

***FROM 'STRATEGY' TO  
'CORPORATE COMMUNICATION STRATEGY':  
A CONCEPTUALISATION***

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## ABSTRACT

Strategic management theory differentiates between enterprise, corporate, business-unit, functional and operational strategy. With reference to these strategy levels, corporate communication strategy is conceptualised as a *functional* strategy, 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 the organisational mission 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.

Corporate communication strategy does not follow the traditional 'linear' approach to strategy development where the emphasis is on planning. Rather, it is moulded on more modern approaches such as 'adaptive' strategy (adapting to trends, events, issues and stakeholders in the environment) and 'interpretive' strategy (focusing on relationships, symbolic actions and communication, emphasising attitudinal and cognitive complexity among diverse stakeholders). It is seen to be 'emergent' rather than 'deliberate' strategy, where communication goals are not defined at the beginning of the strategy process but emerges through the process of identifying key strategic issues and their implications for the organisation's stakeholders and strategies.

Corporate communication strategy is developed by a practitioner in the (redefined) role of the *manager*, and is mainly derived from/influenced by the organisation's enterprise strategy. However, the corporate communication function's contribution to the organisation's strategy formulation processes is maximally optimised when there is also a practitioner functioning in the role of the corporate communication *strategist* at the top management or macro level of the organisation. The *strategist* gathers, interprets and disseminates strategic intelligence regarding stakeholders and issues amongst decision-makers, and assists in the formulation of the enterprise strategy.

Since organisations cannot attend to all issues, and all stakeholders do not care equally about specific issues, corporate communication strategy provides the strategic approach needed by organisations to pro-actively identify, prioritise and manage issues and stakeholders.

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# FROM 'STRATEGY' TO 'CORPORATE COMMUNICATION STRATEGY': A CONCEPTUALISATION

## 1. INTRODUCTION

The concept of 'strategy' is well-known in management theory and practice. However, the concept of 'corporate communication strategy' has received little attention in the public relations (corporate communication) body of knowledge. There is mention of a strategic role for the corporate communication practitioner, but few explanations or descriptions of what corporate communication strategy means in a strategic organisational context. Van Riel (1995:142) is of the opinion that academic knowledge with regard to the strategic management of an organisation's communication is relatively limited.

Although the corporate communication industry acknowledges that strategy should be an integral part of its communication programmes, few practitioners seem to understand the meaning of strategy. *"Strategy and the communications world, and particularly the PR part of that world, just do not seem to go together. It is certainly unusual to come across a memorable, cogent, sustained, and effective communications strategy. Not a brand strategy. Not a marketing strategy. Not an advertising strategy — a communication strategy"* (Tibble 1997:356).

After conducting a study on the professional views of corporate communication practitioners in the Netherlands, Van Ruler (1997:263) concluded that practitioners are not able to cope with abstract strategic planning practices. The key problem seems to lie in the application of 'strategy' to corporate communication issues. The purpose of this paper is therefore to stimulate debate on the meaning of the concept 'strategy' in a corporate communication context, as called for by Tibble (1997:358).

*Firstly*, as a meta-theoretical framework, the historical 'shareholder' and 'corporate social responsibility/performance' perspectives on management will be outlined, as well as the more recent 'stakeholder' and 'corporate community' approaches to strategic management. *Secondly*, the strategic management literature will be explored to gain insight into the meaning of the concept 'strategy'. *Thirdly*, the strategic role of corporate communication and the use/meaning of the term 'strategy' within the public relations literature will be described. *Fourthly*, a conceptualisation and operationalisation of 'corporate communication strategy' will be provided.

## 2. DEFINITION OF TERMS

### 2.1 CORPORATE COMMUNICATION

The term 'corporate communication' is increasingly being used in practice to describe the management function that is still referred to as 'public relations' in the body of knowledge (Groenewald 1998:58). 'Corporate communication' is preferred in this paper, the justification being that 'public relations' suffers from negative associations with the way it has been practised in the past (Ehling, *in* Grunig 1992). Furthermore, public relations is also seen by some as referring only to an organisation's external communication (Steyn 1999). In this paper, corporate communication is regarded as the broader term, encompassing both internal and external communication.

### 2.2 PUBLIC RELATIONS

Although the use of 'corporate communication' is preferred, this paper is based on the premise that there is no theoretical difference between 'corporate communication' and 'public relations'. These two terms are seen to be interchangeable, and the concept of 'corporate communication strategy' is therefore based on the following definitions of 'public relations':

- The First World Assembly of Public Relations Associations, held in Mexico City in 1978, defined public relations as *"the art and social science of analysing trends, predicting their consequences, counselling organisational leaders, and implementing planned programmes of action which will serve both the organisation and the public interest"* (Kitchen 1997:7).
- Public relations is *"a communication function of management through which organisations adapt to, alter, or maintain their environment for the purpose of achieving organisational goals"* (Long & Hazelton 1987:6).

- Public relations is “*the management function that establishes and maintains mutually beneficial relationships between an organisation and the publics on whom its success or failure depends*” (Cutlip, Center & Broom 1994:1).
- Public relations is concerned with “*assisting organisations to both formulate and achieve socially acceptable goals, thus achieving a balance between commercial imperatives and socially responsible behaviour*” (Kitchen 1997:8).

The emphasis in these definitions is on corporate communication as a management function identifying and managing issues and stakeholders/publics; building mutually beneficial relationships through communication with those on whom the organisation depends to meet its goals; and assisting the organisation to adapt to its environment by achieving a balance between commercial imperatives and socially acceptable behaviour.

## 2.3 STRATEGY

Strategy could be seen as the *thinking*, the logic behind the actions (Robert 1997:22). Drucker (1954) sees it as an indication of an organisation’s positioning for the future, deciding *what* should be done rather than *how* it should be done. Strategy requires choices—deciding what particular kind of value an organisation wants to deliver to whom (Porter, *in* Gibson 1997).

## 2.4 STAKEHOLDERS AND PUBLICS

These two terms are often used synonymously -- however, in the context of the strategic management of an organisation’s communication, there are subtle differences. Individuals or groups are *stakeholders* when they are affected by the decisions of an organisation or if their decisions affect an organisation (Freeman 1984), and are normally seen to be *passive*. When they become aware of potential problems in the relationship with an organisation, they can be described as *aware* publics. If they actively start communicating about the problem they are seen to be *active* publics (Grunig & Repper, *in* Grunig 1992:125).

## 3. APPROACHES TO THE ROLE OF BUSINESS IN SOCIETY AS A METATHEORETICAL FRAMEWORK

### 3.1 THE SHAREHOLDER APPROACH

The traditional *profit-centred* approach to management that originated during the Industrial Age (1900 - 1950) presumed that capital formation was the only legitimate role of business. Managers were obligated to pursue profits to enhance the wealth of the corporate owners (their shareholders) who were legally entitled to receive it. Other stakeholders could benefit from this approach, but they were only considered the means by which to achieve the end, namely profitability (Halal 2000:10). This approach is personified by Friedman (1961:16) who saw business as having a limited role in society. He contended that the “*business of business is business,*” and not social issues or politics. The social responsibility/ethical duty of business was to maximise its profits, bound only by legal restrictions.

### 3.2 THE SOCIAL RESPONSIBILITY/ETHICAL APPROACH

Although most managers agree that business is an economic transaction, they differ on the role that values and ethics should play in this transaction. The *social responsibility approach* to management prevalent in the Neo-Industrial Age was introduced in the 1960s. Business was seen to be an actor in the environment that should respond to social pressures and demands, and stakeholders were increasingly thought of in terms of morality, ethics and social responsibility (Halal 2000:10).

Davis & Blomstrom (*in* Carroll 1996:34) define corporate social responsibility (CSR) as “*the obligation of decision makers to take actions which protect and improve the welfare of society as a whole along with their own interests*”. Hargreaves & Dauman (1975) differentiated between the responsibilities of organisations as:

- *basic responsibilities*, referring to technical and routine obligations.
- *organisational responsibilities*, securing the well-being/needs of strategic stakeholders.
- *societal responsibilities*, referring to becoming involved in the wider community by assisting in the creation of a healthy overall environment, and emphasising the welfare and prosperity of society.

Carroll's (1979:497) four-part corporate social responsibility model focuses on the *types* of social responsibilities businesses have, but can also be seen as a *stakeholder* model (Carroll 1996):

- The *economic* obligations of business, namely to be productive and profitable and meet the consumer needs of society, impact especially owners and employees.
- The *legal* expectations, which are to achieve economic goals within the confines of written law, are crucial with regard to owners. However, in today's society the threat of litigation comes largely from employees and consumers.
- The *ethical* responsibilities, which are expected in a moral/ethical sense (to abide by unwritten codes, norms, and values implicitly derived from society even though they are not codified into law), affect all stakeholder groups but most frequently consumers and employees.
- The *voluntary/discretionary* responsibilities, which are guided only by business' desire to engage in social activities that are not mandated, required by law or generally expected of business in an ethical sense, most affect the community and employee morale.

It is clearly in business' long range self-interest to be socially responsible or their role in society may be altered by the public through government intervention or regulation (Carroll 1996:43). "*All business in a democratic country begins with the public's permission and exists by public approval*" (Page, in Griswold 1967:7).

### 3.3 THE CORPORATE SOCIAL RESPONSIVENESS APPROACH

By the early 1980s there was a shift from the idea that organisations *should* be socially responsible to *how* companies should respond to business-related social issues (responsiveness), and what ethical behaviour actually entailed. This shift is clearly enunciated by Sethi (in Carroll 1996:44) who classified organisational behaviour in responding to social or societal needs as follows:

- *Social obligation* is organisational behaviour in response to market forces or legal constraints (based on legal and economic criteria only).
- *Social responsibility* implies that organisational behaviour should conform to prevailing social norms, values and expectations.
- *Social responsiveness* places emphasis not on *how* organisations should respond to social pressure but rather *what* their long-term role in a dynamic social system should be. As Carroll (1996:46) terms it, how organisations should operationalise their social responsibilities.

The distinguishing feature of the corporate social responsibility and responsiveness approaches is that they apply the stakeholder concept to non-traditional stakeholder groups usually thought of as having adversarial relationships with the organisation. However, these approaches failed to indicate ways of integrating social and political concerns into the strategic systems of organisations in a non ad hoc fashion (Freeman 1984:38).

### 3.4 THE CORPORATE SOCIAL PERFORMANCE APPROACH

The trend throughout the 1980s and into the 1990s to make the concerns for social and ethical issues more pragmatic led to the corporate social performance (CSP) approach. This approach states that what is really important is what organisations are able to accomplish with regard to specifying the nature of their responsibilities, adopting a particular philosophy of responsiveness and identifying the stakeholder issues to which these responsibilities are tied. Carroll's corporate social performance model (1996:48-50) pointed out that social responsibility is not separate from economic performance. Rather, it integrates economic concerns into a social performance framework. In addition, it places ethical and philanthropic expectations into a rational economic and legal framework, helping managers to systematically think through major stakeholder issues. Clarkson (1995:103) builds on this model, maintaining that it is in effect not social issues to which organisations respond, but rather stakeholder issues since there are no issues without stakeholders.

### 3.5 THE STAKEHOLDER APPROACH

The growth of the stakeholder concept parallels the evolution of business as discussed in previous sections. In the *traditional production view* of the firm (the shareholder approach), owners thought of stakeholders as individuals or groups who supplied resources or bought products/services (Freeman 1984:5). In the *managerial view* of the firm (CSR and CSP approaches) businesses began to see the need for interaction with major stakeholder groups if they were to be managed successfully. In the *stakeholder view* of the firm (Freeman 1984:24-25) managers had to undergo a major conceptual shift in

how they saw the organisation and its multilateral relationships with stakeholder groups -- perceiving stakeholders not only as those groups that *management* thinks have some stake in the organisation but also those that *themselves* think they have a stake. (In actual practice, however, many managers have not yet come to appreciate the need for the stakeholder view.)

Donaldson & Preston (1995:65-91) articulate three aspects of the stakeholder view:

- It is *descriptive* as it describes what the organisation is, namely a constellation of co-operative and competitive interests possessing intrinsic value.
- It is *instrumental* in that it is useful to establish the connections between the practice of stakeholder management and the resulting achievement of corporate performance goals.
- It is *normative* as stakeholders are identified by their interest in the organisation whether or not the organisation has any corresponding interest in them. Stakeholders are seen as possessing value irrespective of their instrumental use to management.

Another perspective is provided by Goodpaster (1991:53-73) who differentiates between three approaches to stakeholders in the strategic management of organisations:

- The *strategic* approach sees stakeholders primarily as factors to be taken into consideration and managed while the organisation is pursuing profits for its shareholders or else they might retaliate/resist when offended. Stakeholders are viewed as instruments that may facilitate or impede the organisation's pursuit of its strategic objectives.
- The *multifiduciary* approach sees stakeholders as more than individuals/groups who can wield economic or legal power. Rather, management has a fiduciary (trust) responsibility to stakeholders to embrace them on a roughly equal footing with shareholders.
- The *stakeholder synthesis* approach, which holds that business has moral responsibilities to stakeholders but that they should not be seen as part of a fiduciary obligation. Management's fiduciary responsibility to shareholders is kept intact, but it is expected to be implemented within a context of ethical responsibility.

Carroll's views (1996:78) with regard to the above are that organisations should integrate the strategic view with the multifiduciary view, i.e. that organisations should manage *strategically* and *morally* at the same time. The stakeholder approach should not only be a better way to manage, but also an ethical way to manage. The challenge of stakeholder management is to see that primary stakeholders achieve their objectives, but that other stakeholders are dealt with ethically and responsibly, and are also satisfied in the classic 'win-win' situation.

In today's socially aware environment powerful groups of stakeholders can exert enormous pressure on organisations and wield significant influence on public opinion, causing organisations to take particular courses of action (Carroll 1996). Our pluralist society has become a special-interest society, where stakeholder groups have become increasingly activist, intense, diverse, focused and committed to their causes, and organisations of today must be responsive to them and meet their expectations. "*Success and indeed survival of every business depends on either obtaining the support or neutralising the attacks of key actors in its environment...we need a keen insight into the behaviour of those actors who affect our fate*" (Yavits & Newman, in Sturdivant & Vernon-Wortzel 1990:58).

### 3.6 THE ISSUES APPROACH

The analysis of societal issues and trends is important because the values and beliefs of key stakeholders are derived from broader societal influences, which can create opportunities or threats to organisations' growth and profit prospects. Awareness of, and compliance with, societal attitudes can help organisations to avoid restrictive legislation and being regarded as a 'bad corporate citizen' (Harrison & St John 1998).

The management of issues can be approached in two ways (Fahey 1986:85-96):

- *Narrowly*, where the focus is on public or social issues. Under this conventional approach, issues fall within the domain of public policy/public affairs management and originate in the social/political/regulatory/judicial environments.
- *Broadly*, where the focus is on strategic issues and the strategic management process. Following this approach, issues management is the responsibility of senior line management or strategic planning staff and is inclusive of all issues -- anticipating and managing external as well as internal challenges.

Increasingly organisations are opting for the broad approach to issues management. Economic and financial issues have always been an inherent part of the business process, although their complexity seems to be increasing. The growth of technology has presented business with other issues that need to be addressed. However, the most dramatic growth has been in social, ethical, and political issues—all public issues that have high visibility, media appeal and interest among special-interest stakeholder groups. For most organisations the ethical, political and technological issues are at the same time economic issues because organisations' success in handling them frequently has a direct bearing on their financial status and well-being (Carroll 1996:662).

Many organisations follow a *reactive* approach where issues are dealt with only after they have developed. A *pro-active* approach to issues management entails the organisation anticipating strategic and other issues, and devising ways to prevent the problem from developing (Sturdivant & Vernon-Wortzel 1990:53-54). In practice, organisations respond reactively to some issues and proactively to others, subordinating social responsiveness to corporate economic goals (Arlow & Gannon, *in* Sturdivant & Vernon-Wortzel 1990:54).

Not only will managers of the 21<sup>st</sup> century have to deal with new demands from stakeholders, but they will also have to handle difficult strategic, social, public and ethical issues in full view of interested stakeholders. The major challenge is to devise a means by which managers work toward a definition of their appropriate societal role while effectively managing social, public and ethical issues in addition to the strategic issues facing organisations (Sturdivant & Vernon-Wortzel 1990:4, 8).

Stakeholder and issue approaches provide a new way of thinking about strategic management and what the affairs of the organisation actually constitute (Freeman 1984:vi). However, most organisations continue to favour financial interests rather than the balanced treatment proposed by stakeholder (and issues) approaches. They continue to think of stakeholders in terms of morality, ethics, and social responsibility rather than economic value and competitive advantage (Halal 2000:10). What seems to be missing is an economic rationale explaining the role of corporate stakeholders in creating wealth (Halal 2000:11).

### 3.7 THE 'CORPORATE COMMUNITY' APPROACH

The corporate community approach to strategic management became prevalent during the 1990's and onwards. In the Information Age, wealth is regarded as a function of information, vision, and properties of the mind. In a new economic theory of the firm proposed by Halal (2000:10), the organisation is viewed as a socio-economic system where stakeholders are recognised as partners who create value through collaborative problem solving. Modern stakeholders work with managers to improve their own benefits while also enhancing corporate profitability. Business creates wealth by integrating stakeholders into a productive whole – a 'corporate community.' This is not done to be socially responsible, but because it provides a competitive advantage.

In a corporate community approach, the role of the organisation is to integrate the economic resources, political support, and special knowledge each stakeholder offers, referring to "*the capital, financial discipline, and the investment wisdom of shareholders; the talents, training, dedicated efforts, and*

*problem-solving capacity of employees; the deeper understanding of products and services provided by actively engaged consumers; the supporting capabilities of committed business partners; and the economic guidance of government”* (Halal 2000:12).

Managers therefore have a new role in the modern organisation: to act as stewards in forming a political coalition that draws together these resources and transforms it into financial and social wealth (Halal 2000:13). Stewardship is not intended to ‘do good’ as understood in the social responsibility/ethical approaches (which is why the latter had limited effect). Corporate community involves pragmatic, two-way working relationships where the benefits each group receives are balanced with the contribution it makes. In a knowledge economy, management’s strategic role is to facilitate joint problem solving among corporate stakeholders, because stakeholder collaboration is the key to creating economic wealth.

### **3.8 CONCLUSION**

A well-managed organisation must deal effectively with the social, political and legal dynamics of its environment as well as the more traditional product and market-focused variables found in the economic and technological environment. Management must recognise that business is a component of a broader, constantly changing social system. Attention has shifted from social responsibility/responsiveness and the traditional stakeholder approach to a new corporate community where partnerships and collaboration between organisations and stakeholders not only enhance long-term economic performance (Sturdivant & Vernon-Wortzel 1990:4) but actually create its economic wealth (Halal 2000).

## **4. STRATEGIC MANAGEMENT AS A THEORETICAL FRAMEWORK**

Strategic management is defined by Greene, Adam & 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*”. Strategic management focuses on strategic decisions which deal with the determination of strategy, provide the definition of the business and the general relationship between the organisation and its environment. A key concept in this process is ‘strategy’, the organisation’s pre-selected means or approach to achieving its goals and objectives while coping with current and future external conditions (Digman 1990).

In developing strategy, an important distinction needs to be drawn between the process, content and context within which strategy formulation takes place (Lynch 1997:21):

- *Context* refers to the environment within which the organisation operates/develops its strategies.
- *Content* refers to the substantive issues tackled in strategy formulation – the specific means by which corporate, business, or functional goals are to be achieved. (The different levels of strategy formulation typically refer to the content of strategies.)
- *Process* is the method by which strategies are derived, referring to specific steps or phases through which strategies are formulated and implemented (e.g. environmental analysis, strategic thinking, strategic planning, implementation and control). The process indicates how the actions link together/interact as the strategy unfolds against a (changing) environment.

### **4.1 STRATEGY AS THE MAJOR CONCEPT**

Strategy, from the Greek word ‘strategia’ (office of the general), is “*the science or art of military command as applied to the overall planning and conduct of large scale combat operations*” (Robert 1997:22). Sun Tzu, the legendary Chinese general provided the following reasons for a general’s success: “*The General who wins a battle makes many calculations in his temple before the battle is fought. The general who loses a battle makes but few calculations beforehand*” (Narayanan & Nath 1993:248).

The economic historian Chandler (*in* Narayanan & Nath 1993:256) first articulated the notion of strategy in scholarly circles as “*the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary to carry out these goals*”. The management philosopher Drucker (1954) saw strategy as an indication of the organisation’s positioning for the future, the *what* rather than the *how*. It is more important to do the right thing (improving effectiveness), than to do things right (improving efficiency).

The Harvard Business School scholars Christensen and Andrews left a lasting legacy by conceptualising strategy as the domain of general managers and seeing its focus as linking an organisation with its environment. Strategy formulation and implementation was regarded as two sequentially related phases in top management decision making influenced by human considerations such as top management values (Narayanan & Nath 1993:256).

A strategy could also be seen as an approach, design, scheme or system that directs the course of action in a specific situation (Grunig & Repper, *in* Grunig 1992:123) – the means to achieve the ends (Narayanan & Nath 1993:244. Strategy is the thinking, the logic behind the actions (Robert 1997:22). Most authors affirm that the heart of strategy-making lies in the conceptual work done by leaders of the organisation. Where there is no clear concept of strategy, decisions rest on either subjective or intuitive assessment and are made without regard to other decisions (Jain 1997:9).

Chaffee (1985:90) clusters strategy definitions in the literature into three groups:

- Linear strategy focuses on planning, and consists of “*integrated decisions, actions, or plans that will set and achieve viable organisational goals*”. Moss & Warnaby (*in* Kitchen 1997:47), question this model because it assumes that organisations are structured hierarchically, that they are operating in stable environments, and that managers act rationally.
- Adaptive strategy is concerned with the “*development of a viable match between the opportunities and risks present in the external environment and the organisation’s capabilities and resources for exploiting these opportunities*”. The environment is seen to consist of trends, events, competitors and stakeholders to which the organisation must adapt. According to Moss & Warnaby (*in* Kitchen 1997:47), this view of strategy assumes that the environment is much more dynamic and less susceptible to prediction.
- Interpretive strategy, which views the organisation as a “*collection of co-operative agreements entered into by individuals with free will. The organisation’s existence relies on its ability to attract enough individuals to co-operate in mutually beneficial exchange*”. The focus here is on desired relationships, symbolic actions and communication, and emphasises attitudinal and cognitive complexity among diverse stakeholders in the organisation. Interpretive strategy corresponds to the ‘stakeholder approach’ to strategic management.

Various authors see strategy as a pattern, namely:

- a pattern in the organisation’s important decisions and actions, consisting of a few key areas or things by which the organisation seeks to distinguish itself (Kami 1984);
- a pattern in a stream of actions—this pattern being the result of strategic decisions made by the organisation (Mintzberg 1987);
- a pattern of major objectives, purposes, essential policies and plans for achieving those goals -- stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be (Jain 1997:9).

Two other well-known approaches to strategy formulation are the prescriptive (deliberate) and the emergent approaches (Lynch 1997:27). Supporters of the *prescriptive* approach view strategy to be a linear and rational process, starting with ‘where-we-are-now’ and then developing new strategies for the future. Objectives have been defined in advance and main elements developed before the strategy commences. The objective may be adjusted if circumstances change significantly.

Mintzberg (1987), one of the biggest critics of the prescriptive approach, developed the *emergent* approach to strategy formulation. In this view, the final objective of the strategy is unclear and elements still develop as the strategy proceeds, continuously adapting to human needs -- the emergent strategy is evolving, incremental and continuous. More recent approaches to emergent strategy (Pettigrew 1985; Mintzberg 1990) emphasise that people, politics and culture of organisations all need to be taken into account. Strategists such as Senge (1990) emphasise the learning approach to strategy, i.e. encouraging managers to undertake a process of trial and error to devise the optimal strategy. The organisation’s strategy is derived as a result of negotiation, discussion, trial, repeated experimentation and small steps forward. Implementation does not follow strategy development, but is an integral part of the development.

In summary, prescriptive strategies want to *anticipate* how the environment will change in order to meet future needs ahead of competing organisations. Emergent strategies are content with an *understanding* of the environment (Lynch 1997). Furthermore, whereas the prescriptive approach takes the view that the three core areas (process, content and context) are linked together sequentially, the emergent approach regards the three core areas as being interrelated.

The fundamental truth regarding strategy is that an organisation cannot be all things to all people. Strategy requires choices—deciding what particular kind of value an organisation wants to deliver to whom (Porter, *in* Gibson 1997). The strategy is the primary determinant of success or failure in fulfilling the mission and achieving the organisation's goals and objectives (Digman 1990:13).

## 4.2 THE CONTEXT OF STRATEGIC MANAGEMENT

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 -- however, there is a lack of a definite interpretation of the term (Grunig & Repper, *in* Grunig 1992:122). Various authors conceptualise 'environment' in different ways.

Pearce & Robinson (1997) regard the environment as the sum total of all conditions and forces that affect the strategic options of the organisation and define its competitive situation, but are typically beyond its ability to control. It consists of the following categories:

- The *macro* environment (also called the remote or societal environment) originates beyond, and usually irrespective of, any single organisation's operating situation. It refers to social, economic, political, technological and ecological sectors that affect organisations indirectly by influencing their long-term decisions.
- The *operating* or task environment includes sectors that have direct transactions with the organisation and influence their day-to-day operations and goal attainment (Wheelen & Hunger 1992). It is typically much more subject to the organisation's influence or control.
- The *functional or internal environment* (Olsen, Murthy & Teare 1994) refers to areas of specialisation within the organisation such as finance, human resources, operations, administration, marketing, corporate communication, and research and development. The vision, mission, corporate culture, policy, goals and objectives also form part of the *internal* context within which strategy is developed.

Referring to the *stakeholder environment*, Mitroff (*in* Spies 1994); Pearce & Robinson (1997:46) and Carroll (1996:652) state that the legitimate right of all the organisation's stakeholders must be recognised, not only the stockholders. Another view is presented by Lenz & Engledow (1986) who regard the environment as a patterning of strategic issues, taking into account all trends, events and issues that may have a bearing on the organisation and its stakeholders.

Duncan (1972) conceptualises the environment as being built from the flow of information into the organisation, while Weick (1969) sees it as the messages that organisational members perceive and the meanings that they create in response. Since organisations create their own environments by paying attention to some while ignoring other information, Starbuck (1976:1078) describes an organisation's environment as "*an arbitrary invention of the organisation itself*".

In considering the diverse views expressed above, one has to agree with Grunig & Repper (*in* Grunig 1992:122) that there is no consensus on the exact nature of the concept 'environment'. For the purpose of this paper, the environment is conceptualised as *a collection of stakeholders and a patterning of strategic, social, political and ethical issues*.

## 4.3 THE LEVELS OF STRATEGIC MANAGEMENT

The levels of strategy typically refer to the *content* of strategies. Strategy development takes place at different organisational levels (Digman 1990), and different stakeholders are addressed by different levels of strategy (Narayanan & Nath 1993:298).

### 4.3.1 Enterprise strategy

According to Ansoff (1977), the broadest level of strategy is known as societal-role or enterprise strategy, also visualised as the strategy level where the political legitimacy of the organisation is addressed. Bowman (*in* Moss, Vercic & Warnaby 2000:39-40) calls this level institutional strategy which involves "*the issues of how a corporation fits itself into the social environment and the body politic*". Although enterprise strategy is not always formally stated in organisations, it exists nevertheless and describes the level of strategic thinking necessary for organisations to be fully responsive to today's complex and dynamic social environment.

At this overarching strategy level, the basic questions to be answered are “*what is the role of the organisation in society; what principles or values do the organisation represent; what obligations are there to society at large; what are the implications thereof for the current business and allocation of resources*” (Freeman 1984:91). The point of enterprise-level strategy is that an organisation needs to address these questions intentionally, specifically, and cohesively.

Enterprise strategy influences the organisation’s relationships with its environment, particularly the relationships with those who have an interest in what the organisation does and how it conducts its business -- the stakeholders. In this regard it should address questions such as “*how is the organisation perceived by their stakeholders*” and “*what are stakeholder values and expectations*”. This last question is the critical link between ethics and strategy. Enterprise strategy is the term used to denote the joining of ethical and strategic thinking about the organisation (Hosmer 1994:17) and provides the organisation’s best possible reason for the actions it takes.

The enterprise strategy therefore has to do with the achievement of *non-financial* goals, such as enhancing the organisation’s image and fulfilling its social responsibilities. In part, enterprise strategy represents the social and moral/ethical component of strategic management (Freeman 1984). This level of strategy is important because corporate survival depends in part on some ‘fit’ between the values of the organisation and its managers; the expectations of stakeholders; and the societal issues that will determine the ability of the organisation to sell its products.

The manifestations of enterprise strategy show up, for example, in how an organisation responds when faced with public crises. Whether it responds to stakeholders in a positive, constructive, and sensitive way reveals the presence or absence of soundly developed enterprise-level strategy. Mission and vision statements and codes of conduct and/or ethics are also indications of enterprise-level strategy, as are committees on social audits, corporate philanthropy, ethics and public issues (Carroll 1996:638). Another indication is the existence of a public affairs function especially when it reports to top management and plays a formal role in strategy formulation -- identifying social or public issues, analysing and integrating them into the strategic management process (Carroll 1996:642). An enterprise strategy can also express a desire to maximise stockholder value, satisfy stakeholder interests or increase social harmony/the common good of society (Freeman & Gilbert 1988).

In not-for-profit organisations the development of an enterprise strategy is a legal requirement. They have to be organised around a societal mission, whether it is educational, religious, charitable, or otherwise. Some get very specific about how they will deal with stakeholder interests.

It is the role of the board and top management to set the tone for how the organisation deals with stakeholders, both traditional marketplace ones and those who have political power. The board must decide not only whether management is managing the affairs of the organisation, but what indeed constitutes the affairs of the organisation.

At the enterprise level, strategies should to a large extent be *stakeholder oriented* (Steyn & Puth 2000:42).

#### 4.3.2 Corporate strategy

At the corporate level, primary strategy-formulation responsibilities include defining the set of businesses that should form the organisation’s overall profile (e.g. taking decisions on mergers and acquisitions, strategic alliances, joint ventures), selecting tactics for diversification and growth, and managing corporate resources and capabilities (Harrison & St John 1998:170).

Corporate-level decisions are typically made at the highest levels of the organisation by the chief executive officer and/or the board of directors, although these individuals may receive input from managers at other levels. Corporate strategy can best be described as the responsibility of the board and top management for the organisation’s financial performance.

At this level strategies tend to be *financially* oriented (Digman 1990:38), regarding *shareholders* as the primary stakeholder (Narayanan & Nath 1993:298). The focus is on the macro environment, especially its economic and technological components.

#### 4.3.3 Business-unit strategy

Business-unit strategy pertains to domain direction and navigation, i.e. it defines an organisation's approach to competing in its chosen market/product/industry segment. Business strategies usually cover a single product or group of related products (Pearce & Robinson 1997:6; Jain 1997:9,19) and are as different as the organisations that create them (Harrison & St John 1998:142).

The responsibility for developing business strategy rests with the general manager of a business unit, who must translate the statements of direction generated at the corporate level into concrete objectives/strategies for individual business divisions (Jain 1997:19). This includes ongoing analysis of the changing business situation, selecting a generic strategy (such as Porter's cost leadership or differentiation) and managing resources to produce a sustainable competitive advantage. The responsibilities and methods for carrying them out are similar in for-profit, non-profit as well as service organisations (Harrison & St John 1998:142).

At the business-unit level, strategies are often *marketing* oriented (Digman 1990:38), focusing on the task as well as the macro environment (especially its economic, technological and regulatory components). The focus is on the support of the organisation's financial goals and objectives. Primary at this level are customers, as well as all the other stakeholders in the value chain such as suppliers, distributors, regulators and employees (Narayanan & Nath 1993).

#### 4.3.4 Functional strategy

Functional strategy contains the details of how the functional areas should work together to achieve higher-level strategies and is most closely associated with strategy implementation. Functional strategy thus involves what should be done in each of the key functional areas, given the specific emphasis placed on them and the resources allocated (Harrison & St John 1998:208-209).

Each functional area makes its own unique contribution to strategy formulation at different levels. In many organisations the marketing function represents the greatest degree of contact with the external environment, gathering information on strategic stakeholders such as customers. In such cases, marketing plays a pivotal role in higher-level strategy development (Harrison & St John 1998:208-209), focusing on the support of business-level strategy and the achievement of financial goals. Marketing strategy evolves from the cumulative pattern of decisions made by employees who interact with customers and perform marketing activities and is oriented towards exchange relationships (Koekemoer 1998) with stakeholders in the *task environment* (also taking the social, technological, regulatory and ecological components of the macro environment into consideration).

Other value-adding functions are for example human resources (HR), information systems, finance and accounting, and research and development. Until fairly recent, HR activities were considered to be more administrative than strategic. While some HR departments are still primarily concerned with avoiding people problems (strikes, turnover, lawsuits, unions), others are actively involved in the formulation of strategies (Fulmer, *in* Harrison & St John 1998:218). They serve a co-ordinating role between management and employees, and between the organisation and external stakeholder groups including labour unions and government regulators. The pattern of decisions about selection, training, rewards, and benefits creates a human resources strategy (Harrison & St John 1998:218).

The role of information systems in organisations has also changed fundamentally since the early 1980's. Computer technology revolutionised the way organisations do business. In some organisations, an information systems department plans computer use organisation-wide. The pattern of decisions about how to make use of information systems creates an information systems strategy (Harrison & St John 1998:217).

It is critical that functional managers understand the linkages and interdependencies among the value-adding activities in the different functional areas (Harrison & St John 1998:208-209) since each area is part of a larger system and co-ordination among the sub-systems is essential.

Functional strategy should be oriented towards supporting the *enterprise, corporate and business level* strategies (Pearce & Robinson 1997). Each functional area has its own primary stakeholders e.g. marketing focuses on exchange relationships with customers (Koekemoer 1998); human resources on relations with employees, labour unions, regulators; and corporate communication on communal relationships (Grunig 2000) with employees, the media, government and communities.

#### 4.3.5 Operational strategy

At the operational level, strategies are translated into action. Key operating managers/project leaders must establish short-term objectives and implementation strategies that contribute to business and corporate-level goals (Pearce & Robinson 1997:6). Operational strategies are needed to manage operating units in a *cost-effective* manner. At the functional as well as the operating level, the major emphasis is on maximising the productivity of resources by capitalising on any possible synergies and distinctive competencies that the organisation may possess (Digman 1990).

#### 4.3.6 Conclusion

Having pointed out the difference between enterprise, corporate, business-unit, functional and operational strategies, this paper proposes corporate communication strategy as a *functional* strategy. Based on the discussion of strategy levels, it is clear that the term *strategy*, as applied in the PR (corporate communication) process, refers to strategy at the *operational* level – the level where practitioners expend most of their efforts developing communication plans, programmes and campaigns.

### 4.4 THE PROCESS OF STRATEGIC MANAGEMENT

The strategic management *process* refers to the methods by which strategies are derived and consists of different phases or steps. These phases are interactive and do not necessarily always occur in the order presented below.

#### 4.4.1 Environmental analysis

Environmental scanning is considered the first step in the strategy formulation process (Hambrick 1981, 1982; Bourgeois 1980; Phillips & Calantone 1994; Robbins & De Cenzo 1998:105). According to Narayanan & Fahey (1987:156), environmental analysis consists of four analytical stages: *scanning* to detect warning signals; *monitoring* to gather and interpret sufficient data on trends to discern patterns; *forecasting* future directions of changes; and *assessing* current and future changes with regard to their implications for the organisation.

Although an organisation cannot directly influence forces in the societal environment, it can collect information on stakeholders, events, and issues that are occurring, feed that information into the strategic management process, and anticipate issues/trends which will help it buffer threats and take advantage of opportunities. Environmental analysis can therefore be seen as the linking pin between the organisation and the stakeholder environment (Carroll 1996:652).

#### 4.4.2 Goal formulation

This stage involves the establishment and the prioritisation of goals. Often a politically charged process, goal formulation involves the personal values, perceptions, attitudes and power of the managers and owners involved in the strategic management process. Although economic or financial goals usually dominate the goal formulation process, it is becoming increasingly clear that economic and social goals are not necessarily at odds with each other – rather, they can be reconciled so that the organisation's as well as the stakeholders' best interests are simultaneously served. Typical areas in which social goals might be set include affirmative action, consumer product safety, occupational safety, corporate philanthropy and environmental protection (Chrisman & Carroll 1984:59-65).

#### 4.4.3 Strategic thinking and strategy formulation

Mintzberg (1994) and Robert (1997) maintain that strategic thinking is not the same as strategic planning. Strategic thinking is the process that the organisation's management uses to set direction and articulate their vision, i.e. to think through the qualitative aspects of the business (the opinions, judgements, even feelings of stakeholders) and the environment it faces (Robert 1997:54).

According to Andrews (1987:18-20), four major determinants of the strategy formulation decision are: the identification and appraisal of strengths and weaknesses (what *can* be done); opportunities and threats in the environment (what *might* be done); personal values and aspirations of management (what they *want* to do); and acknowledged obligations to society (what *ought* to be done).

Strategic thinking reviews and questions the direction of the business, producing a profile that can be used to determine which areas will receive more or less emphasis -- it is both introspective and externally focused (Robert 1997:56-57). Strategic thinking produces a framework for the strategic and operational plans and attempts to determine *what* the organisation should look like, i.e. the strategy. It is problem solving in unstructured situations, being able to recognise changing situations. Most important, it involves selecting the right problems to solve (Digman 1990:53).

#### 4.4.4 Strategic planning, implementation and control

Strategic planning is not a means to create strategy, but rather to operationalise strategies already created by other means (Wheeler & Sillanpää 1997:119). It is therefore no substitute for strategic thinking, but merely formalises the strategy process. The chosen strategy is created for each division or business -- the result is the strategic, long-range master plan which integrates the activities of the organisation and specifies the timetable for the completion of each stage. Strategic planning puts the strategy into practice (Robert 1997:26), helping to choose *how* to get there.

In the implementation phase, the strategy is turned into reality by means of more detailed and shorter-term plans/schedules at progressively lower operating levels (Digman 1990:54). Operational planning allocates tasks to specific existing facilities to achieve particular objectives in each planning period. Operational or action plans incorporate four elements (Pearce & Robinson 1997:304):

- Specific functional tactics (actions/activities), to be undertaken in the next week, month or quarter. Each function e.g. marketing/corporate communication/human resources needs to identify and undertake key, routine, but unique activities that help to build a sustainable competitive advantage.
- Each tactic has one or more specific, immediate (short-term) objectives or targets, that are identified as outcomes.
- A clear time frame for completion.
- Accountability, by identifying persons responsible for each action in the plan.

In the control phase, management seeks to ensure that the organisation stays on track and achieves its goals and strategies.

#### 4.4.5 Conclusion

The corporate communication function can make a contribution to the strategic thinking phase by providing qualitative inputs on stakeholder feelings, expectations, perceptions, opinions, etc. It can also help to reconcile organisational with stakeholder interests by being instrumental in the setting of social goals in addition to the financial and economic goals set by others.

### 4.5 THE STRATEGIC MANAGEMENT OF STAKEHOLDERS

Digman (1990:46), Jain (1997:46) and Askew (1997) consider an analysis of the values and expectations of stakeholders as the start of the strategic management process. The overall strategic management of organisations is "*inseparable from the strategic management of relationships*" (Dozier, Grunig & Grunig 1995:27). In this view, strategic management can be seen as the process "*through which organisations analyse and learn from the stakeholders inside and outside of the organisation, establish strategic direction, create strategies that are intended to help achieve established goals, and execute those strategies, all in an effort to satisfy key stakeholders*" (Harrison & St John 1998:4).

It is therefore management's job to balance the needs and demands of key stakeholders and incorporate knowledge gained through interactions with stakeholders into the mission, goals, strategies, and plans of the organisation (Harrison & St John 1998:xii). The concepts of stakeholder analysis and stakeholder management emerged during the 1980's (Freeman & Reed 1983).

#### 4.5.1 Stakeholder analysis

Stakeholder analysis involves "*identifying and prioritising key stakeholders, assessing their needs, collecting ideas from them, and integrating this knowledge into strategic management processes*" (Harrison & St John 1998:14). Stakeholders can be classified based on their *stake* in the organisation (ownership, economic or social stake) or their *influence* (formal, economic or political power) (Harrison & St John 1998:16-17). They can also be classified as *primary* (those that have formal, official, or contractual relationships with the organisation) or *secondary* (all others) (Carroll 1996:76). Stakeholders

can be thought of as *core* (a specific subset of strategic stakeholders that are essential for the survival of the organisation); *strategic* (those groups that are vital to the organisation and the particular set of threats and opportunities it faces at a particular point in time); and *environmental* (all others in the organisation's environment) (Clarkson 1994).

#### 4.5.2 Stakeholder management

The concept of *stakeholder management* refers to a method for systematically taking stakeholder interests into account (Freeman & Lidfka 1997). It is defined as “*communicating, negotiating, contracting and managing relationships with stakeholders and motivating them to behave in ways that are beneficial to the organisation and its other stakeholders*” (Harrison & St John 1998:14). Not all organisations manage their stakeholders to the same extent -- stakeholder management capability may reside at one of three levels, indicating increased sophistication (Freeman 1984:53-70):

- Level 1 -- the *rational* level, entails identifying the stakeholders and their stakes. This is the level of stakeholder maps where management seeks to become familiar with their stakeholders.
- At Level 2 -- the *process* level, organisations actually develop and implement processes to scan the environment and receive information about stakeholders to be used for decision-making. Typical approaches might include strategic review, environmental scanning and issues management. At this level a consideration for stakeholders is integrated into decision making.
- Level 3 -- the *transactional* level, is the bottom line for stakeholder management—the extent to which managers actually engage in transactions (relationships) with stakeholders, take the initiative to meet them face to face and attempt to be responsive to their needs. This *communication* level is characterised by communication pro-activeness, interactiveness, genuineness, satisfaction and resource adequacy (i.e. management spending resources on stakeholder transactions).

Freeman (1984) suggests that organisations with high stakeholder management capability design and implement communication processes with multiple stakeholders; actively negotiate on critical issues and seek voluntary agreements; draw on members of management who are knowledgeable about stakeholders when formulating strategy; take a proactive stance; and think in “stakeholder-serving” terms.

#### 4.5.3 A lack of stakeholder strategy

Strategic management literature points strongly to the lack of integrated approaches for incorporating stakeholder concerns into the strategic decision making process (Scholes & James 1997). A strategy should be in place for each stakeholder group -- their key issues and willingness to expend resources helping or hurting the organisation on these issues must be understood (Wheeler & Sillanpää 1998). For each major strategic issue, the organisation must think through the effects on a number of stakeholders. For each major stakeholder, managers must identify the strategic issues that affect the stakeholder and must understand how to formulate, implement and monitor strategies for dealing with that group. Many organisations do it well with one stakeholder group (e.g. customers), but few have the processes needed to integrate a number of stakeholder concerns (Freeman 1984:27).

#### 4.5.4 Conclusion

The situation described above can be rectified by integrating boundary spanners into the strategy formulation processes, anticipating stakeholder concerns and influencing the stakeholder environment. Freeman (1984) calls for ‘external affairs’ managers to manage stakeholder groups. As boundary spanners, these managers possess the so-called ‘soft skills’, excelling in the management of values, perceptions, expectations and feelings. They also have excellent communication skills, know how to listen and have a good working knowledge of stakeholder concerns. People with these characteristics can often be found amongst corporate communication or public affairs managers.

### 4.6 THE STRATEGIC MANAGEMENT OF ISSUES

#### 4.6.1 An evolving definition

When Howard Chase (1977:25-26) first coined the term ‘issues management’, the process was seen to consist of identifying, analysing, developing positions, and briefing management on *public policy* issues that could have a critical effect on the organisation. Through the years the term ‘issue’ obtained a broader meaning, evolving into ‘strategic’ issues which are defined as developments, events and trends viewed by decision makers as consequential because of the potential to impact an organisation’s

strategy (Ansoff 1980:131-148). The issues management process today includes the identification of, and response to all the *strategic, public policy, and social* issues confronting organisations (Wartick & Rude 1986:125-140).

From a strategic management perspective, issues management could therefore be seen as “*the process used to close the gap between the expectations of these stakeholder groups and corporate performance*” (Chase, in Bryan 1997:12-14). Similar to strategy formulation and strategic planning, issues management is a continuous adaptation to change. If environmental analysis is a starting point for strategy formulation, then issue identification is its control focus (Murphy 1989).

In a turbulent environment, the list of issues facing organisations is vast -- issues could be perceptual, political, social, commercial, physical, cultural, moral, ethical, or a mixture of all of these. However, organisations cannot attend to all issues and all stakeholders do not care equally about specific issues. It is therefore important to classify and prioritise issues to make them more manageable and to be able to evaluate performance in this regard.

#### 4.6.2 Lack of strategy for social, political and ethical issues

According to Ansoff (*in* Schendel & Hofer 1979:30,43) managers meet the challenges of the environment by using strategy to transform the organisation. In addition to product/market/technology-focused strategies there should also be strategies for dealing with socio-political variables. Although there are strategic issues management processes and personnel in place in many organisations, managers often find that they have more difficulty formulating strategy for social, political and legal issues than for functional area concerns. This could possibly be because they were never taught how to develop or integrate these kinds of strategies with financial strategies. Many top managers admit that they do not even try to deal strategically with social issues, but simply address them as they arise (Sturdivant & Vernon-Wortzel 1990:30). Another difficulty in this regard is top management's refusal to accept new and unfamiliar issues as relevant (Ansoff 1980).

The term 'corporate public policy' developed over the last 20 years to indicate that part of strategic management (enterprise strategy) that focuses specifically on public/ethical/stakeholder issues embedded in the functioning and decision processes of the organisation (Carroll 1996:635).

#### 4.6.3 Public affairs function develops corporate public policy

In many organisations, the public affairs function (also called external affairs or corporate social responsibility) embraces issues management and develops corporate public policy/public affairs strategy which is the organisation's posture on the public, social or stakeholder environment. Some organisations create stand-alone public affairs departments without even addressing strategic management issues or enterprise-level strategy (Carroll 1996:686). Public affairs as a management function evolved out of isolated initiatives designed to handle such diverse activities as community relations, corporate philanthropy, governmental affairs, lobbying, corporate responsibility and public relations. In some organisations corporate communication people handle issues involving communication with external publics.

Part of the confusion between corporate communication (public relations) and public affairs is the fact that some corporate communication executives changed their *titles*, but not their *functions*, to public affairs (Carroll 1996:687). Armstrong (1981:26), President of the Public Affairs Council, sees the principal distinction as public affairs professionals being experts on government, while corporate communication deals with government as one of many stakeholders. Also, public affairs deals specifically with issues management and serves as a corporate conscience, whereas corporate communication has many communication responsibilities.

In practice, differences between the two groups are not very great (Carroll 1996:687). This is clear from the definition of Public Affairs as "*the management function responsible for monitoring and interpreting the corporation's non-commercial environment and managing the company's response to those factors*" (Public Affairs Council, *in* Carroll 1996:689). According to Post & Kelley (1988:352), the 'product' of the public affairs function is the "*smoothing of relationships with external stakeholders and the management of company-specific issues*". Not only is this very similar to the stakeholder management view, but also to the purpose of corporate communication as a management function.

#### 4.6.4 Conclusion

The strategic management literature indicates that managers are not equipped to identify and manage stakeholders and issues emanating from an increasingly complex socio-political environment. The public affairs function developed to deal with this phenomenon, but is not always part of the organisation's strategy formulation processes. It is speculated that public affairs came to manage some of these activities because of the management vacuum in corporate communication. Whatever the case, a need remains for 'external' or stakeholder managers who could take part in strategy formulation and develop integrated processes for dealing with stakeholders, issues and the publics that arise around them. The author proposes that a senior corporate communication practitioner would be an ideal candidate to contribute intelligence on many of the organisation's stakeholders, and not only on one stakeholder such as marketing (customers) or public affairs (the government).

### **5. 'STRATEGIC' COMMUNICATION AND 'STRATEGY' AS PORTRAYED IN THE PUBLIC RELATIONS LITERATURE**

Under the previous heading, the strategic management literature was analysed to provide a background for conceptualising corporate communication strategy based on the different levels of organisational strategy. According to Moss & Warnaby (1998:131), the role of the communication function in the strategic decision-making process has been neglected in the strategy literature. If mentioned, it is viewed as fulfilling a largely tactical role, primarily supporting the organisation's marketing strategies (Kay 1993) or is seen to *communicate* the organisational strategies, rather than identify and interpret important communication issues at the strategy formulation stage (Moss & Warnaby 1998:131). Freeman (1984) was one of the few strategic management authors who suggested that corporate communication managers take responsibility for strategically managing stakeholders – on the condition, however, that they first redefine their function.

Various authors are of the opinion that the concepts 'strategic' communication and 'strategy' have also been neglected in the *public relations* literature. There seems to be little evidence as to exactly how corporate communication should contribute to the organisation's strategy formulation process (Moss & Warnaby, *in* Kitchen 1997:59), what a 'strategic role' for the communication practitioner actually constitutes (Steyn 2000a) or what 'strategy' means in a (corporate) communication context (Tibble 1997). In this section, the literature will be investigated to obtain insight in this regard.

## 5.1 STRATEGIC ROLES OF THE CORPORATE COMMUNICATION FUNCTION

The historic roles of *technician* and *manager* conceptualised two decades ago (Broom & Smith 1979; Broom 1982; Dozier 1984) do not explicitly spell out a strategic role for corporate communication. However, there is increasing reference in the literature to such a role (Bronn 2001; Moss, Warnaby & Newman 2000; Vercic & Grunig, *in* Moss, Vercic & Warnaby 2000; Steyn 2000a, 2000c, 2000d; Steyn & Puth 2000; Fleisher 1998; Van Ruler 1997; Dozier, Grunig & Grunig 1995; White & Mazur 1995; Seitel 1995; Bartha 1994; Winokur & Kinkead 1993; Grunig & Repper, *in* Grunig 1992).

The findings of the landmark European Body of Knowledge project (EBOK) indicated four corporate communication dimensions or roles (Vercic, Van Ruler, Butschi & Flodin 2001; Van Ruler 2000). In addition to the historic *manager* and *technician* roles, the *reflective* and *educational* roles were identified which, according to Vercic *et al* (2001), are becoming the core of advanced corporate communication capability in northern European countries. The *reflective* role entails monitoring and analysing changing standards and values in society, bringing these to top management's attention. The organisation reflects these norms and values in their decision processes, and adjusts their standards and values regarding social responsibility and legitimacy. In the opinion of the author, the *reflective* role can be regarded a strategic role of the corporate communication function.

In the USA, Dozier & Broom (1995) identified a *senior adviser* role (in addition to the *manager* and *technician*), and Toth, Serini, Wright & Emig (1998) reported the *agency profile* role of which all activities are managerial in nature. Wright's (1995) *communication executive* role functions within the 'inner circle' of organisational decision making. As a member of the dominant coalition, a practitioner in this role spends most, if not all of his/her time performing managerial and executive tasks and rarely functions as a communication technician. The author also regards the latter as a strategic role.

In South Africa, Steyn conceptualised (2000a) and empirically verified (2000c; 2000d) three roles for the corporate communication practitioner, according to the expectations of 103 chief executives:

- The role of the *strategist* is regarded as a role at the top management level of an organisation -- gathering strategic information on stakeholders and issues from the external environment by means of environmental scanning, and feeding this strategic intelligence into the organisation's strategy formulation processes.
- The (redefined) role of the *manager* is seen to be a role at the departmental or functional level of an organisation, of which the most important activity is to develop corporate communication strategy for providing direction to the communication function.
- The well-known role of the *technician* also emerged in the CEO study, considered an implementation role at the micro organisational level.

The author regards the role of the *strategist* as similar in nature to Wright's (1995) *communication executive* and the European *reflective* role (Van Ruler 2000; Vercic *et al* 2001). All three being strategic roles, their activities represent the corporate communication function's contribution to strategic decision making. The conclusion is therefore drawn that the public relations body of knowledge indicates an emerging third role – a strategic role -- for a corporate communication practitioner at the top management level of the organisation.

## 5.2 LACK OF CLARITY ON THE CONCEPT 'STRATEGY' IN A CORPORATE COMMUNICATION CONTEXT

"Strategy is one of the more mysterious areas of public relations practice" (Lukaszewski 2001:13). Tibble (1997:357) is of the opinion that the word strategy is "used very sloppy" and is "bandied around like a mantra," but contains little of substance. The main thrust of his thinking is that few practitioners understand the meaning of strategy, although it is a familiar, uncomplicated concept to those acquainted with management theory. The term strategy is often used by corporate communication practitioners to describe something 'important' (as in *strategic* messages, *strategic* direction) or to describe 'activities' (as in communication *strategy*). It is also used mistakenly to describe a corporate communication aim, objective, or tactic. In Tibble's view (1997:357) an effective strategy should provide leadership of thought and activity processes for the communication programme; the context and a guiding principle for all communication activity; and the link between the 'why' and the 'how' -- the logic that binds objectives and tactics together.

Two of the few definitions that mention 'strategy' at all are not enlightening when taking Tibble's (1997) requirements for effective strategy into consideration. The first defines strategic communication management as "having a communication strategy that is fully aligned and integrated with business strategy; involving business leaders as role models for communication; holding leaders, managers and employees accountable for communication; managing communication as a process" (SCM 2002:16). The second is D'Aprix's (1996) views of strategic communication as being the deliberate design of a communication strategy to interpret an organisation's vision, values, goals and intentions to its audiences. Being leader-driven, the strategy attempts to help people understand the market forces that shape the actions and strategy of the organisation. In this view, the aim of communication strategy is to *communicate* an organisation's vision, values, etc. to stakeholders, while the first definition indicates that communication strategy should be aligned to organisational strategies. However, neither indicate a role for the corporate communication practitioner in the strategy *formulation* process itself.

## 5.3 'STRATEGY' AS REFERRED TO IN THE PR PROCESS

According to Steyn (2000a), public relations text books are seen to emphasise operational planning, rather than strategy formulation (Windahl, Signitzer & Olson 1993; Seitel 1995:146-147; Cutlip, Center & Broom 1994:316-327; Wilcox, Ault & Agee 1986). Moss & Warnaby (*in* Kitchen 1997:59) concur by stating that the dominant view of strategy found in corporate communication is that of strategy as planning, portraying the strategic planning process as a logical sequential process. A few examples to this effect are provided.

According to Windahl, Signitzer and Olson (1993), a systematic approach to communication *planning* entails that all relevant receiver groups are reached, that messages are disseminated in the right order, that evaluations are done, and that a thorough goal analysis is part of the initial stages of a project. Based on the strategy levels in strategic management, it is deduced that the authors are referring to planning on the *operational* level -- not to the problem defining stage constituted by functional strategy, as proposed by this paper.

'Strategies' as used by Seitel (1995:146-147) is seen to refer to implementation strategy as a framework for communication tactics, since campaigns are executed on the operational level: "*Public relations people must think strategically. Strategies are the most crucial decisions of a public relations campaign. They answer the general question: How will we manage our resources to achieve our goals? The specific answers then become the public relations tactics used to implement the strategies.*"

Although Cutlip, Center & Broom (1994:346) provide definitions of (organisational) strategy as well as corporate-level and business-level strategy, they do not mention functional strategy, nor do they link corporate communication to functional strategy. Under another heading, they explain the difference between strategy and tactics as follows: "*In public relations practice, however, strategy typically refers to the overall concept, approach, or general plan for the program designed to achieve a goal. Tactics refer to the operational level: the actual events, media and methods used to implement the strategy*" (Cutlip, Center & Broom 1994:354). Based on the discussion of the strategic management literature, it is deduced that they are also referring to implementation strategy as the approach to the communication tactics set out in the programme, and not to functional strategy *per se*. However, they do indicate that programmes should be managed strategically.

According to Hainsworth & Wilson (1992), the four-step process model of PR - introduced by Cutlip and Center five decades ago -- falls short of providing an adequate basis for the systematic analysis of corporate communication problems. What is needed is a coherent, consistent framework of analysis and planning that provides a rational approach to problem solving. Their proposed strategic programme planning matrix is also seen to refer to communication planning, although their first phase (research) seems to imply that plans/programmes are to be determined strategically.

In most instances where the concept of (communication) strategy has been examined in the public relations literature, much of the discussion has focused on planning approaches, i.e. the so-called traditional linear view of strategy. More recent approaches such as emergent strategy (Mintzberg 1987), adaptive and interpretive strategy (Chaffee 1985:90), as well as the different organisational levels at which strategy is formulated (Ansoff 1977; Digman 1990; Freeman 1984; Narayanan & Nath 1993; Carroll 1996; Jain 1997; Pearce & Robinson 1997; Harrison & St John 1998) have largely been ignored. There is little indication of functional strategy formulation, or of participation in (enterprise) strategy formulation at the top management level. The emphasis is on the public relations process on the micro or operational level of strategic management, developing implementation strategy as a framework for communication tactics.

#### 5.4 MODELS FOR DEVELOPING CORPORATE COMMUNICATION STRATEGY

In the public relations literature, there are three models that seem to refer to the development of corporate communication strategy as *functional* strategy.

##### 5.4.1 Grunig & Repper's model

Grunig & Repper's model (*in* Grunig 1992:124-150) for the strategic management of public relations consists of three stages: The *stakeholder* stage refers to the identification of strategic stakeholders through environmental scanning and the need for ongoing communication with them. The *publics* stage refers to the identification of groups/individuals who see the consequences of organisational decisions as problematic, involving them in decision making. The *issues* stage deals with the management of issues and the important role of the media therein. The author regards these as stages in formulating corporate communication strategy, whereas stages four to seven (objectives, planning, implementation and evaluation) refer to the operational level of corporate communication.

Moss, Warnaby & Newman (2000:283, 284) criticise this model as failing to account sufficiently for potential variations in the process of strategy-making and for not explaining how corporate communication's role may differ at the different strategy levels. Although the initial three (analytic) stages are a logical approach to identify the problems/issues on which corporate communication strategies should focus, the sequential planning process to manage these problems appears to resemble the linear approach to strategy formulation.

In what could be interpreted as an elaboration of this model, Vercic & Grunig (*in* Moss, Vercic & Warnaby 2000) describe corporate communication as being most effective when the stakeholders/publics with whom they communicate are identified within a *strategic management* framework and when the function is *managed strategically* at the departmental (functional) level. Furthermore, it is their opinion that building symbolic relationships with stakeholders and publics by means of communication programmes on the micro (implementation) level is not sufficient for a contribution towards organisational effectiveness. To achieve the latter, behavioural relationships must be built on the institutional (enterprise or macro) level. "*The institutional level obviously is the substance of public relations*" (Vercic & Grunig, *in* Moss, Vercic & Warnaby 2000:40).

Although the author agrees with Moss, Warnaby & Newman's (2000:283, 284) comments on the earlier model, Vercic & Grunig's description (*in* Moss, Vercic & Warnaby 2000) of the role to be played by corporate communication at the enterprise or institutional level is regarded as a major insight.

##### 5.4.2 Moss & Warnaby's conceptual model

In the opinion of the author, the conceptual model of Moss & Warnaby (*in* Kitchen 1997:65) is the most extensive attempt to date to explain how corporate communication fits into the strategic decision-making processes in organisations. It overcomes some of the chief weaknesses of the Grunig & Repper model (*in* Grunig 1992) and provides a framework for linking the development of corporate communication strategy to corporate and business-unit strategy.

This model outlines the environmental scanning role of corporate communication at the corporate level, identifying and analysing strategic issues and stakeholders, and advising top management on how the different strategy options might influence relationships with key stakeholders. At the business level the role of corporate communication is to "support the development of distinctive capability-based strategies" (Kay, in Kitchen 1997:66), helping to build and enhance the organisation's reputation and that of its products or services. Corporate communication strategies thus focus on key stakeholder relationships and issues that may constrain or enhance an organisation's ability to achieve its business goals and "should be viewed in the context of the corporate and business strategies from which they derive their essential purpose" (Moss & Warnaby, in Kitchen 1997:67). The communication programmes that operationalise these strategies can be asymmetrical or symmetrical in nature.

Moss & Warnaby's major contribution is their conceptualisation of corporate communication strategy as adaptive and/or interpretive strategy (rather than the narrow and outdated linear planning approach) as well as linking corporate communication strategy (as functional strategy) to the corporate and competitive levels of strategy formulation. However, they do not mention institutional/enterprise strategy as a 'higher' level of strategy where non-financial goals are achieved, or the obvious theoretical linkage of the corporate communication function to this strategy level.

#### 5.4.3 Steyn's (educational) model

This model for developing corporate communication strategy is the outcome of a longitudinal action research project being conducted at the University of Pretoria (Steyn 2000b). Over the last four years, the hypothesised model has been implemented amongst 94 non-profit organisations, 48 government institutions and 68 small-to-medium sized companies in South Africa, and has been adapted based on the findings of the action research. It consists of an analysis of the organisation's internal environment (corporate profile, organisational strategies and policies, corporate culture and values), as well as a stakeholder and issues analysis of the external and internal environment by means of environmental scanning. The organisation's key strategic issues are identified, described and classified according to a typology (Steyn 2000b; Steyn & Puth 2000) that differentiates between:

- (*strategic*) *organisational* issues -- where communication is not the cause of the problem, but can either provide a solution, or at least explain the issue;
- (*strategic*) *communication* issues -- where too little or no communication with external stakeholders or employees caused the problem); and
- (*tactical*) communication issues where messages are not reaching the target groups.

The implications/effects of the strategic issues on each of the stakeholder groups are identified and become the focus of the communication with strategic stakeholders/publics. Corporate communication strategy entails to formulate clearly *what* should be communicated to strategic stakeholders to solve the problems created by the implications of a strategic issue, or to capitalise on the opportunities presented. Communication goals to be addressed in plans/campaigns are developed based on the corporate communication strategy for each strategic issue (Steyn 2000b; Steyn & Puth 2000).

Major insights provided by this model is the clear differentiation between *corporate communication* strategy as a functional strategy providing direction to the function and *communication* strategy as implementation strategy developed as part of a communication plan. Furthermore, it focuses the activities of the communication function on using communication to solve key strategic (and key communication) issues in the relationships with stakeholders and to align communication with organisational goals -- making a contribution towards organisational effectiveness.

Basic premises of the model is that different individuals/groups take part in strategy formulation at different organisational levels, and that lower-level strategies and goals support and are developed within the context of higher-level strategies and/or issues. Therefore, corporate communication strategy is developed on the functional level by a practitioner in the (redefined) role of a corporate communication *manager* (Steyn 2000c, 2000d), based on the enterprise strategy. Functioning at the top management or macro level, a corporate communication practitioner in the role of a *strategist* (Steyn 2000c, 2000d) assists in developing enterprise strategy by providing intelligence on strategic and societal issues and their consequences for organisational stakeholders and strategies, as well as on the consequences of organisational behaviour for strategic and other environmental stakeholders. It is acknowledged that in smaller organisations, the roles of *strategist* and *manager* will of necessity be played by one practitioner, but larger corporates/conglomerates merit two practitioners in these roles.

The above models for developing strategy at the functional level provide considerable insight on the corporate communication strategy formulation process, but further research is recommended.

## **5.5 RESEARCH ON PRACTITIONER INVOLVEMENT IN STRATEGY FORMULATION**

The findings of a study, aimed at uncovering the extent to which practitioners are directly involved in the formulation and implementation of corporate and business-unit strategy, indicated that the nature and focus of an organisation's strategy making affected the role senior corporate communication practitioners played in the process. Practitioners interviewed commented that strategy making was often a strongly financially oriented process, focusing on the achievement of financial goals in which case it "*would be inappropriate to expect public relations to contribute to decisions about highly complex financial matters*". Another cited the complexity of many highly technical operations decisions as "*a barrier that accounted for the frequent exclusion of public relations from participation in strategic decision making*" (Moss, Warnaby & Newman 2000:298).

Several interviewees acknowledged that management is increasingly adopting a stakeholder approach to strategy formulation, leading to greater recognition of the value of corporate communication's contribution. However, most practitioners still operated at 'one step removed' from the mainstream process of strategy formulation. Whereas they provide counsel and advice to senior management regarding communication-related problems, they rarely participate directly at the corporate and business-unit levels (Moss, Warnaby & Newman 2000:299).

The above findings concur with the author's view that corporate communication's contribution to the organisation's strategy formulation process lies in its inputs into, and participation in, the formulation of *enterprise* and *functional* strategy (and not corporate or business strategy). Although corporate communication should support the implementation of the latter, it is not their role to assist in the formulation thereof.

## 6. CORPORATE COMMUNICATION STRATEGY – A CONCEPTUALISATION

### 6.1 METATHEORETICAL ASSUMPTIONS

Corporate communication strategy is based on a definition of corporate communication as a management function: assisting the organisation to adapt to its environment by achieving a balance between commercial imperatives and socially acceptable behaviour; identifying and managing issues and stakeholders/publics; and building symbolic and behavioural relationships through communication with those on whom the organisation depends to meet its economic and socio-political goals.

Corporate communication strategy is based mainly on the 'corporate community' approach to strategic management where the organisation is viewed as a socio-economic system and stakeholders are recognised as partners who create value through collaborative problem solving. The role of the organisation is to integrate the economic resources, political support, and special knowledge each stakeholder offers, transforming it into financial and social wealth -- not because it is socially responsible to do so, but because it provides a competitive advantage.

Some of the earlier approaches to the role of business in society also contain assumptions relevant to the conceptualisation of corporate communication strategy:

- According to the 'corporate social responsibility' approach, the organisation has *ethical* responsibilities in addition to its economic and legal obligations (i.e. to abide by unwritten codes, norms and values implicitly derived from society).
- According to the 'corporate social performance' approach, social responsibility is not seen as being separate from economic performance and therefore it integrates economic concerns into a social performance framework. In addition, ethical and philanthropic expectations are placed in a rational economic and legal framework, helping managers to systematically think through major stakeholder issues.
- According to the 'stakeholder' approach, managers perceive stakeholders not only as those groups that *management* thinks have some stake in the organisation, but also those that *themselves* think they have a stake. The aim of stakeholder management is therefore to see that primary stakeholders achieve their objectives, but that other stakeholders are dealt with ethically and responsibly, and are also satisfied in the classic 'win-win' situation.
- The 'issues' approach regards the analysis of societal issues and trends as important because the values and beliefs of key stakeholders are derived from broader societal influences. However, the development of corporate communication strategy is based on *pro-actively* managing all *strategic* issues, regardless of whether their nature is economic, technological, social, political, ethical, perceptual or any other.

### 6.2 STRATEGIC MANAGEMENT AS A THEORETICAL FRAMEWORK

Strategic management theory differentiates between enterprise, corporate, business-unit, functional and operational strategy. Based on these strategy levels, corporate communication strategy is conceptualised as a *functional* strategy, providing the vital link between the enterprise/corporate/business-unit strategies and the corporate communication function. Corporate communication strategy is formulated by a practitioner in the redefined role of the 'corporate communication *manager*', and is mainly derived from/influenced by the organisation's enterprise strategy (regardless of whether it is stated or not) and also delivers inputs into the enterprise strategy.

The corporate communication function's contribution to the organisation's strategy formulation processes is maximally optimised when there is also a practitioner functioning in the role of 'corporate communication *strategist*' at the top management or macro level of the organisation. The '*strategist*' gathers, interprets and disseminates strategic intelligence regarding stakeholders and issues amongst decisionmakers, and assists in the *formulation* of the enterprise strategy. It is assumed that corporate communication's contribution to strategy formulation does not lie on the corporate level where strategy is financially oriented, or on the business-unit level where strategy is oriented towards competitiveness in the market. Rather, it lies on the enterprise level where the organisation sets the tone with regard to the management of its stakeholders. The corporate communication function does however support the *implementation* of the corporate, business-unit and other functional strategies.

As a functional strategy, the corporate communication strategy provides focus and direction for an organisation's communication, building symbolic and behavioural relationships with its strategic

stakeholders. It is the thinking, the logic behind the corporate communication function's actions -- determining *what* should be communicated rather than *how* it should be communicated. It is therefore not the same as communication *plans* but provides the framework for the communication plans necessary to carry out the strategy.

Corporate communication strategy is developed within the context of the organisation's vision, mission, corporate culture, policies and strategies (the internal environment), but focuses on an assessment of the external environment. It is the outcome of a strategic thinking process by senior communication practitioners and top managers, taking strategic decisions with regard to the identification and management of, and communication with, strategic stakeholders -- producing a profile that can be used to determine which stakeholders will receive more or less emphasis. It is problem solving in unstructured situations, being able to recognise changing situations, selecting the right problems to solve. It is therefore a mechanism that leads the function towards effectiveness (doing the right things) rather than towards efficiency (doing things right).

Corporate communication strategy can be seen as a pro-active capability to adapt the organisation to changes in stakeholder expectations and opinions (through environmental scanning and boundary spanning activities). It can create a competitive advantage for an organisation through the early detection and management of issues, involving strategic stakeholders in problem solving and decision making. Corporate communication strategy makes the communication function relevant in the strategic management process through its focus on communication with strategic stakeholders, aligning communication goals to the organisational mission.

Corporate communication strategy does not follow the traditional 'linear' approach to strategy development where the emphasis is on planning. Rather, it is moulded on more modern approaches such as 'adaptive' strategy (adapting to trends, events and stakeholders in the environment) and 'interpretive' strategy (focusing on relationships, symbolic actions and communication, emphasising attitudinal and cognitive complexity among diverse stakeholders).

Corporate communication strategy is a pattern in the corporate communication function's important decisions and actions regarding relationships with strategic stakeholders. It is seen to be emergent rather than deliberate strategy, where communication goals are not defined at the beginning of the strategy, but emerges through the process of identifying key strategic issues and their implications for the stakeholders. As emergent strategy, it is evolving and incremental with elements still developing as the strategy proceeds, continuously adapting to stakeholder needs. It also recognises that the politics and culture of the organisation needs to be taken into account.

Since organisations cannot attend to all issues, and all stakeholders do not care equally about specific issues, corporate communication strategy provides the strategic approach needed by organisations to pro-actively identify, classify and prioritise issues and stakeholders and integrate them into a 'corporate community'.

## **7. CORPORATE COMMUNICATION STRATEGY – AN OPERATIONALISATION**

In operationalising the concept corporate communication strategy, the author draws from the three models for developing corporate communication strategy that were discussed earlier in this paper (Grunig & Repper, *in* Grunig 1992:124-150; Moss & Warnaby, *in* Kitchen 1997:65; Steyn 2000b; Steyn & Puth 2000).

Grunig & Repper's model provides direction for the strategic management of stakeholders by differentiating between the stages of stakeholders, publics and issues. All three models emphasise the role of corporate communication in scanning the external environment; focus on key stakeholder relationships and issues that may constrain or enhance an organisation's ability to achieve its goals; and advising top management on how the different strategy options might influence relationships with key stakeholders.

Steyn's model adds an analysis of the internal environment to the above, and points out the need for identifying, prioritising and differentiating between strategic organisational issues, strategic communication issues and tactical communication issues. The implications of the strategic issues on each stakeholder group are identified and become the focus of the communication with strategic stakeholders. Corporate communication strategy therefore entails formulating clearly *what* should be communicated to strategic stakeholders to solve the problems created by the implications of a strategic

issue or to capitalise on the opportunities presented. Communication goals to be addressed in plans/campaigns are developed based on the corporate communication strategy for each strategic issue.

The major constructs of the concept corporate communication strategy are seen to be *environmental scanning, issues analysis/management* as well as *stakeholder analysis/management*.

## **8. CONCLUSION**

Focusing the efforts of the corporate communication function within a functional strategy, linked to the enterprise strategy, will assist in proving its contribution to organisational effectiveness. However, in order to formulate corporate communication strategy, practitioners will have to become conversant with the meaning of 'strategy' in a corporate communication context. They will also need to understand the business and societal issues that the organisation is facing and be expert in using communication with stakeholders to help remove the barriers to success. In the words of Love (2002:18): "*To add value we need to look at how we can address business problems with communication solutions....communication is expected to get more involved in the development of business strategy, public policy and positioning.*"

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