

THE VALUE OF CORPORATE COMMUNICATIONS AS A
STRATEGIC MANAGEMENT FUNCTION TO TOP MANAGEMENT

AYESHA TOYER

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MANAGEMENT FUNCTION TO TOP MANAGEMENT

AYESHA TOYER

Dissertation submitted in partial fulfillment of the requirements for the degree

Master of Technology: Public Relations Management

at the Faculty of Information and Design

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at the Cape Peninsula University of Technology

Supervisor: Prof. Ntshona Bechani

Cape Town

April 2011



**Cape Peninsula
University of Technology**

I, Ayesha Toyer, declare that the contents of this dissertation/thesis represent my own
unaided work, and that the dissertation/thesis has not previously been submitted for
academic examination towards any qualification. Furthermore, it represents my own opinions.

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by

Ayesha Toyer

16/07/2011

Signature

Date

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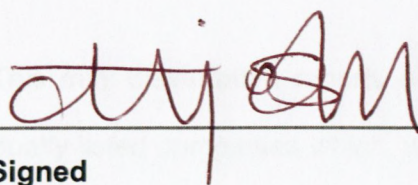
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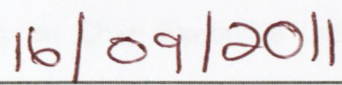
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DECLARATION

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Signed



Date

ABSTRACT

“THE VALUE OF CORPORATE COMMUNICATIONS AS A STRATEGIC MANAGEMENT FUNCTION TO TOP MANAGEMENT”

This mini dissertation reports on the findings from a study on Chief Executive Officers of dually listed companies which, measures the value they place on Corporate Communication professionals. Using the Hill and Knowlton quantitative framework, the study explicates the role Corporate Communication professionals play within the organisational context and identifies their strategic legitimacy. Much of the literature on the topic of strategic Corporate Communication asserts that this function is drastically marginalised and its value disputed within the inner circle of organisations. The literature states that Corporate Communication managers and strategists are expected to validate their presence within the top levels of management in organisations. CEOs of companies listed on the Johannesburg Stock Exchange and at least one other international stock exchange were surveyed. Findings include evidence of inconsistency and confusion on the part of CEOs, with regard to the understanding of Corporate Communication as a discipline and business function, as well as its location within the organisational structure. Further study is recommended to investigate the determinants of value within Corporate Communication for CEOs, to bridge the current strategic and knowledge gap.

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- Finally, to my mother. Thank you for your unwavering support, guidance and unconditional love. You are the voice in my head, encouraging (and sometimes forcing) me to go on. You have always believed in me and you are the person responsible for moulding me into the person I am today. No words can express my appreciation and love for you.

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affect the structure of the organization, define its mission, and set its course through strategic choice. Employees who are located at the top levels of the organizational chart are typically included in this 'inner circle', although employees lower on the organizational chart may also be included.

Corporate Communication:

According to Steyn and Puth (2002:2-4), Corporate Communication is a more accurate term to describe the Corporate Communication management discipline. The term Corporate Communication is able to communicate more clearly the function of the Corporate Communication discipline and thus identify the core focus of the role facilitated by communication. Corporate Communications Management can largely be defined as the management of strategic relationships with both the internal and external stakeholders of an organization. The discipline is responsible for far more than just the function of relationship initiation and management. Corporate Communication is a newly coined term that is now capable of encompassing the diverse depth of the 'Corporate Communication' discipline.

Grunig and Hunt (Steyn and Puth, 2002:3), define Corporate Communication as: "The management of communication between an organisation and its public." Steyn and Puth (2002:6) similarly define Corporate Communication as: "Corporate Communication is

GLOSSARY

List any terms, acronyms or abbreviations (with the appropriate caption) used here. Use single-line spacing, with a line between each item.

Terms/Acronyms/Abbreviations	Definition/Explanation
Inner Circle	<p>This 'inner circle' is defined by Dozier (O'Neil, 2003:4) as:</p> <p style="padding-left: 40px;">These are the employees who have power to affect the structure of the organisation, define its mission, and set its course through strategic choice. Employees who are located at the top levels of the organisational chart are typically included in this 'inner circle', although employees lower on the organisational chart may also be included.</p>
Corporate Communication	<p>According to Steyn and Puth (2002:2-4), Corporate Communication is a more accurate term to describe the Corporate Communication management discipline. The term Corporate Communication is able to communicate more clearly the function of the Corporate Communication discipline and thus identify the core focus of the role facilitated by communicators. Corporate Communications Management can largely be defined as the management of strategic relationships with both the internal and external stakeholders of an organisation. The discipline is responsible for far more than just the function of relationship initiation and management. Corporate Communication is a newly coined term that is now capable of encompassing the diverse depth of the 'Corporate Communication' discipline.</p> <p>Grunig and Hunt (Steyn and Puth, 2002:3), define Corporate Communication as, "The management of communication between an organisation and its publics." Steyn and Puth (2002:5) similarly define Corporate Communication as, "Corporate Communication is</p>

communication on behalf of an organisation. It is managed communication with the aim of increasing organisational effectiveness by creating and maintaining relationships with stakeholders." They state that, "The essential objective of Corporate Communication should be to make the organisation more effective through mutually beneficial communication between the organisation and all its stakeholders," (Steyn and Puth, 2002:3).

Value

Value, according to Dixon, Pickard and Robson (2002:5) is complicated to explain. They define value as:

The terms value and impact are often used interchangeably in the literature, or inextricably linked together with no real thought behind their use. However, an examination of the term will help us to decide how we can begin to measure such an intangible. The concept of value is commonly discussed in economic terms; things have a value, the library has a value. This focus has concentrated on frameworks of value for provision by going to the provider or system to determine the needs of the user and value of the information system to that user."

They add that value is created within the reality of the parties concerned. They go on to say that, "The individual, through an experience or event within his or her, own reality, attributes value. Individuals come together to share, communicate and express their own value experience. Therefore value is determined as a social construct, a shared belief that varies according to differing contexts.

Strategic Management

Strategic management is defined by Greene, Adam and Ebert (1985:536), as 'a continuous process of thinking through the current mission of the organisation, thinking through the current environmental conditions, and then

combining these elements by setting forth a guide for tomorrow's decisions and results'. Steyn and Puth (2002:29), add that a key concept in this process is 'strategy', is the organisation's pre-selected means or approach to achieve its goals and objectives while coping with current and future external conditions. They furthermore define strategy as direction and add that, "A strategy can also be seen as an approach, design, scheme or system that directs the course of action in a specific situation. Strategy therefore specifies direction."

The context of strategic management refers to the 'environment' within which the organisation operates and develops its strategies. Environment is a key concept in the strategic management process. "The environment is conceptualised as a collection of stakeholders and a patterning of strategic, social, political and ethical issues," Steyn and Puth (2002:33).

Overall Effectiveness

Chan, Lau, Ip, Chan and Kong (2004:71-94) describes overall effectiveness as, "The ability of the organisation to satisfy stakeholder needs, wants and expectations." They add that,

Effectiveness is achieved when the organisation achieves innovation and is able to manage and bring about change. Overall effectiveness has been reached when the organisation achieves their objectives and goals with regard to set performance measurements. When related to this investigation, effectiveness refers to the ability of the organisation to perform successfully and achieve objective and goals.

More specifically, overall effectiveness is related to the successful implementation and performance of the organisations triple bottom line, namely economic, environment and social bottom lines. Overall effectiveness on the part of the communication manager is related to the achievement of the organisations vision, mission, objectives and respective goals, as well as

compliance with the triple bottom line and good corporate governance practices. Corporate Communication managers are largely responsible for driving both the internal and external environment and thus play an important part in the achievement of overall effectiveness within the organisation.

1.1 INTRODUCTION

PR / CORPORATE COMMUNICATION / PUBLIC RELATIONS MANAGEMENT:

Although the research study focuses on the discipline of Corporate Communication, the term Public Relations is often referred to within the literature, and therefore these terms are used interchangeably throughout the study.

BSC

Balanced Scoreboard

Much of the Corporate Communication literature (Seyn and Puth, 2002:13) asserts that Chief Executive Officers (CEO) do not typically perceive the function of Corporate Communications to be valuable because they do not understand the role the function should facilitate with regard to the overall effectiveness of the organisation. Seyn and Puth (2002:13) explain that CEOs admit that their lack of knowledge and understanding on the function of Corporate Communications contribute toward the misrepresentation of communication practitioners and managers. CEO's further explain that, "Top management does not know enough of communication to lead the function or have expectations for it. They (communication managers) are not in sync with management – it is not their total but most of management do not use them as a resource." Seyn and Puth (2002:13-14). One CEO in particular adds that, "My relative dissatisfaction (with communication practitioners and managers) arises more from my own deficiency in providing better direction, training and overall resource support." Seyn and Puth (2002:14).

This study focuses on the perceptions and sense of perceived value associated to Corporate Communications by those individuals whom they directly report to. These include the CEO (Chief Executive Officer), CFO (Chief Financial Officer), MD (Managing Director) or Chairman of the organisation. These strategic organisational leaders were asked to assess

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CHAPTER ONE: PROBLEM SETTING

1.1 INTRODUCTION

This study aims to investigate the sense of perceived value corporate communicators contribute to the overall effectiveness of the organisation; according to individuals whom they directly report to within the organisational structure at top listed organisations. The study therefore sets out to assess the concept of value attributed to Corporate Communications professionals at some of the best organisations in world. The study unpacks the current situation with regard to the status and level of importance Corporate Communicators are faced with within the corporate industry. The research question, “Does top management value Corporate Communications as a top management function,” is posed to general managers at top listed organisations to identify the current state and contextualisation of this issue. The study aims are thus rooted within a disposition to discover the validity of value placed on Corporate Communications as a management function.

Much of the Corporate Communication literature (Steyn and Puth, 2002:13) assert that Chief Executive Officer’s (CEO) do not typically believe the function of Corporate Communications to be valuable because they do not understand the role the function should facilitate with regard to the overall effectiveness of the organisation. Steyn and Puth (2002:13) explain that CEO’s admit that their lack of knowledge and understanding on the function of Corporate Communications contributes toward the misrepresentation of communication practitioners and managers. CEO’s further express that, “Top management does not know enough of communication to lead the function or have expectations for it. They (communication managers) are not in sync with management – it is not their fault that most of management do not use them as a resource,” Steyn and Puth (2002:13-14). One CEO in particular adds that, “My relative dissatisfaction (with communication practitioners and managers) arises more from my own deficiency in providing better direction, training and overall resources support,” Steyn and Puth (2002:13-14).

This study focuses on the perceptions and sense of perceived value associated to Corporate Communicators by those individuals whom they directly report to. These include the CEO (Chief Executive Officer), CFO (Chief Financial Officer), MD (Managing Director) or Chairman of the organisation. These strategic organisational leaders were asked to assess

how valuable or non-valuable they thought their 'communication specialist' was to the overall effectiveness of the organisation. In so doing, they were asked to examine if their Corporate Communication practitioner, manager or strategist fulfilled a strategic management position. The study focused on successful organisations that were listed on the JSE's (Johannesburg Stock Exchange) list of Top 100 Companies. Moreover, they were organisations whom were dually listed on more than one stock exchange, one of which had to be the JSE.

Part of the reason the Corporate Communications function is undisputed within the corporate industry is due to the lack of commitment to one name of identification for all practising professionals and specialists in the communication industry. Turney (2009: para.1) cites that, "Despite the fact that 'public relations' is included in the title of this website and countless textbooks, there has never been total agreement about what to call this field of endeavour or the people who practice it. The preferred and most popular name has changed over the course of time and has varied from place to place and industry to industry." Turney explains that often the discipline is not visible because the name of Corporate Communications might not be named accordingly. He identifies *promotions department, publicity department, public relations department, public relations counsellors, corporate communications department, public affairs*, and more recently *marketing public relations* or *advertising and public relations* or alternatively and quite simply *communication*. Apple Computer calls the head of their Corporate Communications department the *Chief Story Teller* and many Fortune 500 companies in the USA have given their Corporate Communications divisions the title *Chief Detonators*. Turney (2009: para.14) cites a study conducted by International Association of Business Communicators (IABC) Communication World which surveyed 539 of the US's largest companies across 26 industry sectors. The study found that 'Communication/Corporate Communication' is "now the single, most widely used name for public relations units. More than half of the surveyed companies use the name Corporate Communication and almost 68% include the word 'communication' in some form or another in their unit's name," (Turney, 2009: para.15). A solution to this current name 'situation' dates back to the 15th century, Shakespeare aptly stated, "What's in a name? That which we call a rose, by any other name would smell as sweet," (Turney, 2009: para.29).

According to Steyn and Puth (2002:3), Corporate Communication is a more accurate term to describe the Public Relations Management discipline. The term Corporate Communication is able to communicate more clearly the function of the public relations discipline and thus identify the core focus of the role facilitated by practitioners. Public Relations Management can largely be defined as the management of strategic relationships with both the internal and external stakeholders of an organisation. Zhao (1999: para.1) explains that, "Public consequences, counselling organisations' leaders, and implementing planned programmes

of action which will serve both the organisation and the public interest,” as defined by the First World Assembly of Public Relations Associations held in Mexico City in December 1978. Public Relations Institute of South Africa (PRISA) however exclusively defines the discipline as, “Public relations is the management, through communication, of perceptions and strategic relationships between an organisation and its internal and external stakeholders,” ((Botha, Chaka, du Plessis, Krause, Rawjee, Porthen, Veerasamy and Wright, 2007:5).

1.2. PROBLEM STATEMENT

The literature surveyed identifies many studies focusing on the Corporate Communication landscape and the relationship between professionals and their supervisors and managers. What these studies point out is the gap between the performance of Corporate Communication professionals and those whom they directly report to. Corporate Communication professionals are not considered to be capable of performing on a strategic level and are not considered to be valuable contributors toward overall organisational effectiveness. Before this problem can be solved, it must be understood, thus the need for this study. This study will focus specifically on the sense of value attributed to the Corporate Communications discipline by Chief Executive Officers (CEO's) and/or equally senior individuals within the inner circle of the organisation.

The function of Corporate Communications is not considered to be an important one with regard to achieving overall organisational effectiveness. Not only is the name being questioned but also the strategic legitimacy of the function. This is evident when looking at the number of articles being written and published measuring the legitimacy of *PR* as either valuable or strategic in nature. When entering the keyword “Strategic Legitimacy of *PR*” on Google, 14 700 results were found. When entering the same keyword on the academic database, Emerald, 193 results were found. However when changing the term *PR* to that of Corporate Communication, the results increased dramatically; the Emerald result rocketed to 661. The same result however decreased on Google from 14 700 for *PR* to 8 900 for Corporate Communications. While searching for results for the keyword “Is *PR* valuable”; Google found 24 900 results. After changing the keyword to “Is Corporate Communication valuable”; Google found 22 300 results. The same keyword on Emerald found 3140 results for *PR* and 1065 for Corporate Communications. This asserts and confirms the predisposition that the function of Corporate Communications is indeed in question by academics and professionals within the business industry and environment, with regard to its sense of value. The literature review indicates that practitioners are also experiencing the effects of the glass ceiling within the corporate environment as Corporate Communication is

not included in the inner circle and thus not seated at the decision making table of the organisation.

More worrying though is the perception of the Corporate Communications function, held by CEO's and executive level management. The literature clearly indicates that CEO's either, do not know what Corporate Communications should do or they do not believe Corporate Communications to be an important function that the organisation cannot do without. According to Steyn (1999:20-43), many CEO's have admitted that they no longer use Corporate Communications because it does not add value to the overall effectiveness of the organisation. This is most worrying because the CEO is the decision maker in the organisation. The CEO determines the direction, scope and culture of the organisation and most importantly; the CEO decides who to hire and fire and thus holds the future of all Corporate Communication professionals in their hands. There are many problems and researchable questions with this issue but this study is however limited to one specific problem.

The study addresses the issue of value assertion on Corporate Communication professionals by the organisation's CEO and/or senior executive level management. Based on the opinions of this inner circle, the study will be able to discover and answer questions related to an outline of core duties and an overall understanding of whether or not Corporate Communications is considered to be valuable by the stakeholder group who counts most – the CEO and his/her executives.

This problem predominantly lies in the ignorance and misunderstanding within the business community regarding the Corporate Communications profession. This investigation is based on the experiences and opinions of the inner circle of top listed companies in South Africa. Their view of the strategic legitimacy and value of Corporate Communications will position the discipline within the organisational context. In so doing this study will investigate the value communication practitioners add to the overall effectiveness of the organisation.

1.3 THE INDUSTRY IN CONTEXT:

1.3.1. CORPORATE COMMUNICATION WITHIN SOUTH AFRICA

If this study is able to prove that top management values the discipline, then this study will be able to validate the value of the discipline within the organisational context and inner circle. The full impact and use of Corporate Communication has not yet been utilised to its optimum within the overall corporate environment, and that is especially relevant. Samantha Watt, the

founder and managing director of *Watt Communications* writes about the many challenges facing Corporate Communication professionals in South Africa specifically. She says that there should be more Corporate Communications consultants who are respected and admired for being intelligent business consultants, ones vital to a business but goes on to say that in reality; there are not barely enough experienced, reputable and respected consultants in the South African industry. "I have several blue chip companies who have consistently committed to Corporate Communications for the past five years. Wonderful brands and wonderful people, I think that they are yet to realise the power of Corporate Communications and the ultimate value we provide. They value my contribution of that I am certain, but I think that as their businesses evolve so too will their understanding, commitment and investment in Corporate Communications," says Watt (2011:1).

She attributes the volatility within the industry to a sense of being misunderstood. She writes that, "One of the most ironic stumbling blocks facing the public relations industry in South Africa today is people: those in the profession; those wanting to be in it and those that utilise its services," (2011:1).

Watt compares the change within the industry to the changes within the political landscape of South Africa, she explains, "Like the country we operate in, public relations agencies in South Africa are undergoing a transformation. As the country nears its 17th year of democracy, and political change is afoot, the constituency of the public relations professional is changing too."

Watt concludes that professionals within the Corporate Communications discipline must move away from traditional media and press release coverage for their organisation. She adds that professionals are now expected to be more creative and strategic in their reach to truly gain favour for their clients and secure prolonged coverage within the public domain. She adds that the industry also suffers from a shortage of experienced and skilled professionals. She explains that graduates prefer to go into marketing or journalism because both professions yield more respect and power. This translates into a shortage of practising Corporate Communication professionals. According to Watts (2000:1), "Agencies jostle for the same consultants, all fishing from the same small talent pool. So when it comes to placing Corporate Communications at the boardroom table, giving it the strategic focus it duly deserves, it doesn't always happen because there are simply not enough senior candidates to represent the trade and do it justice."

According to Watts (2011:1), Corporate Communications is misunderstood in South Africa. She believes that the industry is plagued by the *Samantha from Sex in the City syndrome*.

Watts (2011:1) adds, "I cringe when people call me a PRO and wonder how I cope with all the events. When the truth of the matter is that I don't do events and never will. Rather I subtly change their perceptions of a company when they don't even know it. I mould my genetic creative talents with my ability to think strategically." She goes on to say that the responsibility of changing the overall perception of Corporate Communications should not be that of the consultant but rather a holistic approach. The companies seeking the services of a Corporate Communications agency should understand the tool and what it can and will do for their businesses if used correctly. Watts explains that organisations need to realise that it is not free, or close to it, and is a skill which you can't necessarily find in-house.

1.3.2 PERCEPTIONS OF CORPORATE COMMUNICATIONS REPORT

Graeme Sterne (2008:31), a researcher from New Zealand, conducted a study in which he measures the value asserted to Corporate Communication by the inner circle of New Zealand's top 200 companies. The inner circle within an organisation refers to those individuals within the company whom possess the power and authority to make decisions and changes, these individuals are usually located within the senior management body of the organisation's corporate structure. Much like this study, the goal of Sterne's study was to establish the sense of value attributed to Corporate Communications by individuals within top management at top listed organisations. Sterne's study mimicked that of "Murphy's Perceptions of Public Relations Report", commissioned in the United Kingdom. The focus of this study was to provide a basis for targeting activities that would improve the competitiveness and overall performance of Corporate Communications in the United Kingdom. The *Institute of Public Relations* in the United Kingdom commissioned a similar study in 2003, measuring the perceptions of Corporate Communications, entitled the "Public Relations Report" (Murphy, 2003) in collaboration with Leeds Metropolitan University. Both of these studies set a precedence of validity for this current Master's Dissertation. A key finding of the UK based study discovered that the role of Corporate Communications had changed from being a tool for influencing media coverage to a strategic approach for engaging multiple stakeholders. It also found that "a proliferation of communication channels had created a demand for greater corporate transparency" (Murphy, 2003:4). Sterne's study is, for the most part, a replication of Murphy's study. His study explores the degree to which the trend's identified by Murphy, has impacted New Zealand business.

1.3.3 SOUTH AFRICAN CONSULTANTS VERSUS INTERNATIONAL COUNTERPARTS

One's value is often determined by the amount of money or benefits one is remunerated with. A junior Corporate Communication practitioner starting their career in South Africa

earns substantially less than their international counterparts. This could be part of the reason why graduates and young professionals perform poorly within the Corporate Communications industry.

The South African context is significantly different to the rest of the world, this point cannot be made more apparent, than by the difference in salary. In the USA, Corporate Communication professionals earn an average monthly salary of \$4,142 (R29 000) per month. Which compares with £3, 333 (R36 663) for a practitioner with a similar job in the UK. This differs dramatically with a practitioner from South Africa who earns approximately R6, 120 with a similar job.

Watt explains that, professionals within the industry lack strategic understanding and thus perform poorly, this reality is reiterated by many CEO's who work with Corporate Communication professionals within their organisations. Their perception of their value or in this case – poor performance – could be the reason for the meagre salaries they earn.

1.3.4 THE PERCEPTION OF CEO'S:

The Excellence Study found that shared expectations between top management and the Corporate Communication manager should exist for an organisation to achieve excellent communication (Dozier, Grunig and Grunig 1995). The Excellence Study made an important contribution to the industry by establishing a benchmark regarding CEO expectations of the most senior manager responsible for the Corporate Communication function.

Esler's (1996:9-12) international study of CEOs and communication executives showed that these two groups approached communication and its role in the organisation from two different perspectives. When communication executives spoke about communication, they were usually referring to the products, programmes and activities that the Communication team had created. When the CEOs talked about communication, they usually described it in terms of results, or solutions to critical problems (Esler, 1996:9-12). The perceptions of CEOs are that the Corporate Communication function is focused on communication goals and objectives without necessarily linking them to the achievement of business goals and they are not seen as making a contribution to the bottom line. Practitioners generally perceive their work as fire-fighting, as 'doing' or implementing and their thinking is tactical, rather than strategic (Fleisher and Mahaffy 1997:117-142). They either do not evaluate their work (Esler, 1996:9-12) or they measure outputs rather than outcomes (Lindenmann, 1993:7-9). Furthermore, the intelligence obtained is not integrated into the strategies of the larger

organisation nor the function into its larger organisational domain (Fleisher and Mahaffy, 1997:117-142).

Top management feels that the Corporate Communication function should be less obsessed with its own activities and media, and more focused on key organisational issues and outcomes (Esler, 1996:9-12). They want Corporate Communication managers to think strategically, to look at the goals and mission of the organisation, and to assist in delivering honest, open communication programmes or to develop systems that will reach their employees and help them understand the business of doing business. However, communicators have never been up to the task to any great extent, they are not around when decisions need to be taken on the direction to be followed (Neubauer, 1997:27-35).

According to Steyn (1999:22), the situation described above might also be applicable to South Africa. She explains how Blum (1997) found that most CEOs lacked faith in the ability of their communication staff. Blum explained that:

They felt that Corporate Communication managers needed to adopt a more professional business approach. They often had the inability to present communication strategies coherently, and to see the 'bigger picture'. They had little understanding of other aspects of the business and did not have a holistic view of the industry. Communicators needed to know what the vision and real purpose of the business were. They should not isolate themselves within their own departments. CEOs complained that communicators were merely reactive and awaited the decisions or initiatives of the CEOs. Although CEOs expected valuable input from their communicators, information that they could use to further the aim of the business, they did not necessarily receive this.

Woodrum (1995:7-12), explains that there is a lack of understanding and agreement about the role of communication between the communication executive and his/her most important stakeholder; the chief executive. This indicates a vicious cycle in the industry, which if not broken, will reflect negatively on the position of the Corporate Communication manager, and indeed on the entire communication profession.

According to Broom and Dozier (1983:5), "Practitioners must change their practice or see Corporate Communications relegated to a low-level support function reporting to others". The question that arises is how practitioners are to change their practice?

Steyn conducted a similar study but focused on the specific roles Corporate Communication professionals facilitated with regard to their hierarchical level within the organisation. The study did however conclude the expectations of Corporate Communications by the organisation's inner circle. Steyn's study set out, "To determine the chief executive's role expectations of the most senior manager or practitioner responsible for the corporate communication (public relations) function in the organisation, in terms of the *PR* strategist (a

strategic role at top management level), the *PR* manager and the *PR* technician. A conceptualisation of the role of *PR* strategist preceded the empirical study, differentiating it from the historical roles of *PR* manager and *PR* technician," (1999:20).

Murray and White's (2005:348-358) research on CEO's' views on reputation management used a similar approach to this study – qualitative interviews with 14 CEO's and chairmen from leading UK corporations and international organisations. The goal was to establish the value CEO's attach to Corporate Communication. This study found that *PR* had become critical for businesses. So much so; that CEO's themselves took personal responsibility for the management of corporate reputation and that high calibre people working in *PR* were highly valued by CEO's.

With regard to Steyn and Puth's findings on the CEO's perception of *PR*, Sterne found similar results in his 2008 study. His study however showed more depth with regard to understanding what CEO's perceive *PR* to do and what they believe they should be doing. Sterne asserts that senior management does not understand how *PR* fits into the company. One CEO explained this by saying:

We want a good network of specialist support so we can build credibility and respect. *PR* needs to change its cost structure. They are too expensive for what they deliver compared to other services. *PR* agencies need to lower their charging rates. They are expensive for what you get. We don't use them anymore. A lot of *PR* companies don't add a lot of value. They tend to be ex-journalists offering ordinary service. They charge a lot for what does not seem worth it. We don't use them because we don't see how they would add to the business. Anyone can put their shingle up as a *PR* practitioner. I get annoyed when they send a senior to negotiate the brief and then send a junior [*who is not as competent*] to deliver (Stern, 2008:35).

From statements like the above one can clearly put into perspective the current negative perception felt by executive management in respect to the function of Corporate Communication. The function thus is not seen as valuable in the context of a business environment.

1.3.5 INTERACTIONS WITH THE CEO

It's not all doom and gloom though, Corporate Communication professionals should, when they are given the opportunity in time, capitalise on that resource. When Corporate Communications professionals interact with the most senior individual they report to, they should capitalise on that time to secure meaningful insight and knowledge with regard the needs and requirements of the senior body of decision makers within the respective organisation.

O'Neil (2003:159-169) makes the correlation between years of professional experience and the ability to positively persuade top management. Communicators who were more senior and more experienced in both business and Corporate Communication environments are able to wield greater respect and thus are perceived as more valuable. When communicators are perceived as valuable, their opinions and ideas are respected which makes it easier for them to persuade top management and thus gain organisational influence for the Corporate Communications function.

According to O'Neil, the relationship between the communication specialist and the CEO directly affects the impact and perceived value of the strategic Corporate Communication management function. She adds how this relationship can be measured not by the amount of time spent, but rather the value and quality of the time spent with the 'inner circle'. When engaging in these meetings and occasions the communicator should not sit by idly but rather provide counsel and advice to senior management with regard to the impact of Corporate Communication on the overall effectiveness of the organisation and thus motivate its inclusion and participation in the formulation of corporate strategy. O'Neil (2003: 159-169) states that communicators can establish their relationships with senior management during the above mentioned counselling sessions both formal and informal in nature, and in the social settings which the communicator shares with representatives of the inner circle. "The inclusion of communicators within the inner circle is not what matters. What matters is, what transpires in their interactions with the inner circle," states O'Neil (2003: 159-169).

To truly gain influence within the organisation and thus implement the Corporate Communication function throughout the organisation, communicators must gain influence with top management and must moreover be able to persuade them about the value and potential of the discipline. With that said, it is justifiable to conclude that communicator managers should be a part of or currently be striving toward being a part of the organisation's 'inner circle'. This 'inner circle' being referred to is defined by Dozier (O'Neil, 2003:159-169) as, "These are the employees who have power to affect the structure of the organisation, define its mission, and set its course through strategic choice. Employees who are located at the top levels of the organisational chart are typically included in this 'inner circle', although employees lower on the organisational chart may also be included." This therefore means that if communication managers were to be part of the 'inner circle' of managers within the organisation, they would be assured of a greater probability of success with regard to effectively persuading top management and securing organisational influence for the Corporate Communications discipline.

1.3.6 THE CORPORATE COMMUNICATION PROFESSIONAL

Lindenmann and Lapetina (1982:3-14) stated that the *public relations* function is viewed by corporate management as extremely important for the 1980s. The *public relations practitioner*, however, is viewed as often failing to assume broad decision making roles, and is lacking in what it takes to climb to the top of the corporate hierarchy. The main weaknesses of Corporate Communication practitioners, as pointed out by Lindenmann and Lapetina (1982), were that they often lacked a comprehensive understanding of the social, political and business problems and issues about which they wrote and counselled. They also lacked good management skills and the ability to look at the 'bigger picture'. They adopted a role as implementers of policy rather than as shapers and moulders of policy.

Budd (1991:9) cites that, additional shortcomings of practitioners and managers are that they fail to assume a broad decision making role. Budd mentions that:

They adopt a role as opposed to shaping and moulding policy. They are unable to see the big picture, they fail to address strategic issues, they lack business and planning skills and do not integrate strategic information gained into the strategies of the organisation at large, and that they are reactive and wait for instructions from the inner circle, as opposed to operating proactively.

Similarly, a study by Budd points out that dissatisfaction with the performance of Corporate Communication managers/practitioners remains a constant industry challenge. According to Budd (1991:9), "The way in which Corporate Communication is practised reduces it to nothing more than communications, meaning the exchange or transmission of information. Corporate Communication is peripheral to policy formulation, not a legitimate part of the process. It is a major industry, with corporate titles abounding, but no closer to decision making than it was in the 1970s."

Steyn and Puth (2002:9) assert that, "Most organisations have Corporate Communication practitioners playing the role of technician, providing the communication and journalistic skills to implement the decisions made by others." Steyn and Puth add that if Corporate Communication is to contribute toward organisational effectiveness, "There must be a practitioner playing the manager role, taking the part in the organisation's strategy formulation process." Lindenmann and Lapetina (Steyn and Puth, 2002:9) state, "The Corporate Communications function is viewed by corporate management as extremely important. The Corporate Communications practitioner, however, is viewed as often failing to assume broad decision-making roles and is lacking in what it takes to climb to the top of corporate hierarchy."

Steyn and Puth (2002:10-13) also add that communicators are limited in managerial and strategist training which creates a strategic gap within the discipline. Communication managers moreover lack the understanding and experience when it comes to communicating with the CEO and inner circle of the organisation.

Steyn and Puth (2002:13) express that, "Corporate Communication practitioners tend to concentrate on newsletters, the annual report, corporate gifts, and social programmes such as annual year end functions. However, their focus should be on developing communication strategies and plans, understanding strategic issues and providing strategic communication guidance to top management." Steyn and Puth (2002:13) explain that CEO's admit that their lack of knowledge and understanding on the function of Corporate Communications contributes toward the misrepresentation of communication practitioners and managers. CEO's express that, "Top management does not know enough of communication to lead the function or have expectations for it. They (communication managers) are not in sync with management – not their fault but that of management who do not use them as a resource." In addition, one CEO in particular adds that, "My relative dissatisfaction (with communication practitioners and managers) arises more from my own deficiency in providing better direction, training and overall resources support," (Steyn and Puth, 2002:13).

Sterne's 2008 study concurs with the above findings. He explains that some consultancies have been created by practitioners with journalistic backgrounds.

In fact, a significant proportion of New Zealand PR practitioners have journalism or broadcasting backgrounds (32 per cent). This proportion is diminishing and is being replaced by an increasing number of PR graduates (Sheppard, 2006). Practitioners come from a very wide range of backgrounds overall however and while 78 per cent of practitioners have a tertiary degree, only 60 per cent of these are in Communications or are PR related. Such open entry to the profession creates a situation where senior managers are suspicious of the business acumen of PR practitioners. They are also suspicious of the business acumen of young graduates as well. Several suggested that PR graduates need a good grounding in business practices or exposure to a range of courses at tertiary level, (Sterne, 2008:35-36).

1.3.7 CORPORATE COMMUNICATION WITHIN SOCIETY

The many current world crises we face is a reminder of this reality. These crises include global warming, HIV and AIDS, war, genocide, nuclear threats, corruption and convergence. The crisis of HIV and AIDS as well as global warming is particularly relevant in the South African context. Instead of using the impact of communication and dialogue to solve the problem, the world's experts have alternatively scared the masses with a 'doom and gloom' approach. The "*You will Die*" approach has failed dismally with many HIV/AIDS campaigns. Many of the communication campaigns in South Africa are not reaching its target market and in a situation like this one, the consequence of poor communication is the difference between

life and death. In South Africa, the United Nations identifies Khomanani and Love Life as the two primary communication awareness campaigns. The United Nations AIDS Report states that even though hundreds of millions are being invested in these campaigns more people are dying. The root of the problem is being attributed to poor communication and knowledge regarding the virus and the prevention thereof. Funding is evidently not the problem, according to the United Nations (2010 AIDS Report). The problem lies in the ability of Corporate Communication professionals to reach the targeted audiences and provide them with the information and knowledge that will fundamentally save their lives.

Khomanani, meaning 'Caring' used to be the Health Department's premier AIDS-awareness campaign but after allegations of mismanagement and poor performance, funding was also withdrawn. In 2005, The Global Fund to Fight AIDS withdrew funding for Love Life as they questioned the campaign's performance, governance structure and media placement strategy. According to the United Nations AIDS Report of 2010, "An estimated 5.6 million people were living with HIV and AIDS in South Africa in 2009, more than in any other country. The overall number of annual deaths increased sharply from 1997, when 316, 559 people died, to 2006 when 607, 184 people died. It is believed that in 2009, an estimated 310, 000 South Africans died of AIDS. Despite the increase in the number of awareness campaigns, accurate knowledge of HIV and AIDS is poor. Of particular worry is the lack of knowledge regarding how to prevent sexual transmission of HIV. Across all age groups and sexes less than half of all people surveyed knew of both the preventive effect of condoms and that having fewer sexual partners could reduce the risk of becoming infected. More troubling still is the fact that accurate knowledge has significantly decreased in recent years. According to the United Nations, South Africa has a population of 49 million people with an average life expectancy of 49 years due to the current HIV and AIDS epidemic.

From the above examples, one can conclude that scare tactics within the domain of communication does not prove effective. Why then, have experts opted to utilise the same approach for the climate crisis? The climate crisis is a global phenomena that according to experts like Al Gore, can also be solved with knowledge and communication and in so doing, a collaborative global change in behaviour and perception of sustainable living.

Al Gore has however broken boundaries in this regard, with his award winning film, "An Inconvenient Truth". Instead of scaring people, he has tried to inform and engage them. Communication thus, is able solve global issues when utilised effectively. The problem of legitimacy thus transcends the walls of the boardroom and has a place in the greater public domain. The "Global Sustainability Forum" believes that sound and consistent communication could potentially solve the current global climate crisis faced by the world, in

varying degrees. Dr. Jerome Raetz in Kaefer (2010: para.1-2) states that non-violent communication is needed to solve the climate crisis. He explains that experts should deliver messages coupled with reasonable anecdotal responses as opposed to the current unilateral one-way unresponsive statements they declare. He describes these as “hacked” statements aimed at confusing and scaring the general public. Dr. Raetz fervently believes that nothing other than sound regular communication possesses the power to solve this global current crisis.

1.3.8 THE WAY FORWARD FOR THE CORPORATE COMMUNICATIONS FUNCTION

Steyn (2000:1-33) believes that the value of communication excellence can only be achieved and recognised once the discipline operates in unison with the rest of the organisation's management functions. Communication excellence is described by Dozier (1995:21-47) as, “The ideal state in which knowledgeable communicators assist in the overall strategic management of organisations, seeking symmetrical relations through the management of communication with key stakeholders / publics on whom organisation survival and growth depends.”

The strategic legitimacy of Corporate Communications management can be defined by the core functions of the discipline. This study investigates the strategic management function of Corporate Communication by examining the roles communicators facilitate. These include for example:

- Environmental Scanning: Also known as environmental analysis, monitoring or issue analysis. Involves monitoring the organisation's environment to analyse and evaluate opportunities and threats, as they arise, out of the interaction and relationships with other organisations, social groupings or individuals (adapted from Dozier, 1986)
- Boundary Spanning: These are people within the organisation who interact with the organisation's external environment (adapted from Steyn and Puth, 2000:59)
- Facilitating the 'Mirror' Function: The monitoring of relevant environmental developments and the anticipation of their consequences for organisational strategies/policies (adapted from Van Riel, 1995:2)
- Facilitating the 'Window' function: The preparation and execution of a communication policy and strategy, resulting in messages that portray all facets of the organisation (adapted from Van Riel, 1995:2)
- Ensuring that the organisation aligns all communication and relationship related exercises/functions and goals to the organisation's vision, mission, goals and objectives

- **Corporate Identity:** It is a combination of colour schemes, designs, and words that an organisation employs to make a visual statement about itself and to communicate its business philosophy. It is an enduring symbol of how an organisation views itself, how it wishes to be viewed by others and how others recognise and remember it (adapted from Kotler and Armstrong, 2010)
- **Corporate Governance programmes:** Is concerned with holding the balance between economic and social goals and between individual and communal goals. The aim is to align as nearly as possible the interests of individuals, corporations and society (Cadbury, 2000:7-15)

Communicators are furthermore solely responsible for developing and implementing crisis management programmes and problem solving mechanisms applied throughout the organisation.

The current problem exists because Practitioners need only to put in the work before they are taken seriously. They must earn their stripes and prove their worth before expecting it automatically. Bruce Berger, the former vice president of corporate affairs at Whirlpool puts things into perspective and offers some inspiration in this regard. Burger believes that Corporate Communications managers are able to gain credibility and influence at an organisation, and with top management, when 'they earn their stripes', and prove their ability and worth to those holding high-level positions within the organisation. Berger (in O'Neill, 2003:2) went on to say that, "Corporate Communications managers gain respect and value based on a series of communicative episodes. There is an accumulation of small, 'soft' counselling moments as well as 'hard' trench work that over time adds up to valuable sweat equity."

1.4. RESEARCH OBJECTIVES

1.4.1 PRIMARY OBJECTIVES:

This study aims to investigate the legitimacy and value Corporate Communications contribute to the overall effectiveness of the organisation.

More Specifically:

- This study aims to identify if the inner circle believe Corporate Communication professionals contribute toward the financial bottom line of the organisation
- This study aims to identify what strategic functions the inner circle believe to be most prominent within the practice of the Corporate Communications discipline, if any,

while also identifying which communication functions are considered to be most valuable

1.4.2 HYPOTHESES

Corporate Communication management is not considered to be valuable to top management and is not considered to be strategic in nature.

H1: The Corporate Communications management discipline is strategic in nature.

H2: Corporate Communications managers are considered to be valuable by top management and more specifically – inner circle.

H3: Corporate Communications managers contribute toward the overall effectiveness of the organisation in the spheres of corporate governance, stakeholder management, reputation management, and corporate social responsibility

1.5 BENEFIT AND SIGNIFICANCE OF THIS STUDY

The study would add value to the body of knowledge within the Corporate Communication industry and assist the development of the industry. Corporate Communication professionals could use the knowledge to gain insight and understanding into meeting the expectations of the organisations inner circle. The knowledge provided by this study would supply Corporate Communication professionals with a clear understanding of the needs of the organisation's inner circle and top management. In so doing, Corporate Communication professionals could attempt to present themselves as valuable and strategic to the organisation.

1.6 DIVISION OF CHAPTERS

1.6.1 CHAPTER 1: FOCUS AND SCOPE OF THE STUDY

- Introduction
- Problem statement
- Research objectives
- Hypotheses
- Definition of terms
- Benefits and significance of this study
- Division of chapters

1.6.2 CHAPTER 2: EXPLORATION OF THE LITERATURE (STRATEGIC NATURE OF CORPORATE COMMUNICATION AND ITS VARIOUS STRATEGIC FUNCTIONS)

- The definition of Corporate Communications
- The strategic legitimacy of Corporate Communications
- The concept of value within the domain of Corporate Communications
- Corporate performance within the domain of Corporate Communications
- The Name Game: Defining the Corporate Communication function
- Corporate Governance
- Sustainability, Investor Relations and The JSE SRI
- Stakeholder Management
- The Balanced Scoreboard and Performance Prism
- The Knowledge Economy and Knowledge Worker
- Reputation Management
- Corporate Social Responsibility

1.6.3 CHAPTER 3: DESCRIPTION OF THE RESEARCH DESIGN:

- Research method used
- Questionnaire design
- Sampling method
- Distribution of questionnaires

1.6.4 CHAPTER 4: DISCUSSION OF THE RESEARCH RESULTS AND CONCLUSIONS DRAWN FROM THE DATA OBTAINED.

- Graphic representation of findings
- Statistical analysis drawn from graphical representation of findings
- Discussion of each variable and its relation to the perception of value held by the CEO and his/her inner circle

1.6.5 CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

- Synthesis of findings
- Conclusions and recommendations
- The scope of future research

1.7 CONCLUSION

According to Hogg and Doolan (1999:597-611), Corporate Communication management is currently being dissected to establish its true value and place within the organisational context. This study aims to explore the legitimacy of Corporate Communications within the inner circle as a strategic and valuable function or lack thereof. The literature reviewed identifies that even though some professionals and theorists believe the function of Corporate Communication to be either strategic and valuable, or alternatively, have the potential to be strategic and valuable; it is not necessarily the current reality. Much of the literature points out that elements of the discipline is considered as a valuable business function but overall, the function of Corporate Communications is deemed to be a 'soft function and skill'.

Dozier (1995) identifies the definitive functions of Corporate Communications to be that of Corporate Governance, Stakeholder Management, Reputation Management and Corporate Social Responsibility respectively. These themes are explored further in the literature review.

2.3 CORPORATE COMMUNICATION

2.3.1 CORPORATE COMMUNICATION MANAGEMENT DEFINED

Corporate Communication is defined by Cutlip, Center and Bross (1984:2) as:

The management function that establishes and maintains mutually beneficial relationships between an organization and the public on which its success or failure depends, and by Coetz (1982:140) as a "Management function that determines the attitudes and reactions of the organization's publics, identifies its policies, the interests of its publics, and formulates and executes a programme of action to win the understanding and goodwill of its publics."

Corporate Communication Management is defined by Gray and Pugh as the management of strategic relationships with both the internal and external stakeholders of an organization. "Corporate Communication practice is the art and science of analyzing events, assessing their consequences, convincing organizational leaders, and implementing directed programmes of action which will serve both the organization and the public interest," as

CHAPTER TWO: LITERATURE REVIEW

“What is the value of Corporate Communications as a strategic management function to top management?”

2.1. INTRODUCTION

The literature review focuses on the current state of corporate communication within the top listed companies, and asks the question, “What is the value of Corporate Communications as a strategic management function to top management?” The literature review focuses on Corporate Communication as a field of study and explores themes of Corporate Performance as a result of Corporate Communication efforts, Stakeholder Management; Reputation Management; Corporate Governance including the sub themes of corporate performance, investor relations and the JSE SRI and Corporate Social Responsibility and Investment.

The literature review is aimed at identifying if there is a sense of value associated to Corporate Communication and what the perception of value is within the organisation context within top listed companies. The researcher is attempting to investigate any perception of value whether service or performance (economically) based within the themes of Corporate Communications listed above.

2.2. CORPORATE COMMUNICATION

2.2.1 CORPORATE COMMUNICATION MANAGEMENT DEFINED

Corporate Communication is defined by Cutlip, Center and Broom (1994:2) as:

The management function that establishes and maintains mutually beneficial relationships between an organisation and the public's on whom its success or failure depends”, and by Deetz (1982:140) as a “Management function that determines the attitudes and opinions of the organisation's publics, identifies its policies with the interests of its publics, and formulates and executes a programme of action to earn the understanding and goodwill of its publics.

Corporate Communication Management is defined by Steyn and Puth as the management of strategic relationships with both the internal and external stakeholders of an organisation. “Corporate Communication practice is the art and social science of analysing trends, predicting their consequences, counselling organisations' leaders, and implementing planned programmes of action which will serve both the organisation and the public interest,” as

defined by the First World Assembly of Corporate Communication Associations held in Mexico City in December 1978, (Kitchen, 1997:7). PRISA (Botha *et al*, 2007:27) however define the discipline as, “Corporate Communication is the management, through communication, of perceptions and strategic relationships between an organisation and its internal and external stakeholders.”

Grunig and Hunt, (Steyn and Puth, 2002:3), define Corporate Communication as, “The management of communication between an organisation and its publics.” Steyn and Puth (2002:4) similarly define Corporate Communication as, “Corporate Communication is communication on behalf of an organisation. It is managed communication with the aim of increasing organisational effectiveness by creating and maintaining relationships with stakeholders.” Marcus Brewster (2009), from Marcus Brewster Publicity; on his website, define Corporate Communication as the relationship and communication between an organisation and its stakeholders. Brewster’s view on Corporate Communication is similar to Steyn and Puth’s theory which reveals that Corporate Communication should be responsible for making the organisation more effective through mutually beneficial communication between the organisation and all its stakeholders.

Grunig and Grunig (1992:65-90) argue that for excellent Corporate Communication to be achieved, “The principal Corporate Communication practitioner in an organisation should take part in managing the decision making process.” Therefore:

The principal practitioner should function as a member of the inner circle, i.e. the group within an organisation with the power to make and enforce decisions about the direction of the organisation, its tasks, its objectives and functions, (Hogg and Doolan, 1999:597-611; Lages and Simkin, 2003:298-328). This ‘inner circle’ is defined by Dozier (O’Neil, 2003:4) as:

These are the employees who have power to affect the structure of the organisation, define its mission, and set its course through strategic choice. Employees who are located at the top levels of the organisational chart are typically included in this ‘inner circle’, although employees lower on the organisational chart may also be included.

Exclusion from the inner circle is one of the elements that ensure that Corporate Communication is not a management function.

2.2.2 THE STRATEGIC LEGITIMACY OF CORPORATE COMMUNICATIONS

Strategic management has traditionally been defined as, "Balancing internal activities with strategies for dealing with external factors," (Pearce and Robinson, 1982 in Grunig, 1992:119). Steyn and Puth however explain that, "Strategic Management is a process of thinking through the current mission of the organisation, and the current environmental conditions, and combining these elements by setting forth a guide for tomorrow's decisions and results," (2002:17). Strategic management is defined by Greene, Adam and Ebert (2002:17) as "A continuous process of thinking through the current mission of the organisation, thinking through the current environmental conditions, and then combining these elements by setting forth a guide for tomorrow's decisions and results." Steyn and Puth (2002:17-18) add that the concept of strategic management extends to include the achievements of goals and objectives while the organisation copes with current and future external conditions. They assert that strategy specifies direction as the organisation's strategy directs the organisation with regard to actions to be taken and approaches to be designed.

The context of strategic management refers to the 'environment' within which the organisation operates and develops its strategies. Environment is a key concept in the strategic management process. "The environment is conceptualised as a collection of stakeholders and a patterning of strategic, social, political and ethical issues," (Steyn and Puth, 2002:4).

Steyn, Puth and Botha *et al.* collectively assume that one is able to establish that Corporate Communication is indeed a strategic management function by acknowledging the roles practitioners facilitate. These roles include environmental scanning, boundary spanning, facilitating the 'mirror' and 'window' functions, ensuring that the organisation aligns all communication and relationship related exercises / functions and goals to the organisation's vision, mission, goals and objectives, corporate identity and corporate governance programmes, (Botha *et al.* 2007). Practitioners are also solely responsible for developing and implementing crisis management programmes and problem solving mechanisms applied throughout the organisation.

According to Steyn (2006:3) Corporate Communications in a strategic role, "assists an organisation to adapt to its environment by feeding it with intelligence with regard to strategic stakeholders and societal issues and the publics that emerge around the issues, into the organisations strategy formulation process." She asserts that the strategic public relations function can provide valuable information to a business even before decisions are made.

Issues of reputation risk can be ascertained and addressed in a positive way by aligning goals of the organisation with stakeholder goals and societal issues. The strategist would be involved in activities such as environmental scanning, gathering information regarding stakeholder concerns and expectations and interpreting this information with respect to consequences for the organisation (Steyn, 2006:5). Bechan adds that, "The aim of this would be to help the organisation maintain and create mutually beneficial relationships, trust and a positive reputation," (2008:7).

Marwich, Fill and Morrison indicate that:

Traditional focus has viewed Corporate Communication as functional rather than as strategic. Over the past decade however, corporate identity has become a prominent paradigm and has begun to be linked to the strategic management of organisations (Marwick and Fill, 1997:396-409 and Morrison, 1997:153-162).

A link has therefore been identified between the various functions of Corporate Communication as being strategic in nature, even though the discipline itself and by definition is not necessarily classified as a strategic management function. Balmer and Gray (1999:171-173) announce that, "The strategic nature of Corporate Communications has been legitimised through the formation of the International Corporate Identity Group (ICIG)." Steyn and Puth add that practitioners facilitate a strategic role on a daily basis as they are responsible for creating and implementing the organisation's Corporate Communication strategy and plan. According to Steyn and Puth (2000:51-97), this plan aligns all the organisation's communication efforts with all its various stakeholder groups both inside and outside the organisation. Without this programme the organisation will be unable to satisfy the needs and wants of its diverse public. One should furthermore acknowledge that an organisation could easily be forced to close if it is unable to satisfy the needs and wants of its stakeholders. "Knowledge is power" (Francis Bacon, 1597), in all instances, especially when your business is that of providing a product or service to large and diverse groups. It is for this reason that Corporate Communication is the strategic backbone of the organisation, and thus, if not managed effectively, has the power to determine the success or failure of an organisation. If so, *why is the function of Corporate Communication and its strategic legitimacy so disputed within the business environment?*

"Communication and cooperation between diverse participants within an organisation have been recognised as crucial elements to maintain organisational stability and adaptation to change," (Peng and Littlejohn, 2001:360). With that said it seems clear that communication is essential in every aspect of strategy implementation. Communication is fundamental for the effective implementation, adaptation and change of all strategies, as it serves as the link between the various stakeholders and the organisation holistically.

Corporate Communication strategy is conceptualised as a functional and organisational level strategy respectively, providing focus and direction to the Corporate Communication function. Acting as a framework for the communication plans developed to implement the strategy, it makes the Corporate Communication function relevant in the strategic management process by providing the link between key strategic issues facing the organisation and communication plans. Corporate Communication strategy is seen to be the outcome of a strategic thinking process by senior communicators and top managers taking strategic decisions with regard to the identification and management of, and communication with, strategic stakeholders (Toyer, 2006:3).

2.2.3 LOCATION OF CORPORATE COMMUNICATION WITHIN THE ORGANISATION

The communicator is able to gain influence through their organisational role and structural categorisation. Structural categorisation refers to the location of the communicator, on the organisational chart. It stands to reason that if communicators were in a manager role and thus located in either middle or top management it would be easier to gain organisational influence, compared to being located on the technical or operational level. The relationships that communication specialists have within the organisation will determine their ability to persuade top management and thus gain organisational influence. It is also the communication specialists abilities and achievements that impact their ability to gain influence. If the organisation's 'inner circle' believes the communicator adds value to the overall effectiveness of the organisation, it will allow the communicator to wield greater influence and thus have a greater impact on the organisation through the facilitation of the Corporate Communications function. O'Neil (2003: 159-169) mentions that communicators often state that public perceptions are reality whether they are true or false. She states that when referring to performance, the same is true for the 'inner circle' of most organisations. "Perceptions of their value count most," explains O'Neil (2003:159-169). O'Neil (2003: 159-169) explains that the above point was validated by a communicator that took part in the Excellence Study, when he/she said, "You've got to be adding value in their (inner circle) eyes. Then you'll get a place at the table."

O'Neil (2003: 159-169) was able to establish that those communicators who enacted a management role, as opposed to a technician role enjoyed greater success when attempting to gain the favour of top management.

2.2.4 ROLES THEORY WITHIN CORPORATE COMMUNICATIONS

Corporate Communications, to a large degree is seen as a technical function, even though the discipline has reached a strategist level. The literature points out that the validity of the Corporate Communications discipline is disputed within the organisational context. The literature therefore identifies that communication managers should attempt to influence the inner circle by gaining influence with top management and thus affect change within the organisational context. According to research by Groenewald (1998:42), De Beer (2001:78-79) and Steyn (1999:41), organisations expect Corporate Communication managers to possess management skills, strategic communication skills and management communication skills if they are to be seen as strategists by top management and decision makers. Groenewald's 1998 study on the knowledge base of Corporate Communication managers indicates that communication practitioners were not unaware of their shortcomings. Her study found that Corporate Communication managers perceived strategic communication skills, management communication skills and management skills as significantly more important than technical communication skills. However, the perceived effectiveness of their training was significantly lower in these skills than in technical communication skills. Overall, the literature identifies that, communication strategists should be able to motivate subordinates, communicate change, manage perceptions, facilitate group decision making, impart a vision to others and possess the ability to lead others.

The technical / technician role within the context of Corporate Communications as defined by Steyn and Puth (2002:21) as the role that is relevant at the implementation level. "A Corporate Communication practitioner in this role is responsible for implementing communication plans or campaigns directed at the organisation's stakeholders," cites Steyn and Puth. The manager role (Steyn and Puth, 2002:20), is facilitated at the functional, departmental or divisional level of an organisation. A practitioner or manager at this level could develop a Corporate Communication strategy and policy for the organisation. At this level the communicator focuses on communicating with and solving stakeholder problems. Communicators use this relationship and knowledge to create opportunities for the organisation to capitalise on. It is in this forum, that issues management and environmental scanning become relevant. The strategist role (Steyn and Puth, 2002:20), is located at top management level and within the inner circle. This role is facilitated by the most senior communicator at the organisation. The strategist will satisfy the needs of the CEO and inner circle with regard to strategic direction within the Corporate Communication function.

The role which each communicator facilitates within the organisation largely determines their ability to persuade and gain organisational influence. O'Neil (2003:159-169) concurs when he

explains that the ratio between technician roles and manager roles determines the status and ability of the communicator to gain influence and hence persuade management to implement and accept the function of Corporate Communications as a strategic management function.

2.2.5 THE "VALUE" OF CORPORATE COMMUNICATIONS

Hogg and Doolan (1999:597-611) assert that the Corporate Communication management function struggles to assert its value because it is not able to validate its value to the inner circle of the organisation's in which it operates. Hogg and Doolan agree with Bernays (1956:69-77) when they point out that:

Although it might be argued that Corporate Communication has been practised for thousands of years, an industry of the same name has only existed for a relatively short length of time. Corporate Communication practitioners have since sought a professional status that matches those of other professions and establishing and maintaining this status is a major concern within the industry. The ideal way to establish the value of and professional status of the function is to study and analyse how the function is perceived, what practitioners do and what influence they have within organisations.

According to De Beer (2001:322), the top South African communicators' perception are that they are not in a favourable position to influence key strategic decisions of senior management, and that their input is not valued before senior management makes decisions. It is a commonly known generalisation that Corporate Communication managers are not highly valued by the organisation as they are not regarded as contributors to the organisations single financial bottom line. Profit is the primary driver and governing factor behind the existence of business. Many organisations in South Africa still have to implement the King Report on the triple bottom line. The King Report identifies that organisations should shift their focus to more than just the profit element. Therefore financial gain is the only measuring factor with regard to the performance of the organisation and hence the absence of a Corporate Communication director in the boardroom.

A study conducted by Weber Shandwick with Spencer Stuart and KRC Research identifies a compelling link between an organisation's Chief Communications officer (CCO) and his/her department and the company's ranking on the Fortune World's Most Admired Companies list. The study, *The Rising CCO*, finds the CCOs in the most reputable organisations have:

- Longer tenures
- Fewer interdepartmental rivals and,
- The CCO reports directly to the CEO

Additionally, approximately one-third of CCOs in most admired companies cite corporate reputation as their number one priority for 2008, vs. fewer than one-quarter of CCOs in less highly regarded companies (Reputation Rx, 2011:1).

Grunig suggests that, "Management's understanding of what Corporate Communication can do dictates an organisation's Corporate Communication objectives. Consequently, as many managers equate Corporate Communication with publicity and media relations, or consider it a marginal function, this affects the role that the Corporate Communication practitioners play within the organisation," (Grunig, 1992:65-90).

Grunig, Grunig and Ehling (1992:65-90), explains that organisations conduct themselves the way they do based on a theory he calls, *power-control perspective*. In this theory he relates organisational behaviour to the dominant force within the organisation at any given time. This means that he who has the power makes the decisions. In this case, the one making the decisions decides whether or not Corporate Communication is valuable or not. The role of the communication specialist will thus be determined by the managerial body. In other words, if management perceive Corporate Communication to be valuable, practitioners will do work to show their value; however, if management believe the latter, individual practitioners will be limited in their performance.

A study by Smircich (1983:339-358), discovered significant differences between self-reports and reports made by superiors of their subordinates. Smircich's research enforces that the corporate culture and context of the organisation largely determines the perception of value associated to the practice of Corporate Communications. The roles of communication specialists and their expectations are directly based on the organisation they are with. By default, Corporate Communication practitioners see themselves as valuable – if they did not, they would not have a job or profession. Thus, according to Smircich's research, the determination of value and description of core duties should be enforced by the decision makers of the organisation. Management will be able to assert the frame of reference each practitioner should operate within. This way, practitioners will be made aware of their shortcomings, from the perspective of the inner circle. They will then be able to actively assert their value in a meaningful way.

Hogg and Doolan's research explores the role of Corporate Communication within the inner circle. The results of their research asserts that the value of the PR function within the organisation is limited and at times minimal. "They don't see the practitioner as part of the core activity, they see Corporate Communication as an added extra which is quite nice to have if you can afford it." Hogg and Doolan go on to state that:

The scope of Corporate Communication is envisioned as a narrow, technical and 'soft' function, ruling out the possibility of a strategic role. They add that the value of the function depends on the organisational context of the practitioner, even though the general consensus asserted that the function's value was limited and undermined. However, this support is juxtaposed by employers' belief that Corporate Communication is one-dimensional and undeserving of a top-level management position. Importantly, resultant implications for practitioners include less authority, lower status, and above all, the likelihood that they are not part of the inner circle in a council, Hogg and Doolan (1999:609).

Snyman and Kruger (2004:5-19) advises that communication specialists must become more innovative and competitive if they are to remedy their current status within the organisation.

If communication practitioners and managers become more innovative and demand their place within the organisational context, they are sure to be appreciated and valued by senior and executive level management. The shifting winds of change in today's business environment, where the market place is increasingly competitive and the rate of innovation is rising, have made enterprises realise that knowledge is their key asset, Snyman and Kruger (2004:5-19).

Drucker (1993:8), points out that, "The most valuable assets of the 21st century enterprise are its knowledge and knowledge workers. Within this context, the ability of enterprises to exploit their intangible assets has become far more decisive than their ability to invest and manage their physical assets." With that said the organisation should take full advantage of the skills communication professionals possess and use them to their optimum.

O'Neil proclaims that the communicator can only be taken seriously and made part of the 'inner circle' once they should prove their worth and value to senior management and 'earn their stripes'. The difference between the various roles of communicators within an organisation should thus be clearly differentiated and communicated to senior management if the communicator is to be seen as valuable by top management. O'Neil (2003:159-169) explains that prior research identified the following as the benefits of enacting a managerial role within an organisation, - "higher salaries, greater status, increased job satisfaction, and a powerful indicator of excellence in Corporate Communication management." The communicator must foster and manage a good working relationship with the individual he/she reports to. If the communicator has a positive and direct relationship with his/her supervisor or CEO, the communicator will find it easier when attempting to persuade top management and gain organisational influence of the Corporate Communications function.

2.2.6 WHAT IS EXCELLENT CORPORATE COMMUNICATION?

When trying to understand how Corporate Communication should contribute to organisational effectiveness, the Excellence Study (Grunig, Grunig and Ehling, 1992) points out that the behaviour of stakeholders has consequences for the organisation and is the

justification for the existence of the Corporate Communication function. By identifying and stabilising relationships with strategic stakeholders, and by reducing conflict and uncertainty, Corporate Communication contributes toward organisational effectiveness (Grunig, Grunig and Ehling, 1992). However, this contribution is possible only if Corporate Communication is part of top management (Grunig, in Staff 1988).

Grunig (1990) explained that Corporate Communication had to be practised at three organisational levels to be excellent:

- at micro level, where PR programmes were planned, implemented and evaluated
- at meso level, where a practitioner in the PR manager role positioned corporate communication as a management function; and
- at macro level, where various conditions determined the function's contribution to organisational effectiveness.

Holtzhausen (1995) viewed the role of Corporate Communication in strategic management as the determining factor for whether it made a contribution towards organisational excellence. The role played at the macro level also determined the way in which corporate communication was practised at the meso and micro levels of the organisation. Decisions at macro level determined the attitude of the organisation towards communication with stakeholders, the Corporate Communication model practised, and the stakeholders considered strategic. Holtzhausen's viewpoint is important in the conceptualisation of the role of a PR strategist, it emphasises the need for the Corporate Communication manager to be part of top management and to play a strategic role at the macro level. A shared expectation has to exist between top management and senior communication managers on what constitutes communication management, the role communication should play in the overall management of the organisation and the way in which communication could benefit the organisation (Dozier et al, 1995).

The Excellence Study (Dozier et al, 1995) indicated that chief executives valued Corporate Communication managers who made inputs into the strategic management process by:

- acting as boundary spanners, environmental scanners and 'early warning systems';
- contributing this intelligence to the organisation's strategy formulation process;
- acting as advocates for publics, stating their viewpoints to top management—informing them as to what publics know, how they feel, and how they might behave relevant to strategic decisions under consideration;
- designing programmes and messages to communicate effectively the desired outcomes among targeted publics after decisions were made; and
- practising two-way, symmetrical communication.

If top management understands and demands this role of the excellent Corporate Communication manager, and if the communication manager has the knowledge to deliver, then critical linkages evolve between the Corporate Communication function and top management which reinforces the expertise in the Corporate Communication department to deliver communication excellence, and the strategic view of communication among top management (Dozier et al, 1995:14-17).

2.2.7 ALIGNING CORPORATE COMMUNICATION TO AN ECONOMIC IMPERATIVE

To truly gain influence within the organisation and thus implement the Corporate Communication function throughout the organisation, practitioners must gain influence with top management and must moreover be able to persuade them of the value and potential of the discipline. With that said, it is justifiable to conclude that practitioners should be a part or currently be striving toward being a part of the organisation's inner circle.

Corporate Communication managers should be able to gain influence through their organisational role and structural categorisation. Structural categorisation refers to the location of the practitioner, on the organisational chart. O'Neil explains that practitioners gain access to top level management once they have proven their worth to the 'inner circle' and convinced them that they are a valuable asset to the organisation. "Perceptions of their [the Corporate Communication] value count most," explains O'Neil (2003:159-169). O'Neil adds that the above point was validated by a communicator that took part in the Excellence Study, when he said, "You've got to be adding value in their [inner circle/inner circle] eyes. Then you'll get a place at the table," (O'Neil, 2003:160). Once at the table, corporate communicators will be able to influence decision making and make their impact known to the inner circle. O'Neil also made the correlation between years of professional experience and the ability to positively persuade top management. Practitioners who were more senior and more experienced in both business and Corporate Communication environments are able to wield greater respect and thus are perceived as more valuable. When practitioners are perceived and believed to be of more value, their opinions and ideas are respected which makes it easier for them to persuade top management and thus gain organisational influence for the Corporate Communications function.

Another point of importance is the relationship between the practitioner and senior management. According to O'Neil (2003:159-169) this relationship can be measured not by the amount of time spent, but rather the value and quality of the time spent with the 'inner circle'. When engaging in these meetings and occasions the practitioner should not sit by idly

but rather provide counsel and advice to senior management with regard to the impact of Corporate Communication on the overall effectiveness of the organisation and thus motivate its inclusion and participation in the formulation of corporate strategy.

Disciplines like marketing, finance, production and human resources are able to operate in executive management hierarchies, whereas, Corporate Communications is forced to constantly prove its worth to top management to secure a place in the boardroom. According to Goodman (2002:1-59), Corporate Communications managers are expected to enforce policies throughout the organisation and are expected to be the voice of the organisation.

Goodman therefore asks:

How can the discipline operate effectively when it is not present when decisions are made? Are these decisions not the very policies and messages corporate communicators have to communicate to the organisation's many stakeholder groups?

Goodman (2000:69) defines Corporate Communication as "The total of a corporation's efforts to communicate effectively and profitably." Argenti (1998:442-445) remarks that Corporate Communication is "The way organisations communicate with various groups of people." Argenti (1998:443) argues that,

While the term Corporate Communication is not new, the idea of Corporate Communication as a functional area of management equal in importance to finance, marketing, and production is very new. Historically, the role of communication has been seen as an optional extra to the organisation. Communicators were technicians, called in to write press releases, speeches, annual reports, and marketing brochures. In the contemporary corporate environment, companies are looking for communicators who can integrate their activities with the firm's business strategy and external positioning. Corporate communicators are increasingly required to have experience across the communication disciplines so they know how to develop strategic and broadly based strategies that can influence outcomes and affect results. More and more companies are beginning to realise the importance of a unified approach to the communication function.

Goodman (2000:69) describes Corporate Communication as, "A variety of management functions related to an organisation's external and internal communications, including a corporation's relations with the public, the community, investors, employees, the media, and local and national governments."

Instead of just thinking what the organisation should do to perform well with regard to their triple bottom lines, one should acknowledge what the organisation should not do as well. Stakeholder relationships save the organisation millions in damages and losses that are not equated to *Rands and cents*, and are thus not reflected on the annual report and hence not related to business performance. Crisis management and contingency plans have many

times remedied and rescued the organisation's reputation and coffers. Employees form the backbone of the organisation and thus should be treated with great appreciation. Problems related to poor performance, absenteeism and job turnover are directly related to employee relations. When the organisation deals with employees poorly, they inevitably pay the price because the organisation bears the cost of poor employee relations in both profit and productivity losses, to name a few.

Goodman (2000:69) suggests that the foundation of the corporate communicators' role in the modern organisation lies in their expert ability to use communication as a tool to "lead, motivate, persuade, and inform". These tools enable the organisation to gain a competitive advantage within the industry. Radford and Goldstein (2002:253) point out that, "This is not a new idea by any means, the paradigm has been redefined in the 'information age' so much so that the very survival of communicators requires them to see themselves as a catalyst for change." An early problem with communication research was related to how the received message measured up to the desired one, (Shannon and Weaver, 1949:3-4). It has always been challenging to match up the intentions of the researcher with the understanding of the respondent. Corporate Communication practitioners are pressured by senior management to see communication as inherently strategic. Strategic Corporate Communication is considered by Shannon and Weaver (1949:3-4) to shape corporate strategy and lead the process of creating brand identity and reputation management. They go on to explain that the success of the communications practitioners in a strategic role, will be dependent on them embracing a culture and tradition of international research that legitimises their strategic nature. Communication then is persuasion, attitude change, and behaviour modification, socialisation through the transmission of information, influence or conditioning.

2.2.8 NAME GAME: CORPORATE COMMUNICATION VERSUS PUBLIC RELATIONS

Tilley (2005:1-10), a researcher from New Zealand suggests that:

The name of PR is so tarnished that it needs to be replaced with a title reflecting transparency, consistency and responsiveness of managers (TCRM) to better reflect the needs for open communication, consistency of internal external messaging, and the organisational athleticism to respond to stakeholder requirements.

Sterne's research on establishing a perception of respect for Corporate Communications as a valuable and influential business function in the business environment concurs with Tilley's sentiments. He found that senior in-house communications practitioners are generally keen to distance themselves from the title *PR*. Sterne explains how, "One said she had a virulent dislike for the term." He added, "The first thing I did when I took this job was to change the name to Communications," (Sterne, 2008:34). Another respondent in Sterne's

study asserts, "I absolutely loathe it [*the term PR*]. The moment you use the title an image comes to mind of some bimbo woman, light and fluffy – no substance, not spinning but not capable with serious matters," (Sterne, 2008:34-35).

None of the senior practitioners in Sterne's study had the term *PR* in their title, they preferred "Communication", "Corporate Affairs" or "Public Affairs" instead. Overall, the respondents felt that *PR* was a dated term that evoked images of spin doctoring, manipulated information and deceptive practices. Sterne (2008:34-35) reveals that, "The negative connotations of the term clearly constitute a major issue for credibility for the industry in New Zealand. The negative stories about questionable *PR* practice are very fresh in senior managers' minds – far more prominent than stories of best practice."

The case in the South African context differs to that of New Zealand. Instead of a sense of dislike toward the title of *PR*, the South African industry is more focused of finding a term that adequately defines the functions performed by the name it "*goes by*". Steyn and Puth believe that the primary difference in defining the name and title of the function is in the various roles and levels of the function within the organisational context. According to Steyn and Puth (2002:3), "Corporate Communication is a more accurate term to describe the Corporate Communication management discipline. The term Corporate Communication is able to communicate more clearly the function of the Corporate Communication discipline and thus identify the core focus of the role facilitated by practitioners." They furthermore add that, "Corporate Communications Management can largely be defined as the management of strategic relationships with both the internal and external stakeholders of an organisation. The discipline is responsible for far more than just the function of relationship initiation and management. Corporate Communication is a newly coined term that is now capable of encompassing the diverse depth of the 'Corporate Communication' discipline."

2.3. CORPORATE GOVERNANCE

2.3.1 CORPORATE GOVERNANCE: A CORPORATE COMMUNICATION FUNCTION

"Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The aim is to align as nearly as possible the interests of individuals, corporations and society," (Cadbury, 2000:7-15). Good corporate governance can be measured by an organisation's dedication toward discipline; transparency; independence; accountability; responsibility; fairness and social responsibility. These seven criteria have enabled organisations to measure and report on their corporate citizenship. The King Report has been responsible for the provision of new legislation to

facilitate and update compliance with good corporate governance. The triple bottom line embraces the economic, environmental and social responsibilities of the organisation.

Corporate Communication and communication in a strategic function can support what Steyn (2006:4) refers to as 'Enterprise Strategy'. Bechan (2008:7) explains this assertion by relating the strategy to the Corporate Communication activity of influencing top management to practice two-way communication with its stakeholders. She adds that:

The organisation is led to show its commitment and contribution to 'people' and the 'environment', rather than just profits. This has commonly come to be known as the 'triple bottom line' in the practice and theory of Corporate Communication and communication management.

Good corporate governance is able to promote profitability and encourage investor interest. This point was consequently made by Arthur Levitt in Cadbury (2000:10), when he stated that, "If a country does not have a reputation for strong corporate governance practices, capital will flow elsewhere. Markets exist by the grace of investors. Today's empowered investors determine which companies and which markets will stand the test of time."

Sakurai and Scarborough (2006:2) state that many Japanese companies have suffered big downfalls in reputation because of violation of corporate governance and compliance. In these cases, employees kept silent and overlooked laws and ethics in order to remain in favour with members within the organisation and maintain their positions. Japanese automobile manufacturer, Toyota, recently came under the spotlight internationally when motorists experienced technical difficulties with their cars that resulted in their untimely death. Mark Saylor and his family died in their Toyota due to a problem with the automobile's acceleration functionalities. The Saylor family were the first victims of the Toyota manufacturing scandal. Thereafter, thousands of Toyota's were recalled around the globe.

2.3.2 CORPORATE PERFORMANCE: A CORPORATE GOVERNANCE FUNCTION

According to the editor of Fortune Magazine, *Doing good is bad business*, (Kristol in *Wall Street Journal*, 1978). This statement affirms the point that the mere giving of corporate funds cannot validate the classification of a good corporate citizen. At the core of this 'new role for business' is the realisation that a company's accountability towards multiple stakeholders in society is on par (Vinten 1998:89). Companies increasingly acknowledge that their accountability to other stakeholders has moved far beyond minor "do-goodism" and has entered the sphere of sustainable development (Wilson 2000:12).

Corporate Communication managers are thus responsible for strategically aligning the organisations CSR output to its corporate governance mandate and thus, its compliance to the concept of the triple bottom line. Compliance with the King Report is gaining esteem and stature in the business community and soon conformity to the principles of the triple bottom line will become a prerequisite for all organisations. Corporate Communication are leading the way in this regard and this point can be made when one acknowledges the success of those organisations that are currently listed on the SRI (Social Responsibility Index).

Kaplan and Norton's bestselling concept, The Balanced Scoreboard (BSC), directly addresses the issue of value and performance. However, it relates specifically to empowering communication professionals with a tool to report their value in a meaningful way to the organisation. Kaplan and Norton (in Ritter, 2003:44-59) developed The Balanced Scoreboard model in 1992 and it has gained much popularity in corporate circles. The Balanced Scoreboard measures performance according to,

- the financial perspective;
- the customers' perspective;
- the internal processes perspective; and
- the human resources, innovation and learning perspective.

The model essentially links financial goals and measures with customer's goals and measures, as well as goals and measures related to internal business (e.g., technology capability, manufacturing excellence) and innovation and learning. In so doing, The Balanced Scoreboard approach has recognised the impact stakeholderhood has on overall business performance. The triple bottom line asserts that overall business performance is linked to economic, social and environmental bottom lines.

Michael Ritter (2003:44), the VP for Corporate Relations and Communications at Siemens paints a scenario that many Communication professionals would be familiar with:

Nowadays, when you present, say, a US\$250,000 communications plan requested by the CEO or the CFO, you may be asked, "Can you tell us exactly what this company will obtain in exchange for the quarter million dollars you are asking us to invest in your program?" Or even worse, the operations director may say to you, "I can tell you exactly how many more products I can place on the shelves with that capital and how much I can increase the company's billing and turnover. What about you? How much is the return on investment that your campaign will generate?" In the past, the pressure on results was not the same; one could get away with using the excuse that communications cannot be measured with a calculator. It goes without saying that, despite that fact, we did not generally obtain the proposed budget or at least the desired amount. If, as professionals, we hope to measure ourselves effectively against our commercial, finance and operations counterparts, we should then develop effective ways and methods to measure our administration, our efforts and our improvements, and to show how and where we add value to the company.

The BSC model enables Corporate Communication professionals to report their value to top management via a scientific mechanism that is plotted around communication focused fields. The BSC measures performance based on both monetary and non-monetary indicators. Overall effectiveness for the organisation is also measured extensively as performance is measured for the whole company, a business unit or department and from both the internal and external environment [and stakeholders].

Dess and Robinson (1984:265) describes how organisational performance was measured in the past. Many organisations however use the same measurement process and refuse to accept the BSC concept. Dess and Robinson explains that organisations measure performance according to three concepts:

2.3.2.1 Goals Approach: measures the goals and behaviour of organisational members. This is done to ascertain if organisational and individual (of staff) goals were attained. In addition, the behavior and individual performance of staff members are measured.

2.3.2.2 Systems Approach: measures the performance of the internal and external factors which the organisation depends on for survival.

2.3.2.3 Constituency Approach: this approach is reminiscent of the stakeholder approach which, refers to the responses of the organisation's constituents both inside and outside the organisation.

Organisations generally measure business performance according to their market share when compared to that of one's competitors, (Anderson, Fornell and Lehman, 1994:53-66). Ritter believes this assumption rests on the fact that competing organisations have a fair opportunity to manipulate, and attempt to capture, market share. This assumption is unrealistic as monopolies exist within the market, which limit organisations from competing fairly based on only market share and profit margins. Many organisations, especially the larger conglomerates, have moved away from such limited reporting styles and approaches and established more effective methods, like the BSC; for measuring holistic corporate performance (Ritter, 2003:44-59).

Managers and scholars generally think about stakeholders in terms of morality, ethics, and social responsibility rather than economic value and competitive advantage. Rather than passive recipients of responsible treatment, modern stakeholders work with managers to improve their own benefits while also enhancing corporate profitability. Thus, the wealth-

creating role of business arises directly out of integrating stakeholders into a productive whole – a ‘corporate community’. Management does not appreciate the value of good relationships and satisfied stakeholders because they are unable to attach a turnover ratio to its achievements, (Halal, 2000:10-16). The Balanced Scoreboard model, allow Corporate Communication professionals to associate a monetary value to good relationships and thus indicate their value to the organisation.

2.3.3 THE STRATEGIC LEGITIMACY OF CORPORATE GOVERNANCE

Organisations operate alongside society and environment, and therefore engage in an equitable partnership with all its stakeholders. It is due to this concept of mutuality that corporate governance has gained much momentum and thus been classified as a strategic function. Organisations are more susceptible to the needs of their stakeholder groups because they acknowledge how valuable relationships are. Everything the organisation does must be identified and communicated to all stakeholder groups concerned, to facilitate mutual understanding and satisfaction, which is strategic in nature. Sustainability refers to the achievement of balanced and integrated economic, social and environmental performance. Sustainable development is therefore a strategic function that is facilitated by Corporate Communication practitioners. The Global Reporting Initiative (GRI) has aided organisations with their sustainability reporting. This initiative has created a general framework from which organisations can report on their economic, environmental and social performance. Nganwa (2002), explains that, “The GRI was established to make sustainability reporting as routine as financial reporting.” The Balanced Scoreboard approach is another initiative which enables organisations to measure their compliance of corporate governance and sustainability.

2.3.4 CORPORATE CITIZENSHIP: A SUSTAINABLE APPROACH ON 21ST CENTURY ORGANISATIONS

The King Report (King Committee, 2009:4) has introduced the concept of sustainability reporting and the expectation on organisation’s to be “more than just profitable”. Mervin King alludes to the fact that the organisation is expected to be aware of its environmental in totality and thus be a good corporate citizen and this responsibility rests on the laurels of the Corporate Communication department.

The King Report provides guidance to organisation’s according to their implementation of the triple bottom line and Pricewaterhouse Coopers does audits based on the King Report. Organisations that have been rated highly according to the King’s Commission have

increased their market share and profitability and have furthermore seen their share price increase substantially. This process forces organisations to be held accountable for their actions. An increased share price means increased profit and the department who allows that to happen would be considered as valuable to the organisation. Corporate Communication as a department is responsible for ensuring that the organisation is a responsible corporate citizen.

The drive towards sustainability is a rational debate combining economic interest (the concern for profit) with concern for the planet and people through sustainable development. In 2000, the Dow Jones Sustainability Index showed that those companies which, in their strategies, integrate economic aspects with environmental, ethical and social concerns – give a larger yield on their shares than conventionally driven companies (Holmström, 2002). According to Clem Sunter, chairman of the Anglo American Chairman's Fund, companies that relate to their environments purely on the basis of economics are known to cultivate relationships from pure self-interest and mostly with shareholders, financial analysts and customers. Often, these interactions have been a power play – 'wining and dining' the influential few, - while ignoring the rest or coercing them into conformance (Sunter and Visser, 2002:106). According to Singleton (2003:6) companies have to move beyond their aggressive, competitive tendencies to survive in the sustainability era. They need to be genuinely concerned about the perspectives and wellbeing of all their stakeholders.

Zairi and Peters (2002:174-178) explain that organisations now take favour to the principle "show me" rather than just "trust me". Corporate social accountability and reporting is therefore seen as a key driver for engaging the wider community as an important stakeholder in business activity. Initiatives like the Balanced Scoreboard and JSE Socially Responsible Index provides organisations with a mechanism to present both their performance and compliance with regard to social accountability as well as financial responsibility. The key drivers for adding optimum value to society and the communities in which specific business organisations operate is through having strong commitment to corporate and social governance, having an open dialogue with external stakeholders and having the determination to achieve environmental sustainability, (Zairi and Peters, 2002). Nganwa explained that many of the organisations listed on the JSE Top 100 companies comply with the JSE SRI and in so doing, with the Triple Bottom Line. This reality allows one to assume that these Corporate Communication functions should be valuable if they allow an organisation to be listed as on the Top 100 companies on an international stock exchange.

2.3.5 JSE SRI (Johannesburg Security Exchange Social Responsibility Index)

The JSE's central role in the South African financial markets ideally positioned it to help focus the debate about what constitutes sustainable business practice. Therefore the JSE initiated a process to measure the triple bottom line practices of listed companies, which resulted in the Social Responsible Investment ("SRI") Index which was launched in May 2004.

The intention is for the SRI Index to be a benchmark index that will identify best practice in the triple bottom line, highlight those companies with good triple bottom line practices and measure their share price performance. Thus it aims to focus the debate on what the triple bottom line means for South Africa, while enabling SRI to take place. In so doing, the Index sets out to prove to critics that stakeholder relations are indeed impacting business performance.

The JSE believes that the SRI Index provides the investor with a unique tool to assess and value company performance in a broader sense, thus influencing the behaviour of both investors and the company to respond to the priorities of sustainability and social responsibility in South Africa. If its measure of company behaviour accurately reflects South African realities, then the SRI Index's contribution to aligning company behaviour with socio-economic and environmental imperatives could be significant.

Alan Finley in Nganwa (2002:13-14) states that:

Socially responsible business has become a buzz-phrase in corporate circles - and companies in South Africa may have to reach beyond the chequebook philanthropy of the past if they want to walk the talk of sustainable business. In a move billed by some as a swing away from the "bottom line only" mentality of the past, the country's first socially responsible investment (SRI) index was launched on the Johannesburg Stock Exchange (JSE) in July 2002, put South Africa in line with global trends in corporate governance.

JSE Deputy CEO, Nicky Newton-King (2006), explains that, "Socially responsible business practices do mean more profit in the long run, it will be a way of incentivising businesses generally towards better corporate governance. Newton-King believes the index will put big companies in the spotlight and hold companies accountable, and even place "peer pressure" on those not listed to tow the line of sustainable business." She goes on to say that the index will help companies focus on the debate on triple bottom line practices. Newton-King explains that responsible organisations will benefit in the long run as they will be more appealing to investors. Global standards assert that organisations should be responsible and

comply with the triple bottom line, in so doing the organisation will benefit financially from increased investments. Newton-King adds:

SA business is engaged with their stakeholders and the issues of sustainability in a far greater way than overseas. They need to be celebrated for this. We hope the criteria will become an aspirational benchmark for all of us. This will become a seal of quality. The fortunes of the companies that meet the criteria will be tracked electronically to see how well they perform relative to other companies. The key challenge is to achieve a balance between performance and compliance, while taking account of stakeholder expectations. It seems a tough order, and though some of the principles and practices on which companies are rated are negotiable, there are core indicators that are not (Newton-King, 2007:1).

The JSE SRI serves as a benchmark in the sense that Corporate Communication professionals are able to record their efforts, using a recognised index. This index in addition, could gain favour for the organisation as investor relation efforts translate into economic benefits for the organisation.

2.3.6 INVESTOR RELATIONS: A FUNCTION OF CORPORATE GOVERNANCE

Markets exist by the grace of investors. Today's empowered investors determine which companies and which markets will stand the test of time.

Tuominen (1997:46-65) suggests that the objective of investor relations is to create common long-term relationships between the organisation and its direct and indirect partner groups within the investor community. Financial reputation has become increasingly important to stakeholders because of the high rate of competition and as a result of globalisation and convergence (Deephouse, 1997:68-71). "In the case of listed companies both; present and potential, private and institutional investors take into consideration the relationship the organisation has with its stakeholder groups. Investors consider stakeholder relations to be an indicator of a successful organisation that performs well financially," (Tuominen, 1997). Investor relations is a legitimate strategic management function because it directly impacts organisational performance and asserts value both within the stakeholder management domain and the domain of profitability.

Silver (2004:59-74) states that investor relations directly impact the organisation's share price, which thus contributes toward business performance. Dolphin (2004:25-42) claims that a positive corporate reputation is as a result of good investor relations. Silver (2004) adds that great company reputation has positive effects on improving stock price. Such beliefs imply that investor relations effects tend to shift from simply increasing the share price to enhancing the corporate reputation and image in the long term.

Thomas Smith, Senior Vice President of Investor Relations at Ogilvy Public Relations Worldwide (2011) suggests that the aim of Investor Relations should be able to communicate an organisation's long-term strategic vision and business strategy. In so doing, the organisation should be represented as a credible and sustainable organisation. Investor Relations focuses on principles of finance, policy, law and communications. They go on to say that, "The economic environment, competitive landscape, investors' attitudes and marketplace dynamics have changed dramatically for public companies during the past decade. To succeed in today's environment, companies must differentiate themselves by building investors' confidence in their ability to create measurable value. The foundation to a company's corporate reputation among investors is to clearly define and articulate the business model," (Ogilvy PR Worldwide, 2011).

According to Marston and Straker (2001:82-93), 97.8% of organisations consider investor relations to be very important to overall success; compared to the 6.8% of ten years ago. Thus, the value placed on investor relations has increased steadily. Now more than ever, investor relations is being managed by the Corporate Communications department. Wilcox explains that the United States Department of Labour consider investor relations to be the speciality of Corporate Communication practitioners and managers, (Wilcox, 2006:69-85).

According to Mahoney (1991), investor relations departments, within the organisational context, first appeared in the 1980s. Farragher, Kleiman and Bazaz (1994); Marston (1996) as well as Petersen and Martin (1996), agree that in the past, investor relations activities were primarily conducted by financial affairs or independent investor relations departments. The discipline was separated from the Corporate Communication function because it was believed that investor relations focused only on increasing stock prices. Hong and Ki (2007:1991-2000) concur by stating that investor relations was limited to facilitating a function within the finance department of the business only. Investor relations, is by description a newly coined word because it places value on building relationships with investors. An investor relations portfolio integrates finance, marketing and communications and is often called *Financial-PR*.

Corporate Communication professionals began to understand the importance and value of financial communication after the Enron scandal in 2001 (Petrecca, 2002:17). The Enron scandal provides a real time example of poor stakeholder management and investor relations. Transparency in organisations, are vitally important, especially within multinational organisations. The unravelling of Enron should act as a warning for the executive management of large organisations as to *what not to do* with regard to business and

communication strategy. Since, then, the convergence between investor relations and Corporate Communication has been given more serious attention. Prout (1997:685-695), ascribes that investor relations should to be one of the functional responsibilities within the department of Corporate Communication.

Dolphin (2004:25-42) concludes that, "Corporate Communication is concerned with identifying, establishing and maintaining long-term relations with those audiences that are perceived by an organisation as being those that help to produce successful outcomes for corporate strategy". Register (1990:4-7), places Dolphin's views in context by stating that, "Investor relations is the financial end of the communications function, rather than the communications end of the financial function."

2.4. STAKEHOLDER MANAGEMENT

2.4.1 STAKEHOLDER MANAGEMENT: A CORPORATE COMMUNICATION FUNCTION

Corporate Communication practitioners play a pivotal role, if not the primary role in stakeholder satisfaction. Dolphin and Fan (2000:99-106) predict that if decision makers and senior management are to understand the value of good corporate governance and hence strong stakeholder relationships, Corporate Communication would be able to adapt these initiatives toward a profitable agenda. In so doing, Corporate Communication practitioners will be able to contribute directly to the bottom line of the organisation and hence be seen as a valuable function worthy of top management status. Prahalad and Hamel (1990:87) state that:

It appears that those responsible for communicating with an organisation's stakeholders, those who are in natural boundary-spanning positions and who have their fingers on the pulse of what is happening in society, need to play a major role in strategy formulation.

Prahalad and Hamel suggest that those within the organisation with the most reliable knowledge of the organisation's stakeholder, those being Corporate Communication professionals, are being *kept out of the loop* when decisions are being made. They imply that this is one of the organisation's strategic limitations.

Dolphin and Fan (2000:99-106) believe that it is human nature to shy away from things that one does not understand, but as a professional, it is the duty of CEO's and top management boards to educate themselves about the Corporate Communication discipline before making judgement. If not, this could lead to their premature abandoning of a potentially advantageous and profitable intervention and initiative.

2.4.2 STAKEHOLDERSHIP

According to Steyn and Puth's (2000:187) theories of stakeholder management, the environment of any organisation is determined by a variety of stakeholder groups who have vested interests (a stake) in the performance of the organisation. The ideal method of measuring corporate performance should be aligned to the stakeholder management strategy and approach. This view is mimicked by the authors of 'The Performance Prism' concept. Neely, Adams and Kennerly (2000:2-4) assert that:

Measuring performance based on stakeholder satisfaction is the ideal way to guarantee long term organisational success. It provides an innovative and holistic framework that directs management attention to what is important for long term success and viability and helps organisations to design, build, operate and refresh their performance measurement systems in a way that is relevant to the specific conditions of their operating environment.

The Performance Prism asserts that all stakeholder relationships (e.g., suppliers, distributors, customers, employees, stockholders, labor unions, government, local community, consumer and environmental advocacy stakeholders) should be measured and in so doing - managed. This approach is known as stakeholder relationships or stakeholder management. An organisation enforcing this concept, values each stakeholder group and the impact these groups have on business performance. Without stakeholder management the organisation runs the risk of operating blindly and without a purpose. Neely's (*et.al*, 2000:2-4) 'Performance Prism' model provides Corporate Communication professionals with yet another scientific mechanism to report their performance and output to top management.

Stakeholder satisfaction should be used as an economic opportunity as opposed to an inactive duty on the part of the organisation. Most organisations consider stakeholder relationships to be an act of goodwill as opposed to a profit motivation which does not concur with strategic thinking. Van Luijk (2000:3) concurs with the above statement when he explains that:

Stakeholder management is recognised as a guiding concept. Business has widely accepted that it has a license to operate to win stakeholders (customers, suppliers, employees, etc.) from society at large, and operational instruments such as codes of ethics and forms of ethical auditing and accounting are used as tools.

If the organisation were to take an interest in the opinions of stakeholders and make decisions accordingly, the organisation could be substantially more successful and profitable as a result. Stakeholder management as coined by Steyn and Puth (2000:187), declares that stakeholder management, a Corporate Communication function, does indeed add value to

the organisation by contributing toward profitability and overall business performance. This reality however remains an allegation until top management concurs with the above literature findings.

2.4.3 THE IMPACT OF STAKEHOLDER MANAGEMENT ON CORPORATE PERFORMANCE

Dr. Joseph Sirgy (2002:143) asks the following question, "Why do we bother to measure corporate performance?" The answer is that we would have a better chance identifying organisational strengths and weaknesses, and developing corporate strategies to capitalise on strengths and remedy weaknesses. Corporate survival and growth depends on the extent to which the managers of internal stakeholders meet the needs of external stakeholders, coordinate with one another, and manage the corporate image in the eyes and minds of distal groups.

Dr. Sirgy believes that business performance rests on the organisation's ability to satisfy the needs of its stakeholders. He identifies the following three premises as the organisation's guide to overall corporate success and effectiveness, (1) the extent to which they meet the needs of their external stakeholders, (2) the extent of coordination with other internal stakeholders, and (3) the extent to which they are successful in managing the corporate image in the eyes and minds of their distal stakeholders.

Corporate performance is the fundamental base of a corporate strategy. Stakeholder relations is the mechanism the organisation should utilise to perform well, in so doing, stakeholder relations should thus be entrenched in the corporate strategy as it is directly related to business performance.

Dr. Joseph Sirgy (2002:143-152) asserts that corporate performance is directly impacted by stakeholder relations. He explains that the organisation's growth and survival is determined by relationship quality with stakeholders. More specifically he states that quality relationships among various organisational departments (internal stakeholders), and quality relationships between internal and external stakeholders determine the organisation's overall business performance.

Dr. Joseph Sirgy (2002:143-152), explains that the stakeholder approach has come a long way and has an even longer way to go still. He states that:

The subject of corporate performance measurement has been approached from a variety of disciplinary perspectives within business. For example, business scholars from an accounting tradition have long measured corporate performance using traditional cost accounting methods in which the emphasis is cost efficiency. This

method of measuring corporate performance has been criticised for its narrow focus, and it has been replaced by activity-based costing. Business and finance scholars have long concentrated on the fact that corporate performance should not be measured solely by expenses versus profits.

2.4.4 THE KNOWLEDGE ECONOMY: A STAKEHOLDER APPROACH

2.4.4.1 Corporate Communicators as Knowledge Workers

Halal's concept of the corporate community exists within a knowledge economy, where management's strategic role is to facilitate joint problem solving among corporate stakeholders. "In short, stakeholder collaboration is now the key to creating wealth", (Halal, 2000:10-16). He believes that, in the information age, wealth is a function of information, vision, and properties of the mind. Unlike capital, knowledge can't be used up. The more of it you dispense, the more you generate.

While research is acknowledged by practitioners, they have not found a way to integrate the value of research methods into the day-to-day practice of Corporate Communications. According to Radford and Goldstein (2002:253), research is:

First and foremost a way of articulating and supporting knowledge claims, but it is also an important means of adjudicating between competing knowledge claims. The corporate communicator is in a position to back up his/her view of the situation with data collected by valid, reliable, and pre-tested instruments and checked by the rigor of statistical testing.

The public tend to act on their "opinions" or what they "feel". The corporate communicator must try and influence these perceptions and feelings. With the current technologically-driven culture and information age environment, the ability of the communicator to influence the public has been dramatically reduced. The communicator can no longer rely on instinct and perceived truths to communicate with stakeholders. Practitioners need to act and make decisions based on tested information and logic, acquired through sound scientific methodologies. Radford and Goldstein thus affirm that research is indeed another profitable mechanism of Corporate Communications.

2.4.4.2 Knowledge Worker and Technology within the Corporate Communications

Our world is rapidly converging, knowledge enables organisations to stay ahead of their game and thus remain effective and profitable in a changing marketplace. Henry Mintzberg

(1988) similarly discusses how the changing world would warrant adjustments and modifications within the organisational context. He theorised the concepts of strategic planning to address the challenges of technology and media convergence. According to Gibson (2011:1) Media Convergence can be defined as:

Media convergence is the merging of mass communication outlets; that include print, television, radio, the Internet along with portable and interactive technologies through various digital presentation platforms.

The media convergence movement has grown considerably because of the many technological advancements in recent times' particularly with the emergence of the Internet and the digitisation of information. Media convergence allows mass media professionals to tell stories and present information and entertainment using a variety of media. Converged communication provides multiple tools for storytelling, allowing stakeholders to select their desired level of interactivity while self-directing content delivery.

Radford and Goldstein (2002) however believe that research coupled with technology enables the organisation to stay ahead. Corporate communicators are also known as knowledge workers, a concept coined by Peter Drucker in 1954. Drucker believes that the knowledge communicators gain through research and stakeholder management can be equated to an economic imperative. This is so because the knowledge gained impacts decision making which impacts corporate performance simultaneously. This view is shared by Radford and Goldstein (2002:252-256), as they believe:

The twenty-first century is here and the communication support required by business is evolving rapidly. Communication is becoming a knowledge-based profession, and the lines between Corporate Communication / public affairs disciplines are converging. In this new era, media relations, issues management, advertising and the rest of the disciplines will be more closely integrated to ensure clear, consistent and constant emphasis on key messages. This integration, moreover, will offer the capacity to change advertising messages, sometimes overnight, to address the changing perceptions of various constituencies. We believe the dynamic forces reshaping business will lead communicators to understand the critical importance of research and technology to guide strategy development and to provide implementation tools.

Randy Robson in O'Neill (2003:159-169), the director of Marketing and Public Relations at Pembroke Consulting in the USA describes how communication should be used more effectively and for profit when he explains that,

Effective communications means more than just what you put out to the press. Your Corporate Communications must reflect genuine actions, practices and commitment to ethics. The age old rule of thumb, of Corporate Communication still rings true today: You can't polish B.S. It only makes a bigger mess. Your communications programme is integrally important in helping to shape the opinions of your key audiences and leverage your reputation to advance your corporate objectives and preserve the goodwill toward your brand. Communications is the process of proactively identifying

and managing the ripples that might turn into waves which can hurt your company (O'Neill, 2003:159-169).

The above literature identifies the many skills and uses found within the Corporate Communications discipline. In theory, the discipline seems to affect the organisation positively from the micro to the macro level of its functionality.

2.4.5 STAKEHOLDER MANAGEMENT AND ITS EFFECT ON REPUTATION

Bechan (2008:5-6) explains that, "As a result of the changing communication environment, businesses today are accountable to a larger set of stakeholders and their issues, than at any other time in history. Many of the big organisations have done the reputational damage themselves and have come to have their ethical practices questioned and scrutinised by various sectors of stakeholders. She states that proactive stakeholders would include:

- Activist groups
- Investors
- Protest groups (human rights abuse and environmental damage)
- Anti-globalisation protestors (trade injustices)
- Governments and new laws
- Media
- Regulating bodies
- Communities"

(Bechan, 2008:5-6).

2.5. REPUTATION MANAGEMENT

2.5.1 REPUTATION MANAGEMENT IN THE CORPORATE COMMUNICATION DISCIPLINE

Fombrun and Stanley (1990:233-259) explain that an organisation's reputation is determined by different stakeholders who based their perception of the organisation on a range of performance indicators which, may include economic, environmental and social measures. These perceptions are based on both past actions and future organisational prospects. They state that this action creates either a positive or negative reputation for the organisation within in the public domain.

According to Bechan (2008:2):

Positive reputation is a valuable corporate asset and needs to be managed proactively in response to new threats entering the marketplace. Events of recent history have

shown that the reputation of an organisation can take years to build and only a few seconds to destroy.

The responsibility of managing the organisation's reputation is a Corporate Communication function and thus much value is usually placed on this function. "Reputation Rx" recently completed a survey that surveyed a number of surveys conducted around the world on reputation management. "Reputation Rx" (2011:1) identified that Corporate Communication as a discipline is indeed responsible for managing the organisation's reputation management portfolio and function. Their review identified that reputation management played a pivotal role in the success of the organisation with regard to performance, the following cases were discussed:

- In 2009, the Institute of Chartered Accounts founds that 71% of people who bought and sold shares considered the organisation's reputation with their customers as part of their investment decision making process
- Weber Shandwick's Safeguarding Reputation Survey identified differences between men and women with regard to corporate reputation. Women for example, assign more market value to a positive corporate reputation (66% vs. 60%)
- The Economist Intelligence Unit conducted a survey of senior management executives in the US, measuring how they chose professional service firms. Executives cited the reputation (74%) of the firm as the most influential
- A recent study conducted among financial advisors and high-net-worth advisors, commissioned by a financial communications consultancy namely FD, found that 82% of financial advisors and 71% of high-net-worth advisors believe reputation accounts for more than 20% of market value
- Hill and Knowlton's 8th *Annual Corporate Reputation Study* surveyed 527 MBA students from the Top 12 International Business Schools. 73% of those surveyed rated corporate reputation as either "extremely" or "very" important when deciding where to work
- The McKinsey Quarterly Report 2007 identified that reputation should account of 3% of a company's expenditure

Charles Fombrun of the Reputation Institute, in an article appearing in the *Financial Times*, identifies five principles he believes form the basis of positive reputation management ("Reputation Rx", 2011:1):

2.5.1.1 Distinctiveness

Strong reputations result when companies occupy a distinctive position in the minds of resource-holders

- 2.5.1.2 **Focus**
Reputations tend to improve when companies focus on a core theme),
- 2.5.1.3 **Consistency**
Companies should be consistent in actions and communications with all resource-holders
- 2.5.1.4 **Identity**
Strong reputations are built on companies being genuine
- 2.5.1.5 **Transparency**
Strong corporate reputations develop when companies are transparent in conducting their affairs. Transparency requires communication - a lot of it

2.5.2 REPUTATION MANAGEMENT AS A PROFITABLE INITIATIVE

When an organisation is viewed favourably by the public, many things can be forgiven and understood during changing times. According to Cooper (1999:30-32), 8% - 15% of an organisation's share price can be attributed to corporate reputation. Cooper goes on to say that this phenomenon exists because an organisation with a good corporate reputation is able to attract customers, investors and excellent employees. Due to the strategic nature of Corporate Communication, it is the ideal discipline to manage corporate reputation. Reputations change over the years and adapt to the nature of the organisation and its various stakeholder groups. Reputations are built over many years and require constant and strategic management and communication. With that said one is able to comprehend what Balmer (1998:963-996), meant when they explained that corporate reputation evolves over time as a result of consistent performance, reinforced by effective communications.

Flatt and Kowalczyk (2006:7) state that strategic advantages of a strong reputation include:

- Higher financial performance
- Reduced competitive rivalry
- Deterring new market entries
- Greater stock price stability

Roberts and Dowling in Flatt and Kowalczyk, state that a strong corporate culture influences financial performance, improves stakeholder goal alignment and employee effort, leading to positive reputation. This helps inculcate and sustain values such as credibility, reliability, trustworthiness and responsibility which are all at the core of strong reputation and this leads to positive long term performance (Flatt and Kowalczyk, 2006: 10). They also explain that the transmission and conformance of the corporate culture by the organisation's internal stakeholders is the responsibility of the Corporate Communication department. The benefits

of a strong corporate culture should therefore be attributed to one of the values of the Corporate Communication function.

2.5.3 REPUTATION MANAGEMENT IN THE 21ST CENTURY

Managing the organisation's corporate profile within the converging world we live in today is a trying exercise. With issues like globalisation, global warming, international fraud, political conspiracies and corruption, war, genocide, and HIV/AIDS for example; public perception of multinational organisations and corporate organisations respectively, have been negative and at times volatile.

According to Bechan (2008:4), "There has been loss of trust recently from the public towards corporate organisations. Customers demand interaction with the organisation in the form of blogs or social networks for example." They in addition expect the organisation to be open and transparent; these principles are related to corporate governance management and are the predictors of the organisation's reputation and corporate image. This has come to be made very clear by activist groups, governments, communities and popular media as cited by Brewer in Bechan (2008:4). Bechan adds that, "Areas such as the advancement in global communication, stakeholder management and ethical issues are contributors to the reputation of a corporate organisation." Reputation management, according to the abovementioned literature, appears to focus on the various techniques, tools and functions of the Corporate Communication department.

Bechan (2008:9) identifies that, "More and more popular media have come to expose the immoral practices of large corporates like pharmaceutical companies who have come under the spotlight recently for reserving new and improved drugs for countries that can pay more." Caelers (2006) mentions that humanitarian organisations such as Medecins Sans Frontieres claim that pharmaceutical companies market less adapted drugs to African, Asian and Latin American countries. Bechan (2008:9) adds that, "Certain pharmaceutical companies have also been identified as conducting drug testing trials on people in these parts of the world before worldwide release. The participants of these tests are often people far removed from media attention and too poor to afford buying the good quality drugs. The better drugs often have a delayed release in these parts of the world." This reality is one of the many scandals that have plagued the international media and in so doing, have ousted many multinational organisations and irrevocably changed their reputation. Corporate Communication professionals have a responsibility to the public to protect public interest while at the same time protecting the concerns of the organisation. The Enron scandal was a similar situation in which the Corporate Communications department was expected to take the responsibility of

playing whistle blower, but did not, and in so doing led to the demise of one the world's wealthiest multinational organisations.

Bechan (2008:8) adds a South African example when she explains the 2005 "Sudan Red" scandal. In 2005:

Many spice producing companies came under the spotlight for including the cancer inducing agent, Sudan Red, in some of their products. Robertson Spices and Allifas were just two of the companies carrying some of the big branded spice products that included Sudan Red. After intensive investigation by the media, these companies had to withdraw the products under scrutiny and endure a lot of negative publicity. They then had to produce numerous communication initiatives to assure the public that their products were free from Sudan Red.

2.5.4 RELATIONSHIP BETWEEN REPUTATION MANAGEMENT AND CORPORATE GOVERNANCE RESPONSIBILITY

Bechan (2008:11) concurs with Murphy (2002:3), when she asserts that corporate governance should be fostered into the operations of the organisation. She adds that the process must begin with the CEO and organisations must seek to move away from the 'star' CEO of the past. Instead, CEO's and senior management must be willing to be held accountable and there should be audits of processes and personnel on a regular basis. Bechan's study presents the link between corporate governance and corporate reputation. Her study, entitled "*Top Determinants of Corporate Reputation Management*", illustrates that the existence or non existence of a corporate governance strategy directly impacts the organisation's corporate reputation which, directly affects the overall effectiveness and success of the organisation. Reputation management is considered to be one of the Corporate Communicator's most strategic functions because it translates it weighs strongly on the minds of many stakeholders during their decision making process regarding their involvement with the organisation.

2.5.5 STAKEHOLDER MANAGEMENT AND REPUTATION MANAGEMENT

Steyn (2006:6) states that where stakeholder management is concerned, organisations can focus on the achievement of organisational non-financial goals such as obtaining legitimacy, trust, a good relationship, being a good corporate citizen and building sound relationships and partnerships with stakeholders. Bechan (2008) concludes that all of the abovementioned factors contribute towards building a positive corporate reputation.

Bechan (2008:12) states that focus of reputation management has shifted from the management of the effective handling of messages to key stakeholders such as investors,

regulators, consumers and the media. Netzley (2006:20) states that by aligning organisational messages with stakeholders, they will come to trust the organisation. He also states that organisations that have built a strong reputation have developed a number of strategic advantages for themselves in the marketplace. These include:

- Command premium prices for their products
- Pay lower prices for purchases
- Entice top recruits to apply for positions
- Experience greater loyalty for consumers and employees
- Have more stable revenues
- Face fewer risks of crises
- Have greater latitude to act by their constituents
- Netzley, 2006:23)

Netzley (2006:19) asserts, "Companies that implement processes for successfully managing messages across multiple channels will tend to be viewed as having a clearer vision and being a better investment". He states that of 40 companies surveyed in Asia, 82,5% state that the Corporate Communication executive has a seat at the strategic level of management in order to handle interaction with government officials, regulators, investors and the media (Netzley, 2006:18).

2.6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

2.6.1 SOCIAL RESPONSIBILITY: CORPORATE COMMUNICATION FUNCTION

Corporate social responsibility can be defined as the organisation's dedication toward being responsible for the impact it has on society holistically. This means that the organisation must take into consideration how it affects all aspects of society directly and indirectly, and make decisions accordingly, if it is to be deemed socially responsible. The World Business Council for Sustainable Development (1999) however defines corporate social responsibility as being a continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as that of the local community and society at large.

Organisations are increasingly coming under the microscope for all things from hiring and employment practices, suppliers and sourcing, trading practices, environmental sustainability, waste reduction, diversity, and so much more. In our global economy, savvy consumers demand transparency from corporations and don't spend their hard-earned money until they like what they see. Organisations do not operate in isolation from the world,

and Corporate Social Responsibility is no longer an option. The role of the Corporate Communication manager in this context is to advise CEOs which initiatives would best suite the organisation. These initiatives should be sustainable, demonstrable and measurable and should link up the organisation's overall business strategy and philosophy.

2.6.2 HOW VALUABLE IS CSR TO CORPORATE COMMUNICATION PERFORMANCE

Jones and Bartlett (2009:1) argues that the value of the Corporate Communication function to an organisation is in its capacity to aid relationship management, but at a level linked to corporate strategy rather than the communication output perspective commonly practiced within Corporate Communications. Jones and Bartlett (2009:1) theorises that corporate social responsibility facilitates relationship management, which in turn is what CEOs consider to be valuable with regard to Corporate Communication performance.

According to Frankental (2001:18-23), an organisation can only be socially responsible if it embraces all the stakeholders of the company, and hence operates according to the triple bottom line. The triple bottom line expects organisations to be financially, socially, and environmentally responsible. If an organisation thus operates according to the criterion discussed above, they will be operating strategically and these strategic functions can be converted to financial validity and gain on the part of corporate communications managers.

CSR is primarily concerned with satisfying the needs of society, which directly implies the satisfaction of stakeholder needs. Freeman (1984:46), defines a stakeholder as any group or individual who can affect or is affected by the achievement of the organisation's objectives. According to Marx, Rooyen, Bosch and Reynolds (1998), stakeholder groups include the media, customers, consumers, clients, government, communities, trade unions, employees, activists, investors, shareholders, suppliers, competitors, intermediaries and the environment. Stakeholding is therefore directly aligned with corporate social responsibility because the one cannot exist without the other. This is also so because CSR is directly targeted at all the organisation's various stakeholder groups. An organisation cannot truly be successful if it does not facilitate the needs of all its stakeholders.

According to Gray and Balmer (1998:695-702), society can be defined as a series of social contracts between members of society and society itself. Organisations are indeed liable to society because they are engaged in a social contract with members of society. The ability of the organisation to meet the requirements of the social contract it holds with those within its many stakeholder groups is also by nature a strategic function managed by corporate communications managers and practitioners. Organisations face an increasingly competitive

and globalised environment where business activities and perceptions are placed under escalating scrutiny. Hillman and Keim (2001) identify CSR activities as a form of corporate differentiation that generates a competitive advantage, for example in securing investment capital. These initiatives allow the Corporate Communication department an opportunity to honour the social contract they have with their many diverse stakeholder groups. The converging society we find ourselves in today, expects the organisation's social responsibility initiatives to be genuine. The designation of corporate social responsibility is also under contention as theorists disagree about its location within the organisational structure. Carroll and Buchholtz (2003), states that CSR is not a direct function of Corporate Communications; other than, to communicate CSR initiatives to applicable publics. Ultimately matters such as CSR are corporate decisions, and the communications team follow that direction. He goes on to say that good organisations will do CSR as part of their routine operations, and the communication staff will incorporate it as part of the standard corporate message.

2.6.3 CSR CAN BE PROFITABLE

According to a study conducted by Hill and Knowlton (2004:3-5), Wall Street investors are now rewarding organisations that place ethical and safety issues high on their organisational mandate. They state that the public are rewarding organisations that are transparent, have strong and clear two-way communication and whose commitments to communities and other social/financial investments generate goodwill and demonstrate positive leadership.

According to Selcraig (2006:101), investors are screening companies now more than ever before they commit their money. Investors are showing that they are warding away from companies that are involved in alcohol, tobacco, gambling, weapons contractors, nuclear power and animal testing. Selcraig mentions that even brokers and insurance companies are now wary of doing business with corporate clients who are not socially responsible (2006:101). He states that some of the trends that investors and brokers are now screening organisations for are:

- Good environmental protection policy
- Equal employment opportunity
- Good treatment of employees
- Sensitive to their surrounding communities

(Selcraig, 2006:101).

Organisations that operate in accordance with CSR and with reference to the triple bottom line are leading the way when it comes to market share, share price, profitability and customer loyalty. Woolworths for example behave in a socially responsible way because they

operate with the society's interests in mind. Organisations like CPUT and Independent Newspapers stand out because they contribute a substantial amount to academic bursaries to students. In this way they are aligning their social responsibility initiatives with their core business. Distell for example sets a precedent when it comes to be socially responsibly. They apply the triple bottom line throughout their organisation as their core business necessitates the need to be socially, environmentally, and financially responsible. These practices are thus managed strategically by corporate communications managers and thus contributes toward the organisations overall effectiveness and profitability when one looks at the listed organisation's share prices and turnover – Distell is a prime example of a strategically managed organisation. An organisation can only be strategically managed when all its functions is managed strategically, in other words, corporate communications, production, human resources and marketing, to name a few, must all be managed strategically to secure the overall effectiveness and strategic managing and functioning of the organisation.

It is important to make reference to the fact that the focus of this study is to establish the value placed on Corporate Communication as a strategic management function by top managers. The literature identifies an interesting progression on the part of CEO's and their assertion of value with regard to the Corporate Communication function. Authors within the management and communication discipline from the 1990's – 2000, mainly wanted to prove corporate communication's financial value and suggested that CEO's do not value the function. However, sources from 2000 onwards, started to acknowledge that CEO's valued the Corporate Communication function. Many authors also suggested that the CEO's did indeed value and appreciate the contribution of Corporate Communicators but was not necessarily able to prove or disclose their exact worth and contribution.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 RESEARCH APPROACH, DESIGN AND METHODOLOGY

Chapter three describes the research strategy and methodology used during this study. The purpose of the literature review was to identify characteristics and developments of Corporate Communication on a global scale. The research methodology takes the form of a quantitative survey. The quantitative mechanism assures the validity of statistical data.

3.2 THEORETICAL CONCEPTUALISATION

3.2.1 RESEARCH DOMAIN

The research was undertaken within the domain of strategic management and more specifically, within the discipline of Corporate Communications. Grunig and Hunt, (Steyn and Puth, 2002:3), define Corporate Communication as, "The management of communication between an organisation and its publics." Steyn and Puth (2002:3) add that, "The essential objective of Corporate Communication should be to make the organisation more effective through mutually beneficial communication between the organisation and all its stakeholders."

The study is embedded within the quantitative research domain in the form of a questionnaire. The questionnaire is based on quantitative principles of measurement. Sobh and Perry (2006:1194) explain that quantitative researchers use numbers and large samples to test theories. This falls under the quantitative research domain, as the function of an exploratory study is to explore the current state of the specific domain of study which, in this case in that of Corporate Communications within the formal business sector. Quantitative research is used within the context of this exploratory research because it will enable the researcher to make general conclusions and draw broader conclusions due to the objective and numeric framework of this specific study.

Both quantitative and qualitative research methodology were considered during the study but the literature points out that qualitative research rests in the fact that it investigates a certain area in a great deal of depth, (Bechan, 2008:12). The literature also identifies that qualitative research is based on perceptions, opinions, knowledge and experiences of individuals are assessed and measured and unpacks a specific situation. As a result, qualitative research is more subjective because it focuses on smaller sample groups and is in doing more vulnerable to expressing the judgements and stereotypes of the sample group. It was

conflict referred to is based within the organisation and takes place across the hierarchical levels within the organisation. This is so because no clear directive is stated with regard to the strategic legitimacy of the Corporate Communication function and thus its purpose and value is not clear to the organisation's decision making body. An exploratory study is thus necessary to understand what the decision making body of the organisation consider to be a valuable contribution toward the organisation's effectiveness. The study is moreover, completely based on perception and opinion of CEO's (Chief Executive Officers) of top listed organisations on The JSE (Johannesburg Stock Exchange). This is explained as *Objective Positivism* by Burrell (1979:22), who states that such a study would be based on the, "Abstract measure of what is in someone else's mind."

3.2.5.2 Constructivist Paradigm

The Constructivist and Objective Positivist paradigms relate to one another within this study because as a paradigm; Constructivism is based also on the objective of Objective Positivism, as the purpose of the study is to generalise based on the sample which in this case is the CEO's of Top Listed companies on The JSE.

Constructivism draws on research participants' subjective views shaped by their social interactions with others and their personal histories (Cresswell and Clark, 2007). It reflects the context in which research is conducted since it takes into account the views of groups of people (the organisations dually listed on the JSE and other respective exchanges globally) and how they make sense of reality (i.e. their assumed value of *PR* within the context of the organisation's overall effectiveness). This paradigm therefore asserts that generalisations can only be made based on the population and not on the theoretical propositions discussed and explored. The relevance of this paradigm within this context is that the research is aimed fundamentally, at establishing the value asserted to Corporate Communication managers and practitioners by senior and executive management within top listed organisations.

Constructivism is the best research paradigm for this context because it explores the constructs of reality created by the population. The population in this case are the executives who assert a level of value to Corporate Communication practitioners and managers. The reason behind measuring their constructed and perceived realities is attributed to the fact that they fundamentally determine the existence and longevity of the function within the organisational landscape and environment. If this small group of individuals deem the function as not being valuable or necessary, it will literally cease to exist and not have a place within the organisation.

Sobh and Perry (2006), explain the constructivist paradigm as a world “constructed” by people and that these constructions usually are the driving forces behind investigations within social science research.

3.2.5.3 Positivist Paradigm

The positivist paradigm is also utilised within this study because this type of research paradigm asserts that knowledge can be statistically generalised to a population by statistical analysis of observations about an easily accessible reality. Positivism allows the researcher to describe the reality of the sample group and as a result. The quantitative research discipline in which this study is embedded allows for the description of this reality using statistical analysis and presentation. Quantifying the perceived reality of the sample group provides the researcher with an opportunity to *paint a picture* of the reality of the sample group and in so doing, the reality of what CEOs consider to be value or lack of value, contributed by Corporate Communication professionals. The research findings can therefore be generalised based on both the population and their perceived reality, which in this case, explores the value asserted to Corporate Communications as a business function. The link between the constructivist and positivist paradigm is therefore both the research population and the perceived realities within the context explored in this particular study.

The positivist paradigm is the most widely used paradigm for business school research (Orlikowski and Baroudi, 1991) and assumes implicitly or explicitly that reality can be measured by viewing it through a one way, value-free mirror. This statement concurs with Steyn’s mirror function (2000:19), in which she asserts that the organisation should monitor its environment and the developments therein and thus be able to anticipate changes that would affect the organisation. Steyn relates the mirror function to that of the window function which can be compared to the reflective paradigm. The positivist and reflective paradigms are relevant within this study because these paradigms assert that the organisation should reflect outwardly on what occurs within the organisation with regard to policies, procedures, common practices and corporate beliefs and culture for example. The reflective paradigm is especially relevant in this case because the sample within this research reflects the value associated with Corporate Communication within top listed organisations in South Africa.

3.2.5.4 Reflective Paradigm

Public trust is increasingly becoming a necessity for interaction (Holmström, 1996:90). Through reflection organisations represent their identity, role and responsibility within society in order to gain favour among their stakeholders. This is why, in South Africa, corporate

social responsibility themes such as Black Economic Empowerment, Employment Equity and Staff Development are increasingly integrated into top management decision making and are reported on by the media as important criteria for business success. All of which are Corporate Communication functions that allow the organisation to reflect their business strategy to the public.

The Reflective Paradigm is especially relevant within this research study because the sample group is CEO's. The literature identifies that CEO's have lost their positions because they have not understood and enforced the functions of Corporate Communications. This reality is highlighted by the fact that 40 CEOs of the USA's largest 200 companies lost their jobs in 2001 (Watson, 2002:55). Reasons for dismissal included poor communication, misunderstanding the importance of corporate culture and ignoring the needs of diverse stakeholder groups.

3.2.5.5 Constructs of the Study

The study focuses predominantly on the value placed on Corporate Communications by managers and CEO's. The research is aimed at understanding what value supervisor's place on the practice of Corporate Communications functions and their contributions to the overall effectiveness of the organisation, with regard to financial performance and effective strategic management. The research measures the perceived value of the discipline by exploring the following concepts:

- Presence of Corporate Communication managers within the inner circle
- The impact Corporate Communication managers have on decision making
- Identifying the most valuable Corporate Communication functions (from those identified above, corporate performance, corporate governance, stakeholder management, reputation and corporate social responsibility)

3.3 RESEARCH STRATEGY AND METHODOLOGY

3.3.1 NATURE AND TYPE OF THE STUDY

Quantitative research is used as the researcher will make use of questionnaires that measure and quantify the responses of respondents.

3.3.2 THE QUESTIONNAIRE AND RESEARCH DESIGN

This investigation took the form of a survey. The survey questionnaire was adapted from the Hill and Knowlton annual reputation survey questionnaire. Bechan (2004:9-17) explains that Hill and Knowlton is a Corporate Communication company that operates worldwide, their survey monitors trends and determinants in reputation management yearly. The credibility and validity of the survey that they conduct is widely established in the practice and research of Corporate Communication and communication management. This survey replicates the Hill and Knowlton study and is adapted for the South African corporate sector.

The questionnaire is a survey, and because of its focused and specific nature, it centres around quantitative elements. Hopkins (2008:12-21) describes quantitative research as a descriptive study because the research establishes associations between variables. This is especially relevant in this study because the justification of this study is to assert the value attributed to Corporate Communication professionals by their CEO's. According to Hopkins, quantitative research is all about quantifying relationships between variables. The findings are presented in quantitative format; firstly to present the quantifiable relationships between the variables (graphs); followed by the explanations and discussions thereof.

The questionnaire consists of 18 questions measuring reputation management, stakeholder management, governance, corporate responsibility (social, economic and environmental) and investor relations. The disposition of the questions is both open and close ended. The questionnaire includes likert scale questions, multiple choice questions, categorical questions and ordinal (ranking/rating) questions.

The study is based on the premise of a Cross-Sectional research design. Olsen and George (2004:7) point out that this type of research design allows the researcher to select a subset of the population to answer the researcher's questions. They concede that this type of design only measures hypothesis at one point in time. Cross-sectional studies are convenient because they can be completed relatively quickly. However, because each respondent is studied only once, it is impossible to determine whether individual differences are consistent over time, or whether the respondent's perceptions and actions will change as they develop and grow.

3.3.3 ADMINISTERING THE QUESTIONNAIRE

The research is based within the context of corporate South Africa. Validity was assured by selecting listed organisations that were predisposed to corporate success. The researcher initially chose to identify companies listed on the Johannesburg Stock Exchange (JSE) top 100 listed companies in South Africa. All of the top 100 companies were chosen based on their status of being a top 100 listed company as determined by the *Sunday Times Markinor 2008 survey*. Once the companies were selected, the next step was to identify only those CEO's positioned at dually listed organisations. This meant that the CEO's targeted needed to be positioned in an organisation listed on more than one stock exchange. This premise assures that organisations are not limited only to the South African context. By correlation, these type of organisations make for interesting research especially within the limited field of Corporate Communications. *This list was accessed from the JSE Limited official website (2009/02/02:http://www.jse.co.za/dual_listed.jsp) and included 76 organisations based within South Africa and abroad.*

To assure credibility and objectivity, only professionals in executive management positions (within the inner circle) were allowed to answer the survey. Only the CEO (Chief Executive Officer), MD (Managing Director), Chairman and CFO (Chief Financial Officer) were approached. The objective was to determine the value placed on Corporate Communications by top management and the inner circle in the context of a growing demand by large sections of the public for transparent, ethical and socially responsible business practice.

The offices of the executives were contacted via telephone to discuss the study. The researcher was then able to determine the probability of participation from the specific respondent. Thereafter, the survey was distributed via e-mail, or alternatively, hand delivered to respondents. Respondents had the option of completing the questionnaire in hard or soft copy before returning it to the researcher. As an incentive to complete the survey; respondents were assured of their anonymity and that of their organisation.

Some surveys were delivered personally to the organisations concerned. Of the 76 surveys disseminated, 38 were returned completed. There were however incomplete and damaged questionnaires within the batch of returned questionnaires. Only 30 questionnaires were analysed. The findings of this investigation are based on these 30 completed surveys and represent exactly 30 organisations. Thirty questionnaires limits the researcher from drawing general and broad conclusions regarding the behaviour and characteristics of top management and decision makers within top listed companies because the sample is considerably smaller than the population of this specific sample group.

3.3.4 INTERPRETATION OF THE RESULTS

The questions were grouped into themes that encompass the key areas of the survey. These include the Corporate Communication roles and functions, the most valuable business function within the organisational context, the most valuable communication function in driving corporate performance, investor relations, the benefits of good Corporate Communication, corporate reputation management, corporate social responsibility, corporate governance and the impact of Corporate Communications on the organisation's overall effectiveness

Percentages were derived for each of the 18 questions asked. All the findings are displayed and discussed in the next chapter. The purpose of the study was to establish the level of value placed on Corporate Communication practices within the organisational context and environment.

The data was recorded and presented in a statistical format where an inferential analysis is drawn with the use of both Microsoft Excel and the Moonstats statistical programme. Inferential analysis allows one to make inferences from the analysed data, (Trochim, 2006). One is thus able to draw conclusions and in so doing, make recommendations. The conclusion drawn after analysing the data, outlines the value placed on Corporate Communications professionals by the inner circle of the respective organisations.

Moonstats, a statistical package for the social sciences has been used to present the findings in a scientific and statistical manner to create an objective and reliable method of analysis. Moonstats is ideal for this study because it is able to measure and analyse both the quantitative data. Moonstats is a statistical technique for testing and estimating causal relationships using a combination of statistical data and causal assumptions. This package/technique encourages confirmatory rather than exploratory modelling; thus, it is suited to theory testing rather than theory development. This method of analysis permits the researcher to measure the value; if any, attributed to the function of Corporate Communications within the organisation.

3.3.5 DELIMITATION OF THE STUDY IS AS FOLLOWS:

- The investigation aims to validate the value placed on Corporate Communications by the executive management and inner circle
- Respondents are executives within dually listed companies on the JSE

- The investigation aims to identify the most valuable functions of Corporate Communications based on the validation from the inner circle

3.3.6 BENEFITS AND IMPORTANCE OF THIS STUDY

Communication professionals should be able to use the knowledge acquired from this study to gain insight into the practice of Corporate Communication. Corporate Communication professionals may be able to contribute toward uplifting their image and reputation as managers and strategists. In so doing, they may be able to validate their presence within the inner circle and as a valuable member of the decision making body of the organisation.

This study has the potential to paint a current picture of the organisational landscape with regard to the perceptions held by the inner circle of influential organisations. The study identifies the strengths of the discipline and likewise points out the weaknesses and limitations of the function within the corporate environment. The study also concedes the current structure of the function, as well as the degree to which the function is able to impact the organisation's overall effectiveness. This statement is based on the opportunities presented as a result of the functions structure and location within the organisation's hierarchy.

The research design of this study focuses on attaining data that would aid Corporate Communication professionals with the knowledge and understanding to gain insight and understanding of the decision making body of their respective organisations. In so doing, they would be empowered with a point of reference that will allow them to progress within their respective organisations based on the understanding of their function by the decision makers of their specific organisation. The research design specifically hones in on the inner circle of top listed organisations to ensure that the study is as objective and neutral as possible, and in so doing, suitable for broad comparative analysis by Corporate Communication professionals at every level within their respective organisations.

CHAPTER 4: RESEARCH RESULTS

In this chapter the research results are analysed and conclusions drawn from the data obtained from the questionnaires. The overall results have been grouped into themes defined in the literature review and are now presented in discussion and analysis.

The findings have been grouped according to the various functions and responsibilities of the Corporate Communications management function. They have been grouped in functional areas of Corporate Communication management and are presented as per the groups listed below. It must also be understood that these functions are discussed according to the perceived value attributed to them by the organisation's CEO.

THE THEMED GROUPS REFERRED TO ARE:

- 4.1 Corporate Communication
- 4.2 Corporate Governance
- 4.3 Stakeholder Management
- 4.4 Reputation Management
- 4.5 Corporate Social Responsibility

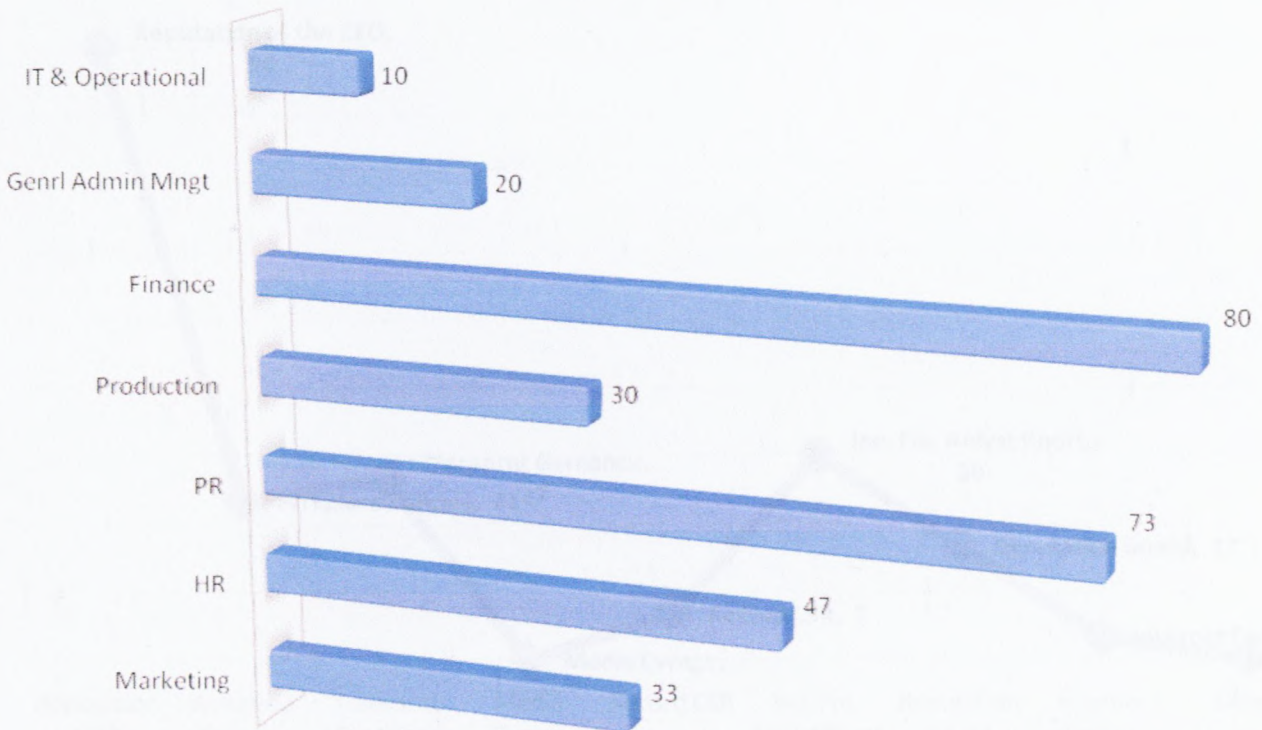
4.1. CORPORATE COMMUNICATIONS

4.1.1 THE CONCEPT OF VALUE WITHIN CORPORATE COMMUNICATIONS

4.1.1.2 The Top 3 Most Valuable Business Functions?

When respondents were asked to identify the business functions they deemed most relevant to achieving overall organisational effectiveness and high profit margins within the context of business performance – their responses were not at all surprising. The graph below outlines the responses to the question identified above. The variables identified below include a variety of options related to the various business functions within the organisational context.

TOP 3 BUSINESS FUNCTIONS RELEVANT TO THE COMPANY'S OVERALL EFFECTIVENESS



>>>Table 4.1.1.2: Top 3 Business Functions

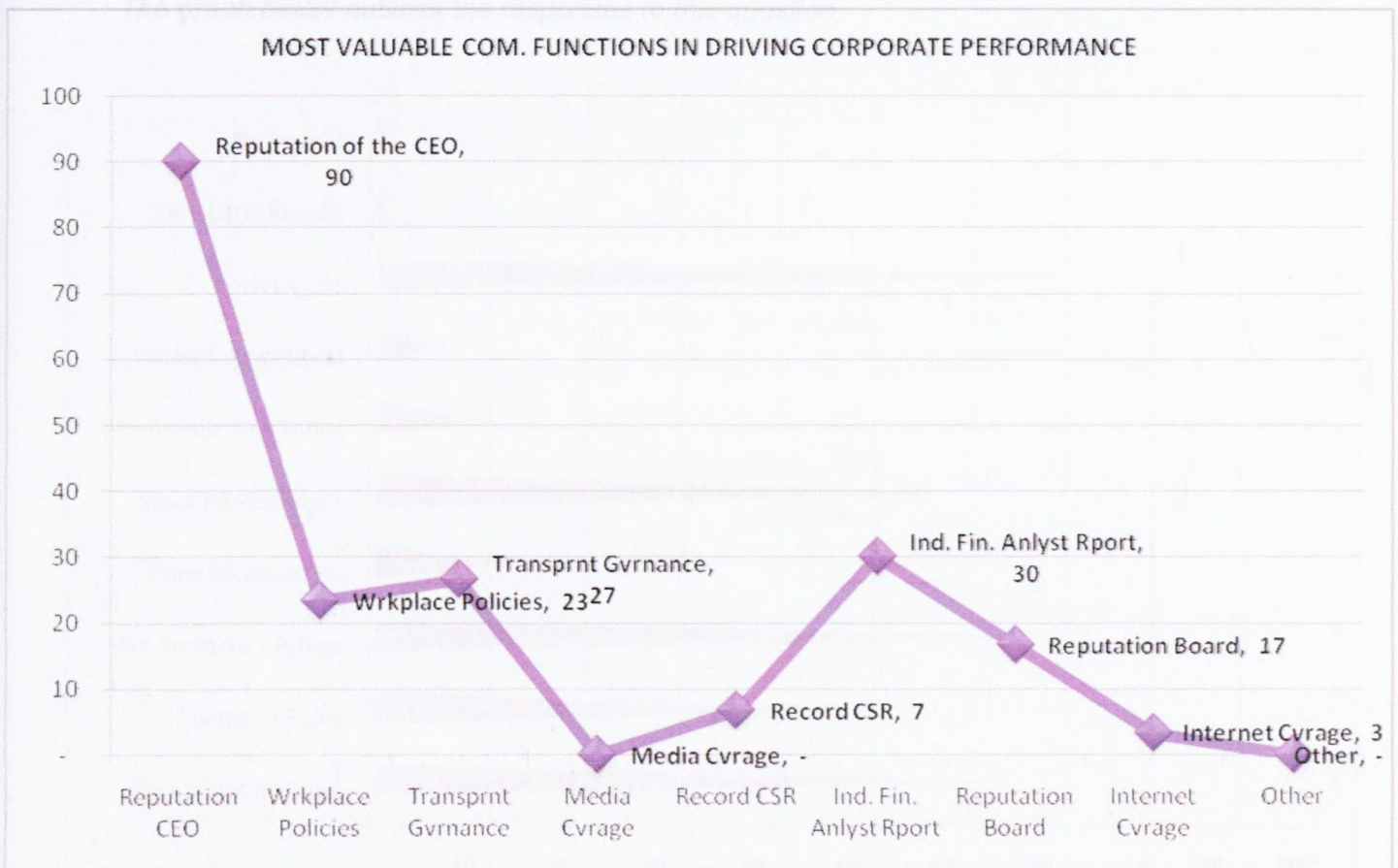
Each inference in the graph is based on a percentage.

The respondents were asked to identify the three variables they perceived as the most important business function with regard to its affect on overall organisational effectiveness. The *overwhelming majority (80%)* of the sample cited *finance* as their most valuable

business function. The top three functions named by the respondents included finance (80%), *Public Relations/Corporate Communications* (73%) and *Human Resources* (47%).

4.1.1.3 The Most Valuable Communication Function in driving Corporate Performance

CEO's were asked to identify the communication function they considered to be the most valuable driver of corporate performance. The response is alluded to was most interesting. The graph below outlines the responses to the question identified above. The variables identified below include a variety of options related to the various communication functions within the organisational context.



>>>Table 4.1.1.3: Most Valuable Communication Functions

Most respondents (90%) indicated that reputation was the single most valuable function with regard to driving corporate performance.

Other functions thought to be of value include:

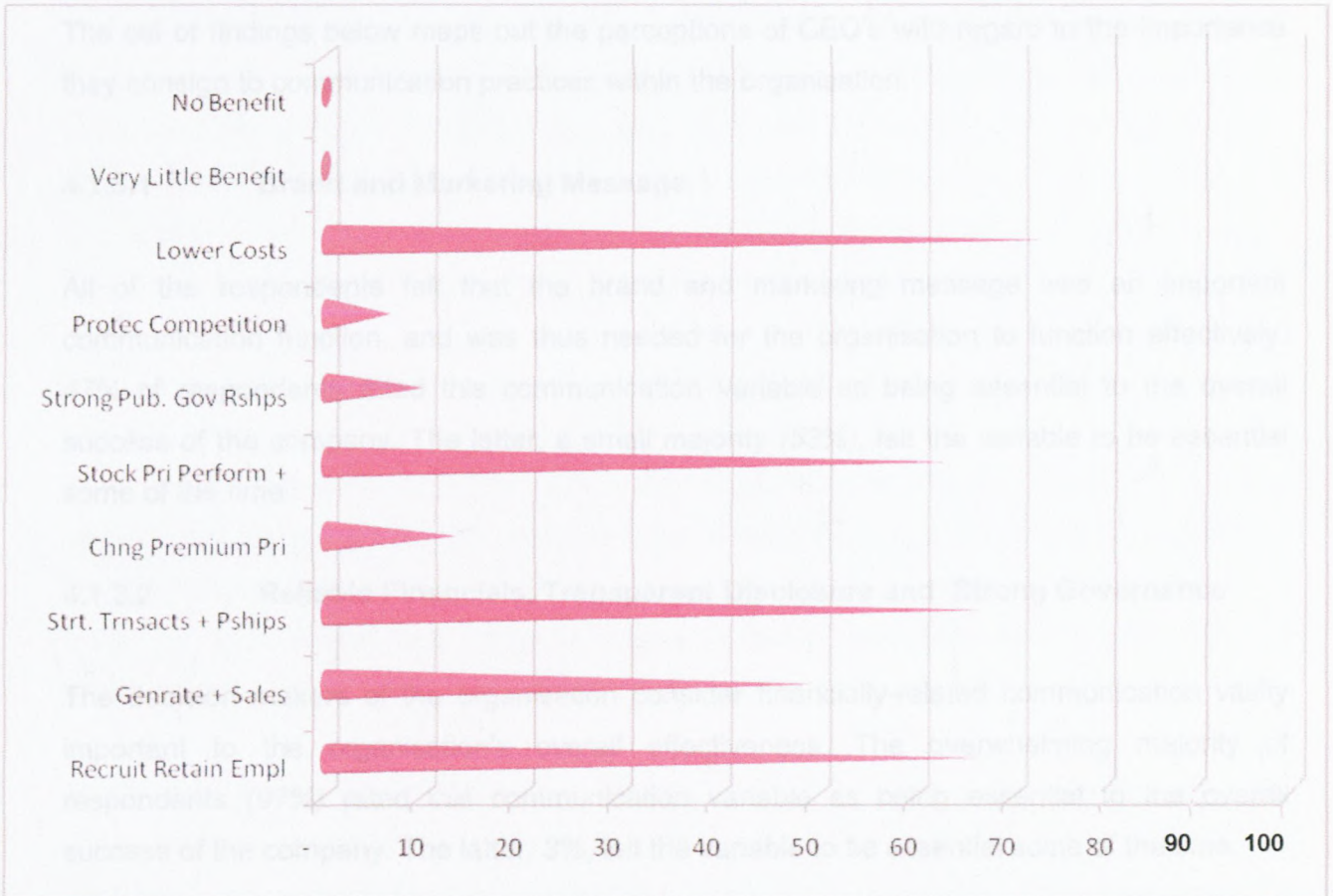
- 27% of the interviewed CEO's regard transparent and strong governance controls to be important drivers of corporate performance

- 23% of respondents thought *workplace policies and the general treatment of employees* were important in driving corporate performance
- 7% of the respondents believe that a *good track record of socially responsible behaviour* was important in driving corporate performance

4.1.2 BENEFITS OF GOOD CORPORATE COMMUNICATION

Respondents were asked to point out what benefits they associated with good Corporate Communication from a list of choices. *Each inference in the graph is based on a percentage out of 100.*

The graph below outlines the responses to this question.



>>>Table 4.1.2: Benefits of Good Communication

Respondents, for the most part, associated a substantial financial benefit to having good Corporate Communication; citing an *increase in sales, enhanced stock price performance, lower operating costs* and the *ability to be more competitive in the market place as a result of better prices, and strategic relationships and linkages to important stakeholders*. They identified that the organisation benefits financially when it engages in good corporate

communication. In so doing, this response links corporate performance to corporate communication initiatives.

They in addition, added that good Corporate Communication led to them being better equipped to *recruit and retain employees*.

4.1.3 COMMUNICATION ELEMENTS AFFECTING OVERALL EFFECTIVENESS:

Respondents were asked to rate how valuable *certain communication elements are with regard to their impact on the company's overall effectiveness*; on a scale of 1 – 5, 1 being essential to the organisation's overall effectiveness and 5 having nothing to do with the organisation's overall effectiveness.

The set of findings below maps out the perceptions of CEO's with regard to the importance they consign to communication practices within the organisation.

4.1.3.1 Brand and Marketing Message

All of the respondents felt that the brand and marketing message was an important communication function, and was thus needed for the organisation to function effectively. 47% of respondents rated this communication variable as being essential to the overall success of the company. The latter, a small majority (53%), felt the variable to be essential some of the time.

4.1.3.2 Reliable Financials, Transparent Disclosure and Strong Governance

The decision makers of the organisation consider financially-related communication vitally important to the organisation's overall effectiveness. The overwhelming majority of respondents (97%) rated this communication variable as being essential to the overall success of the company. The latter, 3%, felt the variable to be essential some of the time.

4.1.3.3 Clear and Consistent Communication with Key Stakeholders

Respondents felt communication with stakeholders to be a vital element of the organisation's overall success.

The overwhelming majority of respondents (87%) rated this communication variable as being essential to the overall success of the company; whereas, the remaining 13%, felt the

variable to be essential some of the time. Most of the respondents answered 'yes' to the presumption that communication positively affected overall organisational effectiveness.

4.1.3.4 Relations with Government Regulators and Policymakers

The majority of respondents emphasised that they felt relations with government was an important exercise with regard to achieving consistent organisational success.

33% of respondents rated the organisation's relationship with government and policymakers, as being essential to the company's overall success; and an additional 27% of the respondents were of the opinion that the variable was essential some of the time. A sizeable percentage of the respondents (30%) however highlighted that they were indifferent in this regard as they believed the variable to be neither essential; nor not essential. Some respondents (10%) were less interested in the impact of this variable; that they believe had almost nothing to do with the organisation's overall success. These few respondents did not place any value of the working relationship between the organisation and government stakeholders. This is an interesting result considering the impact government regulations and legislature have on the operating optimum of most listed organisations. One would imagine, that CEO's would consider this variable to be an important one.

4.1.3.5 Corporate Culture and Working Environment

Many of the respondents (37%) rated the company's corporate culture and working environment, as being essential to the company's overall success; whereas, 47% conceded that the variable was essential some of the time. 17% of the respondents were indifferent in terms of their belief that communication positively impacted overall organisational effectiveness; as they believed the variable to be neither essential; nor not essential.

This finding additionally outlines the perception of CEO's toward the importance of the Corporate Communications function. Corporate culture, according to Steyn (2000), is a traditional Corporate Communication function, one that the inner circle of the organisation is aware of. The fact that they rate its importance so low, concedes their ambiguity regarding the value, or lack thereof, of Corporate Communications.

4.1.3.6 Social Responsibility and Community Involvement

23% of respondents rated the organisation's CSR initiatives, as being essential to the company's overall success; and an additional 40% of the respondents believed the variable

to be essential some of the time. A sizeable percentage of the respondents (23%) however highlighted that they were indifferent in this regard as they believed the variable to be neither essential; nor not essential. 13% of the respondents affirmed that the variable had almost nothing to do with the organisation's overall success.

The scattered responses concur with Kristol's sentiments regarding social investment. He stated that "Doing good is bad business." The CEO's surveyed, based on their responses, evidently agree that CSR and community involvement is not a valuable and/or strategic initiative.

4.1.3.7 Employee Compensations and Career Opportunities

10% of respondents rated the organisations employee relations portfolio, as being essential to the company's overall success all of the time. The considerable majority (60%) were of the impression that this variable was only essential some of the time. A modest percentage of the respondents (17%) were indifferent in this regard as they believed the variable to be neither essential; nor not essential. The remaining respondents (13%) were not convinced of the impact of this variable, and claimed that it had almost nothing to do with the organisation's overall success.

The results here show that decision makers are not taking employee related issues seriously. Internal communication and issues of corporate culture profoundly affect the success and overall effectiveness of the organisation. The shortfall with regard to the importance and value placed on this variable asserts that more attention and resources should be focused on employee and internal communication related issues. Without satisfied employees, the organisational will find it challenging to satisfy stakeholders and thus secure consistent organisational success.

4.1.3.8 Relations with NGO's

10% of respondents rated the organisations relationship with NGO's, as being essential to the company's overall success all of the time. None (0%) of the respondents believed the variable to be essential some of the time. This variable was not of great importance to CEO's as most of them felt indifferent in this regard as they believed the variable to be neither essential; nor not essential. The latter of the respondents; likewise, did not place much value on relations with this stakeholder group. 3% of the respondents confirmed that the variable had almost nothing to do with the organisation's overall success. The remaining

37% of respondents stated that the organisation's contact with NGO's had absolutely nothing to do with the company's overall success.

These findings therefore assert that decision makers do not value relationships with NGO's and community forums and bodies. None of the CEO's cited relationships with this stakeholder group as a valuable contributor toward overall organisational effectiveness. This finding is most ironic considering that NGO's are directly aligned to the implementation of corporate social responsibility.

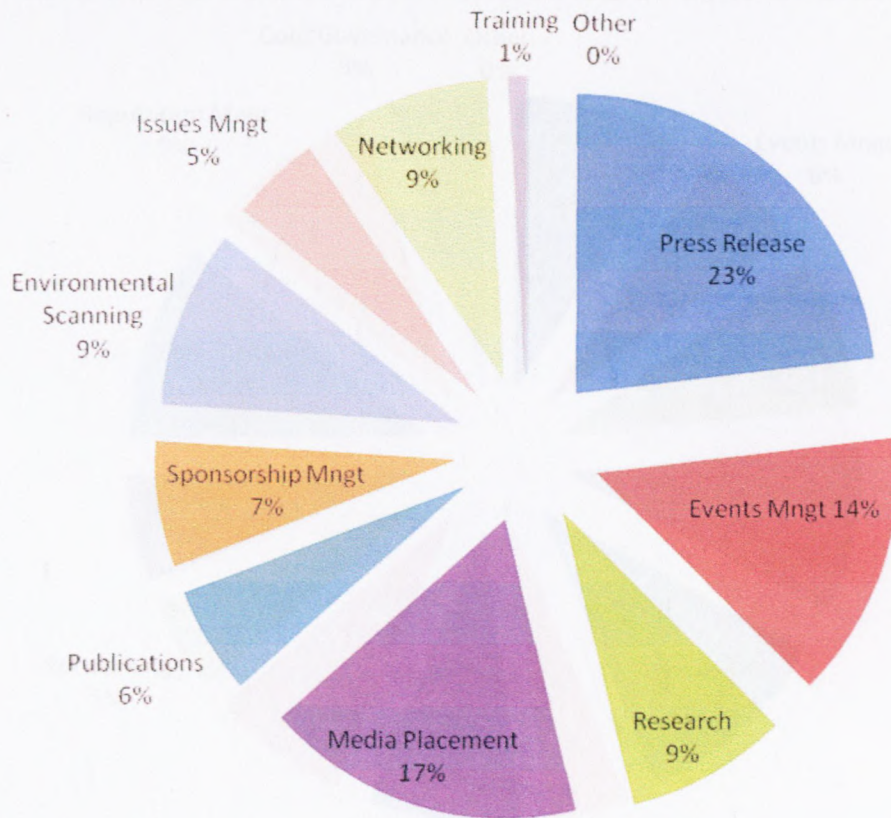
4.1.4 ROLES AND FUNCTIONS OF CORPORATE COMMUNICATIONS

The role and hierarchical level are interchangeable; as the role refers to the level of authority within the organisational context.

4.1.4.1 Role of the Technician

Respondents were asked to indicate the tasks they deemed most relevant to a specific Corporate Communication role and hierarchical level within the organisation. The majority of the respondents selected writing up of *press releases* (23%), *media placement* (17%) and *managing events* (14%) as the core functions of the practitioner on the technical level within the Corporate Communications department and/or function. It is important to note that *writing* is seen as an important role of PR practitioner on the technical level. *Managing events and media placement* – which are both strong administrative roles were also highly ranked within the technical context of Corporate Communications.

CORPORATE COMMUNICATIONS TECHNICIAN ROLES & FUNCTION

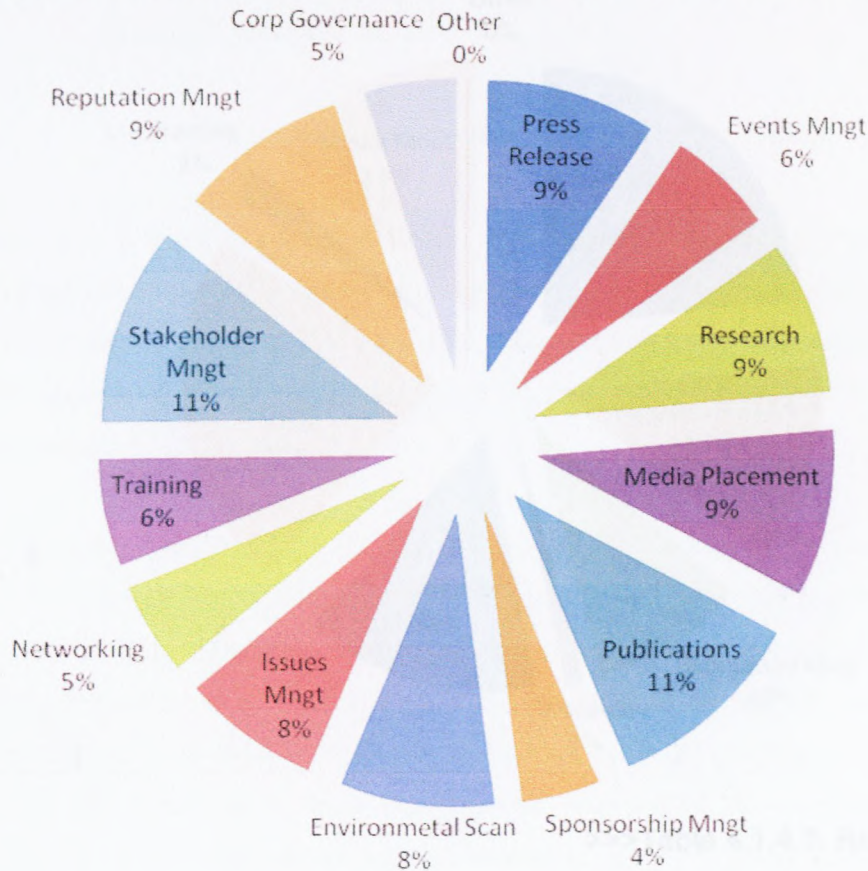


>>>Table 4.1.4.1: Role of the Technician

4.1.4.2 Role of the Manager

Respondents were asked to indicate the tasks they deemed most relevant to the role of the manager within the Corporate Communications context. There was no outright majority or substantial assertion to one particular variable. The respondents selected both *publications* and *stakeholder management* (11%) equally as the most important duty of a Corporate Communication manager (11%), thereafter, they indicated that *media placement* (9%), *press releases* (9%), *research* (9%) and *reputation management* (9%) all scored equally with regard to management functions within the domain of Corporate Communications and lastly, *environmental scanning* and *issues management* were equally cited as the third (8%) most important duty of the PR manager. Other areas of concern include *training* and *event management* (6%).

CORPORATE COMMUNICATION MANAGER ROLES & FUNCTIONS



>>>Table 4.1.4.2: Role of the Manager

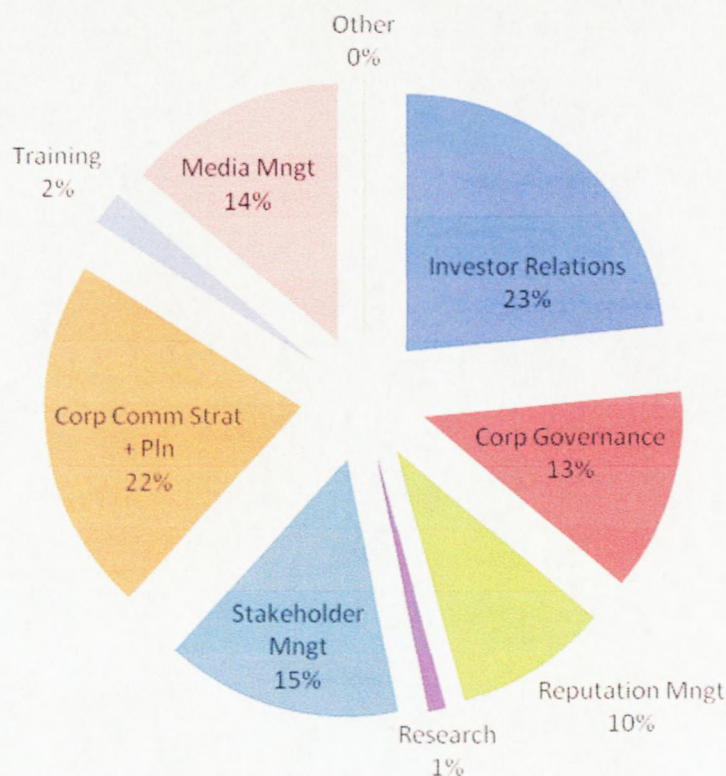
Distortion of Findings related to this Question:

It is worth mentioning that there were no clear positive scores related to the specific variables within this question. The feedback from respondents were inconsistent because their ratings differed dramatically from one another, it was therefore difficult to highlight a pattern from their responses. It seems as though practitioners at this level are required to conduct a variety of tasks well.

4.1.4.3 Role of the Strategist

Respondents were asked to indicate the tasks they deemed most relevant to the role of a Corporate Communication strategist. Most of the respondents cited both *investor relations* (23%) and the *Corporate Communication strategy and plan* (22%) as being the most important function of the Corporate Communications strategist. *Stakeholder management* (15%) and *media management* (14%) were also of significant importance to the respondents.

CORPORATE COMMUNICATION STRATEGIST ROLES & FUNCTION



>>>Table 4.1.4.3: Role of the Strategist

Of Noteworthy Importance:

In a previous another question, “Which 3 business functions do you consider as valuable in achieving overall organisational effectiveness?” Respondents were asked to identify which business functions they deemed as important and many cited Corporate Governance as a vital business function. It was therefore interesting to note that they did not align Corporate Governance to the practice of Strategic Corporate Communication, as is evident in their responses to this question.

4.2 CORPORATE GOVERNANCE:

4.2.1 INVESTOR RELATIONS

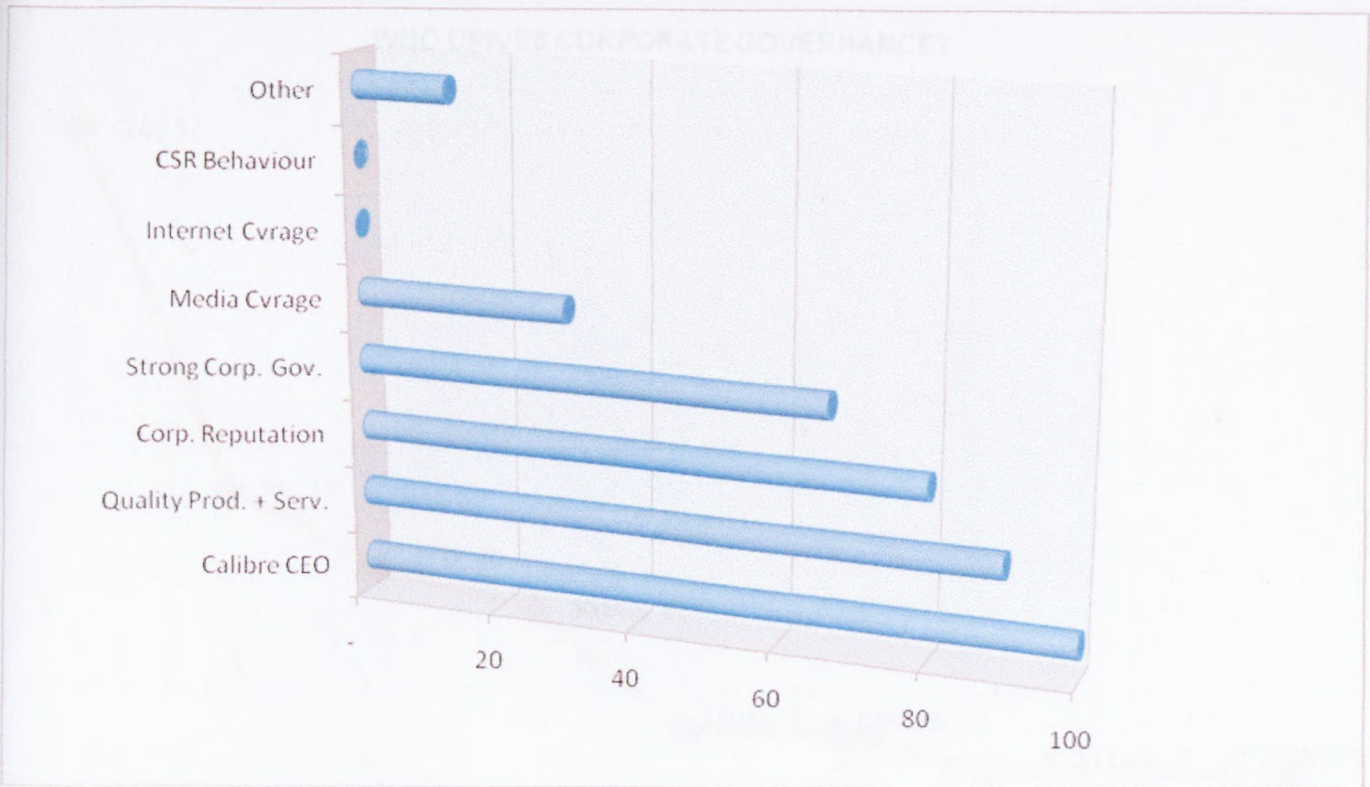
4.2.1.1 Most Important factors to consider before Investing

The respondents were asked to identify the three variables they perceived to be the most important factors to consider before investing in a company. **Each inference in the graph is based on a percentage out of the 100.** The variables identified in the graph include a variety of options related to the considerations made before investors become involved with the organisation.

All (100%) of the respondents indicated that the *'Calibre of the CEO'* was of vital importance with regard to attracting potential investors. They also thought that the *'quality of the product and service'* (90%), *'corporate reputation'* (80%) and *'strong corporate governance'* (67%) were vitally important to investors. The graph below outlines the responses to the question identified above. This finding acknowledges that the CEO is indeed the most important member of the inner circle. It would then be reasonable to conclude that if Corporate Communication professionals are to be successful, they would need to secure the support and buy-in from the CEO, who is the single most important entity within any organisational context.

Once the CEO accepts the Corporate Communication function as a valuable and strategic one, then only will the discipline be able to make a more meaningful contribution to the overall functioning of the organisation.

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>>>Table 4.2.1.1: Most Important Considerations before Investing

>>>Table 4.2.2: Drivers of Corporate Performance

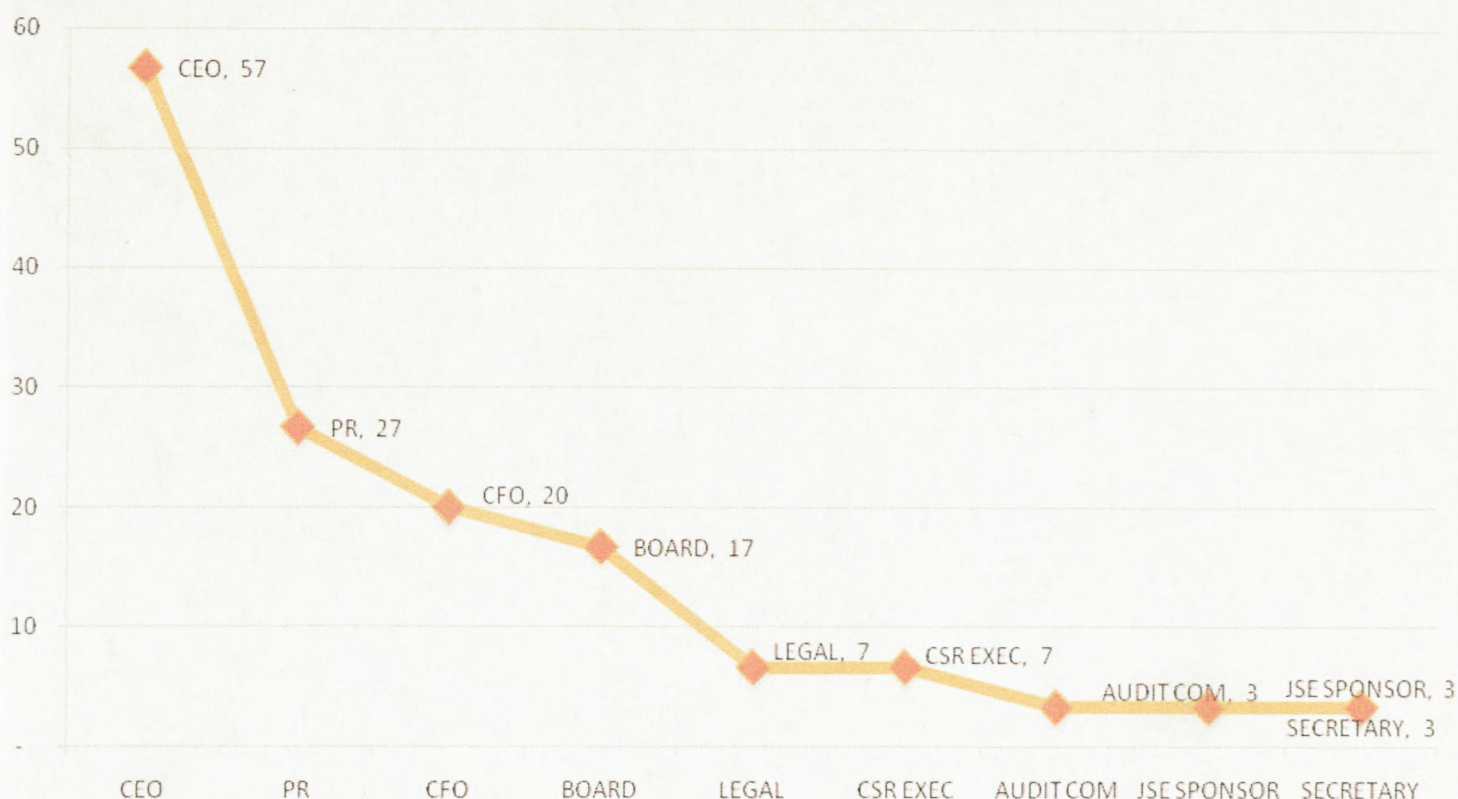
4.2.2.1 Where is Corporate Governance located within the organisation?

Respondents were asked to identify where the task and function of corporate governance management was situated within the organisational context.

- A sizeable majority cited themselves (57%) as the *driver for corporate governance* within the organisation
- 27% of the respondents conceded that Corporate Communication was responsible for the management of corporate governance
- The CFO (20%) and the Board of Directors (17%) were also attributed as the corporate governance manager; by a small percentage of the sample
- Only 7% of the respondents identified that their organisation had a designated Corporate Governance/CSR Executive within the organisation. These organisations mentioned that the two areas of management were managed interchangeably as they were perceived to be similar in nature.

The table below identifies the perceptions of CEO's with regard to the designation of the corporate governance portfolio.

WHO DRIVES CORPORATE GOVERNANCE?



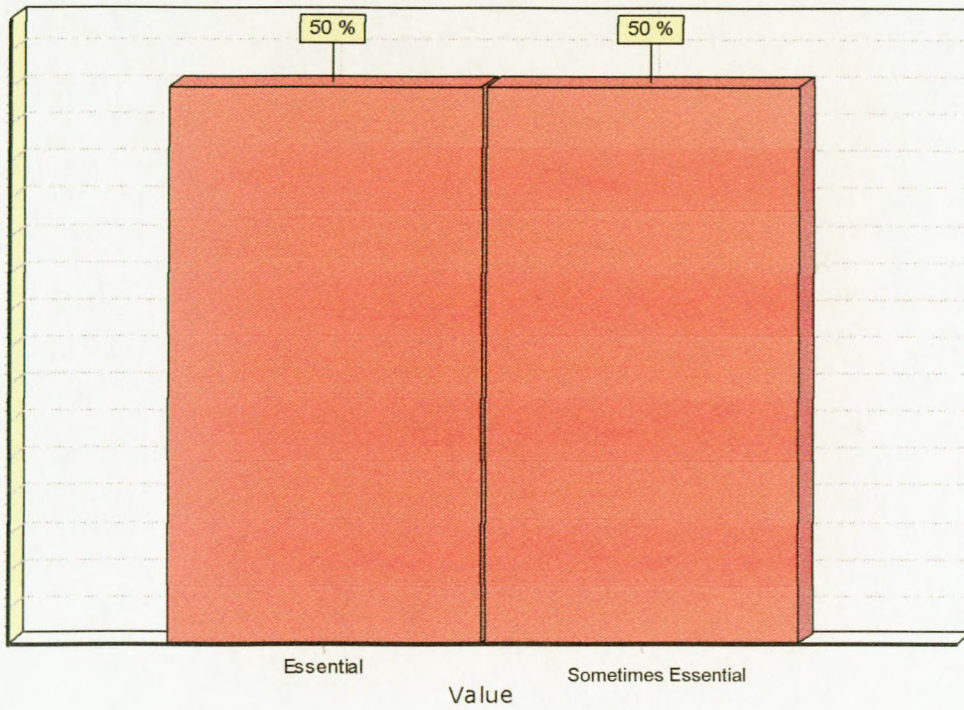
>>>Table 4.2.2.1: Drivers of Corporate Performance

4.2.2.2 How important is Corporate Governance to the organisation's overall effectiveness?

Respondents were asked to **rate the importance of corporate governance** to *all relevant stakeholders (customers/consumers, clients, employees, investors, shareholders, etc.)* with regard to its impact on their purchasing decisions; on a **scale of 1 – 5**, 1 being essential to the organisation's overall effectiveness and 5 having nothing to do with the organisation's overall effectiveness.

This finding was most interesting because the result was exactly evenly distributed among respondents, with an equal number of respondents rating the variable as both efficient all of the time and some of the time respectively.

Corporate Governance: Overall Effectiveness



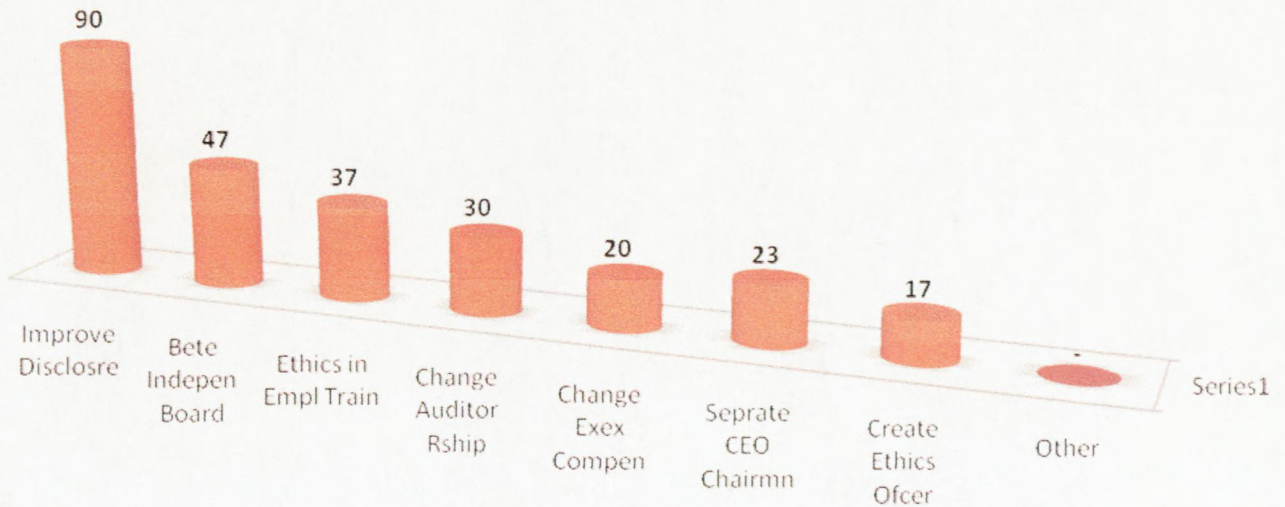
>>>Table 4.2.2.2: Impact of Corporate Governance on Overall Effectiveness

The sample asserted that they consider the impact of corporate governance to have a profound impact on the organisation's overall effectiveness

4.2.2.3 Corporate Governance Management Initiatives

Respondents were asked to identify new corporate governance initiatives introduced by the organisation within the past two years from a list of choices provided.

WHAT CORPORATE GOVERNANCE INITIATIVES HAVE THE ORGANISATION INTRODUCED IN THE PAST 2 YEARS?



>>>Table 4.2.2.3: Corporate Goveranance Initiatives

- The majority of respondents listed *'reviewed and enhanced compliance and disclosure standards and processes'* (90%) as the most prominent Corporate Governance initiative implemented within the past two years

They also identified the following additional initiatives:

- *'Improved processes implemented to ensure greater independence and accountability of the board'* (47%) and,
- *'Introducing ethics related employee training'* (37%)
- *'Revised and changed auditor relationship'* (30%)
- *'Separating the role of chairman and CEO'* (23%) as well as,
- *'Restructuring executive compensation'* (20%)

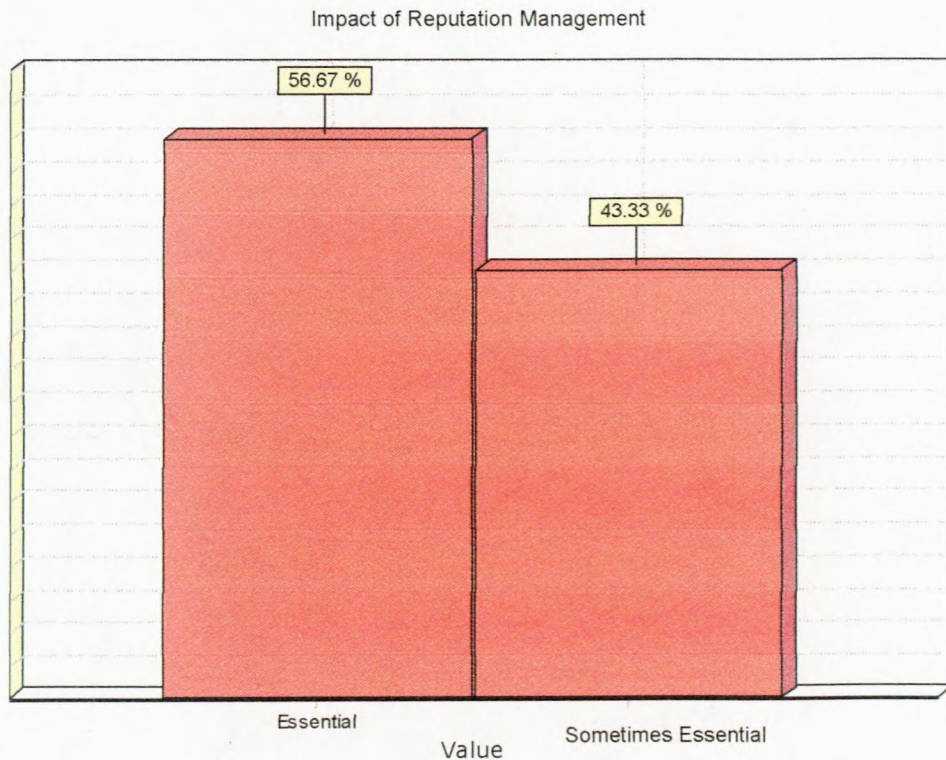
4.3

CORPORATE REPUTATION MANAGEMENT

4.3.1

IMPACT OF CORPORATE REPUTATION MANAGEMENT

When questioned about the ***'Impact of Corporate Reputation' on the organisation's overall effectiveness***, a small majority (57%) of the respondents asserted that they believed corporate reputation was a relevant driver toward the overall success of the company. Respondents answered positively in terms of the graph, by asserting that Corporate Reputation Management were both Essential All of the Time as well as being Essential Some of the Time. This finding corresponds with a recent Reputation Management survey commissioned by "Reputation Rx" (2011:1) which, identified that reputation management played a pivotal role in the success of the organisation with regard to its performance. CEO's have thus shown their commitment to the Corporate Communication function, by recognising that Reputation Management is Essential to the organisation's overall success and well being.

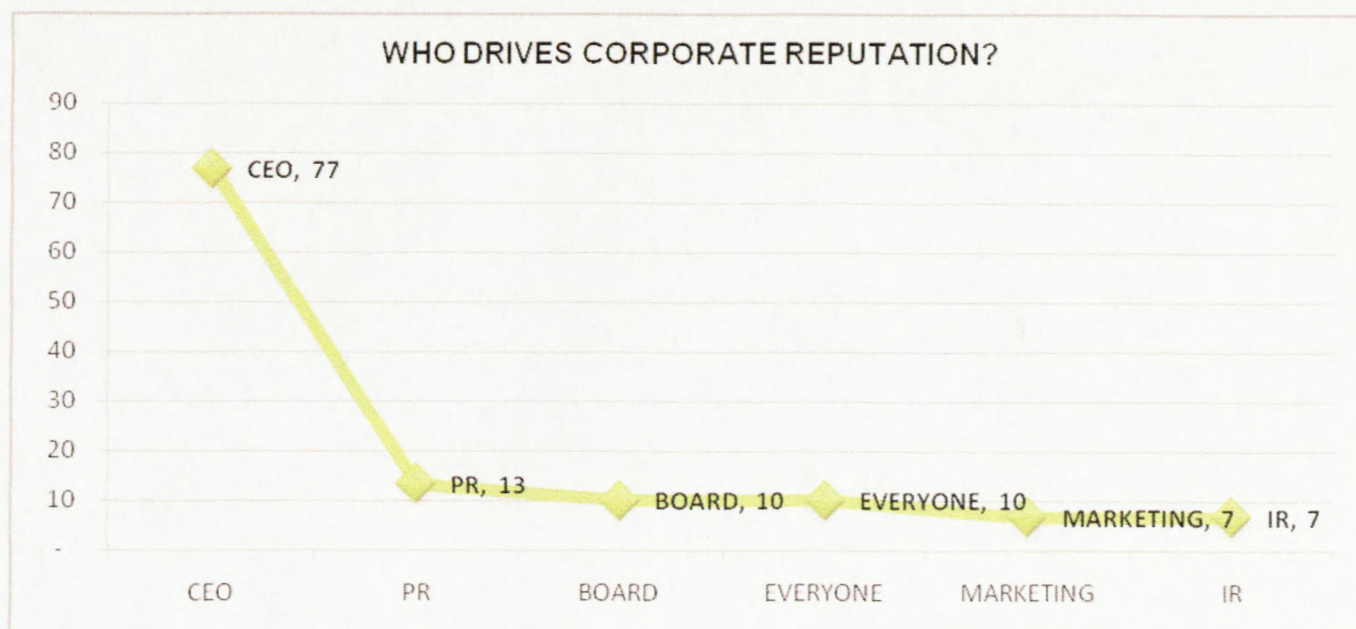


>>>Table 4.3.1: Impact of Reputation Management

4.3.2 WHO DRIVES CORPORATE REPUTATION?

Respondents were asked who they thought was *responsible for driving the organisation's corporate reputation mandate*. The graph below identifies the perceptions of CEO's with

regard to which individual / department is responsible for driving and managing the organisation's corporate reputation.



>>>Table 4.3.2: Drivers of Corporate Reputation

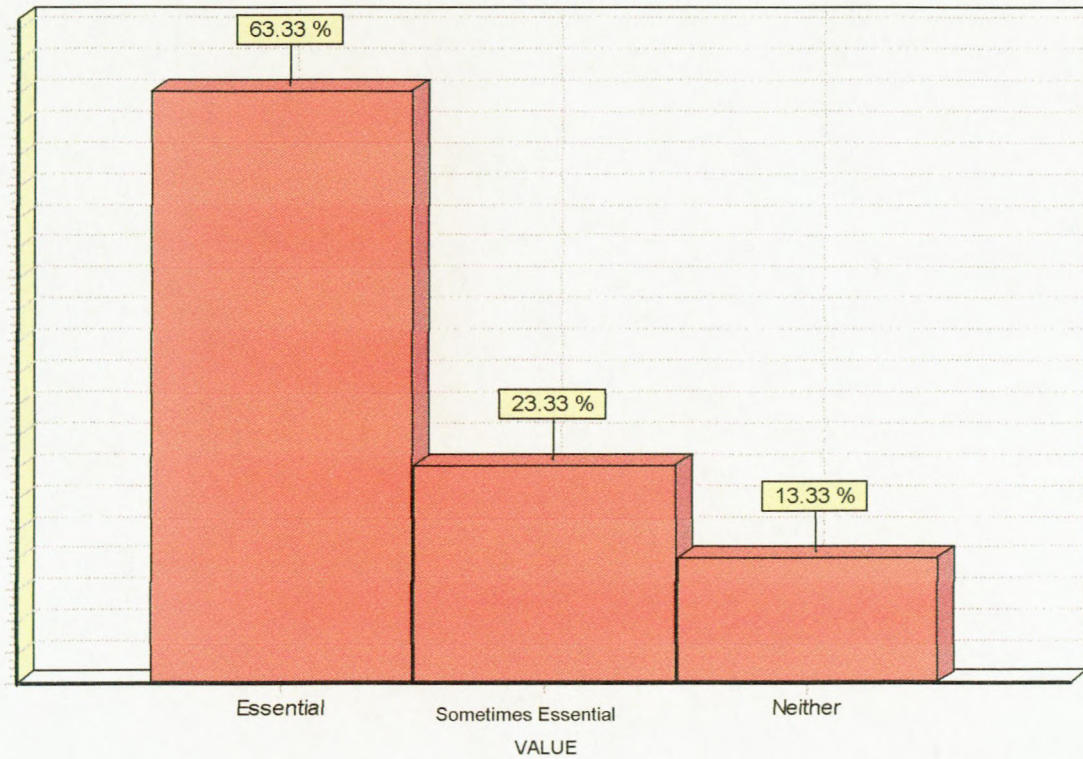
A substantial majority cited themselves (77%) as the driver for Reputation Management within the organisation. Only 13% of the respondents named PR as being responsible for managing the organisation's reputation. Both the Board of Directors (10%) and the 'entire' organisation (10%) were cited as contributing equally to the managing of the organisation's reputation.

The CEO's showed that their organisations take the function of Reputation Management seriously. This assumption can be asserted as CEO's cite themselves as drivers of reputation management, which therefore assumes that such a function would indeed be important.

4.3.3 DOES REPUTATION IMPACT PURCHASING DECISIONS?

Respondents were asked to rate the importance of reputation management to *the specific stakeholder* with regard to its impact on their purchasing decisions; on a scale of 1 – 5, 1 being essential to the organisation's overall effectiveness and 5 having nothing to do with the organisation's overall effectiveness. This was done to ascertain if the reputation of the organisation played a part in the purchasing decisions of the specific stakeholder group identified.

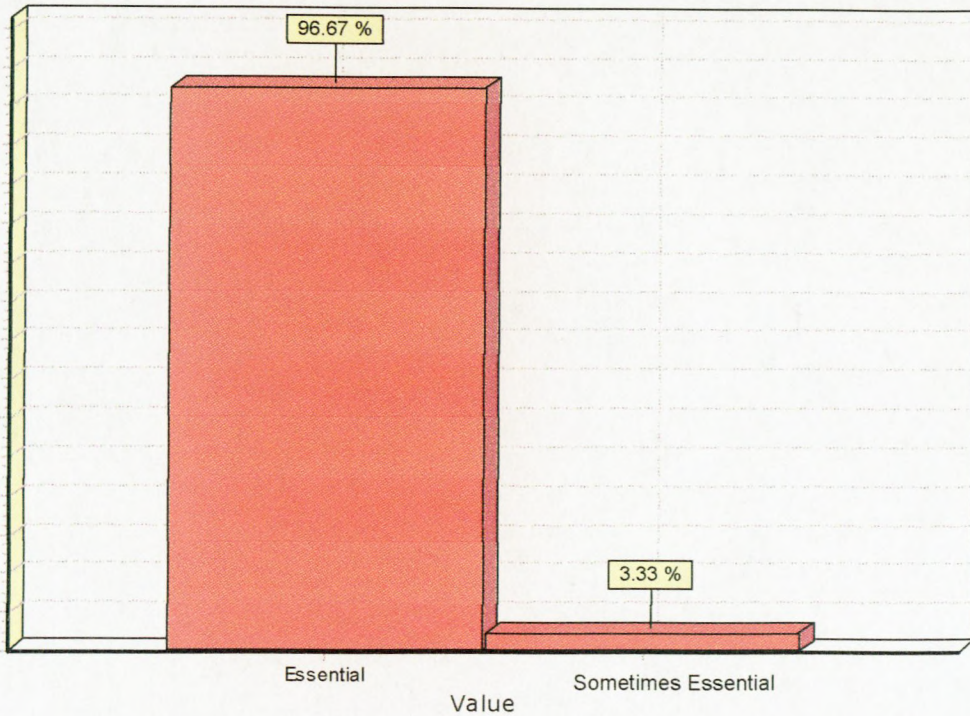
Impact of Reputation Management on Purchasing Decisions for Consumers



>>>Table 4.3.3.1: Reputation and Purchasing Decisions: Consumers

- 63% of respondents rated Reputation Management as being essential to consumers when they consider purchasing and buying from the organisation
- 23% however felt the variable to be essential some of the time
- 13% of respondents were indifferent in this regard as they believed the variable to be neither essential; nor not essential

Impact of Reputation Management on Purchasing Decisions for Investors and

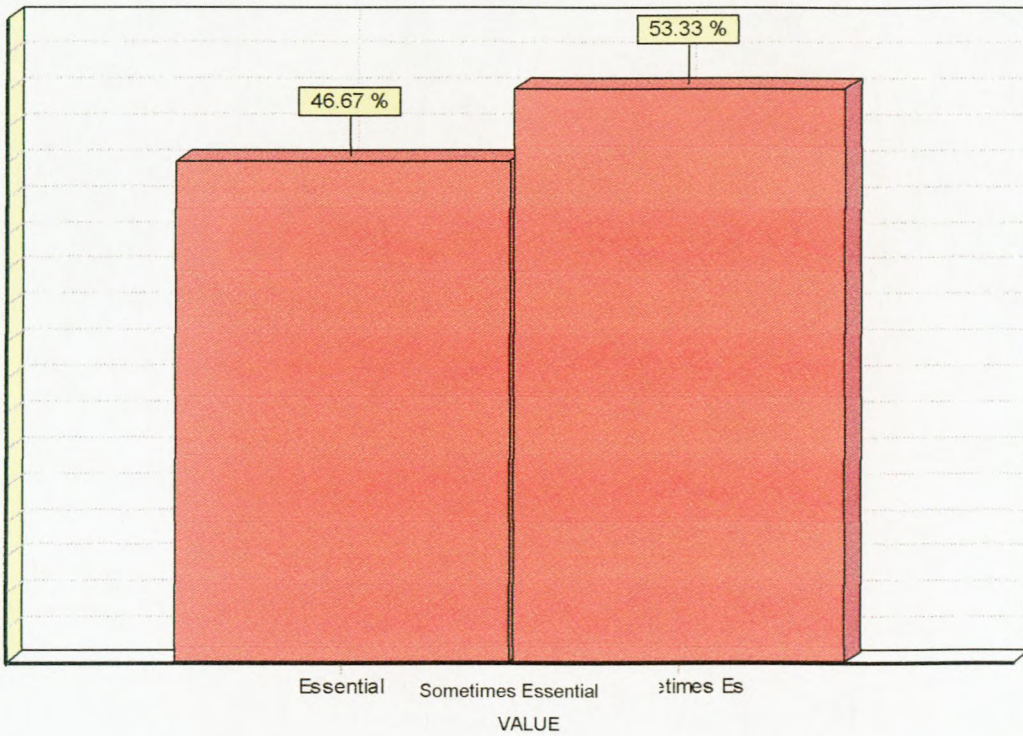


>>>Table 4.3.3.2: Reputation and Purchasing Decisions: Investors and Lenders

- An overwhelming majority of respondents (97%) rated Reputation Management as being essential all of the time; to investors and lenders when they consider entering into transactions with the organisation
- The latter 3% felt the variable to be essential some of the time

4.3.3.3 Potential Partners

Impact of Reputation Management on Purchasing Decisions for Potential Partners



>>>Table 4.3.3.3: Reputation and Purchasing Decisions: Potential Partners

- 47% of respondents rated Reputation Management as being essential to potential partners all of the time; when they consider entering into business with the organisation
- The latter, a small majority (54%), felt the variable to be essential some of the time

4.3.3.4 Financial and Industry Analysts

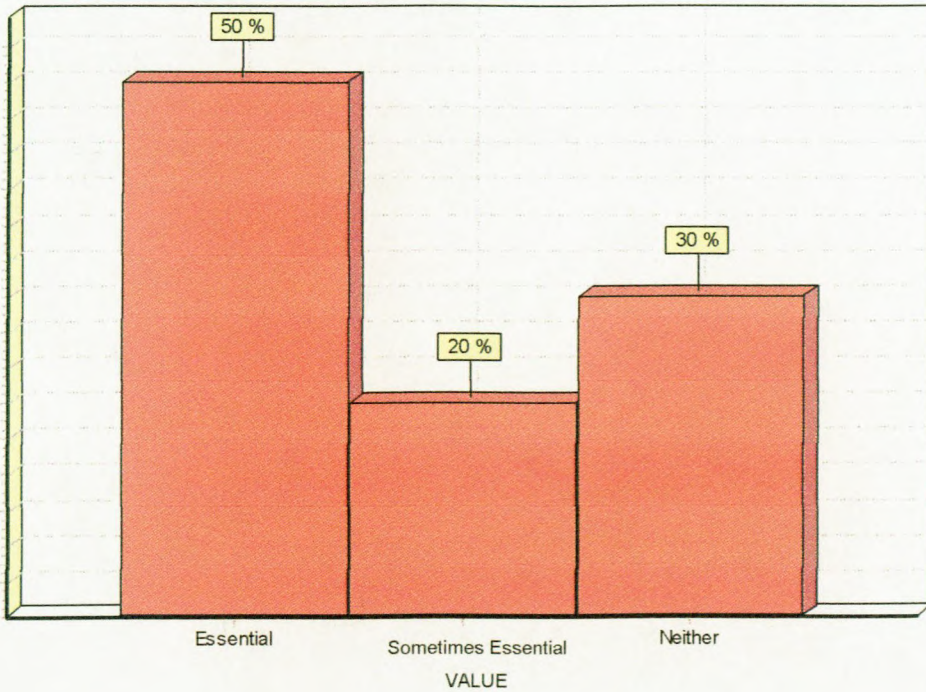
- 47% of respondents rated Reputation Management as being essential to financial and industry analysts, when they determine their judgment and outlook of the organisation
- 50% however felt the variable to be essential some of the time and
- 3% of respondents were indifferent in this regard as they believed the variable to be neither essential; nor not essential



>>>Table 4.3.3.4: Reputation and Purchasing Decisions: Financial and Industry Analysts

4.3.3.5 Media

Impact of Reputation Management on Purchasing Decisions for Media

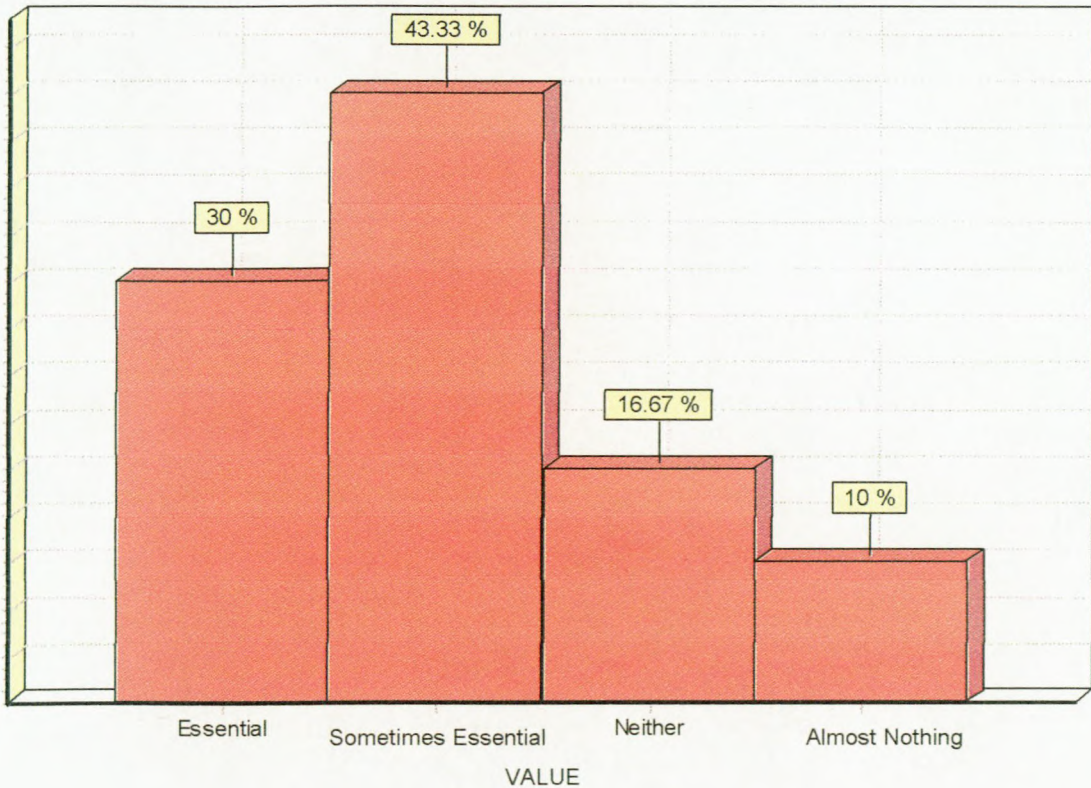


>>>Table 4.3.3.5: Reputation and Purchasing Decisions: Media

- 50% of respondents rated Reputation Management as being essential to the media, when they report on the organisation
- 20% perceived the variable to be essential some of the time, whereas,
- 30% of respondents were indifferent in this regard as they believed the variable to be neither essential; nor not essential

4.3.3.6 Government and Regulators

Impact of Reputation Management on Purchasing Decisions for Government and Regulators



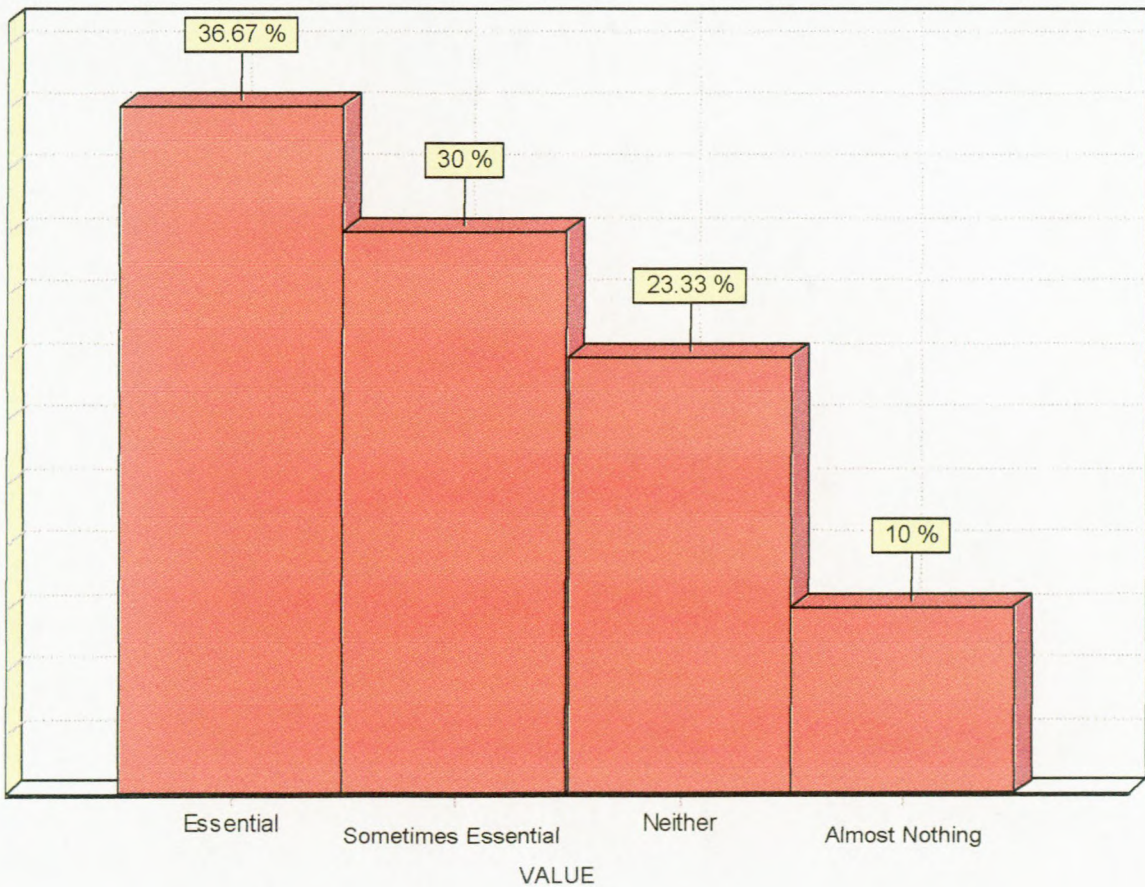
>>>Table 4.3.3.6: Reputation and Purchasing Decisions: Government and Regulators

- 30% of respondents rated Reputation Management as being essential to government and regulators, when they examine the organisation
- 43% deemed the variable to be essential some of the time, whereas,
- 17% of respondents were indifferent in this regard as they believed the variable to be neither essential; nor not essential
- The latter 10% countered the majority by asserting that the variable had almost nothing to do with the perceived outlook of the organisation by government and regulators

4.3.3.7 Competitors

- 37% of respondents rated Reputation Management as being essential to competitors, with regard to their counter strategies against the organisation
- 30% described the variable to be essential some of the time
- 23% of respondents were indifferent in this regard as they believed the variable to be neither essential; nor not essential
- The latter 10% countered the majority by asserting that the variable had almost nothing to do with the perceived outlook of the organisation by government and regulators

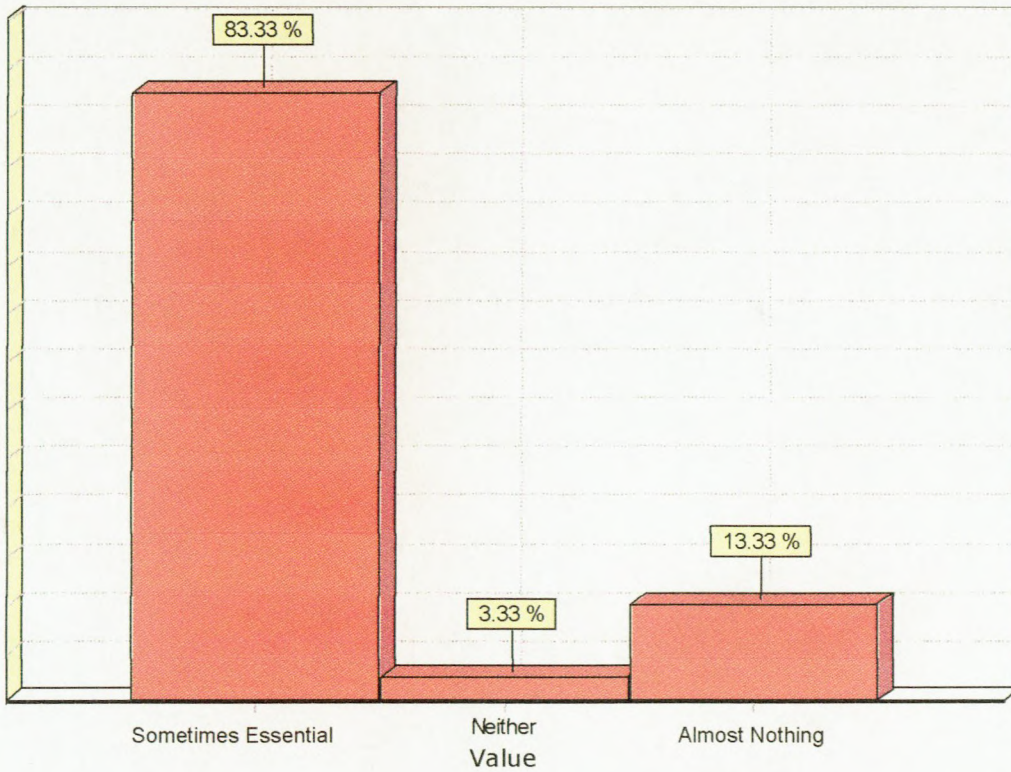
Impact of Reputation Management on Purchasing Decisions for Competitors



>>>Table 4.3.3.7: Reputation and Purchasing Decisions: Competitors

4.3.3.8 Vendors and Suppliers

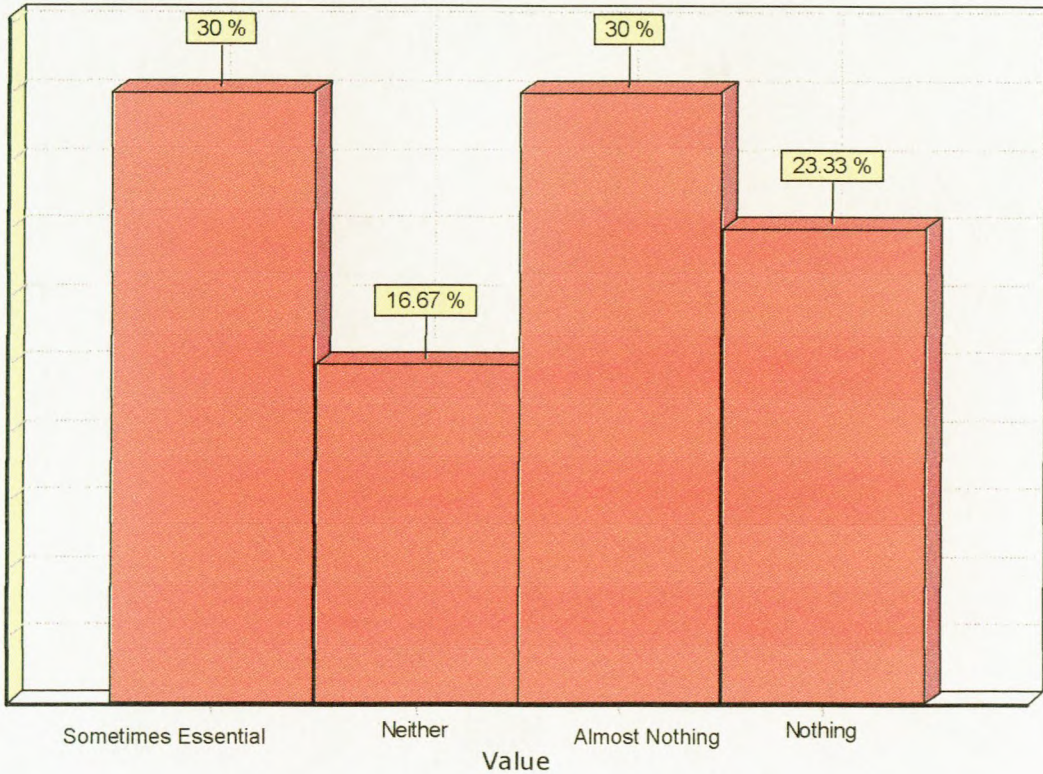
Impact of Reputation Management on Purchasing Decisions for Vendors and Suppliers



>>>Table 4.3.3.8: Reputation and Purchasing Decisions: Vendors and Suppliers

- The overwhelming majority (83%) of respondents rated Reputation Management as being essential to vendors and suppliers, with regard to them dealing with the organisation
- 3% of respondents were indifferent in this regard as they believed the variable to be neither essential; nor not essential
- The latter 13% countered the majority by deducing that the variable had almost nothing to do with determining the perception felt by vendors and suppliers, about the organisation

Impact of Reputation Management on Purchasing Decisions for NGO's



>>>Table 4.3.3.9: Reputation and Purchasing Decisions: NGO's

- 30% of respondents rated Reputation Management as being essential to special interest groups, with regard to their credence of the organisation
- 17% of respondents however inferred that they were indifferent in this regard as they believed the variable to be neither essential; nor not essential
- The latter of the respondents were less interested in the perceptions of these groups. 30% of the respondents affirmed that the variable had almost nothing to do with the relationship between the organisation and these special interest groups
- The remaining 23% of respondents stated that reputation has absolutely nothing to do with the view felt by special interest groups about the organisation

The above variables largely emphasise the importance placed on reputation management within the context of the organisation. The stakeholders discussed in the above question examines and explicates the profound relationship between reputation management, corporate performance and by default overall effectiveness.

The literature review identified Reputation Management as a Corporate Communication function and moreover identified it as a strategic function that impacted considerably on the organisation's overall performance. This series of questions tests that theory by exploring the perception CEO's have of the relation between Reputation Management and the organisation's various stakeholder groups. It especially focuses on identifying if stakeholders take the reputation of the organisation into account when deciding to become involved with the organisation.

Overall, CEOs have the impression that the reputation of the organisation is indeed important and valuable to the respective stakeholders. They believed that these stakeholder groups considered the reputation of the organisation before deciding to become involved with the organisation. The fact that CEOs consider the managing of the organisation's reputation to be valuable to all stakeholders, would suggest that ceos value the discipline of corporate communication management because reputation management is one of the corporate communication professional's functions.

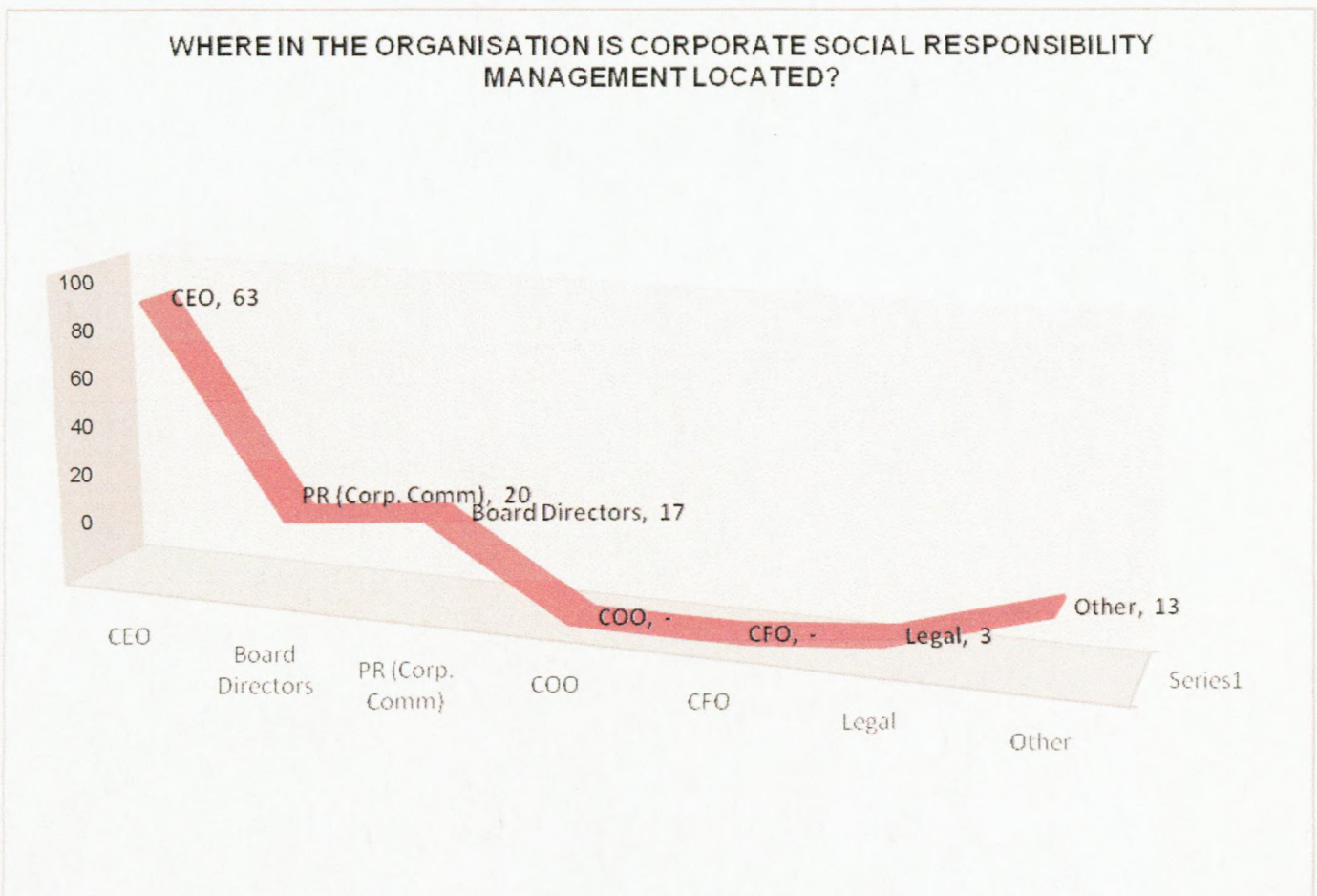
4.4 CORPORATE SOCIAL RESPONSIBILITY

4.4.1 WHERE IS CSR LOCATED WITHIN THE ORGANISATION?

Respondents were asked to identify where the task and function of Corporate Social Responsibility Management was situated within the organisation's organogram.

- The overwhelming majority cited themselves (63%) as the gate keeper for CSR within the organisation, even though they identified this function as the responsibility of *PR* in another question
- 20% of the respondents cited PR being the unit responsible for the management of social responsibility
- 17% identified the board of directors as the body responsible for the management of social responsibility

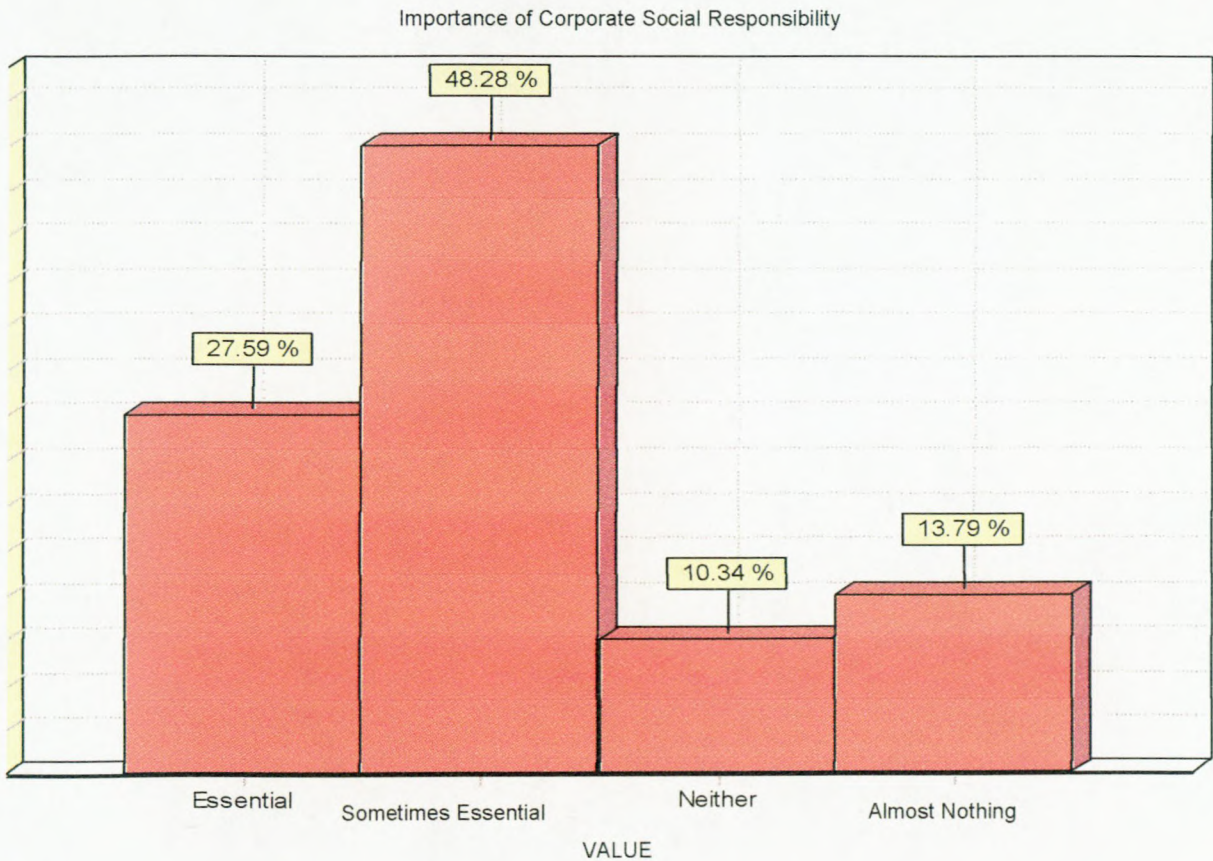
4.4.1.1 Where is CSR located on the Organisation's Organogram?



>>>Table 4.4.1.1: Location of CSR within Organisation

4.4.1.2 How important is CSR to the organisation's overall effectiveness?

Respondents were asked to rate the importance of Corporate Social Responsibility Management (CSR) to *consumers/customers* with regard to its impact on *consumer/customer* purchasing decisions; on a scale of 1 – 5, 1 being essential to the organisation's overall effectiveness and 5 having nothing to do with the organisation's overall effectiveness.



>>>Table 4.4.1.2: Importance of CSR

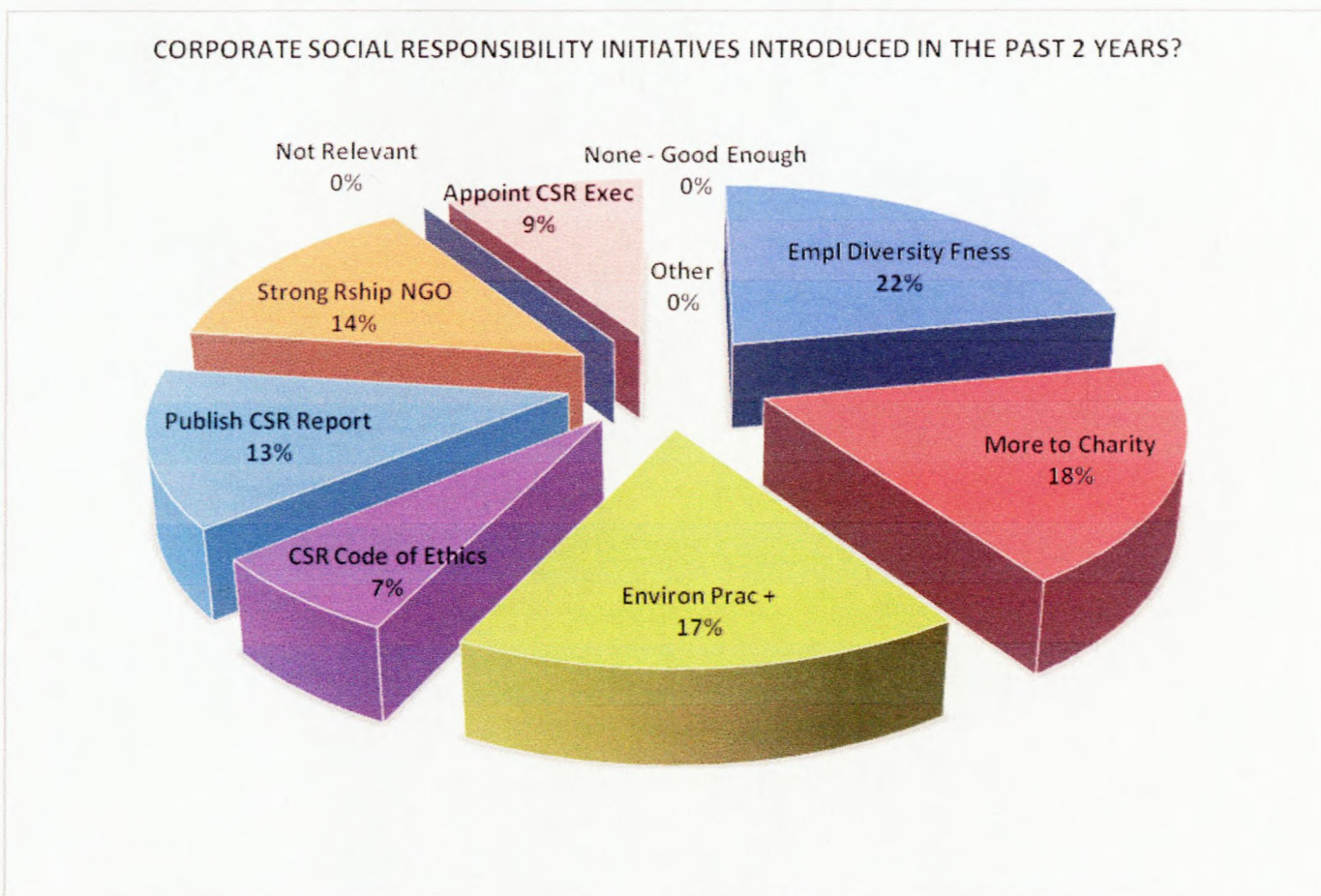
- 48% of respondents rated CSR as being essential to the organisation's overall effectiveness some of the time and
- 28% of respondents rated it as being essential to the organisation's overall effectiveness all the time

This finding indicates that CEOs considers the Corporate Communication function of Corporate Social Responsibility Management to be valuable to the organisation's overall effectiveness. Because the considerable majority of the sample rated CSR as valuable and necessary, the finding implies that CSR is beneficial to the organisation and considered to be

essential toward to the overall success of the organisation. This finding concurs with much of the literature reviewed because it underlines that organisations consider more than just profit to be an indicator of success. Organisations are becoming good corporate citizens in the sense that they underpin the practice of the triple bottom line in the functioning and mandate of their organisations.

4.4.1.3 Corporate Social Responsibility Initiatives

Respondents were asked to identify new CSR initiatives introduced by the organisation within the past two years from a list supplied. The variables identified in the graph below include a variety of options related to CSR initiatives undertaken by the organisation.



>>>Table 4.4.1.3: CSR Initiatives

The majority of respondents listed ‘stronger employee hiring policies to promote fairness and diversity’ (22%) as the most prominent CSR initiative implemented within the past two years

Other CSR initiatives identified include:

- 'Giving more time and money to community and charities' (18%) and,
- 'Improving environmental practices' (17%)
- 'Stronger relations with NGO's (14%)
- Publishing' a CSR and/or Triple Bottom Line report (13%)

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

The study entitled, "What is the value of Corporate Communications as a strategic management function to top management?" surveyed an extensive array of literary sources. The literature review identified the themes of Corporate Communication as a discipline, Stakeholder Management; Reputation Management; Corporate Governance including the sub themes of corporate performance, investor relations and the JSE SRI and Corporate Social Responsibility and Investment.

The literature review explained that the sense of value associated to Corporate Communication was indeed disputed. Just as many CEO's, decision makers and theorists believed the function to be valuable; as those who did not.

An idea for a future study could be to compare how different CEO's from different industries felt about corporate communication. Such findings could assist if financial disciplines place less value on corporate communication than service industries for example. It is most unfortunate that this study could not report on the demographic makeup of the respondents. This disposition is based on the requirement of all the respondents to remain anonymous. Unfortunately respondents demanded anonymity and comparisons could thus not be made in this regard.

The literature survey discusses the variables targeted in the research questionnaire, these include:

- Corporate Communication
- Corporate Governance (including Investor Relations and Corporate Performance)
- Stakeholder Management
- Reputation Management
- Corporate Social Responsibility

These themes were firstly identified within the literature review and then addressed in the research questionnaire. Respondents mimicked the findings of Sterne's (2008:31) paper measuring the perception of Corporate Communications in the business environment in New Zealand. South African counterparts indicated they too believed Reputation Management, Stakeholder Management, Investor Relations, Corporate Social Responsibility and Corporate Governance to be functions of the Corporate Communications department. They furthermore

displayed confusion with regard to the explicit role of Corporate Communication specialists and their hierarchical rank and disposition.

There was no surprise when the CEO's surveyed, identified finance as the most important business function. For the most part, this is an accurate representation as financial stability is by far the most important discipline of any successful organisation. The concern was that CEO responses were still in concurrence with the financial single bottom line of the past as opposed to The King Report's Triple Bottom Line doctrine. None of the CEO's linked the JSE SRI to any of their initiatives in the domain of corporate governance. Based on that concession, their responses in the area of corporate governance and corporate social responsibility were somewhat 'lukewarm'. CEO's expressed that they consider the function to be important by many of their responses that followed but were not consistent with their vague assumptions of value within the sphere of corporate social responsibility and governance. CEO's also did not believe in the culture of giving and caring to be a valuable initiative with regard to overall organisational effectiveness as they explicitly confirmed their indifference with regard to having a professional relation to NGO's and charity based organisations.

All the respondents believed corporate reputation management to be of vital importance to the organisation's overall effectiveness. They identified that both the reputation of the organisation and the reputation of the CEO were dominant drivers in achieving overall organisational success and effectiveness. Thus reputation management was by far the most noteworthy function performed by Corporate Communication specialists in the eyes of the inner circle of top listed companies in South Africa.

The literature deduced that the themes identified as Corporate Communication functions, are indeed valuable to the organisation. Responses from CEO's were at times consistent with one another, but at other times, were completely scattered. This analysis identifies that CEOs are still not entirely sure and/or confident in their understanding of the Corporate Communications discipline.

The most pertinent findings are discussed in the subsections below.

5.1 CORPORATE COMMUNICATIONS MANAGEMENT

5.1.1 MOST VALUABLE BUSINESS FUNCTION

The respondent's consider financial management to be the most valuable driver of corporate performance. Thereafter, they indicated Corporate Communication management to be the second most valuable business function. This result confirms that the inner circle perceive the function of Corporate Communication to be a valuable driver with regard to the organisation's success. They rated human resources management and marketing to be valuable as well.

The above conclusion is in sync with the literature reviewed in the sense that it highlights the function to be a useful and important one. The only difference though, is that much of the literature was presented from people within the PR industry, this finding validates the legitimacy and objectivity of the function's value because all the respondents were within the inner circle and completely removed from any communication related department or designation.

More in depth research should be done with this stakeholder group (the respondents) to identify what they perceive to be the most valuable Corporate Communication functions with the focus on improving the current method of operation, with regard to the practice of Corporate Communications.

5.1.2 MOST VALUABLE COMMUNICATION FUNCTION IN DRIVING CORPORATE PERFORMANCE

CEO's thought the reputation of the CEO was the most valuable communication function and practice in driving corporate performance. The CEO's reputation was cited overwhelmingly more than any of the other variables. CEO's would by default consider themselves to be the driver of the organisation's success. Their response would thus be open to distortion due to their subjectivity, in this regard.

This finding also shows that those areas deemed vital by the CEO are all communicative in nature. However, even though CEO's state the functions to be valuable, their later responses do not necessarily concur with their responses to this question and variable. They seem to place value on the concept of the function but do not equate the same value to the disciplines and practical enactments of the function. This means that they might consider reputation management or investor relations to be valuable but in practice they do not

believe the function to be communicative in nature or believe that it is indeed practiced and implemented by a PR professional. This is affirmed by the fact that many CEO's identified themselves, the board, the legal department or the CFO to be responsible for many of the communication orientated functions and disciplines within the organisation. Examples include the function of reputation management, corporate governance, investor relations and corporate social responsibility.

5.1.3 BENEFITS OF GOOD COMMUNICATION

Most of the CEO's attributed the 'ability to recruit and retain the best employees', 'the ability to make strategic partnerships and transactions' and an 'elevated stock price'; as the most beneficial advantages of good communication.

More research should be done to gain understanding and discover additional information and insight into the variables identified in this question. Practitioners should focus on the low-scoring variables to further their status with the inner circle of the organisation. These include protection from competitors, relationships with government and the ability to generate sales.

5.1.4 CORPORATE COMMUNICATIONS: ROLES, FUNCTIONS AND HIERARCHICAL LEVELS OF PROFESSIONALS

These findings were most interesting because they were inconclusive, most of the respondents chose more than 3 options per question and repeated similar functions on all of the levels (technician level, management level and strategic level of corporate communication practice). It therefore seems that CEO's are not clear about which role should be facilitated at which hierarchical level. They were however certain that reputation management and investor relations were located at either the manager or strategist level. The latter of the communication functions were distributed on all the hierarchical levels with no apparent pattern or consistency.

Respondents were clear in identifying that they believed the technician and manager to be responsible for media writing and placement, event management and publications. The latter of the functions were randomly distributed between the roles of manager and technician. In so doing, the respondents displayed their confusion with regard to the hierarchical disposition of communication functions. This finding indicates and concurs with the literature in saying that CEO's do not have the necessary knowledge in the domain of Corporate Communication to equip them with the ability to lead their department and effectively determine their strategic direction. This can largely be attributed to the fact that most CEO's

today were trained and educated before PR became a credible profession and thus are not knowledgeable in this regard. Practitioners must therefore take the time to equip and familiarise their managers and directors with a good understanding of the function and outcomes of Corporate Communication management as a strategic management function.

The strategist role was however clearly understood. This is due to the fact that the CEO's were themselves strategists and could thus relate to the role and duty of a strategic management role. This is apparent by the fact that they identified the function of investor relations, reputation management, stakeholder management and the Corporate Communication strategy and plan as the role of PR strategist.

5.2 CORPORATE GOVERNANCE

5.2.1 CORPORATE GOVERNANCE MANAGEMENT

Respondents identified Corporate Governance Management as valuable with regard to it impacting the overall effectiveness of the organisation. CEO's also thought they were responsible for driving corporate governance directly. Corporate Communication was rated second to the CEO with regard to custodian of Corporate Governance Management within the organisational context.

5.2.2 INVESTOR RELATIONS

CEO's identified themselves to be the most valuable driver in attracting investors to the organisation. In addition, they also identified the quality of the organisation's products and services, the reputation of the organisation and the strength of the organisation's corporate governance policies as being important with regard to attracting investors to the organisation.

According to the CEOs surveyed; investor relations was considered to be a very important business function with regard to impacting the organisation favourably. CEOs considered this variable to be a valuable one perceived it to be a function that profoundly affected the overall success and performance of the organisation. This was especially relevant for this sample as all the surveyed CEOs were executives at listed organisations. Investor relations is therefore an important function for all listed companies as their capital and development is directly dependent on the investors and shareholders of the organisation.

5.3 REPUTATION MANAGEMENT

Respondents were asked to rate which of their stakeholders most dramatically impacted their overall effectiveness and in so doing, they were expected to link this assumption to the impact reputation management has on those stakeholder groups.

They thought the organisation's reputation most impacted on investors and lenders, financial and industry analysts, the media, vendors and suppliers and their competitors.

CEO's thus asserted much value to reputation management as they perceived it to be a valuable driving force with regard to sustaining stakeholder relationships. CEO's also thought they were responsible for driving reputation management directly, even though they asserted the PR function to be one of the most valuable business functions in driving corporate performance. PR was however rated second to the CEO. A response distorted by the sample group's subjective responses perhaps.

What has been consistent is the fact that all the CEO's particularly value reputation management which, is managed by PR professionals. With that said, communication professionals should perhaps investigate and improve their ability to enhance and protect the organisation's reputation and in so doing align their achievements to the impact of a good reputation on the financial bottom line.

5.4 CORPORATE SOCIAL RESPONSIBILITY

The majority of CEO's perceived social responsibility to be a valuable function with regard to its impact on overall organisational effectiveness. Another interesting finding was the fact that all CEO's identified that they recently implemented new CSR initiatives within the past two years. None of the CEO's however mentioned their alignment to the JSE SRI as an initiative within the domain of corporate social responsibility.

The fact that CEO's and their organisations are taking note of CSR indicated that the function is growing in visibility and popularity. The majority of respondents answered positively when asked if CSR impacted overall organisational effectiveness. Ironically though, when asked about the impact of the disciplines within the domain of CSR their responses were skewed. Respondents indicated that they did not believe relations with NGO's and Community Groups to be important to overall effectiveness. They went so far as to say that it had nothing to do with overall effectiveness. This view is supported by Fortune Magazine's claim that "Doing good is bad business," (Kristol in *Wall Street Journal*, 1978). Many organisations still

believe this concept to be true and thus do not invest in CSR as they believe “The only business of business is business.” CEO’s also thought they were responsible for driving social responsibility management directly. Corporate Communication was however rated second to the CEO. This response is distorted by the sample group’s subjective responses.

5.5 OVERALL

5.5.1 CONSTRUCTIVIST PARADIGM

The constructivist paradigm was justifiable in the context of this study because it measured the perceptions held by the sample group. In a constructivist paradigm, the sample group is the basis of the study as is the case of this study. The study measured the perceptions held by CEO’s, about Corporate Communication management as a business function.

This paradigm explores the constructs of reality created by the population and how that changes over time. The literature in this study asserts that the discipline of Corporate Communication is undervalued and questioned in the industry. The findings of this investigation are similar to the findings of the literature survey because CEO’s do place some value on Corporate Communication management as a business function. What’s interesting is that this study, like the literature, explicates a sense of confusion on the part of the inner circle regarding the value of Corporate Communications within the organisational context. It became apparent, via the literature and study, that CEO’s were not clear, nor were they consistent regarding their perceptions of Corporate Communication. The confusion was apparent with the overall inconsistency of their responses and increasing vagueness when asked to explain the respective responses under the discussion. With that said, their perception and reality has changed to some extent. In so doing, CEO’s have changed their reality because they have changed their perception of Corporate Communication professionals, this reality thus concurs with the constructivist paradigm.

5.5.2 LIMITATIONS OF THE STUDY

- Many of the findings were distorted by the subjective responses of the sample group. CEO’s rated themselves as most important to many of the Corporate Communications functions because they were completing a questionnaire based on the overall effectiveness of the organisation. Thus they concluded that their contributions were more important than any other group or individual.
- All respondents wanted their anonymity to be guaranteed which diminished the impact of the study. If the study had been aligned to the organisations who

participated in the study, more influence would have been wielded in this regard and the study would have made a more profound impact in the business environment in South Africa.

- The sample included 30 respondents. The researcher made contact with all 76 members of the population but they were not available or willing to participate. The researcher set three months aside to distribute and collect completed questionnaires. To date, none of the remaining members of the original sample group (76) have subsequently returned the outstanding questionnaires, after repeated reminders

5.6 RECOMMENDATIONS

- CEOs need to be given information on the discipline of Corporate Communications management and their role within the organisation. A recommendation could be; for PRISA to campaign for the registration of all professionals. PRISA, is a nationally accredited organisation and could mediate between the professionals and the senior executive of the organisation. In so doing, CEO's will be knowledgeable about the function. Once the organisation is empowered with the relevant knowledge, they can effectively utilise and apply the skills of a PR professional for the holistic benefit of the organisation.
- The above recommendation could be beneficial to both working professionals as well as PRISA. This could initiate a national movement in which all professionals within the domain of Corporate Communication, are required (much like a doctor or lawyer is) to register and apply for accreditation with PRISA or other alternative industry / regulatory bodies, before they are allowed to practice Corporate Communication. In so doing, organisations will have the option of employing anyone but they will know that the best professionals should be accredited and will thus enforce that as a prerequisite. If organisations don't, it could be compared to a hospital hiring a doctor that is not certified – they have the option of doing so but would they? The same can be said for institutions like IABC (International Association for Business Communicators) or SACOMM (South African Communicators) for example, they could buy in to the above recommendation as well.
- Practising professionals should above all make an assertive effort to engage the CEO and senior executive management. If the professional does not report directly to the CEO, he/she must find a way to gain the favour or attention of the CEO. Starting an organisational blog, or staff training initiative or 'green living' campaign to save operational expenses; are all examples of how you could gain the favour of the CEO

and in so doing engage with him/her to allow yourself the opportunity to express the potential impact of the PR discipline.

- Professionals should invest more time in research, by researching the communicative needs and requirements of the organisation and filtering that back into the organisation's Corporate Communication strategy and plan. In so doing the professional will be assertively translating research into business capital by addressing the needs and wants of key organisational stakeholders
- Professionals on the managerial hierarchical level should be encouraged to explore further higher education and training, to enforce their ability to think strategically. If a professional does not think strategically, he/she cannot act strategically and make strategic decisions for the benefit of the organisation. A postgraduate degree will also enable communication specialists with the skills needed to address strategic issues as the professional will be equipped with enhanced business and planning skills.
- The communication department should actively and consistently engage in environmental scanning to manage the many issues in the business environment. This is not being done and is apparent based on the perception held by the CEO, that communication specialists lack strategic thinking. These conclusions are affirmed in Benita Steyn's study with CEO's regarding the hierarchical disposition of Corporate Communication professionals (Steyn, 2000). This should be a strategic exercise, in which the communication department has weekly briefing sessions to discuss issues and trends in the media (print, broadcast, cyber) relevant to the organisation. In so doing, the organisation can manage relevant issues, avert future crises, capitalise on possible profitable initiatives by identifying relevant and current trends. This is by far one of the most important recommendations because the communication departments in most organisations do what they believe is important without applying that to the current organisational climate.
- Most importantly, the communications department should align the Corporate Communication strategy to the business strategy to ensure that both strategies and plans are working toward the same goals and objectives. Often they are separate which fundamentally leads to the disparity between the communication department and the rest of the organisation. Often, communication specialists are operating in isolation, while the rest of the organisation is aligned to a specific business doctrine and mandate. If the communication department is to gain the favour of the inner circle, they must be working toward the same business objectives as the rest of the organisation.
- More research is needed in this area of study. Of particular concern is investigating how Corporate Communication specialists can be aligned to a profitable imperative. In other words, how can they prove their worth in rands and cents value?

5.7. ON A FINAL NOTE

5.8. LIST OF REFERENCES

The research was investigated with the aim of establishing if CEO's and their counterparts, within the inner circle of the organisation, consider Corporate Communication management to be a valuable driver in achieving overall organisational effectiveness.

All of the chapters contributed toward exploring what the current state of the industry is on an international level. The study has revealed interesting responses but it has predominantly revealed that the inner circle do indeed believe Corporate Communication to be a valuable business function but they do not necessary understand the role of the function within the overall organisational context.

The inner circle know Corporate Communication management exists but they do not know what it should be doing or how to measure whether or not it is successful. The literature identified that the profession of Corporate Communication is indeed seen as valuable but the professional practising the discipline is less than desirable. This means that the practice of Corporate Communications is often undermined by the professionals within the industry because they are either; inexperienced, uneducated or uninformed of the disciplines demands and criterion. Therefore, much change and development is required within the domain of Corporate Communication, but predominantly; the change is needed with respect to the communication specialists, professionals and their respective industry bodies. These professionals must change the way they are doing things because it is obviously not working. Why continue doing something that does not work? If they fail to do this, the discipline will be undervalued...

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