

AN EXPLORATORY STUDY OF CORPORATE COMMUNICATION AS A STRATEGIC ORGANIZATIONAL FUNCTION: A PROPOSED MODEL FOR BUILDING ORGANIZATION-STAKEHOLDER PARTNERSHIPS

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ABSTRACT*

A dominant focus on organizational stakeholders is evident in both the literature and practice as it is argued that the success of organizations is predominantly dependent on stakeholders' perception of the organization. Since stakeholder relations is increasingly being seen as the heartbeat of corporate communication (Luoma-aho & Paloviita 2010:49), this paper is built on the preposition that the importance of corporate communication to the organization, especially on strategic level, should become more prevalent. However, despite this emphasis on stakeholder relations and management, there is a dearth in the literature indicating how to *build* these organization-stakeholder relationships (OSR). In order for corporate communication to obtain more credibility as a strategic organizational function, it is argued for the purpose of this paper that the lack of OSR building models to describe the OSR building process should be addressed. This will be done through the proposition of a conceptual framework for organization-stakeholder partnership (OSP) building based on existing literature. The principles of this framework will further be qualitatively explored among senior communication professionals at Johannesburg Stock Exchange (JSE) listed South African organizations to present a new model to describe the OSR-building process which could contribute towards validating corporate communication as a strategic organizational function.

** This paper is based on some of the main qualitative findings of Slabbert's Doctoral thesis titled "A strategic sequential, integrated, sustainable organization-stakeholder relationship (SISOSR) model for building stakeholder partnerships: a corporate communication perspective".*

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A dominant focus on organizational stakeholders is evident in both the literature and practice as it is argued that the success of organizations is predominantly dependent on stakeholders' perception of the organization. Since stakeholder relations is increasingly being seen as the heartbeat of corporate communication (Luoma-aho & Paloviita 2010:49), this paper is built on the proposition that the importance of corporate communication to the organization, especially on strategic level, should become more prevalent. However, despite this emphasis on stakeholder relations and management, there is a dearth in the literature indicating how to *build* these organization-stakeholder relationships (OSR). In order for corporate communication to obtain more credibility as a strategic organizational function, it is argued for the purpose of this paper that the lack of OSR building models to describe the OSR building process should be addressed. This will be done through the proposition of a conceptual framework for organization-stakeholder partnership (OSP) building based on existing literature. The principles of this framework will further be qualitatively explored among senior communication professionals at Johannesburg Stock Exchange (JSE) listed South African organizations to present a new model to describe the OSR-building process which could contribute towards validating corporate communication as a strategic organizational function.

INTRODUCTION

The turbulent external organizational environment; the pressure on organizations to report on the social and environmental impacts of their organizational activities; the prevalence of public activism and globalisation; the increasing emergence of organizational issues and crises; and the need for organizations to be regarded as good corporate citizens through ethical and socially responsible behaviour are all reasons that contribute towards a stronger emphasis on stakeholder relations and management in the organization (Burchell & Cook 2006:210; Steyn & Niemann 2010:106; Valackiene 2010:101; Goodman 2006:199; Malmelin 2007:298). An example of the movement towards stakeholder centricity in the South African environment is that the King III Report, released on 1 September 2009, included for the first time a chapter to provide guidelines on how to govern stakeholder relations, which all listed South African organizations on the JSE are supposed to apply to. The purpose of the King Report is to ensure that South African organizations are at the forefront of international governance standards (King III Report 2009). Various stakeholder standards are also evident in the South African context, namely, corporate social responsibility; corporate governance; good corporate citizenship; corporate sustainability; and the triple bottom line (Steyn & Niemann 2010:116).

The ambiguity or undefined status of corporate communication as described by Kristensen (2010:138) has been characteristic of the discipline for decades which, alongside a myriad of other reasons, influenced the power of corporate communication professionals in practice. The value of corporate communication at strategic level has however widely been supported in the literature (Grunig 1992; Grunig, Grunig & Dozier 2002; Verwey 2002; Argenti & Forman 2002; Steyn 2003; Steyn & Niemann 2010). According to Malmelin (2007:298), the current focus on organizational stakeholders has provided “added impetus and importance to the role of corporate communication”. Furthermore, the addition of Chapter 8 of the King III report as mentioned earlier, illustrates the increasing emphasis being placed on the importance of reputation management, stakeholder relationship building, and *hence the overall corporate communication function of the organization* (De Beer 2011). Since it could be argued against this background that “governing stakeholder relations will be the mantra for corporate communication” (De Beer 2011), it signifies the relevance and need for practising corporate communication strategically.

Despite this acknowledgement of the significance of OSRs and the centrality thereof in corporate communication, there is a lack of research indicating how to actually *build* these relationships (Bridges & Nelson 2000:106; Kim, 2007:167). Noland and Phillips (2010:39) argue that many studies focus on the “attributes of the organizations or the attributes of the stakeholders rather than on the *attributes of the relationship* between organizations and stakeholders”. It is argued that future developments of the stakeholder theory should acknowledge that there is a lack of models to manage stakeholder relationships more efficiently (Freeman, Harrison, Wicks, Parmar & De Colle 2010:117), which for the purpose of this paper, begins with the way in which these stakeholder relationships are *built*.

Against this background, the purpose of this paper is to address the research problem of *exploring the lack of existing OSR models to describe the OSR-building process and to address the need to develop a new model that offers a strategic, integrated approach for sustainable OSRs in order to build organization-stakeholder partnerships (OSPs) as a function of corporate communication to contribute towards organizational effectiveness*. This will be done through an exploration of the literature to constitute a conceptual framework to describe the OSR building process. This

discussion will be followed by an overview of the research methodology and the reporting and interpretation of the key findings. Based on the insights obtained from both the literature and practice, a sequential, integrated, sustainable organization-stakeholder relationship (SISOSR) model for OSR-building will be proposed which not only addresses the need to describe the OSR-building process, but could also contribute towards raising the credibility of corporate communication as a strategic OSR-building function.

The following key concepts firstly need to be defined in the context of this paper prior to presenting a conceptual framework for OSR-building.

DEFINING KEY CONCEPTS

Based on various definitions evident in the literature, the following definitions for corporate communication, strategic stakeholder and organization-stakeholder relationship (OSR) have been developed for this paper.

Corporate communication: *Is an umbrella term for all internal and external strategic communication with the core purpose of building and maintaining sustainable OSR with strategic stakeholders to contribute to organizational success.* To make this definition realistic, it is argued that two prerequisites should be evident, namely, practising corporate communication from a *two-way symmetrical communication perspective* and the integration of *four essential corporate communication functions*. These prerequisites will be discussed in more detail in building block 1 of the conceptual framework.

Strategic stakeholder: *It is those internal and/or external organizational groups that have a continuous high degree of stakeholder salience with which the organization shares a reciprocal interest that should be nurtured through proactive, mutually beneficial relationship building to ensure organizational survival.* This definition, however, requires the following considerations: Firstly, since this paper proposes a *generic, holistic approach to OSRs that is not industry focused*, specific strategic stakeholders cannot be identified as the situation will vary for each organization, depending on the industry and the organization's business activities. Secondly, both internal and external stakeholders may be strategic. This reflects Freeman's (Freeman et al 2010:26) call for integrated approaches to manage multiple internal and external stakeholder groups. Thirdly, since this definition proposes that strategic stakeholders are the most important stakeholders it suggests that organizations will only have a few strategic stakeholders.

Organization-stakeholder relationship (OSR): *It constitutes a foundational OSR (basic OSR) and is defined as the result of the management of common interests between the organization and strategic stakeholder(s) over time in order to achieve mutually beneficial goals through a high degree of reciprocity and continuous two-way symmetrical communication.*

A CONCEPTUAL FRAMEWORK FOR OSR BUILDING

The proposed conceptual framework for an eventual OSR building model holds the following characteristics: It is *sequential* as a three phase, process approach to OSR building will be presented where one phase is dependent on the successful completion of the previous phase. An *integrated* perspective will be provided whereby relational concepts that are often studied independently will be integrated into one model. The framework will promote a *sustainable* process through the proposition of a partnership approach towards OSR building with strategic stakeholders in which the ideal conditions are presented to ensure that a basic OSR is maintained to grow and evolve into an eventual OSP. Although the framework will focus on strategic stakeholders, the framework will be *generic* and not applied to a specific strategic stakeholder

group, industry or communication situation. The framework will promote a *proactive* approach to OSR building. Therefore, the proposed framework is not focused on active publics and/or secondary stakeholders since the purpose of engaging with these groups are short term and there is arguably no need to build and maintain sustainable relationships with these groups. The conceptual framework will focus on promoting proactive OSR-building with strategic stakeholders, those stakeholders that will always be evident and relevant over time.

The building blocks of the conceptual framework for OSR building are as follows.

Building block 1: Strategic communication foundation

The strategic communication foundation constitutes the foundational prerequisites that are essential for a successful OSR-building process, and includes the practice of *two-way symmetrical communication* and the integration of *essential corporate communication functions*.

- Two-way symmetrical communication:

The literature indicates that two-way symmetrical communication is characterised by a consideration of stakeholder interests when making organizational decisions; responsive communication and timeous feedback; collaboration and negotiation; interdependency; message consistency; openness; truthfulness and fundamentality; mutual understanding and shared vision; and collaborative problem solving (Bishop 2006:217-221; Burchell & Cook 2006:212; Grunig, 2006:156). This paper supports Johansen and Nielsen's (2011:209) perspective that '... traditional unidirectional means of stakeholder communication must be replaced or replenished by two-way communication', which implies that two-way symmetrical communication will represent an interactive communication process concerned with establishing a balanced dialogue *between the organization and strategic stakeholders* in order to stimulate transparency and sincerity with a view to building mutually beneficial OSRs (Lubbe 1994:8). 'Two-way', for the purpose of this paper, means communication between the organization and strategic stakeholders and is not representative of one-to-one, one-to-many and even many-to-many communication notions. According to Farquhar and Rowley (2006:162), these notions were predominantly established through the relationship-marketing paradigm to improve communication relationships with individuals by means of online social networks. According to Grunig et al (2002: 548), corporate communication can only contribute towards organizational effectiveness by practising two-way symmetrical communication to build and maintain OSRs. In support of this statement, it is argued that corporate communication should be practised from a two-way symmetrical perspective to ensure sustainable OSR building. Two-way symmetrical communication therefore provides the fundamental grounding for the successful implementation of the proposed OSR-building model.

- Essential corporate communication functions for OSR building:

a) *Research: environmental scanning and evaluation research*: Grunig and Grunig (2008:328) state that research is an essential function to ensure the successful execution of the corporate communication function at strategic level. According to Bruning (2002:45), to build mutually beneficial OSR the communication needs of stakeholders have to be fulfilled, made possible through research which consists of environmental scanning and evaluation research. Environmental scanning is research aimed at detecting problems and assessing the status quo, whereas evaluation research is aimed at evaluating the planning, implementation and effect of corporate communication strategies (Dozier & Repper 1992:186). Both environmental scanning and evaluation research will arguably be relevant throughout the OSR- building process.

Evaluation research is accepted in this paper as a two-pronged approach where it should be applied during the strategic stakeholder identification phase of the conceptual framework to determine these strategic stakeholders' needs and expectations; and also becomes relevant during OSR maintenance to determine whether these relational needs and expectations are being met to sustain the OSR and thus to ensure that the OSR grows in intensity to an eventual OSP. *Environmental scanning* should be applied as a continuous process throughout the OSR-building process to detect issues of concern that could harm the OSR-building process.

b) Issues management: It can be defined as a process that manages impeding issues and their potential to interfere with the operations of the organization (Heath 1997:5). It will be proposed that issues management should be conducted throughout the OSR-building process. Issues that have been identified through environmental scanning, which could range from active publics, potential crises and/or conflict resolution between relational parties, should be managed and resolved to avoid damaging the OSR-building process.

c) Reputation management: According to Romenti (2010:306), corporate communication plays a crucial role in developing an organization's reputation by listening to stakeholder expectations, addressing these concerns with planned strategies and establishing sustainable relationships with strategic stakeholders. For the purpose of this paper, Thiessen and Ingenhoff's (2010:9) perception that reputation management is the aggregate of individual perceptions of an *organization's past performance and future outlook* and that reputation management is regarded as '*relational capital*' that strengthens relationships and builds trust; it is the organization's 'reservoir of goodwill' is supported. From this perspective it is argued that a positive organizational reputation is a prerequisite for adequate OSR building with *strategic* stakeholders, and that corporate communication professionals should also manage the reputation of the organization throughout the OSR-building process.

d) Knowledge sharing enabled by a culture of knowledge: Knowledge sharing implies that stakeholders are recognised "as *partners* who create both economic and social value through *collaborative* problem solving" (Halal 2001:28). It is argued that knowledge sharing occurs on the foundation of an internal organizational culture that allows employees to create, share and utilize knowledge (Ribi re & Sitar, 2010:36). Knowledge sharing will be proposed as an element to build sustainable OSRs based on the premise that knowledge sharing between a strategic stakeholder and the organization will only occur once a mutually beneficial OSR has been established.

Building block 2: Theoretical foundation

This foundation represents an integration of the most prominent theories and concepts utilized in OSR building literature and includes Freeman's (1984) stakeholder concept from a normative, relational perspective; Ferguson's (1984) relational paradigm and Ledingham's (2003) theory of relationship management, which, in essence are encapsulated by Grunig's (1984) excellence theory.

It is argued that the *stakeholder concept from a normative, relational paradigm*, which is orientated towards establishing OSRs in an ethical and morally acceptable framework removed from economic interests (Donaldson & Preston 1995:74), makes a fourfold contribution to OSR building. Firstly, it emphasises the need for a wider, stakeholder mindset in the organization and promoted proactive OSR building. Secondly, it highlights the fact that the success of the organization depends on collaboration between the organization and its strategic stakeholders. Thirdly, it emphasised that an OSR should be based on ethical principles, which make the

practice of two-way symmetrical communication relevant. Lastly, it underscores the fact that management decision making should contribute to elevating the corporate communication function as the means for OSR building, to the desired strategic level. In conjunction with the stakeholder concept, the collection of ideas and propositions put forth by *Ferguson's relational paradigm* can be regarded as the starting point and foundation for the development of corporate communication as OSR building function. Ferguson (1984) argued that the relationship between the organization and publics should be the unit of analysis as opposed to focusing on the organization and its publics as distinct entities. The *relationship management theory* makes an affirmative contribution to this paper because it helps to define the function of corporate communication, it provides a process for determining the contribution of corporate communication to achieve organizational goals and it emphasises that corporate communication should focus on establishing mutual understanding and benefits for both the organization and stakeholders (Ledingham & Bruning 2000:56-57).

The *excellence theory* is an umbrella term for an integrated collection of middle-range theories that were utilized in a study at the IABC Research Foundation to explain the value of corporate communication to an organization and to identify the specific characteristics of corporate communication that contribute to organizational effectiveness (Grunig & Grunig 2008:327). These characteristics include the following (Grunig & Grunig 2008:335-338; Grunig et al 2002: 13-16): The senior corporate communication professional is involved with the strategic management process of the organization, and communication programmes are developed for strategic stakeholders as part of this process; the communication programmes organized by excellent departments to communicate with strategic stakeholders should be managed strategically; the senior corporate communication professional is a member of the dominant coalition or has a direct reporting relationship with the dominant coalition; a strategic corporate communication professional should head the corporate communication unit; the senior corporate communication professional must have the necessary knowledge for the corporate communication function to become a managerial function; corporate communication should be an integrated communication function; corporate communication should be a management function separated from other functions; the corporate communication department and dominant coalition (decision makers) share the worldview that the communication department should base its goals and activities on the two-way symmetrical communication model; communication programmes developed for strategic stakeholders are built on two-way symmetrical communication strategies for building and maintaining stakeholder relationships and the senior corporate communication professional must have the knowledge to practise the two-way symmetrical model; and the organization should have a symmetrical system of internal communication.

It could be argued for the purpose of this paper that the implementation of an excellent communication function supports the principles of the stakeholder concept, the relationship management paradigm and relationship management theories because it allows the development of strategic communication programmes for various strategic stakeholders (the stakeholder concept); it focuses on the *relationship* between the organization and stakeholders (the relationship management paradigm); and it proposes a two-way symmetrical communication process to allow the establishment of mutually beneficial OSR (the relationship management theory and stakeholder concept). Furthermore, the excellence theory specifically emphasises the need to practise corporate communication strategically and the way in which corporate

communication can contribute to the overall strategic management of the organization. Hence, it is posited that the implementation of an excellent communication function is not only a prerequisite for OSR building, but it also encapsulates the essence of the stakeholder concept (from a normative paradigm and relational perspective), relational paradigm and the relationship management theory.

Building block 3: Conceptualization of OSR building

The third building block of the proposed conceptual framework constitutes the *OSR-building process* and is specifically concerned with the actual phases and subphases of the proposed conceptual framework for OSR building.

- Phase 1: Strategic stakeholder identification

The following methodology for strategic stakeholder identification is proposed for this paper, which is derived from the situational theory of publics (Grunig 1983), the communicative constitution of organizations (CCO) theory (Koschman 2009), the cost-benefit analysis (Grunig & Huang 2000), and the theory of stakeholder identification and salience (TSIS) (Mitchell, Agle & Wood 1997): strategic stakeholders should have stakeholder salience (mutual power dependence, legitimacy and urgency); the benefit of building an OSR with strategic stakeholders should outweigh the costs; and a high level of involvement in one another's business activities should exist.

- Phase 2: OSR development

The following factors are considered in this phase: OSR antecedents; OSR elements; the unique proposition of an OSR development continuum consisting of four OSR types; and stakeholder engagement as an OSR outcome.

OSR antecedents: It is evident from the literature that prior to the development of an OSR, various *OSR antecedents* exist (Kim 2007:170), which are essentially those conditions on which an OSR depends. According to the literature, the following four OSR antecedents are prevalent: trustworthiness, organization-stakeholder association, mutual consequence and expectations (Kim & Radar 2010:62) which will be explored to serve as a subphase preceding *OSR development* for the proposed OSR-building model.

OSR elements: The following are considered as elements of an OSR, namely trust, control mutuality, relational satisfaction, relational commitment and mutual understanding (Stafford & Canary 1991:224; Grunig & Huang 2000:29).

OSR development continuum: Studying the elements of an OSR also necessitates an investigation into existing OSR types. Since the proposed OSR-building model aims to provide a partnership approach to OSRs, an *OSR development continuum* that highlights four unique OSR types is proposed. It is argued that an OSR could grow in intensity over time from a *foundational OSR* (a basic OSR as defined earlier) to a *mutually beneficial OSR* (an OSR characterized by a high degree of reciprocity, compromise and true concern on the part of the organization and strategic stakeholder for the wellbeing of one another) to a *sustainable OSR* (a relational state in which the organization and strategic stakeholder act in the best interest of each other evident through shared meaning and decision making to achieve mutually-beneficial objectives; both the organization and strategic stakeholder(s) observe the benefit of cooperatively working towards attaining relational objectives), and ultimately to an *OSP* (a foundational OSR practiced over a long period of time to reach the level of two-way engagement, characterized by a mutual experience of stewardship, where both the organization and strategic stakeholder join in collaborative problem solving to achieve mutually desired end goals). This OSR development

continuum highlights that an OSR is a process and evolves in intensity over time. The relationship can also be defined at different points in the OSR development process (hence the proposition of four OSR types across the OSR development continuum, whereby a foundational OSR will be presented as a basic OSR and OSP as an advanced OSR). This OSR development continuum will also be aligned with the phases of the proposed OSR-building model. It is also suggested that a foundational OSR is *predominantly initiated by the organization* and as the OSR strengthens *partial mutual initiation* will be evident and *full mutual initiation* from both the strategic stakeholder and organization at OSP level is evident.

Stakeholder engagement as an OSR outcome: Various theorists argue that once an OSR has been established, certain *OSR outcomes* will exist, which may include control mutuality, trust, satisfaction and commitment (Grunig & Huang 2000:42). Since the outcomes are accepted as OSR elements for the purpose of this paper, *stakeholder engagement* is uniquely explored as an OSR outcome and a subphase after OSR development, whereby the organization starts to engage stakeholders in its business activities (Noland & Phillips 2010:40). Stakeholder engagement will be regarded as a more advanced OSR activity which requires an OSR to be in place to ensure stakeholder engagement because the process of stakeholder engagement is a strategy to strengthen the foundational OSR into a mutually beneficial OSR. It is further proposed that *two-way engagement* will be experienced at OSP level, whereby both the strategic stakeholder and organization involve one another in their business activities.

- Phase 3: OSR maintenance

The OSR development continuum proposes that once a foundational OSR has been established, it should be nurtured to grow in intensity to evolve into a mutually beneficial OSR, a sustainable OSR and ultimately an OSP. This perspective is sometimes contradicted in the literature, as many theorists argue that an OSR is dynamic and in continuous flux (Rensburg & Cant 2009:58) and cannot be maintained. However, for the purpose of this paper, maintenance encapsulates the nurturing of an OSR. This is in line with Stafford and Canary's (1991:220) perspective that a continuous relationship requires maintenance – especially when a staged, process approach is proposed for OSR building. As mentioned previously, *evaluation research* should also be conducted during this stage to determine whether relational needs are being met. Possible *symmetrical conflict resolution strategies* (which also forms part of issues management) could also be considered as part of OSR maintenance.

RESEARCH METHODOLOGY

Qualitative research is a "... situated activity that locates the observer in the world. It consists of a set of interpretative, material practices that make the world visible" with a view to transforming the world (Denzin & Lincoln 2000:3). Semi-structured, one-on-one interviews were used as data collection method, and can be defined as an interview in which the researcher utilises an interview schedule with predetermined questions to guide the interview, but not to dictate the interview (Greeff 2007:296). It also allows the researcher to deviate and ask follow-up or probing questions based on the participants' responses (Du Plooy 2002:177).

The population comprised leading South African organizations listed on the Johannesburg Stock Exchange (JSE). The rationale for selecting these organizations was that listed South African organizations are expected to apply the principles of the King III Report (King III Report 2009), which include the principles on governing stakeholder relations, as mentioned earlier. It was therefore assumed that these organizations would have sufficient stakeholder relations management strategies in place to enable the researcher to glean key insights. To specifically

obtain a sample of *leading* listed South African organizations, the *Financial Mail* Top Companies SA Giants for 2011 (SA Giants 2011:29-46) was utilised, which is an index that ranks top South African organizations on the basis of their total assets (Same players dominate 2011:28). Eight of these organizations were purposively and conveniently selected and comprised the realised sample of the study. One-one interviews were conducted with senior communication professionals from Absa, Barloworld, Reunert, Clover Industries, Life Health Care, Liberty Holdings and two senior communication professionals from First National Bank. The data analysis method proposed for the one-on-one interviews was a combination of Creswell's (1998) analytic spiral, which was integrated with Marshall and Rossman's (1999) analysis process. Trustworthiness was presented as an alternative for establishing reliability and validity in qualitative research (Janesick 2000:393) and was established through the elements of credibility, transferability, dependability and confirmability (Morse, Barrett, Mayan, Olson & Spiers 2002:5).

REPORTING AND INTERPRETATION OF FINDINGS

The predominant findings pertaining to the proposed conceptual framework and corporate communication as strategic OSR building function as well as the implications of the findings are as follows.

Findings related to the conceptual framework

The key findings related to the three building blocks and subsequent amendments to the proposed conceptual framework to build towards a SISOSR model are as follows:

- Participants indicated that *ethics and values* should be integrated as an essential corporate communication function of the proposed strategic communication foundation. One participant stated that "...relationships cannot be built with contrasting ethics and values between the organization and stakeholder".
- Based on comments of participants that "it is necessary to establish what these identified strategic stakeholder perceptions of the organization are" and "...a stakeholder dipstick analysis was conducted...we went out to the market and measured the perception of the organization among stakeholders, which turned out to be very different from what we perceived it would be", it is proposed that a *strategic stakeholder perception analysis (SSPA)* should be included in the strategic stakeholder identification phase of the proposed model because it will be necessary to study the perceptions of the strategic stakeholders prior to OSR building as this could influence the relationship-building approach. It should be noted that although it was argued earlier that the aggregate perceptions of all internal and external stakeholders should be positive (positive organizational reputation), the specific perceptions of the *strategic* stakeholders should be determined by means of this analysis. The SSPA will also inform the proposed OSR antecedents. Furthermore, it is possible that the SSPA will also detect certain stakeholder issues that could be addressed in the *stakeholder engagement* phase of the model.
- Some participants stated that "a platform is required to start engaging" and "our stakeholder engagement process is very issue orientated...instead of focusing on the day-to-day interactions, we focus on the deep seeded stakeholder issues that are relevant to stakeholders and will impact our business strategy". This implies that organizations have to take stock of the foundational OSR once it has been built. This means that the organization needs to conduct *OSR evaluation* to identify strategic stakeholder issues that could be addressed in the stakeholder engagement phase of the model to further strengthen the OSR. It should be noted

that this “stakeholder issue identification” is separate from the environmental scanning and subsequent issues management process of the organization as a whole, which focus on identifying any organizational issues that may hinder the OSR-building process. Identifying stakeholder issues in OSR evaluation will identify pertinent areas on which stakeholders would like to focus, for example, employees who have identified the need for a career development programme in the organization. The sole purpose of OSR evaluation is to detect stakeholder issues as a means to strengthen the OSR. Further evaluation research, as proposed by this model, will still have to be conducted during OSR maintenance to measure the OSR quality and to determine whether relational expectations are being met.

- The interview participants indicated that although most stakeholder relationships are built from an organization’s outward perspective, an OSR can also be initiated by stakeholders and not only the organization, as suggested earlier. One interview participant indicated that the initiation of an OSR also “depends on who has the resources”. The initial proposition of *organizational initiation*, *partial mutual initiation* and *full initiation* of the OSR-building process will be replaced with *mutual organization-stakeholder initiation* throughout the OSR-building process. Although it often happens that an organizational-outward approach will be followed, that is, where the organization is the driver of the OSR, this may be reversed in some instances, depending on the particular organization and industry. Since this model adopts a generic, cross-industry approach, it will have to make provision for the possibility that the organization may also be approached by a strategic stakeholder.
- Besides the OSR elements proposed earlier, a *reciprocal value system* was also emphasised as a key OSR element by some participants: “One cannot build sustainable OSR when relational parties have conflicting values”.
- Strategic stakeholders must be included as part of the evaluation research during OSR maintenance to determine whether relational needs and expectations are being met: “...include stakeholders to see whether relational needs are continuously being met”.
- According to some of the participants, the practice of stakeholder inclusivity in a partnership entails appointing *stakeholder panels* at organizational board level, which means that representatives of each strategic stakeholder group would be *actively involved* in decision making to represent their respective stakeholder groups. Inviting stakeholders to participate in such panels would promote *collaborative problem solving*, which was proposed as an element of an OSP. This implies that the proposed definition of OSP has to be amended to highlight this stakeholder inclusivity: An OSP is a *foundational OSR practiced over a long period of time to reach the level of two-way engagement, whereby stakeholders are actively involved at organizational board level to promote a mutual experience of stewardship and collaborative problem solving*.
- Participants indicated that “part of stakeholder methodology is to prioritise issues”. It should be noted that the partnership approach towards OSR building proposed by the SISOSR model is applicable to an organization’s *strategic* stakeholders specifically. The secondary stakeholders of the organization should be managed on a “prioritisation of needs and/or issues” basis, since there may not be a need for the organization to maintain these relationships. However, to successfully address these secondary stakeholder issues, partnerships with the organization’s strategic stakeholders should be in place, which could serve as the necessary basis for addressing these secondary stakeholder needs and/or issues. Although some of the principles of the proposed SISOSR model will remain applicable, the successful management of secondary stakeholder needs and/or issues constitutes a different

approach and stakeholder management model altogether. Furthermore, the emergence of active publics also requires a reactive management approach, which is a topic for possible future research.

Based on the literature and key findings from the interview, Figure 1 provides an illustration of the proposed SISOSR model for building stakeholder partnerships.

Figure 1: A sequential, integrated, sustainable OSR (SISOSR) building model

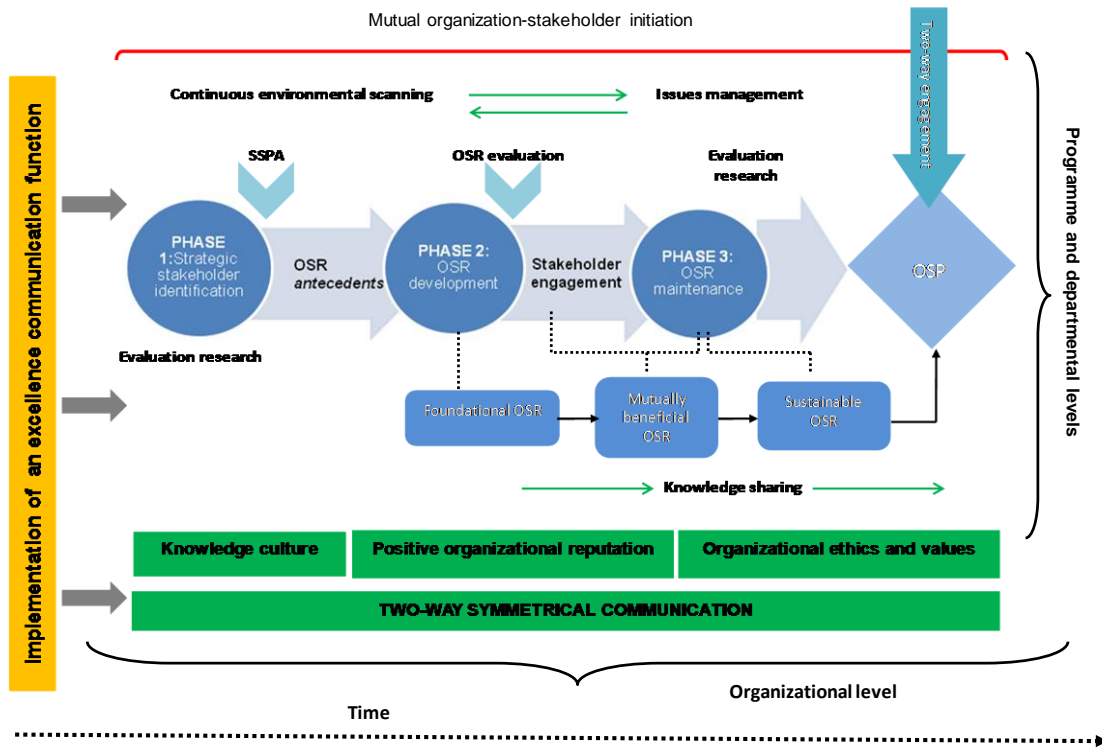


Figure 1 indicates that a partnership approach to OSR building with strategic stakeholders requires the establishment of a knowledge culture in the organization and ensuring a positive organizational reputation that is aligned with the organization’s ethics and values. The corporate communication department requires the integration of the excellence communication function, which is made possible by adopting a two-way symmetrical communication worldview which the executives of the organization share. Continuous environmental scanning should be conducted to detect issues of concern which should be managed to avoid organizational crises and the emergence of active publics that could damage the OSR-building process. The actual OSR-building process requires formal methods to identify strategic stakeholders, in which evaluation research plays a critical role to identify relational needs and expectations, followed by a strategic stakeholder perception analysis (SSPA) to determine the perceptions of these strategic stakeholders of the organization, since this could affect the OSR-building approach. This analysis will also inform the various OSR antecedents on which a foundational OSR will be built. Once a

foundational OSR has been established, which could be initiated either by the organization or the stakeholder (mutual organization-stakeholder initiation), it should be evaluated to identify stakeholder issues to engage stakeholders. This method is congruent with the process of knowledge sharing between the organization and strategic stakeholders to strengthen the relationship into a mutually beneficial OSR. The OSR should further be maintained to allow the mutually beneficial OSR to evolve into a sustainable relationship. It is essential during OSR maintenance to conduct evaluation research to determine whether relational expectations are being met to allow the sustainable OSR to further grow into a partnership. At OSP level, both the organization and stakeholder act as stewards for each other and collaborative problem solving and two-way engagement are promoted by stakeholders who become actively involved at organizational board level, which emphasizes *stakeholder inclusivity*. The principles of the strategic communication foundation (building block 1) are applied on organizational level; the theoretical foundation (building block 2) are applied on organizational, programme and departmental levels and; the conceptualization of OSR building (building block 3) are applied on programme and departmental levels. Lastly, Figure 1 highlights that these OSPs are built *over time*.

Findings related to corporate communication as OSR building function

The findings related to corporate communication as a strategic OSR building function, mainly relates to the exploration of the excellence theory characteristics mentioned earlier.

- As emphasised in the literature, the excellence communication theory indicates that the senior corporate communication professional should be a member of the dominant coalition, that is, the decision makers of the organization, or should have a direct reporting relationship with the dominant coalition. This was specifically emphasised in the interviews, where the participants stated that “you require exco ownership of a stakeholder management process”; “communication should be on executives’ agenda”; “executive awareness that business cannot go forward without communication is needed”; and “exco buy-in is critical”. Furthermore, one corporate communication participant argued that the head of the department must act as a *strategic advisor* to business, not merely communicating the strategies of the organization to stakeholders. This is in line with the proposition that excellence corporate communication departments provide input in business decisions by providing them with information from the environment, the organization and the organization’s relationship with the environment. This essentially implies that corporate communication professionals advise executives on formulating a business strategy that is congruent with happenings both inside and outside the organization.
- Another characteristic of the excellence function discussed in the literature review is that the senior corporate communication professional and his or her personnel should have the necessary academic and practical knowledge to ensure that the function is practised strategically. Although the interview participants supported the view that a formal qualification provides the necessary grounding, they considered the primary element to be experience. This was evident in statements such as “qualifications probably plays a role – but my knowledge was self-taught and from experience with business” and “a communication qualification does provide guidance but you definitely have to have exposure to how communications work; bottom line, you need to be business orientated”. Furthermore, one participant specifically stated: “I recently tried to study communication science but the content was on a lower level, I am way past that”; while another participant mentioned: “I

feel that yes, we do lack business knowledge”. Based on these findings one could conclude that the participants indicated that a communication qualification will give one the necessary grounding and initial credibility, but experience, which was also emphasised by the excellence function discussed earlier, is critical to effectively practise corporate communication - and hence to build an OSR. Most importantly it was emphasised that corporate communication qualifications do not equip scholars with basic business skills.

- In line with the theoretical proposition that all corporate communication functions should be integrated into a single department that provides a central means to coordinate programmes managed by different departments, one of the stakeholder management executives stated the following: “I manage the portfolio; I basically put the methodology in place, ensure alignment, provide advice and monitor engagement throughout”. Similarly, another participant commented that “it is essential to sing off the same hymn sheet, otherwise the message becomes distorted which leads to reputation issues”. From these perspectives it is evident that these departments are responsible for positioning the organization’s strategies, to build the reputation of the organization and basically to have the capacity to put the methodology in place for OSR building.
- Some participants also indicated that each corporate communication professional in their department was responsible for a different communication function and for building an OSR, engaging stakeholders and maintaining an OSR with their respective stakeholder groups, which is in line with the proposed excellence communication function and the overall conceptual framework. In congruence, one stakeholder management participant stated the following: “we have established the concept what we call a *stakeholder champion* who is a person who becomes accountable for the relationship with a specific stakeholder group, as each business unit functions as a different pillar of the business – each with its own balance sheet. The appointment of these stakeholder champions ensures message alignment and avoiding mistrust”. Ideally, and based on this statement, one could argue that all the corporate communication professionals in the corporate communication department could act as *stakeholder champions* for their specific stakeholder groups.
- In line with the excellence theory characteristics, specific insights have been obtained relating to corporate communication as strategic OSR building function. One participant stated that “stakeholder relationship building should be a formally contracted responsibility of communicators. By doing this it gives a communication role some weight, you are moving away from simply being a messenger. Moreover, participants indicated that corporate communication is often reduced to a media function with the core focus on obtaining publicity. Most importantly, as stated earlier, the credibility of corporate communication as an industry is questionable since corporate communication professionals’ body of knowledge is not really business oriented, which one stakeholder management participant explained as follows: “... you have to understand the structure of the business – that is specifically why I draw back and say that perhaps corporate communication should not be responsible for stakeholder relations as you propose, since communicators normally lack business skills”. Other corporate communication participants argued as follows: “we also need to understand business as we are not taken seriously” and “I do recommend that all communicators should also do a business qualification such as a MBA”.
- As emphasised in the discussion on the excellence theory the true value of corporate communication as an OSR building function has to be demonstrated to executives because corporate communication and the dominant coalition should have the same worldview of

two-way symmetrical communication. This, according to one corporate communication participant, can only be achieved if corporate communication professionals move out of their comfort zone of being media liaisons and messengers: "... it is your job to open the doors of integrating stakeholder relations as part of your mandate". One participant stated that in their organization "group communications comes in to establish the stakeholder relationships prior to engagement ...", while another participant said that "communication's responsibility is to create an initial interest and to position the organization among stakeholders", which essentially highlights the fact that corporate communication professionals are actually the stakeholder relationship builders of the organization. This supports the theoretical proposition that corporate communication's contribution at strategic level in the organization lies in OSR building – stakeholder relations are indeed the heartbeat of corporate communication.

Implications of findings

Based on the discussion of the findings above, it can be deduced that corporate communication as strategic OSR-building function, built on the principles of the SISOSR model, could have the following implications in practice:

Corporate communication professionals should become more business cognisant. Although corporate communication professionals could obtain business knowledge from experience in practice, it could also be suggested that corporate communication qualifications should be reviewed to also equip students with basic business skills. Such skills could promote the movement, as one participant argued, "from being communication consultants to being business partners ... walking with them, working through business challenges and their agenda".

A substantial change in the mindset of the organization at board and executive level is required because the corporate communication department in the organization needs to be expanded and elevated, since, according to one interview participant, "stakeholder relations takes time and resources". In line with the issues relating to the credibility of corporate communication, the term "corporate communication" could arguably be replaced with the term "stakeholder relations" in order to emphasise corporate communication's role in the organization and to start moving away from the perception of corporate communication as a predominant media, publicity and messenger function.

The senior corporate communication professionals of the various communication functions in the corporate communication department should act as *stakeholder specialists*, which encapsulates the *stakeholder champion* concept mentioned by one participant. These stakeholder specialists should be responsible for OSR building, stakeholder engagement and OSR maintenance of their respective strategic stakeholder group(s). For example, an internal communication manager could focus solely on the employees of the organization and an investor relations manager could deal with the organization's investors. Hence, these senior corporate communication professionals should act as stakeholder specialists to provide a customised OSR-building process for each strategic stakeholder group. Figure 2 depicts the ideal structure for such a department to, in essence, ensure the successful implementation of the proposed SISOSR model:

Figure 2: Departmental structure for strategic OSR building

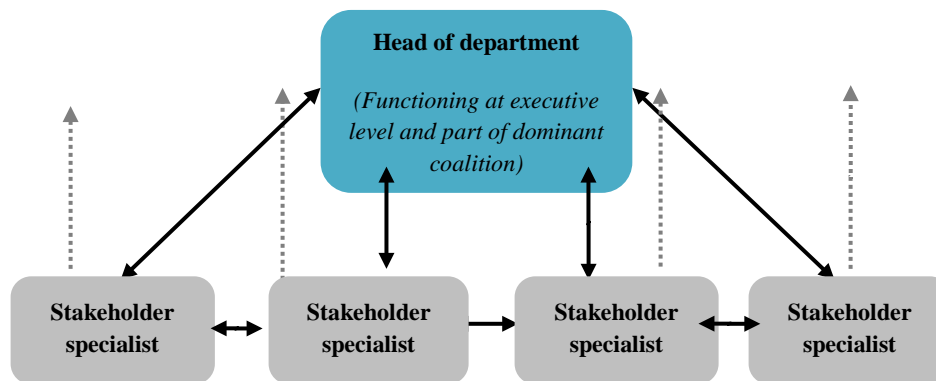


Figure 2 illustrates that the head of department should function at executive level and be one of the decision makers in the organization. The head of department's unit serves as the *repository for all OSR-building methodology* from a two-way symmetrical communication perspective. This unit should manage the reputation of the organization as whole, conduct environmental scanning and evaluation research and be responsible for issues management, aligned with the organization's ethics and values, which are facilitated by a culture of knowledge in the organization to allow knowledge sharing. The department as a whole should arguably identify strategic stakeholders and determine the perceptions of these stakeholders of the organization. Once these strategic stakeholders have been identified, different senior corporate communication professionals should fulfil the role of stakeholder specialist for each identified strategic stakeholder, depending on the type of organization and industry. Each stakeholder specialist should be responsible for OSR building, stakeholder engagement and OSR maintenance with their respective strategic stakeholder as well as devising communication programmes based on the research. Furthermore, the arrows in the figure indicate the practice of two-way symmetrical communication throughout the department, which should also be practised throughout the organization, to ensure message alignment. Stakeholder specialists should also have direct access to the executive level if required, which is illustrated by the dotted arrows and the existence of an open organizational structure. It should be noted that the proposition of four stakeholder specialists in figure 1 is merely for illustration purposes and additional or fewer stakeholder specialists could be appointed, depending on the strategic stakeholders identified.

LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

Since a qualitative approach has been followed and nonprobability sampling methods have been employed, the results of this paper cannot be generalised to other leading listed South African organizations and is only applicable to the realised sample. The SISOSR model could be regarded as normative as it portrays the ideal OSR development process. Furthermore, since this paper proposed an OSR building approach for strategic stakeholders, it tended to give a one-sided approach. Although organizations need to be able to manage a web of stakeholder claims, OSPs with strategic stakeholders should be in place as a necessary foundation to successfully prioritize secondary stakeholder claims and manage the emergence of active publics.

Future studies could obtain insights from a larger sample of organizations and/or insights from different industries on corporate communication as strategic OSR building function could be compared. The suggested departmental structure and the workability of the SISOSR model in a

specific organization could further be explored by means of a longitudinal study. Furthermore, the principles of this model could be used as a basis for a customized OSR-building model for a specific strategic stakeholder group, organization and/or industry. The SISOSR model could also be used as a basis for the development of a model for working relationships with secondary stakeholders that should adopt an issue prioritization approach or active publics that require a reactive management approach; and the perspectives on OSR building could perhaps be obtained from external PR/communication agencies, as various organizations make use of such external sources as oppose to in-house corporate communication departments.

CONCLUSION

In the light of a dominant stakeholder focus in organizations, this paper endeavoured to highlight the importance of corporate communication as strategic OSR building function, by addressing the lack of models to describe the OSR building process. A new SISOSR model was proposed whereby strategic stakeholder identification, OSR development and OSR maintenance could arguably be combined into one model to offer a phased, step-by-step guideline for OSR building. Based on the theoretical and empirical exploration it has been suggested that in order to enhance corporate communication's credibility as strategic function and the successful implementation of the SISOSR model, a change in corporate communication as an industry and practice is required; corporate communication professionals should become more business cognisant; and corporate communication should rather be referred to as 'stakeholder relations'. Suggestions have also been made on how the corporate communication or stakeholder relations department could be structured for the successful implementation of the SISOSR model. In conclusion, it could be argued that although "...good stakeholder relationships are key to organizational viability and business success" (Maak 2007:330) and that "[corporate] communicators are the relationship builders in an organization..." it is essential to note that "[corporate communicators] need to move away from being messengers to being business partners to be taken seriously" (Interview participant 2012).

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