little attention has been given to the role of communications in enhancing stakeholder engagement as part of organisations' sustainability strategies (Podnar 2011:75).

The need for an IC framework to support strategic CSR stakeholder engagement is important in light of South Africans demanding improved social services and in the wake of recent, mine strike action. Although this is not a new issue for mines, the Marikana incident in 2012 underlined the need for improved dialogue between miners, communities, workers and other stakeholders in this sector (Twala 2012:61-62). There is a growing body of helpful working knowledge on stakeholder engagement in the mining sector and beyond (Deloitte & Touche.2013:5). This study serves to add to existing literature by exploring whether and how IC can support stakeholder engagement for responsive and strategic CSR approach.

AASA has made significant inroads towards embedding CSR throughout the organisation. The organisation's ethos notes that although its operations extract finite natural resources, it can have the most positive impact through using its resources to benefit broader society. To this end, the organisation's stakeholder engagement is guided by *The Anglo Social Way*, which is AASA's framework of requirements for social performance management, throughout a mine's development, from exploration to closure. Along with *The Anglo Social Way*, the organisation launched the *Socio-Economic Assessment Toolbox* (SEAT) in 2003, which was updated in 2012. The SEAT is AASA's gold standard for assessing its socio-economic impacts, with a view to improving its risk management (Wyatt-Tilby 2012:1). This study reviews AASA's stakeholder engagement practices against the proposed IC framework discussed in section 4.7 in order to ascertain if and how IC supports the organisation's CSR strategy.

### **1.2.2 Purpose of the study**

The purpose of this study is threefold. It firstly describes stakeholder engagement within strategic corporate social responsibility. Secondly, it investigates different and relevant dialogue processes to improve stakeholder engagement. Thirdly, it puts forward an IC framework forward as a means to enhance stakeholder engagement. Lastly, it scrutinises AASA's approach to stakeholder engagement against the proposed IC framework.

This study reviewed the proposed IC framework through a single case study approach within AASA. The organisation recognises that it can only be profitable if it considers its impact on society. As shown in its Social Development Report (2012:2), the sustainability of its business is inextricably linked to the sustainable development of the communities around their operations. This commitment is evidenced through the SEAT, which is an entrenched practice at AASA (See chapter five).

### **1.2.3 Relevance of the topic**

Despite the fact that CSR is a burgeoning field, its definition remains vague, ambiguous and extensively debated (Podnar 2008:75; Carroll 1996:33). Furthermore, CSR is often confused with an array of concepts and related issues

such as, corporate citizenship, corporate social investment, sustainability and triple bottom line reporting (McWilliams, Siegel & Wright 2006:8). The lack of a precise CSR definition has implications for how it is implemented, as discussed in chapter two.

As will be noted in chapter two, CSR is defined as “a business strategy that integrates stakeholder input in order for an organisation to take account of its impact on society both immediately and over the long-term.” This definition considers CSR stakeholder engagement as integral to an organisation’s core business strategy. For an organisation to be sustainable, it needs to be aware of its operating environment and expectations of its stakeholders. IC emphasises the need for organisations to be stakeholder-focused to help the organisation keep abreast of its social responsibilities (Nielsen & Thomsen 2012:53). This is especially relevant as the ambiguity of CSR also influences how it is interpreted and implemented within the organisation (Reynolds & Yutha 2007:48; Snider et al 2003:175). IC’s boundary spanning function, which has it operating on the edge of an organisation, places it uniquely, to understand societal issues, relay and counsel management to define its CSR strategy. In addition, IC provides the communication tools needed to invite stakeholder input to inform its strategic CSR approach in order to develop mutually beneficial programmes (De Sousa et al 2010:296; Orlitzky et al 2011:10).

This study is relevant since most organisations in South Africa practice CSR as a non-core business issue (Rohkemper 2008:12). This study aims to examine AASA stakeholder engagement methods to review how IC can support this process and inform its CSR strategy. Based upon this review, this study proposes an IC framework so that more responsive and holistic CSR strategies can be established.

#### ***1.2.4 Relationship of the topic to the discipline of communication***

IC has an important role to play in shaping strategic CSR programmes. As will be noted in chapter four, numerous other perspectives exist, which regard CSR communication, primarily as a supportive public relations function. This study adopts the viewpoint of Niemann (2005) noting that IC includes all strategic communication. This study considers IC as uniting the internal and external communication functions

so that the organisation 'can speak with one voice' to its internal and external stakeholders (Newsom 2009:276). Integrating both the internal and external communication functions is especially important because IC is not only a technical function but plays a significant advisory function. An organisation's licence to operate is derived from society, and therefore it must build positive relationships with all its stakeholders. This is contingent on having the strategies and communication mechanisms in place both internally and externally to engage and assimilate the expectations of stakeholders. Failure to consider the needs of stakeholders can result in a demotivated workforce, reputational damage and ultimately its survival (Bhattacharya 2010:84; Carroll & Buchholz 2009:56).

For this to materialise, IC has an important boundary-spanning function to better understand their stakeholders and their issues. IC should be considered a strategic function with executive decision-making power to be able to counsel management rather than a technical and/or support function to build responsive communication with stakeholders (Bhattacharya 2010:84; Christensen et al 2009:213; Kristensen 2010:136). This is dependent on how the IC function is configured, namely the location and structure of the communications departments (See sections 4.2.3 and 4.3.7).

### **1.2.5 Other research in the field**

CSR communication has been the subject of study in various disciplines. Where communications theory has contributed to this field, it has focused broadly on the potential benefits and risks in communicating an organisation's CSR initiatives, by examining how this contributes to an organisation's brand and reputation (Podnar 2008:77). For instance, a study by Maigan, Ferrel and Hult (1999) found that while there are many benefits to communicating CSR efforts, consumers might view the organisation with scepticism, thinking that it is trying to hide something. Similarly, Morsing, Schultz and Nielsen (2008) explored the apparent 'catch 22' of communicating CSR among Danish organisations. The study showed that when organisations publicise their CSR, stakeholders might view their marketing efforts as bragging and/or insincere. Other studies have examined how organisations report

on CSR through their annual and/or sustainability reports (Collins, Kearins & Roper 2006:1; Rasche & Esser 2006:251).

Other research has focused on how to achieve IC through aligning symbols, messages, procedures and behaviours across formal organisational boundaries (Christensen et al 2008; Christensen et al 2013; Schultz & Wehmeier 2010). There is scant research on the actual stakeholder dialogue and/or communication processes, namely how organisations promote stakeholder feedback and respond to it.

### **1.3 Literature review**

For the purposes of this study, the researcher draws on stakeholder management literature to understand how to undertake stakeholder engagement. This study also reviews IC theory to review its efficacy for improving strategic CSR. Thereafter this study proposes an IC framework for its operationalisation, so that more relevant and needs-driven CSR strategies can be established.

Thus, this study is interdisciplinary in that it draws from both the business management and organisational communication disciplines by examining strategic management, CSR and IC theories. The section below explains these theoretical concepts related to these disciplines and serves to motivate for their use in this study as elaborated on in chapter two, three and four.

#### **1.3.1 Strategic CSR**

CSR is a difficult concept to comprehend. This has led to numerous interpretations, biases of management and ultimately confusion regarding its implementation (Carroll & Shabana 2010:86; Veltri & Nardo 2013:26; Orlitzky et al 2011:8). Coupled with the array of definitions available, CSR is also synonymous with a range of concepts such as sustainable development, corporate citizenship, corporate social investment (CSI), sustainability, triple bottom line reporting and social accounting, to name but a few (Carroll & Shabana 2010:86; Marrewijk 2003:96; McWilliams et al 2006:8; Néron & Norman 2009:3; Maignan & Farell; 2003; Moan, Lindgreen & Swaen 2009; Pedersen 2006:137).

The most prevalent definition of CSR is Carroll (1979) who describes CSR as being comprised of four components: economic, legal, ethical and discretionary (Dahlsrud 2006; Orlitzky et al 2011:9). Carroll's definition was later revised to refer to the philanthropic expectations that society has of organisations at any given point in time (Schwartz & Carroll 2008:167).

The lack of a precise CSR definition is illustrated by a study conducted by Dahlsrud (2006), which identified 37 commonly used definitions of CSR (Carroll & Shabana 2010:89). This lack of a precise definition has influenced how it is implemented. For the most part, CSR in South Africa remains largely practiced as a non-core business (Bhattacharya 2010:92; Rohkemper 2008:12; Hamann & Kapelus 2004:86).

For the purpose of this study, the researcher defines strategic CSR as: "a business strategy that integrates stakeholder input in order for an organisation to take account of its impacts on society, both immediately and over the long-term." As noted in sections 2.3 and 2.4 this definition emphasises that CSR is a strategic management function, which should be built into its core business. Secondly, it emphasises the importance of entering into a relationship with a range of stakeholders in order to help an organisation understand its social context in order to reconcile social and environmental concerns with economic imperatives. Taking this strategic view, organisations that integrate stakeholder concerns into their daily operations have a strategic approach to CSR that ensures the long-term success of the organisation (Donaldson 1999:239).

This study also adopts a strategic view of CSR (McHanley 2009:30). This approach focuses on how to optimise an organisation's competitive advantage, through an inspection of both its internal situation (vision, mission, and objectives) and external operating environment, in order to plan and implement strategies that are cognisant and responsive to its social impacts. Such an approach sets it apart from its competitors and improves profitability (Freeman & McVea 2001:4; Nieman 2005:26; McHanley 2009:30). In order for organisations to take into account their social impacts, there is a need for a stakeholder-oriented view of CSR. This is especially relevant because organisations derive their social license to operate from society.

### **1.3.2 Stakeholder engagement**

This study also includes stakeholder management theory. Through stakeholder management, organisations are able to keep abreast of its social responsibilities, enabling them to devise strategic CSR strategies to secure their profitability and overall sustainability (Collins, Kearins & Roper 2006:2; Mchanley 2009:30).

Numerous definitions of a stakeholder have been postulated (Freeman 1999; Polansky 1995; Hiles & Barnes: 2001). Underlying all of these definitions is an emphasis on groups or stakeholders beyond the organisation's shareholders. The most prevalent definition used is Freeman's (1984:46), which defines a stakeholder as "any group or individual who can affect or is affected by the achievement of the organisation's objectives.

This study defines stakeholders as "those groups and individuals who depend on an organisation and who have the ability to influence or be affected by the actions of an organisation." This definition more aptly highlights the inter-relationship and/or exchange between the organisation and its stakeholders in that both parties can influence each other.

The challenge for organisations is how to engage with this broad range of stakeholders. Mitchell et al's (1997:854) theory of stakeholder identification and salience, asserts that managers often focus on those on who have the power to influence its operations.

To address how organisations can balance and integrate stakeholders, this study discusses various processes or methods to undertake stakeholder engagement. (See section 2.7). This study uses the Accountability.org's (2005) Stakeholder Engagement Standard (AA1000SES) framework as the basis of describing the process of stakeholder engagement. The AA1000SES series describes five stages in the stakeholder engagement process namely: stakeholder mapping, stakeholder management, stakeholder engagement and attending to the needs and concerns of the stakeholders (Freeman et al 2010:55-56). Regardless of the type of stakeholder engagement model used, stakeholder theory emphasises the importance of building

inclusive and mutually beneficial relationships. This is important because it is only the strength of the organisation-stakeholder relationship that mutually beneficial and responsive CSR strategies can be developed.

### **1.3.3 Stakeholder dialogue**

While the stakeholder literature emphasises the relevance of stakeholders and includes guidelines to identify them, scant attention is paid to the manner in which organisations communicate with stakeholders to find mutually acceptable solutions (Perrot 2003:384; Kent 2011:551). Through stakeholder dialogue, organisations are able to keep pace with their social responsibilities (Bhattacharya 2010:84; Carroll & Buchholz 2009:56).

There are numerous definitions of stakeholder dialogue as discussed in section 3.2.1. Several authors have put forward definitions emphasising that dialogue implies two-way communication (Andriof 2001; Bendell 2003; Becket & Jonker 2006; Grunig & Hunt 1984; Johnson-Cramer 2003). This study adopts the view of Johnson-Cramer (2003:149), which notes that stakeholder dialogue is the co-creation of a shared understanding by the organisation and stakeholder to find common ground. Bendell (2003:56) adds that the level of dialogue sought by management depends on their understanding and appreciation for CSR. When CSR is central to an organisation's long-term success, the organisation is proactive rather than reactive. Systems and procedures are designed to promote stakeholder dialogue (See chapter three) (Bendell 2003:61).

Dialogue is especially relevant in order for organisations to engage and balance competing stakeholder interests. Through effective dialogue, organisations are better able to balance such interests and achieve agreement around competing demands (Mainardes, Alves & Rapaso 2011:229; O'riodion & Fairbrass 2008:755).

The relevance and process of stakeholder dialogue has been explored briefly. The next part of this study will focus on how IC is able to operationalise stakeholder engagement.

### **1.3.4 Integrated communication (IC)**

IC complements stakeholder theory in that it emphasises the need to involve both internal and external stakeholders (Barker & Angelopulo 2006:48). Traditional conceptions of communication, characterised by a 'one-size fits all' approach are no longer capable of addressing, fully the needs of an organisation's heterogeneous stakeholder groups (Pollach, Johansen, Nielsen & Thomsen 2012:205; Hughes & Demetrious 2006:95).

Different theorists have different perspectives regarding what constitutes IC. Broadly put, IC can be broken down into four major strands, namely 'one sight, one look' communications, integrated advertising/marketing communications, integrated communications and lastly, the stakeholder orientated view (Nowak & Phelps 1994:49; Reinolds & Tropp 2010:2).

IC, characterised by its boundary-spanning function, is uniquely placed to understand stakeholder issues, relay, and counsel management to align their interests with those of their stakeholders (Pollach et al 2012:205). While a review of the literature reveals that IC is considered important, there is little focus on how this concept can support stakeholder engagement in the context of CSR integration and implementation. Where attention has been given, it has been narrowly conceived around cause-related marketing and corporate social investment (Cornelissen & Christensen 2011:384; Maignan & Ferrell 2004:5; Lotila 2010:35).

IC is strategic in nature as Niemen (2005:248) cogently asserts that it combines all the elements of communication to impart an organisation's vision, mission and objectives to build a cohesive brand identity and forge long-term relationships with stakeholders (See section 4.3.2). Building further on Niemann's (2005) perspective and for the purpose of this study, the researcher defines IC as "the strategic practice of facilitating and aligning messages across an organisation's communication channels in order to build interactive and long term stakeholder relationships." As noted above, this study notes that IC combines both internal and external communication in order to speak in 'one, institutional voice' to all its stakeholders (Newsom 2009:476). The adopted definition of IC emphasises four essential

components necessary to achieve IC namely: stakeholder focus, organisational processes, channels and content (Christensen & Cornelissen 2011:391; Kitchen & Schulz 2009:200). These components are elaborated on in section 4.7.

In summary, the strategic CSR perspective adopted for this study is about the contribution of business to sustainability. For organisations to understand what their social responsibilities are, a paradigm shift is required in terms of how organisations identify, involve and communicate with their stakeholders. IC offers a multi-pronged approach for building interactive dialogue with various stakeholders that enable organisations, in turn, to develop more mutually beneficial and responsive CSR strategies (Christensen & Cornelissen 2011:391).

#### **1.4 Goal and objectives of the study**

The goal of this study is applied communication research, in that it proposes a framework for IC to support stakeholder engagement within strategic CSR.

The primary objective of this study is exploratory in that it aims to understand the role of IC in supporting stakeholder engagement. Secondly, this study explores how IC can help organisations integrate stakeholder input in order to develop holistic and responsive CSR strategies.

#### **1.5 Formulation of the research problem**

In the sub-sections which follow, the research problem, research questions and assumptions are addressed.

##### ***1.5.1 Formulation of the research problem***

The research problem is formulated as:

To explore and describe how IC can support stakeholder engagement within strategic CSR, as employed within AASA by means of a cross-sectional single case study.

### **1.5.2 Formulation of the research questions**

The study attempts to answer the following four research questions:

- Research question one: What is the relevance of stakeholder within strategic corporate social responsibility (CSR)?
- Research question two: To explore different stakeholder dialogue process to support stakeholder engagement?
- Research question three: What would an integrated communications framework include to support stakeholder engagement for strategic CSR?
- Research question four: How can the IC framework proposed in this dissertation, which supports stakeholder engagement, incorporated into AASA's stakeholder engagement practices?

### **1.5.3 Formulation of the research assumptions**

The researcher assumes the following:

**Assumption one: Organisations undertake CSR stakeholder engagement to understand what their social responsibilities are.**

Social expectations regarding an organisation's social responsibility are constantly changing and for organisations to be sustainable, they need to be aware on an on-going basis of stakeholders' needs and expectations (Sun et al 2010:7). As was elaborated in chapter two, organisations need to engage with their stakeholders to understand what constitutes socially responsible business practices. As mentioned in section 4.3 within the IC category, corporate focus, organisations are urged to create nourishing long-term relationships with all stakeholders and not just customers (Kerr et al 2008:513). Building meaningful stakeholder relationships enables organisations to keep abreast of societal needs and thus maintain their social license to operate and overall sustainability (Debeljak, Krkac̃ & Banks 2011:11).

**Assumption two: Organisations have existing CSR stakeholder management techniques.**

To understand what constitutes as socially responsible behaviour, CSR is implemented through stakeholder management (Milliman, Ferguson & Sylvester 2008:32; Goa & Zhang 2001:724).

Thus, organisations develop stakeholder engagement strategies usually aligned to the AA1000 Stakeholder Engagement Manual (Accountability.org 2005:21) and Global Reporting Initiative Guidelines 3 (GRI3) (2011). These guidelines identify common approaches to managing stakeholders, including stakeholder mapping, stakeholder categorisation based on their ability to influence the organisation, as well as the actual engagement process.

**Assumption three: IC enables organisations to practice two-way symmetrical communication through the creation of appropriate content and the use of various tools to build interactive stakeholder relationships.**

IC is premised on interactive communication that inspires participation with all of an organisation's stakeholders (Burchell & Cook 2006:155; Pollach et al 2012:205). IC focuses on synchronising the content and communication channels to provide targeted, credible and transparent information. To be interactive, IC requires organisations to put as much emphasis on receiving messages as they do on sending them (Kitchen & Schulz 2009:200; Gronstedt 1996:296-297). Optimal use of interactive tools can help organisations know their stakeholders better, proactively engage with them and possibly avert potential problems that could negatively affect its brand reputation (Bittner & Leimeister 2011:11).

**Assumption four: Organisations do not have the four core IC elements aligned optimally to integrate stakeholder input for responsive and strategic CSR**

The researcher assumed that the organisation has not fully aligned and/or coordinated the four core IC elements (namely: stakeholder focus, organisational processes, channel and content).

For IC to play a meaningful role towards assimilating stakeholder feedback it must be a strategic management function. IC must have easy access to executive management in order to advise management regarding stakeholder issues. Stakeholders must be central to all business planning and decision-making processes. (Pollach et al 2012:205). Given IC's boundary spanning function as operating on the edge of the organisation, IC can advise and meaningfully participate in the organisation's strategy formulation process so that organisations keep abreast of societal needs and expectations. This is no more applicable within the context of CSR (Christensen et al 2008:436). Thus, IC must be considered as a vital strategic function rather than just being a support function.

IC involves aligning messages, processes and communication channels in order to communicate consistently to build a favourable reputation and long-term stakeholder relationships (Christensen & Cornelissen 2011:387). To achieve this, the manner in which an organisation is configured is important (Christensen et al. 2008:425; Duncan & Caywood 1996:26). In so doing, organisations need to have mechanisms in place for cross-functional and cross departmental integration rather than departmental planning and monitoring (De Sousa et al 2010:296; Orlitzky et al 2011:10), so that there is an integration of communicative efforts across an organisation, rather than merely within certain departments (See section 4.3.7). If this is not in place, it is reasonable to assume that the 'broken-telephone' effect will limit the effectiveness of communications to meaningfully integrate stakeholder engagement for an holistic and responsive CSR strategy.

Finally, to inspire dialogue an organisation must put as much emphasis on receiving messages as they do on sending them (Kitchen & Schulz 2009:200; Gronstedt 1996:296-297). This means that an organisation needs to invest in databases to collect and analyse data in order to get to know their stakeholders (Kitchen & Schulz 2000:90; Newsom 2009:467). While any communication channel is capable of conveying an organisation's CSR messages, it needs to be appropriate and user-friendly for each stakeholder (Jahdi & Acikdilli 2009:106).

## **1.6 Research methodology**

The methodology used for this study is an embedded single case study research design (See chapter six). The section below discusses the research method as per Yin's (2009:27) recommendations regarding the five components of the case study approach namely, the research questions, research assumptions, propositions (if any), the unit of analysis and interpretation of the findings.

### **1.6.1 The research method**

An embedded single case study research design was adopted to understand the role of IC, in supporting CSR stakeholder engagement, within AASA. To cite Yin (1987:13), case study research is preferred, firstly, when, why and how questions are posed. Secondly, case study research is an appropriate method of research when attention is focused on a contemporary phenomenon within a real-life context. Based on the literature reviewed, organisations, such as AASA are increasingly adopting CSR. This involves engaging with a number of internal and external stakeholders to include their concerns in the way an organisation generates a profit. Thirdly, the case study is justified as an empirical inquiry when the boundaries between a phenomenon and context are not clearly evident, and where multiple sources of evidence are used (Yin 1998:23). This method allowed the researcher to probe more deeply AASA's organisational context within which CSR stakeholder engagement occurs as well as whether and how IC is used. As shown in section 2.3, organisations have different ways of interpreting CSR thereby influencing how it engages with its stakeholders and the implementation of CSR thereof (Rowley 2002:17).

One of the most distinctive features of case study research is that it relies on the collection and analysis of data from several sources, including documentation, archival records, interviews and focus groups (Du Plooy 2009:182). This allows for multiple facets of an issue or event to be exposed and understood (Baxter & Jack 2008:525). The method allowed the researcher to comprehensively understand the context of AASA's operations, how it identifies its stakeholders and how it communicates with them (See chapter five).

### **1.6.2 Research approach**

This dissertation adopted both a quantitative and qualitative research approach. In the main, the study is qualitative as it explored how organisations communicate to their stakeholders. Du Plooy (2009:88) describes the primary aim of qualitative research as observing and then describing the characteristics, properties or values of what is being studied. This type of research uses inductive reasoning in that it examines observations and then interprets the responses received to search for themes and patterns. The study also has a small quantitative component as it enumerated the frequency of key terms and concepts such as ‘stakeholders’, ‘sustainability,’ and ‘licence to operate’ (See Table 7.2) in AASA’s CSR documentation (Babbie 2007:405).

### **1.6.3 The population**

According to Mouton (1996:134), the population refers to a collection of things, events and individuals that share a common characteristic. This study is concerned with exploring how a South African mining organisation, undertakes CSR stakeholder engagement within the context of IC.

### **1.6.4 Target population**

Given that it is impossible to investigate all mining organisations in South Africa, it was necessary to select a sample from the population under study (Denscombe 2009:23). According to the Department of Mineral Resources there are 1,600 mining organisations operating in South Africa. From this, the target population identified for this study were those mining organisations listed on both the Johannesburg Stock Exchange (JSE) and on the Socially Responsibility Index (SRI). The SRI index assesses organisations based the triple bottom line and governance criteria. Furthermore, organisations are rigorously assessed based on their compliance with the *King Report on Corporate Governance* (2009) and the extent to which they integrate stakeholder views.

### **1.6.5 Sampling**

There are two types of sampling approaches, namely probability sampling and non-probability sampling. Within probability sampling, each unit of analysis has the same opportunity of being selected out of the sample. This method of sampling can be replicated to other studies because it is based on a statistical approach. This study uses non-probability sampling, where the sample is nominated based on prior knowledge of the issue, combined with the researcher's judgement (Denscombe 2010:24-25). Usually non-probability sampling is selected when there is insufficient information about a phenomenon (Denscombe 2010:35).

This study used purposive sampling - a type of non-probability sampling whereby the researcher, based on prior knowledge, intentionally selects the thing or subject because it has certain characteristics that are relevant to the study (Denscombe 2009:34). In this study, the researcher deliberately identified an AASA an organisation recognised for its CSR initiatives. Two important criteria were used as guidelines for selecting AASA as the subject of this study. Firstly, the organisation practises strategic CSR and demonstrates stakeholder engagement. Secondly, the researcher was interested to examine a sector where organisations have an extensive impact on a diverse range of stakeholders.

To this end, the mining sector was selected as opposed to others such as telecommunications or Fast-moving Consumer Good (FMCG) organisations, since it has great potential to promote socio-economic development in South Africa. The mining sector's Gross Domestic Product (GDP) is significant, and it is one of the country's largest employers (Sutton & Jenkins 2007:6). Its geographic reach is also extensive and these combined factors mean that it is positioned, uniquely to advance socio-economic development on both a macro and micro level (Sutton & Jenkins 2007:6). The sample was then reduced to 22 mining organisations, which were identified as best performers using the JSE SRI. AASA was selected because it was ranked first among the mining organisations listed as best performers in terms of social responsibility (South African Listed Organisations Make Progress Tackling Climate Change, JSE's 2011 SRI Index Annual Review Results...2011). This study focuses on AASA only, which includes four business units, separately listed on the

JSE with AASA being the majority shareholder of all four of these organisations (See chapter 5).

For the purpose of this study, the units of analysis are both individuals (for the interviews and focus group) and documentary artefacts (for the qualitative content analysis). A unit of analysis can be defined as “what or whom is being studied” (Babbie 2007:117; Rowley 2002:19). This can be an individual, groups or organisations and can even include subjects such as social exchanges or objects that are observed, described and/or explained (Babbie 2007:117; Rowley 2002:19). This study has more than one unit of analysis, making this a single embedded case study (Yin 2009:48).

The first unit of analysis in this study are artefacts, namely text based documents belonging to AASA and relating to stakeholder engagement. These are the *Social, Environment Assessment Toolkit (SEAT)*, *The Anglo Social Way (2009)*, *Annual Report (2012)* and *Sustainability Report (2012)* and others, aimed at ascertaining how the organisation communicates with its stakeholders. The second unit of analysis are individuals, managerial employees of the organisation tasked with CSR and communications who were interviewed and asked to describe their role in supporting stakeholder engagement.

#### **1.6.6 Data collection techniques**

One of the most distinctive features of case study research is that it relies on the collection and analysis of data from several sources (Denscombe 2010:54). Potential sources include documentation, archival records, interviews, physical artefacts, objects, focus groups and participant observation (Du Plooy 2009:182). This allows for multiple facets of an issue or event to be exposed and understood (Baxter & Jack 2008:525).

The single case study method was selected because it allowed the researcher to understand, comprehensively the context within which AASA communicates to its stakeholders and how it fits into the proposed IC framework. The rationale for using

multiple sources of data is the triangulation of evidence (See section 6.4.4.6) (Chadwick et al 1985:40; Denscombe 2010:209).

The data collection methods used for this study included: semi-structured interviews (interview schedule), a focus group (moderator's guide) and a quantitative content analysis. Du Plooy (2009:225) cautions that when relying on documentation, the sample of documents must be of a manageable size to enable a thorough review of the data at hand. To this end, the researcher selected only those documents belonging to AASA, specifically related to stakeholder engagement (See Table 7.1).

### **1.6.7 Interpretation of the data**

Data analysis involves uncovering underlying meaning from the data collected (Denscombe 2008:247). This study used a qualitative content analysis approach (QCA) (See section 6.4.1), which is the process of analysing textual communications such as written, verbal or visual communication messages, through a rule based step-by-step process in order to develop categories or themes (Mayring 2000:2). This method involves a systematic and objective means of describing and analysing documents and reporting this by means of a narrative. This method is guided by questions and reported in a descriptive format such as characteristics, visual codes or themes and focuses on the manifest or latent meaning of messages (Du Plooy 2009: 219-220).

QCA can be achieved in two ways, either inductively or deductively. An inductive approach means the themes identified are linked to the data itself whilst deductive reasoning involves examining the data in light of an existing theory (Du Plooy 2009:27-28; Mayring 2000:2). Because this study is concerned with understanding how IC can support CSR stakeholder engagement within AASA for which there is limited knowledge of this topic, this study used inductive reasoning to analyse the data. Nonetheless, this process still required an understanding of the pertinent theory in order to guide the researcher through the data analysis process (Yin 2009:137). Additionally, this method was selected because it enabled the researcher to consider AASA's organisational context more fully, in order to review how it

undertakes stakeholder engagement and whether IC supports this process (Guest, MacQueen & Namey 2012).

This study adopts Miles and Huberman's (1994) qualitative content analysis (QCA) approach to analyse the qualitative data. This method regards data analysis as consisting of three interlinked processes, namely: data reduction, data display and conclusion drawing verification (Miles & Huberman 1994:10). These processes are recurring, with the researcher continuously moving forwards and backwards over the data, before, during and after data collection. This process is therefore continuous and iterative in nature (Miles & Huberman 1994:11-12).

### **1.6.8 Reliability and validity**

Reliability and validity are two important considerations to ensure that all data collection methods and findings are sound. Reliability refers to the degree to which an operational definition is consistently applied to measure a variable (Babbie 2007:146 Chadwick 1985:46). Reliability also refers to the extent to which a measure is likely to produce similar results if used again under similar circumstances (Babbie 2007:146 Chadwick 1985:46). Validity measures the degree to which the operational definition actually measured a variable (Denscombe 2010:299). In simple terms, validity refers to the extent to which a concept, conclusion or measurement is likely to correspond to the real world (Denscombe 2010:209). It focuses on the accuracy, neutrality and integrity of the research findings.

In order to ensure the validity and reliability of the findings, the researcher followed an analytic research design strategy as recommended by Yin (1994). In doing so, a case study protocol was developed at the outset to keep the research focused. The protocol consisted of an overview of the case, its objectives, field procedures, a research interview schedule as well as moderator's guidelines (See section 6.8.1)

As regards the QCA, the researcher ensured the accuracy of information through crosschecking all information obtained through the interview and focus group sessions. Moreover, the researcher only relied on those materials endorsed by a third party. PricewaterhouseCoopers (PWC) provides an external review of the

organisation's Annual and Sustainability Reports. These documents also provided a chain of evidence to corroborate the focus group and interview data (Yin 2009:119). Furthermore, during the analysis phase, data from each data collection method was analysed individually so that it could be closely examined. The data was later triangulated, to further increase the validity of the study (Tellis 1997) and allow a thorough understanding of each facet of the case prior to forming an overarching picture (See section 6.4.6).

Noting that qualitative research is prone to researcher bias, a co-moderator helped facilitate the focus group. Additionally, the researcher enlisted the support of an external and independent coder. The researcher herself coded the interview and focus group transcripts. The data was crosschecked and reconciled with the independent coder's data. This served to verify the data as well as overcome researcher bias. Furthermore, in order to reduce any bias, the researcher was conscious of presenting herself in a courteous and neutral manner during the interviews and field research. The researcher also reserved any judgements or opinions that could possibly bias a response. Additionally, the researcher wore conventional attire suited to the workplace when visiting the site (Denscombe 2010:180).

The study did not include interviewing the organisation's external stakeholders due to the vast number of stakeholders involved. To address this concern, the study relied on secondary data to review stakeholder views, such as website posts, sustainability reports, SEAT reports, et cetera.

### **1.6.9 Feasibility of the study**

This dissertation received external funding in the way of a bursary, which made the study feasible. The funds were used to cover expenses for a Dictaphone as well as transcription services, editing, printing and binding. No funds were necessary in order to gain access to any of the sites or participants in this study.

## **1.7 Anticipated findings and contributions to the discipline of communication**

In this section, the anticipated findings and the main contributions to the discipline of communication are addressed.

### ***1.7.1 Anticipated findings***

The researcher's findings shed some light on understanding how IC can support stakeholder engagement for an holistic approach towards strategic CSR.

### ***1.7.2 Anticipated contributions to the discipline of communication***

The potential benefits of this study include the harmonisation of disciplines, namely strategic management, stakeholder theory and communication theory. This will lead to the creation of new knowledge to assist with future interdisciplinary research. This study will also provide a conceptual framework for communications and stakeholder engagement practitioners to guide them in their decision-making, design and implementation processes of their stakeholder engagement strategy. It is hoped that this research will aid in improving dialogue between organisations and their stakeholders and that this in turn will result in the development of responsive CSR strategies. Such an outcome would help improve organisations' profitability as well as meaningfully contribute to socio-economic development around the mine's operations and in South Africa generally.

## **1.8 Ethical considerations for this study**

The researcher carefully considered Unisa's ethical policy regarding research and is fully cognisant of its contents. As regards the QCA, given that some information was possibly sensitive or could affect AASA's competitive position, certain data was off limits or required different levels of clearance. In these situations, the researcher requested permission from the Social Performance Manager (Harrell & Bradley 2009:7; Gray 2004:235).

As regards the interviews and focus groups, the researcher briefed the participants in advance about the purpose of the research, in order to gain their informed consent. An interview background information note (See Annexure B) was prepared for the interviews and focus group (See Annexure D) explaining the aims, objectives and outcomes of the research (See Annexure B). Prior to the interviews and focus group the researcher requested permission to record the interviews and group discussion. Additionally, the researcher informed participants that their comments and certain information provided by them could remain confidential if they so chose. This helped the respondents share their views more openly allowing for the gathering of detailed information.

## 1.9 Demarcation of the study

The study can be demarcated as follows regarding the research questions, which will be addressed as indicated in Table 1 below:

Table 1.1: Demarcation of the study

<b>CHAPTER</b>		<b>RESEARCH QUESTIONS</b>
Chapter One:	Orientation and motivation	1 - 4
Chapter Two:	Corporate Social Responsibility (CSR) and the relevance of stakeholder engagement	1
Chapter Three:	Dialogue processes for stakeholder engagement	2
Chapter Four:	A proposed IC framework to measure integrated communications for CSR stakeholder engagement	3
Chapter Five:	AASA South Africa's approach to CSR stakeholder engagement	4
Chapter Six:	Research methodology: embedded single case study	4
Chapter Seven:	Operationalisation, data analysis and discussion of findings	4
Chapter Eight:	Conclusions and recommendations	4

## **1.10 Summary**

This study is concerned with how IC can support CSR stakeholder engagement. This chapter discussed how this will be examined by using an embedded single case study research design to explore how AASA implements stakeholder engagement and communication strategies as part of their strategic CSR approach. AASA has developed methods such as the Socio-Economic Assessment Toolbox (SEAT) to improve its relations with stakeholders. SEAT has helped AASA identify specific issues and impacts it has on mining communities and even stakeholders further removed from its operations. It has enhanced its capacity to develop more effective social management plans and ways of monitoring its progress (SEAT 2012:3).

In addition, this chapter set out in brief, the literature relevant for this study as well as the research methodology. More specifically, the purpose and objectives of the research problem and its assumptions were discussed. It also focused on the units of analysis and the data collection methods used namely, semi-structured interviews, focus group and qualitative content analysis. Finally, the approach used to analyse the data was discussed.

Chapter two will focus on the development and evolution of strategic CSR in order to appreciate the role of stakeholders and the relevance they have for defining an organisation's social responsibility.

## **2 STAKEHOLDER ENGAGEMENT WITHIN STRATEGIC CORPORATE SOCIAL RESPONSIBILITY (CSR)**

### **2.1 Introduction**

CSR today is a widely accepted business practice. Despite this, it is a concept that does not have a universally adopted definition. Furthermore, there are numerous perspectives regarding what CSR entails. The lack of a precise definition has influenced how CSR is understood and implemented (McWilliams et al 2006:8; Pedersen 2006:137). Overall, organisations have taken an ad-hoc approach to CSR rather than one that is strategic (Campbell 2012:212). Put most broadly several authors (Campbell 2012:139; Jušcius 2007:39 Lantos 2001:600; Opera 2010:98) take CSR to mean the practice of organisation's adopting ethical and socially responsible behaviour in the process of generating profits, and considering their impact on a broad range of stakeholders.

This study aligns with the assertion that social expectations regarding an organisation's strategic CSR are derived from its stakeholders. These expectations are constantly changing and if organisations are to be sustainable, they need to adopt a stakeholder orientated approach to develop effective CSR strategies (Sun et al 2010:7). This chapter revisits the development and evolution of CSR in order to appreciate the role of stakeholders and their relevance for defining an organisation's social responsibility. This chapter asserts that in order for CSR to be effective, a paradigm shift is required, in terms of how organisations identify, involve and communicate with their stakeholders.

### **2.2 The rise of corporate social responsibility (CSR)**

Organisations are increasingly embracing CSR, but in different ways. This is because the concept itself has, since the 1950s remained vague, ambiguous and contested (Mason & Simmons 2013; Carroll 1996:33). CSR is often seen as synonymous with an array of concepts and related issues such as corporate citizenship, corporate social investment, sustainability, triple bottom line reporting, et cetera (Campbell 2012:212; McWilliams et al 2006:8). The lack of a precise definition

of CSR has shaped the different ways in which it is practiced today. The following section examines the evolution of CSR in order to better appreciate how it is implemented today.

### **2.2.1 Global trends for CSR's growth**

Social movements around globalisation, consumerism, environmentalism and women's rights have served as a catalyst for reconsidering the role of business in society (Freeman et al 2010:40). In addition, operational shifts involving supply chains, joint ventures, et cetera and technological advancements such as the Internet, place organisations under increased scrutiny and pressure to operate in a socially responsible manner (Mainard 2011:222; Kanji & Chopra 2010:120).

Moreover, the increasing number of corporate scandals, such as Enron, Nestle, (De Beer & Rensburg 2012:212; Hollender & Fenichell 2004:51) South African Airways (Piliso 2009); Exxon, Nike and Pfizer (Moan et al 2009:71) among others, have seen external stakeholders increasingly demand transparent and responsible organisational behaviour and reject unethical business practices (Freeman et al 2010:115). Thus, organisations are coming under increased scrutiny to operate ethically.

Simultaneously, private sector organisations have been called upon, to contribute to poverty alleviation and sustainable development, by governments and international bodies such as the World Business Council for Sustainable Development (WBCSD) and the United Nations Global Compact among others (UNECA & AU 2010:124; Campbell 2012:138). For instance, the WBCSD issued a report that focused on the Millennium Development Goals (MDGs) and argued that, 'Business is good for development and development is good for business' (WBCSD 2005: 6).

### **2.2.2 CSR's growth in South Africa**

In South Africa, CSR emerged in response to the socio-economic imbalances brought on by apartheid, rather than the vision of sustainable development

prominent in America and Europe. After the first democratic elections in 1994, the government appealed to organisations to contribute to poverty alleviation and promulgated a number of legal reforms to incentivise such behaviour. For instance, the Broad-based Black Economic Empowerment (B-BBEE) Act of 2003 has become an important policy instrument aimed at poverty alleviation. Organisations that comply with the B-BBEE Codes of Good Conduct and Scorecards, and adhere to industry charters are able to benefit from government tenders. These developments have had a positive impact, in terms of distributing wealth to historically disadvantaged groups (Ndhlovu 2009:72).

South Africa's CSR agenda also seeks to address social problems such as unemployment, crime, weak social services and a burgeoning HIV and AIDS populace (Hamann 2006:179-180; Miles & Jones 2010:38). Also, the Johannesburg Stock Exchange (JSE), Socially Responsible Investment (SRI) Index, adapted from the FTSE4Good Index, encourages organisations to contribute to socio-economic development (CSR Background info: South Africa CSR Today). As evidence of CSR's growth in South Africa, Trialogue's CSI Handbook (2012:80) noted that business invested R6.9 billion in social projects during the 2011/12 financial year and that the total CSI spend over the last five years had improved by roughly 10% per annum.

Coupled with these developments, South Africa's *Report on Corporate Governance* 2009 (King III) tasks organisations to take into account and report on their triple bottom line. A review of reporting practices of the largest 100 organisations listed on the Johannesburg Stock Exchange (JSE) found that the frequency and comprehensiveness of such reporting is more advanced than those organisations in leading competing economies (Miles & Jones 2009:7-8).

Notwithstanding, CSR in South Africa remains overall practiced as a non-core business issue (Bhattacharya 2010:92; Rohkemper 2008:12; Hamann & Kapelus 2004:86). It is often referred to as 'greenwashing' and seldom incorporates inclusive stakeholder engagement practices or substantive changes to policies and the implementation thereof (Bhattacharya 2010:92; Rohkemper 2008:12; Hamann & Kapelus 2004:86).

This trend may be attributed to the ill-defined nature of CSR and the resulting ad-hoc manner in which it is implemented. Below, various definitions and concepts of CSR are explored to illustrate this point and based on this discussion; this study puts forward a working definition of strategic CSR.

### **2.3 Defining strategic CSR**

CSR is a difficult concept to comprehend, which has led to numerous interpretations, biases of management and ultimately confusion regarding its implementation (Veltri & Nardo 2013:26; Orlitzky et al 2011:8).

Carroll's (1979) most widely used definition, describes CSR as being comprised of four components: economic, legal, ethical and discretionary and/or philanthropy. The economic component focuses on an organisation's primary duty, which is to make a profit. The legal aspect relates to an organisation's duty to obey the law. The ethical component focuses on organisations upholding a moral code to respect the rights of others. Finally, the discretionary and/or philanthropic component involves charitable activities that support broader society. CSR goes beyond legal requirements to include broader social concerns arising from stakeholder expectations. Interestingly, this definition does not refer, specifically to the environment, although it could be argued that this aspect is covered by the discretionary component (Dahlsrud 2006; Orlitzky et al 2011:9). Carroll's definition was later revised to refer to the philanthropic expectations that society has of organisations at any given point in time (Schwartz and Carroll (2008:167).

Various other definitions of CSR emphasise the social responsibilities of organisations. Kok, Weile, McKenna and Brown (2001:288), for example, state that CSR involves organisations using their resources to improve the welfare of society, with no regard of monetary gain. Similarly, McWilliams and Siegel (2001:117) assert that CSR activities are those that advance societal good, comply with legislation and go beyond an organisation's economic interests. Lantos (2001:600) on the other hand, describes CSR as a balancing act between organisation making profits, and that of contributing to the wellbeing of society by bearing in mind their impact on

society's long-term needs. The above definitions all stress the need for organisations to consider how their actions can negatively affect society.

In order to establish what these societal impacts are, CSR is usually defined using a stakeholder perspective. For instance, contemporary international organisations, such as The World Economic Forum (WEF) and the European Commission define CSR as an organisation's efforts to consider their impact on society in consultation with stakeholders (European Commission 2011:6).

A socially responsible organisation is one that employs organisational systems to facilitate dialogue with a range of stakeholders in order to take account of its social impact both immediately and over the long-term (Wilson 2003:2).

Schwartz and Carroll (2008:167-170) put forward a value, balance and accountability (VBA) framework in an attempt to resolve confusion around the terms i) corporate social responsibility, ii) business ethics; iii) stakeholder management; iv) sustainability; and i) corporate citizenship. Value is created primarily, when business meets society's needs, by producing goods and services in an efficient manner, while avoiding unnecessary negative externalities. Schwartz and Carroll (2008:167-170) also believe that organisations should balance competing stakeholder needs and priorities, and that final accountability requires them to take responsibility for their actions and where necessary take remedial steps to rectify problems.

Dahlsrud (2006) conducted a study and identified 37 commonly used definitions of CSR, which excluded academically derived definitions. The study used a content analysis of CSR definitions from a Google search, which revealed five common terms associated with CSR, namely i) social; ii) economic; iii) environmental; iv) voluntarism; and v) stakeholders (Carroll & Shabana 2010:89).

CSR is also synonymous with a range of concepts such as sustainable development, corporate citizenship, corporate social investment (CSI), sustainability, triple bottom line reporting and social accounting, to name but a few (Carroll & Shabana 2010:86; Maignan & Ferrell 2004:5; Moan et al 2009; McWilliams et al 2006:8; Néron & Norman 2009:3; Pedersen 2006:137).

One of the concepts most often associated with CSR is sustainable development, which is also synonymous with the notion of the 'triple bottom line'. The triple bottom line involves the integration of profit, people and planet as key to establishing sustainable development (Heslin & Ochoa 2008:141). An even more common conception of CSR, is that of corporate philanthropy and/or corporate social investment (CSI), which is characterised by community donations, employee volunteering and cause-related marketing (CRM). Zollo (2004:2) argues that the difference between CSR and CSI lies in an organisation's motivation. In CSI, organisations engage in, often ad-hoc, philanthropic activities to improve their reputation and maximise profits. Closely related to this concept is Cause-Related Marketing (CRM). A portion of any revenue, generated from a product or service is then donated to a designated non-profit organisation (Brønn & Vrioni 2001:214; Du et al 2010:17). CRM aims to attract those consumers who wish to make a difference in society through their purchases, while building the organisation's brand and customer loyalty.

Surveys have shown that if price and quality are equivalent, consumers are more likely to shift to a brand that has a CRM benefit (Brønn & Vrioni 2001:217). Equally, CSI and CRM also carry with them potential reputational risks. Stakeholders can easily become cynical and perceive CRM as well as the marketing of CSI activities as insincere and amounting to bragging (Brønn & Vrioni 2001:217; Du et al 2010:17; Jadhvi & Acikdilli 2009:103; Villagra & López 2013:205).

As can be seen from the discussion above, a universally accepted, comprehensive definition of CSR has eluded authors for decades (Carroll & Shabana 2010:89; Mason & Simmons 2013). Nonetheless, common to the various proposed definitions of CSR are the five dimensions noted by Dahlsrud (2006), namely i) social; ii) economic; iii) environmental; iv) voluntarism; and v) stakeholders.

Interestingly, none of the definitions or concepts explored above offers clarification on what exactly comprises the social responsibility of a business. CSR is shaped more by its context, rather than by formal definitions. Thus, the researcher contends that in order for organisations to take into account their social and environmental context, there is a need for a stakeholder-oriented view of strategic CSR. This is

especially relevant because organisations derive their license to operate from society. By adopting a stakeholder-orientated lens of strategic CSR, organisations can keep pace with their social and environmental responsibilities at any given time and thereby maintain this license (Bhattacharya 2010:84; Carroll & Buchholz 2009:56).

Consequently, for the purpose of this study, the researcher will make use of the following definition:

“CSR is a business strategy that integrates stakeholder input in order for an organisation to take account of its impact on society both immediately and over the long-term.”

This definition emphasises that CSR is a strategic issue, and to be effective it is contingent on the quality of the organisation-stakeholder relationship to create mutual value (Wu 2013:221). The definition above also stresses not only the content of CSR but also how it is established and developed. Organisations in collaboration with their stakeholders can help to reconcile economic, social and environmental ambitions. Furthermore, through stakeholder engagement, organisations can anticipate social, political, economic and technological trends as well as changes. This enables organisations to take steps to minimise any negative impacts or find ways to benefit from opportunities generated by these trends or changes (McHanley 2009:30).

Strategic CSR holds that an organisation’s economic performance is important for enabling it to contribute to social welfare activities as part of its broader strategy (Ndholvu 2009:172). Sophisticated customers and stakeholders look to an organisation’s motives and behaviour to determine whether to support the organisation’s social causes (van de Ven 2008:342). When CSI or CRM activities are aligned to an organisation’s core business over a long period, trust and customer loyalty is more likely to develop (Morsing et al 2008:108-109; Podnar 2008:79; Smith 2011:74).

Despite the definition offered above, it could be argued that difficulties remain regarding the 'how to' and 'what' is involved in implementing strategic CSR. This next section focuses on the evolution of the concept, in order to grasp strategic CSR is implemented today.

## **2.4 Perspectives of CSR**

CSR is a dynamic concept, shaped by societal circumstances and habits at any given time. This section discusses the evolution of CSR according to four streams of thought: i) corporate social responsibility (CSR1); ii) corporate social responsiveness (CSR2); iii) corporate social rectitude (CSR3) and iv) strategic oriented CSR (Carroll & Shabana 2010:88; Wu 2012:223).

It should be noted that at one extreme, some authors when discussing CSR1, have suggested that the only role of business is to make a profit. At the opposite end of the spectrum, some authors conceive of CSR3 involving organisations readily and voluntarily embracing their social responsibilities. It is in this context of contested views that organisations have battled to limit and specify precisely what their social responsibilities are and to whom. As will be noted below, it is this tension, which has shaped CSR's conception and practice today (Sun et al 2010:5).

### **2.4.1 Corporate social responsibility (CSR1)**

The development of CSR1 happened mainly from the 1920s through the 1950s, when extensive debate raged about whether or not business should promote societal good. Critics of CSR argued that an organisation's sole responsibility is to make a profit and that using organisational resources for social good is considered tantamount to stealing shareholders' wealth and detracting from the organisation's economic goals (Evans et al 2013:17; McWilliams et al 2006:3). Additionally, it was also argued that organisations are ill-equipped to make a substantive difference to socio-economic development, noting that any effort in this regard would be superficial and short term (Campbell 2012:139; Evans et al 2013:17).

Whilst this debate continues somewhat, there is growing recognition that the quest for profits must be tempered with due consideration for society. This perspective holds that organisations are morally obliged to protect and improve society, because this provides them with their license to operate (Campbell 2012:141; Carroll & Buchholz 2009:56). Bowen (1953:6), considered by some as the founding father of CSR, explains that an organisation's social responsibility involves pursuing policies and decisions that are congruent with societal objectives and values. It has been pointed out that benefits flow from such an approach, including increased competitive advantage, better differentiation of products, improved employee morale and retention, enhanced brand reputation and increased public trust (De Sousa et al 2010:298; Girard & Sobczak 2011:215). Failing to keep abreast of these expectations, it is said, can result in an organisation's suffering reputational damage and a loss of legitimacy (Ihlen 2008:135; Davis 1973:314).

#### **2.4.2 Corporate social responsiveness (CSR2)**

Corporate social responsiveness (CSR2) arose to replace CSR1 and refers to an organisation's capacity to respond to social pressures. In contrast to the ethical considerations in CSR1, CSR2 focuses on managerial action, which involves the literal act of responding and being receptive to the needs and expectations of society (Wu 2012:222-223).

CSR2 moves away from a normative, philosophical approach to consider practical methods, such as corporate governance and strategic management principles for implementing CSR. This approach involves developing objectives, policies and plans to define how organisations can generate profits, contribute to society and impact on both the environment and stakeholders (De Sousa et al 2010:296). With CSR2, there is a greater emphasis on developing methods and standards to measure the outcomes and/or returns on investment of various CSR policies and strategies as evidenced by social reporting (Carroll & Shabana 2010:88; Samy et al 2010:155).

### **2.4.3 Corporate social rectitude (CSR3)**

During the 1980s, focus shifted back towards the ethical dimensions of CSR (Carroll & Shabana 2010:88). Frederick (2008) popularised the concept of Corporate Social Rectitude (CSR3), which involves organisations developing an ethical anchor, to guide corporate decision-making. Adopting an ethical standpoint, it is argued, helps organisations anticipate the consequences of their actions and avoid negatively affecting society (Mason & Simmons 2013:4; Frederick 2008:522). Organisations develop ethical codes, which provide a blueprint for how they should engage and respond to its social expectations. This perspective is aligned to the idea that where organisations operate without any moral regard, they will ultimately self-destruct. It is often pointed out, for instance that conserving the earth's natural resources is not only morally correct but also instrumental to an organisations' long-term survival (Wilson 2003:2)

Within the CR3 literature, the concept of corporate citizenship (CC) is used extensively. CC describes the ethos adopted by some organisations, particularly multi-national corporations, who abide by the law, voluntarily adopting the values of good neighbourliness and caring about social impacts in the countries and local communities they operate in, as would be expected of any individual (Néron & Norman 2008:12). Being a good corporate citizen requires moral leadership and integrity, in order to account for actions, to all stakeholders irrespective of the site of operations (Néron & Norman 2008:14; Andriof & McIntosh 2001:21). Thus, CC integrates the stakeholder concept to manage an organisation's power in a way that minimises harm and maximises social benefits (Scherer & Palazzo 2010:62-63).

Despite this, none of the CSR perspectives discussed above are able to provide any clarity regarding what constitutes an organisation's social responsibilities. Overarching descriptions of social betterment or broader society are far too abstract to be meaningful. The term society, does not sufficiently inform organisations to whom they should be accountable (Frederick 1994:160). As a response to these concerns and to provide further guidance, the idea of strategic CSR arose.

#### **2.4.4 Strategic CSR**

Current CSR discourse tends to focus on Strategic CSR, often referred to as the business case for CSR. This approach moves away from purely altruistic notions and philosophical undertones towards a more hard-nosed business practice aimed at creating mutual economic and social value (Evans, et al 2013:19). Following tactical management principles, strategic CSR aims to create mutual economic and social benefits for organisations and stakeholders. (Heslin & Ochoa 2008:139). This is achieved through a deliberate process where CSR is entwined in an organisation's culture, policies and plans. A CSR strategy involves developing objectives, policies and plans to define how an organisation will generate profits and act ethically in the way it i) contributes to society; ii) impacts on the environment and; iii) relates with its stakeholders (De Sousa et al 2010: 296). To this end, organisations integrate CSR as part of employee learning programmes, human resource policies and plans (Fenwick & Bierma 2008:25; Garavan, Heraty, Rock & Dalton 2010:588). Organisations demonstrate this commitment through, for instance, health and safety programmes and employee-volunteer programmes et cetera. Benefits of this approach include organisations being better able to attract and retain talent and improve employee morale (Evans, Davis & Frink 2011:953). Due to this growing trend, organisations are measuring and publically reporting their employees' wellness and volunteer programmes via their websites together with annual and sustainability reports (Nord & Fuller 2009:285).

Developing a CSR strategy involves breaking down the abstract concept of society, to explain to whom the organisation is accountable to and on what issues. An in-depth discussion of stakeholder theory follows in section 2.5 below. Together with its stakeholders, organisations are able to define what social and environmental issues are of concern. Based on this engagement, organisations can develop a responsive CSR strategy that is aligned to their core business (De Beer & Rustenberg 2012:208; Signitzer & Prexel 2008:3). In addition, the CSR strategy will include a cost and benefit analysis for integrating its stakeholders throughout its operations (Orlitzky et al 2011:10; Milliman et al 2008:30).

As is evident from this discussion above, the definition of CSR adopted earlier in this study, falls within the strategic CSR perspective. Adopting a strategic CSR approach means that an organisation recognises that it has a responsibility to consider its social impact because it derives its licence to operate from society (Christensen & Cornelissen 2011:384; De Beer & Rustenberg 2011:208). Strategic CSR involves a systematic process that involves stakeholders in assisting an organisation in defining those social issues of concern and ways to address them. For strategic and responsive CSR to manifest, it must be woven into an organisation's culture and daily operations. Without an holistic approach, an organisation is unlikely to understand, assimilate, and respond proactively to stakeholder feedback, which will ultimately affect its sustainability (De Sousa et al 2010:297; Evans et al 2013:15).

Because CSR is a moving target and social expectations are constantly changing, organisations must be adept at considering how they interact with society. The various elements and nuances of this requirement are examined in strategic management theory below.

#### **2.4.5 Strategic management**

Strategic management arose in order to help organisations cope with the increased market changes brought about by the Industrial Revolution, World War 11 and ensuing technological advancements (Bracker 1980:222). The concept of strategic management is relevant even today as it provides organisations with guidance on how to manage change.

Various definitions of strategic management have been offered by Drucker (1954), Ansoff (1965), Chandler (1965), Mintzberg (1979), to name but a few. For example, Drucker (1954:17) notes that strategy involves analysing an organisation's current situation and altering it, if needed. Prior to making such changes, organisations must consider what resources are needed and the implications thereof. Similarly, Chandler (1962:13) asserts that strategy is deciding what the long-term goals of an organisation are, as well as what actions and resources are required to realise these goals. Both of these definitions hold that strategy involves a deliberate process of analysing an organisation's existing internal operations against its relationship with

its external environment and adapting it where necessary. This requires a careful review of the resources needed to achieve identified goals (Bracker 1980:221-222).

This is dependent on organisations understanding its external environment in order to identify possible threats and opportunities, enabling them to adapt appropriately and secure long-term survival. (Freeman & McVea 2001:4). Strategic management involves two processes: i) strategic thinking; and ii) strategic planning. Strategic thinking refers to the decision-making processes involved in determining an overall strategy to realise the vision and objectives of any organisation (Bracker 1980:221; Mintzberg 1994:108). Strategic planning involves developing the operational procedures to implement the strategy (Robert 1997:26). The major importance of strategic management is that it gives organisations i) a framework to assist them in dealing with changes in the market; and ii) the plans and procedures required to achieve their vision and objectives (Bracker 1980:221; Freeman et al 2010:91).

Because CSR is a moving target and social expectations are constantly changing, organisations need to keep abreast of its stakeholder's expectations. The next section therefore examines stakeholder theory and its relevance for CSR.

## **2.5 Overview of stakeholder theory**

Stakeholder theory has been included in the CSR discourse in order to expand organisations' responsibilities beyond shareholders to include all stakeholders. The theory aims to identify who these stakeholders are and what responsibility managers have towards them (Mainardes et al 2011:229).

By building relationships with stakeholders, organisations are able to understand their social responsibilities, which is critical for maintaining their social license to operate. An organisation's legitimacy is based on society's perceptions, and how it accommodates requests regarding CSR issues (Mena, de Leede, Baumann, Black, Lindeman & McShane 2010:167-168). Additionally, stakeholder engagement allows organisations to better anticipate social, political, economic and technological trends and changes and make use of any related opportunities to enhance their competitive advantage (Russo & Perrini 2010:209).

Stakeholder theory was popularised by Freeman (1984) and is linked to strategic management in order to explain organisations' relationships with society as they generate profits. Using systems theory, Freeman (1984) depicted stakeholder theory as a 'hub-and-spoke' model, in which an organisation is the hub of a wheel and stakeholders are at the ends of spokes extending outwards from the hub. Freeman's (1984) illustration emphasises the interdependent relationship organisations have with society. An organisation needs to understand its environment to identify threats and opportunities that could arise, so that it can adapt and secure its long-term survival. Stakeholder engagement helps organisations anticipate social, environmental and political risks and create mutual value for all stakeholders (Moan et al 2009:72; Freeman & McVea 2001:4).

Stakeholder theory has given rise to various ideas, namely i) the separation fallacy; ii) the open question argument; iii) the integration thesis; and iv) the responsibility principle (Freeman et al 2010:217). Expanding on these concepts is beyond the scope of this study, suffice to say that these approaches differ in terms of how widely stakeholders are defined and identified (Ihlen 2008:136; cited by Walsh 2005:429 in Freeman et al 2010:59).

The extent to which stakeholders are involved in an organisation is another important consideration. In the next section, the normative, descriptive, and instrumental dimensions of this question are discussed.

### ***2.5.1 Stakeholder theory perspectives***

For many reasons, organisations respond to numerous stakeholders in different ways. Freeman (1994) unpacks stakeholder theory into normative, descriptive, and instrumental dimensions in order to i) explain who an organisation's stakeholders are; ii) provide methods to categorise stakeholders; and iii) give guidance as to how stakeholders can be responded to.

### **2.5.2 Normative Stakeholder Theory**

According to this approach, organisations enter into relationships with stakeholders because of ethical and moral obligations. Stakeholders are considered to have inherent value, irrespective of their ability to help the organisation maximise profits (Donaldson & Preston 1995:67; Friedman & Miles 2006:29). As such, this approach argues that one stakeholder group cannot take precedence over another, because each stakeholder has intrinsic worth (Freeman et al 2010:224; Evans & Freeman 1993:22). Therefore, this perspective adopts a broad approach to the identification of stakeholders and the inclusion of their interests in the design and development of an organisation's strategy (Freeman et al 2010:224; Heslin & Ochoa 2008:140).

Normative stakeholder theory, influenced by Habermas' theory on communicative action (Habermas 1987), postulates that through discussion and negotiation, stakeholders and organisations can reach a collective understanding towards joint problem solving, rather than through control and attempts at persuasion. According to this theory, employing a participative approach means that stakeholders and organisations alike are able to achieve collaborative and mutually beneficial outcomes (Evans et al 2013:23).

### **2.5.3 Descriptive stakeholder theory**

The descriptive approach focuses on the processes and methods for stakeholder engagement, rather than the motivation behind the interaction (Mainardes et al 2011:233). It describes and/or explains i) the nature of organisations; ii) how managers act and should behave towards stakeholders; and iii) the possible outcomes of engagement (Evans et al 2013:79). Andriof and Waddock (2002:32) note that descriptive theory has yet to be fully developed and this will only occur when researchers are willing to "make some heroic assumption(s) about human behaviour."

#### **2.5.4 Instrumental stakeholder theory**

The instrumental approach asserts that organisations engage in stakeholder management to maximise profits (Mainardes et al 2011:234). Accordingly, an organisation will identify and prioritise stakeholders, based on their ability to further the organisation's objectives (Crane & Ruebottom 2012:79; Philips, Freeman & Wicks 2003:479). This perspective considers CSR and stakeholder involvement as a tactical tool to advance organisations' economic goals (Evans et al 2013:79). Secondary stakeholders are involved in so far as they can help the organisation anticipate future opportunities and threats and thereafter, devise new strategies for survival (Collins et al 2006:4; O'Higgins 2010:160).

Jawahar and McLaughlin (2001:405) advocate this theory in their life-cycle approach, asserting that an organisation goes through four stages i) start-up; ii) emerging growth; iii) maturity; and iv) decline/transition. Accordingly, an organisation will attend to those stakeholders who control the resources necessary to go through any one particular stage. Thus, stakeholders are identified based on their ability to further the organisation's goals. Depending on the maturity of the organisation, various stakeholder groups are managed differently (Jawahar & McLaughlin 2001:410). The relationship between an organisation and its stakeholders is said to be in equilibrium when the costs and benefits of the association are mutual. An imbalance occurs when stakeholders and/or organisations choose to alter the relationship. For instance, stakeholders may withdraw their supplies and/or organisations may reduce customer power by diversifying their customer bases.

The researcher contends that the various approaches set out above are far too distinct. Organisations adopt a variety of stances at any given time. The descriptive and instrumental approaches fail to give sufficient credence to those managers who are guided by ethical principles when incorporating stakeholders (Freeman et al 2010:217). It should also be kept in mind that these stakeholder perspectives tend to perpetuate the power differentials, which exist between various stakeholder groups and organisations. However, stakeholders also have power. When organisations behave irresponsibly, stakeholders can become powerful by withdrawing their

support from the organisation such as through strike action (Crane & Ruebottom 2012:79).

If organisations are to be sustainable, they are at least to some extent, compelled to develop policies and practices that are ethical and build relationships with their stakeholders based on trust and cooperation. Organisations that do so will have improved reputation, giving them a competitive advantage (De Sousa et al 2010: 297; Campbell 2007:949). Ultimately, organisations may blend the various stakeholder approaches, depending on the circumstances and underlying reasons for engagement (Freeman et al 2010:57).

Stakeholder theory has also been criticised for its lack of empirical grounding and the vagueness of the term stakeholder as a concept (Mainardes et al 2011:244). Nonetheless, the researcher adopts stakeholder theory as she is satisfied by the arguments that organisations cannot be sustainable if they do not engage with and satisfy, to some extent, the needs of stakeholders over and beyond shareholders (Wu 2013:221).

## **2.6 Defining stakeholders**

If an organisation's sustainability is dependent on integrating stakeholders, several questions become relevant for this study. These are: who are the organisations' stakeholders? What processes are needed to engage with their multiple and diverse stakeholders? How do organisations integrate stakeholder concerns into their CSR strategy? Stakeholder theory helps identify the organisation's stakeholders and suggests methods to categorise them, in order for organisations to understand to whom they are responsible (Phillips, Freeman & Wicks 2003:479).

Numerous definitions of a stakeholder exist. According to Friedman and Miles (2006:4), there are more than 55 definitions. The most prevalent definition is Freeman's (1984:46), which states that a stakeholder is "any group or individual who can affect or is affected by the achievement of the organisation's objectives." This definition has been criticised as being too wide, since it allows any entity outside an

organisation to deem themselves stakeholders, even if the organisation does not concur.

Subsequently, several authors adapted Freeman's (1984) definition to provide an alternative approach for identifying stakeholders, focusing on the ability of the stakeholder to influence the organisation (Hill & Jones 1992:133). Donaldson and Preston (1995:76) identify stakeholders by their having a just and valid interest in an organisation, regardless of whether the stakeholders are relevant for the organisation.

Clarkson (1995:5) suggests yet another approach for identifying stakeholders, based on whether they carry some risk and/or have a 'stake' in an organisation due to their having supplied money, intellectual capital and/or assets. This definition is similar to Goodposter's (1991:53) suggestion, that a stakeholder is someone that has a 'stake' in the running of the organisation and therefore bears some risk.

Fassin (2009:117) examines the stakeholder definition from a legal and managerial perspective. The managerial approach focuses on the relational aspects between the stakeholder and an organisation, while the legal interpretation focuses on the legitimacy of stakeholder claims based on whether a legal duty exists to attend to them, such as employees and shareholders.

These definitions are not mutually preclusive, since a stakeholder that does not have a contractual relationship with an organisation can still affect and be affected by an organisation (Mitchell, Agle & Wood 1997:857). Gray, Owen and Adams (1996:45), define stakeholders as "any group or individual that can be influenced by, or can itself influence, the activities of the organisation." The researcher believes that this offers a broader and more useful definition because it notes that stakeholders have power over the organisation.

The scope of identified stakeholders varies depending on the definition applied. If an organisation adopts a normative and/or instrumental perspective such as in Freeman's (1984), it will cast its net wider when identifying stakeholders. Organisations, which adopt a narrower perspective, focusing only on the legal and/or

contractual relationships, will have a narrower set of stakeholders (Mitchell *et al* (1997)).

For the purpose of this study, the concept stakeholder is defined as:

“Those groups and individuals who depend on an organisation and who have the ability to influence or be affected by the actions of an organisation.”

This definition highlights the inter-relationship and/or power between the organisation and its stakeholders, in that it recognises that both parties are able to influence each other. While the adopted definition may be considered broad, it should be noted that those stakeholders who may not be considered a priority can at any given time become relevant when they choose to influence and/or actively engage with an organisation (See sections 2.6.2 and 2.6.3 below).

### **2.6.1 Identifying Stakeholders**

As can be seen from the above definitions, stakeholder theory identifies several types of stakeholders. Freeman (1984:55) identifies an exhaustive list of 12 types of stakeholders. These are i) owners; ii) financial communities; iii) activist groups; iv) consumers; v) consumer advocate groups; vi) unions; vii) employees; viii) trade associations; ix) competitors; x) suppliers; xi) governments; and xii) political groups.

Friedman and Miles (2006:13), identify the five groups of stakeholders most commonly referred to in the stakeholder literature as i) shareholders; ii) customers; iii) suppliers and distributors; iv) employees; and v) local communities.

McWilliams and Siegel (2001:117) also identify six generic stakeholders in relation to corporate social responsibility when they suggest that:

“Managers continually encounter demands from multiple stakeholder groups to devote resources to CSR social responsibility. These pressures emerge from customers, employees, suppliers and distributors, community groups, governments and some stockholders.”

Within the context of CSR, the Global Reporting Initiative (GRI3 2006:25) identifies i) communities; ii) civil society; iii) customers; iv) shareholders and providers of capital; v) suppliers; and vi) employees, other workers and trade unions as stakeholders.

It is the researcher's view that these perspectives are too narrow, as they fail to recognise that stakeholders form part of social groupings and networks beyond the conventional typologies of employees, customers, suppliers et cetera. In fact, Crane and Ruebottom (2011:85) assert that while organisations may categorise stakeholders according to demographics and/or functions, they must also consider how stakeholders can organise themselves. Stakeholders can do this according to various social identities and interests. Consequently, organisations need to consider the different ways stakeholders may identify and organise themselves based on these collective identities and interests (for example historically disadvantaged, socialists, vegans, et cetera) when deciding to whom they are responsible and for what. These stakeholders or groupings can become more or less salient at any given time.

Another challenge related to stakeholder theory lies in how to identify and involve the natural environment (silent stakeholder) and future generations or potential victims (absent stakeholders) (Branco & Roderigues 2007:7). Some authors (See Buchholz 2004) have conferred upon these groups the status of an individual or stakeholder in order to give them a voice. However, it is this assertion, which has led authors to argue that only living humans can be considered stakeholders and criticise attempts to broaden the meaning of stakeholders (Branco & Roderigues 2007:7; Phillips & Reichart 2000:191).

The researcher prefers to adopt a broader definition and believes that the interests of the natural environment and as well as those of absent stakeholders need to be weighed up and taken into consideration by organisations. Such an outlook fulfils organisations' ethical duty to take account of their impact on current and future generations.

From the discussion above, it is clear that organisations have a broad range of stakeholders, who have different interests. Pragmatically, it is impossible for an

organisation to satisfy all stakeholders on every issue that may emerge (Freeman et al 2010:224; O'riordon & Fairbrass 2008:745). This next section explores stakeholder theory further to determine how organisations can mediate this complicated task.

### **2.6.2 *Prioritising stakeholders***

Various categorisation schemes exist to prioritise stakeholders, given an organisation's limited time and resources. These typologies distinguish stakeholders according to an array of attributes including, i) primary and secondary; ii) direct and indirect; iii) legitimate and derivative, among others (Frooman 1999:193; Rääsk 2005:84).

These categorisation schemes are congruent with Clarkson's (1995) primary and secondary stakeholder typology. Primary stakeholders are those groups that have a close relationship with an organisation and are crucial to its survival, such as shareholders, employees, customers and suppliers, government and the local community. The same cannot be said for secondary stakeholders. These stakeholders are those that are affected directly and/or indirectly by organisations' decisions and activities and include entities such as the media, the local community, et cetera (Clarkson 1995:107; Ihlen 2008:136).

Mitchell et al (1997:853) put forward a theory of stakeholder identification and salience, suggesting that organisations prioritise stakeholders according to their levels of power. Power accrues to a stakeholder based on three core attributes, namely i) power; ii) legitimacy; and iii) urgency. Accordingly, Mitchell et al (1997:872) classify stakeholders according to latent, expectant and definitive stakeholders. Definitive stakeholders possess all three traits and management therefor choose to engage with those stakeholders as they have the greatest ability to exert pressure on organisations.

Fassin (2009:120) classifies stakeholders according to three distinct categories i) stakeholders; ii) stakewatchers; and iii) stakekeepers. Stakeholders are those who have a close relationship with the organisation and possess legitimacy, power and

influence. The organisation has a duty to attend to this subgroup, which includes employees, shareholders and suppliers, et cetera. Stakewatchers are those who do not have a valid claim to the organisation, but safeguard the interests of the real stakeholders, such as trade unions, customer associations, et cetera. Stakekeepers have no stake but can influence and control the organisation by imposing regulations such as, auditors, the media, government regulators, et cetera (Fassin 2009:122). Fassin (2009) refers to this system of classification as a “Stake Model of the Organisation” which the researcher believes offers a far more comprehensive understanding of who an organisation’s stakeholders are and their corresponding influence.

For the purpose of this study, Clarkson’s (1995) primary stakeholder typology is adopted, which focuses on those stakeholders who have legitimacy and on whom the organisation depends upon for its survival. This typology is selected because the stakeholders it identifies are crucial for an organisation’s sustainability and in turn for the wellbeing of society in general. This study focuses on five generic stakeholder groups, namely i) shareholders and/or managers; ii) employees; iii) consumers; iv) suppliers and v) the government and the local community, because these groups represent important audiences for any organisation concerned with adopting socially acceptable behaviour.

Admittedly, while these stakeholder typologies are useful, they do not explain how organisations take their various stakeholders’ needs and concerns into consideration, nor how they balance conflicting interests. The manner in which organisations address such tensions depends on the relative power of the different stakeholder groups as discussed below (Arvidson 2010:340; Boesso & Kumar 2008:63).

### **2.6.3 *Balancing stakeholder interests***

As already mentioned, Mitchell et al (1997:853) have put forward a theory of stakeholder identification and salience, which argues that managers prioritise stakeholders based on three core elements, namely i) the stakeholder’s power to influence the organisation; ii) the legitimacy of the stakeholder’s affiliation and; iii) the

urgency of the stakeholder's requests (Mitchell et al 1997:854). Stakeholders possessing all these attributes have more of an ability to influence the organisation. For instance, organisations will more likely prioritise those stakeholders who control critical resources needed by the organisation for its long-term survival (Mason & Simmons 2013, Heslin & Ochoa 2008:139; Welcomer, Cochran & Gerde 2003:87).

Stakeholders may also influence and affect organisations through, for example, withholding and/or usage strategies. Stakeholders can take two routes to get their concerns attended to, namely direct and indirect strategies. Direct strategies are used when stakeholders influence the flow of an organisation's resources such as its employees and their ability to implement strike action. When stakeholders have little power, indirect tactics such as co-opting additional support from networks or other groups such as trade unions and Non-governmental Organisations are used (Frooman 1999:198-202; Fang, Huang, & Huang 2013:121; Rowley 1997:891). Thus, organisations need to carefully weigh and keep abreast how stakeholders can at any time become high priority stakeholders.

From the above, it seems clear that stakeholders are prioritised based on their ability to affect the organisation's objectives. Stakeholders, who are not salient to the organisation at any given time, can devise strategies to escalate their concerns. Failing to balance stakeholder concerns can result in reputational damage and ultimately compromise an organisation's survival. Therefore organisations need to establish systems to frequently communicate with stakeholders and build interactive relationships so that issues can be addressed as and when they arise (Fang et al 2013:121; De Beer & Rensburg 2011:214; O'riodion & Fairbrass 2008:747).

Because organisations do not have the time or the resources to engage each stakeholder individually, nor attend to all their concerns, various guidelines have been developed to assist organisations (De Sousa et al 2010:296). The section below discusses various stakeholder frameworks, which aim to guide organisations in integrating and balancing stakeholder needs.

## **2.7 Processes and guidelines for stakeholder management**

Various models have been developed to help organisations identify and manage their stakeholders. These approaches have their roots in strategic management literature, which is concerned with the development of plans to help organisations cope with uncertainty in their operating environments (Bracker 1980:221). An organisation needs to understand its external environment to identify threats and opportunities that could arise (Moan et al 2009:72; Freeman & McVea 2001:4).

The various frameworks identify a number of processes for stakeholder management and include i) stakeholder mapping; ii) stakeholder management; iii) stakeholder engagement and; iv) attending to stakeholders. The first step involves identifying and developing a map of specific stakeholders based on their interests and determining if there is a 'fit.' The second step involves research to assess the stakeholder's behaviour based on their ability to cooperate and/or hinder the organisation. The third step entails scenario planning and focuses on the various positions stakeholders can take ranging from cooperation and indifference to exerting pressure on the organisation. From this, an organisation can predict and devise engagement strategies to deal with its various stakeholders (Girard & Sobczak 2012:216; Mason & Simmons 2013).

In general, stakeholders are categorised solely by their generic economic function, such as employees, investors, suppliers et cetera (Donald & Preston 1995; Hills & Jones 1995; Jensen 2002). Such categories ignore mapping stakeholder groups that arise due to shared interests, values, culture and other demographics. For instance, employees cut across demographic groups, and will have different needs and expectations of their employers. Hence, network theory and social identity theory is useful in order to expand the conventional way of identifying and prioritising stakeholders (Crane & Ruebottom 2011:217). It is also important to note that stakeholder coalitions may come together based on a common set of interests, and when combined have greater power to influence organisations. This is a critical issue, as in today's modern economy organisations and stakeholders are increasingly entering into partnerships, as evidenced by the number of public-private partnerships (PPPs) and multi-stakeholder learning dialogues (MSLD) (Andriof &

Waddock 2002:35). Organisations can make sense of the various fluctuations and shifts that may arise among these social groups by partnering with stakeholder networks.

Crane and Ruebottom (2011:84-85) recommend a cross mapping of stakeholders based on their organisational roles and social identities. Plotting how these characteristics converge, it is said, helps organisations create frameworks that integrate both economic as well as socially relevant information, to assess social groups as influential, weak, important, or essential. The complexity of stakeholder engagement, has resulted in a dramatic rise in accountability measures, such as i) the UN Global Compact's, Global Reporting Initiative (GRI3) guidelines, which were launched in March 2011; ii) Accountability.org's Stakeholder Engagement Standard (AA1000SES) published in 2005; iii) the AccountAbility Principles Standard (2008); iv) the Social and Ethical Accountability, Auditing and Reporting (SEAR) standards; and v) the SA8000 standard which provides guidance on what CSR issues to address. These issues include human rights, health and safety, governance structures and how to implement and engage stakeholders (Rasche 2010:2; Rasche & Esser 2006:251). The International Organization for Standardization (ISO) released its ISO 26000 guidelines on standards for global corporate social responsibility on 1 November 2010. Notably, the ISO 26000 is a voluntary code and does not contain requirements to obtain CSR certification (1 November launch of ISO 26000...2010). Guidance on how to manage stakeholders fairly and what each party can expect from the engagement process forms an important aspect of these standards.

In South Africa, as of June 2010, all organisations listed on the Johannesburg Stock Exchange (JSE) are obliged to compile an integrated report in place of separate annual financial reports and sustainability reports. The integrated report includes information on organisations' social, environmental and financial performance, providing users with a more holistic overview (Integrated report is a new requirement for listed an organisation's...2010).

The AA1000 AccountAbility Principles Standard (Accountability.org 2008:9) provides guidance for the process of stakeholder engagement based on three principles

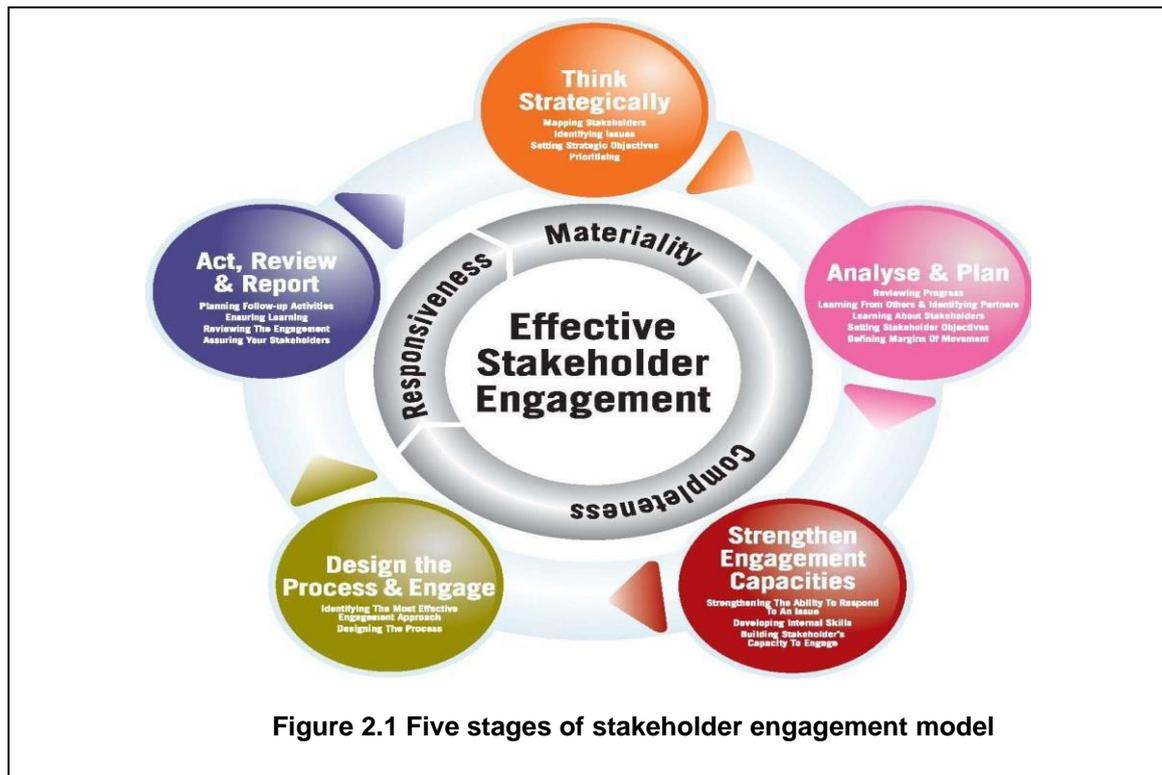
namely i) materiality; ii) completeness; and iii) responsiveness. Materiality requires that organisations understand and know what is important to them and their stakeholders. The second principle of completeness requires that organisations acknowledge i) the impact they have on society and the environment; and ii) their stakeholders' views, needs and expectations. Finally, responsiveness entails attending meaningfully to the needs of organisations and their stakeholders (AA1000SES). These principles support the overarching aim of inclusivity. The concept of inclusivity emphasises the need to reflect, at all stages, the needs and views of all stakeholder groups (Rasche 2010:7).

Accountability.org's Stakeholder Engagement Manual (2005:15) sets out four standards to assess the effectiveness of engagement, namely i) inclusiveness: who is included in the dialogue; ii) Procedures: the basis, on which the dialogue is designed and implemented; iii) Responsiveness: the extent to which the various parties respond to the dialogue; and iv) outcomes: what actually happens and who reaps the related costs and benefits.

To aid in meeting these standards, the AA1000 Stakeholder Engagement Manual (Accountability.org 2005:21) describes five stages in the stakeholder engagement process, which build on Freeman's (1984) strategic management theory (See Figure 2.1 below). The first stage involves identifying the reasons for stakeholder engagement and defining the stakeholders. The second step involves understanding and analysing the issues at hand to develop a plan for engagement. The third stage focuses on ensuring that an organisation and its stakeholders have the systems and skills necessary to engage successfully in a productive relationship (for instance, having sufficient expertise and knowledge of the subject). The fourth stage includes identifying the most effective engagement methods such as meetings, phone calls, blogs, chat rooms, et cetera. The final stage involves monitoring and evaluation. This is fundamental for organisational learning in terms of how well any organisation is engaging and responding to their stakeholders.

Accountability.org's model as depicted in Figure 2.1 below suggests that stakeholder engagement is a process that can only be effective, if it is integrated throughout an organisation. The model also emphasises that organisations should involve

stakeholders right at the outset of devising their corporate strategies and devise systems for engaging with them. The approach depicted in Figure 2.1 also shows the importance of communication-flow throughout an organisation to ensure an holistic CSR strategy (Crane & Ruebottom 2011:84-85).



Source: Stakeholder Engagement Manual (2005:15)

Similarly, the Global Reporting Initiative (GRI) guideline on governance addresses the stakeholder concept, and requires organisations to report on their stakeholder engagement activities as follows: i) create a list of stakeholder groups engaged by the organisation; ii) state the basis for identification and selection of stakeholders; iii) set out the approaches used for stakeholder engagement, including frequency of engagement by type and by stakeholder group; and iv) identify the key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to these, including through its reporting.

From the above discussion, the frameworks proposed by Freeman (1984) and Weis (1994) as well as those set out in internationally accepted guidelines, such as the AA1000 Stakeholder Engagement Manual (Accountability.org 2005:21) and GRI3 (2011) share a number of approaches to managing stakeholders. These include i)

stakeholder mapping; ii) stakeholder categorisation based on a stakeholder's ability to influence an organisation; and iii) the actual engagement process.

The AA1000 Stakeholder Engagement Manual (Accountability.org 2005:21) is particularly relevant for this study because it is the only framework that focuses on ensuring that organisations and their stakeholders have the systems, skills and competencies necessary to engage successfully. Additionally, it includes procedures for measuring and reviewing organisations' progress towards integrating fully, stakeholder concerns and responding to them. This is crucial for organisational learning and developing improved responsive CSR strategies. Using the AA1000 framework will help organisations build credible and lasting relationships with its stakeholders and help secure its sustainability.

## **2.8 Summary**

In this chapter it was explained that, despite being widely accepted, CSR lacks a universally accepted definition which influences how it is implemented. CSR is shaped more by its context, and less by how it is defined. At the very heart of the CSR discourse is a tension, a tug-of-war so to speak, as to organisations define, specify and limit what their social responsibilities are and to whom. Meanwhile, stakeholders are becoming more sophisticated and demanding about what constitutes as socially responsible behaviour.

This chapter proposes that rather than splitting hairs regarding the definition of CSR, a stakeholder-oriented view is to be preferred. This is especially relevant because organisations derive their license to operate from society. By adopting a stakeholder-orientated lens of strategic CSR, organisations can keep pace with their social and environmental responsibilities at any given time and thereby secure their license to operate. Additionally the normative, descriptive and instrumental approaches to CSR was reviewed to illustrate how an organisations' motivation for engagement influences the extent to which stakeholders are involved and their concomitant efforts to incorporate these concerns into their CSR strategies. It was indicated that when stakeholders possess salience and/or power, organisations increasingly interact and address the interests of such groups. This chapter identified several

important steps, which enable organisations to identify their stakeholders and the best methods for prioritising and engaging with them.

When stakeholder engagement is taken seriously, it is based on sound ethical principles combined with the systems to enable engagement. One sense in which stakeholder engagement frameworks are lacking is that they fail to explain how organisations should converse with their stakeholders in order to reach a trade-off between their economic goals and social development. To this end, the next chapter explores dialogue processes for stakeholder engagement.

### **3 DIALOGUE PROCESSES FOR STAKEHOLDER ENGAGEMENT**

#### **3.1 Introduction**

As elaborated on in chapter two, while the stakeholder literature emphasises the relevance of stakeholders and includes guidelines to identify them, little attention is paid to the communications processes, needed to facilitate mutually acceptable outcomes (Perrot 2003:384; Kent 2011:551). The organisation-stakeholder relationship is contingent on how it communicates with its stakeholders and comes up with mutually beneficial and responsive CSR strategies (Roloff 2008:233).

This is especially true, given that organisations often engage with a range of stakeholders with differing and competing interests. Consequently, organisations are confronted with the complicated task of choosing whom to communicate with and what issues to address. (O’riordon & Fairbrass 2008:745). Through effective dialogue, organisations can balance competing demands and hopefully come to mutually beneficial agreements (Mainardes et al 2011:229; O’riordon & Fairbrass 2008:755).

The aim of this chapter is to explain how stakeholder dialogue can be initiated and maintained for mutually beneficial CSR outcomes and enduring stakeholder-organisation relationships. Accordingly, this chapter explores i) the relevance of stakeholder dialogue; ii) what must be considered for it to be effective and; iii) finally how such dialogue occurs.

#### **3.2 Relevance of dialogue within stakeholder engagement**

In general, when organisations have engaged with stakeholders in particular local communities, they have primarily done so for economic interests. Local, social and environmental concerns are often secondary. Even when organisations engage in CSR, it is often from a mind-set that presumes that the organisation knows what is best for society, rather than a genuine desire to listen and discover the actual needs and expectations of stakeholders (Freeman et al 2010:224).

While organisations may communicate with their stakeholders, they are confronted with the complicated task of deciding with whom to deal with first and around which issues (Freeman et al 2010:224; O'riordon & Fairbrass 2008:745). The process leading to compromise largely depends on the relative power of the different stakeholder groups (Arvidson 2010:340; Boesso & Kumar 2008:63).

As was elaborated in sections 2.5 and 2.6, the issue of power and influence has a bearing, in terms of not only which stakeholders are identified but also how they are communicated to. Through collaboration based on genuine dialogue, both the organisation and stakeholders can find win-win solutions for mutual value creation.

There are numerous benefits of stakeholder dialogue. Through dialogue, organisations are able to understand their social responsibilities, which is critical for maintaining their social licence to operate. Organisations' legitimacy is based on society's perceptions as well as the manner in which they accommodate requests regarding CSR issues. Additionally, organisations can anticipate emerging issues before they become harder to resolve and avert reputational risk. Dialogue provides an effective way to exchange information, clarify issues and find solutions, especially when there are competing interests. Furthermore, organisations can anticipate social, political, economic and technological trends and make use of these opportunities to enhance their competitive advantage (Mason & Simmons 2013; Mena et al 2010:167-168; Peach 1987:195).

It has been stated that effective dialogue involves continuous interaction, mutual respect, honesty and transparency (Andriof, Husted, Waddock & Rahman 2002:9). However, little attention has been paid to the actual dialogue processes used to promote participation, involvement and consensus (Morsing & Schulz 2006: 239). To understand what makes for effective dialogue, it is first necessary to discuss how it is defined.

### ***3.2.1 Defining stakeholder dialogue***

Dialogue has been referred to as consultation, engagement, participation, collaboration, partnership, and bargaining (Laasonen 2010:528). Stakeholder

dialogue is characterised by interactive as opposed to one-way communication, where information is merely disseminated to stakeholders (Burchell & Cook 2006:155; Kitchen & Schulz 2009:200; Gronstedt 1996:296-297).). Andriof (2001:228) describes dialogue as a conversation, where information is exchanged and knowledge acquired. Similarly, Grunig and Hunt (1984:48), as early as the 1980s noted that dialogue should involve two-way communication. Through two-way communication, Johnson-Cramer, Berman and Post (2003:149) assert that stakeholder dialogue enables the co-creation of a shared understanding of collaboration. Beckett and Jonker (2006:96) define dialogue as a process in which participants can express their views, attitudes and needs free from professional intrusion and control.

Dialogue is interactive and does not involve persuasion and controlling tactics. Crane and Livesey (2003:47) distinguish between dialogue as two-way communication designed for persuasive purposes and genuine dialogue, premised on two-way communication. Persuasive dialogue is centered on the dissemination of rhetoric, aimed at convincing the other party of the value of a particular point, as opposed to genuine dialogue, which is geared towards collaboration, based on information sharing, joint learning and problem-solving. Similarly, James and Phillips (2010:40) note that dialogue is a type of communication that involves at the very least, respect and an appreciation of another person's dignity throughout the interaction.

Taking a strategic perspective, Johansen and Nielsen (2011) refer to dialogue as the "purposeful use of two-way communication by an organisation to fulfil its mission, that is, to obtain and maintain its license to operate." Grunig and Hunt's (1984) definition above emphasises that dialogue helps organisations understand their social responsibility.

The Environmental Council, an independent convenor for dialogue, which was responsible for resolving the Brent Spar case in the mid-1990s, defines dialogue as a "search for win-wins based on sharing and understanding each party's interests and values towards building and strengthening relationships" (1999:8).

Du Shuli, Bhattacharya and Sen (2010) have examined the concept of two-way communication. Whilst appreciating that two-way communication is bi-directional communication, in that it moves away from merely sending to also receiving stakeholder feedback, the authors contend that it does not consider adequately, “multi-way” communication. The researcher takes multi-way communication to mean that while a sender may pass on information to a receiver, this information may also be shared with other parties or groups at different times or even simultaneously (such as through social media), which then may open the conversation to other receivers.

With increased globalisation and an ever-expanding media landscape, it is more appropriate to use the term ‘multi-way communication’, as information does not simply flow from an organisation to a stakeholder and vice versa in a logical sequence through one communication channel. Rather, stakeholders are increasingly becoming co-creators, advocates and disseminators of information via a range of conventional and social media tools such as the telephone, blogs, Facebook, Twitter et cetera (Du Shuli et al 2010:13). Organisations may thus receive feedback at unanticipated moments and via indirect methods, such as chain emails or comments posted on alternative social media platforms. Clearly, traditional conceptions of communication, characterised by a ‘one-size’ fits all approach, are no longer sufficient to address the needs of organisations’ heterogeneous stakeholder groups (Pollach et al 2012:205).

The definitions examined above are relevant to this study, as organisations interact with numerous and diverse stakeholders, who often have differing and competing interests (Arvidson 2010:340; Collins et al 2006:1). Upon closer examination of the Environment Council and Johnson-Cramer et al’s (2003) definitions, the following characteristics of dialogue can be elicited: it is a continuous process focused on reaching a shared understanding, aimed at joint problem-solving, that builds collaborative relationships. These above definitions notes that communication is a transactional process where people go through a process of sense-making and sense-giving to interpret what is being said. Understanding dialogue is a social process that can only occur in dialogue (Schultz & Wehmeier 2010:12; Basu & Palazzo 2008:125).

Since communication is not a linear process, this study adopts the definition advocated by the Environmental Council (1999:8), which conceives of dialogue as an interactive process based on collaboration. It is through sharing information and listening that organisations and stakeholders alike can find common ground and thus develop responsive and mutually beneficial CSR strategies.

As mentioned in section 2.7 this study adopts Accountability.Org's AA1000 Stakeholder Engagement Framework (2005; 2008) regarding stakeholder management. While in general, this framework promotes stakeholder engagement it falls short of providing insight into the type of conditions needed for dialogue to occur (Reynolds & Yutha 2007:48). Given organisations' diverse and varied stakeholder groups, it is necessary to appraise what makes for effective stakeholder dialogue, both procedurally and substantively. The following section explores the types of conditions suitable for stakeholder dialogue to occur.

### **3.3 Prerequisites for stakeholder dialogue**

To reiterate, stakeholder dialogue refers to a process in which parties with different interests and values, work together towards mutually acceptable solutions (Ihugba & Osuji 2011:30). In this dissertation, the researcher adopts a discourse ethics approach, which is premised on the notion of collaboration and mutual respect. This school of thought is grounded in Habermas' Theory of Communicative Action (1985), which is focused on consultation and collaboration. According to discourse ethics, communication is aimed at reaching consensus through discovering others' viewpoints in order to find common and mutually beneficial outcomes (Reynolds & Yutha 2007:53-54). Habermas (1985) argues that social goals can best be achieved through dialogue that is geared toward mutual understanding and consensus. This view is in contrast with instrumental reasoning, where each party views the other as an instrument by which material gains can be made (Stückelberger 2009:330). Discourse ethics is relevant to this study because if organisations do not create mutual value, they can face negative consequences related to brand and reputation management, stakeholder relationships and ultimately their sustainability.

Discourse theory seeks to explain the type of conditions necessary for dialogue to occur. These conditions are known as ‘universal pragmatics’ or ‘validity claims’ and include: i) truth; ii) sincerity; iii) comprehensibility; and iv) appropriateness. When applied to strategic CSR stakeholder engagement, it is assumed that the each party is honest, sincere and that the topic or content of is appropriate to the context and will be comprehensible (Reynolds & Yutha 2007:53-54).

Dialogue occurs within a particular context, which can have a direct bearing on the outcome of communications. Therefore, it is necessary for each party to agree at the outset of the dialogue about what constitutes the most favourable conditions (Kent 2011:551). This next section explores factors that both support and hinder stakeholder dialogue, in order to more clearly understand its fundamental nature.

Several authors (See Johansen & Nielsen 2011; Kent 2011; Pedersen 2007, Perret 2003) have put forward various elements needed to achieve dialogue. From the literature reviewed, it seems clear that the quality of stakeholder dialogue is dependent on the following key factors and conditions: i) motivation to engage; ii) stakeholder interactivity; iii) participation; and iv) the necessary procedures.

### ***3.3.1 Motivation and commitment to CSR dialogue***

The level of dialogue required and the extent, to which agreement is reached, depends on an organisation’s understanding of and commitment to strategic CSR. Where organisations approach strategic CSR with a commitment to create mutual value, dialogue opens up ways for addressing conflicting concerns to find win-win solutions for enduring relationships (Johansen & Nielsen 2011).

How organisations perceive their stakeholders also influences their motivation and commitment to dialogue. Stakeholders can be perceived as either opponents or supporters of the organisations CSR strategy. Alternatively, if organisations approach strategic CSR as an opportunity for creating mutual value, a more inclusive, open and collaborative dialogue approach will be used. By carefully examining and comparing the two motivations, organisations are able to understand the potential areas of collaboration and conflict (Baraka 2010:232; Tokoro 2007:150).

To help an organisation clarify its motivation for undertaking CSR, O'riordon and Fairbrass (2008:753-755) advise that prior to initiating stakeholder dialogue, organisations attempt to understand the context in which they operate, for example the industry they operate in, their competition, the political and environmental climate, et cetera. It has also been suggested that organisations have a clear picture of what their own expectations are. A further suggestion is that there must be organisational capacity, from top management, to ensure the allocation of staff time and other resources for stakeholder dialogue to occur.

### **3.3.2 Procedures for dialogue**

When CSR is central to an organisation's sustainability, systems as well as procedures are designed to promote stakeholder dialogue (Girard & Sobczak 2012:216; Andriof et al 2002:9). This will include, for instance, policies related to stakeholder engagement. Having unclear expectations is likely to destroy trust and discourage future engagement. Therefore, when inviting stakeholders to participate, it is important that all parties are aware of the aims, objectives and degree of influence they will have in the decision-making process, as well as how their contribution to the dialogue process will be used. If there are no deliverables from the dialogue, this can lead to future scepticism regarding the usefulness of dialoguing, resulting in low participation and ultimately mistrust (Morsing & Schulz 2006:325; Roloff 2008:239).

To facilitate dialogue, it is important for stakeholders to explore the underlying values and interests that motivate each party to take a particular stance on an issue (Perret 2003:386). Important questions for the organisation-stakeholder relationship in this regard are i) what will the stakeholders contribute to the process?; ii) what kind of knowledge do they possess?; iii) what are the relevant interests and goals of the stakeholders?; iv) how do the stakeholders interpret the issue at hand?; v) how well-informed are the stakeholders about the issue?; vi) what are the possible motives for stakeholders to participate, or not?

Having explored the above, both parties can agree on a CSR implementation plan, in which the ground rules for engagement are drawn up, that includes what actions will be undertaken, by whom, when and the methods for assessing outcomes (Roloff 2008:242).

### **3.3.3 Stakeholder participation**

Participatory dialogue occurs when there is a wide range of relevant stakeholders present, who are able to voice their opinions and who have decision-making power on issues that affect them (Manetti 2011:111). The Accountability.org AA1000 series of standards provides guidance on including stakeholders throughout the CSR process: from identifying issues, selecting performance indicators, through evaluation and feedback reports such as sustainability reports. (Reynolds & Yutha 2007:52).

Sellnow and Sellnow (2010:115-116) stress the importance of being unbiased and permitting all parties to express their opinions, in order to allow for the co-creation of meaning and for improved decision-making and CSR actions. Showing bias to any particular view, may lead to stakeholders with different views withdrawing from the dialogue and/or showing resistance to the process.

Pedersen (2006:141-142) identifies five key elements for inclusive stakeholder dialogue. These five elements consist are i) inclusion; ii) openness; iii) tolerance iv) empowerment; and v) transparency. Table 3.1 below illustrates the extent to which an organisation's stakeholder dialogue is either participatory or inclusive or hierarchical and exclusive based on these elements.

**Table 3.1: Levels of Stakeholder Engagement Process**

	<b>Level of engagement:</b>	
	<b>Low</b>	<b>High</b>
<b>Inclusion</b>	Only a few privileged stakeholders are included in the dialogue.	All relevant stakeholders are included in the dialogue
<b>Openness</b>	Dialogue is structured around a fixed set of questions/problems/issues.	Dialogue is structured around open questions/problems/issues.
<b>Tolerance</b>	One position has priority over all the others.	New, alternative and critical voices are respected.
<b>Empowerment</b>	One stakeholder dominates the dialogue and decisions.	Freedom and equality in dialogue as well as in decisions.
<b>Transparency</b>	No access to information about the process and outcomes of the stakeholder dialogue	Full access to information about the process and outcomes of the stakeholder dialogue

**Source: Pedersen (2006:142).**

Table 3.1 above shows that the more an organisation embodies the five elements, the more likely it is to engage in the ‘participatory ideal’ of dialogue as shown in the right hand column, as opposed to a top-down approach. However, Pedersen (2006:143) admits that obtaining a participatory and inclusive approach may be idealistic and even difficult to reach. The higher the number of participants in a dialogue, the more time and resource intensive the process is likely to be before consensus is reached with all stakeholders. Pedersen (2006:143) further argues that in order to achieve this ideal, stakeholder dialogue should be simplified according to three filters or phases: i) selection filters; ii) interpretation filters; and iii) response filters. The selection filter requires selecting a representative sample of stakeholders, as it is impossible for organisations to include all stakeholder groups. The interpretation filter means that organisations distill all stakeholder concerns into a limited number of realistic issues. Lastly, the response filter requires that organisations act upon the decisions arising from the dialogue.

Pedersen (2006) acknowledges that not all stakeholder interests will be met, but by applying the five principles contained in Table 3.1, organisations will come closer to realising the participatory ideal (Pedersen 2006:144). Fundamental to this process, is

transparency where organisations not only provide relevant and credible information about organisational behaviour, but also share the procedures followed during stakeholder dialogue.

Underpinning the degree of participation sought is the issue of power. Organisations generally want to be in control. Various authors Ihugba (2012), Ihugba and Osuji (2011), Manetti (2011) refer to Arnstein’s Ladder of Corporate Citizenship (1969) to achieve stakeholder participation.

Arnstein’s (1969) model was initially developed to promote public participation in government; however it has now also been applied to other organisations to improve their CSR stakeholder engagement approach. Arnstein’s Ladder of Corporate Citizenship model comprises of eight levels (See Table 3.2 below).

**Table 3.2: Ladder of Stakeholder Engagement Framework**

s/n	Level of Engagement	Corporate reasons for that level	Purpose and Features	Means of Meeting / Improving each level
1	<b>Manipulation</b>	Control	Managerialist Limiting, Controlling	Non-engagement
2	<b>Therapy</b>	Control	Managerialist Limiting, Controlling	Non-engagement
3	<b>Informing</b>	Control	Managerialist Limiting, Controlling	Non-engagement
4	<b>Consultation</b>	Relay information Manage stakeholders	Managerialist Two way information flow, Withholding power to veto	Definition of Purpose, Staying within identified purpose
5	<b>Placation</b>	Manage stakeholders	Public interests Managerialist Adhoc, Reactionary, Two way information flow, Withholding power to veto	More proactive, Stop being reactive
6	<b>Partnership</b>	Relay information Network with stakeholders	Public Interest Mutual, consensual agenda setting	Standard setting, Arbitral process
7	<b>Delegated power</b>	Relay information Network with stakeholders	Value Shift Independence, Empowering, Well informed	Standard setting, Arbitral process
8	<b>Stakeholder control</b>	Relay information Network with stakeholders Empower stakeholders	Value Shift Independence, Empowering, Well informed, Susceptible to minority tyranny	Standard setting, Arbitral process

**Source: (Ihugba & Osuji 2011:30).**

Table 3.2 above shows that progressing along each level, organisations gradually relinquish control and increasingly involve stakeholders in the decision-making process. The first two levels are manipulation and therapy, characterised by zero

stakeholder participation. Stakeholders are flooded with corporate marketing material aimed at indoctrinating them towards a favourable image of the organisation. Levels three, four, and five are informing, consultation, and placation. Here the emphasis is on disseminating information to stakeholders and generating feedback. The organisation uses this to placate stakeholders without meaningfully responding to them. From levels six through eight, the organisation moves from partnership to delegated power and ultimately citizen control. During the last three steps organisations recognise the importance of stakeholders and take steps towards a more balanced power-sharing relationship that is focused on partnership. When level eight is reached, stakeholders obtain decision-making powers, for example the ability to decide how to run a local community empowerment project (Ihugba 2012:46-47; Ihugba & Osuji 2011:30; Manetti 2011:112-113).

In sum, the first two levels are characterised by one-way communication aimed at maintaining the status quo. Level three through five moves towards two-way communication, focusing on information exchange and consultation. Organisations consider the interests of their stakeholders in the decision-making process, but retain the final say. Levels six through eight are characterised by genuine dialogue that moves towards an equal partnership where each party is responsible for creating mutual CSR outcomes (Ihugba 2012:47).

Dialogue is often construed as the extent to which stakeholders participate in the decision-making process. However, pragmatically, it is impossible for an organisation to satisfy all the interests of its stakeholders (Ihugba & Osuji 2011:31; Kaptein & Van Tulder 2003:208; Pedersen 2006:143). Stakeholder dialogue does not amount to giving stakeholders decision-making power, but rather involves sharing information and the procedures for achieving consensus. It is important that stakeholders understand that while they may not have decision-making powers, their input still informs the process. As mentioned above, effective stakeholder engagement is dependent on ensuring that both the procedures and outcomes of dialogue are fair and transparent (Stückelberger 2009; Strong et al 2001:226).

While organisations have a responsibility to invite and create an enabling environment for dialogue to occur, stakeholders have an equal responsibility to

initiate and interact in these opportunities. Without active stakeholder participation, the relationship is unlikely to be mutually beneficial (Ihugba & Osuji 2011; Forster & Jonker 2006:117).

Even though organisations may seek out stakeholders, often engagement occurs with their peers, rather than with broader stakeholder groups. As Mena et al (2010:173) cogently assert, "...meaningful participation is driven by the choice of the right partners at the right level of society." The lack of a broad and inclusive dialogue can lead to groupthink, and a failure to explore alternative ideas and opportunities. Groupthink occurs usually among a closely knit and highly influential group who become attached to a particular set of beliefs and modes of working, such that they become closed-minded and fail to consider new ideas or emerging issues (Kent 2011:555).

The above issues were discussed in order to determine what makes for effective stakeholder dialogue. It seems clear that the quality of stakeholder engagement depends on an organisation's understanding of and appreciation for strategic CSR. Organisations that are committed to strategic CSR, design proactive rather than reactive systems and procedures to identify involve and promote genuine stakeholder dialogue. The following section examines the potential risks involved in dialogue and how these can be mitigated.

### **3.4 Limitations and risks involved in dialogue**

Because communication is a social process where meaning is exchanged, it can be open to interpretations and misunderstandings due to differences in language, culture, class, power and organisational interests (Kent 2011:551). Morsing and Schultz (2006:323) assert, cogently that communication is a transactional process between two or more parties whereby meaning and sense giving is exchanged. This means that audiences may not necessarily interpret a message as it was intended and this could result in resistance and conflict (Johansen & Nielsen 2011; Hughes & Demetrious 2006:95; Holm 2006:29). Through allowing and accommodating different perspectives, a shared sense of reality may be created which allows for further

discussion, understanding and negotiation, as the dialogue unfolds (Sellnow & Sellnow 2010:115-116).

Johansen and Nielsen (2011) point out that given the diversity of stakeholders, organisations need to speak in 'multiple voices' to reach each stakeholder, which may result in their identities and reputations being questioned. The authors recommend that organisations initiate dialogue based on an understanding of each stakeholder's interests. These interests can be explored through dialogue forms and scripts. Form refers to the type of interaction embedded in the dialogue, which is influenced by the communication channels used. Script refers to a set of discursive agreements and rules, derived from and influenced by social and cultural backgrounds. Together, form and script influence how we relate and make sense of the world. Thus, for organisations to dialogue effectively with their stakeholders, they must consider their stakeholders' background in order to understand their values, interests and expectations. The authors recommend that particular scripts or discourse patterns are constructed from these roles and are activated into a dialogue process. When both parties understand the underlying values and interests, they are more likely to agree on mutually beneficial CSR strategies and activities (Johansen & Nielsen 2011).

It is also true, however that as organisations present themselves in multiple ways, in order to understand each stakeholder they risk confusion or cacophony. As described by Crane and Livesey (2002:50), stakeholders may perceive the organisation as hypocritical or misleading, if its external image is inconsistent with its internal identity. This is not necessarily a bad thing or a risk to avoid. Rather, being flexible allows organisations to shift between these different identities to better understand and respond to social pressures (Christensen, Firat & Torp 2008:436).

With these risks in mind, it is important for organisations to maintain strategic consistency, by matching their overall vision, mission and objectives, while presenting different aspects of their identities to reach diverse stakeholders (Jahdi & Acikdilli 2009:110). As Hildebrand (2011:4) advises, branding an organisations' CSR helps unify the different aspects of its identity in order to build a more coherent

corporate identity that inspires credible and enduring relationships with its stakeholders.

It should also be noted that establishing stakeholder dialogue can be costly and time-consuming. Organisations cannot engage in dialogue over every potential issue, without compromising their economic sustainability. Through gathering stakeholder intelligence, organisations can identify those stakeholder issues, which require urgent attention (Mena et al 2010:167).

Notably, the conditions for dialogue are a complex process involving listening, reflection and validating other parties' views to reach consensus and solve problems. Admittedly, this is no easy accomplishment and the question remains, how can dialogue be initiated and maintained. To address this question, the next section reviews various tools, which promote interactive stakeholder dialogue.

### **3.5 Types of stakeholder dialogue tools**

There are several tools to help facilitate stakeholder dialogue (Hustjee & Glasbergen: 2007:305). These tools can range from personal contact to written and technology driven instruments. These stakeholder dialogue tools are discussed in more detail in the next sub-sections.

#### **3.5.1 Meetings**

A meeting is a gathering of two or more people that is convened for the purpose of achieving a common goal through verbal interaction, such as sharing information or reaching agreement. Meetings may occur face-to-face or virtually for example through telephone conference, webcam enabled video conference such as Skype. Organisations are increasingly relying on virtual-meeting technology to convene meetings in order to cut costs and reduce travelling time (McEuen & Duffy 2010:2).

### **3.5.2 Partnerships**

A partnership exists when two or more parties come together to cooperate to advance their mutual interests. Partnerships may exist within and across, sectors such as non-profit, religious, political or community based. Also new types of partnerships are emerging such as public-private partnerships (PPPs) and multi-stakeholder learning dialogues (MSLD), which are aimed at making sense of addressing complex issues. Through partnering with stakeholder networks, organisations can keep abreast of their social context and develop methods to engage with these various social groupings (Andriof & Waddock 2002:35; Crane & Ruebottom 2011:217).

### **3.5.3 Sustainability reporting**

Corporate sustainability reporting allows organisations to disclose their non-financial impacts. These reports are important tools for organisations to communicate with their stakeholders about how they have integrated social and economic considerations in their profit generating activities. Sustainability reports are an opportunity for organisations to demonstrate their responsiveness to stakeholder concerns (Issenmann, Gómez & Súpke 2011:1; Goa & Zhang 2006:729).

Given the need for improved inclusiveness of stakeholders in CSR, as of June 2010, all organisations listed on South Africa's Johannesburg Stock Exchange (JSE) are obliged to compile an integrated report in place of separate annual financial and sustainability reports. These integrated reports include important information regarding organisations' environmental, social and economic performance. Moreover, organisations are required to report on how they have included stakeholders in the design and implementation of their CSR activities. Integrated reports provide users with a more holistic and verified account of organisations' overall performance (Eccles & Saltzman 2011:57).

Sustainability reports have been criticised widely. While sustainability reports are getting longer and more complex, few stakeholders receive copies of these reports, despite the fact that they are often developed as an outcome of their input.

Additionally, whilst the Internet is being used more often to disseminate these reports, few organisations are using this resource to its full potential for facilitating stakeholder dialogue (Isenmann et al 2011:9; Collins, Kearins & Roper 2006:1). There remains room for improvement in terms of ensuring that stakeholder engagement outcomes are attended to in meaningful and responsive ways (Collins et al 2006:2).

Moreover, despite the many standards available, including the GRI, A1000SES, King III Report, et cetera, Sustainability Reports are penned by management, who decide on what social issues they wish to report on, which stakeholder views are incorporated and what information will be disclosed (Basu & Palazzo 2008; Morsing & Schulz 2006: 327; Rasche & Esser 2006:255). Organisations can include information that is aimed at casting the organisation in a favourable light, which may not be accurate or credible (Pedersen 2006:142).

More recently, increasingly popular tools for stakeholder dialogue include social media technologies, which promote greater degrees of interactivity. These are discussed below.

#### **3.5.4 Social Media**

Social media tools enable users to create, reuse and share information and experiences with other users who are part of a network (Bittner & Leimeister 2011:8). Kaplan and Haenlein (2010) classify social media into a number of categories. These are i) collaborative projects (e.g. Wikipedia); ii) blogs; iii) location-based sites (e.g. Foursquare); iv) content communities (e.g. Youtube, Flickr); v) social networking sites (e.g. Twitter, Facebook); vi) virtual game worlds; vii) virtual social worlds; and viii) dating sites (Kaplan & Haenlein 2010:61-64). This section will now briefly explain those tools relevant to this study.

Collaborative projects are websites, which are developed when a group of people add content about a particular topic, such as Wikipedia, blogs. Content communities are becoming more prevalent for inspiring dialogue. Wikipedia allows any user to add and/or amend content on a site. In so doing, through the combined knowledge of different users, a better and richer content can be created. Blogs are special

websites, usually of a personal nature, which is usually managed by one person. These sites allow interaction with other users via a comment section. Blog entries are date-stamped and the most recent entry is usually displayed at the top (Kaplan & Haenlein 2010:63). Content communities allow users to share information without providing extensive profile information. Examples include Youtube, Flickr and Pinterest. Usually these sites will include basic information such as the user's name and the date on which they joined the site. These sites provide organisations with the ability to post and share links with their social networks thus enabling them to build their profiles and brand at virtually no cost (Kaplan & Haenlein 2010:63).

Other common social media tools include Facebook, Twitter and LinkedIn. Facebook allows users to create personal profiles and connect with friends and colleagues. In turn, both parties have access to their respective personal profiles. Users can send instant messages to one another other. This tool allows for uploading different types of information, including photos, video, audio and blogs (Kaplan & Haenlein 2010:64; Treem & Leonardi 2012:154) Twitter is a site, which is open to all communities and allows users to post short pieces of information in real time. Since each tweet can only be a maximum of 140 characters long, members can easily post and or gain access to the latest news and trends (Kaplan & Haenlein 2010:64). LinkedIn is a social networking site targeted at professionals. Professionals can display their work information, skills and experience, connect with peers and even find employment. Video services, such as Skype and Facetime enable organisations to hold face-to-face meetings, with numerous stakeholders simultaneously, across geographical boundaries. These interactions can be recorded and downloaded after the event and re-used in different ways and on different devices such as mobile phones or iPods (Bonsòn & Flores 2011:34-35).

### **3.6 *Relevance of social media for CSR***

Social media is beneficial in that it facilitates: i) inexpensive collaboration; ii) efficient, real-time communication; iii) the ability to reuse and edit content for targeted online messaging; iv) the archiving of information; and v) increased stakeholder inclusivity and interaction with organisations (McNab 2009:566; Treem & Leonardi 2012:158). Within the context of strategic CSR, social media technologies can help

organisations reach out and build relationships with new stakeholders who were previously unreachable using traditional communication channels (Bonsòn & Flores 2011:37). Additionally, blogging and video services enable organisations to show rather than just tell, when for instance compiling their integrated sustainability reports. These tools also provide organisations with audio and visual records, which aid institutional memory and learning, leading to improved CSR strategies.

Optimal use of social media and web-based tools can also help organisations get to know their stakeholders, their preferences and activities better and to disseminate more targeted strategic CSR information. The more targeted and clear the information conveyed, the more transparent the organisation is, thereby enhancing its credibility (Bittner & Leimeister 2011:11).

Despite these benefits, the use of social media must be considered carefully. IC practitioners must select the correct tools for each target audience. Failure to have a clear strategy can also lead to a number of abandoned, out-dated social media sites, which can damage organisations' reputations and credibility (McNab 2009:566).

It is also important to note that the rise of social media has meant that organisations have less control over the management of their reputations and brands. Increased customer control over messaging, channels and networks through adding, or editing content means that a message may not necessarily be interpreted by all audiences as it was intended by the organisation and may result in negative publicity (Kitchen & Schulz 2009:200; Morsing & Schultz 2006:323; De Beer & Rensburg 2011:212;).

### **3.7 Summary**

Today, more and more organisations are embracing strategic CSR to reconcile social and environmental concerns with their profit making activities. CSR is a moving target, making it necessary to adapt and change according to shifting stakeholder expectations.

Dialogue is a social process between two or more parties whereby meaning and sense-giving are exchanged. This means that all audiences may not necessarily

interpret a message as it was intended and this could result in resistance. Stakeholder dialogue is increasingly important for ensuring that organisations stay in tune with changing societal expectations. Unless organisations pay close attention to the demands and opinions of various types of stakeholders, and include these within their strategic CSR, they are unlikely to be sustainable.

The level of stakeholder dialogue is dependent on the prerequisites and procedures for strategic CSR, namely i) motivation; ii) procedures; iii) inclusivity; and iv) participation. As discussed in section 3.3, for an organisation to respond to social expectations, they must first of all have the motivation and commitment to build stakeholder relationships by dedicating organisational resources and staff time to identifying who their stakeholders are and on what issues to engage. On this basis organisations are able to develop the procedures and systems necessary to achieve stakeholder dialogue.

To ensure that stakeholder dialogue allows for the co-creation of meaning and understanding, organisations should develop frameworks and establish mechanisms for interactive stakeholder dialogue along with feedback systems. When stakeholder engagement is taken seriously and based on sound ethical values, organisations are more likely to engage in genuine dialogue, characterised by honesty, openness, fairness, tolerance, the co-creation of understanding and collaboration.

Various dialogue methods and tools have been discussed ranging from one-to-one meetings to more sophisticated social media tools such as blogs, Facebook and Twitter. These help promote open, transparent and frequent dialogue, which in turn assists organisations in understanding CSR expectations and outcomes. Through dialogue, organisations and their stakeholders can partake in a process that permits them to express their views towards more responsive and mutually beneficial strategic CSR.

Even when the conditions or requirements for dialogue are met, dialogue is always bounded by the social context. When organisations are committed to strategic CSR, dialogue with a view to building mutually beneficial relationships, systems and procedures are designed to promote genuine interaction and respond to the

outcomes of dialogue. These systems must take into consideration the social context, stakeholder interests and the expected aims and outcomes of the dialogue process. If organisations fail to design procedures and systems to respond to the dialogue process, it will amount to nothing more than an exchange of opinions, resulting in mistrust. The next chapter examines IC to determine its suitability for integrating the outcomes of stakeholder dialogue.

## **4 A PROPOSED IC FRAMEWORK TO SUPPORT STAKEHOLDER ENGAGEMENT WITHIN STRATEGIC CSR**

### **4.1 Introduction**

In this chapter, IC theory is explored to determine its suitability for supporting the outcomes of stakeholder engagement for strategic CSR, with a view to proposing an IC framework to support CSR stakeholder engagement. Traditional conceptions of communication, characterised by a 'one-size fits all' approach are no longer sufficient to address the needs of an organisations' heterogeneous stakeholder groups (Pollach 2012:205; Hughes & Demetrious 2006:95). IC theory was selected for this study as it underscores the importance of all stakeholders. IC fulfils a boundary spanning function, which refers to its ability to operate on the edge of organisations to gather, process and disseminate information between organisations and their stakeholders (See sections 4.2.3 and 4.3.2). IC practitioners are uniquely placed to understand stakeholder issues and relay and/or counsel management to align their interests with those of their stakeholders (Pollach et al 2012:205).

While the literature recognises the importance of IC, there is little focus on how this concept can support stakeholder engagement within the context of strategic CSR. Where attention has been given, it has dealt with cause-related marketing and corporate social investment (Cornelissen & Christensen 2011:384; Maignan & Ferrell 2004:5; Lotila 2010:35).

This chapter aims to fill this void by drawing on IC theory to support stakeholder engagement for responsive CSR strategies. In doing so, this chapter will firstly examine IC in terms of its development, meaning and core elements. Following this, various IC implementation models are explored with a view to proposing a suitable framework to measure integrated stakeholder engagement within CSR.

### **4.2 Emergence of integrated communication (IC)**

IC involves synchronising an organisation's internal and external messages across all communication channels to build a consistent and favourable reputation with

stakeholders (Christensen et al 2008:423; Pollach et al 2012: 206). To understand IC as it is practiced today, it is necessary to discuss briefly the emergence of its predecessor, Integrated Marketing Communications (IMC). IMC developed due to the rise of i) technology; ii) information technology (IT) including the Internet; and iii) CSR (Ekhlassi, Maghsoodi & Mehrmanesh 2012:764; Kitchen, Kim & Schulz 2008:532; Reinold & Tropp 2010:1).

The emergence of IT and in particular the Internet provided consumers with more access to information and product choice. Consequently, advertising organisations could no longer rely solely on mass communication methods and they therefore entered into a number of mergers and acquisitions with public relations agencies, to offer clients a broader range of services. Alternative media vehicles were employed to attract and also interact with consumers (Duncan & Caywood 1996:13; Kitchen et al 2008:532).

With more varied and sophisticated consumers, organisations are seeking more detailed information to understand customer's preferences and purchasing habits. Using customer relationship management (CRM) databases has enabled businesses to gather more precise information about their customers and thereby adopt more targeted selling methods such as email, mobile technology, et cetera. Consequently, marketing departments borrowed from the disciplines of corporate design, public relations and corporate communications to adapt and disseminate messages through a number of channels (Christensen et al 2008:424; Kitchen et al 2008:531). As practitioners adopted these techniques, the first stage of IMC development was typified by the maintenance of 'one sight, one sound' communication (Christensen & Cornelissen 2011:387; Kitchen & Schulz 2009:198).

Simultaneously, rigorous debates ensued regarding the role, structure and location of marketing and public relations functions. Given marketing's focus on consumers and public relations on the broader public, scholars have expressed differing views around the appropriateness of combining these two disciplines (Hallahan 2007:301; Grunig & Grunig 1991:263; Pollach et al 2012:205).

In 1993, the American Association for Education in Journalism and Mass Communication (AEJMC) in the United States of America, published the results of a two year study advocating for combining the marketing and communication curriculum (Newsom 2009:474). On the basis of these findings, The Medill School of Journalism at Northwestern University was the first academic institution to revise its graduate public relations programme and named it Integrated Communications (IC), under the leadership of Dr Clarke Caywood. Following suit, the *Journal of Corporate Public Relations* was renamed the *Journal of Integrated Communications* (Newsom 2009:475).

As indicated in section 1.2.2 this study notes that IC is a strategic rather than a technical and/or support function. IC is strategic in nature as it combines all the elements of communications to communicate organisations' visions, missions and objectives in a holistic and coordinated way, to build a cohesive brands and forge long-term relationships with stakeholders (Nieman 2005:248). Furthermore, IC is strategic in nature (See section 4.2.3) as it is able to assimilate stakeholder feedback and counsel management to develop responsive CSR strategies (Christensen & Cornelissen 2011:391).

The third factor propelling IC's development was CSR. Organisations are seeking more effective methods to keep abreast of their social responsibilities, including disclosing their financial and non-financial information to stakeholders to maintain operational licences (Stewart 2012:60). Simultaneously, organisations are open to increased scrutiny from various stakeholders. Owing to these pressures, organisations are turning to IC to not only disseminate information but also to interact with all stakeholders with a view to mutually shaping their CSR agendas (Hildebrand et al 2011:3; Stewart 2012:61).

#### **4.2.1 Differentiating IC and IMC**

As mentioned earlier, IMC's evolution into IC developed organically and this has resulted in confusion as to what differentiates IMC from IC. The key differences between these concepts are:

- **IMC is consumer focused whereas IC is stakeholder centric:** Within IMC, an organisation's focus is on building relationships with suppliers and consumers to make sales. Whereas, IC focuses on all stakeholders to build long-term relationships with a view to enhancing organisations' overall reputations and sustainability (Angelopulo 2006:48; Christensen & Cornelissen 2011:386).
- **IMC adopts an inside-out approach to communication plans whereas IC's adopts an outside-in approach:** IC uses an outside-in approach to planning communication messages. This means that it is driven by the needs of all stakeholders, while IMC adopts an inside-out approach where planning is derived from internal marketing goals and objectives (Kerr et al 2008:513; Reinold & Tropp 2010:1).
- **IMC focuses on message dissemination whereas IC is focused on two-way communication:** IMC emphasises the sending out of information to consumers. IC is premised on two-way communication that inspires participation with all stakeholders (Hallahan 2007:317; Christensen & Cornelissen 2011:391).
- **IMC uses traditional communication tools, whereas IC used data-driven interactive tools:** To achieve two-way communication, IC uses data-driven technology to understand stakeholder needs and behaviour and to ensure that organisations meet such requirements. IMC is reliant on traditional mass media channels premised on one-way communication (Kitchen & Schulz 2009:200; Kliatchko 2008:143).
- **IC messages are driven by organisational strategies whereas IMC uses departmental plans:** An organisations strategy vision, mission and objectives drive IC messages over the long-term (Pollach et al 2012:207).
- IMC messages are produced according to marketing communication departmental plans and objectives to achieve a consistent brand identity within any given campaign timeframe (Christensen et al 2008:423; Duncan 2001:30).

- **IC focuses on consistent messages, while IMC is driven by ‘one look and feel’:** IC emphasises that organisations not only communicate with the messages they deliberately disseminate but also through their products, services and overall management practices, such as employee treatment. IMC focuses on creating a common look across all marketing and communication products (Christensen et al 2009:210).
- **IC is premised on organisational integration, while IMC emphasises functional coordination:** IMC relies on the planned coordination of promotional elements across different communication channels. IC concentrates on the integration of both the message, the overall structure and location of the IC department as well as how it collaborates with other business units (Christensen et al 2009:208; Pollach et al 2012:204).

While IC is widely practiced, the concept remains poorly defined (Christensen & Cornelissen 2011:385). This has been attributed to the concept developing organically, with practitioners more focused on how it is practiced rather than on its theoretical underpinnings (Kitchen et al 2008:531). The next section unravels IC’s definition to illuminate this illusive concept further.

#### **4.2.2 Defining IC**

Broadly, IC has developed along four major lines, namely i) ‘one sight, one look’ communications; ii) integrated advertising/marketing communications; iii) integrated communications and; iv) the stakeholder orientated view (Nowak & Phelps 1994:49; Reinolds & Tropp 2010:2). Within the first perspective, one of the earliest and most widespread definitions of IC was proposed in 1991 by Don Schulz, as a process of controlling all information about a product and/or service in order to make a sale and maintain customer loyalty (cited by Reinold & Tropp 2010:2). This definition portrays IC as a tactical process concerned with combining various marketing communication elements in a specific campaign, to achieve a common image, position and message across all communication channels (Kitchen & Schulz 2009:198; Hallahan 2007:309).

This definition favours consistency, achieved through a hierarchical and centralised approach. This can lead to rigidity and prevent organisations from being receptive and adaptive to their stakeholders. Organisations, while seeking consistency, should be encouraged to allow for 'flexible integration' where multiple views from all stakeholders are encouraged (Christensen et al 2008:436).

The second perspective emphasises synchronising the various marketing communication disciplines. Unlike the first perspective which relies on standardising content, this perspective allows for multiple messages which are targeted to specific audiences. For instance, Schultz (2004:9) describes IC as a strategic process to execute coordinated communication programmes over time, with consumers as well as external audiences. Proponents of this view interpret IC to involve amalgamating the various marketing and communication functions (Christensen et al 2008:436; Wightman 1999:19).

More recently, other definitions of IC have focused not only on consumers and shareholders but on all stakeholders (Christensen 2011:402; Reinold & Tropp 2010:2). In order to become stakeholder-centric, these definitions portray IC as being characterised by data-driven technology such as Customer Relationship Management (CRM) software to collect detailed information and promote dialogue among the various stakeholders (Gayeski & Woodward 1996; Kerr et al 2008:515; Podnar 2008:75). While, the above promotes the concept of interactivity, it is still predominately sender-orientated. This perspective is therefore somewhat contradictory to the participative quality of stakeholder engagement.

Kliatchko (2008:140) offers a more stakeholder friendly definition, stating that IC is "an audience-driven business process of strategically managing stakeholders, content, channels and results of brand communication programmes." This definition notes that stakeholders must be a central focus to all business planning and decision-making processes. This involves ensuring that the content of messages and the channels used are relevant to them. Additionally, it includes feedback mechanisms to evaluate, adjust and measure the effectiveness of IC programmes.

Similarly, Christensen and Cornelissen (2011:387) describe IC as the practice of aligning messages, processes and behaviours in order to communicate consistently with a view to building a favourable reputation and long-term stakeholder relationships. This perspective stresses that IC is not merely a tactical tool, but a strategic function (See also Niemann 2005). IC practitioners therefore need to be part of organisations' strategic planning processes to help define their contributions to society as well as examine their relationships with all stakeholders (De Sousa et al 2010:296; Orlitzky et al 2011:10).

With this in mind, the researcher adopts the following definition of IC for the purpose of this study:

“the strategic practice of facilitating and aligning messages across an organisation's communication channels in order to build interactive and long term stakeholder relationships.”

This definition emphasises the involvement of all stakeholders and not only the customer via dialogue. To operationalise IC, organisations need to recognise IC as strategic function. Because it fulfils a boundary spanning function, IC can help counsel top management about various stakeholders' expectations and thus avert reputational damage (Nieman 2005:247; Bhattacharya 2010:84). Also organisations need to commit the systems and infrastructure necessary to facilitate dialogue. Furthermore, all messages must be aligned strategically with the organisation's vision, mission and objectives to achieve consistency and build lasting relationships with stakeholders.

To elucidate further, the adopted definition of IC emphasises four essential themes (Bhattacharya 2010:84; Caywood 1997:xvii; Christensen et al 2009:213; Duncan & Moriarty 1997:15; Kitchen & Schulz 2009:198). These include:

- **Stakeholder focus:** Focuses not only on consumers, but on all stakeholders.

- **Organisational processes:** The location and cross-functional integration of the various communications functions will influence the extent to which stakeholder engagement occurs.
- **Channels:** The use of various communication channels and tools to promote interactivity between the organisation and its various stakeholders.
- **Content:** All content and/or messages must be strategically consistent. This requires that messages are aligned to the organisation's vision, mission and objectives.

It is also worthwhile pointing out that this definition combines both internal and external communication efforts to create a cohesive brand identity (Christensen et al 2008:423). IC is useful for strategic CSR as both concepts focus on anticipating stakeholders' expectations and managing different communication tools to provide targeted, credible and transparent information. This is no more applicable than within the context of strategic CSR. Organisations are under increased scrutiny to 'walk the talk' and balance stakeholder expectations so as to ensure that when organisations engage with their heterogeneous stakeholder groups, there remains a sense of integrity (Jadhi & Acikdilli 2009:110; Pollach et al 2012: 205).

To appreciate fully the strategic nature of IC, this next section discusses the concept of strategic communication. Thereafter an in-depth discussion follows regarding what makes for effective IC.

#### **4.2.3 Strategic communication**

As noted earlier this study stresses that all communications must be strategic. Agenti (2005:83) defines strategic communication as communication that is aligned to organisations' overall strategies to enhance their strategic positioning. As Niemann (2005:247) notes, communication is strategic when it is driven by organisations' visions, missions and overall business objectives to meet long-term goals (Niemann 2005: 247). Thus, strategic communication can be characterised by

its function (tactical), its position (hierarchical) and the overall purpose of communication, which is discussed below.

A strategic approach means that communications is an integral part of the business strategy formulation process itself rather than an add-on (Agenti 2005:84; Kristensen 2010:136). Generally, communication is considered a support function to reinforce operations rather than a means to inform and advise management. Strategic communication is a critical function that is able to add value to organisations' long-term sustainability (Mchanley 2009:30).

Secondly, for communication to be strategic, the IC function must be positioned at the very highest levels of an organisation with direct access to executive management. An organisation's leadership, in particular the Chief Executive Officer (CEO) must understand the importance of communication to drive the strategy throughout the organisation. Without executive leadership's commitment and support, IC practitioners will battle to effectively communicate about the organisations' CSR strategies to stakeholders (Agenti 2005:84; Kliatchko 2008:144; Nielsen & Thomsen 2013:51).

As noted earlier, a strategic communication approach requires that IC practitioners have a 'seat at the strategy-making table' to counsel management and align their strategic interests with those of their stakeholders for mutually beneficial and long-term relationships. Communication is often regarded as a support function, which is relegated to the periphery of an organisation (Christensen et al 2009:213). Strategic IC moves away from merely reinforcing the organisations operations. IC plays a central role in counselling management regarding stakeholder issues so that strategic and responsive CSR strategies can be developed (Pollach et al 2012:205).

Successful collaboration with society is built on strategic and responsive communication with stakeholders (Bhattacharya 2010:84; Lotila 2010:397). Strategic communication requires that messages are targeted and consistent (Agenti 2005:87; Bhattacharya 2010:85; Siano, Vollero, Confetto & Siglioccolo 2011:2). This occurs when all corporate media and messages project one clear, consistent and coherent image (Cornelissen et al 2006:9). In doing so, strategic communication relies on an

organisation's vision and mission to ensure that all messages are aligned. This is especially important because organisations are operating in an increasingly complex environment with multiple and often conflicting stakeholder demands (Mena et al 2010:167-168).

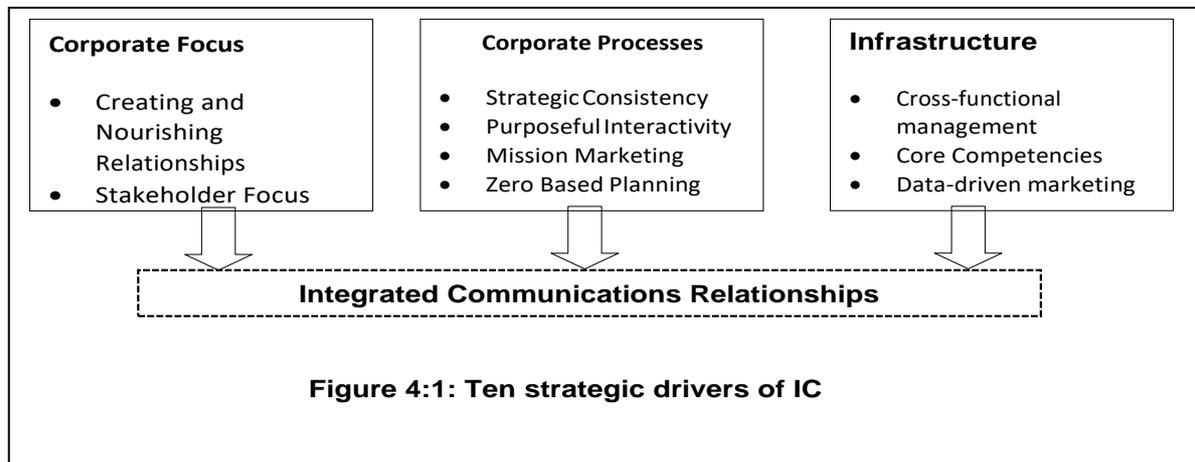
Strategic communication therefore requires an integrated, multi-pronged approach. This requires that all communication whilst targeted to specific stakeholder groups, must be aligned to the specific objectives of the business strategy and contribute to an organisation's overall vision and mission (Agenti 2005:87; Mchanley 2009:30).

This next section explores what the core elements of IC are according to the perspectives of Duncan and Moriarty (1997) in order to move towards proposing a comprehensive IC framework to support stakeholder engagement within strategic CSR. These elements are later expanded upon to address shortcomings for the purpose of the proposed framework (See section 4.4).

### **4.3 Core elements of IC**

IC has implications for organisations in three key areas, namely i) corporate focus or strategy; ii) corporate processes; and iii) infrastructure. Within corporate focus, organisations are cognisant of creating and nourishing relationships that go beyond profit maximisation.

The second category relates to the corporate systems and/or processes necessary to implement IC. The final category focuses on the infrastructure needed to operationalise IC (Duncan & Moriarty 1997:15). In total, there are 10 key elements necessary to achieve IC as illustrated in Figure 4.1 below.



**Source: Adapted from Duncan & Moriarty (1997:16)**

It is worthwhile pointing out, that these 10 elements do not necessarily have to follow the sequence presented below for organisations to reap the benefits of IC. Caywood (1997: xv) notes that organisations gradually adopt IC in several stages until they reach full integration, which he terms ‘utopian integration’ (Duncan & Moriarty 1997:18).

The first category, corporate focus, consists of the following elements, i) creating and nourishing relationships; and ii) stakeholder focus. These elements are elaborated on below.

#### **4.3.1 *Creating and nourishing relationships***

The first element relates to creating and nourishing relationships with all stakeholders as part of organisations’ business strategies. Organisations derive their licence to operate from society (Christensen & Cornelissen 2011:384). To maintain this license, managers need to be adept at including the perspectives of their heterogeneous stakeholders, operate as good corporate citizens and supply social benefits from the profits generated (Bhattacharya 2010:84; Carroll & Buchholz 2009:56).

IC’s boundary spanning function enables organisations to understand the social situation, who their stakeholders are and their concerns. Successful collaboration with society is built on strategic, responsive communication with stakeholders and

strategies to actively engage (Bhattacharya 2010:84; Lotila 2010:397). By building relationships with stakeholders and participating in socially responsible activities, organisations reap strategic benefits such as developing new products and improved brand reputation (De Sousa et al 2010:298; Girard & Sobczak 2011:215).

However, oftentimes the IC function is side lined as a support function rather than contributing to the strategic positioning of the organisation (Kristensen 2010:136). As mentioned in section 4.2.3, for IC to be strategic, practitioners need to have a 'seat at the strategy-making table' to counsel management to align their strategic interests with those of their stakeholders for mutually beneficial and long-term relationships (Christensen et al 2009:213).

#### **4.3.2 Stakeholder focused**

The second element relates to focusing on all stakeholders and not just the customer. As was elaborated in section 2.6 this study defines stakeholders as "those groups and individuals who depend on the organisation and who have the ability to influence or be affected by the actions of the organisation."

Where previously, the customer was 'king', organisations recognise that broader stakeholders are equally important to the sustainability of the organisation. As noted in chapter two, strategic CSR involves an organisation adopting ethical and socially responsible decision-making and behaviour in the way it generates its profits (Okpara 2010:98). To understand what constitutes socially responsible behaviour, strategic CSR is implemented through stakeholder engagement (Milliman et al 2008:32). Through building relationships with all stakeholders, organisations are able to manage their interdependence with their operating environments, anticipate and mitigate potential crises and minimise their effects (Mena et al 2010:167-168; Russo & Perrini 2010:209).

IC offers strategies to allow for interactive communication with a diverse range of stakeholders as opposed to traditional one-way communication methods. Through IC, stakeholders and organisations can develop mutually beneficial relationships

based on collaboration and cooperation that enables them to develop strategic and responsive CSR strategies (Reed et al 2009:1935-1936).

The second category, termed corporate processes, consists of four core elements, namely i) strategic consistency; ii) purposeful interactivity; iii) mission marketing; and iv) zero-based planning. These are discussed below.

#### **4.3.3 Strategic consistency**

Strategic consistency involves harmonising the messages and the images of any given organisation. This occurs when all corporate media and messages project one clear, consistent and coherent image. The alignment of messages needs to occur at every contact point of the organisation, including i) planned (advertising, sales, sponsorship); ii) product messages (product design, functionality, perceived value of ownership); iii) service messages (services environment, customer care, systems and technology); and iv) unplanned messages (word-of-mouth, rumours) (Barker & Angelopulo 2006:56; Cornelissen et al 2006:9).

Message consistency does not mean 'one voice, one look, one message', but rather that all communication is strategically aligned (Kitchen & Schulz 2009:198; Caywood 1997:xvii). This is achieved when all communication is positioned by the organisation's strategy, vision, mission and objective rather than amounting to product claims (Bhattacharya 2010:85; Nieman 2005:247). As Duncan and Moriarty (1997:17) assert, the consistency of an organisation's identity and reputation can be judged by the degree to which the brand is tactically integrated into all messages (Duncan & Moriarty 1997:17).

#### **4.3.4 Purposeful Interactivity**

Generating purposeful interactivity requires that organisations invest in various tools and processes to facilitate stakeholder dialogue. As was elaborated in section 3.2.1 stakeholder dialogue is an interactive process based on collaboration. It is through sharing information and listening that all parties can find common ground and thus develop responsive and mutually beneficial CSR strategies.

To be interactive, organisations must put as much emphasis on receiving messages as they do on sending messages. Various receiving, interactive and sending tools (for example, email, the Internet, media, mobile, consultative meetings, social media et cetera) can be used to create long-term purposeful dialogue (Kitchen & Schulz 2009:200; Gronstedt 1996:296-297).

The Internet and social media have greatly improved interactivity. Social media tools as discussed in section 3.5.4 are enabling stakeholders to become co-creators, advocates and disseminators of strategic CSR content (Du et al 2010:13). By way of an array of automated software, organisations are providing tailor-made information to specific stakeholders. Social media technologies such as Facebook, Twitter, et cetera, are also enhancing interactivity between organisations and an even broader range of stakeholders who were previously unreachable (Bonsòn & Flores 2010:37; Kaplan & Haenlein 2010:63).

Optimal use of interactive tools can help organisations know their stakeholders better, proactively engage and possibly avert potential issues that could impact their brands' reputations (Bittner & Leimeister 2011:11). A study on the use of Web 2.0 technology for CSR communication was undertaken at BP and BASF by Bittner and Leimeister (2011). Findings indicated that BASF used its various interactive tools such as its website and in particular, its blog to interact with stakeholders, such as Greenpeace, to address and clarify key issues concerning the manufacture of its genetically modified potato, used for the production of paper materials. Through proactive engagement, the company was able to allay concerns and adjust their operations in consultation with stakeholders, which led to a favourable corporate image. Conversely, BP's communication related to the 2010 Deepwater Horizon oilrig explosion was reactive and not forthcoming, leading to mistrust. Based on the study's findings, the more proactive, targeted and interactive the information conveyed using various tools, the more transparent and credible the organisation was perceived to be by its stakeholders (Bittner & Leimeister 2011:11). Through the effective use of interactive tools, organisations can build trust and improve interactivity for enduring stakeholder relationships (Stewart 2012: 61).

Admittedly, there are also risks associated with increased interactivity. Promoting interactivity while still maintaining consistency is no easy feat because in the process of sense-making, stakeholders are likely to have different interpretations of CSR messages (Schultz & Wehmeier 2010:12; Basu & Palazzo 2008:125). Additionally, with increased interactivity, organisations lose the ability to control their corporate image. Nowadays, stakeholders have greater power to control an organisation's corporate image by accessing and disseminating information from various sources and instantaneously publicising this to more people via social media (Siano, et al 2011:4; Luoma-aho & Vos 2010:316). Failing to have a clear strategy can lead to a number of abandoned and out-dated social media sites and tools. This can lead to a loss of trust and damage organisations' reputations (McNab 2009:566).

#### **4.3.5 Mission marketing**

When organisation market their CSR activities, stakeholders can easily become cynical regarding the ulterior motives of organisations and perceive its advertising as insincere or 'bragging.' Hence a key challenge for organisations is what, when and how to convey CSR information to overcome stakeholder scepticism (Du et al 2010:17; Jadhi & Acikdilli 2009:103).

Du et al (2010:9) advise organisations to support strategic CSR issues that fit the brand, to avoid mistrust and reputational risk. To get a good fit, it is important to connect CSR communication to any organisation's core business and competencies.

When strategically communicating its CSR, organisations need to focus on i) the importance of the social issue at hand (CSR commitment); ii) why it engages a particular social cause (CSR motives); and iii) the relevance to its core business (CSR fit), to allay stakeholder scepticism. In practice, this means communicating i) the amount of input (money or in-kind donation); ii) the durability (length of its support) and; iii) the consistency of input (social impact) of its support. In this way, organisations factually communicate their 'fit' with a cause and demonstrate that their CSR endeavours create social and economic value (Du et al 2010:11; McEhlaney 2009:33; Morsing 2006:239).

#### **4.3.6 Zero-based Planning**

Zero-based planning is a process by which communication strategies and plans are created based on research. The IC practitioner draws up the IC strategy to align and communicate how an organisation's technical aspects contribute to the overall vision, mission and objectives (De Sousa et al 2010: 296).

The IC function has a vital role to play in the formulation of an organisation's business strategy, rather than just being a support function for its implementation. When IC practitioners are involved in this process, they can relay important stakeholder information but also obtain a more comprehensive understanding of the organisations' internal and external operating environments to develop targeted communication strategies (Steyn & Puth 2000:17).

The communication strategy development process involves scanning organisations' operating environments to identify emerging stakeholder issues and the most effective communication methods to respond (Lotila 2010:407). Using this information, IC practitioners are provided with the information needed to i) best position any organisation in terms of its identity, profile and image; and ii) inform what messages and channels should be used and with which stakeholders (De Beer & Rustenberg 2012:208; Evans et al 2013:19; Jahdi & Acikdilli 2009:109).

Zero-based planning is particularly important for strategic CSR given that stakeholder expectations are constantly changing. This approach enables IC practitioners to critically reassess an organisation's relationship with society in terms of how it generates profits and impacts on the environment, with a view to building long-term relationships (De Sousa et al 2010:296).

The third category, infrastructure, consists of four core elements, namely i) cross-functional management; ii) core competencies; iii) data-driven marketing; and iv) integrated agency.

#### **4.3.7 Cross-functional management**

Using cross-functional rather than departmental planning and monitoring is another strategic driver of IC (Duncan & Caywood 1996:26). Communication does not only exist within specialised communication departments, such as advertising, but occurs throughout an organisation. Synchronising the various messages, procedures and communication channels to achieve IC therefore involves the entire organisation. Therefore, IC requires involving many different employees from a range of departments when making communication decisions to guarantee consistency as well as to ensure that all relevant perspectives have been examined (Garavan et al 2010:595).

The manner in which organisations are configured influences the extent to which such integration can occur. This brings attention to how integration across different departments and professions may be achieved (Pollach et al 2012:205)

Many of the communication models discussed above focus, to varying degrees, on the importance of how to organise and coordinate CSR communication. Central elements include i) inside-out communication; ii) stakeholder dialogue; iii) functional integration; iv) message consistency; and v) interactivity (Nielsen & Thomsen 2012:53).

#### **4.3.8 Creating core competencies**

For strategic IC to be effective, IC practitioners must develop new competencies and become generalists in all aspects of marketing communication. For this to occur, IC practitioners need to 'let go' of their specialist functions and reliance on traditional tools and re-examine more broadly, alternative, more effective and appropriate techniques and tools for greater impact and synergy (Du et al 2010:14; Cornelissen et al 2006:13). Also, practitioners need to increase their knowledge and understanding of all the various communication tools for them to select the most appropriate ones available to engage each audience (Niemann 2005:84). Executive management and middle managers are tasked with ensuring that IC practitioners

have the skills and resources necessary to ensure interactive CSR stakeholder engagement (Kliatchko 2008:144; Nielsen & Thomsen 2013:51).

Specialised skills are usually favoured in organisations. Generally, this promotes an, 'inside-out' mind set which hinders the outside-in approach required for IC. Also, marketing and PR practitioners may need new skills and competencies, which, could result in change resistance due to a loss of control of their functional area (Eagle, Kitchen and Bulmer 2007:962; Kim, Han & Schulz 2004:38). Likewise, an organisation's lack of appreciation of marketing and communication's strategic role may relegate this function to a technical skill. Without top management's appreciation and endorsement of marketing and communications functions, the organisation-wide approach necessary for IC is improbable (De Sousa et al 2010:297; Morsing 2006:239).

#### **4.3.9 Data-driven marketing**

Organisations can only deliver relevant and strategic CSR information if they know their stakeholders' requirements and preferences. Building interactive relationships requires organisations to know their stakeholders, which in turn enables targeted and relevant communications. Kitchen and Schulz (2000:90) argue that data is present throughout any organisation. Using technology such as Customer Relationship Management (CRM) software organisations can gather, analyse and store consumer information to allow for more targeted communications and selling. This process is referred to as data mining, which is primarily used in the retail, marketing, communication, and finance industries. Data mining is useful for obtaining knowledge about trends, customer preferences, complaints and helps in evaluating organisations' responsiveness to stakeholder input (Ekhlassi et al 2012:762).

Within strategic CSR, organisations are turning to stakeholder management software packages to develop targeted stakeholder engagement strategies. A cursory Google search will reveal numerous types of stakeholder software packages, such as Reputation Quest7, Active Community Engagement (ACE), Jurat, Dazin, among others. These software packages enable organisations to identify and categorise stakeholders based on social issues and their ability to support or oppose an

organisation. Once the stakeholders' details are added to the database, managers are assigned to each stakeholder. The various software packages can help identify stakeholder information requirements and preferred communication channels to promote dialogue (Isenmann et al 2011:2).

Whilst these packages are helpful, their development is a social construction. The way in which stakeholders are positioned can affect whether an organisation adopts genuine or merely routine-based dialogue. For instance, Reputation Quest7 categorises issues from the organisation's perspective in terms of the stakeholder's potential for 'outrage', 'risk', 'risk filter' and 'hazard'. These terms imply danger and conflict, which suggests imposing and controlling responses from the organisation. In contrast, ACE represents issues in more benevolent terms: 'consultations', 'people', 'decision trees', 'solutions' and 'targeted stakeholders.' Therefore, IC practitioners must be critical of how the various stakeholder software packages are used as they may entrench conventional power relationships between organisations and stakeholders, under the pretext of creating interactive relationships (Isenmann et al 2011:2).

When selecting and using stakeholder engagement software, IC practitioners must consider two questions: 'Do we regard stakeholders as potential problems or as potential partners in decision-making?' and 'What particular assumptions about stakeholders does this software package express?' These questions aim to guide IC practitioners to examine more closely their values and motives as to whether and to what extent the software under consideration can foster genuine dialogue and mutually beneficial relationships (Hughes & Demetrious 2006:99-100).

#### ***4.3.10 Integrated agency for outsourcing***

Organisations also need to build relationships with an integrated agency that offers a full spectrum IC services. Where specialist work is required, the agency would coordinate and oversee the work to ensure that it is aligned to the organisation's overall strategy. Conversely, when agencies provide only one of the communications elements, they are more likely to position themselves as suppliers or vendors rather than developing a partnership with an organisation (Duncan & Moriarty 1997:231).

The discussion above identified three key IC elements, namely i) corporate focus; ii) corporate processes; and iii) infrastructure together with the 10 core elements that characterise IC. The section below reviews the adequacy of these elements for CSR stakeholder engagement.

#### **4.4 Discussion, critique and addition of IC elements**

A major challenge for organisations is how to institutionalise IC practically for responsive CSR strategies. Based on the discussion above, it is evident that various pitfalls and shortcomings exist in the various models.

Even though the IC elements discussed in section 4.3 are regarded as important, they are not comprehensive as they fail to consider organisational culture and leadership, which influences the extent to which an organisation, integrates stakeholders. Organisations that embrace an outside-in approach, invest in the resources required to become stakeholder-centric (Nielsen & Thomsen 2012:53; Schultz & Weheimer 2010:19).

Additionally, the elements do not take into account the process of sense-making. Communication is a transactional process between two or more parties whereby meaning and sense-giving is exchanged. This means that a message may not necessarily be interpreted by all audiences as it was intended (De Beer & Rensburg 2011:212; Morsing & Schultz 2006:323). The dialogic approach as explored in chapter three inspires a co-creation of meaning. In order for the co-creation of meaning to occur, organisations must put in place the necessary systems and organisational processes to elicit and respond to stakeholder feedback (Girard & Sobczak 2012:216; Hughes & Demetrious 2006:95; Schultz & Weheimer 2010:19).

Finally, while data mining is emphasised, to obtain customer information, there is no mention of evaluating IC efforts. Traditionally, IC is measured by outputs such as the number of advertisements placed, et cetera. Evaluation data on the presence and use of IC tools to promote stakeholder engagement is important for responsive CSR strategies. Without clear performance indicators, there will be no way to

evaluate the appropriateness of IC to improve stakeholder engagement (McEhlaney 2009:34).

In sum, IC focuses on synchronising the content and use of various communication channels with the overall aim of creating consistent image and building favourable relationships with stakeholders. In the next section, various IC models are discussed within the context of the four IC elements of the adopted definition, in order to propose a framework to measure the integration of CSR stakeholder engagement.

## **4.5 IC models**

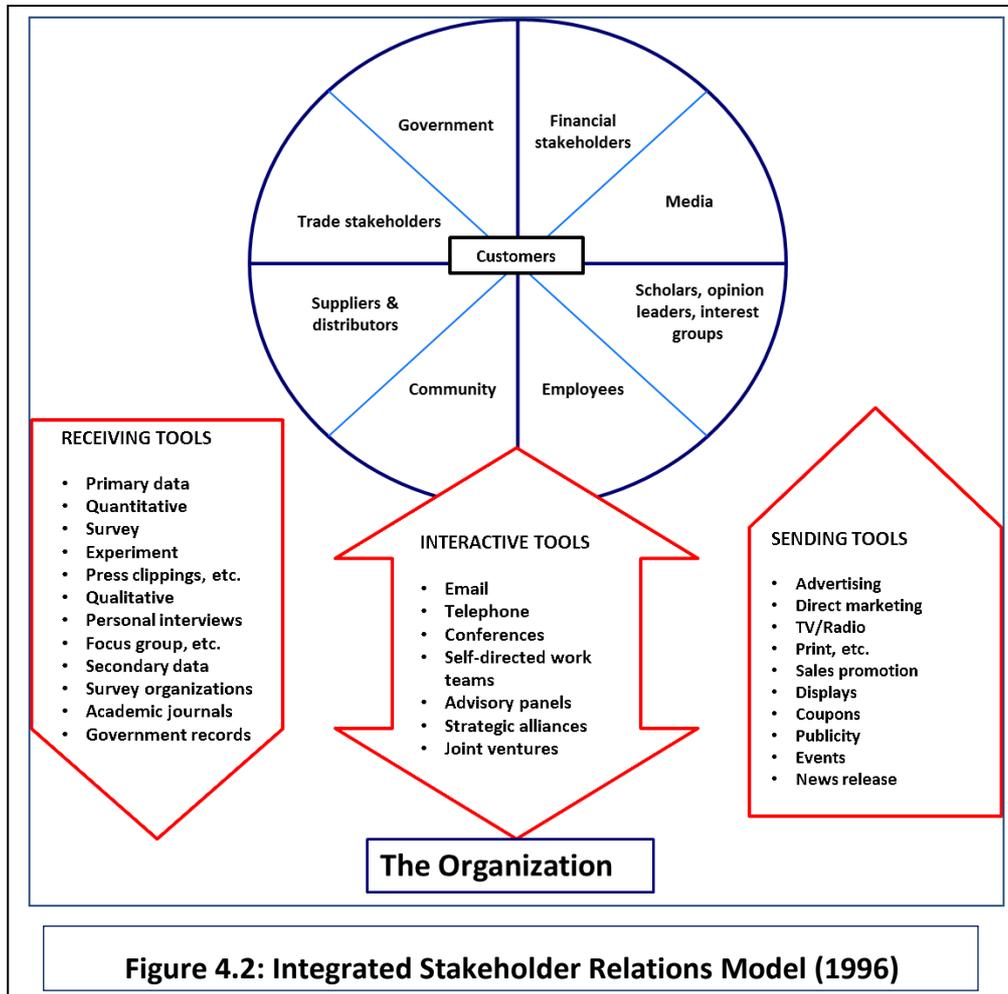
In this section, several IC implementation models are discussed in order to provide practical insight into how IC could strengthen and support stakeholder engagement for responsive and holistic CSR strategies. These IC models were purposefully selected based on the existence of one or more of the four core elements of IC (See Gronstedt 1996; Kitchen & Schulz 2000; Magnan & Ferrell 2005; Morsing, Schulz & Nielsen, 2008; Christensen, et al 2008; Klyueva 2010). Additionally these models were selected based on their ability to support strategic CSR stakeholder engagement, both of which were examined in chapter two. Nine IC models are discussed below.

### ***4.5.1. Stakeholder-focused models***

As elucidated in section 2.5, in order for organisations to keep abreast of their social responsibilities, they must be aware of their stakeholders' needs and expectations (Sun et al 2010:7). The section below focuses on how to integrate stakeholders from an IC perspective.

#### ***4.5.1.1. Integrated stakeholder relations model (1996)***

Gronstedt's (1996) Integrated Stakeholder Relations model emphasises the use of various marketing and communication channels to promote stakeholder relationships. These channels aim to build interactive stakeholder relationships.



**Source: Gronstedt (1996:291)**

Figure 4.2 above shows that customers situated at the centre of the model are considered to have the greatest ability to affect an organisation. The model asserts that by communicating to customers, organisations will inadvertently include all stakeholders (Gronstedt 1996:293).

Organisations are advised to build relationships with their stakeholders using various sending, receiving and interactive tools as illustrated in Figure 4.2 above (Gronstedt 1996:296-298). Through employing various receiving tools, such as communication surveys and audits, organisations can identify and integrate stakeholders. Interactive tools from marketing and public relations are aimed at facilitating stakeholder feedback, rather than just disseminating information (Gronstedt 1996:296). These

tools should be geared towards gathering, analysing and providing feedback (Gayeski & Woodward 1996:3).

Taking a strategic approach, IC practitioners must select the most appropriate tool to suit each stakeholder's preference in order to convey a message (Agenti 2005:87). When selecting a tool, IC practitioners are required to consider each tool against three key elements, namely i) consistent messages and image; ii) common creative elements; and iii) coordinated timing to ensure synergy. Using these tools it is assumed that organisations will build stronger stakeholder relationships (Gronstedt 1996:298).

Gronstedt's (1996) model recognises the importance of building interactive stakeholder relationships through combining various marketing and communication channels. This model replaces the typical sender-orientated, one-way communication model. Using interactive tools (for example communication audits, blogs and social media tools) communicators are able to invite stakeholders' views and also assess the effectiveness of IC (Ekhlasi 2012:764; Stewart 2012:61).

Gronstedt's model however fails to consider, adequately the organisational processes needed to adopt these tools. In addition, marketing and communication practitioners must have prior knowledge and skills to use each tool, which is often not the case (Klyueva 2010). Finally, the model does not explain how stakeholder feedback is fed back into organisations. Without the necessary processes and infrastructure to integrate stakeholder input, organisations are unlikely to develop responsive CSR strategies.

#### ***4.5.1.2 Stakeholder Model for Integrating Social Responsibility in Marketing (2005)***

Maignan and Ferrell's (2005) model offers a refreshing shift from marketing's overemphasis on customers to include broader stakeholders. The model identifies eight steps for building its CSR identity around stakeholder values.

- **Step one: Discovering organisational values and norms.** Maignan and Ferrell (2005:967) state unequivocally that to identify stakeholders, an organisation ought to first to identify the values and norms that are likely to influence CSR. This involves reviewing organisations' mission statements, corporate documents and consulting stakeholders to ascertain how they are perceived against their intended image (Maignan et al 2005: 967).
- **Step two: Identifying stakeholders.** Having understood their own rationales for CSR, organisations then identify their stakeholders. When doing so, stakeholders' norms, values, needs, wants, and desires are carefully considered. Due to limited time and capacity constraints, organisations need to consider how they will prioritise and attend to all stakeholders. The issue of power is central to how organisations identify and prioritise their stakeholders. Power is conferred to stakeholders based on their ability to support or threaten the survival of organisations (Collins et al 2006:4; Mitchell et al 1997:853).
- **Step three: Identifying stakeholder issues.** Step three consists of understanding the main issues of concern to stakeholders. Such information can be obtained internally through organisations' different departments and regulatory advisors or through external organisations such as governmental agencies, NGOs, or competitors. More direct methods include focus groups, interviews and panel discussions to better understand stakeholder expectations (Lotila 2010:398; Maignan et al 2005:969).
- **Step four: Assessing the meaning of CSR.** Steps one through three consisted of clarifying organisations' rationales for CSR and stakeholder engagement, including how to identify and prioritise them. In step four organisations assess and select those CSR initiatives, which are aligned to their core business strategies and identify those stakeholders most likely to be affected. Afterwards, organisations develop and formalise their CSR strategy in official documents such as business plans, annual reports, websites, et cetera (Maignan et al 2005:970; Smith & Sharicz 2011:78).

- **Step five: Auditing current practices.** Social auditing is the process of assessing organisations' business performance and the social expectations of stakeholders (Rasche & Esser 2006:251). This step measures and evaluates organisations' responsiveness to society. Organisations usually voluntarily disclose such information through Sustainability Reports. Through reporting, organisations can assess and verify whether they are achieving their CSR strategies and make revisions where necessary (Reynolds & Yutha 2008:48; Maignan et al. 2005:971).
- **Step six: Implementing CSR initiatives.** The CSR implementation process starts with prioritising which issues to tackle first. Two main criteria are considered: firstly, the level of financial and organisational resources required. For instance, it may be necessary to establish a new department or implement a new marketing process, such as identifying new environmental yardsticks. The second criterion is urgency, which relates to identifying issues that are likely to have an immediate impact. To help guide and manage implementation, Maignan et al (2005) suggest developing a joint project schedule with stakeholders. This will keep all stakeholders abreast of organisations' activities leading to greater transparency, credibility and trust (Maignan et al 2005:972).
- **Step Seven: Promoting CSR.** This step involves keeping internal and external stakeholders informed about organisations' CSR initiatives and progress. Stakeholders are informed through corporate circulars, intranets, sustainability reports, social media, et cetera (Bonsòn & Flores 2011:37; Collins et al 2006:1).
- **Step Eight: Gaining stakeholder feedback.** To stimulate stakeholder feedback, the authors suggest conducting regular stakeholder surveys and audits to close the communication loop. Stakeholder feedback is then used to reassess the first three steps of the CSR management process, and where necessary strategies are revised (Maignan et al 2005:973-974).

This model addresses organisations' values and leadership's commitment to CSR, a common shortfall in other communication models. As noted earlier organisations'

cultures can lead to resistance. By examining the organisations' values and rationales, IC practitioners are better able to devise communication strategies to reduce resistance and bring about the necessary internal organisational changes to integrate stakeholders for a holistic and strategic CSR approach (Baraka 2010:232; Johansen & Nielsen 2011).

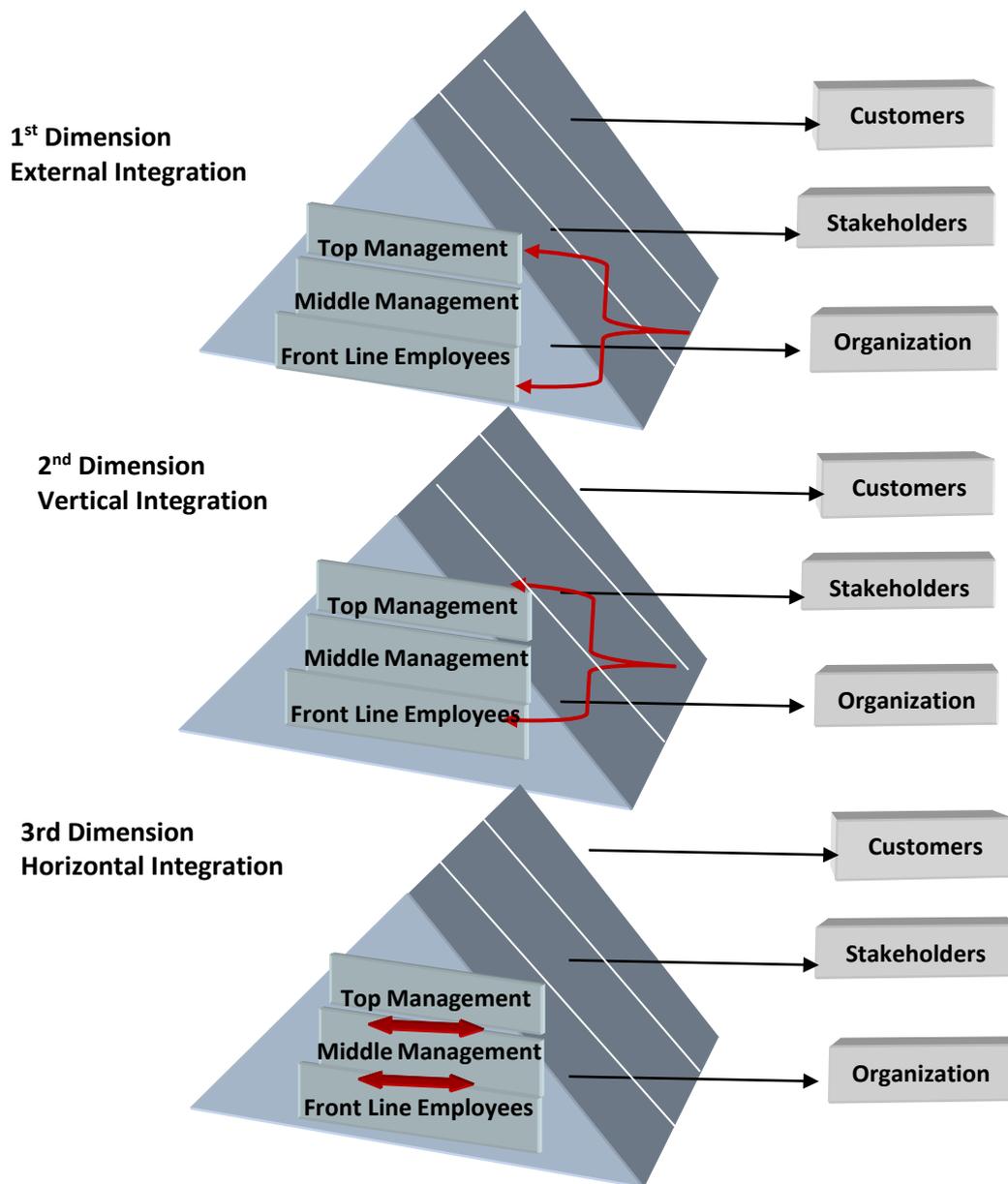
Yet, the model fails to focus on organisations' structures and procedures for collaborating with other communication departments. Its focus on marketing fails to examine how public relations would fit into this model. This could ultimately lead to disjointed communication efforts. Secondly, the model does not focus on the infrastructure required such as data-driven technology for identifying and promoting interactive stakeholder dialogue. Without the necessary infrastructure and a limited set of communication tools, two-way communication is unlikely to be frequent and genuine (O'riodon & Fairbrass 2008:753).

#### ***4.5.2 Process orientated models***

The manner in which organisations are configured influences the extent to which IC occurs. Four models are discussed below to address the organisational dimension of integration such as the position of IC in relation to top management and how it cooperates with different departments and professions (Pollach et al 2012:205; Christensen et al 2008:425).

##### ***4.5.2.1 The three-dimensional IC model (2000)***

Gronstedt's Three-Dimensional Model (2000) is a revision of his earlier Stakeholder Relations Model (1996). This model includes the organisational processes necessary to integrate stakeholders across three levels, namely i) external; ii) vertical; and iii) horizontal (See Figure 4.3 below).



**Figure 4.3: Three-Dimensional IC Model**

**Source: Gronstedt (2000:8)**

The first triangle represents organisations with senior managers at the top, middle management in the middle and front-line employees below. Below middle management are those employees that add value directly or indirectly to the customer. The triangle behind includes stakeholders such as the local community, the media, investors and government regulators. The last triangle represents the customers. Gronstedt (2000:17) illustrates these groups as overlapping triangles to show that 'customer centred organisations' or 'stakeholder centred organisations'

need to involve people from all ranks and every department in on-going dialogues with stakeholders.

Gronstedt (2000:11) notes that for external integration to occur, organisations need to become stakeholder-centric, internally. This requires educating everyone in an organisation about the importance of building long-term relationships with all stakeholders (Gronstedt 2000:15).

Vertical integration refers to the way in which communication activities are distributed among the different communication functions as well as the position of these departments in relation to executive management (Pollach et al 2012:206). This occurs when, for instance, managers develop communication plans to involve employees on the importance of building stakeholder relationships (Duncan & Caywood 1996:32). Managers can use various tools and messages about the organisation's CSR strategy to facilitate both top-down and bottom-up communication (Gronstedt 2000:21).

Horizontal integration focuses on organisational structures to integrate the various communications activities across business functions, departments and geographical boundaries (Gronstedt 2000:21; Pollach et al 2012:206). IC can be centralised in a single department or decentralised among different departments they can be subordinated into different functions or units (Cornelissen 2008:126).

Cross-functional collaboration among the different functions or departments may also occur through various procedures, such as establishing committee-working groups to facilitate knowledge sharing and expertise between and across various professionals and departments (Christensen et al 2008:436).

Gronstedt's (2000) revised model addresses previous criticisms of his stakeholder relations model (Gronstedt 1996) by including the processes for integrating stakeholder feedback through a reorganisation of the marketing and communication functions. More specifically, this model provides three separate levels of integration, which emphasises cross-functional integration rather than the typical silo-approach of the communication function (Pollach et al 2012:205).

As previously mentioned, employees are the lifeblood and change-agents for implementing strategic CSR. Without their support, organisations are unlikely to succeed in delivering on its CSR commitments. Through the development of internal communication strategies, organisations can orientate, empower and involve their employees to have a say in their CSR strategies and plans. In doing so, they also build employee morale and ownership for CSR's implementation (Smith & Sharicz 2011:76; McElhaney 2009:32; Nijhof et al 2006:151-152). However, Gronstedt's (2000) model fails to emphasise sufficiently, the strategic communication functions' role for integrating the three dimensions (Niemann-Struweg & Grobler 2007:68).

#### **4.5.2.2 IC: toward flexible integration (2008)**

Christensen, Firat and Tropp (2008) recommend a flexible integration approach to replace centralised control systems, to better assimilate stakeholder issues. Integration is considered a continuous process without one clear locus of control (Christensen et al 2008:436-443).

To achieve flexible integration, the authors recommend using boundary spanners to keep abreast of organisations' external environments. These boundary spanners, (employees from other departments) collaborate with IC practitioners as part of a decentralised working group. This structure promotes both horizontal and vertical information flow, allowing for different perspectives and information sharing, in order to keep abreast of stakeholder issues (Christensen et al 2008:436).

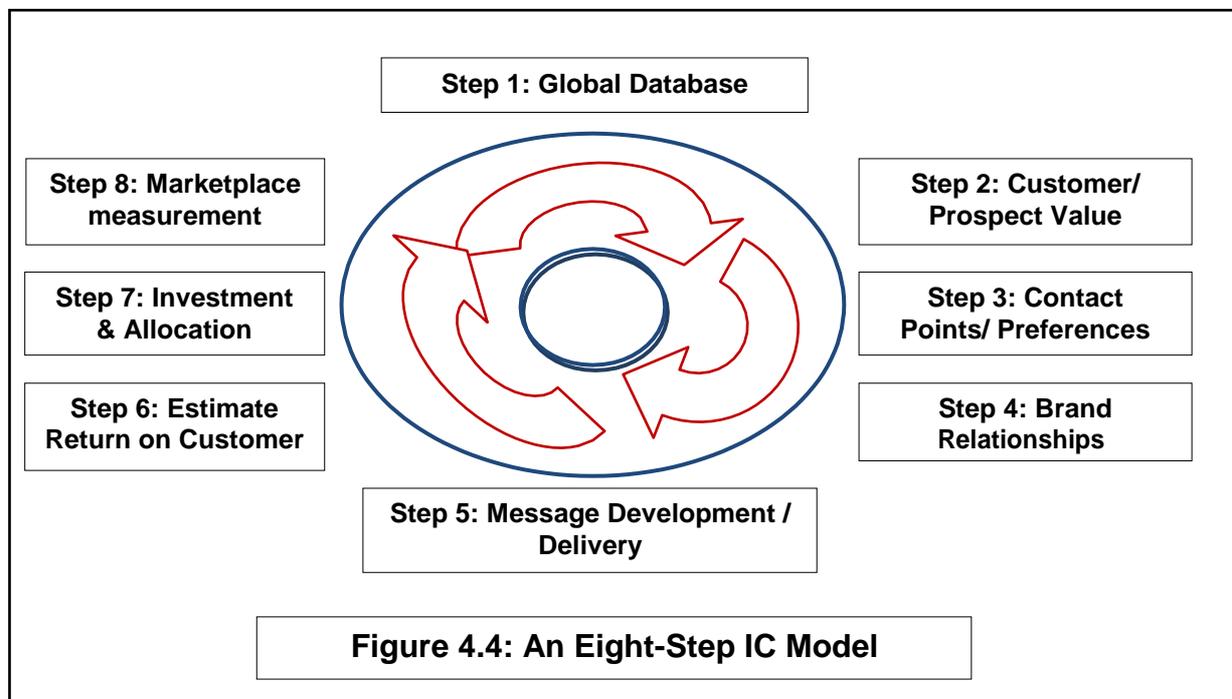
Rather than coordinating all messages through a centralised communication function, employees are provided with guidelines, called common process rules (CPR) to help them achieve IC. These rules guide employees and working groups to integrate information and respond to organisations' external environments (Christensen et al 2008:436).

Christensen et al's (2008) flexible integration, addresses the internal processes necessary to achieve IC. Christensen's (2008) model recommends boundary spanners that work in semi-autonomous teams, guided by organisational values, in

order to achieve message consistency. Also, this model emphasises responsiveness to stakeholder expectations which, is extremely important for building long-term relationships with stakeholders.

#### 4.5.2.3 *Eight-Step IC Model (2000)*

Kitchen and Schulz (2000) provide an Eight-step Integrated Communications Model, which is a continuous eight-step cycle, in which learning from each step is incorporated to inform the next phase of communication as illustrated in Figure 4.4 below. The eight steps will now be examined.



Source: Kitchen & Schulz (2000:9).

- **Step one: Global Database.** The model emphasises data driven technology to gather stakeholder information to develop targeted communication strategies (Kitchen & Schulz 2009:297). Data mining is a process that involves collating, organising and analysing data to provide as much information as possible, about consumers and stakeholders (Kitchen & Schulz 2000:90; Niemann 2005:137). Having the necessary data driven technology is

crucial for generating purposeful interactivity with customers and stakeholders.

- **Step two: Customer Value.** Based on this data, organisations then decide which stakeholders to invest time and resources in, to cultivate the relationship. Communication professionals can then prioritise and devise more targeted communication strategies to those stakeholders who offer organisations the most value (Kitchen & Schulz 2000:79; Gronstedt 1996:296-297).
- **Step three: Contact Point / Preferences.** In step three, the consumer and stakeholder contact points and preferences with the brand and organisation are carefully examined. Contact preferences are customers' or stakeholders' preferred method of communication such as through direct mail, above-the-line advertising, email, short-service messages (SMS) or in-store promotions (Duncan & Moriarty 1997:161). Each point of contact reinforces a stakeholder's perception of the organisation. Therefore investing in database systems allows for better segmenting and re-segmenting of target audiences and using the right tools to convey information (Duncan & Caywood 1996:28; Kitchen & Schulz 2009:198). Therefore, IC practitioners must ensure that message consistency is achieved throughout any organisation.
- **Step four: Brand Relationships.** The brand serves as a link between the organisation and its various stakeholders. Therefore brand integration must move beyond the coordination of visual and graphic elements to become more strategic. Understanding how organisations' diverse stakeholders perceive brands is critical for developing new communication efforts (Du et al 2010:82; Kitchen & Schulz 2009:201; Duncan & Moriarty 1997:48-49).
- **Step five: Message Development and Delivery.** Customers and stakeholders will focus on the content of communications rather than the communications functions responsible for its development. Accordingly, communication practitioners need to tailor the content of messages and select

the channels best suited for each stakeholder (Klyueva 2010; Schulz et al 1994:101). This requires that practitioners relinquish their specialisations and work collaboratively to ensure that message contents are effective for each target audience.

- **Step six: Estimate on return on customer investment (RCOI).** This step involves examining the financial costs and other resources required against the expected outcomes of campaigns (Kitchen & Schulz 2000:83).
- **Step seven: Investment and Allocation.** Based on the projections above, practitioners would assess the feasibility of pursuing communication efforts (Duncan & Caywood 1997:xvi). This differs from traditional communication approaches because it first identifies the communication objectives and target audience's needs. Only then is a budget developed. Usually a revision of the previous year's budget is used to plan communication campaigns (Moriarty 1994:42). This approach allows for new ideas to achieve integration, avoid duplication, share expenses and control activities. Another benefit is determining the most effective sequence and timing for placing different messages. In this way it protects organisations from sending conflicting messages that can damage their reputations.
- **Step eight: Marketplace Measurement.** The final step is setting-up a measurement system to assess the effectiveness of IC, such as a communications audit (Moriarty 1994:93; Niemann 2005:144). The results are entered into the database and communicated to target audiences using the most appropriate channels (Gronstedt 1996:298). In this way, organisations generate a closed-loop system. At each stage, information is received and informs the next stage of the system, allowing for a process of continuous learning and improvement (Moan et al 2009:72).

Kitchen and Schulz's (2000) model closely resembles and builds on the Evolutionary Stage Model proffered by Duncan and Caywood (1997), which, asserts that organisations should implement IC in six stages as they adapt to market changes.

Kitchen and Schulz's (2000) focus on gathering 'stakeholder intelligence' and this corresponds to the IC element, zero-based planning. Based on this information, IC practitioners can determine what and how to convey CSR communication for a range of stakeholder groups. However, choosing to select stakeholders, based on the financial return on investment, is a weakness in this model (Kitchen & Schulz 2000:83). Stakeholders who show no future return on investment have the ability to organise and exert pressure on a particular issue at any given time; bringing disrepute to organisations' reputations and impacting on bottom-lines.

#### ***4.5.2.4 Integrative Framework for Designing and Implementing CSR (2009)***

Moan et al (2009) advance a CSR model that promotes an organisation-wide approach to stakeholder engagement through four stages namely: Unfreeze, Moving, Refreeze and Sensitisation. These stages represent a continuum where the organisation transitions from being apprehensive to later embracing CSR values and practices. Within these stages, Moan et al (2009:78-83) identify nine steps that are critical to the successful development and implementation of CSR. These steps coincide with Maignan and Ferrel's (2005) model discussed above. These nine steps are outlined briefly below.

- **Step one: Raising CSR awareness inside the organisation.** Managers begin to develop a genuine interest in adopting CSR practices recognising that organisations derives their social license to operate from society (Moan et al 2009:78).
- **Step two: Assessing corporate purpose in its societal context.** The organisation moves from an awareness stage to reassesses its corporate norms and values in order to align its CSR strategy with its overall mission to ensure that there is an organisational fit. Based on this, the organisation identifies its stakeholders and their issues of concern and ways to prioritise them (Moan et al 2009:78)

- **Step three: Establishing a vision and a working definition for CS.** After Steps one and two, the organisation in collaboration with its stakeholders develop a common understanding and vision of CSR (Moan et al 2009: 79).
- **Step four: Assessing current CSR status and benchmarking competitors' practices, CSR norms and standards.** This step involves evaluating current CSR practices among existing policies, codes of conduct, and other documents. Fortunately, a number of guidelines are available to help evaluate CSR programmes, for example, the *Global Reporting Initiative (GRI)* guidelines and *South Africa's King III Report* (2009). Another way to gauge progress is through benchmarking competitors' practices (Moan et al 2009: 80)
- **Step five: Developing a CSR-integrated strategic plan.** In order to practically develop and implement strategic CSR plans, organisations need to review and develop measurable goals and targets as well as build capacity (Moan et al 2009: 80-81).
- **Step six: Implementing the CSR-integrated strategic plan.** Middle managers are responsible for executing the executive leadership's vision of CSR. This means allocating resources and monitoring implementation of *the CSR plan* (Moan et al 2009: 81).
- **Step seven: Communication about CSR commitments and performance.** To increase CSR awareness across the organisation, an internal communication strategy and external communications strategy should be developed. An internal communication strategy includes objectives and methods (messages, activities and channels) used to engage employees in order to promote loyalty, a sense of belonging, and keep them informed of organisational progress and changes (Welch & Jackson 2007:198). An external communication which plan focuses on management, involves all communications aimed at creating a distinct and favourable brand image from its competitors and builds long-term stakeholder relationships (Christensen 2011:386).

- **Step eight: Evaluating CSR-integrated strategies and communication.** Regular assessments of CSR activities are needed to review progress and revise where needed. Such regular assessments will also demonstrate the organisations commitment to CSR.
- **Step nine: Institutionalising CSR.** For CSR to be sustainable, it must be embedded across the organisation's culture and systems, such as employee appraisals, et cetera. Institutionalising frequent stakeholder dialogues will also keep the organisation abreast of social expectations and help build enduring relationships with them.

Moan et al's (2009) Integrative Framework for Designing and Implementing CSR model notes that there must be an organisational 'mindset' from top management to embrace CSR and develop a stakeholder centric approach (McElhanev 2009:32; Nielsen & Thomsen 2013:51). This model identifies the various stages and processes an organisation is likely to undertake from conceptualising to evaluating its CSR strategy.

This model includes an internal and external communications strategy. The internal CSR communications strategy serves to educate its employees about the importance of strategic CSR and their role towards ensuring its implementation. An external communications strategy informs and elicits stakeholder feedback. This model therefore provides an holistic approach for integrating strategic CSR stakeholder engagement. Moreover, it emphasises the need for strategic CSR to be an organisation-wide process.

#### ***4.5.3 Channel oriented models***

This next section reviews two communication models focusing on channels in order to build interactive stakeholder relationships. These are CSR Management: The Inside-Out Approach (Morsing et al. 2008) and Integrated Model of Media Selection (Klyueva 2010).

#### **4.5.3.1 CSR Management: The Inside-Out Approach (2008)**

Morsing, Schultz, and Nielsen (2008:103-104) propose a two-pronged approach to CSR, which builds upon Morsing's (2006) Strategic CSR Communication model. The model comprises of two phases. In the first phase, the 'inside-out approach', communication flow is one-way as top management sets the CSR agenda and involves employees to ensure that they are committed. The next phase is characterised by external communication with two concomitant processes.

In the first phase, 'the inside-out approach,' the organisation develops a strong rationale and adopts a CSR strategy that is aligned to its core business. Issues that directly affect its employees such as better working conditions, decent wages, et cetera are addressed. By involving employees in this process, everyone gains a deeper understanding of CSR, its values and objectives (Bhattacharya 2010:92).

In phase two, Morsing et al (2008:106-108) suggest two ways for communicating CSR to a variety of external stakeholders who may appreciate but are generally sceptical towards CSR statements. These are the 'expert CSR communication processes and 'endorsed CSR communication process.'

The 'expert CSR communication process' involves disseminating factual CSR information to all stakeholders via corporate websites, internal newsletters, sustainability reports and meetings with stakeholders. CSR information is targeted and sent in an inconspicuous way to relevant stakeholders. Evidence shows that stakeholders trust information that is technical, factual and objectively stated rather than those conveyed through advertising. Using the United Nations Global Compact or Global Reporting Initiative (GRI) guidelines is useful for determining what constitutes factual information that can then be conveyed through Sustainability Reports to foster credibility and trust (Morsing et al 2008:108-109; Podnar 2008:79).

For wider publication, the authors suggest an 'endorsed CSR communication process.' This involves using a 'third party to publicise this information. The organisation, for example may hire a consultant to audit their CSR efforts and publicise these findings. CSR information when disseminated using third party

endorsement is perceived with greater authority and credibility than if it was published by the organisation itself. The organisation reduces potential stakeholder cynicism to corporate CSR messages (Du et al 2010:13).

Morsing et al's (2008) CSR Management: The Inside-Out Approach model, addresses two of the four key elements identified as important for IC, namely: process and channels. More specifically, this model emphasises one of the four core IC elements, namely channels. The mode of communication is important because it affects how a message is interpreted (Kliatchko 2008:147). In order to ensure that strategic CSR communication is effective and to mitigate mistrust, this model suggests using independent channels, such as CSR experts and or third parties to convey sensitive strategic CSR information. However, the model fails to adequately explain the role, function and position of the communications-discipline responsible for the creation and dissemination of a message (Christensen et al 2008:436).

#### **4.5.3.2 *Integrated Model of Media Selection (2010)***

Klyueva (2010) advances an Integrated Model of Media Selection in Strategic Communication to help IC practitioners identify the most appropriate media channel to use when striving for message consistency.

The model includes criteria for identifying the most appropriate communication channels based on its ability to carry complex information, namely, i) the ability to send complex content through numerous channels of communication; ii) capacity to support the use of language variation, iii) ability to provide instantaneous feedback, and iv) ability to support a high degree of personalised communication.

The more complex the information, a richer medium such as one-to-one communication channels, for example stakeholder meetings or phone calls is used. For more straightforward information that requires no response, a leaner communication channel is used. Klyueva's (2010) model proposes that efficient as well as less efficient communication is possible through both rich and lean communication channels. Accordingly, IC practitioners must be knowledgeable about

the subject discussed and their target audience preferences to select the most appropriate channel (Klyueva 2010).

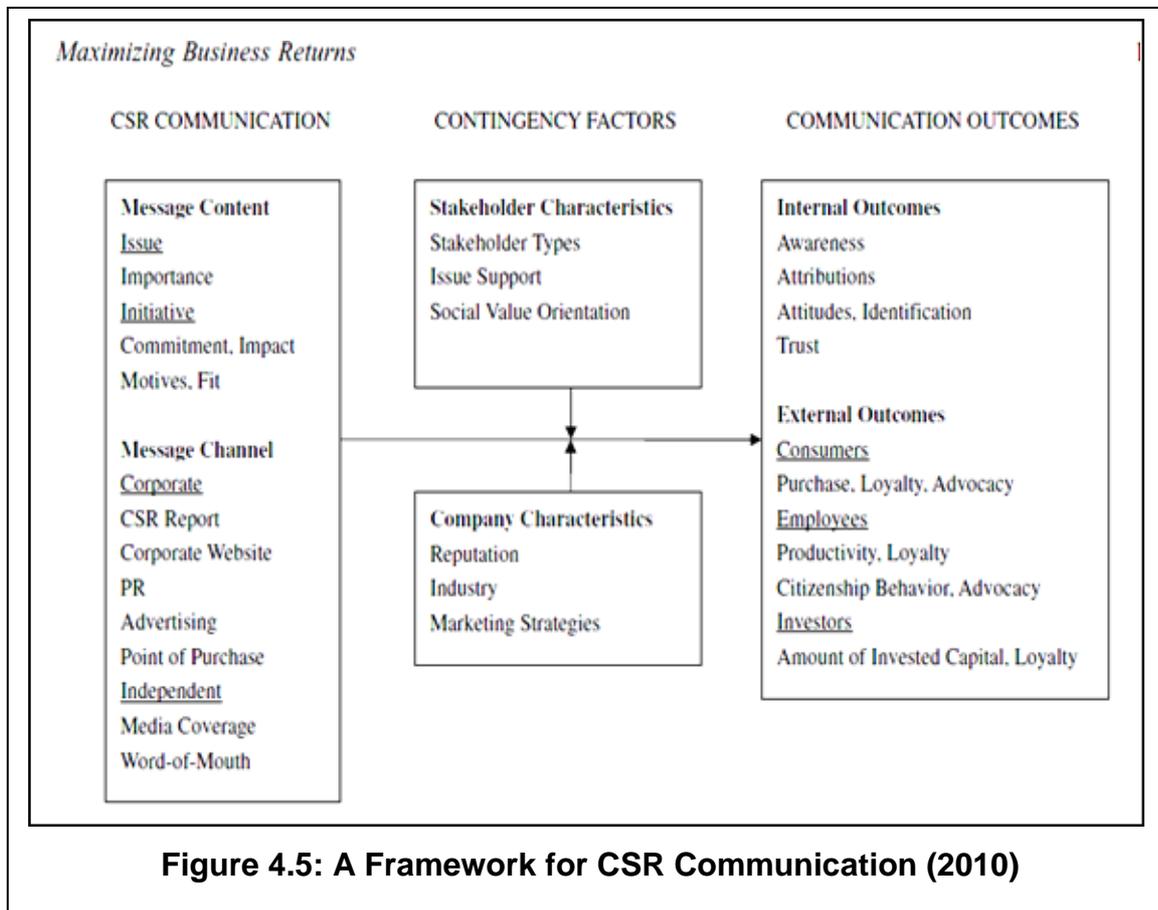
Klyueva's (2010) Integrated Model of Media Selection provides practical criteria to help IC practitioners select the media channel most suited to transmit both simple and complex information, which are seldom mentioned in the literature or included in the models above (Klyueva 2010). IC practitioners must first have a good understanding of the strategic CSR issue and their stakeholders, to select the right tool. However, whilst emphasising stakeholder engagement and how to select the most appropriate media channels; it is particularly sender-focused - without noting that stakeholders today are not merely passive recipients but are also co-creators of content and disseminators through social media (Klitachko 2008:148).

#### **4.5.4 Content oriented models**

As organisations seek to interact with numerous and diverse stakeholders across various channels, the challenge for organisations is how to maintain consistency. Organisations not only communicate with the messages they deliberately disseminate but also through their products, services and overall management practices, such as employee treatment (Christensen et al 2009:210). The challenge for organisations is how to ensure consistency. In the next section, models that are focused on how to achieve message consistency are discussed.

##### **4.5.4.1 A Framework for CSR Communication (2010)**

Du et al (2010) present a conceptual framework which takes into consideration the content and channels used as well as the company-and stakeholder-specific factors that influence CSR communication (See Figure 4.5 below). The context in which communication occurs between the organisation and stakeholder influences the way in which CSR information is interpreted.



Source: Du et al (2010:11)

As noted in Chapter two, CSR is a moving target which is defined by society at a given time. Figure 4.5 above illustrates the inherent interplay between channels of communication and message content. The communication vehicle enables stakeholders to receive a message, while the content informs and persuades stakeholders (Chattopadhyay & Laborie 2005). When determining what and how to communicate, the organisation should consider the perceptions of its various stakeholders. Some stakeholders may perceive certain channels as inferior or negative. Therefore, an organisation must be attuned to how various stakeholders may perceive each tool so that it can overcome stakeholder scepticism, and generate a positive image of its CSR.

To avoid stakeholder cynicism, Du et al (2010:10-17) recommend marketing the social issue or cause itself, rather than the organisation. Additionally, organisations should support social issues that are linked to its core business to avoid stakeholder cynicism and mistrust regarding the organisations ulterior motives (Du et al 2010:12).

When choosing a particular channel, the organisation should consider how stakeholders perceive each tool. Stakeholders generally perceive external and independent channels as more credible than company-owned and controlled channels, which could be perceived as 'bragging' or propaganda. Examples of neutral channels include industry magazines, word-of-mouth and testimonials from consumers themselves or opinion leaders, etc.

Company-specific factors include the organisation's corporate reputation and CSR position. If the organisation has a long-standing and credible reputation, the more likely stakeholders are to be supportive and display brand loyalty.

Stakeholder-specific factors include issue support and social value orientation. Du et al (2010) suggest selecting social issues that matter to key stakeholders. Social value orientation is another factor to consider, which is related to stakeholders' motivation to process CSR information. Essentially, stakeholders are more likely to interpret CSR positively if their personal values are socially inclined, rather than more individualistic and capitalistic. Organisations will need to tailor the organisation's CSR messages accordingly to each stakeholder group (Du et al 2010:16).

Du et al's (2010) Framework for CSR Communication Model notes that CSR is a dynamic concept. By adopting a stakeholder-orientated lens of strategic CSR, organisations can keep pace with their social and environmental responsibilities at any given time and thereby maintain their socially sanctioned license to operate (Bhattacharya 2010:84; Carroll & Buchholz 2009:56). In order for an organisation to strategically communicate effectively with its stakeholders, it must consider context. The context in turn influences the content and channels used to interact with stakeholders. Communications is shaped by its context and circumstance. Thus, there is an inherent interplay between channels of communication and message content in that the former enables stakeholders to receive and experience the organisation's brand, while the content informs and persuades stakeholders (Kliatchko 2008:153).

This is relevant because of the growth of social media where stakeholders can instantly create and share content across multiple channels at the click of a button (Stewart 2012:60). The new interactive paradigm of content creation enables audiences to be both creators and receivers of content at the same time, leaving out the exclusivity of content creation from media firms and marketers.

Thus, organisations need to have an in-depth knowledge of their stakeholders to develop relevant and targeted messages using the most appropriate communication channels (Kliatchko 2008:148).

#### **4.6 Review and critique of the IC models within the context of the adopted IC definition for this study**

This study is concerned with proposing an IC framework to support CSR stakeholder engagement by means of a single case study. Eight models were reviewed based on their contribution to the four essential elements identified as crucial for this study, namely: stakeholder focus, organisational processes, channels and content.

The IC element of stakeholder focus was widely referenced by almost all of the models, namely, Gronstedt's (1996) Integrated Relations Model; Maignan and Ferrell's (2005) Stakeholder Model for Integrating Social Responsibility in Marketing; Gronstedt's (2000) Three-Dimensional Model; Christensen, Firat and Tropp (2008) IC Toward a Flexible Integration; Kitchen and Schulz (2000) Eight-step IC Model; Moan et al's (2009) Integrative Framework for Designing and Implementing CSR; Morsing, Schultz, and Nielsen (2008) CSR Management: The Inside-Out Approach; Klyueva's (2010) Integrated Model of Media Selection and Du et al's (2010) A Framework for CSR Communication (2010).

Furthermore, two of the models specifically, address the element of organisational processes. The location and structure of the communications and marketing disciplines influences both the content and delivery of messages. Hence, Gronstedt's (2000) Three Dimensional Model emphasises cross-functional integration through reorganising the communications and marketing divisions. Christensen et al's (2008) model further suggests establishing a multi-functional

working committee representative of IC practitioners and professionals from other departments. This allows the organisation to reflect and assimilate the views of its employees and other stakeholders. Employees are also empowered to become more involved in strategic CSR. Through such cross-functional integration, the organisation is likely to be more responsive to its stakeholders, which is essential for an organisation-wide approach to strategic CSR.

In order to promote interactive stakeholder relationships various IC channels tools are required. Gronstedt (1996) recommends employing a variety of receiving, sending and interactive tools to identify stakeholders and facilitate stakeholder feedback, rather than just disseminating information (Gronstedt 1996:296). Similarly, Kitchen and Schulz (2008) emphasise data driven technology in order to gather information for the development of more targeted messaging and dissemination. Klyueva (2010) provides guidance on how best to select IC tools to promote interactive relationships, which is often overlooked. However, for the most part these models remain largely consumer driven (See Gronstedt, 2006, 2000; Kitchen and Schulz, 2008) because even where database technology is referenced, these CRM tools are specifically designed to build relationships with consumers to generate sales and not all stakeholders. While these systems may be modified to include stakeholders; it is often inadequate for eliciting and responding to a broader range of stakeholder concerns.

Finally, creating targeted yet consistent content was also reviewed. In order for organisations to strategically communicate with clarity and consistency, all messages should be driven by their vision and mission (Mchanley 2009; Du et al 2010), Maignan and Ferrell (2005), Morsing (2008) and Moan et al's (2009) models recommend including stakeholders from the outset to develop a common understanding and shared vision of CSR. In doing so, this will ensure that messages are not only consistent but are relevant and understood by all parties.

A major challenge for organisations is how to practically institutionalise IC for responsive CSR strategies. Based on the discussion above, it is evident that various pitfalls and shortcomings exist in these models. The researcher notes that a comprehensive model would include an emphasis on outside-in communication,

functional integration and interactive communication channels (See Nielsen & Thomsen 2012:53). By borrowing from the strengths of relevant IC models discussed in the previous sections, an IC framework to support stakeholder engagement within strategic CSR is proposed in section 4.7 below.

#### **4.7 A proposed IC framework to support stakeholder engagement within strategic CSR**

While considering the above models, the researcher proposes an IC framework to support stakeholder engagement within strategic CSR (See table 4.1 below). Apart from borrowing from relevant IC models, the proposed IC framework also includes the AA1000 Stakeholder Engagement Framework (Accountability.org 2005:21), five stages in the stakeholder engagement process discussed in section 2.7. These stages were considered for the proposed IC framework because they provide clear steps to ensure that organisations involve stakeholders' right at the outset. Through IC systems and processes, organisations can engage and develop responsive and holistic CSR strategies. This is especially relevant today, as expectations related to strategic CSR are constantly changing due to shifting societal circumstances and expectations (Jadhi & Acikdilli 2009:110; Pollach et al 2012:205). The researcher consequently proposes an IC framework, comprised of eight steps, to support stakeholder engagement within strategic CSR as discussed below.

- **Step one: Review organisational rationale for strategic CSR.** Within this step, the organisation examines its motivation and reasons for undertaking strategic CSR. Organisations that embrace strategic CSR recognise that they derive their social licence to operate from society. Failure to do so will result in reputational risk and ultimately in ruin (Carroll & Buchholz 2009:56; Christensen & Cornelissen 2011:384; De Beer & Rustenberg 2011:208; Sun et al 2010:7). When organisations embrace strategic CSR, it comprehensively develops and formalises their CSR strategy in official documents, such as business plans, website, policies and reports - such as annual and sustainability reports (Maignan et al 2005:970; Smith & Sharicz 2011:78).

- **Step two: Conduct Stakeholder Engagement Methods.** Organisations should use stakeholder engagement methods, which require that the organisation identifies its stakeholders, understands their main issues of concern, and then prioritise them. Organisations that are committed to strategic CSR will adopt a broad and inclusive range of stakeholders. Based on a stakeholder mapping, the organisations should have a clear Stakeholder Engagement Plan that outlines who the organisations' stakeholders are, their concerns and social expectations. This plan should also include the aims, objectives and guiding principles for stakeholder engagement (See Maignan et al 2005:972).
- **Step three: Develop an IC strategy for stakeholder engagement.** This step involves developing a communications strategy to build long-term stakeholder relationships. Stakeholders should be the core focus of the strategy from which all communication interventions are planned and developed (See Schulz & Weheimer 2010:19). Instead of the inward-looking mind-set of traditional organisations of the past, the IC follows an outward-looking orientation. Through the use of zero-based planning, the communication strategy should be based on solid research and the long-term goals of the organisation rather than on short-term campaign outputs or previous communication strategies (See Jahdi & Acikdilli 2009:109; Barker & Angelopulo 2006:48). The strategy should also identify all the organisation's stakeholders, their social expectations as well as engagement techniques and channels to promote interactive communication with them. This strategy should also indicate the method and frequency of such engagement. Added to the above, the strategy should guide communications practitioners on how to integrate, respond and report to internal and external stakeholders, such as through email, meetings and the annual sustainability reports, et cetera (Moan et al 2009:8).
- **Step four: Resource the IC plan.** To operationalise the IC Plan, executive management and middle managers should be tasked with ensuring that IC is well resourced to ensure interactive strategic CSR stakeholder engagement (Kliatchko 2008:144; Nielsen & Thomsen 2013:51). This step involves investing in the necessary IC processes, content and channels required to integrate

stakeholders. The organisation would review its organisational processes, strategic CSR content and channels for promoting interactive stakeholders relationships.

- **Step five: Establish IC organisational processes.** The organisation will need to ensure that the IC function is appropriately structured and located. For IC to be effective it should be a strategic management function rather than a support function. The organisation's internal processes both hierarchically and vertically would need to be re-organised. The IC function should be located with easy access to executive management in order to relay and / or counsel management regarding stakeholder issues (Pollach et al 2012:205). In order to fulfil its boundary-spanning function, cross-functional integration rather than a silo-approach is recommended. This would be evidenced through, for instance, collaboration between the marketing, communications, and other related business functions. Alternatively, organisations could merge and/or establish a strategic CSR IC Committee, comprised of various professions and departments to work in a semi-autonomous manner. This committee would monitor, incorporate and respond to stakeholder input and then report to executive management and/or directly to the Chief Executive Officer. Tasking the public relations and marketing professionals to work together through this Committee would foster functional as well as horizontal integration (See Christensen et al 2008:436).
- **Step six: Establish consistent content/ messaging.** Given the diversity of stakeholders, organisations need to speak in 'multiple voices' to reach each stakeholder, which may jeopardise its identity and reputation (Johansen & Nielsen 2011). Message consistency is achieved when all communication is positioned by the organisation's strategy, vision, mission and objectives rather than just product claims (Bhattacharya 2010:85; Hildebrand 2011:4). Organisations are advised to support strategic CSR issues that fit the brand and connect strategic CSR communication to the organisation's core business and competencies (See Du et al 2010:9). For instance, the organisation could develop comprehensive branding and communication guidelines detailing key

strategic messages from which all content is derived. Also, the organisation could identify and approve only specific media spokespersons to ensure consistent messaging.

- **Step seven: Review and optimise IC channels.** Organisations should establish the appropriate channels for promoting interactive dialogue. Various receiving, interactive and sending tools/channels (e.g. email, internet, media, mobile, consultative meetings, social media et cetera) can be used to create long-term purposeful dialogue (Kitchen & Schulz 2009:200; Gronstedt 1996:296-297). The internet and social media have greatly improved interactivity. Optimal use of interactive tools could help organisations consult with them in the design and implementation of its CSR strategy. In this way organisations could proactively and jointly resolve potential issues that could impact on their brand reputation (Bittner & Leimeister 2011:11). Whilst any communication channel is capable of conveying an organisation's strategic CSR messages, it needs to be appropriate and user-friendly for each stakeholder (Jahdi & Acikdilli 2009:106). Each tool must thus be weighed carefully against the three key elements of IC, namely consistent messages and image, common creative elements and coordinated timing to ensure synergy (Gronstedt 1996:298; Stewart 2012: 61).
- **Step eight: Act, review and report.** This step involves responding and reporting back to stakeholders such as through the Integrated Annual and Sustainability Reports, newsletters, emails and company websites (Smith & Sharicz 2011:78). This step is congruent with the AA1000 Stakeholder Engagement Model's fifth stage called Act, Review and Report as was explored in section 2.7 - related to the Processes and Guidelines for Stakeholder Management. To reiterate, the Accountability.org's, Stakeholder Engagement Standard (AA1000SES) series describes five stages in the stakeholder engagement process to achieve these principles. Briefly, these stages include using stakeholder engagement methods, then stakeholder management, followed by stakeholder engagement and then attending to the needs and concerns of the stakeholders (Lawrence 2002:199).

When organisations fulfill these five steps, the more likely their reporting is to comply with the AA1000 AccountAbility Principles Standard's namely: (See Accountability.org 2008:9), materiality, completeness and responsiveness. To reiterate, materiality means that the organisation knows its stakeholders and their concerns. Completeness requires that the organisation understands the impact it has on society, and responsiveness entails attending to the needs of its stakeholders (AA1000 SES). When an organisation follows these guidelines the more likely its actions and reporting will be to reflect the needs and views of all stakeholder groups. This is an essential component of monitoring and evaluating its progress and making the necessary changes to be responsive to its stakeholders.

One of the key methods of reporting used by organisations, is corporate sustainability reporting. In South Africa, as of June 2010, all publically listed organisations need to compile an integrated report (The compilation of Integrated reports is a new requirement...2010). These reports are important tools for organisations to communicate with their stakeholders about how they have integrated social and economic considerations in the way they generate a profit (Issenmann et al 2011:1; Goa & Zhang 2006:729). Through this process the organisation revises and adapts its IC and CSR strategies as discussed in Chapter two. In summary, the proposed IC framework integrates strategic management (See section 2.4.5), stakeholder theory (See section 2.5), and IC theory (See sections 4.2 and 4.3).

Table 4.1 below illustrates how the proposed IC framework combines these theories to provide the know-how to identify, integrate and dialogue with stakeholders.

**Table 4.1: Summary of the Proposed IC Framework to support Stakeholder Engagement within strategic CSR**

IC Steps	IC Element	IC Model
<b>Step 1: Review organisational rationale for strategic CSR</b>	<i>Stakeholder Focus:</i> Rationale and understanding that for CSR to be effective it must take into consideration the needs of stakeholders	Integrated Stakeholder Relations model (Gronstedt's 1996)
<b>Step 2: Use stakeholder engagement</b>	<i>Stakeholder Focus:</i> Stakeholder Engagement Plan (SEP) exists which identifies and prioritises its	Stakeholder Model for Integrating Social Responsibility in Marketing

<b>methods</b>	stakeholders	(Maignan & Ferrell's (2005)
<b>Step 3: Develop an IC strategy for stakeholder engagement</b>	Existence of IC Plan that identifies the stakeholders, defines the issues and what and how the organisation will communicate to them	Integrative Framework for Designing & Implementing CSR (Moan, et al 2009)
<b>Step 4: Resource the IC plan</b>	Existence of a CSR Communications strategy that is based on zero based planning and budget	An Eight-Step IC Model (Kitchen & Schulz 2000)
<b>Step 5: Establish IC Organisational Processes</b>	Location and cross-functional Integration and collaboration with other business areas	Three-Dimensional Model (Gronstedt 2000)  IC: Toward Flexible Integration (Christensen, Firat & Tropp 2008)
<b>Step 6: Establish consistent content/messaging</b>	<i>Content /Message Consistency:</i> Reference to guidelines and procedure for consistent messaging for e.g. factsheets, gatekeepers, etc. (See section 4.3.3)	A Framework for CSR Communication (Du, et al 2010)
<b>Step 7: Review and optimise IC channels</b>	<i>Channels:</i> Various communication tools used to send, receive and respond to stakeholder (See section 4.3.4 and 4.5.3)	CSR Management: The Inside-out Approach (Morsing, Schulz & Nielsen 2008)  Integrated Model of Media Selection (Klyueva (2010)
<b>Step 8: Act, review and report</b>	<i>Organisational Processes:</i> Feedback to stakeholders such as through its website and/or integrated reports	Integrative Framework for Designing and Implementing CSR (Moan et al 2009)

#### 4.8 Summary

This chapter has shown that IC complements stakeholder theory, in that it also emphasises the need to understand and involve both internal and external stakeholders. This chapter also focused on the core IC elements required to build stakeholder relationships for a holistic approach to strategic CSR. It was shown that the quality of organisations' stakeholder relationships is contingent on how communication occurs, the frequency with which it does, and whether the outcomes of this dialogue are meaningfully integrated into an organisations CSR strategies.

Several IC models were explored based on the four core IC elements, namely i) stakeholder focus; ii) organisational process; iii) channel; and iv) content. The proposed IC framework builds on the core IC elements reviewed in section 4.3.

While the stakeholder literature emphasises the importance and processes involved in stakeholder engagement, little attention is given to the communications processes used during stakeholder engagement. Additionally, there is little focus on how IC can support stakeholder engagement within the context of CSR. Where attention has been given, it has been narrowly conceived on brand reputation and marketing corporate social investment (Cornelissen & Christensen 2011:384; Maignan & Ferrell 2004:5; Lotila 2010:35). The proposed IC model focuses on building interactive dialogue to understand what stakeholder's needs and wants are for a responsive and holistic CSR strategy.

Nine IC models were reviewed, each of which focus to a greater or lesser extent on one of the four core IC elements. However these models fail to show how, when combined, these four IC core elements can contribute to stakeholder engagement for an holistic and responsive CSR strategy. Additionally, these models do not adequately emphasise the centrality and strategic role of the IC function towards shaping the organisations' CSR strategy.

In contrast, the proposed IC includes the four core IC elements, and how they can be used together to support stakeholder engagement and inform the organisations CSR strategy. Moreover the framework emphasises the importance of monitoring and evaluation so as to promote organisational learning and keep abreast of the ever shifting needs of its stakeholders. Without frequent monitoring and evaluation an organisation is unlikely to be responsive to its stakeholders which can affect its sustainability.

Moreover, the proposed IC framework acknowledges that strategic CSR is a dynamic concept defined by a particular context. In order to keep abreast of social expectations organisations must be stakeholder-focused. In turn, there must be organisational leadership and values, which embrace strategic CSR as well as invest in the resources required to be stakeholder-centric.

Embracing strategic CSR and becoming stakeholder-centric is absent from a number of the models reviewed in this study. Without espousing CSR values organisations are unlikely to invest resources to revise their organisational structures, processes and systems to fully integrate and respond to stakeholders. The proposed IC framework illustrates the interplay that exists between the four core elements discussed in this study. IC will be effective in so far as organisations are able to connect and interact with their stakeholders when messages are targeted, relevant and delivered through the most appropriate channels to inspire dialogue. The more that organisations invest in the organisational processes to integrate stakeholders, the more likely they are to have holistic and responsive CSR strategies.

These core elements will be reviewed within AASA in order to understand if and how IC can support stakeholder engagement within strategic CSR. To this end, the next chapter first describes AASA's structure, operations and approach to stakeholder engagement and CSR.

## **5 ANGLO AMERICAN SOUTH AFRICA'S APPROACH TO STAKEHOLDER ENGAGEMENT**

*“Anglo American South Africa’s Social Vision is to make a lasting positive contribution to the communities associated with our operations and to be a partner of choice for host governments and communities as well as an employer of choice” (AASA The Anglo Social Way 2009: 3).*

### **5.1 Introduction**

This chapter provides some background information on how AASA undertakes strategic CSR stakeholder engagement. As noted in chapters two, three and four, an organisation’s sustainability is dependent on how it understands and manages its impacts on society, which in turn is dependent on stakeholder engagement. When organisations are committed to socially responsible behaviour, they will invest in methods to integrate and communicate with stakeholders.

A mining company’s prosperity is inextricably linked to its ability to have a positive impact on society. It is therefore essential to build long-term stakeholder relationships, especially with local communities, into the business strategy. This requires a clearly defined and systematic approach to engage with stakeholders and tackle issues in a way that creates mutual social and economic value.

AASA has recognised this fact, and has developed methods such as the Socio-Economic Assessment Toolbox (SEAT) to improve its relations with stakeholders. Since its launch in 2003, the SEAT has been used at over 50 operations in 16 countries (SEAT 2012:3). SEAT has helped AASA identify specific issues and impacts on the communities surrounding its operations and even further afield. As a result, it has enhanced its capacity to develop more effective social management plans and ways to monitor its progress.

SEAT also supports AASA’s efforts to comply with the Social and Labour Plans (SLPs) required of mining organisations in terms of the Mineral and Petroleum Resources Development Act, 2002 and revised Mining Charter 2010. The objectives

of SLP is to i) promote employment; ii) contribute to the transformation of the mining industry; and, iii) spur socioeconomic development in their areas of operation as well as labour acquisition areas.

Due to the positive benefits reaped through SEAT, the International Association for Impact Assessment (IAIA) awarded the toolbox a Corporate Initiative Award, describing it as a “unique attempt by a major company to incorporate impact assessment into the on-going management of major operations” (Wyatt-Tilby: 2012:1).

To understand how AASA undertakes strategic CSR, this chapter explains the organisation’s values and CSR strategy. Thereafter its stakeholder engagement strategies, used at the corporate and operational level are elaborated on. This chapter builds the platform from which the researcher will attempt to explore to what extent IC can support stakeholder engagement, in order to help organisations develop mutually beneficial and responsive strategic CSR.

## **5.2 AASA’s operations**

AASA is a global leader in mining and comprises of mining platinum, diamonds, coal, base metals, ferrous (iron-containing) metals (for example steel) as well as industrial minerals. The organisation operates in Africa, Europe, South America, North America and Australia. It is committed to creating value for shareholders, customers, employees and the communities in which it operates. The organisation’s overall mission is to “Become the world’s leading global mining company, the investment, partner and employer of choice” (AASA Communication Strategy: 2012).

AASA is listed on the Johannesburg Stock Exchange (JSE) and has its headquarters in Johannesburg, South Africa. AASA business units comprise of Platinum, Kumba, Iron Ore and Thermal Coal. AngloGold Ashanti is a separately listed organization. AASA employs approximately 76,000 permanent employees and 24,240 contractors and is a major contributor to South Africa’s economy. In 2011, it generated export revenues of R102.5 billion and had a combined market capitalisation of R625 billion, representing 10% the value of the JSE’s Top 40, as of December 2012. The

company's direct and indirect taxes paid to government in 2011 amounted to R18.16 billion. In 2011, the total CSI spend in South Africa was R509 million and the total spend across all areas of operation was R934 million (AASA Fact Sheet: 2012).

### **5.3 AASA's approach to strategic CSR**

The organisation recognises that it can only be profitable if it considers its impact on society - the needs and expectations of its stakeholders. As indicated in its Social Development Report (2012:2), the sustainability of its business is linked to the sustainable development of the communities around its operations. To secure the trust of these communities, the organisation must operate in a "consultative, accountable and transparent manner" (The Anglo Social Way 2009:2). From the above, it is clear that for AASA, operating under a social licence is an important motivating factor when undertaking strategic CSR.

Due to this commitment, AASA has made noteworthy strides towards entrenching strategic CSR throughout the organisation. The organisation recognises that although it extracts and processes finite natural resources, it can have the most positive impact by using its resources to bring about social and economic value. Evidence of this commitment to strategic CSR, is that the organisation has several formal procedures, policies and systems designed to inculcate the values and ethos of good corporate citizenship across its operations (The Anglo Social Way 2009:3).

The organisation's commitment towards sustainable development, is guided by its Good Citizenship Business Principles, which encompass several principles, namely i) business integrity; ii) safety; iii) sustainable development; iv) employment and labour rights; v) community development; and vi) human rights. Flowing from this, the organisation has established several policies and standards to guide its commitment to sustainable development, in the workplace, in the environment and in the communities that surround their operations.

As highlighted in AASA's The Anglo Social Way (2009:7-8) these include the i) AASA Group HIV/AIDS Policy; ii) Sustainable Development in the Supply Chain Policy; iii) The AASA Environment Way; iv) The AASA Occupational Health Way; v)

The AASA The Anglo Social Way; vi) Supplier Sustainable Development Code; vii) Sustainable Development in the Supply Chain brochure; viii) The AASA Safety Way; ix) The AASA Safety Golden Rules; and x) The AASA Fatal Risk Standards.

AASA further demonstrates its commitment to sustainable development through its membership of the UN Global Compact, the Extractive Industries Transparency Initiative (EITI) and the Voluntary Principles on Security and Human Rights. The organisation's Chairman also serves as Chair of the Global Business Coalition on HIV/AIDS and AASA was the first organisation to commit funding to the public-private partnership, called the Investment Climate Facility for Africa (The Anglo Social Way 2009:8).

The Bench Marks Foundation, an international NGO based in Johannesburg that sets and monitors CSR standards, especially in the mining industry in SADC, has built up a formidable reputation for its role in establishing sustainable CSR practices in the mining industry. Anglo American (Anglo Platinum and AngloGold) approached the Bench Marks Foundation over the recent last years for guiding discussions to better their CSR practices and in order to become a good Corporate Citizen (

AASA is also committed to high standards of governance in order to deliver responsible mining. This is achieved through a comprehensive set of rigorous standards, which form part of the 'Four Anglo American Way' documents that guide the establishment of systems for managing health, safety, the environment and social development at Group, business unit and site levels. Each of these documents outlines AASA's vision, principles, policies, frameworks and management system requirements as they relate to their respective focus areas. Principles underlying all four documents include zero harm, no repeats (avert another disaster/accident) and simple, non-negotiable standards (Sustainability Report 2012:18).

In light of its ambition to be the "leading mining company and partner of choice", the organisation's CSR strategy focuses on six areas:

- *Enterprise development:* AASA is committed to reducing poverty through job creation. In particular, the organisation established 'Zimele' to fund, train and

mentor small and medium enterprises (SMEs) across the country. It provides the finance these businesses need to get started and the skills they need to grow. Within this, AASA has four funds to help support enterprises grow, namely the i) AASA Khula Mining Fund; ii) Supply Chain Fund; iii) Community Fund; and iv) Olwazini Fund.

- *Social Investment:* This involves engaging and working in collaboration with the communities where AASA operates, to identify various community development initiatives. This engagement is guided by the Mining Charter and the associated Social and Labour Plans (SLPs). These initiatives contribute directly to AASA's Social and Labour Plans (SLP) commitments, which are aligned to municipal integrated development plans (IDPs).
- *Environmental Change:* The organisation has established an environmental standard called the *AASA Environment Way*, which is a group-wide standard that sets out the organisation's approach to environmental management. This standard covers everything from the conception, operation, and eventual closing of a mine in an environmentally responsible manner. More specifically, it focuses on climate change, energy, water, land stewardship, mine closure and waste management.
- *Health:* This entails strengthening the health system, HIV/AIDS management and treatment and improving access to health care through the establishment of health clinics in the communities AASA operates in as well as in labour sourcing areas.
- *Local Procurement:* This focuses on building local capacity to supply goods and services as well as ensuring that AASA contracts service providers that embody sustainable development principles.
- *Transformation:* AASA is committed to empowering its employees and the community in which it operates in via BEE, social investment projects and also

sharing its resources through employee wealth sharing schemes such as Kumba Iron Ore's SOIC Trust and Platinum's Project Alchemy.

#### **5.4 Stakeholder engagement methods: core pillar of sustainability**

AASA has integrated stakeholder engagement throughout its business in order to keep abreast of social responsibilities. AASA defines stakeholder engagement as “a process leading to a joint effort by stakeholders, technical specialists, the authorities and the proponents who work together to produce better decisions than if they had acted independently of different types of stakeholder engagement” (The Anglo Social Way 2009:14).

As indicated in The Anglo Social Way (2009:3) stakeholder engagement is guided by four principles:

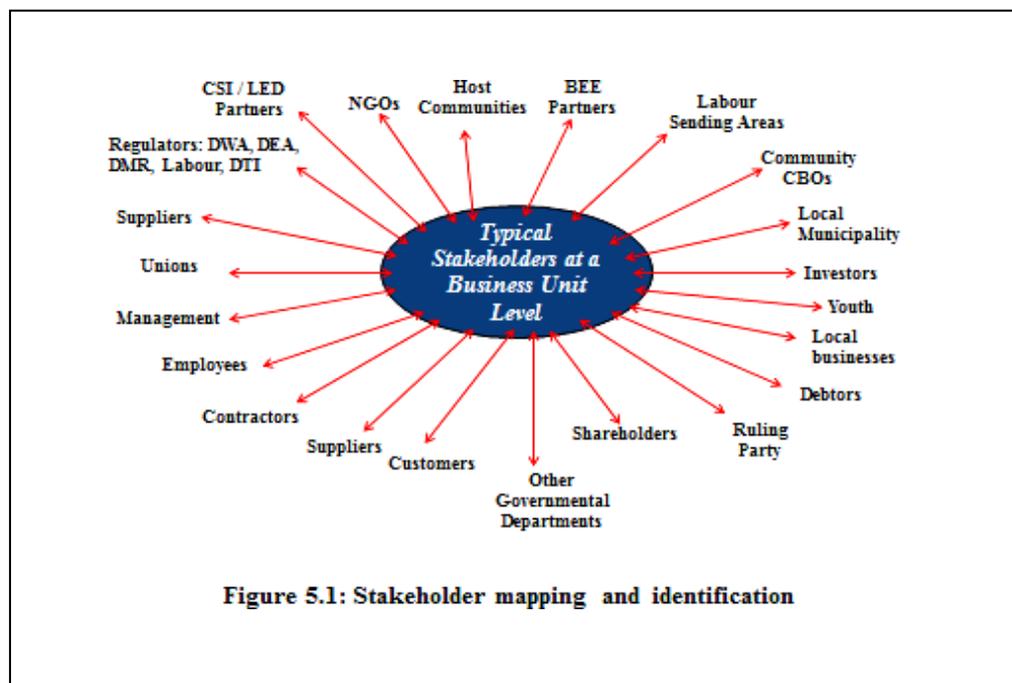
- AASA will engage respectfully with host communities throughout project cycles, and will be accountable to their stakeholders.
- AASA's host communities should experience lasting benefits from the presence of the organisation's operations and AASA will Seek to maximise the benefits flowing from their core operations in addition to traditional social investment.
- AASA will ensure that all necessary steps are taken to spread the application of good practice, and to learn from any negative social impacts, complaints, incidents, audit findings and other non-conformances to prevent their recurrence. AASA will put in place appropriate mechanisms for handling and resolving any grievances.
- AASA also commits to implementing common, non-negotiable performance standards and procedures throughout the organisation as a minimum requirement.

AASA's stakeholder groups are varied, at mine state level and international levels, and the organisation's internal structure is set up to deal with this complexity. The

teams of employees responsible for stakeholder engagement and communication aimed at delivering the objectives described in the above-mentioned documents are based in different business units, such as Community Development, Safety and Sustainability Development (S&SD), Communication and Branding departments.

#### 5.4.1 Corporate level stakeholder engagement: materiality assessment

Giving effect to the above, AASA conducts a Materiality Assessment at the corporate and community level by using the Socio-Economic Assessment Toolbox (SEAT).

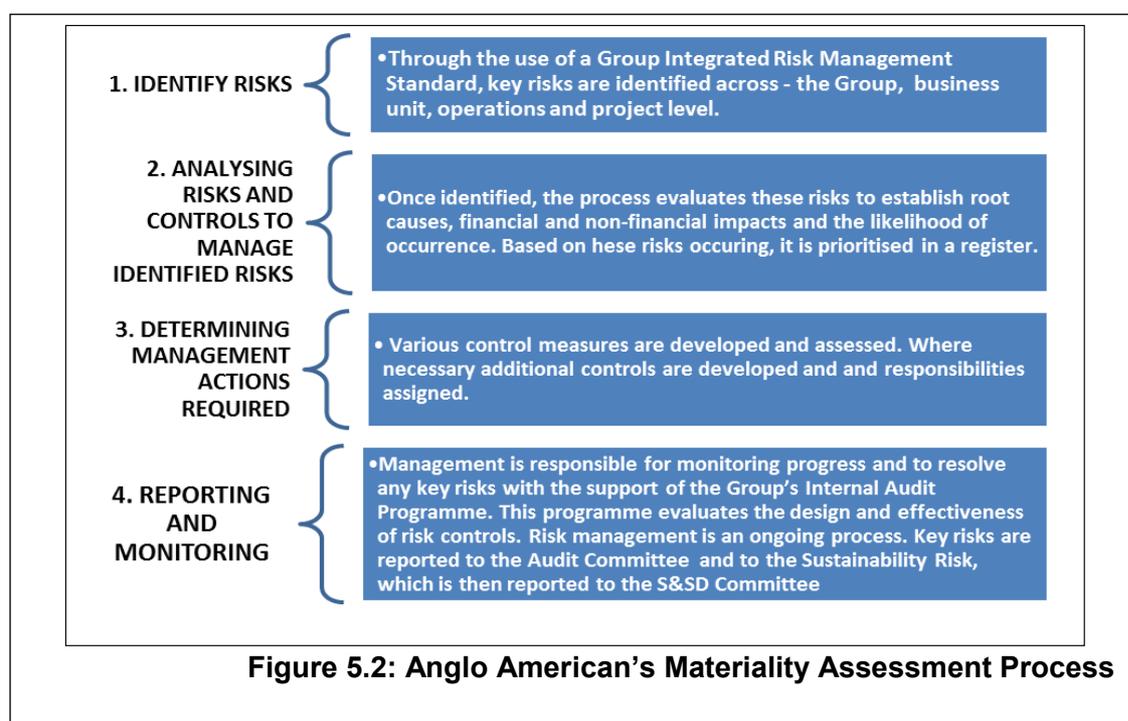


**Source: Mngomezulu 2012:3**

These tools help the organisation identify and prioritise its stakeholders, based on key issues of concern, which enable AASA to take account of its social responsibilities.

Figure 5.1 above is an example of AASA's Thermal Coal's diverse range of stakeholders. Figure 5.1 also illustrates how the SEAT can help AASA's business units identify and map relevant stakeholders. These stakeholder engagement methods are discussed in detail below in sections 5.4.1 and 5.4.2.

At the corporate level, AASA also undertakes a Materiality Assessment. These material issues are based on the findings of an internal risk management process and broader stakeholder consultation (SDR 2012:13). The assessment involves an environmental scan of AASA’s operating environment related to safety, health, environmental, social and governance issues (Sustainability Development Report 2012:17). The Materiality Assessment consists of four steps as detailed in the Social Development Report (2012:30).



**Source: Adapted from Anglo American: Social Development Report: 2011:12**

These steps are i) identifying risks; ii) analysing risks and controls to manage identified risks; iii) determining the management actions required and; iv) reporting and monitoring. These steps are described in Figure 5.2 above.

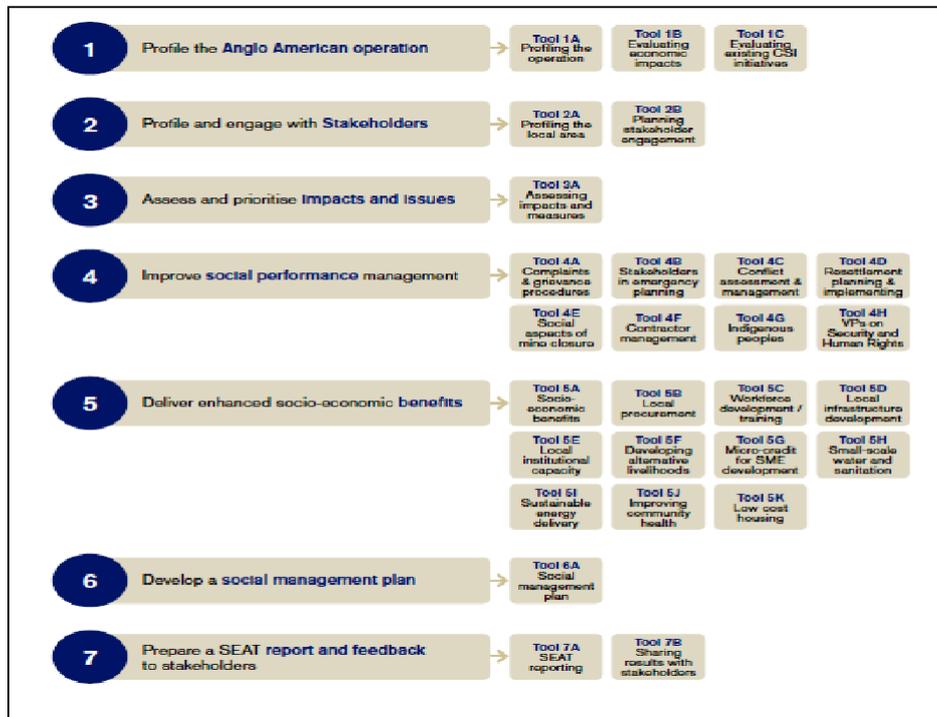
This materiality assessment process is conducted annually and helps the organisation to evaluate the effectiveness of its social issues management processes. The outcomes of the Materiality Assessment are reported in AASA’s Sustainability Report.

#### **5.4.2 Operational level stakeholder engagement: SEAT process**

At the operational and/ or mine level the AASA utilises the Socio-Economic Assessment Toolbox (SEAT). Launched in 2003 and last revised in 2011, SEAT empowers managers across AASA's operations to better understand stakeholder needs and respond to these, in a way that delivers greater social and economic benefits to communities over the long-term. Through implementing SEAT, AASA is also able to meet the requirements of the International Council on Mining and Metals Sustainability principle 9, which is to contribute to the social, economic and institutional development of the communities in which it operates in (James Wyatt-Tilby 2012:1).

SEAT comprises of seven steps, which account for the entire process of stakeholder management. Each step has supporting guidelines that explain everything in detail as illustrated in Figure 5.3 below. Within these seven steps, stakeholder engagement is specifically mentioned in:

- Step two: Profile and engage stakeholders - Tool 2B: Planning for stakeholder engagement.
- Step seven: Prepare a SEAT report and feedback to stakeholders - Tool 7B: Sharing results with stakeholders.



**Figure 5.3: Summary of the SEAT Toolkit process**

Source: Anglo American: SEAT Overview 2012:11

The SEAT is an intensive process that takes up to seven months to complete all the steps shown in Figure 5.3 above and is carried out on a three yearly cycle. The outcome of the SEAT report is documented in the form of a published report, which is distributed to all stakeholder groups, including local, provincial and national government, non-governmental organisations (NGOs) and other interested and affected parties. These plans are evaluated annually to ascertain AASA’s progress. Then, every three years a large-scale SEAT assessment is conducted to ensure that any changes in the operation and community are reflected.

**5.4.3 SEAT process: stakeholder engagement plan (SEP)**

Given that the researcher is concerned with investigating the role of IC in supporting stakeholder engagement within strategic CSR, this study focuses specifically on SEAT Tool 2B: Developing a Stakeholder Engagement Plan. This tool provides a framework for engaging proactively and communicating with a range of stakeholders such as employees, contractors, suppliers, communities, relevant government bodies et cetera.

The Tool (SEAT 2012:46) identifies 10 tasks to aid the stakeholder engagement process, namely i) determining the objectives and scope of engagement; ii) mapping stakeholders and their issues and/or concerns; iii) identifying existing engagement processes; iv) developing a Stakeholder Engagement Plan (SEP); v) ensuring the capacity of both staff and stakeholders to participate effectively in the engagement process; vi) implementing the SEP; vii) incorporating issues and impacts identified into Social Management Plans; viii) assessing the effectiveness of engagement activities; ix) updating stakeholder analysis based on engagement findings; and x) reporting back to stakeholders.

An examination of both the Materiality and SEAT processes reveals that AASA's stakeholder engagement procedures are compatible with the AA1000 Stakeholder Engagement Manual (Accountability.org 2005:21). As discussed in section 2.7 the Manual describes five stages in the stakeholder engagement process.

The next section discusses how the SEAT enables AASA to communicate with its stakeholders through a Stakeholder Engagement Plan (SEP).

## **5.5 Outreach and engagement methods**

In order to facilitate stakeholder engagement, the SEAT also includes guidance on how to draw up a Stakeholder Engagement Plan (SEP). The SEP emphasises two-way communication to promote interactive and long-term stakeholder relationships (SEAT 2012:51). This guide also helps identify which engagement methods and communication channels to use. These channels range from one-to-one meetings, focus groups, open days, town hall meetings, newsletters, complaints and grievance mechanisms at all operations. Various issues that emerge out of stakeholder engagement need to be carefully considered and addressed. If stakeholder concerns are not addressed, this can lead to mistrust and resistance to future consultation. In order to be responsive the organisation must commit to having the necessary human and financial resources to ensure implementation (SEAT 2012:53-57). As shown in the discussion above, AASA has developed and institutionalised a number of mechanisms to engage with its various stakeholders.

## 5.6 Summary

It is evident from the above discussion that AASA adopts a strategic approach to CSR. As mentioned in section 2.4.4, strategic CSR combines an ethical and business approach to create mutual economic and social value. This approach recognises that organisations cannot be sustainable without maintaining their social licence to operate.

Additionally, for strategic CSR to be effective there must be organisational commitment to stakeholder engagement. When this exists, organisations tend to be more inclusive and are more likely to integrate a wide range of stakeholders. AASA demonstrates this commitment by adopting clearly defined stakeholder engagement strategies such as the Materiality Assessment. This chapter has also shown that AASA's stakeholder engagement processes, is congruent with the AA1000 Stakeholder Engagement Manual guidelines and its five stages (See section 2.7).

Having explored AASA's operations, motivations and methods for stakeholder engagement, the next chapter will discuss the research methodology used for this study.

## 6 RESEARCH METHODOLOGY AND OPERATIONALISATION

### 6.1 Introduction

In the previous chapter, AASA's motivation and methods for stakeholder engagement was extensively described. In this chapter, the research methodology is discussed, namely an embedded single case study research design (Organised as per Yin 2009:27).

To this end, this chapter is organised in six parts:

Firstly, a practical time line account of the steps taken in the research is given. Secondly, the purpose and objectives of the research problem are discussed (See also chapter 1). Thirdly, the research question and research assumptions are expanded upon. Fourthly, the operationalisation of the study is described. In so doing, the research method is elaborated upon focusing on the single case study research design, which is discussed in terms of applicability, limitations and how these were overcome. The sample, units of analysis, data triangulation and Qualitative Content Analysis (QCA) are explained as relevant to the embedded single case study approach. Fifthly, the chapter focuses on the data collection methods used (QCA, semi-structured interviews and a focus group) with a discussion on the Reliability and Validity of these methods. Finally, an explanation of the case study procedure is given before summation of the chapter.

#### **6.1.1 *Time line account of steps taken in the research***

This section provides an overview of the procedures followed to undertake this research.

In the first step, the researcher conducted an extensive literature review concerning strategic management, CSR and IC theory. It was decided that a deep interrogation of a key business player in South Africa would be optimal for exploring these topics, particularly an organisation with an established track record in CSR and stakeholder

engagement and a significant contributor to socio-economic development in South Africa. Consequently, the researcher selected a case study research design as an appropriate tool, and AASA (a major organisation with an acknowledged CSR record of accomplishment) was approached.

A pilot interview was conducted with the Social Affairs Manager, who provided pertinent background documents related to its CSR and stakeholder engagement practices. These included Anglo American's SEAT, Sustainability and Annual Reports documents. The researcher reviewed these documents, taking cognisance of what had been discussed with the Social Affairs Manager, in order to narrow the focus of the study. A follow-up interview with the same manager and the Internal Communications Manager was held, to confirm the researcher's assessment of how this conceptual-honing should be done and how to practically conduct the interviews and focus group. This follow up discussion led to a list of relevant people who could be approached to provide interviews. The meeting served to identify suitable managers for the focus group and possible time to organise the focus group and the given managers' schedules.

The researcher then refined the interview schedule and moderators guide. These tools were revised and went through an additional pre-testing to check for clarity of the questions with two external communication colleagues. The tools were shared with the researcher's supervisor for a final check.

As regards the focus group, in order to reduce bias, the researcher selected a co-moderator who is skilled in group facilitation to assist with the focus group. Upon his agreement to act in this capacity, a meeting was held with the co-moderator to discuss the topics drafted in the Moderator's Guide, and to address how best to set-up the focus group. Initially, the moderators guide consisted of 18 questions around the four IC core elements. Based on the meeting, it was agreed to reduce these questions to four key topics to allow a conversation to flow for an in-depth response.

The researcher with support from the Social Affairs Manager and Internal Communications Manager contacted relevant people within the organisation to ascertain their willingness to be interviewed one-on-one, and to participate in the

focus group. Five participants agreed to participate in this study. An interview schedule was piloted on three people and modified based on perceived limitations.

Following this, five semi-structured interviews were conducted with the relevant staff members, exploring the themes identified in the interview schedule (See Annexure A). These interviews were recorded by means of a Dictaphone.

The following day a focus group was conducted with the co-moderator present. A Dictaphone was used to record the focus group, and both the researcher and co-moderator took note, on paper, of perceived body gestures, points of discussion, tone etc. A follow-up meeting with the co-moderator was convened, in which a discussion was had concerning perceived emergent themes.

Transcription then occurred for all interviews and the focus group. The data was analysed using Miles and Hagerman's (1994) Qualitative Content Analysis (QCA) approach.

Having set the foundation for the operationalization of this research, the sections below provide a detailed account of these procedures and the rationale behind this approach.

## **6.2 Purpose and objectives of the study**

### **6.2.1 Purpose of this study**

This study's purpose was to propose an IC framework to support stakeholder engagement for strategic CSR. This study drew on different theoretical disciplines (strategic management theory, stakeholder theory and communication theory) and thus contributed to the harmonisation and contribution of new knowledge which can be regarded as applied communication research. This study is relevant, as there is scant research on the actual communication process to promote stakeholder engagement within strategic CSR.

This study puts forward an IC framework to guide communications and CSR managers improve stakeholder engagement. Through enhanced stakeholder engagement, more responsive CSR strategies can be developed that can create mutual social and economic value for development within organisations and, by extension, South Africa.

The proposed IC framework was reviewed in accordance with AASA's stakeholder engagement processes, namely its Socio-Economic Assessment Toolbox (SEAT) (See chapter five). The SEAT forms the bedrock for AASA's community engagement plans and also helps to ensure that its operations adhere to the requirements of the International Council on Mining and Metals Sustainability, principle 9, which is to contribute to the social, economic and institutional development of the communities in which they operate (10 Principles...2013). The tool has been recognised as a leading standard by the International Association for Impact Assessment's (IAIA) for its contribution to community engagement and development (Wyatt-Tilby 2012).

### **6.2.2 Objectives of this study**

The primary objective of this study was to explore and describe how IC can support stakeholder engagement within strategic CSR, as employed within.

To elucidate further, the sub-objectives are listed below as the following:

- **Objective one: To describe the relevance of stakeholder engagement within strategic corporate social responsibility.**

This study sought to probe how and why stakeholder engagement including dialogue processes used within strategic CSR. It is the researcher's contention that where organisations recognise that their sustainability is dependent on society, the more likely they are to invest in methods to undertake stakeholder engagement. Ultimately, organisations derive their licence to operate from society (Christensen & Cornelissen 2011:384). To maintain this license, managers need to be adept at including the perspectives of its heterogeneous stakeholders, operate as a 'good citizen' and supply social benefits from the profits generated (Bhattacharya 2010:84;

Carroll & Buchholz 2009:56). This is a complex task because organisations interact with a numerous and diverse range of stakeholders, who often have differing and competing interests. Consequently, organisations need to develop stakeholder engagement strategies, as was elaborated on in section 2.7 so as to develop responsive CSR strategies (Carroll & Buchholz 2009:56; Samy, Odemilin & Bampton 2010:205). Failure to meaningfully respond to stakeholder concerns could impact the organisation's reputation, bottom-line and survival.

- **Objective two: To examine how IC can help AASA's stakeholder engagement approaches for responsive CSR strategies.**

In order to explore the extent to which the proposed IC framework could be integrated into AASA, both an explorative and descriptive approach was taken. As Yin (2009:9) explains, exploratory case studies are useful when Seeking to understand the context within which a research problem occurs. Secondly, exploratory research is useful when seeking to understand new phenomena or where there is little prior knowledge.

The study is explorative in the sense that it looks at a mostly an unchronicled phenomenon (the manner in which AASA pursues stakeholder engagement in CSR) in a 'roving' or 'birds-eye-view' fashion. By getting this global sense of the processes, various patterns emerged which are then probed more deeply. This later probing is what constitutes the descriptive component of the study. Such a dual understanding (both broad and then selectively deep) is necessary for understanding the manner in which the organisation is able to build interactive dialogue with its stakeholders.

This study is also descriptive, because it is concerned with observing and describing a social event or phenomena. In descriptive studies, data can take various forms, ranging from text, statistics, people, artifacts et cetera (dDu Plooy 2009:76; Zainal 2007:3). This study observed and described how CSR and stakeholder engagement occur within AASA, which was then reviewed against the proposed IC eight step framework (See section 4.7) adopted for this study.

In Chapters two and three, stakeholder theory and stakeholder dialogue was discussed to understand the methods for stakeholder engagement. In chapter four, various IC models were deliberated to identify relevant criteria to propose an IC framework to support stakeholder engagement within strategic CSR. Based on the literature review, the methodological framework proposed enabled the researcher to determine firstly whether stakeholder engagement processes are strategic and integrated; and secondly, whether the IC core elements were evident or applied.

The eight step IC framework (See section 4.7) proposed to support stakeholder engagement within strategic CSR is reviewed through a single case study approach, due to the complex nature of the phenomena observed. A single case study approach was adopted, as it is an efficient means of analysing complex phenomena in a deep manner. This is especially valuable when the phenomena in question are relatively 'unmapped' in previous research. As this is the case with IC and stakeholder engagement, the decision to use a single case study approach within an economically significant South African organisation was of clear merit.

### **6.3 Formulation of the research problem**

The research problem statement is formulated as:

**To explore and describe how Integrated Communication (IC) can support stakeholder engagement within strategic CSR, as employed within AASA, by means of a cross-sectional single case study.**

#### ***6.3.1 Formulation of the research questions***

The study attempts to answer the following research questions:

- Research question one: What is the relevance of stakeholder engagement within strategic corporate social responsibility (CSR)?
- Research question two: To explore the different dialogue processes necessary to support stakeholder engagement?
- Research question three: What would an IC framework include to support stakeholder engagement for strategic CSR?
- Research question four: How can the IC framework proposed in this dissertation, which supports stakeholder engagement, be incorporated into AASA's stakeholder engagement practices?

### **6.3.2 Research assumptions**

The researcher assumes the following:

- **Assumption one: Organisations undertake CSR stakeholder engagement to understand what their social responsibilities are.**

Social expectations regarding an organisation's social responsibility are constantly changing and for organisations to be sustainable, they need to be constantly aware of stakeholders' needs and expectations (Sun et al 2010:7). As was elaborated in Chapter two, organisations need to engage with their stakeholders to understand what constitutes socially responsible business practices. As mentioned in 4.3.1, organisations are urged to create nourishing long-term relationships with all stakeholders and not just customers (Kerr et al. 2008:513). Building meaningful stakeholder relationships enable organisations to keep abreast of societal needs and thus maintain their license to operate, as well as overall sustainability (Debeljak et al 2011:11).

- **Assumption two: Organisations have methods for CSR stakeholder management.**

To understand what constitutes socially responsible behaviour, CSR is implemented through stakeholder management (Milliman, Ferguson & Sylvestor 2008:32; Goa & Zhang 2001:724). Thus, organisations develop stakeholder engagement strategies usually aligned to the AA1000

Stakeholder Engagement Manual (Accountability.org 2005:21) and GRI 3 (2011). These guidelines identify common approaches to managing stakeholders, namely: stakeholder mapping, stakeholder categorisation based on the ability to influence the organisation, followed by the actual engagement process.

- **Assumption three: IC enables organisations to practice two-way symmetrical communication through the creation of appropriate content and use of various tools to build interactive stakeholder relationships.** IC is premised on interactive communication that inspires participation with all its stakeholders (Burchell & Cook 2006:155; Pollach et al 2012:205). IC focuses on synchronising the content and communication channels to provide targeted, credible and transparent information. To be interactive, organisations must put as much emphasis on receiving messages as they do on sending messages (Kitchen & Schulz 2009:200; Gronstedt 1996:296-297). Optimal use of interactive tools can help organisations know their stakeholders better, proactively engage and possibly avert potential issues that could affect its brand reputation (Bittner & Leimeister 2011:11).
- **Assumption four: The organisation does not have the four core IC elements optimally aligned to integrate stakeholder input for responsive and strategic CSR.** It is assumed that the organisation has not fully aligned and/or coordinated the four core IC elements (namely: stakeholder focus, organisational process, channel and content).

For responsive and strategic approach to CSR, assimilating stakeholder feedback must be central to all business planning and decision-making processes. Given IC's boundary spanning function as operating on the edge of the organisation, they are able to gather process and exchange vital information to help organisations keep abreast of societal needs and expectations (Christensen et al 2008:436). For IC to be effective it must be a strategic management function. This requires that IC have easy access to executive management in order to counsel management regarding

stakeholder issues. In this way, the IC function can fulfil a vital advisory role in the organisation's CSR strategy formulation process itself rather than just being a support function for its implementation (Pollach et al 2012:205).

Additionally, IC involves aligning messages, processes and communication channels in order to communicate consistently to build a favourable reputation and long-term stakeholder relationships (Christensen & Cornelissen 2011:387). If this is not in place, it is reasonable to assume that 'broken-telephone' effect will limit the effectiveness of communications within an organisation. Finally, to inspire dialogue the organisations must put as much emphasis on receiving messages as they do on sending them (Kitchen & Schulz 2009:200; Gronstedt 1996:296-297).

Organisations practicing IC need to have mechanisms in place for cross-functional management rather than departmental planning and monitoring (De Sousa et al 2010:296; Orlitzky et al 2011:10), so that there is an integration of communicative efforts across an organisation, rather than merely within certain departments.

#### **6.4 Research approach**

An embedded single-case study research design is utilised to obtain an holistic understanding of an issue. This method is suited for research questions seeking to understand the 'why' and 'how' about a phenomenon. This approach is suitable when the 'case' is explored within a contemporary real-life context as discussed in Chapter five (Yin 2009:4; Zainal 2007:1).

As mentioned in section 6.3, this study is both exploratory and descriptive in nature. This case study is exploratory because it is the first study of its kind that sheds light on how IC can support stakeholder engagement within strategic CSR by considering AASA's motivation and methods for stakeholder engagement, such as how they are identified and engaged upon. As mentioned previously, up to now there has been limited research on IC's potential to support stakeholder engagement within strategic CSR. Additionally, this study is descriptive as it focused on IC's tools and processes

present at AASA to support stakeholder engagement as it relates to strategic CSR (Zhang & Wildemuth 2009:2).

The case study approach relies on data triangulation, which is discussed in detail in section 6.4.4.6 below. Data triangulation occurred using different sources of information, namely qualitative document analysis, interviews and focus group. Triangulation enabled the researcher to explore the case from many angles which when completed, provided for a more all-inclusive understanding about IC's potential to support stakeholder engagement.

#### **6.4.1 *Qualitative and quantitative research approaches***

This research study is primarily qualitative, though it includes a quantitative aspect as an initial phase of the QCA. Its qualitative methodologies included individual interviews, focus groups, and QCA. Quantitatively, it includes numerical data concerning the number and range of stakeholders; together with the frequency and type of communication channels used as evidenced within key documents provided by AASA (See Table 6.1).

As this study was concerned with understanding the views and perspectives of managers responsible for implementing stakeholder engagement within the context of strategic CSR, it was felt that a primarily qualitative approach was more appropriate. Not only was the number of managers appropriate for the study relatively small, but this in conjunction with the need for a deeper understanding of the issues involved, made it logical to adopt primarily a qualitative rather than quantitative approach.

Qualitative research explores, observes and then interprets social interactions to obtain an holistic understanding of a phenomenon (Zhang & Wildemuth 2009:2). This approach usually focuses on a small and deliberately selected sample. Qualitative research is suited to 'getting close to the data' and getting first-hand knowledge. It is often concerned with understanding people's views and opinions to understand how people make sense of reality (Chadwick et al 1984:206). The results are reported relying on analytical, conceptual and categorical descriptions,

(Chadwick, Bahr, Albrecht 1984:206; Denscombe 2010:237; Hsieh & Shannon 2005:1278).

A quantitative research approach adopts a more systematic, and mathematical, method. Usually the data is collected using standardised and validated data-collection instruments, such as structured questionnaires, from a large number of subjects in a certain target population. This method allows a study to be easily replicated; and the results to be generalised, provided the sample size is sufficient (Denscombe 2010:237).

This study has a small quantitative component as it included some numerical data on the number and range of stakeholders, frequency of key concepts and the types of communication channels (See Table 7.10). The researcher looked through key documents such as the SEAT, Annual and Sustainability Report among others (See Table 6.1), and counted the frequency of certain terms for example 'stakeholder engagement', 'community', 'CSR' amongst others (See Table 7.2). Enumerating the range of stakeholders provided insight into how inclusive AASA is. The range and frequency of IC channels used is indicative of the frequency of stakeholder interaction (Zhang & Wildemuth 2009:2).

In order to explain the philosophical underpinnings of this study, it is useful to explain interpretive and positivist paradigms. Such an understanding will help explain why a predominantly qualitative perspective is sought to understand this case study.

#### ***6.4.2 The interpretive and positivist research paradigms***

The two primary philosophical foundations of Qualitative and Quantitative research are, respectively, the Interpretive and Positivist Paradigms. Interpretivism is subjective and concerned with understanding life's deeper meaning. Data is typically gathered from in-depth interviews or through observation. Contra-distinctly, positivism follows a systematic and quantitative approach to both the collection and analysis of the data. This approach seeks to explain the data objectively through standardised analytic procedures.

The aim of research is to explain the data through patterns (Guest et al 2012:15), and such patterns may be identified through (amongst other techniques) counting the number of similar or divergent themes or categories.

This study adopts an interpretive approach as it is concerned with understanding managers' opinions and perspectives regarding how IC supports stakeholder engagement within strategic CSR. This is achieved through a single case study, which employed various qualitative methodologies such as QCA, semi structured interviews and a focus group, which is further explained below.

### **6.4.3 Research design: embedded single case study**

As mentioned previously, an embedded single-case study research design is utilised for this study. The section below examines both the applicability and limitations of the case study method, and motivates its use.

#### **6.4.3.1 *Applicability and limitations of the single case study approach***

This case study research design approach is suited for when 'why' and 'how' questions are posed. This method is apt when seeking to obtain a holistic understanding of complex issues. The case study method was selected as it allowed the researcher to describe the data in a real-life environment, which is not possible in experimental or survey research methods (Zainal 2007:4). Additionally, this method was flexible to allow the researcher to use multiple sources of data and research methods to comprehensively understand IC's role within the context of stakeholder engagement and strategic CSR (Denscombe 2010:56; Yin 2009:99).

Notwithstanding these benefits, this method has been criticised for its inability to generalise findings to other situations therefore limiting its contribution to theory development. It has been suggested that the case study method is useful for generating hypotheses, whereas other methods are more suitable for hypotheses testing and building theory (Flyvbjerg 2006:219).

It has also been criticised because it is time consuming and generates volumes of data. Therefore, it is recommended that the case has clearly defined boundaries to keep the study focused and manageable (Baxter 2006:547).

Due to the need to contain the scope of such a study, the current research only focused on AASA and specifically the period after March 2010 when Integrated Reporting became effective. The Integrated Report covers not only financial information but also evaluates economic, social and environmental issues to provide all stakeholders with a comprehensive view of its operations (Eccles & Saltzman 2011:57). Organisations were given a year within which to adopt the framework. Accordingly, this case study reviewed the period March 2012 to August 2013. AASA's Annual Report fully adopted the Integrated Reporting Framework in 2012.

While the single case study method is flexible, it has been criticised for being a lengthy procedure that often results in an enormous amount of data, which makes analysis cumbersome (Yin 2009:15). Several theorists such as Flyvbjerg (2006) have rebutted these criticisms. Yin (2009:16), argues that the case study method offers various methods to provide in-depth rigour and validity. However, this is dependent on the skills of the researcher rather than the method itself. Similarly, Flyvbjerg (2006:222) in support of this method argues that these criticisms are too simplistic, and proposes that phenomenological insight is a key strength of the method. He notes that this approach allows for a deep understanding of how knowledge is obtained, interpreted and applied in contemporary life.

Another criticism related to this approach is around the generalisability of the findings. Yin (2009:16) argues that the findings of case based research may be generalised based on the strength of the study's theoretical propositions rather than on the size of the sampled population.

The researcher selected this method as it offers various tools that can provide an in-depth understanding of how AASA undertakes CSR stakeholder engagement. As the topic has not been researched before within this context, a methodology that could give an holistic and deep understanding of the context itself was required. Case

study methodology is a good match for these central requirements. The next section discusses these rationales more fully.

#### **6.4.3.2      *Motivation to use an embedded single case study approach for this study***

Yin (2009:48) argues that a single case study research design is a pertinent tool for enquiry when the case in question is regarded as typical and relatable to other organisations and cases. This study is typical because it is representative of other organisations practising CSR, as well as those publically listed and required to develop an Integrated Report as per the 2009 *King III Code of Corporate Governance in South Africa* as discussed in sections 2.2.2 and 2.7. Consequently, the decision was made to opt for a single case study design.

Furthermore, a single case study design was selected because it allowed the researcher to probe more deeply to understand the organisational context within which stakeholder engagement occurs when it comes to strategic CSR, as well as how IC is used. Organisations have different ways of interpreting CSR thereby influencing how it engages with its stakeholders, and who it conceives these to be (Rowley 2002:17).

It was the researcher's contention that by delving into these contextual factors, the proposed IC framework could be made more comprehensive, practical and responsive to its context. Potentially, the IC framework can be further developed to guide other organisations. Secondly, the researcher wanted the findings to be informative for other organisations practicing stakeholder engagement within strategic CSR (as advocated by Yin 2009:48). AASA was selected because it is typical of other organisations listed on the JSE and subscribing to the Social Responsibility Index (SRI) and especially those within the extractive industry.

The findings of this study are thus specifically relevant to the mining and extractive industries, and it would be unwise to presume with any confidence that they could be generalised to other industries. It is certainly easy, however, to envisage the potential for the findings to be of relevance for organisations seeking methods to

integrate communication with their stakeholder management processes, and for the proposed processes of stakeholder engagement (within the IC framework) to act as a guide to improving such interactions. Such speculation is beyond the scope of the current research, however - it may warrant consideration for future researchers.

#### **6.4.4 Sample method**

Because it is impossible to study an entire population, sampling is concerned with the selection of a unit of analysis representative from a targeted or an accessible population (dDu Plooy 2009:108). There are two types of sampling approaches, probability and non-probability sampling. Within probability sampling, each unit of analysis has the same opportunity of being selected in the sample. Such a statistical approach can then easily be replicated in future studies. Generally speaking it is more appropriate for relatively large populations.

Non-probability sampling, on the other hand, refers to a process whereby the sample is selected based on prior knowledge of an issue, combined with the researcher's judgement (Denscombe 2010:24-25). Usually this type of method is selected when there is insufficient information and/or there is so much information that the study becomes unmanageable. Due to the relatively small size of the potential sample, non-probability sampling was deemed most suitable.

There are various forms of non-probability sampling, such as convenience, snowball, or purposive (also known as judgmental) sampling. The latter method refers to when a researcher purposefully chooses the research subjects based on their suitability or expertise (Denscombe 2010:24-25). This is often the method of choice when there are limited numbers of people possessing the requisite knowledge or expertise to meaningfully participate in the gathering of relevant data. This study used a purposive sample method because the researcher deliberately identified an organisation, including the participants (interviews and focus group) and documents relevant for this study (Chadwick, Bahr & Albrecht 1984:65). Within this context, there were relatively few people able to meaningfully contribute to an understanding of stakeholder engagement and CSR processes within AASA, making purposive sampling the clear method of choice.

#### **6.4.4.1 Selection of the organisation**

As regards the selection of the organisation, two important criteria were used as guidelines for selecting the organisation. Firstly the organisation had to be practising strategic CSR and demonstrated stakeholder engagement. Secondly, the researcher was interested to look into a sector that had a diverse range of stakeholders, and one which has an extensive socio-economic influence upon South Africa.

To this end, the mining sector was selected as opposed to the telecommunications and Fast-moving Consumer Good (FMCG) organisation. The mining sector has a large scope to promote socio-economic development in South Africa. The mining sector's Gross Domestic Product (GDP) is significant, and is one of the country's largest employers. Also, the sector has the expertise, CSI-spend and geographic reach to extensively advance socio-economic development both from a macro and micro view (Sutton & Jenkins 2007:6).

The Johannesburg Stock Exchange, Socially Responsible Index (JSE SRI) assesses listed organisations against criteria across the triple bottom line as well as governance. Furthermore, listed organisations are rigorously assessed based on their compliance to the King 111 report and their involvement of stakeholders. The results of the 2010 JSE SRI review were used to select the organisation.

AASA was selected based on its listing and performance on both the Johannesburg Stock Exchange, and on the Socially Responsible Index (JSE SRI) both of which helped determine its involvement in strategic CSR. According to the JSE's 2011 SRI Index review, out of 109 assessed organisations 22 were identified as best performers and 7 qualified for the SRI Index. AASA was selected because it was ranked first among the mining organisations listed as best performers (South African Listed Companies...2011).

AASA is one of the world's largest mining organisations and is headquartered in the UK. Its operations in South Africa span thermal coal, iron ore, platinum and diamonds which are managed under four different 'Business Units' (organisations)

namely: Thermal Coal, Kumba Iron Ore Limited (Kumba), Anglo Platinum and De Beers. AngloGold Ashanti is a separately listed company is not one of the four business unit of AASA.

#### **6.4.4.2 Interview Sample**

This study's second unit of analysis were managers tasked with CSR and communications to describe their role in supporting stakeholder engagement. These managers were purposively selected based on their function and availability to participate in the interviews. The names of the participants are not provided to ensure confidentiality. Five semi-structured interviews were conducted with managers responsible for communications and CSR / Social Affairs functions as follows:

- Marketing, Communications & Digital Manager
- Government Relations Analyst
- Media Relations Specialist
- Internal Communications Manager
- Social Performance Manager

#### **6.4.4.3 Focus Group Sample**

Du Plooy (2009:201) notes that focus groups are usually selected using purposive sampling. The participants were selected based on their availability and common role/s and experience concerning implementing the IC strategy (Krueger & Casey 2000:109). In total the focus group was comprised of seven participants: three employees (the Social Relations, Manager, Corporate Social Investment (CSI) and Communications Manager) drawn from AASA's four business units (Anglo Platinum, Thermal Coal, Kumba Iron Ore, De Beers) and Tshikululu Social Investment, a company that is contracted to manage AASA's Chairman's Fund. Notably, the focus group was conducted with senior level managers without executive managers present since their participation could potentially have skewed and reduced the free interaction of the participants (Harrell & Bradley 2009:16).

#### **6.4.4.4 Sample of documents**

Du Plooy (2009:225) cautions that when relying on content analysis the sample of documents must be of a manageable size to allow for a thorough review of the data at hand (Du Plooy 2009:225). The researcher thus purposively selected only those documents specifically related to stakeholder engagement. The sample of documents is indicated in Table 6.1 below.

<b>Table 6.1 Sample of documents for the qualitative content analysis</b>	
<b>AASA's Good Citizenship Principles</b>	<b>Number of Pages</b>
Social Way (2009)	6
SEAT Version 3: Overview (2012)	17
SEAT Tool 2B: Developing a Stakeholder Engagement Plan	15
Corporate Communications Strategy (2013)	13
<b>Secondary data</b>	
AASA's Annual Report (2012)	250
AASA Sustainability Report (2012)	86
Communications Organogram	1

The documents selected in Table 6.2 above were selected based on whether they focused on sustainability related issues, and therefore excluded purely marketing and operational information. The title of the document and introductory pages were reviewed to ascertain if it included information about the mission and objectives of the organisation, motivation and methods used for stakeholder engagement. Additionally, The Anglo Social Way, Communication Strategy and Organogram were selected based on the recommendations of the Internal Communications Manager.

#### **6.4.4.5 Units of analysis**

A unit of analysis is defined as: "what or whom is being studied." This can be individuals, groups and organisations as well as include social exchanges or objects that are observed, described and/or explained (Babbie 2007:117; Rowley 2002:19).

For the purposes of this case study, the units of analysis are both individuals (for the interviews and focus group) and artefacts (texts for the QCA).

The first unit of analysis was artefacts, namely documents, related to stakeholder engagement, specifically the SEAT as discussed in section 5.4. In addition to the SEAT, AASA's Good Citizenship Principles, The Anglo Social Way (2009) and several other documents are analysed. These documents are reviewed to ascertain AASA's motivation for stakeholder engagement and how the organisation communicates to them.

The second unit of analysis are managers tasked with CSR and communications to describe their role in supporting stakeholder engagement.

These units of analysis enabled the researcher to clearly demarcate the domains of this study and ensure a focused in-depth analysis. Additionally, having two units of analysis increased the likelihood for validity in the research, in an effort to address previously mentioned criticisms regarding validity and rigor within such a case study approach (Tellis 1997; Yin 2009:49-52).

Since researchers are cautioned against focusing on the sub-unit without returning to the larger unit of analysis, these two phases of the research were reviewed separately to ensure that each is explored in sufficient detail (Tellis 1997; Zainal 2007). Thereafter both units were jointly analysed to establish how IC supports stakeholder engagement.

#### **6.4.4.6 Data triangulation**

To increase this study's validity, this study relies on different sources of information, also called data triangulation. Guion, Diehl and McDonald (2011:1-2) identify four types of triangulation namely: data, methodological, investigator, and environmental triangulation. Data triangulation occurs through the use of different sources of information. Methodological triangulation involves using diverse qualitative and quantitative research methods to study a phenomenon. Investigator triangulation pertains to the use of different researchers to guard against bias and improve

accuracy Theory triangulation refers to using different theoretical perspectives to shape the data collected Lastly, environmental triangulation involves the use of different physical sites and situations, including time to isolate factors that could have affected the information received (Denscombe 2007:136; Guion et al 2011:1-2).

For the purpose of this study, data and methodological triangulation is applied. First the data is triangulated because it is collected from several sources (principally the two units of analysis previously mentioned, key texts and individuals). Secondly, triangulation takes place by applying different research methods such as, semi-structured interviews, a focus group and qualitative content analysis. Having three research methods to collect the data improves the accuracy of the findings and allows for a comprehensive picture of the case (Denscombe 2010:348; Yin 2009:116).

This next section provides an overview of the data collection methods used to explore how AASA undertakes stakeholder engagement and if IC supports this process within the context of strategic CSR.

## **6.5 Data Analysis: A Qualitative content analysis (QCA) approach**

Qualitative Content Analysis (QCA) refers to the subjective analysis of textual data through a methodical classification process of coding and identifying themes or categories (Zhang 2006:1). According to Mayring (2000:2), QCA is the process of analysing textual communication such as written, verbal or visual communication messages, through a rule based systematic process in order to develop categories or themes. The method involves a systematic and objective means of describing and analysing documents and reporting this narratively. This method is guided by questions and reported in a descriptive format such as characteristics, visual codes, themes and focuses on the direct (manifest) or underlying (latent) meaning of messages (Du Plooy 2009:219-220; Zhang 2006:2).

QCA can be achieved in two ways - either inductively or deductively. An inductive approach means the themes identified are linked to the data itself whilst deductive reasoning is based on prior theory (Du Plooy 2009:27-28; Mayring 2000). Hsieh and Shannon (2005:127) identify three approaches for QCA, based on the level of

inductive reasoning. These are namely: conventional qualitative content analysis, summative content analysis and directed content analysis. In conventional data analysis, the researcher codes the data directly and inductively from the raw data. Within summative content analysis, the researcher condenses the text by counting specific words or exact content, from which the underlying meanings and themes emerge. Directed content analysis relies on the researcher having some level of theoretical knowledge to start the coding process. During the data analysis phase, the researcher becomes engrossed in the data and allows themes to develop from the data. This method is often used to confirm or propose a conceptual framework or theory.

Given that this study is concerned with understanding how IC can support stakeholder engagement within strategic CSR as employed by AASA, for which there is limited knowledge, inductive reasoning was used to analyse the data. Notably, this process still required some level of theoretical background to guide the researcher in coding and analysing the data (Yin 2009:137). This method was selected because it also enabled the researcher to consider the context more fully as it relates to how IC can support stakeholder engagement within strategic CSR (Guest, MacQueen & Namey 2012).

## **6.6 Data collection methods**

One of the most distinctive features of case study research from other methods is that it relies on the collection and analysis of data from several sources (Denscombe 2010:54). Potential sources include i) documentation; ii) archival records; iii) interviews; iv) physical artefacts; v) objects; vi) focus groups; and vii) participant observation (Du Plooy 2009:182). This allows for multiple facets of an issue or event to be exposed and understood (Baxter & Jack 2008:525).

The method was selected because it allowed the researcher to comprehensively understand the 'context' within which AASA communicates CSR to its stakeholders. Using multiple sources of data also makes for triangulation of evidence (See section 6.4.4.6), which is likely to increase validity.

Yin (2009:87) identifies various levels of questions to help gather the data. First level questions focus on gathering contextual or background information. In this study, first level questions related to why and how AASA undertakes stakeholder engagement within the context of strategic CSR. Second level questions are those obtained specifically from field research, which included semi-structured interviews and a focus group. The interviews and focus group relied on the use of an interview schedule (See Annexure A) and moderators guide respectively (See Annexure C).

The section below explains the data collection methods used, namely: semi-structured interviews (interview schedule), a focus group (moderator's guide) and QCA. As per Yin's (1994; 2009) guidance the case study's procedures are discussed, as part of the case study protocol which focuses on the how the researcher gained access to the site and processes for collecting the data (See section 6.8.1).

#### **6.6.1.1      *Qualitative content analysis (QCA)***

To understand how IC supports stakeholder engagement within the context of strategic CSR, it was necessary to first explore AASA's reasons for adopting strategic CSR. Secondly, it was important to explore how it undertakes stakeholder engagement (See chapter 5). To this end, the researcher undertook a QCA of several relevant documents. QCA refers to the subjective analysis of textual data through a methodical classification process of coding and identifying themes or categories (Zhang 2006:1).

Various documents may be used as sources of data. These documents can range from newspapers, magazines, reports, records of meetings and website pages (See Daymon & Holloway 2011:277; Denscombe 2010:216). In order to explore how AASA undertakes stakeholder engagement, several documents were reviewed as discussed below (See also section 7.2).

#### **6.6.1.2      *Selection of sample documents***

Du Plooy (2009:225) cautions that when relying on content analysis the sample of documents must be of a manageable size to allow for a thorough review of the data

at hand (Du Plooy 2009:225). The researcher thus purposively selected only those documents specifically related to stakeholder engagement. The content was scanned and selected based on whether it provided clues related to the motivation and methods used for stakeholder engagement. The sample of documents is indicated in Table 6.1 below.

**Table 6.1: Sample of documents for QCA**

<b>Documents</b>	<b>No of pages</b>
Anglo American's Good Citizenship Principles	6
The Anglo Social Way (2009)	17
SEAT Overview Version 3 (2012)	15
SEAT Tool 2B: Developing a Stakeholder Engagement Plan	13
Corporate Communications Strategy (2013)	14
<b>Secondary data</b>	
Anglo American's Annual Report (2012)	244
Anglo American Sustainability Report (2012)	80
Communications Organogram	1
Social Affairs Organograms	1

These documents provided insight into the methods used for stakeholder engagement.

### **6.6.1.3 Ethical considerations for the qualitative content analysis (QCA)**

Given that some information was possibly sensitive and/or could affect AASA's competitive position, certain data was off limits and/or required different levels of clearance. In these situations, the researcher requested permission from the Social Performance Manager (Harrell & Bradley 2009:7; Gray 2004:235).

### **6.6.2.1 Semi-structured interviews**

Three types of interview methods, typically, can be used in research: structured, unstructured and semi-structured interviews. Structured interviews follow a set

format of questions and answers from which the researcher is not permitted to deviate. At the opposite extreme, lies the unstructured interview. This is conversational, allowing for the researcher to probe for the interviewee's opinions. A semi-structured interview, on the other hand, is a mix of both these methods. It employs a list of questions that is used as a guide, but the interviewee is free to develop ideas and speak more generally on the topic (Denscombe 2010:174-175).

This study used a semi-structured interview method because of this method's ability to be flexible enough to adjust questions as new information came in, despite being focused (Denscombe 2010:174-175). Five semi-structured interviews were conducted with managers responsible for communications and CSR / Social Affairs functions as per Table 6.2 below. The names of the participants are not provided, to ensure confidentiality.

An interview schedule was developed. An interview schedule is a guide that helps to keep the researcher on track and add to the rigour of this study (Du Plooy 2009:198). The interview schedule includes the procedures followed for the interview including the research questions (See Annexure A).

#### **6.6.2.2 Interview schedule**

The interview schedule served as a guide in the planning and preparation of the research questions. Carruthers (1993:66) notes that interviews must follow a structure consisting of an opening, body and closing of the interview. The schedule contained the research questions and guidance on how to conduct the interview. The interview questions were developed against the four core elements: stakeholder focus: organisational processes: channels and content of the proposed IC framework discussed in section 4.3.

The wording and the way in which questions are posed is critical for obtaining detailed information. It is therefore, recommended that the researcher understands the participant's background so as to ensure that the questions are worded appropriately (Chadwich, Bhar & Albrecht 198:116). Questions can be posed either as open or closed. Open-ended questions are more conversational whilst closed-

ended questions are typically 'yes or no' answers (Du Plooy 2009:199). It is advised that the researcher avoid asking double-barrelled (two issues in one) questions. This can lead to ambiguous responses making the analysis difficult (Chadwick et al 1985:116). This study used only open-ended questions because it provided the researcher with the flexibility to probe, ask follow-up questions to understand their views more deeply.

Questions were posed in a warm and congenial manner to put participants at ease and freely express themselves. Also, this allowed participants to discuss and raise issues that the researcher may not have considered (Denscombe 2010:84; 165).

Whilst this method is flexible and enables for more rich data, it also has challenges. The researcher can become too involved in the conversational structure of the interview and therefore bias the results. To address this, the interview questions were logically developed listing the topics to be covered, and potential questions. The questions went from the general to the specific allowing the respondent to ease into the interview and thus build rapport (Chadwick et al 1985: 117). Questions focused on AASA's motivation for stakeholder engagement within strategic CSR, to more specific information about IC's role, organisational processes and communication tools.

### ***6.6.2.3 Pilot testing the interview questions***

To assess the adequacy of the research design and data collection methods, a pilot test was conducted before the actual field research (as per advice of Wilson & Sapsford 2006:103). The interview schedule initially comprised of 15 questions that took between 45 minutes to one hour. The length of the interview needed to be of sufficient time for introductions, to build rapport and to obtain sufficient detail without having it rushed. The researcher ensured that the interview did not go over time, so as not to disrupt the participants' schedules.

Based on the findings from the pre-testing, the questions were reduced to avoid duplication and time. For instance, in the initial Interview Schedule, participants' answers were similar in Questions 1 and 2. Question one was: How would you

describe AASA's CSR strategy, and in Question two: What in your opinion is AASA's motivation for engaging in CSR?. To avoid duplication Question one, was removed because the content analysis provided ample detail regarding the rationale and nature of AASA's CSR strategy.

#### **6.6.2.4      *Logistics***

Logistics of the interview were carefully arranged so that the participants were not to be disturbed (Denscombe 2010:182). Five interviews were conducted in total. Four of these were onsite at AASA's offices and another at a coffee shop early in the morning so that it was quiet and participants' full participation was ensured. These interviews were held on 18 and 22 July 2013 respectively. The interviews were held with those managers responsible for stakeholder engagement within strategic CSR (See 1.6.3 and 6.4.4). The aim of the interviews was to explore in more depth the practice of stakeholder engagement and the role of IC at the corporate level.

#### **6.6.2.5      *Ethical considerations for the interviews***

Participants were briefed in advance about the purpose of the research in order to gain their informed consent. An interview background information note was prepared explaining the aims, objectives and outcomes of the research (See Annexure B) and their permission was obtained to record the interview. Only the audio was recorded, and detailed notes were taken to aid the transcription of the interviews. The researcher stressed that their comments and/or certain information provided would remain confidential if they so chose. This helped the respondents to share their views more openly, allowing for gathering detailed information. Participants readily gave their consent and expressed that there was no need to sign a consent form. The researcher ensured however that their consent was recorded prior to the interview.

Furthermore, in order to reduce any bias, the researcher was conscious of presenting herself in a courteous and neutral manner. She reserved any judgements or opinions that could possibly bias a response. Additionally, the researcher wore conventional attire suited to the workplace (See Denscombe 2010:180).

### **6.6.3 Focus Groups**

Focus group is a form of qualitative research, in which a group of people are questioned concerning their opinions, perceptions, and attitudes towards a concept, or phenomena. The group setting is interactive, meaning that participants are free to talk with other group members when questions are asked. This interactivity often provides for a rich generation of insights concerning the phenomena in question. Usually in a focus group, around six with no more than 12 participants are interviewed simultaneously (See Bloom & Crabtree 2006:315; Denscombe 2010:177).

The purpose of the focus group was to ascertain the group's views about the extent to which collaboration exists between the Communications and the CSR / Social Affairs team. This allowed the researcher to obtain multiple viewpoints and corroborate the one-on-one interviews, thus adding to the validity and reliability of the semi-structured interviews (See section 6.6).

Conducting a focus group also provided the researcher with the opportunity to explore group dynamics, such as the extent to which the group concurred on the importance of stakeholder engagement within the context of strategic CSR. Additionally, it helped gauge the group's views on the extent to which cross-functional collaboration exists between the Communications and CSR/Social Performance teams. Getting this level and breadth of input was especially important, given that strategic CSR involves the entire organisation.

It is usually recommended that two focus groups are held in order to corroborate the data (Krueger & Casey 2000:109). However, within AASA there were insufficient numbers of people working in stakeholder engagement and communications to convene a second focus group discussion. Despite this, it was concluded that convening one focus group was a research priority as this method allowed for multiple viewpoints to arise and the kind of input previously discussed. As an additional methodological approach, added to the semi structured interviews and

QCA, it seemed clear that holding such a group was likely to enhance the overall validity of the research, as well as generate additional insight and knowledge.

The success of a focus group is dependent on several factors such as the timing, environmental setting and moderator's skills at being a facilitator (Du Plooy 2009:203). The moderators guide explains the steps followed for the focus group. The section below will briefly discuss these steps. For more detail information, please refer to the Moderators Guide in Annexure B.

### **6.6.3.1      *Moderators guide***

In order to guide the focus group, a moderator's guide was developed (See Annexure B). The purpose of the moderator's guide was to keep the researcher on track and add to the rigour of this study. It included the research objectives, the moderators' profiles, and selection of the focus group members, logistics and the use of the recording device/s as well as any ethical issues that could emerge (Krueger & Casey 2000:109).

### **6.6.3.2      *Pilot testing the moderator's guide***

The moderators guide was pre-tested among three people who were external to AASA. Initially the moderators guide consisted of 10 questions. After pre-testing, it was collapsed into four topics in order to allow for a conversation to unfold. Participants had allocated ninety minutes for the focus groups (Chadwick et al 1985:120). The pre-test showed that the questions asked were far too many, and prevented a flow of conversation. Consequently, it was reduced to four main questions arranged as themes, as follows:

- What is the group's understanding of Integrated Communications (IC)?
- What is the role of stakeholder engagement in AASA's CSR strategy? Who are they and how are they prioritised?
- What is your knowledge and experience of "AASA's The Anglo Social Way" and "Socio-Economic Assessment Toolbox" (SEAT), and

- What, if any, collaboration exists between the communication function and CSR functions?

### **6.6.3.3      *Setting up the focus group***

Careful attention was given to the setting up of the focus group. This involved the identification and selection of focus group participants including invitations and event management. The participants were identified from the members of the team involved in CSR and communications. Email invitations were sent to all 14 via AASA's Social Performance Manager, approximately a month prior, to ensure that a sufficient number of people could attend the meeting.

Having reviewed the shared calendar, the week of 15 to 19 July 2013 was decided to be the best time available to ensure higher rates of attendance. The focus group was held on 19 July 2013 from 09h30 to 11h00. Of the 14 people invited, seven attended the focus group. Closer to this date, the researcher followed-up with the Social Performance Manager and Internal Communications Manager to facilitate reminder emails and confirmations of attendance one week in advance. The meeting invite was re-sent via email with an information note (See Annexure C) explaining the aims, objectives and outcomes of the research. The invite requested a RSVP within three working days of the meeting to allow for finalising the venue, equipment and catering. Tea and coffee was served, which was funded by AASA.

In order to reduce researcher bias, a co-moderator was identified. The co-moderator has more than 20 years' experience conducting focus groups, and is knowledgeable about organisational development.

Logistics for the focus group was arranged by the researcher in close collaboration with the Social Performance Manager. The focus group was held at AASA's premises in a boardroom that could cater for up to 15 people. The room was therefore of a comfortable size to allow for a relaxed and intimate environment. Participants sat around a boardroom table. The moderator and co-moderator were seated on opposite sides to allow for eye-contact and gesturing when assistance was necessary, and thus did not disturb the flow of conversation.

The focus group was led by the researcher, who is a trained journalist by profession and has worked in corporate communications for over 10 years. This experience has made her adept at interviewing a range of people. The lead moderator's role was to put participants at ease, ask questions, stimulate participation and keep the conversation focused. The questions were loosely followed to keep the conversation flowing. Follow-up, probing questions were asked to clarify and further explore the topic. As suggested by Du Plooy (2009:201) a conversational tone was used to make the participants feel at ease.

Both the moderator and co-moderator took notes focusing on who was saying what. Also, during the focus group, observer descriptions of group dynamics were noted, such as the number of participants jointly shaking heads or participant gestures to illustrate and/or show conviction of an opinion (Krueger & Casey 2000:109).

#### **6.6.3.4      *Ethical considerations for the focus group***

The researcher was very mindful to show respect and act ethically throughout the research. The researcher informed all participants in the email invitations with an attached information note that the focus group would be recorded (See Annexure D. The researcher also requested their permission for the recording before commencing the focus group. All participants readily agreed to have the interview recorded.

Also, the researcher stressed that the identity of participants would remain confidential if they so chose (Gray 2004:235). The researcher informed participants that they would be given a 'code' name in the written report to ensure confidentiality.

Also, the researcher noted that given the public nature of focus groups, participants may hold back their opinions creating an obstacle for engaging deeply as the one-on-one interviews (Harrell & Bradley 2009:7). To address this, the moderators made themselves available after the group session for participants to approach and provide additional comments. This provided participants with the freedom to express themselves freely and to share their viewpoints openly.

Because even the physical characteristics and demeanour of the interviewer can influence a participant's response, the moderators dressed in conventional business attire and conducted themselves courteously yet in a neutral manner. The moderators reserved any judgements or opinions that could possibly bias a response (Denscombe 2010:180).

## **6.7 Reliability and validity**

Reliability and validity are two important considerations to ensure that all data collection methods and findings are sound. Reliability refers to the degree to which an operational definition is consistently applied to measure a variable (Babbie 2007:146 Chadwick 1985:46). Reliability also refers to the extent to which a measure is likely to produce similar results if used again under similar circumstances (Babbie 2007:146 Chadwick 1985:46). Validity measures the degree to which the operational definition actually measured a variable (Denscombe 2010:299). In simple terms, validity refers to the extent to which a concept, conclusion or measurement is likely to correspond to the real world (Denscombe 2010:209). It focuses on the accuracy, neutrality and integrity of the research findings.

The degree to which validity and reliability exists can be judged by the degree that the findings are generalisable and objective (Denscombe 2010:298). Generalisability refers to the extent to which the findings can explain or exist in a similar phenomenon. Objectivity refers to the lack of the researcher's subjective views to achieve neutrality. Qualitative studies, in particular cases studies, zone in on a small number of cases. Thus, the extent to which the findings can be generalised is often questioned. However, the main aim of a qualitative study is not to generalize therefore, where some studies focus on the probability of the findings existing in other populations, within this approach, transferability is determined by the validity and reliability of the research. Thus, it is advised that the data is carefully examined from different angles, times and different people (Chadwick et al 1985:40 Denscombe 2010:209). In line with this reasoning, another way to ensure the validity and reliability of the data is triangulation, which was discussed in detail in section 6.4.4.6.

Hereafter the researcher explains how this study ensured the reliability and validity of each of the data collection methods used.

### **6.7.1 QCA Validity**

The QCA may be presumed to have a high degree of validity, as it is based on a collection of the most important texts concerning CSR and stakeholder engagement employed by AASA. The researcher relied on those materials, which were endorsed by a third party. AASA's Annual and Sustainability Reports are externally reviewed by PriceWaterhouseCoopers (PWC) and received its quality of independent assurance. These documents also provided a chain of evidence to corroborate the focus group and interview data (Yin 2009:119).

The only question concerning the validity of this as a measure is the possibility that the reports themselves do not honestly reflect the organisation's practices. Considering the legal and financial imperative's for accuracy in these reports though, this is rather unlikely, and it is assumed that they represent an accurate account of these processes as occurring in the real world.

### **6.7.2 QCA Reliability**

As the texts used are audited and fixed by external parties, and represent the bulk of officially stated CSR and stakeholder engagement as practiced by AASA, one would assume that a repeat of the approach would be expected to yield very similar findings. Consequently, the reliability of the textual analysis may be presumed to be high.

The researcher also ensured the accuracy of information through cross-checking all information obtained through the interview and focus group. In terms of internal validity the researcher constantly referred to the research questions to keep within the theoretical boundaries of the literature review.

Additionally, the researcher followed an analytic research design strategy as recommended by Yin (1994). To this end, a case study protocol at the outset of the research was developed to keep the research focused. The protocol consisted of an overview of the case, its objectives, field procedures, and interview schedule and moderators guidelines as discussed in See section 6.8.1.

### **6.7.3 *Validity of semi-structured interviews***

The Interviews were conducted with people who specifically work in the relevant field, and so one can assume that the responses mirror reality. These people were sampled purposively for the specific purposes of such conceptual validity.

Likewise, the questions, which guided the semi-structured interviews were well grounded within extensive theory, as per the literature review, and such a theoretical grounding enhances the likelihood of their validity.

### **6.7.4 *Reliability of semi-structured interviews***

An interview schedule was developed which contained guidance on the interviewing process and research questions (See Annexure A). The interview questions were pre-tested and revised accordingly. During the interviews, the researcher asked probing questions and followed-up with emails to request supporting documents to clarify information. The interviewees responses received were fact-checked against documents to build a chain of evidence (Denscombe 2010:188; Yin 2009:119). Where further fact checking was required, the researcher made a note and sought clarification through the focus group discussion.

### **6.7.5 *Reliability of the focus group***

The focus group followed a set structure with a moderators guide (See Annexure C). The questions were pre-tested. Additionally, the researcher was accompanied by a co-moderator who provided another view of the data gathered and thus reduces researcher bias.

The focus group in itself also corroborated the one-on-one interviews and the QCA. Consequently, one could expect to replicate the focus group easily and reliably.

#### **6.7.5 Validity of the focus group**

The sample population for the focus group, as well as for the interviews, was purposively selected as they have specific knowledge and familiarity of the domain of research. Their perspectives reflected practical, 'on-the-ground' experience, and therefore it is assumed that the input received was likely of high validity.

Likewise, the questions, which guided the focus group were pilot tested and grounded within extensive theory. The questions were also reviewed for clarity based on the outcomes of the semi-structured interview held the previous day. Such a theoretical grounding enhanced the validity of the findings.

Ultimately, the reliability and validity of this study was most enhanced through the use of triangulation. During the analysis phase, data from each data collection method used for this study was analysed individually, to enable greater depth of analysis. The data was later triangulated allowing the researcher to understand each facet of the case thoroughly and then get a comprehensive picture. All phases of the research were followed through with the reliance of a case study protocol (See section 6.8.1 below) and Interview Schedule (Annexure A), Moderators Guide (See Annexure C), to enhance the likelihood of the measurement tools being reliable and applicable in different contexts. To increase this study's reliability and validity further (See section 6.4.4.6), this study relied on triangulation (Tellis 1997).

### **6.8 Case study procedures**

Given that this case-study was undertaken in a real-life context in which the researcher had limited control, it is advised to develop a case study protocol to guide and keep the researcher focused (Yin 2009:83).

### **6.8.1 Case study protocol**

The case study protocol consists of an overview of the case, the objectives, field procedures, research questions and guidelines for establishing the case database and outline of the report (Rowley 2002:22). In order to avoid duplication, the research objectives and questions are mentioned in section 1.1 to 1.4. The section below therefore focuses only on the guidelines and procedures followed in this study such as the skills of the researcher, access to the site, how the information was stored and organised for the data analysis.

#### **6.8.1.1 Skill of the researcher**

The researcher is a trained journalist who has worked in corporate communications for over a decade, which has made her adept at interviewing a range of people. The co-moderator has more than 20 years' experience in interviewing people, conducting focus groups and is knowledgeable about organisational development.

#### **6.8.1.2 Field data collection procedures**

The section below explains the procedures followed during the field research. In addition, it focuses on how the data was collected and stored for easy retrieval for data analysis.

#### **6.8.1.3 Access to the Site**

In order to gain access to AASA, an email and a follow-up telephone call was placed to AASA's Social Performance Manager (in addition to initial meetings held with her). Given that the researcher was working internationally at the time, several Skype calls and emails were used to obtain background information regarding AASA. Upon her return to South Africa, during March to June 2013, the researcher made four visits to AASA's head office in Johannesburg to obtain background documents and finalise arrangements for the interview and focus groups.

### 6.8.1.4 Sources of data

As mentioned earlier the case study research method relies on the collection and analysis of data from several sources to obtain multiple perspectives and corroborate the findings (Yin 2009:116). Table 6.3 below summarises the activities, research methods, data sources and data analysis method used for data analysis to answer research question four.

**Table 6.3 Summary of the Case Study Design**

Activity	Research Method	Sources of Data	Data Analysis method
Research Phase 1: Why and how does AASA undertake stakeholder engagement within strategic CSR?	Qualitative content analysis	<ul style="list-style-type: none"> <li>• The Anglo Social Way (2009)</li> <li>• SEAT Version 3 (2012: Overview)</li> <li>• SEAT Tool 2B: Developing a Stakeholder Engagement Plan</li> <li>• Corporate Communications Strategy (2013)</li> <li>• AASA's Annual (2012)</li> <li>• AASA Sustainability Report (2012)</li> <li>• Communications Organogram</li> </ul>	Qualitative Content Analysis
	Semi-structured interview/s	<ul style="list-style-type: none"> <li>• Social Performance Manager</li> <li>• Marketing &amp; Digital Manager</li> <li>• Media Relations Manager</li> <li>• Internal Communications Manager</li> <li>• Government Relations Manager</li> </ul>	Qualitative Content Analysis
Research Phase 2: How does the proposed IC framework to support stakeholder engagement within strategic CSR?	Focus Groups x 1: consisting of approximately 7 participants	<ul style="list-style-type: none"> <li>• Managers responsible for CSR/ Social Affairs and Communications from AASA SA and the four Business Units</li> </ul>	Qualitative Content Analysis

## 6.8.2 Outline of the case study report

Yin (2009) recommends that in order to keep the researcher focused a case study outline is developed in order to aid in the collection, storage and analysis of the data. The case study outline is as follows:

- Background of AASA
- AASA's CSR Agenda
- AASA's Stakeholder Engagement Process:
- AASA's Communications Processes

### 6.8.2.1 Case study database

To add validity, a case study database was developed to systematically record and store the data collected (Yin 2009:119; Rowley 2002:23). The case study database was an important tool for maintaining a chain of evidence to corroborate the final case report.

The case study material collected for this study was stored in electronic format as computer files to enable easy access of the evidence when required. Hand-written notes were scanned digitally and stored electronically to further aid in the reliability of the case study. The data collected was filed with the date and source of the information in order to easily refer to the source of evidence during the writing of the case report (Yin 2009:122). The database contained the following folders and subfolders as illustrated in Table 6.4 below:

**Table 6.4: Illustration of the Case Study Database**

Database folders	Type of Document
AASA Case Documentation	<ul style="list-style-type: none"><li>• <u>Published reports</u>: Sustainability Report; Annual Report, organogram, <i>et cetera</i>.</li><li>• <u>Plans, Policies and Strategy</u>: The Anglo Social Way, SEAT, Corporate Communications Strategy</li></ul>
AASA Field Research	<ul style="list-style-type: none"><li>• <u>Interviews</u>: Interview Schedule, interview questions, transcriptions of each interview</li><li>• <u>Supporting evidence</u>: Organogram, Meeting minutes; stakeholder</li></ul>

	<p>engagement mailing list; among other documents</p> <ul style="list-style-type: none"> <li>• <u>Focus Group Interviews</u>: Moderators Guide, and transcripts.</li> </ul>
Researchers Toolkit	<ul style="list-style-type: none"> <li>• <u>Resources</u>: Case study protocol; interview schedule; moderators guide</li> </ul>
Other	<ul style="list-style-type: none"> <li>• <u>Notes</u>: General observation notes and other evidence that is collected that may not be suitably filed in the above sections.</li> </ul>

## 6.9 Summary

This chapter explained the embedded single case study research method, as utilised to understand the role of IC to support stakeholder engagement within strategic CSR. The methodology was discussed according to Yin's (2009) five components of the case study approach namely: the research question(s), its propositions, its unit(s) of analysis, and a determination of how the data are linked.

Additionally this chapter included a discussion of the case study protocol and case study database that was developed to strengthen the validity and rigour of this study finally; this chapter described how the data was analysed using Miles and Hagerman's (1994) qualitative content analysis approach. Miles and Huberman's (1994) put forward a threefold process of data analysis, which involves data reduction, data display and conclusion drawing and verification. In chapter seven the data analysis and findings of this study are discussed in detail.

## **7 DATA ANALYSIS AND FINDINGS**

*“Anglo American South Africa’s large footprint in the developing world means that our capacity to contribute to the social and economic development of vulnerable communities, beyond mining, is significant and the sustainability of our business is inextricably linked to the sustainable development of the communities around our operations. To be able to make meaningful change, businesses have to be prepared to engage, and understand what really matters to the people living near our operations.”*

*Sir John Parker, Chairman of Anglo American South Africa, address at the launch of Sustainable Development Report 2012*

### **7.1 Introduction**

This chapter analyses the data from the qualitative content analysis (QCA), semi-structured interviews and the focus group. The findings from the qualitative content analysis, semi-structured interviews and focus group data were examined separately to enable an in-depth understanding. From the data analysis process, five major themes and / or categories emerged (See Table 7.1 below). This chapter discusses these five major themes derived from the three data collection methods. At the end of each category, the findings were triangulated and measured against the proposed IC framework set out in section 4.7. The findings are also discussed in light of the theoretical discussion in chapters two, three and four.

### **7.2 Discussion of the findings**

This section discusses the findings from the QCA, semi-structured interviews and the focus group. Five major themes or categories were identified from the data analysis process (See Table 7.1 below). These categories will now be examined in turn. Within each category, the findings are presented as follows: first the results of the QCA are discussed, then the semi-structured interviews and lastly the focus group. These results are supported through pull-out and verbatim quotations.

**Table 7.1: Data analysis summary of categories and sub-categories**

QCA	Interviews	Focus group
<b>Category one: Strategic CSR motivation</b>		
<ul style="list-style-type: none"> <li>• Social licence to operate</li> </ul>	<ul style="list-style-type: none"> <li>• Social licence to operate</li> </ul>	<ul style="list-style-type: none"> <li>• CSR as a business strategy</li> </ul>
<ul style="list-style-type: none"> <li>• Business strategy</li> </ul>	<ul style="list-style-type: none"> <li>• CSR as organisational culture</li> </ul>	
<b>Category two: Stakeholder engagement methods and process</b>		
<ul style="list-style-type: none"> <li>• Stakeholder engagement guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge of stakeholder engagement methods and processes</li> </ul>	<ul style="list-style-type: none"> <li>• Legislative driven stakeholder engagement: Social and Labour Plans (SLPs)</li> </ul>
	<ul style="list-style-type: none"> <li>• Benefits of stakeholder engagement methods</li> </ul>	<ul style="list-style-type: none"> <li>• AASA's stakeholder engagement processes</li> </ul>
	<ul style="list-style-type: none"> <li>• Balancing stakeholder needs</li> </ul>	<ul style="list-style-type: none"> <li>• Trust</li> </ul>
<b>Category three: IC organisational processes</b>		
<ul style="list-style-type: none"> <li>• Resources</li> </ul>	<ul style="list-style-type: none"> <li>• Communications strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Collaboration between the CSR and communication function</li> </ul>
<ul style="list-style-type: none"> <li>• Structure and function of communications</li> </ul>	<ul style="list-style-type: none"> <li>• Organising IC and collaboration</li> </ul>	
<b>Category four: Consistent CSR content</b>		
<ul style="list-style-type: none"> <li>• Positioning the brand</li> </ul>	<ul style="list-style-type: none"> <li>• Creating CSR content for diverse stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Legislation driving content</li> </ul>
<ul style="list-style-type: none"> <li>• Consistent messaging</li> </ul>	<ul style="list-style-type: none"> <li>• Methods for consistent content</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing CSR: How much is too much?</li> </ul>
<b>Category 5: Optimising IC Tools /Channels</b>		
<ul style="list-style-type: none"> <li>• Two-way communication</li> </ul>	<ul style="list-style-type: none"> <li>• Types of channels</li> </ul>	<ul style="list-style-type: none"> <li>• Use of Channels to meet stakeholder preferences</li> </ul>

The five categories above are discussed below in accordance with the three data collection methods as shown in Table 7.1 above. Each category is linked to the proposed IC framework as discussed in section 4.7. The QCA findings include quantitative data to illustrate the frequency of key concepts (See Table 7.2 below) that emerged from the documentation.

**Table 7.2: Frequency of category and key concepts codes**

DOCUMENT	No. pages	CSR		Stakeholder engagement			Integrated communications		
		Sustainable development	Social licence to operate	Stakeholders	Community	SEAT	Reputation	Engagement	Communications
The Anglo Social Way	17	3	2	25	0	12	3	8	3
SEAT Tool	297	28	17	609	14	261	32	464	94
SEAT Tool 2B	22	1	2	133	3	26	1	153	14
Communications strategy	16	2	1	16	6	0	17	19	105
Annual Report 2012	244	41	1	27	17	3	12	18	9
Sustainability Report 2012	80	74	3	78	17	17	7	56	6
INTERVIEWTRANSCRIPT	41	0	1	50	33	20	7	28	57
FOCUS GROUP	32	3	3	15	49	11	0	35	55

### 7.3 Category one: Strategic CSR motivation

AASA is motivated for undertaking strategic CSR as shown below. Within this category, five sub-categories emerged as indicated in Table 7.3 below. This section will discuss each of the five sub-categories by reviewing the QCA, interviews and focus group findings sequentially. Thereafter, the findings are examined against the theoretical underpinnings of this study and in relation to the IC framework.

**Table 7.3: Category one: Strategic CSR motivation**

QCA	Interviews	Focus group
7.3.1 Social licence to operate	7.3.3. Social licence to operate	7.3.5. CSR as a business strategy
7.3.2. Business strategy	7.3.4 CSR as organisational culture	

#### 7.3.1 QCA Sub-category: social licence to operate

The social licence to operate involves an organisation considering the impact of its operations on surrounding communities and broader stakeholders. The social licence to operate usually goes beyond regulatory requirements such as permits. Failure to address stakeholder concerns can lead to severe disruption or closure of an organisation's operations and ultimately affect its sustainability (Christensen & Cornelissen 2011:384; De Beer & Rustenberg 2011:208; Wilson 2003:2).

The findings of the QCA indicate that AASA recognises that it can only be profitable if it considers its impact on society. This requires that the organisation is mindful of the needs and expectations of its stakeholders. As indicated in its *Social Development Report (2012)*, its sustainability is contingent on meeting the needs of the communities around our operations." Similarly, *The Anglo Social Way*, states that its access to resources is "dependent upon the trust, and consent of others." To secure such trust, the organisation must operate in a

“consultative, accountable and transparent manner” (The Anglo Social Way 2009:2). Furthermore, the social licence to operate is mentioned in all the documents reviewed as the motivation for undertaking strategic CSR. The *SEAT Toolkit Overview* emphasises the ‘licence to operate’ and mentions this 39 times from 291 pages and the concept of ‘social impact’ 500 times.

Organisations that embrace strategic CSR recognise that they derive their social licence to operate from society. AASA is cognisant of this, and seeks to operate in accordance with the law and stakeholder expectations.

**7.3.2 QCA Sub-category: business strategy**

Strategic CSR is considered as a core part of Anglo American South Africa’s business strategy. The organisation has developed a comprehensive set of standards called the *Four Anglo American Way* documents. Together, there are eight high-level policies and standards which outline the how to assess and manage its social impact as illustrated in Figure 7.1 below (The Anglo Social Way 2009:7).



**Figure 7.1: The Anglo Social Way - Management system standards**

**Source: Anglo American: The Anglo Social Way 2009:7**

Specifically, these standards guide the establishment of systems for managing health, safety, the environment and social development at group, business unit and site levels. Each of these documents outlines its vision, principles, policies, frameworks and management system. Principles underlying all four documents include i) zero harm, no repeats and ii) simple, non-negotiable standards.

Also, the results of the QCA indicate that the organisation believes that by operating in a socially responsible way, it will also contribute to its profitability (Good Citizenship Business Principles: 1). The motive for profit maximisation is balanced against acting in an ethical and socially responsible manner. This is deduced from the following statement:

“Though providing strong returns for our shareholders remains our prime objective, we do not believe that these can or should be achieved at the expense of social, environmental and moral considerations. Indeed a long-term business such as ours will only thrive if it also takes into account the needs of other stakeholders such as governments, employees, suppliers, communities and customers.”

When organisations embrace strategic CSR, it becomes a part of their core business strategies and is formalised in official documents, such as policies and business plans (Maignan et al 2005:970; Smith & Sharicz 2011:78). Strategic CSR is not practiced in an ad-hoc manner but becomes a part of the organisational culture, a way of doing business as indicated in the title of AASA’s CSR document ‘*The Anglo Way*’.

### **7.3.3 Interviews: Sub-category: social licence to operate**

As mentioned in section 7.3, category one: Strategic CSR Motivation above, the social licence to operate involves an organisation

considering its social impact both immediately and over the long-term (Christensen & Cornelissen 2011:384; Wilson 2003:2).

Findings from the semi-structured interviews indicate that the overriding reason that the organisation undertakes strategic CSR is to secure its licence to operate. Participants in the interview recognised the importance of stakeholders as part of the organisation's business approach. Participants used the words 'community' and 'stakeholder' repeatedly. From the interview transcripts, the words 'communities' and 'stakeholders' appeared 33 and 50 times respectively, from a total of 14, 258 words (See Table 7.4).

The verbatim quotes below support the above findings as follows:

- **P1:** *“Well, I think there are several motivations...Firstly, it's about compliance. Unlike other sectors, the mining industry has a regulatory obligation to give back 1% of its profits. So CSR is attached to our core business. Secondly, it just makes for good business sense. After all, if you don't manage or respond to government or the communities' expectations...it can negatively impact on business. Poor relationships with communities can affect our ability to get licenses...”*
- **P2:** *“Frankly, it's important to do business in environments that are thriving and stable...it wouldn't be in our best interest to have unstable communities and unstable operating environments – it wouldn't make business sense for anyone really, let alone AASA as a whole.”*
- **P5:** *“So as a business you need to have a conscience; you need to be able to develop and add value to those communities that surround your own spaces.”*

### 7.3.4 Interviews sub-category: CSR as organisational culture

This category refers to CSR as being infused in the organisation's values, norms and culture (Maginan et al 2005: 967).

Findings from the interviews indicate that AASA has a longstanding organisational culture around social responsibility. Four of the five interview participants specifically mentioned the Oppenheimers when commenting on its rationale for strategic CSR. For example, P4 states that CSR is "part of Anglo American South Africa's DNA, which the Oppenheimer family started and continues today."

This ethos continues to shape the organisation's values up to present day. For instance, P1 quoted CEO, Mark Cutifani's sentiments that the mining sector has a duty to "make a real change towards the development of South Africa" because it derives its natural resources from the land and therefore must plough resources back into communities.

The above is also supported by the following verbatim quotations:

- **P1:** *"Then, there is a genuine care and commitment from AASA to want to give back. This goes back to the time of the Oppenheimers who were very committed to philanthropy. This is still the case today. Just recently, Mark Cutifani our CEO said at the Mining Indaba in Cape Town, that the mining industry has a real opportunity to make real change towards the development of South Africa because it derives its natural resources from the land and therefore must plough back to communities."*
- **P2:** *"Well it ties into our values – care and respect. Accountability, collaboration, all of those things - it ties back to our values as Anglo American South Africa."*

- **P4:** *“Well, CSR is part of Anglo American South Africa’s DNA. In fact, it goes way back to the time of the Oppenheimer family. They built this company on philanthropy, which has permeated throughout the company up until today.... CSR, it’s just the way we do business. After all, we’re taking resources from the land and we must give back. It’s just the right thing to do!”*
- **P5:** *“The Group’s motivation obviously stems from, back in the day, since its inception basically – the Oppenheimer’s always wanted to give back to society, give back to communities around its operations. And for them it was – you are business but you’ve got to make a difference within the communities you operate in. So, you’ve got to give back. And for them, it wasn’t about you wanted to be known – it was really that they felt it was the right thing to do....It has since evolved, in that whatever we do now...in the social responsibility space, we now want it known. Besides the fact that it’s now a box that we tick as in part of our licence to operate, we endeavour to go beyond...making sure that we have a sustainable CSR programme that supports our communities and our country to make it progressive.”*

### **7.3.5 Focus group sub-category: CSR as a business strategy**

The results of the focus group indicate that AASA has several reasons to undertake strategic CSR ranging from compliance to ethics. As F1 indicates, “this is a true belief which I think AASA has, to support development honestly.” Similarly, F2 notes that generating cash enables the company to contribute to development and good community relations generates cash. From the above it can be deduced that AASA adopts a strategic CSR approach (See verbatim quotations below).

On a more latent level, whilst a strategic CSR approach is the ideal, organisations may become so engrossed pursuing their regulatory

requirements and internal CSR indicators, that moral and socio-economic development motives become absent in the day-to-day operations. This may be the case for AASA as F4 suggests:

“We need to have a mind-shift – we need to look within ourselves as mining organisations and say, if we really want a sustainable community when we leave, and people not to say these bad things about us when we leave, we actually have to walk the talk. We have to really mean that we want development, and that means engaging with our communities and understanding what they actually need as opposed to what we just dump on them.”

The above can be validated through the following additional verbatim quotations:

- **F1:** *“...at the bottom-end around working with your communities...communication, engagement...this is a true belief which I think AASA has, to support development honestly. But then there is also at the next level your regulatory commitment, and so your communication engagement work is with government and with other stakeholders...regulatory commitment compliance level. Then obviously the company needs to make money for its shareholders... So...for me that’s a value issue, it’s around saying, how does the company create competitive advantage? How does the company then work on this? We are a partner of choice to government and communities from a competitive edge position. So if we’re going to move into a new country, we’re needing to be able to convince governments that they want us. That we are the preferred mining company instead of whoever else.”*
- **F2:** *“Take out social conscience...The business plan focuses everything...on what generates cash, and good community relations generate good cash. Well, stable communities around your operations are good for business.”*

- **F4:** *“At the end of the day, most times it’s not done because you really want to see development and you want to See life past the life of the mine. You just want to fulfil your commitments. And we need to also have a mind-shift – we need to look within ourselves as mining organisations and say, if we really want a sustainable community when we leave and people not to say these bad things about us when we leave, we actually have to walk the talk. We have to really mean that we want development, and that means engaging with our communities and understanding what they actually need as opposed to what we just dump on them.”*

### **7.3.6 Interpretation and theoretical discussion of Category one: Strategic CSR motivation**

The above findings for this category indicate that AASA has several motivations to undertake strategic CSR, ranging from compliance, to its overall sustainability, combined with a moral conviction to want to do well. However, the primary motivation for AASA to undertake strategic CSR is to maintain its social licence to operate. AASA recognises that it can only be profitable if it considers its impact on society as stated in its *Social Development Report (2012)* and *The Anglo Social Way (2009:2)* which notes that access to resources is “dependent upon the trust, and consent of others” (The Anglo Social Way 2009:2).

The organisation’s motivation is congruent with the strategic CSR approach as discussed in section 2.4.4, which notes that without economic performance, the organisation would not be in a position to contribute to social welfare activities (Ndholvu 2009:172).

An organisation’s appreciation and motivation for strategic CSR will influence the extent to which it considers its contribution and impact on society. When organisations are committed to strategic CSR, they develop plans and methods to be as inclusive of their stakeholders as

possible and to create mutual benefits, strategies and value (De Sousa et al 2010:296; Moan et al 2009:72; Freeman & McVea 2001:4).

As per the proposed IC framework outlined in section 4.7, organisations need to demonstrate leadership and commitment to strategic CSR, if it is to be genuinely stakeholder-centric. When there is organisational commitment to strategic CSR, the organisation recognises that IC is a strategic management function to enable it to keep abreast of stakeholder interests and adapt accordingly. In addition, the organisation will ensure that its employees have a say in its CSR programmes and have ownership of it (Fenwick & Bierma 2008:25; Garavan, et al 2010:588). IC practitioners have an important role to play in this regard. They can devise communication strategies to orientate employees and bring about the internal organisational changes necessary for an holistic CSR approach (Baraka 2010:232; Johansen & Nielsen 2011).

**7.4 Category 2: stakeholder engagement methods**

The organisation has integrated stakeholder engagement using the SEAT. The tool describes seven steps of the stakeholder engagement process, which when implemented helps the organisation understand its social impact as indicated in section 5.4. These steps are aligned to the Stakeholder Engagement Manual proposed by Accountability.org (2005). From the data collected, seven sub-categories emerged as illustrated in Table 7.4 below.

**Table 7.4 Category two: Stakeholder engagement methods**

<b>QCA</b>	<b>Interviews</b>	<b>Focus group</b>
7.4.1 Stakeholder engagement guidelines	7.4.2. Knowledge of stakeholder engagement methods	7.4.5. Focus group: Legislative driven stakeholder engagement: Social and Labour Plans (SLPs)
	7.4.3. Benefits of stakeholder engagement methods	7.4.6. Focus group: AASA’s stakeholder engagement processes
	7.4.4 Balancing stakeholder needs	7.5.7 Trust

Each sub-category is discussed below by presenting the findings from the three data collection methods used.

#### **7.4.1 QCA: Stakeholder engagement guidelines**

The organisation has recognised the importance of stakeholder engagement. For instance, *The Anglo Social Way* document consisting of 17 pages mentions 'stakeholders' 25 and 'communities' 40 times respectively. The same applies for the SEAT, which consists of 297 pages, where 'stakeholders' are referred to 609 times and 'communities' 296 times within the context of engaging and considering the organisation's impacts on all stakeholders (See Table 7.3).

The organisation's executive leadership and management team is committed to meeting the needs of its diverse stakeholders in order to be sustainable (*The Anglo Social Way* 2009:2). To illustrate, the Executive Chief, Ms Cynthia Carroll at the launch of AASA's Social Development Report 2012 noted that by engaging with its stakeholders it is able to create both economic and social value for the company itself and broader society (*Sustainable Development Report* 2012:7). To keep abreast of its stakeholder's expectations, the organisation has established various guidelines at a corporate level as well at a mine/operational level (See section 5.4).

Furthermore, it has developed various stakeholder management guidelines further demonstrating this commitment. At the corporate level it undertakes an annual Materiality Assessment which serves as an environmental scan of its operating environment related to safety, health, environmental, social and governance issues (*Sustainability Development Report* 2012:17).

At the operations, mine and community level, the organisation implements the SEAT, which is used to understand its socio-economic impacts, both positive and negative. The tool is referred to as 'the

cornerstone' of the organisation's community engagement processes. The SEAT has been presented with the International Association for Impact Assessment's (IAIA) 2012, Corporate Initiative Award for its significant contribution to community engagement and development (Wyatt-Tilby: 2012).

The SEAT sets out a framework to build constructive, open-minded and candid dialogue with its stakeholders. This process involves seven steps, carried out on a three yearly cycle which provides a snap-shot of local, social and economic issues, and stakeholder views related to operations (SEAT Overview 2012:2). In particular, the SEAT Tool 2B: Developing a Stakeholder Engagement Plan on page 46 identifies 10 tasks to describe the stakeholder engagement process (See section 5.4.3).

AASA's concern for its stakeholders is a long-term commitment. Through the SEAT process, it is envisaged that job opportunities for those stakeholders living around its operations will be identified and/or created to secure their livelihoods after the eventual closure of the mine (SEAT 2B:59).

The organisation's Materiality and SEAT are consistent with the five stages of stakeholder engagement mentioned in the Accountability.org's AA1000 Stakeholder Engagement Framework (2005; 2008) approach discussed in section 2.4.

#### ***7.4.2 Interviews: Knowledge of stakeholder engagement methods***

Employees are the lifeblood and change-agents for implementing strategic CSR strategies on a day-to-day basis. Organisations need to ensure that their employees and stakeholders have the knowledge and skills to participate effectively in the engagement process (Smith & Sharicz 2011:76).

The semi-structured interviews sought to understand if and how these tools benefited employees in their work. If participants could easily refer

to, or talk about the tools and its benefits, this would indicate that these policies are operationalised as well-established practices within the organisation. AASA has ensured that line-staff responsible for stakeholder engagement are capacitated to rollout the SEAT at various levels across its operations. As indicated from the interview transcripts, P1 is responsible for training staff and suppliers, among others on the SEAT.

As regards the level of knowledge of the SEAT, of the five participants, two (communications and government/public affairs) had limited exposure to the use of these tools as specified by P2: “I don’t engage or interact with SEAT at any level, and moving forward I don’t think I would be using it in anyway...” and P3 stating, “Absolutely nothing. Not for me.... That is a toolkit that is used externally, so I don’t have anything to do with it in my role.” (See the verbatim quotations below).

It is interesting to note, that the communications and government relations participants had limited knowledge and exposure implementing the SEAT. Communication has a vital role to play in terms of orientating staff about these tools. Equally, government relations staff can play a large advocacy role to increase government’s knowledge about these tools and their application and benefits.

These findings are corroborated further through the verbatim quotations that follow:

- **P1:** *“The SEAT manual, well I own it actually. It is my full responsibility for ensuring that all business units, social relations managers, mine managers, community engagement managers, and suppliers are orientated on the tool. I conduct training and monitor its implementation. I also conduct The Anglo Social Way Assessment, so this means that I oversee its overall implementation across Anglo American South Africa.”*

- **P2:** *“I don’t engage or interact with SEAT at any level and moving forward I don’t think I would be using it in anyway. As I said, it’s more our Government and Social Affairs team that handles it.... the engagement side of government relations side, we don’t use the tool that much.”*
- **P3:** *“Absolutely nothing. Not...in internal communications...That is a toolkit that is used externally, so I don’t have anything to do with it...”*
- **P4:** *“Within... (media), there hasn’t been a big role. Although this may change in the future. I do think there is scope for communications to get more involved.”*
- **P5:** *“From a media point of view, we’ve obviously had a responsibility to externally profile it as a benchmark. We encourage other organisations to buy into the tool. It’s available on the website, so anyone can use it.”*

#### **7.4.3 Interviews: Benefits of stakeholder engagement methods**

This sub-category explores the benefits of stakeholder engagement methods and whether these standards are in fact operationalised.

Participants overall felt that the SEAT provided common and practical guidance, from planning how to engage with stakeholders, to evaluating its progress and outcomes. As P1 notes, the SEAT “makes our commitment to society a living practice.” Furthermore, it was found that the tool helped to monitor and evaluate progress.

The following verbatim quotations further support the findings mentioned above:

- **P1:** *“I use The Anglo Social Way policy document and guideline...it’s helpful as it provides a common approach and guideline across the company on how to engage with our stakeholders. The Socio-Economic Assessment Toolkit (SEAT) tool makes our commitment to society a living practice. It is a manual that guides us in our day-to-day operations. It provides us with know-how about how to live up to The Anglo Social Way.”*
- **P1:** *“It really is a maturity model, as it shows where we are progressing. It’s a rigorous tool because it also shows us where there are gaps, weakness to be able to manage issues as they arise.”*
- **P4:** *“The Socio-Economic Assessment Toolkit (SEAT) tool has helped standardise the way we engage across the organisation. While it is localised for the different BU’s it definitely improved who and how we engage with our stakeholders...”*
- **P5:** *“From a media point of view, we’ve obviously had a responsibility to externally profile it as a benchmark. We encourage other organisations to buy into the tool. It is available on the website, so anyone can use it, because we feel that we all have a responsibility, not as Anglo American South Africa, but as peers... we’d like all the corporates to do similarly what we doing, because government can’t do it on its own. So since it’s an international standard that ... we’d like everyone to use, because it works for us. And for us, as a leading mining company - we believe we are a leader in the mining industry - and we should be taking other corporates with us because we have a responsibility to improve this country and give back to communities as we do the work that we do.”*

- **P5:** *“I think while you’re doing CSR and I think it’s a general thing across the CSR space, the tools help in that we’re able to measure and measurement is important.”*

#### **7.4.4 Interviews sub-category: Balancing stakeholder needs**

This sub-category explores how the organisation identifies and balances the differing and often competing needs and expectations of its stakeholders (Freeman et al 2010:224; Clarkson 1995:107; Mitchell et al 1997:853)

The results of the interviews indicate that the organisation adopts an inclusive and stakeholder-centric approach. It also prioritises stakeholders based on social issues. Whilst all stakeholders may be important, some become more relevant than others at any given time. This was confirmed by P1 stating that ...”all our stakeholders are important but they may be prioritised because of a particular pressing issue” (See additional verbatim quotations below).

Keeping abreast of social issues means that the organisation has methods to manage its social risks. This researcher’s findings indicate that AASA has systems in place to assess what the prevailing issues of the day are, and how its stakeholders perceive them. This can be deduced from P5’s comments:

“You will know that in the past couple of months we made announcements that didn’t make government very happy in terms of the retrenchments and the review of certain of our business units that would result in job losses... So we’re having to prioritise government... because...clearly the relationship is somehow tarnished at this point in time....”

Prioritising different stakeholders is a continuous process governed by the key issues of the day. The closer the organization has its ear to the ground to identify and proactively respond to social issues the better.

The following verbatim quotations are further evidence of the above:

- **P1:** *“Mainly stakeholders are prioritized around a particular issue whether it is social and/or environmental. So, basically, all our stakeholders are important but they may be prioritized because of a particular pressing issue.”*
- **P5:** *“You will know that in the past couple of months we made announcements that didn’t make government very happy in terms of the retrenchments and the review of certain of our business units that would result in job losses. So given that ...we’re having to prioritise government as a stakeholder because...clearly the relationship is somehow tarnished at this point in time...it doesn’t mean that you ignore the rest of the stakeholders. The rest of them are equally important but there are critical situations that you find yourself in and you’ve got to create a balance. In as much as you have other stakeholder engagements, if there’s a critical area that needs attention that is the priority for you at that given point.”*

#### **7.4.5 Focus group: Legislative driven stakeholder engagement: Social and Labour Plans (SLPs)**

This sub-category refers to the Social and Labour Plan (SLP), which the mining and extractive industries use to know on ‘what’ and ‘how’ to engage with communities. The SLPs help to ensure that local economic development programmes and processes are implemented to save jobs and manage the mine’s inevitable closure.

The results of the focus group indicate that AASA conforms to the SLP process in order to understand stakeholder concerns. However,

comments from F4 and F5 suggest that the SLP is far removed and unable to keep pace with the shifting needs of local communities. This is because the SLP is conducted every five years at a regional rather than local level. To fill this gap, the Integrated Development Plan (IDP) is meant to engage and address the community's needs at the local level. This is where the SEAT is used to bridge the gaps and get closer to the real-time needs and expectations of the community surrounding its operations and labour sending areas (See section 7.4.3 below).

Based on these findings it becomes evident that legislation, such as the SLP influences how AASA undertakes CSR stakeholder engagement.

The above findings are also supported by the following verbatim quotations:

- **F1:** *“The...SLP’s is not a tool – it’s a regulatory obligation. Its law and it’s attached to your licence to mine. So government is saying, attached to every single mine’s mining licence you will formulate a SLP. And the content of that SLP is spelling out what are the social benefit programmes that the mine will do for that host community, and that gets signed off...at a national DMR level. Legislation also says that the SLP commitments have to be based within the Integrated Development Plan (IDP) process of a local municipality. So in theory the process...is supposed to be the best community or public participatory process.”*
- **F4:** *“... a SLP is negotiated at national government level and it spans a period of five years. Communities don’t really get to influence that. Government decides these are the priorities for the region and this is how it will happen.”*
- **F5:** *“...quite often I say to people, the needs of government and the needs of communities are two different things. And that is why the criticism around SLPs, that they have often responded to the needs*

*of government and ignored what communities perceive as important.”*

- **F2:** *“SLPs have eaten into the social investment space hugely and they’ve taken away the discretion of organisations to address needs against what the social labour plan demands, and so you’ll see evolution of Tshikululu who handle a lot of people’s social investment budgets...- totally different – it’s driven around legislation.”*

#### **7.4.6 Focus group: AASA’s stakeholder engagement processes**

The process used by AASA to identify and engage its stakeholders is the focus of this sub-category. Beyond legislation, the organisation has developed the ‘Materiality Assessment’ at the corporate level. At the mine level the SEAT is used. These tools focus on the procedures necessary to undertake stakeholder engagement which largely entails i) identifying the reasons for stakeholder engagement; ii) defining who the stakeholders that relate to the issue are; iii) understanding and analysing the issues at hand to develop a plan for engagement; iv) ensuring that the organisation and its stakeholders have the capacity to engage; v) identifying the most effective engagement methods and finally; vi) the need to evaluate and report.

The results of the focus group show that when CSR is central to an organisation's sustainability, as is the case with AASA, systems and procedures are designed to promote stakeholder engagement (See Girard & Sobczak 2012:216; Andriof et al 2002:9). The results also show that balancing stakeholder interests is a continuous process. Through effective dialogue, organisations can balance and hopefully come to a mutual agreement about these competing demands (Mainardes et al 2011:229; O’riodion & Fairbrass 2008:755).

These findings can also be supported by the following verbatim quotations:

- **F4:** *“We have a Materiality Assessment... it starts engaging with a cross-section of stakeholders whom we deem to be important... we ask them, what do you think Platinum should be doing differently or better?...or we do a scan on the environment and we look at what are the key issues affecting the environment, or...would stop us from reaching business objectives. And in that we start looking at people who influence that outcome, and those are the people we start talking to ...”*
- **F1:** *“Because we don’t live in an ideal world, and municipalities are completely stressed... to be able to drive public participatory processes... it gets outsourced and consultants basically produce IDP documents...Therefore, the marriage here is, the SEAT process, which is a tool that all of our operations are using. We do our own profiling of our community, which is understanding the socio-economic issues but we use secondary sources of data.”*
- **F5:** *“Often what is key is to see, what it is that people are not saying, but would like to see happening anyway. So, your whole stakeholder engagement processes and all of that, the Group has developed guidelines in terms of how do you do that. If you go to our SEAT it has guidelines to say how you go and speak to stakeholders; how do you identify the types of projects that need to be implemented in those particular communities.”*
- **F4:** *“So...we have the SLPs, which is mandatory in terms of legislation, but then we have Alchemy. What Alchemy does is – it’s a different approach to engagement with communities. We’ve formed what is known as Development Trusts around our four benefit areas... Now the development trust – the people who sit on that trust are elected from that community. They get to decide what they*

*need in that space. So we're close to registration of two of the Development Trusts – one around Rustenburg and one around Amandabilt. And what happens is that when people get to decide for themselves, what it is they want. They're more likely to See it through, it becomes more sustainable...it has taken us three and a half years to get here – to the Development Trust Registration... So, now we have to find a way for this Development Trust not just existing on its own - because we have been accused as Platinum of doing our own thing in spite of what government is trying to do as well - so what we're trying to do is plug into those structures as well so that we have a voice within those structures and we get to influence what government in that area is thinking, so that we can somehow bring it together - and we're not kind of 'caught in the middle' between the communities and what national government wants. We're not there yet, but we('re) pretty close to realising benefits that we've never as Platinum experienced before and that's pretty exciting for me.”*

#### **7.4.7 Focus group: Trust**

Trust is a factor that influences the quality of stakeholder dialogue. The quality of organisations' stakeholder relationships is contingent on whether the outcomes of dialogue are meaningfully responded to and incorporated into organisations' CSR strategies. The more responsive organisations are to their stakeholders, the more likely that these relationships will be based on trust. Consequently, when organisations need to make difficult decisions, their stakeholders are more likely to cooperate in finding common solutions if such trust is in place. Thus, the responsiveness of organisations to their stakeholders may be seen to enhance an organisations' capacity to engender co-operation and make effective decisions (Morsing et al 2008:108-109; Podnar 2008:79; Smith 2011:74).

The results of the focus group indicate that AASA faces challenges with regards to whom to trust and how best to engage. This is attributed to the mining industry's 'legacy issues' as alluded to by F4.

As F2 notes, the process of working in the local community and identifying community leaders to liaise with it must be done carefully.

F2 notes that AASA needs to be

*“...extremely cautious of people representing other people” and that “community representatives are highly questionable” and they would rather take guidance from elected government structures.”*

The above findings are supported by the following verbatim quotations:

- **F2:** *“The huge lesson we’ve learnt, is to be extremely cautious of people representing other people, and our view is that NGO’s – NGOs are businesses...Sometimes they have incredible business legs, which are extraordinary...The second thing is, community representatives are highly questionable....What we do... we strengthen elected representatives...take our steer from elected government structures, okay, and when we do...I think we’re making fewer incorrect decisions... We’re very cautious...but the thing that we have driven is direct interaction.”*
- **F4:** *“Communications can only work if there’s trust...and the mining industry ... there has been so many legacy issues that we have not dealt with properly. We have not closed the box, put it in the corner and let it go somewhere, or dealt with it within our processes to fix it somehow. And the real stuff says build trust, try to correct the wrongs of the past somehow, then you can start talking and showing off and having the space. Because you can’t really do that until people believe you and they connect with you, and they feel that this is actually for them and not for you.”*

#### **7.4.8 Interpretation and theoretical discussion of category two: CSR stakeholder engagement methods**

It is evident that AASA is committed to CSR stakeholder engagement. Firstly, the organisation complies with regulatory requirements such as the SLP. By abiding to the SLP, it demonstrates the principles of being a good corporate citizen, which expects organisations to abide by the laws of its host government and voluntarily adopt the values of good neighbourliness and caring for their social impacts (Néron & Norman 2008:12).

Added to the SLP process, AASA has gone the extra mile and developed its own internal policies and guidelines such as, The Anglo Social Way, Materiality Assessment and the SEAT. These methods are aligned to Accountability.org's AA1000 Stakeholder Engagement Framework (2005; 2008) adopted as a benchmark for this study, which was discussed in section 2.7. Briefly, these stages involve, i) identifying the motivation for stakeholder engagement; ii) analysing the social issues at hand to develop a plan for engagement; iii) ensuring that the organisation and its stakeholders have the systems and skills necessary to engage successfully; iv) identifying the most effective engagement methods such as meetings, email, et cetera and; v) the need to act, review and report (Accountability.org 2005:21).

This is in accordance with Mason and Simmon's (2013) description of a responsible organisation, which recognises that it has a "duty to care for all stakeholders." They assert that a socially responsible organisation will have systems to engage with a range of stakeholders on key business decisions and to take account of its social impact both immediately and over the long-term (Wilson 2003:2).

Furthermore, balancing stakeholder interests is a continuous and complex process. Organisations engage with a range of stakeholders

with often opposing and competing interests. Consequently, organisations are confronted with the complicated task of choosing whom to communicate with and what issues to address (Arvidson 2010:340; Collins et al 2006:1). As noted in chapter three, through effective dialogue, organisations together with their stakeholders can find mutually beneficial solutions and thus develop long-lasting stakeholder relationships (Mainardes et al 2011:229; O’riodion & Fairbrass 2008:755).

From the above, the researcher notes that AASA’s stakeholder engagement process is aligned to the proposed IC framework adopted for this study (See section 4.7). The IC framework proposes that all communications strategies should be stakeholder-focused and thus developed with an outside-in perspective (Eagle et al 2007:962; Kerr et al 2008:513).

**7.5 Category three: organisational processes**

This category focuses on the location and function of IC, how it collaborates within an organisation as well as with external departments and the resources provided to implement IC. This category is explored through five sub-categories as shown in Table 7.5 below.

**Table 7.5: Category three: IC organisational processes and sub-categories**

<b>QCA</b>	<b>Interviews</b>	<b>Focus Group</b>
7.5.1. Resources	7.5.3. Communications strategy	7.5.5. Collaboration between the CSR and communication function
7.5.2. Structure and function of communications	7.5.4. Organising IC and collaboration	

### **7.5.1 QCA: Resources**

Stakeholder engagement requires the necessary human and financial resources to ensure implementation (Maignan et al 2005:972).

The results of the QCA indicate that the organisation has ensured that competent staff are employed and trained to implement the SEAT. The tool identifies line managers and supervisors as responsible for the full implementation of the SEAT, including ensuring that there is appropriate staff and training, as well as resources to manage AASA's social impacts (SEAT Overview 2012:2).

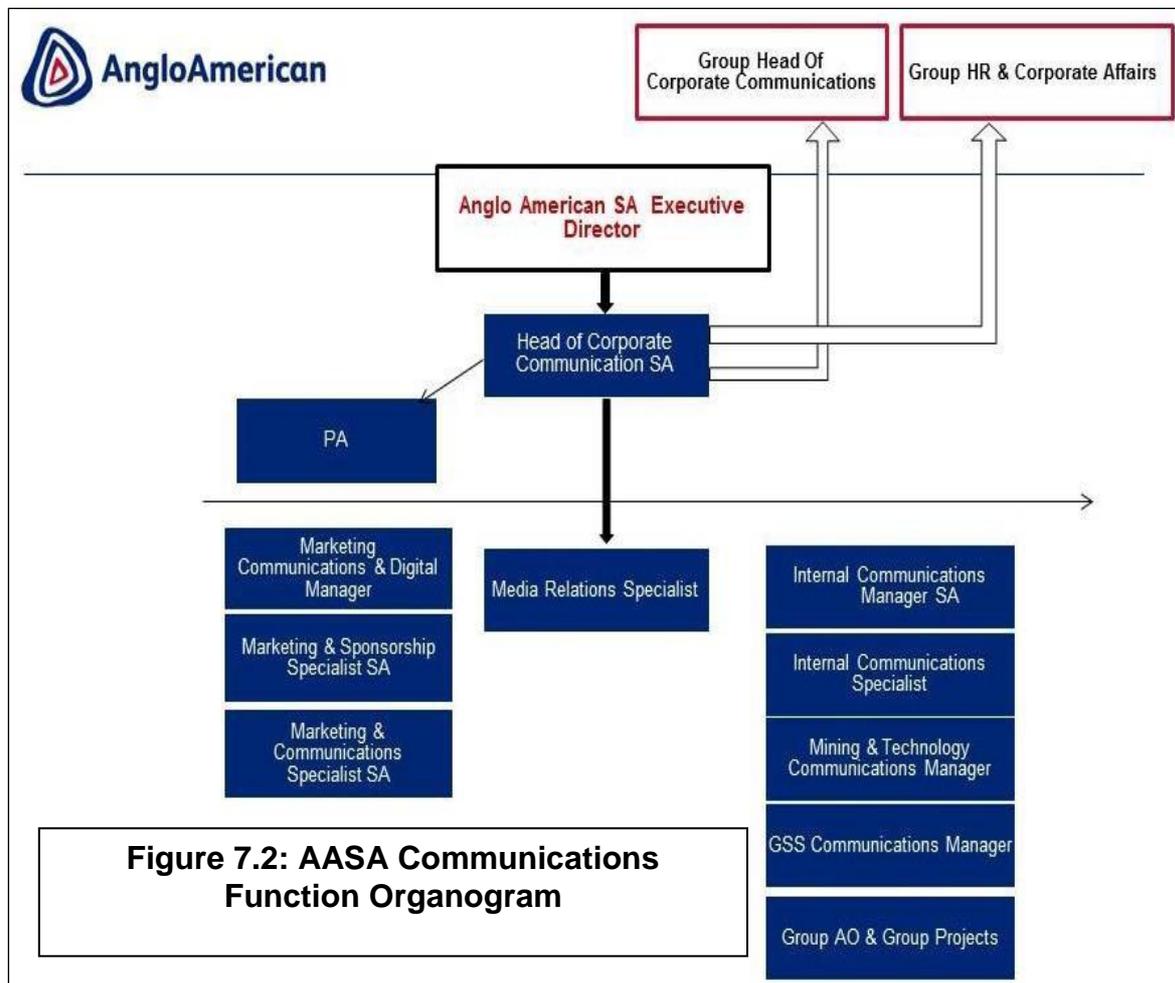
However, there appears to be gaps in some departments and business units. According to a presentation to management on stakeholder engagement at one of AASA's business units (name of business unit withheld as the presentation is confidential), a key challenge is the limited institutional capacity, especially among non-specialists and partners with whom AASA's Social and Communication Managers need to engage with. Secondly it notes that existing tools are limited to reporting and do not provide adequate details on planning and evaluating stakeholder engagement more frequently.

From this it can be deduced that a key challenge faced is the limited institutional capacity especially among non-specialists and partners. Also the findings reveal a weakness regarding existing tools. The tools are limited to reporting and do not provide adequate details on the planning and reviewing of stakeholder engagement on an on-going basis.

These institutional gaps can be addressed through improved cross functional and cross departmental integration, by way of for example, the establishment of a multi-skilled working committee to support the SEATs implementation as discussed below.

### 7.5.2 QCA: structure and function of communications

IC is most effective when it is considered a strategic management function with access to executive management, as well as being well-resourced. Also, organisations practicing IC need to have mechanisms in place for cross-functional management rather than departmental planning and monitoring (De Sousa et al 2010:296; Orlitzky et al 2011:10).



Source: Source: Farndell: 2013

At AASA, the corporate communication function is well resourced with 11 staff members who are specialists in internal, external, media, social media and digital communications (See Figure 7.1 above).

The Head of Corporate Communications has a direct reporting line to the Executive Director of AASA and a dotted reporting line to the Group Head of Corporate Communication and Group HR and Corporate Affairs located in London (Farndell:2013).

The QCA findings show that the corporate communication function plays a strategic role. The communications function is described as a 'key enabler' for AASA to achieve its ambition to become the leading global mining company. The Corporate Communications Strategy (2013) notes:

“We (communications department) drive the activity to build and protect a strong and differentiated corporate reputation and brand, inside and outside the organisation... In all this, we communicate with important stakeholders in governments, NGOs and communities around the world to support our licence to operate.”

The importance of the communications department is also evident from the hierarchy of the communications function. The communications department has a direct reporting line to the Executive Director South Africa and also to the Group Head of Communications. Additionally the Communications team has monthly coordination meetings to ensure consistency and collaboration across each specialisation.

Based on the QCA evidence above the communication function is considered a strategic function.

### **7.5.3 Interviews: Communications strategy**

A communication strategy is needed that translates the strategic direction of an organisation and provides guidance as to i) how to engage its stakeholders; ii) whom should do this; and ii) who the stakeholders are (Schulz & Weheimer 2010:19).

AASA does not have a CSR specific communications strategy. However it has an overall global communication strategy. The global communications strategy is adapted for each country, then for each Business Unit and respective mining operation. Within the overall group strategy, CSR forms part of its overall messaging as P3 notes: “We do communicate about CSR as part our communications. It’s just part of our corporate communications strategy.” (See further verbatim quotations below). Confirming the above P5 noted that:

“...if you just look at our tagline already ‘Real People, Real Difference,’ it’s about making a difference in the communities that we operate in. And our commitment to the country is - top of mind our biggest commitment is to developing this country. And if you look into all the proof points that we have under our commitment to SA messaging, you will See that we definitely have committed to improving this country.”

The corporate communication strategy thus aims to align and communicate about all the technical aspects of the business and how this contributes to the overall brand and mission of the organisation.

These findings are supported by the following verbatim quotations:

- **P3:** *“I don’t think there’s a communications strategy, there’s just an overall strategy – a stakeholder engagement strategy probably. But I don’t know of a corporate communications strategy around CSR.”*
- **P4:** *“We do not have an overall communications strategy. The Anglo The Anglo Social Way and mainly legislation such as the Social and Labour Plans is used as the overall approach for CSR communications.”*

- **P5:** *“Absolutely. I think if you think – AASA alone, just from a South African point of view. Our proof points, if you just look at our tagline already ‘Real people, real difference’, it’s about making a difference in the communities that we operate in. And our commitment to the country is - top of mind our biggest commitment is to developing this country. And if you look into all the proof points that we have under our commitment to SA messaging, you will see that we definitely have committed to improving this country.”*

#### **7.5.4 Interviews: Organising IC and collaboration**

The results of the interviews indicate that the manner in which an organisation is configured, namely the location and hierarchy of the IC function - influences the extent to which communications can support CSR stakeholder engagement.

Within AASA, there are different degrees of collaboration at the corporate centre, business unit and mining operations levels. Throughout these levels, the communications department displays cross-functional collaboration as there is an alignment between marketing, public relations and internal communications. This can be concluded from P5 stating:

“...in as much as we focus on those specific areas, you pretty much can appreciate that what we do in one area, the other areas have also got to be aligned and equally informed and communicated with.” (See further verbatim quotations below).

However, there is limited cross-departmental collaboration and integration. Where collaboration does exist, it occurs on an ad-hoc basis. Three of the five participants note that collaboration is driven by specific events or projects such as ‘COP17’ and the ‘Mining Indaba’ or on a ‘need-to-know basis.’ The same applies to collaboration between the CSR and communications functions at corporate level and with the

business units. Where interaction does exist, it mainly occurs on an ad-hoc basis mainly for reporting requirements.

The following verbatim quotations support the above findings:

- **P1:** *“...At AASA level there is less interaction between the CSR, social performance and comms people, so it is not so close and happens more infrequent, I would say. Then at the mine or operations level there is a far closer working relationship between the CSR functions or team and the communications people. Then there is also little interaction across the various business units, for e.g. the Communications and CSR teams at say for instance Anglo Platinum working with the teams at Kumba. Ofcourse collaboration occurs when input is needed, for instance around the compilation of reports, such as the Annual Report, then you would find more interaction. Overall, I would say there is a weak link at Anglo American South Africa’s corporate office between the CSR, social performance areas and communications.”*
- **P2:** *“... I assist where I can ...it’s more about us creating the content and saying, ‘this is what we want to say to government in whatever crude way we put, and it’s up to our communications department to ensure that they communicate that effectively and in a way that is appropriate.”*
- **P4:** *“At the Business Unit level, there is a closer relationship than at corporate level. At the corporate level, we collaborate on a more need-to-know basis. I think collaboration is less because at the corporate level, the scope is so big with so many competing issues, which makes it difficult to collaborate. Where the CSR and Communications functions or teams have worked together is like, for instance on projects such as COP17 or even the Mining Indaba. So there is a closer collaboration when there is a specific project.”*

- **P5:** *“For example, P3’s priority is internal comms, so her focus is internal... My area is media, which is external. Marketing’s area is also external. But having said that, in as much as we focus on those specific areas, you pretty much can appreciate that what we do in one area, the other areas have also got to be aligned and equally informed and communicated with.*

#### **7.5.5. Focus group: collaboration between CSR and communication function**

Organisations are able to better integrate stakeholder input and develop responsive CSR strategies when there is cross-functional integration. This is dependent on how communication activities are organised among the different specialised communication functions and how organisations interact across business functions, departments and geographical boundaries (Gronstedt 2000:21; Pollach et al 2012:206).

The results of the focus group indicate that at the Group level, cross-departmental collaboration at AASA is weak. F3 indicates that ‘there is a clear disconnect’ between the four business units and the group communications department. This is also confirmed by P3, “I don’t think it’s integrated enough. We’re not working with stakeholder engagement directly. We’re not working with community relations people. I know my colleagues in the business units are, but we’re not synergising the work at all...” Participant F4 concurred with F3 noting that whilst the communications department and CSR are under one department there still remained a ‘them and us.’ (See verbatim quotations below).

Conversely, at the mine level, F2 notes that there is a closer working relationship between the business unit and mine level. The need to collaborate with each function was even included in their job descriptions. During the focus group, F4 noted that Anglo Platinum (one of the four business units) was in a process of restructuring, and

collaboration with other functions and departments will be included in staff members Key Performance Indicators (KPI).

It is evident from the findings above, that collaboration between the CSR related function and a communication function varies at the corporate and business unit level. At the mine/ operations level there is a closer relationship.

AASA regards communications as an important function. At every layer of the organisation (corporate, business unit and mine level) a communications practitioner is employed and sits within the Public Affairs department. This shows how important the communications department is to AASA's realisation of its mission.

Ultimately, the way in which the IC function is configured will influence the extent to which it can fulfil its boundary spanning function and integrate the outcomes of stakeholder engagement. Thus, the IC function must be hierarchically located, and included in the formulation of the strategic direction of the organisation itself in order to counsel management and relay important information to build long-term stakeholder relationships (See Christensen et al 2009:213).

These findings are supported by the following verbatim quotations:

- **F1:** *"I think there are things happening at every single level. I think the problem is not that there are no tools, or no publications or no engagements or no whatever, I think it's more a problem of one person or level that doesn't necessarily feed and integrate into the other. So depending on who you speak with, someone will say, this is not happening – but that is more because that person doesn't know."*
- **F3:** *From a corporate... centre, there's a clear disconnect... we're not getting enough information from our business units to be telling*

*that (impact of CSR) story across our media channels, in our advertising campaign. I know we do work with the business units on that, our employees. I don't think it's not integrated enough. We're not working with stakeholder engagement directly. We're not working with community relations people. I know my colleagues in the business units are, but we not synergising the work at all, so I think that's where I'm coming from on that one."*

- **F4:** *"I just think they not used to doing it (working together). It's almost as if traditionally it's always been done like 'us and them'. Like even in our unit, we have stakeholder relations, we have communications. We're all in the corporate affairs space... What we're now doing in our restructuring process is aligning business processes, because if your business processes are not aligned, you ain't going to talk to anyone else than the ones you need to talk to. And then that then filters into your KPI's and your service level agreements, even with your own team. Because if you don't have that in place, it's just not going to work."*
- **F5:** *"At the Business Unit...because at the end of the day, my KPIs and the Communications Manager's KPIs are talking to each other. He has to make sure that he talks about what I am doing out there as a department; otherwise he would not have achieved his performance targets for the year. Similarly the Head of Public Affairs has got a similar KPI and all sorts of things."*

### **7.6.6 Interpretation and theoretical discussion of category 3: IC organisational processes**

The way in which an organisation is structured and collaborates internally influences the extent to which stakeholder engagement occurs. IC's boundary spanning function enables organisations to understand the social situation, who their stakeholders are and their issues. Successful collaboration with society is built on strategic,

responsive communication with stakeholders and strategies to actively engage with them (Bhattacharya 2010:84; Lotila 2010:397). IC has an important boundary spanning function and should be considered a strategic function rather than a technical and/or support function to build responsive communication with stakeholders (Bhattacharya 2010:84; Christensen et al 2009:213; Kristensen 2010:136).

AASA's communications department shows evidence of cross-functional integration. Evidence of this is that there are systems in place to ensure that all messages are aligned, such as through editorial meetings and joint communication planning. However, collaboration with other departments and business units is ad-hoc making it extremely weak (See category three: section 7.4.5). Cross-departmental integration occurs mainly around specific projects or events, such as the 'Mining Indaba' or on a 'need-to-know basis' (Gronstedt 2000:21; Pollach et al 2012:206).

In addition, it would be beneficial for communications staff at the corporate office to support the implementation of the SEAT at the mine-level at various key intervals. In doing so, the various entities could merge and/or establish a 'CSR IC Committee' comprised of various professionals and departments to work in a semi-autonomous manner. This Committee would monitor, incorporate and respond to stakeholder input and then report to executive management and/or directly to the Chief Executive Officer. By tasking the public relations and marketing professionals to work together through this Committee, functional as well as horizontal integration would be fostered.

The findings of this category are consistent with the proposed IC framework noting the importance of the communications department. As noted in section 4.3.7 using cross-functional rather than departmental planning and monitoring is a strategic driver of IC (Duncan & Caywood 1996:26). Communication not only exists within specialised communication departments, but occurs throughout an

organisation. Strategic CSR requires involving many different employees from other departments when making communication decisions (Garavan et al 2010:595).

**7.6 Category four: CSR content**

This category focuses on the content of CSR messaging and the extent to which there is consistency. A major challenge for organisations is how to ensure that there is consistent messaging whilst still sending targeted communication to each specific stakeholder. Message consistency occurs when all communication is strategically positioned by employing the *organisation’s strategy*, vision, mission and objectives, rather than just comprising product claims (Bhattacharya 2010:85; Siano et al 2011:2).

This category consists of six sub-categories as listed in Table 7.7 below. These sub-categories are elaborated on in the ensuing discussion.

**Table 7.6: Category four: consistent CSR content and sub-categories**

<b>QCA</b>	<b>Interviews</b>	<b>Focus Group</b>
7.6.1. Positioning the brand	7.6.3. Creating CSR content for diverse stakeholders	7.6.5. Legislation driving content
7.6.2. Consistent messaging guidelines	7.6.4. Methods for consistent content	7.6.6. Marketing CSR: How much is too much?

**7.6.1 QCA: positioning the brand**

Stakeholders can easily become sceptical about the hidden motives of an organisation’s CSR marketing. A key challenge for organisations is what, when and how to convey CSR information to overcome stakeholder scepticism To address this it is important for organisations

to support causes that are aligned to the organisation's core business (Du et al 2010:17; Jadhi & Acikdilli 2009:103).

The results of the QCA indicate that AASA's communication content and activities is driven by the brand. The organisation's brand position puts 'people' at its centre, as is evidenced through AASA's slogan "Real Mining, Real People, Real Difference." According to the 2013 Corporate Communication Strategy, the company wants stakeholders to think of the company as the 'miner' that makes a 'real' difference where it operates.

Another recurrent element of the organisation's brand positioning, as indicated in its Corporate Communications Strategy (2013) is the notion of being the 'partner of choice' for investors, governments and employees. The frequency of the term 'partner of choice' and 'partnership' is an indication of the above point. The SEAT Overview (2012) mentions this concept five times within its 16 pages. In addition, the Social Development Report 2012 consisting of 85 pages mentions partnership 79 times. Similarly, in its Annual Report 2012, this concept is mentioned 41 times from 241 pages.

Demonstrating this further, the company launched a high-impact advertising campaign in 2013 focusing on the difference it is making in South Africa. The campaign aims to increase awareness levels amongst the average population and communities in and near AASA's areas of operation. The campaign acknowledges the challenges facing the country, whilst still communicating the contribution the Group is making to address those challenges. The proof points of the campaign include job creation, enterprise development, employee housing, employee share ownership, social investment and employee wellness. The television advert was broadcasted on 26 August 2013 on SABC1, SABC2, eTV, SABC3 and DSTV and two radio advertisements were aired on mostly regional and community radio stations. The television

advertisements are featured on screens in taxis and busses, and at taxi ranks across the country (Ramchander 2013).

These proof points are also used to report on the organisation's progress via its Annual and Sustainability reports. The content is also aimed at providing reports to shareholders and other stakeholders. The Annual Report and Sustainability report contain vital company financial and non-financial information. The organisation also participates in various annual road shows targeted at shareholders and investors to provide information on its progress (See Table 7.10). This messaging is aimed at not only monitoring and evaluating AASA's performance but also demonstrating its contribution to society. This is vital for ensuring that stakeholders are kept abreast of its progress.

### **7.6.2 QCA: Consistent messaging guidelines**

This category focuses on how the organisation positions itself in relation to different stakeholders. Whilst sending targeted messages to each stakeholder group, there must be consistency. As noted in section 4.3.3, messages are strategically consistent when they are aligned to the organisation's vision, mission and objectives.

*AASA's Corporate Communications Strategy* (2013:4) recommends that all decisions and messaging be aligned to the organisation's brand and values. The organisation aims to "build...a differentiated brand through clear and strategic messages that are communicated across its channels in an integrated way." In fact, the *Communications Strategy* (2013:4) emphatically notes the following, "At the heart of our strategy is the brand, which drives and informs all our communications activities. We build and leverage a differentiated brand, supported by a clear and compelling corporate narrative built from a single set of strategic messages."

The results of the QCA indicate that in order to ensure consistent content, AASA has implemented a number of strategies, strengthened how it coordinates, and collaborates with other communication functions, together with its business departments. It has also established a shared editorial and events calendar; and a regular cross-functional communication meeting.

Coupled with the above, messages and proof points are developed and approved and then used many times across multiple channels to drive down cost per use and provide greater consistency in AASA's brand communication. Additionally, the organisation has institutionalised a 'joined-up' approach, which involves working more closely with various business units and corporate departments when developing external corporate reports (Corporate Communications Strategy 2013).

### ***7.6.3 Interviews: creating CSR content for diverse stakeholders***

This category focuses on how organisations create strategic and credible content whilst still ensuring that they speak to the needs and expectations of a diverse range of stakeholders.

The results of the interviews indicate that AASA has developed group-wide policies and guidelines to ensure that the organisation's messages are aligned. As both P1 and P5 point out, that content is driven by legislation such as the SLPs and AASA's The Anglo Social Way and SEAT guidelines.

Secondly, the organisation's mission, vision and objectives drive all CSR content. As P5 noted, all content or 'proof-points' developed are aligned to the organisation's rationale for CSR. P5 described it as such: "that's our hymn sheet that we all talk from." This is further indicated by the phrases: "commitment to contributing to SA" and "being an employee, supplier and partner of choice." This was a recurrent pattern that is also verified in Section 7.4.1 Category one: Motivation for CSR

above. All the interview participants made reference to phrases such as: 'contribute to development', 'make a real difference' and /or 'give back' - on average eight times.

The findings can also be supported by the following verbatim quotations:

- **P1:** *“The Anglo Social Way and SEAT tools are guidelines that help to shape our reporting. There are also the Social and Labour Plans, which Anglo needs to report against and this is a public document that’s tells us what to report and since we all use this it ensures consistency. At a more corporate level, Anglo also has a brand and messaging guideline.”*
- **P4:** *“Our messaging is driven by the Groups objectives, which comes from our headquarters. There are also the overall guidance messages or proof-points from management, which we all refer to. At AASA level we would work within our team to adapt this messaging to our context and use this messaging... We are also guided by legislation which really drives the content of our messaging.”*
- **P5:** *“As South Africa, we have a commitment to this country. I think that’s where I should start. So everything we do within in a communication space speaks back ... to...developing the country and giving back .... So in everything that we do, those proof points come out...We contribute so much in CSI across the business. We have a Zimele Enterprise Development programme that supports entrepreneurs in South Africa. That’s how we’ve given back. So in all that we do, in marketing, advertising, internal comms, media – we ensure that all of that – everybody, that’s our hymn sheet that we all talk from. ...Because if you look at our pillars within the communication strategy...It’s about being an employer of choice, being a partner of choice and three’s a third one, supplier of*

*choice... So if you look at all those pillars, all that we do, has to tie into making sure that we're Seen to be contributing to those pillars in a way that develops those areas and gives back into those communities."*

#### **7.6.4 Interviews: Methods for consistent content**

In order to ensure that messages across an organisation are consistent there must be systems in place to ensure that all communication is credible and aligned.

Based on the interviews, AASA relies on gatekeeping to ensure that all external content is factual, aligned and strategic. This is achieved through the editorial meetings as P3 notes. Another method used is Media Advantage that is an online intranet that contains 'proof points' to help staff develop content that is up-to-date and accurate, as mentioned by P5 (See verbatim quotations below). Furthermore, there also exists cross-functional integration and coordination between the various PR, corporate communications and marketing disciplines as indicated by P5's statement:

*"what I do from a media point of view, the internal comms team needs to ensure that, internally, our employees don't get it from the papers – they hear it from her, from the company's point of view, as opposed to consuming it from outside."*

These findings are supported by the following verbatim quotations:

- **P2:** *"We (Government Relations) use some of the messaging that is developed by our Communications Department. I mean, you have to at all times ensure you. Do not say things that are not aligned"*
- **P3:** *"That is a challenge because you know we have so many approvals when these messages go out...There's monthly editorial*

*meetings where globally all the communications people will look at what are the forthcoming events and key programme issues...and where we need to align...only approved spokespeople ... are able to speak to the media. The key messaging has to be approved by certain people. So we've got a complete media policy here."*

- **P5:** *"Actually, it was my first experience when I came to Anglo America to see such a structured messaging platform... We have a platform called Media Vantage. It's a global platform...all our geographies, have access to that messaging platform and it's got proof points about all our issues that affect AASA from a global point of view...So from a S.A. point of view, we have a responsibility to update that messaging, to ensure that it is up-to-date, it's fresh, it's got the relevant numbers and basically all our proof points are in that platform. If you need to develop an annual report, if you need to develop whatever publication you're required to develop, messaging exists within that platform that we all use, that we all have access to, and that's the departure point for every content that we produce that's going to be used externally..."*

### **7.6.5 Focus group: legislation driving content**

South Africa's mining sector is highly regulated. Legislation such as the SLPs has influenced the way in which this sector undertakes stakeholder engagement.

Findings from the focus group indicate that AASA's content is largely driven by legislative requirements such as the SLP, Integrated Development Plans and Environmental Impact Assessments. The outcomes of legislative reporting requirements inform overall corporate communication messages (the 'what, when and how'). Thus, the organisation is able to ensure that all communication is strategically aligned and consistent (Kitchen & Schulz 2009:198; Caywood 1997:xvii).

These findings can also be supported by the following verbatim quotations:

- **F7:** *“The SLP has moved into that CSI space and that dictates how you communicate and to who you communicate to.”*
- **F1:** *“I think the ‘how’ we communicate and ‘what’ we communicate issue is around – there’s certain reporting requirements that is a method of communication in itself and so obviously for SLPs...there’s this legal obligation. we communicate to DMR in a particular way There... following a structured reporting tool which is a SLP Annual Progress Report...Then there is obviously reporting that comes from the things driven maybe through a marketing / PR perspective... to explain what we are doing within those communities and within the company. And then there are other types of reporting like our annual report – report to society. So the different communication.”*

#### **7.6.6 Focus group: marketing CSR: how much is too much?**

Whilst it is important for organisations to communicate to stakeholders about their CSR efforts, certain stakeholders may view these efforts as bragging and/or insincere. Thus, organisations need to closely examine how and the extent to which they market their CSR (Du et al 2010:17).

The results of the focus group indicate that there are some opposing views within AASA about how much to publicise CSR. If they gave reports concerning their CSR strategy, stakeholders could become suspicious of the company’s motives. For instance, F4 states, “Most times when you start communicating as a company, they think ooh, they do five cents worth and then spend five million on communications. I’ve heard it directly even in the Alchemy (Platinum Project) space. ‘So how much did you spend on these consultants you brought with you

here now who are going to write these fancy stories in the papers and we are going to See adverts on TV? You know, big Anglo adverts on TV, with faces and what not.’ And I got quite a fright! Because I was new when it first happened.” (See verbatim quotations below).

Simultaneously, participants felt that the public was criticising the company for not doing enough, because they were not marketing its CSR sufficiently. Hence, the question arose just how much to communicate CSR and at what cost. As F1 said,

“...If you don’t take the diamond out... you can’t do the other work, and the cost and money that goes into communication, engagement and reporting is about selling the story that we are the preferred person to go and take the diamond out.”

These findings show that AASA is presented with the challenge, around how to market its CSR so that it can build a more favourable and credible reputation. This is an important finding, which is elaborated on in the discussion in section 7.5.7 below.

These verbatim quotations below confirm the findings mentioned above:

- **F3:** *“... the constant criticism of us plundering resources and not putting back, there’s a disconnect because clearly government, communities, unions – they’re not understanding our contribution, and I think from a communication point of view, we’re not telling our story enough. I don’t know how much stories are told within the business units. I don’t See press coverage much about that. And from a Centre we’re not getting enough information from our business units to be telling that story across our media channels, in our advertising campaign.”*
- **F4:** *“Most times when you start communicating as a company, they think ooh; they do five cents worth and then spend five million on*

*communications. I've heard it directly even in the Project Alchemy (Anglo Platinum CSI Project) space. 'So how much did you spend on these consultants you brought with you here now, who are going to write these fancy stories in the papers and we are going to See adverts on TV? You know, big Anglo adverts on TV, with faces and what not.' And I got quite a fright! Because, I was new when it first happened and I saw these things coming up and contradictory messages. Then we had the strikes last year in Platinum. And then we had this big communications campaign on what we're doing in communities and our workers were saying we don't pay them enough. So it has to relate to each other. There has to be a way we find each other and we say the same thing."*

#### **7.6.7 Interpretation and theoretical discussion of category four: consistent CSR content**

The findings of this category indicate that AASA has developed group-wide policies and guidelines such as, *The Anglo Social Way, the SEAT, Communications Strategy, Media Policy and Brand Guidelines* to ensure that all messages and images are aligned. Also, as per the interviews, both P1 and P5 pointed out that its content is largely determined by legislative requirements such as the SLPs. Consistent messaging is achieved through various communications policies as well as guidelines and approval processes, such as editorial meetings, together with dedicated and approved media spokespeople (See Christensen et al 2009:210; Cornelissen et al 2006:9). Additionally, the organisation has adopted 'Media Vantage' a web-based tool that serves as a centralised communications system where 'proof-points' or approved key messages exist that can be used to guide messaging for all external content. These 'proof-points' serve as "a hymn sheet that we all talk from" as was described by P5.

There are also various levels of approval systems to fact-check and approve content such as approved media spokespersons. Coupled with

this, the organisation's mission, vision and objectives inform all content. As P5 indicated the organisation has approved 'proof-points' that position AASA as the "employee, supplier and partner of choice." All the interview participants made reference to the above, on average eight times using phrases such as 'contribute to development', 'make a real difference' and or 'give back.' This finding was a recurrent pattern that is also verified by Category one: Motivation for CSR.

Additionally, there is a monthly communications editorial meeting, with communication and marketing staff. The monthly meeting serves as an important coordination and information-sharing platform among the various communications functions. As P5 alluded:

"...in as much as we focus on specific areas, you pretty much can appreciate that what we do in one area, the other areas have also got to be aligned and equally informed and communicated with."

From this it can be deduced that AASA adopts cross-functional integration, which is one of the core IC elements necessary to ensure consistent content (Christensen et al 2008:436).

Consistent content occurs when all corporate media and messages project one clear, consistent and coherent image (Cornelissen et al 2006:9). To achieve this, all communication messages must be aligned to the organisation's strategy, vision, mission and objectives rather than just product claims (Bhattacharya 2010:85; Hildebrand 2011:4).

Another key finding was regarding how much or how little the organisation should publicise their CSR, given that many stakeholders were not aware of its CSR efforts. This is indicated by F1 who notes that without publicising your CSR efforts, you wouldn't be able to get the diamond out and F3: noting that:

“we constantly receive criticism of us plundering resources and not putting back... they’re not understanding our contribution...”

This finding is consistent with Morsing et al’s study (2008), discussed in section 1.2.5, which explored the “Catch 22 of Communicating CSR” which involves telling an organisation’s CSR story to make its efforts known, yet stopping before such communication can be considered bragging. Stakeholders can perceive an organisation’s CSR marketing efforts with cynicism and withdraw their support. At the same time if AASA does not market its CSR efforts it would not be able to show stakeholders why it is the ‘preferred partner of choice’, which can affect its growth and ultimately its ability to contribute to socio-economic advancement in South Africa.

To address this issue, step six of the proposed IC framework discussed in section 4.7 advises organisations to support CSR issues that are aligned to its core business and speak to the organisation’s mission. Also, the organisations’ messaging should focus on the social impact and outcomes of their CSR efforts rather than pushing their brand image. Another method is through third party endorsement (Du et al 2010:11; Morsing et al 2008:108-109).

## 7.7 Category five: communication channels

Three sub-categories were identified as shown in the Table 7.7 below within this category.

**Table 7.7: Category five: Optimising IC communication channels and sub-categories**

<b>QCA</b>	<b>Interviews</b>	<b>Focus group</b>
7.7.1. Two-way communication	7.7.2. Types of channels	7.7.3. Use of channels to meet stakeholder preferences

### **7.7.1 QCA: Two-way communication**

This sub-category focuses on the degree to which there is interactive stakeholder engagement. Communication needs to move away from one-way communication to two-way communication.

The QCA findings from SEAT emphasise that stakeholder engagement should include two-way information exchange and dialogue. For instance, the SEAT specifically underscores the need for ‘two-way communication’, 17 times. More specifically, Tool 2B (2012:45-58) consisting of 13 pages mentions the words ‘dialogue’ three times; ‘consult’ seven times, ‘feedback’ 12 times, and ‘engagement’ is used 165 times.

AASA defines engagement as “a process leading to a joint effort by various stakeholders who work together to produce better decisions than if they had acted independently...” (The Anglo Social Way 2009:14). To facilitate two-way communication, it notes that each channel selected must be appropriate, and reflect both the organisation’s and the stakeholders’ preferences (SEAT 2012:51). Promoting two-way communication is also emphasised in AASA’s Corporate Communications Strategy (2013:4) which emphasises, “creating dialogue-based communication that delivers more personalised interactions and encourages greater engagement and commitment.” The strategy recognises that to facilitate such interactive dialogue, AASA requires a sound understanding of its stakeholder’s needs. This requires research to know what information to share and the most suitable method for each stakeholder group. This requires systems and processes for information sharing, collaboration and robust communications channels.

AASA is also increasingly using social media to interact with its stakeholders via Facebook, Twitter, etc. In August 2013, it launched its Facebook SA and Twitter account. The organisation is also developing

a specific blog to increase employee engagement called 'Jive.' This social technology platform will provide employees with a user-friendly solution to engage, collaborate, share knowledge and promote organisational learning in real-time thus promoting greater interactivity (Corporate Communications Strategy 2013:6).

Over and above social media, AASA has several communication channels ranging from annual reports, magazines, push communications and web-based tools to share information and elicit stakeholder feedback as per Table 7.10 below

**Table 7.10: AASA's type and frequency of communication channels**

<b>Tools</b>	<b>Aim</b>	<b>Target audience</b>	<b>Frequency</b>
<b>Reports</b>			
Annual Reports	Information sharing on financial and sustainability issues	All	Annual
Sustainability Reports	Information sharing on financial and sustainability issues	All	Annual
Transformation Report	Update on Anglo's progress to transformation agenda	All	Annual
<b>Magazines/ Brochures</b>			
A Magazine	Corporate news	All	Quarterly
Anglo SA at a Glance: 2011	Corporate Information	All	Updated as necessary
<b>Push communication</b>			
Email communiqués	Information sharing and Announcements	Employees	As needed
Posters	Information sharing and Announcements	Employees	As needed
Surveys and polls	Obtain stakeholder views e.g. A Magazine Readership Survey in 2012	All	As needed

<b>Complaints and grievances</b>			
Hotline	Communities around a mine operation can lodge a query or complaint	All	On-going
Complaint logbook at mining operation	Communities around a mine operation can lodge a query or complaint	All	On-going
Meetings (Town Hall Meetings)	Consult and update stakeholders on progress, clarify issues etc.	All	On-going
Community Dialogue	More informal, smaller group meetings to discuss complaints, community development projects etc.	All	On-going
<b>Website tools</b>			
Enablon	Software to track risk management/ social issues	Internal	Ongoing
SpeakUp	Anonymous tip-off line to complain about any grievance	Employees, suppliers, contractors	Ongoing
Interactive Investor Website	Real-time information system providing shareholders and investors latest share price information	Investors/ shareholders	Ongoing
<b>Events</b>			
Annual General Meeting	Update investors, shareholders etc. on its financial and governance related issues	Government, Investors, shareholders, media, among others	Annual
Cape Town Jazz Festival	Face-to-face networking event	Government, Investors, shareholders, media, among others	Annual

Mining Lekgotla	Sector wide conference to engage industry and government leaders about pressing issues	Government, Investors, shareholders, media, among others	Annual
Health and Safety Summit	A conference focusing on health and occupational and safety issues for those companies in the mining and extractive industries to share best practices.	Government, Investors, shareholders, media, among others	Annual
Commemorative Day Events	Commemorative days such as World Environment Day, World AIDS Day that are used to put a spot light on its CSR programmes	All	Annual
Roadshows	Varies for instance its Annual Shareholder and Investor Roadshow, which is done globally with its country offices.	Shareholders & Investors	As needed
<b>Audio-Visual</b>			
Media Trailers	Kumba Iron Ore has a travelling media trailer showing a video on safety issues (A Magazine December 2012: 42)	Employees	As needed
Digital Boards	Plasma screens at AA's offices e.g. at the entrance of buildings and/or cafeteria	Employees	As needed
Radio and TV advertisements	Marketing collateral to improve its brand reputation and image	All	Ongoing
<b>Partner Websites</b>			
Social Impact Hub on the	An AASA sponsored online content hub	CEOs, investors,	Ongoing

	<p>that helps businesses manage its social impact. This platform allows AASA to share information about its sustainability issues and thus position itself as the partner of choice to an audience that is both influential (10% are CEOs and a further 25% are at director/senior leadership level) and international (only 45% based in the UK).</p>	<p>business peers, etc</p>	
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As is evident from Table 7.10 above, AASA has a range of communication channels to promote interactive dialogue ranging from print, online, events and social media tools tailored to the needs of specific target audiences.

**7.7.2 Interview sub-category: types of channels**

Given the diversity of stakeholders, there needs to be different communication channels to suit each stakeholder’s preferences, if it is to successfully build frequent and interactive dialogue (Kitchen & Schulz 2009:200; Gronstedt 1996:296-297).

The results of the interviews indicate that based on sharing information, organisations can keep pace and respond to the needs of its stakeholders. This requires that organisations invest in various sending and receiving tools to interact with their stakeholders.

AASA uses a range of communication channels to engage with its stakeholders ranging from face-to-face channels to print and electronic media. It is positive to see that internally the organisation has created a number of channels to engage with employees as indicated in Table

7.10 above. This can also be gleaned from P3 who specified the use of a range of communication channels such as push communication and intranet sites, among others.

Through these channels, information is readily available. For instance, P3 notes that plasma screens in the cafeteria enable employees to get up-to-date information and announcements (See verbatim quotations below).

Being responsive to stakeholder feedback is extremely important to protect an organisation's reputation and build long-term stakeholder relationships. To this end, AASA has a Complaints and Grievance Procedure. Community stakeholders can provide feedback using a 'Complaints Log Book' located at each mine site and municipal office for easy access. This feedback is logged onto a web-based information-sharing platform called "Enablon" that is filtered to the relevant department in order that it may respond. This system ensures that the organisation is transparent and responsive to stakeholder feedback (See verbatim quotations below).

The discussion above is corroborated by the following verbatim quotations:

- **P1:** *"Well, we mainly use community meetings, workshops. Then, we also have Enablon, which is a computer software programme which keeps track of complaints received. The community would have access to Log Book either at the mine, or at the municipality to keep get community feedback. So all SRM's are responsible for logging a particular complaint based on this input into Enablon. The complaint is filtered and sent to the relevant department Within 3 days the SRM is responsible for investigating and or informing the complainant about what steps will be taken. So this tool helps us track the number and nature of complaints received and how it was resolved. A monthly report is then drawn up and shared with me."*

- **P2:** *“We sort of...use events...Like the Cape Town Jazz Festival for instance. It’s an event that we use because it’s an opportunity where we can have all our stakeholders in one place at a time and engage and interact with them, and in those events we’d have certain kinds of branding and those kinds of things that are important. We’d also have things like the Mining Indaba. We’d have a booth – an AASA booth there. Apart from those big events, we’d also have other smaller events, where you host a dinner, for instance, where you invite the Minister of whatever, and other events that you can leverage off such as the Women in Mining conference and other things. Those are sort of, I don’t want to say tools, but events that you can use.”*
- **P3:** *“We use a lot of push communication. So we use newsletters posters, emailers, and I’m talking now because my audiences are these 2500 people that work here. I don’t look after business units and the people in the mines. It’s mainly here...We use what we call Activation so that’s where I would say it is a dialogue. You identify a theme and people are able to experience something. So this is around wellness and safety mainly – we call those Activations.”*

**P4:** *“We also have the corporate website and intranet site. Most of the feedback we get is query based, which is filtered and goes to the relevant departments for a response...We will be using social media more. Whilst AASAUK has a Facebook and Twitter account globally, we are just about to launch an AA South Africa Facebook and Twitter page so that our employee and stakeholders can interact more directly with us. So after a lot of debate, we are ready for this and how to manage these tools, we decided to rather be a part of the conversation, try to engage and listen more rather than standby and not participate in social media tools.”*

### **7.7.3 Focus group sub-category: Use of channels to meet stakeholder preferences**

Along with having the communications channels to disseminate information, IC practitioners must ensure that the tool selected is appropriate. The results of the focus group indicate that AASA has invested in a range of communication channels for its diverse stakeholders (See Table 7.10 above). However, it appears that these channels do not adequately target community-level stakeholders. This is evident from the remarks of F2 and F4. For instance, F2 states that:

*“I would, out of the top of my head, be very surprised if 5-10% of that is actually communicating back to the community. It’s talking to the people who are interested. It’s to shine marbles to the hierarchy of the business...”*

Similarly, F4 notes:

*“I think there definitely has to be a relook at how do we target stakeholders and how do we communicate to them. It’s the people that matter the most that we should be paying attention. They should understand and feel the difference that we trying to effect.”* (See further verbatim quotations below).

Based on the above it can be deduced that despite the vast array of tools used, it appears that these tools, such as trade events, annual reports, among others, may be too sophisticated for those at the community or mine operational level to make effective use of or understand. As F1 noted that much of the communication sent is to ‘shine marbles to the hierarchy of the business. If it was to shareholders, it would actually include workers. And if it was to shareholders it would be more public.”

The verbatim quotations below further validate these findings:

- **F1:** *“That is an extremely important issue... there’s not a lot of money going into engagement communication at the community level because that’s not important or not as important. The communication engagement and communication needs to go to the stakeholder that gives you the permission to mine.”*
- **F2:** *“...The people being reported to are the community of people interested in that subject. I don’t see very much. If you look at the dollar spend in corporate communications around this area of work – I would, out of the top of my head, be very surprised if 5-10% of that is actually communicating back to the community. It’s talking to people who are interested. It’s to shine marbles to the hierarchy of the business. If it was to shareholders it would actually include workers. And if it was to shareholders it would be more public.”*
- **F4:** *“I think there definitely has to be a relook at how do we target stakeholders and how do we communicate to them. It’s the people that matter the most that we should be paying attention. They should understand and feel the difference that we’re trying to effect.”*
- **F5:** *“I hear this perception of we don’t talk to them (communities), but they’re very aware of what we do. And they’re getting cleverer and cleverer all the time. Right now communities know what an SLP is...Let alone, an SLP is a simple example. An Environmental Management Programme (EMP), which is another legislative requirement when you do a mining right you submit a mine’s works programme (a SLP and an EMP). ...And you know where those things come from – the presidential hotline. Because they simply said, there’s blasting, there’s this and this. And part of the deal is that these documents, except where there are financial implications and confidentiality issues – they are public documents. And we also go out and tell communities what it is we have in our SLP projects,*

*and they will hold us accountable on that. So however way we communicate it is always important – even the annual reports, reports to society – we do distribute them at strategic points around those mines, and people read those things. That is why they are able to start asking some of the questions that we never expect.”*

#### **7.7.4. Interpretation and theoretical discussion of category five: communication channels**

In order for organisations to keep abreast of stakeholder views and concerns there must be corresponding communication channels that promote interactive dialogue. These tools can range from face-to-face meetings, events, publications and social media. (Bittner & Leimeister 2011:11). While any communication channel is capable of conveying an organisation’s CSR messages, it needs to be appropriate and user-friendly for each stakeholder (Jahdi & Acikdilli 2009:106). More recently, AASA launched its own South African Facebook and Twitter account as mentioned by P5, to enable employees and stakeholders to interact more directly with the organisation.

Clearly, the organisation has committed itself to being inclusive and regards all its stakeholders as important. This is evident from section 7.4.1 Category one: CSR motivation. Also, it has invested in various stakeholder engagement strategies and tools such as the SEAT to obtain community level engagement.

However, the communication department does not appear to create or produce much content for community level stakeholders. This is evident by F2 stating that the majority of communication is disseminated to “shine marbles.” These sentiments suggest that the corporate level appears to have negated the importance of communicating to its community level stakeholders. This is contradictory to the *SEAT* and *The Anglo Social Way*, which stress the importance of community engagement. In practice there is insufficient communication content

developed and channels for this particular stakeholder group (See Barker & Angelopulo 2006:56; Cornelissen et al 2006:9).

The findings in this category further confirm Mitchell et al's (1997) theory of power, which posits that organisations prioritise those stakeholders who are the most influential. Mitchell et al (1997:853) put forward a theory of stakeholder identification and salience, which suggests that organisations prioritise stakeholders based on power.

Based on the above findings it appears that AASA has ensured that there are a variety of communication channels to reach different stakeholders. As per the proposed IC framework (See section 4.7), step seven: Review and optimise IC channels, organisations must establish the appropriate channels for promoting interactive dialogue. Various receiving, interactive and sending tools/channels can be used to create long-term purposeful dialogue (Kitchen & Schulz 2009:200; Gronstedt 1996:296-297). Optimal use of interactive tools can help organisations consult with their stakeholders in the design and implementation of CSR strategies. In this way organisations can proactively and jointly resolve potential issues that could impact on their brand reputation (Bittner & Leimeister 2011:11).

## **7.8 A critical analysis of the overall findings based on the proposed IC framework to support stakeholder engagement within strategic CSR**

In section 4.7 an IC framework, comprised of eight steps based on the four core elements of IC: namely stakeholder focus, organisational IC processes, CSR content and communication channels, was proposed to support stakeholder engagement within strategic CSR. The findings discussed above are comprehensively reviewed below in accordance with the proposed IC framework in an attempt to gauge how IC supports stakeholder engagement within strategic CSR at AASA.

- **Step one: Review organisational rationale for strategic CSR.**

The first step in the IC framework focuses on an organisations' internal values and reasons for undertaking CSR. When organisations recognise that their social licence to operate comes from society, they are more likely to consider their social impact (Carroll & Buchholz 2009:56; Christensen & Cornelissen 2011:384; De Beer & Rustenberg 2011:208; Sun et al 2010:7). Where this conviction is present, it is more likely that organisations will develop a CSR strategy and methods which integrate stakeholders (Maignan et al 2005:970; Smith & Sharicz 2011:78).

As discussed in section 4.5.1.2, Maignan and Ferrell (2005:967) urge organisations to review firstly their own motivations and values as to why CSR and stakeholder engagement is important. This involves reviewing its mission statement, corporate documents and consulting stakeholders to ascertain how the organisation is perceived against their intended images (Maignan et al 2005:967).

AASA's commitment to stakeholder engagement is evidenced through *The Anglo Social Way*, *Materiality Assessment* and the *SEAT*. The *SEAT* has undergone several revisions since its development in 2003, further showing the organisations continued commitment to strategic CSR (See section 5.4.2.).

As discussed in section 2.4.4, this study, adopted a strategic CSR approach. For strategic and responsive CSR to manifest, it must be woven into an organisation's culture and processes. Without an holistic approach, an organisation is unlikely to understand, assimilate, and proactively respond to stakeholder feedback, which will ultimately affect its sustainability (De Sousa et al 2010:297; Evans et al 2013:15).

Based on the findings above, AASA is clearly committed to CSR stakeholder engagement. This is evident from the existence of policies

and guidelines (See section 5.4) and the time and resources it has invested into implementing stakeholder engagement (See section 7.3).

From these findings, the organisation's approach coincides with step one of the proposed IC framework. To strengthen this framework, it would be useful to emphasise explicitly the role of executive leadership to lead and drive these processes. As Moan et al (2009:78-79) note there must be an organisational 'mindset' from top management to embrace CSR and develop a stakeholder-centric (outside-in) approach (Moan 2009:78; McElhaney 2009:32).

- **Step two: Stakeholder engagement methods**

This step focuses on the methods used to identify, categorise and prioritise their stakeholders. AASA has clear guidelines to engage its stakeholders in order to keep abreast of its social expectations. The organisation has developed *The Anglo Social Way*, *Materiality Assessment* and *SEAT* (See sections 5.4 and 7.4).

More specifically, at the corporate level it undertakes an annual *Materiality Assessment*, which serves as an environmental scan of its operating environment (Sustainability Development Report 2012:17). At the operations / community level, the organisation implements SEAT.

Based on the findings above, the researcher notes that AASA has clearly defined methods, process and guidelines to ensure that it adopts an inclusive stakeholder engagement process. The organisation's approach corresponds to Accountability.org's AA1000 Stakeholder Engagement Framework (2005; 2008) approach, discussed in sections 2.3 and 2.4, which is adopted as the benchmark of stakeholder engagement relevant for this study.

- **Step three: Develop an Integrated Communications Plan for Stakeholder Engagement**

Whilst methods may exist for identifying and prioritising stakeholders, a clearly defined communication strategy must be developed. The communications strategy guides how to engage with its diverse stakeholders, maintain a consistent brand image and build long-term relationships with them (Bhattacharya 2010:84; Lotila 2010:397). The communication strategy should be stakeholder focused (outside-in) rather than an inside-out approach derived from internal marketing goals and objectives (Kerr et al 2008:513; Reinold & Tropp 2010:1).

As noted in section 3.3, without the right procedures and conditions for dialogue, stakeholders can perceive the organisation's communication with scepticism. The communications strategy needs to be based on sound research to know on 'what' and 'how' best to engage each stakeholder (Kent 2011:551).

The findings indicate that the organisation has a communication strategy. At the mine level, AASA has a Stakeholder Engagement Plan (SEP) (See section 7.4) as part the Materiality Assessment and SEAT. The SEP is similar to a communications strategy. The SEP requires information about its stakeholders, key messages, communication channels and the resources required for its implementation. Additionally, at the corporate level, AASA has a corporate communications strategy.

Also as Moan et al (2009:83) assert an internal and external communications strategy should be developed to guide how it communicates to employees and broader stakeholders to keep abreast of its social responsibilities. Research gathered from the SLP, IDP, EIA and other relevant data to inform it's SEP. This is consistent with the need to gather 'stakeholder intelligence' which corresponds to the IC element, zero-based planning. Based on this information, IC

practitioners can develop more targeted communication for each stakeholder group (Kitchen & Schulz 2000:83).

The above shows that AASA demonstrates stakeholder-focus as discussed in section 4.3.1 - one of the core four elements in the IC framework. The IC framework proposed specifically includes the development of a communications strategy as a separate step because most communications strategies are based on internal marketing goals rather than an outside in approach (stakeholder-focused) and zero-based planning.

- **Step four: Resource the IC plan**

This step involves examining the financial costs and other resources required to achieve an IC for CSR stakeholder engagement (Kitchen & Schulz 2000:83).

AASA's corporate communication function is well resourced with 11 staff members who are specialists in internal, external, media, social media and digital communications (See figure 7.1 above). Secondly, at every layer of the organisation (corporate, business unit and mine level) a communications practitioner is employed and sits within the Public Affairs department. Also, as indicated in section 4.3, the IC literature highlights the strategic importance of the communications department. IC ought to be located at top of the organisation's hierarchy, with easy access to key decision makers (Christensen et al 2008:436; Pollach et al 2012:205). The Head of Corporate Communications has direct access to the CEO at both group level and headquarters based in London (See section 7.5).

These results show that AASA has put in the time and resources to institutionalise stakeholder engagement through the development of *The Anglo Social Way*, *SEAT* and other guidelines. Moreover, AASA has also invested in developing several communication channels ranging from annual reports, websites, and social media, among others to improve stakeholder interactivity as shown in Table 7.10 above.

From the above, it is apparent that AASA has committed the necessary resources for IC. This step is especially relevant for this framework because without the necessary human and financial resources to implement IC, it is unlikely to build frequent and interactive stakeholder relationships (O'riodon & Fairbrass 2008:753).

- **Step five: Establish IC organisational processes**

IC is not merely a tactical tool but a strategic function. The location and cross-functional integration of the various communications specialisations influence the extent to which stakeholder engagement occurs (De Sousa et al 2010:296; Orlitzky et al 2011:10).

The organisations communications department is strategically located at the top with easy access to executive management. Secondly, there is cross-functional collaboration between the various specialisations to ensure consistent messaging. However, there is limited cross-departmental collaboration as indicated from the findings in Category three: IC organisational processes, sections 7.4.4 and 7.4.5 mentioned above.

Stakeholders' should be involved right at the outset of devising a CSR strategy. This requires an organisation-wide approach to ensure a holistic CSR strategy (Crane & Ruebottom 2011:84-85). The effectiveness of IC is dependent on involving many different employees from other departments when making communication decisions (Garavan et al 2010:595). This can be achieved through establishing a multi-functional working committee representative of IC practitioners and professionals from other departments to share and develop responsive CSR strategies (Christensen et al 2008:436).

This step in the IC framework not only addresses the important and strategic nature of IC, but also explains how it can practically interact with other departments and business units within the organisation to

assimilate stakeholder input for a responsive and holistic CSR approach.

- **Step six: Establish consistent content**

Given the diversity of its stakeholders, organisations need to speak in ‘multiple voices’ to reach each stakeholder, which may jeopardise its identity and reputation (Jadhi & Acikdilli 2009:110; Pollach 2012: 205). This step emphasises the need for all communication to be strategically aligned. This is achieved by positioning all messages around the organisation’s vision, mission and objectives (Bhattacharya 2010:85; Siano et al 2011:2).

AASA’s content is designed with the brand in mind (See Category 4: CSR content, section 7.5.1 and 7.5.2 above), The Corporate Communications Strategy (2013) emphasises that all messages are driven by the brand. *The brand position puts ‘people’ at the centre.* This is evidenced through the slogan, “Real Mining, Real People, Real Difference”. According to this strategy, the company wants stakeholders to think of the organisation as the ‘miner’ that makes a “real” difference *where it operates* as opposed to its competitors

Additionally, a number of strategies and guidelines have been developed to ensure that all content and its activities are aligned. The organisation has developed various group-wide policies and guidelines such as, *The Anglo Social Way, SEAT, Communications Strategy, Media Policy and Brand Guideline* to ensure that all messages and images are united. Also, various ‘proof points’ are pre-approved and used many times across multiple channels to provide greater impact and consistency.

Furthermore, cross-functional collaboration is another method that streamlines messaging. The communications team meets fortnightly to plan and coordinate various activities.

Through these efforts, AASA demonstrates the third core IC element of consistent content, which is an essential component of the proposed IC framework.

In order to strengthen this particular step, given that trust and stakeholder cynicism can arise when organisations publicise their CSR, (See section 7.4.7), the researcher has opted to specifically include guidelines on marketing its CSR. Organisations when deciding which CSI activities to support, it must select those activities that 'fit' the organisation's core business. To publicise its CSR activities, organisations can adopt third party endorsement (See section 4.3.5).

- **Step seven: Review and optimise IC channels**

Interactive stakeholder engagement is dependent on the existence of communication to promote two-way communication.

As elaborated in section 3.2.1, CSR stakeholder dialogue is an interactive process based on collaboration. Generating purposeful interactivity requires that organisations invest in various tools and processes to facilitate stakeholder dialogue. It is through sharing information and listening that both parties can find common ground and thus develop mutually beneficial and responsive CSR strategies (Kitchen & Schulz 2009:200; Gronstedt 1996:296-297).

In order to build interactive and mutually beneficial stakeholder relationships, the organisation needs to invest in communication tools that promote two-way dialogue. A variety of stakeholder dialogue tools were discussed in section 3.5 to help build interactive dialogue. This was discussed in section 3.2.1 where dialogue moves away from merely *sending* to also *receiving* stakeholder feedback to promote collaboration based on information sharing, joint learning and problem-solving (Crane & Livesey 2003:47).

As shown in Table 7.10 above AASA has a range of communication tools used to send, receive and respond to stakeholders from annual reports, magazines, push communications and web-based tools to share information and elicit stakeholder feedback. This in accordance with the fourth IC element related to two-way communication channels.

However, for the most part these tools are geared towards its affluent stakeholders, such as investors and shareholders. More efforts are needed to engage its community stakeholders such as through more appropriate channels such as community radio as discussed in section 7.7. Category 5: Communication channels above.

Whilst a variety channels may exist, the organisation recognises that more attention is needed to promote stakeholder feedback. The revised Communication Strategy (2013:6) notes that interactive dialogue is needed and to address this, AASA is developing tools, such as Jive, Twitter and its own South African Facebook account to promote increased stakeholder interactivity.

In this way this step emphasises the need to evaluate the ability of each tool to meet each stakeholder's preference. As mentioned in section 4.5.3.2 Klyueva's (2010) Integrated Model of Media Selection model provides practical criteria to help IC practitioners select the media channel most suited to transmit both simple and complex information (Klyueva 2010; Schulz et al 1994:101). Through reviewing and strengthening existing communication channel, more interactive dialogue can be realised.

- **Step eight: Act, review and report**

AASA responds and reports back to stakeholders through the use of various communication channels such as, the Integrated Annual and Sustainability Reports, company websites et cetera (See Table 7.10). Every year the organisation develops an annual and sustainability

report to provide feedback to stakeholders on its financial and social contributions to society.

As discussed in section 2.7, South African organisations listed on the Johannesburg Stock Exchange (JSE) are obliged to compile an integrated report in place of an annual financial report and sustainability report. The integrated report includes information on its social, environment and financial performance, providing users with a more holistic overview of the organisation's impacts (Integrated report is a new requirement for listed an organisation's...2010). This stage is congruent with the AA1000 Stakeholder Engagement Model's fifth stage called Act, Review and Report as was explored in section 2.7 related to the processes and guidelines for stakeholder management.

To improve IC potential as strategic function it would be essential for IC practitioners to participate in strategic meetings. Also, to improve cross-departmental collaboration, AASA should establish a 'CSR IC Committee' comprised of various departments and specialisations.

In this way, the organisation can proactively ensure that the concerns of stakeholders are responded to. This will improve organisational reporting, provide institutional memory and enable a holistic and responsive CSR approach. These reports can be circulated using interactive communication channels to keep stakeholders abreast of its CSR progress. This will help build credible and long lasting stakeholder relationships.

This approach is in keeping with a strategic CSR approach adopted for this study which involves including its stakeholders throughout the process and ensuring that it is institutionalised into the organisations culture and processes. Without a holistic approach, an organisation is unlikely to understand, assimilate, and proactively respond to stakeholder feedback, which will ultimately affect trust and its sustainability (De Sousa et al 2010:297; Evans et al 2013:15).

## 7.9 Summary

This chapter focused on presenting the data analysis and the findings obtained from the three data collection methods, namely a QCA of several key corporate documents, semi-structured interviews and one focus group. The objective of this chapter was to probe the role of IC in stakeholder engagement within strategic CSR as employed within AASA.

Having reviewed these findings against the proposed IC framework, three key insights were derived from this study. Firstly, IC is critical for CSR and when there is organisational commitment; communication is considered a strategic function to counsel top management and build long-term relationships with its stakeholders. Secondly, AASA's SEAT process is aligned to the universally accepted Accountability.org Framework's five stages. Thirdly, the four core IC elements identified as critical for IC are present within AASA but are applied to varying degrees.

Whilst AASA utilises IC to engage its stakeholders, greater focus must be made to communicating to:

- Community-level stakeholders regarding its social contribution as it was found that the company was receiving a lot of criticism for not doing enough. Thus suggesting that it was not sufficiently disseminating messages about their contributions to social development to this target audience.
- Using more targeted messages and channels to engage community stakeholders is needed such as community radio stations, faith-based organisations, and mobile technology, among others.

- Increased cross-departmental integration at all corporate, business unit and mine/operations levels of the organisation is needed to ensure improved information sharing and coordination.

The next chapter concludes this study with more detailed recommendations.

## **8 CONCLUSIONS AND RECOMMENDATIONS**

### **8.1 Introduction**

This study explored the role of IC in stakeholder engagement within strategic CSR at AASA. In chapter seven, the findings from the data analysis were report in order to ascertain how IC could support CSR stakeholder engagement at AASA.

This chapter comes full circle, returning to the research questions set out in chapter one, in order to establish whether the case study at the centre of this dissertation, provided answers to the four research questions posed. For ease of reference, these questions were:

- Research question one: What is the relevance of stakeholder within strategic corporate social responsibility (CSR)?
- Research question two: To explore different stakeholder dialogue process to support stakeholder engagement?
- Research question three: What would an integrated communications framework include to support stakeholder engagement for strategic CSR?
- Research question four: How can the IC framework proposed in this dissertation, which supports stakeholder engagement, incorporated into AASA's stakeholder engagement practices?

In addition, this chapter discusses the limitations and strengths of the study and identifies some topics for future research that could offer practical solutions to integrate IC within strategic CSR. Finally, the conclusion highlights the key insights gleaned from the research.

## **8.2 Answering the four research questions of this study**

### **8.2.1 Research question one: What is the relevance of stakeholder within strategic corporate social responsibility (CSR)?**

Stakeholder engagement is relevant for strategic CSR because social expectations regarding an organisation's social responsibility are constantly shifting. As shown in section 2.3, there is no universally accepted definition of CSR, thus making it difficult to define and systematically develop, implement and measure any organisation's CSR (Orlitzky et al 2011:8; Pedersen 2006:137 Veltri & Nardo 2013:26).

A key insight from this study is that when organisations adopt a strategic CSR approach they combine economical as well as ethical business practices. Neither one nor the other approach is better, but when combined strategically they boost organisations' reputations and profits.

This study has shown that an organisation's CSR is best defined by adopting a stakeholder-orientated lens of strategic CSR. As noted from section 7.2.6, AASA's primary motivation to undertake strategic CSR is to maintain its social licence to operate because it recognises that it can only be profitable if it considers its impact on society. This is also confirmed in its *Social Development Report (2012)* and *The Social Way (2009:2)* which notes that access to resources is "dependent upon the trust, and consent of others." (The Anglo Social Way 2009:2).

As discussed in section 2.4 and 2.5, stakeholder engagement emphasises the need to involve not just shareholders but also all stakeholders to help guide their structure and operations (Donaldson & Preston 1995:70; Sun et al 2010:7). In doing so, organisations can keep pace with their social and environmental responsibilities at any given time and thereby maintain their social licenses to operate (Bhattacharya 2010:84; Carroll & Buchholz 2009:56).

Another insight related to this question was around executive management's commitment and leadership to implement CSR. This is clearly the case for AASA as the Executive Chief, Ms Cynthia Carroll at the launch of AASA's Social Development Report 2012 noted that by engaging with its stakeholders it is able to create both economic and social value for the company itself and broader society (Sustainable Development Report 2012:7).

Where organisations are deeply committed to CSR, they are more likely to take a strategic CSR approach. Strategic CSR encompasses a systematic process that involves stakeholders in assisting organisations to define issues of concern and ways to address them. For a strategic and responsive CSR to manifest, it must be woven into an organisation's culture and processes. Without an holistic approach, organisations are unlikely to understand, assimilate, and respond proactively to stakeholder feedback, which will ultimately affect their sustainability (De Sousa et al 2010:297; Evans et al 2013:15).

Based on this case study's findings AASA has demonstrated this ethos as it has committed both human and financial resources to its CSR as confirmed through the QCA which indicated that AASA recognises that it can only be profitable if it considers its impact on society. As indicated in its Social Development Report (2012), its sustainability is contingent on meeting the needs of the communities around our operations."

### ***8.2.2 Research question two: To explore different stakeholder dialogue process to support stakeholder engagement?***

In section 2.2, it was noted that, in order to understand what constitutes as socially responsible behaviour, organisations need to develop stakeholder engagement strategies. In section 2.7, various models were described to explain how organisations could identify, categorise and manage their stakeholders. This study adopted the AA1000 Stakeholder Engagement Framework as the benchmark of this study.

Using this framework, this study explored how AASA undertakes stakeholder engagement. Based on the findings of this study, as shown in sections 5.4 and 7.3, AASA has integrated stakeholder engagement using a Materiality Assessment at the corporate level and SEAT at the mine/operational level. Both tools help the organisation identify and prioritise stakeholders, as well as incite dialogue with stakeholders. These tools are aligned to the Stakeholder Engagement Manual proposed by Accountability.org (2005). As shown in the interviews, both the financial and human resources necessary as indicated by P1 notes “The SEAT manual, well I own it actually. It is my full responsibility for ensuring that all business units, social relations managers, mine managers, community engagement managers, and suppliers are orientated on the tool...”

Not only must organisations find ways to identify and categorise their stakeholders, they must also pay close attention to the opinions of stakeholders, and include these within their strategic CSR, or else they are unlikely to be sustainable. As noted in sections 3.5 and 4.3.4, various dialogue tools ranging from face-to-face meetings, to print, web and social media tools can help promote dialogue. Organisations must ensure that there are appropriate communication channels to not only send but also receive feedback. As shown from the QCA findings in Table 7.10, AASA has several communication channels ranging from

annual reports and magazines, to push communications and web-based tools aimed at sharing information and eliciting stakeholder feedback. This was also shown in the interviews for example, P4 stated that CSR is “part of Anglo American South Africa’s DNA, which the Oppenheimer family started and continues today.”

Another key insight related to this research question showed that AASA is committed to being responsive to stakeholder feedback. For example as indicated in section 7.6.2, AASA has a Complaints and Grievance Procedure. Community stakeholders can provide feedback using a ‘Complaints Log Book’ located at each mine site and municipal office for ease of access. This feedback is logged onto a web-based information-sharing platform called “Enablon” that is filtered to the relevant department in order that it may respond.

However, despite the Materiality Assessment, the SEAT and dialogue tools used at AASA, there is a lack of effective content and channels for community level stakeholders, as noted from the focus group findings set out in section 7.6.3.

### ***8.2.3 Research question three: What would an integrated communications framework include to support stakeholder engagement for strategic CSR?***

As shown in section 1.3.4, IC complements stakeholder theory in that it emphasises the need to understand and involve both internal and external stakeholders (Barker & Angelopulo 2006:48). In order to address this research question, the core elements of IC were examined to understand what makes it effective. As discussed in section 4.3, the four core elements of IC are: i) stakeholder focus; ii) organisational processes; iii) channels; and iv) content.

The relevance of these elements was discussed in section 4.3 and 4.4. IC helps organisations become stakeholder focused. For this to occur

organisational processes must be in place to facilitate IC. The location and structure of the IC function influences both the content and delivery of messages. IC's boundary spanning function enables it to gather, process and exchange vital information to help organisations keep abreast of societal needs and expectations (Christensen et al 2008:436). As discussed in section 4.3, IC must be a strategic management function with easy access to executive management in order to advise management about stakeholder issues and participate in the organisation's strategy formulation processes (Pollach et al 2012:205).

In order to ensure targeted yet consistent messaging there must be cross-functional as well as cross-departmental integration rather than a silo-approach (Christensen et al 2008:436; Christensen & Cornelissen 2011:387). Additionally, to inspire dialogue, organisations must put as much emphasis on receiving messages as they do on sending them through use of various communication channels (Kitchen & Schulz 2009:200; Gronstedt 1996:296-297).

Thus, IC offers a multi-pronged approach for building interactive dialogue with various stakeholders that enable organisations, in turn, to develop more mutually beneficial and responsive CSR strategies (Christensen & Cornelissen 2011:391).

#### ***8.2.4 Research question four: How can the IC framework proposed in this dissertation, which supports stakeholder engagement, incorporated into AASA's stakeholder engagement practices?***

AASA recognises the importance of stakeholder engagement. As examined in section 7.9, the four core IC elements contained in the proposed eight-step IC framework are present within AASA but are applied to varying degrees.

Most encouragingly, AASA notes that IC is critical for CSR and has ensured that communication is considered a strategic function to counsel top management and build long-term relationships with its stakeholders. Secondly, the SEAT is aligned to the universally accepted Accountability.org Framework's five stages.

Whilst the organisation demonstrates cross-functional collaboration within the IC department, it does not frequently arrange meetings where IC employees can collaborate with other professionals, departments and business units regarding the organisation's strategic CSR. This interaction is ad-hoc and based on special events and /or projects, as indicated in section, 7.4.4 and 7.4.5. As noted in section 4.3.7, the effectiveness of IC is dependent on involving many different employees from other departments when making communication decisions (Garavan et al 2010:595). This can be achieved through establishing a multi-functional working committee made up of IC practitioners and professionals from other departments to share and develop responsive CSR strategies (Christensen et al 2008:436).

### ***8.2.5 Solving the research problem for this study***

The first objective of this study was to describe the nature of CSR stakeholder engagement within AASA. The researcher began looking at these questions, by undertaking an extensive literature review examining various stakeholder engagement models. These were discussed in section 2.7 and 5.4. The next step in tackling this study, was to select a single case study of AASA's approach to stakeholder engagement in CSR. The findings from this study show that AASA has integrated stakeholder engagement using the SEAT which describes the organisation's stakeholder engagement process. This in turn is aligned to the Accountability.org Stakeholder Engagement Framework (2005) put forward as the benchmark of this study.

Secondly this study explored how the proposed IC framework could be incorporated into AASA's stakeholder engagement practices. In section 4.6, nine IC models were reviewed in order to develop a framework to support CSR stakeholder engagement. By combining both stakeholder literature (chapter two ) stakeholder dialogue processes (chapter three) and the IC literature (chapter four), an eight-step IC framework was developed (see section 4.7). In section 7.8 the proposed framework was reviewed against AASA's current stakeholder engagement practices.

As noted above, the research question was addressed through the extensive literature review discussed in chapters one to four and through the case study.

### **8.3. Return to the Research Assumptions**

**Assumption one: Organisations undertake CSR stakeholder engagement to understand what their social responsibilities are.**

Social expectations regarding an organisation's social responsibility are constantly changing and for organisations to be sustainable, they need to be aware on an on-going basis of stakeholders' needs and expectations (Sun, et al 2010:7).

Building meaningful stakeholder relationships enables organisations to keep abreast of societal needs and thus maintain their social license to operate and overall sustainability (Debeljak, Krkac̃ & Banks 2011:11). Based on the findings of this study, AASA's undertakes a Materiality Assessment and SEAT (see Section 5.4.1 and 5.4.2) processes to understand its external operating environment.

**Assumption two: Organisations have existing CSR stakeholder management techniques.**

AASA has a well-articulated approach to CSR, which is demonstrated through a number of policies such as As highlighted in AASA's The Anglo Social Way (2009:7-8) these include the i) AASA Group HIV/AIDS Policy; ii) Sustainable Development in the Supply Chain Policy; iii) The AASA Environment Way; iv) The AASA Occupational Health Way; v) The AASA The Anglo Social Way; vi) Supplier Sustainable Development Code; vii) Sustainable Development in the Supply Chain brochure; viii) The AASA Safety Way; ix) The AASA Safety Golden Rules; and x) The AASA Fatal Risk Standards. Therefore, this study confirmed this assumption.

**Assumption three: IC enables organisations to practice two-way symmetrical communication through the creation of appropriate content and the use of various tools to build interactive stakeholder relationships.**

IC is premised on interactive communication. This requires that organisations synchronise the content and communication channels to provide targeted, credible and transparent information. AASA has invested in a range of tools ranging from print, broadcast, online and social media (See Table 7.10). However, it is suggested that more emphasis is placed on promoting two-way communication with lower-income groups.

**Assumption four: Organisations do not have the four core IC elements aligned optimally to integrate stakeholder input for responsive and strategic CSR**

Initially, the researcher assumed that the organisation does not have a fully aligned and/or coordinated approach to IC..AASA's has easy access to executive management in order to advise management

regarding stakeholder issues. iC is considered a vital strategic function rather than just being a support function.

When examining how the IC function is coordinated, more could be done to achieve cross-functional and cross departmental integration, particularly across its various business units.

The section below examines the strengths and weaknesses of this study more closely.

## **8.4 Limitations and strengths of this study**

The study has the following limitations and strengths:

### **8.4.1 Limitations of this study**

Firstly, because case study research design is qualitative and relies on a small sample size it has been criticised for its inability to generalise findings to other situations therefore limiting its contribution to theory development. Whilst this was addressed through triangulation and a pilot test, the findings can only be generalised to AASA, as one single case study cannot be taken as an accurate representation of all successful South African mining companies. Secondly, this study did not examine closely how IC supports stakeholder engagement within strategic CSR at the business unit and mine operational level. Additionally the study did not include interviewing the organisation's external stakeholders due to the number of the various stakeholders. To address this concern, the study relied on secondary data to review stakeholder views.

Thirdly, case study research is a lengthy procedure that generated an enormous amount of data. This meant trawling through large volumes of data, often repeatedly in order to identify relevant information (Yin 2009:15).

Whilst other theorists see CSR as a public relations function, this study only examined CSR as part of strategic management. Therefore, organisations that regard IC as a supportive rather than a strategic function are unlikely to reap any benefits from the framework proposed.

Regardless of these limitations, the researcher selected this method because it was flexible and provided a comprehensive method to propose how IC could support stakeholder engagement within strategic CSR.

This study only included one focus group comprised of seven participants responsible for the strategic CSR, communications and stakeholder engagement. Only one focus group was convened because there was inadequate number of participants working within this field to convene a second focus group.

#### **8.4.2 Strengths of the study**

Despite the limitations identified above, the case study research design was flexible in that it allowed the researcher to explore the case in an in-depth and comprehensive manner. This was made possible through the collection and analysis of data from several sources namely: qualitative content analysis, semi-structured interviews, and interview schedule, the focus group and moderator's guide (Denscombe 2010:54).

Secondly, in order to ensure the validity and reliability of the findings, the researcher followed an analytic research design strategy as recommended by Yin (1994). To this end, a case study protocol at the outset of the research, which helped the researcher remain focused. The case study protocol consisted of an overview of the case, its objectives, field procedures, research interview schedule and moderators' guidelines as discussed in section 6.7.1.

Thirdly, during the analysis phase, data from each data collection method was analysed individually so that it could be analysed in depth. The data was later triangulated allowing the researcher to understand each facet of the case thoroughly and then get an holistic and comprehensive picture.

Fourthly, as qualitative research is susceptible to researcher bias, a co-moderator facilitated the focus group. In addition, both the researcher and an independent coder coded the interview and focus group transcripts in order to reduce researcher bias.

### **8.5 Recommendations for future research**

This study explored how the four core IC elements (stakeholder focus, organisational processes, content and channels) could support stakeholder engagement within strategic CSR. Future research could examine how such a framework could be implemented at all levels of an organisation. Additionally, it is recommended that more emphasis is placed on how and what makes for interactive dialogue within the organisation-stakeholder relationship. Furthermore, a comprehensive IC model could be developed based on the framework proposed. Finally, researchers could evaluate the proposed IC framework put forward in this study and/or explore the appropriateness of this model to other sectors beyond the mining and extractive industry.

### **8.6 Relevance of the findings for future research**

This study is relevant because most organisations, including those in South Africa, typically perceive and address sustainability issues as non-core business issues (See Rohkemper 2008:12). Furthermore, there is scant research on the actual stakeholder dialogue and/or communication process, namely how organisations go about promoting stakeholder feedback, and then respond to this.

The benefits of this study are three-fold. Firstly, this study harmonises strategic management (section 2.4.5) and stakeholder theory (section 2.5) as well as IC theories (See chapter 4). The IC framework combines these theories to provide the know-how to identify, integrate and dialogue with stakeholders (See section 4.7). Secondly, it provides a conceptual framework for communications and stakeholder engagement practitioners to guide them in their decision-making, design and implementation processes of stakeholder engagement strategy. Thirdly, it will assist practitioners in developing more needs-based CSR strategies that address not only the organisation's economic interests, but that would also contribute to improving the relationships between the organisation, its employees, the community around its operations, and more broadly promote socio-economic development in South Africa.

## **8.8 Conclusions**

Three key insights emerged from this study. Firstly, it became clear that it is important to have clear and established standards to integrate stakeholders so that organisations can keep abreast of their social responsibilities. It also became apparent that AASA has a clear stakeholder engagement strategy that is practiced throughout the organisation: such as the Materiality Assessment and SEAT. These strategies are articulated, resourced and implemented throughout AASA.

Secondly, this study identified the four core IC elements needed to support stakeholder engagement within strategic CSR. It also showed how these four elements could be integrated as part of AASA's stakeholder engagement process as shown in section 4.7.

Thirdly, this study provided guidance to AASA on the importance of ensuring message consistency by using the content and substance of

mining legislation such as the SLPs together with the SEAT to inform its key messages. Additionally, this study showed the importance of ensuring that when publicising its CSR activities it should be aligned to the organisations core business and marketing its impact, rather than its brand. Using third party endorsement to publicise its initiatives is a strategic way to market these initiatives. In doing so, the organisation will also avoid stakeholder cynicism regarding its motives.

In addition, AASA needs to reconsider what and how it communicates to its stakeholders at the community level and lower LSM brackets. As noted in chapter seven, stakeholders within the lower LSM brackets are not aware of AASA's contribution to social development. This is not a reflection of the organisation failing to engage with community stakeholders, but rather such efforts are concentrated at the mine level and within the surrounding community. It is recommended that the communication function, especially at the corporate level, interacts with communications practitioners at the mine/operational level and community stakeholders better to develop more integrated and comprehensive communication strategies. The outcomes of such dialogue should be widely disseminated across AASA's structures and stakeholders.

This study has shown that IC is integral to stakeholder engagement. Often times when organisations engage in CSR strategies, it is often from a mind-set that presumes that the organisation knows what is good for society and how to meet these needs, rather than a genuine desire to listen and discover the actual concerns, needs and expectations of its stakeholders. This study is premised on the notion that by adopting a stakeholder-orientated lens of strategic CSR supported by IC, more responsive and mutually beneficial CSR initiatives can be developed that would improve the sustainability of AASA and also contribute to South Africa poverty alleviation agenda.

Furthermore, this study shows how important is it is to have strong organisational leadership and commitment to strategic CSR. When leadership is committed, the organisation will develop methods to engage its stakeholders. This is the case of AASA, which has established the Materiality and SEAT strategies. The SEAT process enables the company to understand better the concerns, needs and priorities of the communities associated with AASA's mining operations, by means of continuous engagement. This continued interaction builds capacity within communities and enables them to take a leading role in determining the sustainability of development initiatives aimed at improving or bettering the quality of their lives.

Finally, it was shown that IC plays an important role in facilitating stakeholder engagement. The IC Framework proposed in this study to support stakeholder engagement within strategic CSR is aligned to the Accountability.org's framework – which is universally accepted and widely practiced.

As noted in section 2.7, this framework identifies five stages that describe the stakeholder engagement process. It is against these five stages, that the researcher has shown how IC can support stakeholder engagement. The four key elements of IC namely: *stakeholder focus*, *organisational processes*, *channels and content* provide the knowledge on how to integrate stakeholders throughout the organisation. It is argued that by integrating IC within the five stages of the stakeholder engagement process, organisations can develop responsive holistic CSR strategies, which would ultimately enhance their sustainability and contribute to South Africa's socio-economic development.

Thus, this case study has shown that the IC framework proposed provides a practical and comprehensive communications framework to build interactive stakeholder dialogue in order to develop mutually beneficial and strategic CSR programmes.

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## **Annexure A: Interview Schedule**

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### **Introduction**

The aim of the study is to explore the role of Integrated Communication (IC) within Corporate Social Responsibility (CSR) stakeholder engagement at Anglo American South Africa in order to propose an IC framework for stakeholder engagement.

### **RESEARCH INTERVIEW GUIDE QUESTIONS**

<<OPENING>>

**Establish Rapport:** [shake hands, smile] My name is Michelle Thulkanam. Thank you for making the time to meet with me in person. As per my email, I am currently a part-time student doing my Masters in Communication Science with UNISA - Student No: 44509200 under the supervision of Professor Charmaine Du Plessis. I have been granted permission to conduct my research at Anglo American via the Social Performance Manager. *The focus of my thesis is concerned with the role of Integrated Communications (IC) in stakeholder engagement within Corporate Social Responsibility (CSR).*

**Purpose:** I would like to ask you some questions regarding Anglo American's CSR programme and how it communicates to their stakeholder's.

**Motivation:** I hope to use this information to propose an IC framework to help managers improve their stakeholder engagement. Through interactive stakeholder engagement, we could develop more effective CSR strategies that bring both corporate and socio-economic progress in South Africa. I believe that donor and government funding is decreasing while the public are becoming more critical regarding the role of business. I believe that with this research can help Anglo American improve stakeholder relationships through an integrated communication approach.

**Duration:** The interview comprises of 15 questions and will take between 30-45 minutes of your time. Is there anything you would like to clarify before we begin?

<<<ASK PERMISSION BEFORE RECORDING>>>

To ensure confidentiality, you will be provided with a code name at the time of writing of the research. For the purpose of transcription could you please clearly state your name and title.

<<<Begin interview>>>

<b>Questions link to theory: Organisational Motivation and Leadership for CSR Stakeholder Engagement</b>
--

Anglo American's is a company committed to being the 'leading global mining company via ensuring the overall health and safety of its people, the environment and broader community in which it operates?

1. What in your opinion is Anglo American's motivation for engaging in CSR?
2. Anglo American has developed a range of tools to guide stakeholder engagement. (e.g. *Social Way which is a policy that describes the company's commitment to its host communities and governments and the Socio-Economic Assessment Toolbox (SEAT)*). Has these tools helped you in your work? If so, what has been the benefit?

<<Pause and wait – if further clarity needed, go onto 4 and 5 - probing questions>>

3. More specifically, who are the organisations stakeholders?

4. With such a diverse range of stakeholders, how are they identified and prioritised?
5. Which stakeholders does your department most frequently engage with?
6. SEAT is a tool that is integrated throughout all of Anglo's operations, what is your role towards its implementation, if any?

<<SWITCH TOPIC>>

### **THEME ROLE OF INTEGRATED COMMUNICATIONS IN STAKEHOLDER ENGAGEMENT**

**Questions link to theory:**

**Organisational Processes: The location and cross-functional integration of the various communications functions will influence the extent to which stakeholder engagement occurs.**

7. Does Anglo American have a communications strategy to support CSR stakeholder engagement?
8. Describe the working relationship between the CSR / CSI/ Social Development Function with that of the Communications functions?

***Organisational Channels: The use of various communication channels and tools to promote interactivity between the organisation and its various stakeholders***

9. What communication tools / channels are used to promote 'interactive' (i.e. to both receive and send) communications among internal and external stakeholders?
10. How frequently are these tools used to engage with stakeholders?

11. How do stakeholders most frequently provide feedback?

**Content: All content and/or messages must be strategically consistent. This requires that messages are aligned to the organisation's vision, mission and objectives**

12. How does Anglo American ensure that there is consistency of messaging when engaging with its various stakeholders?

13. Any other comments?

<<CLOSING>>

I appreciate the time you took for this interview. Is there anything else you think would be helpful for me to know?

As you are aware I am conducting a case study research method. This type of research relies on different methods to collect data. Are there any documents that you think would be useful to refer to? I will be also following up this research with one focus group discussion.

Thank you once again for your time. The findings of this research will be made available after it's published.

**Ends...**

## **Annexure B: Information Note to Interview Participants**

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### **Dear Participant/s,**

Thank you for confirming your willingness and availability to participate in this research. Prior to the interviews scheduled for 18 and 19 July 2013 at Anglo American's premises, I am writing to provide you with some context regarding my research. Kindly find below the rationale, objectives, and the ethical considerations/procedures for this research.

TITLE: A Case Study into the Role of Integrated Communications (IC) in Stakeholder Engagement within Anglo American South Africa - A Corporate Social Responsibility (CSR) Perspective.

### **RATIONALE FOR RESEARCH:**

Today, organisations are under increased pressure to consider the economic, social and environmental impacts of their business activities, it is even more critical for organisations to keep abreast of societal expectations (Carroll & Buchholz 2009:56). Stakeholder engagement is critical for organisations to keep up-to-date of events and changes in its external environment. Failing to do so could result in reputational damage and loss of legitimacy (Ihlen 2008:135; Davis 1973:314).

While the stakeholder literature and management theory emphasises the importance and processes involved in stakeholder engagement, little attention is given to the *communications processes* required for effective stakeholder engagement. Integrated Communication (IC) emphasises the need for organisations to be stakeholder-focused and offers a multi-pronged strategies for engaging and integrated stakeholder input. IC when incorporated holistically offers a total-organisation approach towards seamlessly aligning CSR stakeholder engagement throughout the company. While IC holds promise to help organisation improve stakeholder engagement, there is limited research on how IC may practically support CSR stakeholder engagement.

### **OBJECTIVES OF THIS STUDY:**

The objectives of this research study are as follows:

1. To explore to whom and how Anglo American undertakes stakeholder engagement, as per the Socio-Economic Assessment Toolbox (SEAT).

2. To describe the type of communication systems, processes and vehicles that can support stakeholder engagement.

**EXPECTED OUTCOME:**

The researcher aims to propose an IC framework to guide communications and other relevant managers improve stakeholder engagement. Through improved stakeholder engagement, it is envisaged that more responsive CSR strategies will be developed that not only drive the organisations sustainability, more squarely address stakeholder needs and lead to socio-economic advancement and a sustainable future for all. The proposed IC framework is based on AngloAmerican’s Socio-Economic Assessment Toolbox (SEAT) which has been recognized by the UN Global Compact as a leading standard.

**ETHICAL CONSIDERATIONS AND PROCEDURES**

Kindly note that the researcher, Ms Michelle Thulkanam, undertakes to ensure the confidentiality of your identity when writing up the findings for this research. The researcher kindly requests your permission to record the interview. The interviews will be transcribed for data analysis and further corroboration. The audio files will be confidential.

Thank you once again for your participation in this study. I look forward to meeting with you.

Yours truly,  
Michelle Thulkanam

## **Annexure C: Focus Group: Moderators Guide**

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### **Dear Participant/s,**

Thank you for confirming your willingness and availability to participate in this research. Prior to the focus group scheduled, I am writing to provide you with some context regarding my research. Kindly find below the rationale, objectives, and the ethical considerations/procedures for this research.

### **Title of Case Study**

A Case Study into the Role of Integrated Communications (IC) in Stakeholder Engagement within Anglo American South Africa - A Corporate Social Responsibility (CSR) Perspective.

### **Introduction**

As part of the case study method, this research used three sources of data, namely: content analysis of existing documents, qualitative semi structured interviews and focus group .to address the above research question (Baxter 2008:554).

This section deals with the Focus Group Moderators Guide. Focus groups are similar to individual interviews and are useful for when seeking insight to describe opinions, attitudes and how people work together. This method was selected because it provided the researcher with multiple views regarding their role and relevance of work within the context stakeholder engagement. The Moderators Guide includes the aims, objectives and the topic areas and questions that need to be covered, including the logistics required (Krueger & Casey 2000:109). The Moderators guide was developed to guide and keep the researcher on track and add to the rigour of this study (Du Plooy 2009:198). The Moderators Guide covers the following:

- Research objectives
- Moderators Profile

- Selection of Focus Group Members
- Logistics
- Recording Device
- Ethical Issues
- Introduction /Opening
- Topics: Questions and/or activities
- Closure

### **Research objectives:**

The objective of this research study is primarily to understand the role of Integrated Communication (IC) in stakeholder engagement. Secondly, it explores the type of communication processes and vehicles that can support stakeholder dialogue and finally how IC can help companies integrate stakeholder concerns to improve its CSR strategy. The aim is to propose an Integrated Communications Framework to support Stakeholder engagement so that organisation's CSR strategies are responsive to its stakeholders to ensure its sustainability and promote socio-economic development.

### **Moderators Profile**

The focus group was led by the researcher. The researcher is a trained journalist by profession and has worked in Public Relations / Communications for over 10 years. This experience has made her adept at interviewing a range of people. The researcher was accompanied by a co-moderator, who has more than 20 years' experience conducting focus groups and is knowledgeable about organisational development. The lead moderator's (the researcher of this study) role was to put participants at ease, ask questions, stimulate participation and keep the conversation focused. The moderator and co-moderator took turns posing questions to pace the interview. A conversational tone was used to make the participants feel at ease.

## **Selection of Focus Group Members**

Du Plooy (2009:201) notes that focus groups are usually selected using purposive and convenient sampling. The focus group comprised of seven persons. The participants were selected based on their availability and common role/s and experience with regards to implementing the IC strategy (Krueger & Casey 2000: 109). The participants needed to be involved in CSR and communications at Anglo American's business units. To this end, the Stakeholder Relations Manager, Corporate Social Investment and Communications Managers at AngloPlatinum, Thermal Coal, Kumba Iron Ore and De Beers were interviewed (Krueger & Casey 2000:27). In addition, Tshikulu Social Investment, Director was invited to attend the focus group as it is outsourced to manage Anglo American's overall CSR and sponsorship strategy.

## **Logistics**

- *Invitations:* The focus group was scheduled for 19 July 2013 at 09H30 to 11H00 at Anglo American offices in Marshalltown, Johannesburg. The Social Performance Manager, sent out the invite on 2 July 2013. On 12 July 2013, a reminder email was sent along with an information note explaining the purpose of the research and procedures for the focus group. From 15 July to 17 July, the researcher followed-up with the Social Performance Manager to ensure that there were sufficient participants and to finalise logistics.
- *Venue:* The focus group was held at Anglo American's conference room that could cater around 15 people. The size of the room was therefore of a comfortable size to allow for a relaxed and intimate environment. The moderator and co-moderator were seated on opposite sides of the circle to allow for eye-contact and gesture when assistance was required. This

prevented the moderator and co-moderator from talking over each other.

- *Duration:* The duration of the focus group lasted 1.5 hours.
- *Recording Devices:* The focus group was recorded using audio only. The researcher informed participants that they will be recorded and gain their consent. Given that only the audio was recorded, participants when responding were requested to clearly state their names and position whenever making a comment. In addition both the moderator and co-moderator took notes focusing on 'who was saying what'. The recording device was tested the night before and prior to the interview.

### **Ethical Issues**

To further put participants at ease, confidentiality was stressed. Another important consideration was to address data collection boundaries. The researcher noted that certain data was off limits and/or required different levels of clearance. In these situations, the researcher requested permission from the Director of the Business Unit for access and use (Gray 2004:235).

### **Topics for Discussion**

1. What is the groups understanding of Integrated Communications (IC)?

<<<Group discusses>>>

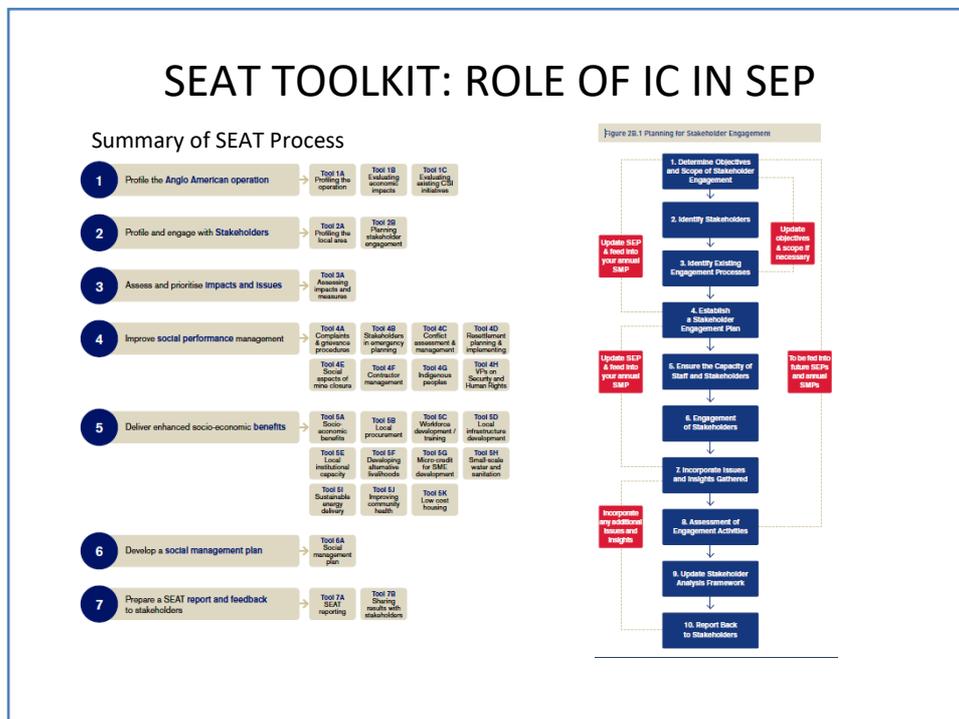
<<Lead Moderator provides definition: IC focuses the strategic alignment all content, communication channel, and how the overall organisational processes (location, how they collaborates with other business units) to a favourable brand image and long-term stakeholders relationships.>>

2. Role of Stakeholder Engagement in Anglo American's CSR strategy?  
Who are they and how are they prioritised?

<<<Does the group mention SEAT?>> If not – switch to SEAT Toolkit -  
3

<<<Refer to handout see figure below>>>

3. Anglo American has developed a range of tools, such as the Social Way and [Socio-Economic Assessment Toolbox \(SEAT\)](#) Tool 2A: Profiling the Local Area and Tool 2B: Developing a Stakeholder Engagement Plan to help guide social engagement. *What is the groups knowledge and/or experience with this tool?*



4. So how does the Communication function and CSR functions work together in practice? For instance, what are the opportunities or major challenges faced internally to collaborate with the various business functions responsible for CSR stakeholder management and communications?

<<CLOSING>>

I appreciate your time. Is there anything else, the group would like to add? As you are aware, I am conducting a case study research method. This type of research relies on different methods to collect data. I will be following up this research with an email to request additional background/reference materials. I will also share the final and completed thesis with AASA. I hope that this will be in order.

## **ANEXURE D: Information Note for the Focus Group**

### **Dear Participant/s,**

Thank you for confirming your willingness and availability to participate in this research. Prior to the Focus Group scheduled for Friday, 19 July 2013 from 09H30-11H00 at Anglo American's premises, I am writing to provide you with some context regarding my research. Kindly find below the rationale, objectives and ethical considerations/procedures for this research.

**TITLE:** A Case Study into the Role of Integrated Communications (IC) in Stakeholder Engagement within Anglo American South Africa - A Corporate Social Responsibility (CSR) Perspective.

### **RATIONALE FOR RESEARCH:**

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## **OBJECTIVES OF THIS STUDY:**

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1. To explore to whom and how Anglo American undertakes stakeholder engagement, as per the Socio-Economic Assessment Toolbox (SEAT).
2. To describe the type of communication systems, processes and vehicles that can support stakeholder engagement.

## **EXPECTED OUTCOME:**

The researcher aims to propose an IC framework to guide communications and other relevant managers improve stakeholder engagement. Through improved stakeholder engagement, it is envisaged that more responsive CSR strategies will be developed that not only drive the organisations sustainability, more squarely address stakeholder needs and lead to socio-economic advancement and a sustainable future for all. The proposed IC framework is based on AngloAmerican's Socio-Economic Assessment Toolbox (SEAT) which has been recognized by the UN Global Compact as a leading standard.

## **ETHICAL CONSIDERATIONS AND PROCEDURES**

Kindly note that the researcher, Ms Michelle Thulkanam, undertakes to ensure the confidentiality of your identity when writing up the findings for this research. Ms Thulkanam will be accompanied by a co-moderator, to assist facilitate the group discussion. The researcher kindly requests your permission to record the Focus Group.

The Focus Group will be transcribed for data analysis and further corroboration. The audio files will be confidential. Thank you once again for your participation in this study. I look forward to meeting with you.

Yours truly,

Michelle Thulkanam