

**INSTITUTIONALISING THE STRATEGIC ROLE OF CORPORATE
COMMUNICATION/PUBLIC RELATIONS THROUGH ITS
CONTRIBUTION TO ENTERPRISE STRATEGY AND ENTERPRISE
GOVERNANCE**

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1. INTRODUCTION

In the new business paradigm with its focus on social, environmental and economic sustainability -- characterised by a Triple Bottom Line approach to strategic management -- organisations are increasingly 'regulated' by societal expectations for good corporate governance, socially responsible and ethical behaviour, rather than by the law. The 'business of business' is no longer only business ('Profit') and shareholders are no longer the only important stakeholders. In their strategic decision making and behaviour, private and public sector organisations now need to consider the environment ('Planet') as well as strategic stakeholders such as employees, customers, regulators, the community, the media, activists and a myriad of others ('People'). In this new era, *society* might even be considered the most 'strategic' stakeholder.

Organisations of the 21st century therefore have to consider/fulfil/adapt to societal expectations, values, norms and standards in order to secure legitimacy; obtain and maintain a good reputation; and to be regarded as societally responsible, trustworthy and a good (corporate) citizen.

This paper will explore i) the concept of 'enterprise strategy' (Ansoff, 1979; Digman, 1990; Freeman, 1984; Hemphill, 1996; Judge & Hema, 1994; Stead & Stead, 2002) as a mechanism for incorporating societal expectations, values, norms and standards into organisations' strategic decision making processes; ii). the role of the corporate communication/public relations strategist verified by Steyn (2000a, 2000b, 2003a, 2003b) and its contribution to enterprise strategy development, as conceptualised by Steyn (in Toth, 2007); and iii) the relationship between enterprise strategy, corporate governance and the strategic role of corporate communication.

2. PROBLEM STATEMENT

Few organisational decision makers (especially in the private sector) would disagree that there is an increasing need to incorporate societal expectations, values, norms and standards into their organisation's strategy development processes. However, there is a *practical* problem in doing so: *Firstly*, apart from the possibilities offered by the concept of enterprise strategy, there is no mechanism or framework for identifying and managing societal expectations internally, making it part of strategic decision-making. (In essence, this is a *theoretical* problem). *Secondly*, there is no organisational function/role/position designated to carry the responsibility for doing so. *Thirdly*, enterprise strategy is not a well-known (or much used) concept -- even though it was first conceptualised three decades ago. It therefore needs to be further explored and developed.

Few corporate communication/public relations (PR) academics or practitioners would disagree that the strategic role of corporate communication needs to be further explored, especially with regards to its contribution to top-level strategies and key organisational priorities such as corporate governance, sustainability and social responsibility. The researchers suggest that the concept of enterprise strategy provides an opportunity to institutionalise the strategic role of corporate communication.

However, no guidelines or frameworks for outlining the (strategic) contribution of the corporate communication function to enterprise (top-level) strategy development could be found, apart from (i) the framework developed by the Swiss firm Digital Management AG (Global Alliance, 2005) for use in their software for the management of the corporate communication function; and (ii) the framework that Prinsloo (2004) suggested in his master's research to align corporate communication strategy to enterprise strategy. Furthermore, guidelines or frameworks for outlining the strategic contribution of corporate communication in achieving good corporate governance, sustainability or corporate social responsibility are also in short supply. It is the aim of this paper to shed light on the problems outlined above.

3. RESEARCH OBJECTIVES

The primary research objective of this study was to construct a normative framework for enterprise strategy development, conceptualising the contribution of corporate communication on the environmental or macro level of an organisation. To achieve the main objective of this study, the following secondary objectives were set:

Phase 1: Literature study (desk research)

1. To explore the literature for constructs that could be seen to express/embody current societal expectations, values, standards and norms.
2. To explore the literature for guidelines or recommendations (non-legislative measures) as well as legislative measures that could be seen to reflect current expectations, values, standards and norms.

Phase 2: Empirical research

3. To conceptually analyse the websites of sample firms, namely the 58 companies listed on the Social Responsibility Investment (SRI) Index of the JSE Limited (Johannesburg Securities Exchange) in 2006, to identify *categories* of companies' expressions or positions stated on their websites that could be construed as the constructs in enterprise strategy development.

Phase 3: Normative framework

4. To suggest a normative framework for the development of enterprise strategy, that indicates the relationship with governance, sustainability, and social responsibility.
5. To conceptualise the strategic contribution of corporate communication to enterprise strategy development, based on the suggested framework.

4. META-THEORETICAL FRAMEWORK AND CONCEPTUALISATION

As summarised in Exhibit 1 below, the meta-theoretical framework for the research spans three domains: corporate communication/public relations, strategic management, and business in society. It has been constructed based on two approaches.

Exhibit 1: Meta-theoretical, theoretical and conceptual framework

Meta-theoretical framework	Reflective paradigm	Corporate social performance approach (to business in society)	
Domain	Corporate communication	Strategic management	Business and society
Theoretical framework	<p>Mutual reflection (Holmström, 1996): Reflective and Expressive tasks</p> <p>European Body of Knowledge (EBOK's) four roles (Vercic, Van Ruler, Butschi & Flodin, 2001): Reflective/ Managerial/ Operational/ Educational roles</p> <p>Strategic communication roles theory (Steyn, 2000b; 2003a; Steyn & Puth, 2000): Strategist/ Manager/ Technician roles</p> <p>Levels of strategy formulation (Steyn, 2000a; 2003a; Steyn, <i>in</i> Toth, 2007; Global Alliance, 2005):</p> <ul style="list-style-type: none"> • Corporate communication's contribution to enterprise strategy development. • Corporate communication strategy development. 	<p>Levels of strategy formulation (Lynch, 1997):</p> <p>Enterprise strategy. Corporate strategy. Business-unit strategy. Functional strategy. Operational strategy.</p>	<p>Corporate social performance (Wood, 1991)</p> <p>Principles of CSR:</p> <ul style="list-style-type: none"> • Legitimacy (institutional) • Public responsibility (organisational) • Managerial discretion (individual) <p>Corporate social responsiveness:</p> <ul style="list-style-type: none"> • Environmental scanning • Stakeholder management • Issues management <p>Outcomes of CSP:</p> <ul style="list-style-type: none"> • Social impacts • Programmes • Policies
Main concept	Enterprise strategy (see Exhibit 2)		
Constructs	<p>Digital Management's current framework (6 constructs):</p> <ul style="list-style-type: none"> • Environmental scanning/ Identification and management of reputation risk/ Formulation of the organisation's social responsibilities/ Review of the organisation's vision and mission statements/ Assessment of the code of good behaviour. • Possible new constructs to be added 		

4.1 The reflective paradigm

In a reflective approach (Holmström, 1996), a social system (e.g. an organisation) assesses itself in relation to other social systems based on societal expectations/norms (e.g. the guidelines/recommendations of the Global Reporting Initiative or the King I and II Reports on Corporate Governance in South Africa), and responds by developing restrictions and coordinating mechanisms in decision-making processes with regards to other social systems (Lühman, 1995, 144). In practising a reflective approach, the interdependence between social systems (e.g. organisations and their stakeholder/societal environments) is exposed. This leads to the incorporation of non-financial aspects (e.g. the environment, human rights, social responsibility and sustainability), into decision-making. Reflective corporate communication (public relations) is thus a strategic process of viewing an organisation

from an ‘outside’ or public perspective—having a special concern for broader societal issues. Practitioners approach any problem with a concern for implications of organisational behaviour/strategies towards the public sphere (society/ community).

Theories most relevant to this study, that fall under this approach, are the following:

4.1.1 Mutual reflection

Mutual reflection, the core concept of the reflective paradigm, consists of a reflective and expressive task. Of particular relevance to this study is the *reflective task*, namely to gather and analyse information from the environment to feed back into the organisation in order to strengthen its self-reflection. The specific task of corporate communication in *inward communication* (the reflective task) is to select and interpret information from the public communication system (societal discourse) in view of socially responsible behaviour in the public sphere/society and convey it back to the organisation (Holmström, 1996).

4.1.2 European roles theory

The findings of the EBOK project indicate four corporate communication roles (Vercic, Van Ruler, Bütschi & Flodin, 2001): reflective, managerial, operational and educational. The most important is the *reflective* role, which is to analyse changing societal standards, values and viewpoints and discuss these with organisational members in order to adjust organisational values and norms regarding social responsibility and legitimacy.

4.1.3 Strategic corporate communication roles theory

This theory posits three roles for corporate communication namely strategist, manager and technician (Steyn, 2000b; 2003a; Steyn & Puth, 2000). Of relevance here is the *strategist*, operating on the macro organisational level and performing the boundary-spanning role of information acquisition on stakeholders and issues through environmental scanning in the stakeholder and societal environment. Steyn (2000a, 2000b) calls this the *mirror* function of corporate communication, found to be similar to the reflective role by Steyn and Bütschi (2003). The strategist processes the information gathered by considering its consequences for the organisation’s stakeholders and strategies, feeds this social and environmental intelligence into the organisation’s strategy development processes, and ensures that it is used by taking an active part in enterprise strategy development.

4.1.4 Corporate communication's contribution to enterprise strategy development

Based on the information gathered on societal/stakeholder expectations, values and concerns and playing the role of objective outsider, the strategist advises top management on the risks to reputation, the consequences for organisational strategies and the necessity to align organisational goals and strategies to societal/stakeholder values and norms. The strategist suggests the most appropriate actions to take with regards to stakeholders and issue groups in order to be socially and environmentally responsible, obtain/maintain a good reputation and a license to operate from society (Steyn, 2000a, 2003a, 2003b; Global Alliance, 2005). This process constitutes the contribution of the corporate communication function to the organisation's strategic decision-making and the development of enterprise strategy (Steyn, *in* Toth, 2007).

4.2 Corporate social performance (CSP) approach to the role of business in society

The CSP approach focuses on making social and ethical issues more pragmatic by specifying the nature of organisations' responsibilities, adopting a particular philosophy of responsiveness and identifying the stakeholder issues to which these responsibilities are tied (Steyn, 2002, 12). CSP is defined by Husted (2000, 24-33) as the extent to which stakeholder expectations (with regards to the organisation's behaviour towards relevant stakeholders including managers) are satisfied or exceeded. Organisations must advance the common good and minimise the social and environmental side effects of their strategies and policies, or their licence to operate will be removed (Valor, 2005, 194-201).

4.2.1 Levels of strategy formulation

This theory refers to the content of strategies addressed at different organisational levels (Lynch, 1997). Strategy engages all levels (enterprise, corporate, business, functional and operational) and defines the nature of the economic and non-economic contributions the organisation intends to make to its stakeholders and society (Hax & Majluf, 1991, 8). The broadest (highest) level is *enterprise* or societal role strategy, developed to achieve non-financial goals such as a good reputation and set the tone with regards to stakeholder relationships. It differs substantially from *corporate* strategy, which defines the set of

businesses that should form the business 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).

4.2.2 Corporate social performance (CSP) theory

There are three concepts that define this theory: the *principles* of **corporate social responsibility** (legitimacy, public responsibility and managerial discretion) which are implemented through the *processes* of **corporate social responsiveness** (environmental assessment, stakeholder management and issues management) and culminate in the *outcomes* of **corporate behaviour**—referring to its social impacts, programmes and policies (Wood, 1991, 696-708).

This theory is core to enterprise strategy development since strategy at the societal level is ultimately aimed at achieving organisational *legitimacy* amongst societal stakeholders and interest groups, being seen as *socially responsible* and a good corporate citizen. In achieving the aims for which enterprise strategy is developed, *managers* need to exercise *discretion* in their dealings with stakeholders—acting truthfully, honestly and ethically. The *social responsibility principles* and *social responsiveness processes* are underpinned by good corporate governance practices to assure *outcomes* such as social, environmental and economic sustainability (which are closely related to the three pillars of the Triple Bottom Line, namely **People**, **Planet** and **Profit**).

4.3 Enterprise strategy as the major concept of the study

Explicated as the broadest level of strategy concerned with an organisation's mission, purpose, and role in society, enterprise strategy addresses the political legitimacy of the organisation. It has mainly to do with achieving *non-financial* goals such as a good reputation, fulfilling the organisation's social responsibilities, and influencing relationships with the organisation's environment, particularly its stakeholders and societal interest groups. Enterprise strategy denotes the joining of ethical and strategic thinking about the organisation, being specifically concerned with aligning organisational behaviour and strategies to expectations, values, norms and standards in the stakeholder and societal

environment (Steyn, 2003b). The enterprise strategy represents the social and moral/ethical component of strategic management (Freeman, 1984).

Based on the literature review, the researchers summarised the characteristics of enterprise strategy in **Exhibit 2** below.

Exhibit 2: Characteristics of enterprise strategy

Characteristic	Enterprise Strategy
Responsibility of:	Top management (Ansoff, 1977); Board of directors (Ansoff, 1977); Corporate communication strategist (Steyn, 2002, 20).
Component of:	The environment to which an organisation adds value (stakeholders). The type of value an organisation adds (benefits) (Meznar, Chrisman & Carroll, 1991, 52).
Directly related to:	The role of the organisation in society. The principles/values of the organisation. The obligations the organisation has towards society at large; and The implications thereof for current business and allocation of resources (Freeman, 1984).
Goals to be achieved:	<ul style="list-style-type: none"> • Non-financial goals, including the attainment of legitimacy, trust, a good corporate reputation, being viewed as a good corporate citizen and the maintenance of sound relationships and partnerships with government and other stakeholders (Steyn, 2003b). • Economic, social and environmental sustainability (Steyn, in Toth, 2007). • Long-term social goals, not short-term economic gains (Post, Lawrence & Weber, 1999, 16). • The ultimate goal is to enhance the quality of life (defined by society) in the broadest possible manner (Post, Lawrence & Weber, 1999, 10). • The value of the social goods the organisation adds to its environment is to exceed the social costs it imposes on society (Meznar, Chrisman & Carroll, 1991, 50)
How it is described:	A social contract which implies an understanding between organisations and stakeholders as to how they will act towards one another (Post, Lawrence & Weber, 1999, 15).
Content or focus of strategy:	<ul style="list-style-type: none"> • Outlines the organisation's mission/purpose in society (Ansoff, 1977). • Addresses organisation's relationship with the natural environment (Shrivastava, 1995, 133). • Represents organisation's approach to managing its stakeholders (Stead & Stead, 2000, 311). • Focuses on social/environmental/economic component of Triple Bottom Line (Ansoff, 1977). • The acknowledgement of stakeholder relationships, dealing with the impact of organisational decision-making and responding to stakeholders who are touched by the organisation's activities (Post, Lawrence & Weber, 1999, 15). • Addresses the political and social legitimacy of the organisation (Ansoff, 1977). • Manifests by way of mission statements, codes of conduct, approach to stakeholders (Ansoff, 1977), partnerships and alliances (Hemphill, 1996). • Concerned with aligning organisational behaviour and strategies to values, norms, standards and expectations in the stakeholder and societal environment (Steyn, 2002, 9). • Aims to synchronise the values of the organisation and its leaders; the expectations of customers, shareholders, regulators, employees, the media and other strategic stakeholders; and the societal issues that will determine the ability of the organisation to achieve its mission (Stead & Stead, 2000, 317).
Criteria measuring effectiveness	Its impact on the long-term survival (sustainability) and performance of the firm (Meznar, Chrisman & Carroll, 1991, 48).
How it emerges:	Through the interaction of three factors: the values that underpin the organisation's ethical system; the societal issues faced by the organisation; and the stakeholders that the organisation serves (Stead & Stead, 2000, 324).
Outcomes:	The organisation is regarded as being legitimate and trustworthy by stakeholders and society at large (Stead & Stead, 2000, 319). Provides link between social issues management and strategic management (Freeman, 1984) A shared interest and interdependence between the organisation and its stakeholders (Post, Lawrence & Weber, 1999, 7).

Information sought:	Social intelligence (Ansoff, 1977; Prinsloo, 2004). An understanding of the interrelated social, economic, political and cultural trends in society (Post, Lawrence & Weber, 1999, 17).
Stakeholders addressed:	Non-financial stakeholders including government and regulators, activists, the media, the community and society at large (Ansoff, 1977). Financial stakeholders including employees, shareholders, suppliers, wholesalers/retailers, unions, competitors and creditors (Post, Lawrence & Weber, 1999, 10).

Source: Own research, except for Worrall's contribution (2005, 14), which is shaded with grey.

This concludes the discussion on the meta-theoretical and conceptual framework of the study. The next section comprises the literature review, specifically indicating how the major concepts of the study are related to societal expectations.

5. CONCEPTS REFLECTING SOCIETAL EXPECTATIONS

According to Wheeler and Sillanpää (1998, 205), stakeholder and societal interests and concerns are more effectively articulated in this new business era than at any time since the dawn of the free enterprise system. This is due in part to the upsurge in active citizenship (embracing shareholder activism and green consumerism), technological progress (access to the Internet, fragmentation of print and broadcast media), and global economic and political trends (Anon, 2005, 24).

This broader societal perspective manifests itself in modern organisations in the form of multi-stakeholder dialogue, ethical conduct, broader value orientations, the Triple Bottom Line approach, symmetrical communication (Holmström, 2002, 9), and an increasing emphasis on sustainability. It includes non-financial aspects formerly considered as exterior to the boundaries of business organisations, but now placed at the top of the corporate agenda. Some of the most important non-financial concepts that represent societal and stakeholder expectations, values, norms and standards in the South African environment are now briefly defined—achieving **Research Objective 1**.

5.1 Corporate social responsibility

In order for organisations to meet stakeholder and societal expectations, values, norms and standards, they have to conduct themselves in a socially responsible manner towards the environment and also towards their stakeholders and society at large. Corporate social responsibility (CSR) is defined by Davis and Blomstrom (*in* Carroll, 1996, 34) 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". Business and society is seen to be interwoven and interdependent instead of distinct entities.

5.2 Corporate governance

The King II Report published in South Africa (SA), defines corporate governance as the building of a balance between economic and social goals, and between individuals and communal goals -- the aim being to align as closely as possible the interest of individuals, organisations and society (IOD, 2002). In the traditional narrow sense, corporate governance refers to the formal system of accountability of the board of directors to shareholders (more financially oriented). In its broadest sense, corporate governance refers to the informal and formal relationships between the organisation and its stakeholders; and the impact of the organisation on society in general (including non-financial aspects) (Ehlers & Lazenby, 2004).

5.3 Good corporate citizenship

Maignan and Ferrell (2000, 284) define corporate citizenship as the extent to which business organisations meet the social, economic, legal, ethical and discretionary responsibilities and expectations imposed on them by their stakeholders and other societal groups.

5.4 Sustainability

Dyllick and Hockerts (2002, 131) define organisational sustainability as meeting the needs and expectations of an organisation's direct and indirect stakeholders (such as shareholders, employees, customers, pressure groups and communities) without compromising its ability to meet the needs of future stakeholders. Group 100 (2003, 12) defines sustainability as corporate communication with stakeholders that describes the organisation's approach to managing one or more of the economic, environmental and/or social dimensions of its activities and providing information on these dimensions.

An important departure point of sustainability is the realisation that a single-minded focus on economic sustainability alone can only succeed in the short run. In the long term, sustainability requires that three dimensions (economic, environmental and social) be satisfied simultaneously (Gladwin, Kennelly & Krause, 1995, 876). To ensure sustainability, organisations need to consider how their strategies impact not only on their financial performance, but also wider economic systems, the environment and the national and international communities in which they operate, and how all of these are interlinked (Ehlers & Lazenby, 2004, 45).

5.5 Triple Bottom Line

Traditionally, organisations were only expected or required by law to report on financial or economic matters. In line with the drive towards corporate governance worldwide, there is a move from this single bottom line to a Triple Bottom Line approach (Ehlers & Lazenby, 2004, 45). A narrow view of the Triple Bottom Line (TBL) is a framework for measuring and reporting corporate performance against economic, social and environmental parameters. Taking a broad view, the TBL is an approach to decision making that captures the whole set of values, ethics, societal expectations, issues and processes that organisations must address in order to minimise any harm resulting from their activities -- thereby creating economic, social and environmental value (SustainAbility, 2007).

The next section of the literature review highlights some of the measures (grounded in, and resulting from societal expectations and values) that increasingly guide and impact upon organisational strategies and behaviour.

6. NON-LEGISLATIVE AND LEGISLATIVE MEASURES THAT REFLECT SOCIETAL EXPECTATIONS

The concept of enterprise strategy was explored in relation to current societal and stakeholder expectations, values, norms and standards, as manifested/reflected by non-legislative and legislative measures which impact upon the decision making of organisations in the SA environment. This discussion achieves **Research Objective 2**.

6.1 Non-legislative measures

6.1.1 The Sullivan principles

In 1970, after South Africa (SA) was ejected from the United Nations (UN) for its apartheid policies, Reverend Leon Sullivan proposed that all US companies apply a set of minimum standards when dealing with SA operations. The Sullivan Principles, which outlined eight principles of social responsibility, was a voluntary code of conduct that provided a framework to which socially responsible organisations could be aligned. These standards were formalised in 1977. In 1999, Reverend Sullivan, together with the UN Secretary General, Kofi Anan, launched the Global Sullivan Principles of Corporate Social Responsibility (The Sullivan Foundation, 2005).

6.1.2 Reporting Frameworks

One of the most important frameworks is the Global Reporting Initiative (GRI), to which some 800 organisations subscribe globally. It was launched in 1997 as a joint venture between the US Coalition for Environmentally Responsible Economies and the UN Environment Programme (GRI, 2002). The goal was to enhance the quality, rigour and utility of sustainability reporting and to assist reporting organisations and their stakeholders in articulating and understanding the contributions made to sustainable development.

The Social Responsibility Investment (SRI) Index is another framework, launched in SA as a means to identify organisations listed on the Johannesburg Securities Exchange (now JSE Limited) that integrate the principles of the Triple Bottom Line into their business activities (JSE SRI, 2005, 2). In 2006, when this empirical research was conducted, there were 58 organisations listed on the SRI. Both these frameworks are of a voluntary nature.

6.1.3 Regulations, codes of conduct or recommendations

In most cases, non-legislative measures are the result of long-standing societal expectations for organisational conduct (until they are eventually embodied in a formal code or recommendation). By adhering to voluntary codes or regulations, an organisation is able to secure its long-term sustainability and be regarded as a responsible global citizen that responds to the needs of its stakeholders and society. Explored in this study were inter alia the International Convergence of Capital Measurement and Capital Standards, the Turnbull

Guidance (2005) in the UK, the Code of Banking Practice (2004) in SA and the Cadbury Report of 1992 in the UK. The latter was the first in-depth statement on corporate governance and a model for sound practice worldwide. (Cadbury, 2000, 7).

In 1994, the King I Report in South Africa incorporated a code of corporate practice and conduct that went beyond the corporation and its financial matters, taking into account its impact on the larger community. In 2002, the King II Report took the inclusive approach to business even further (Barrier, 2003). Its premise was that there are increasing expectations for organisations to operate as good corporate citizens, due in part to the influence they have on the environment and the lives of a myriad of stakeholders on whom they depend for the goodwill to sustain their operations and maintain their 'license to operate' (Barrier, 2003; IOD, 2002, 7).

The abovementioned (voluntary) codes were instituted partly due to public or market pressure which requires organisations to adhere to the expectations, values, standards and norms of society, or to take account of threatening market conditions.

6.2 Legislative measures

Laws are the result of society's attempt to formalise societal expectations and ideas about what constitutes right and wrong conduct in various spheres of life (Post, Lawrence & Weber, 1999, 113). The following legislative measures were explored in this study:

6.2.1 Sarbanes Oxley Act of 2002

This US federal law was passed in response to major corporate and accounting scandals such as Enron, which led to a decline of public trust in accounting and reporting practices (Wikipedia, 2006).

6.2.2 Employment Equity Act Nr 55 of 1998

Addressing the inequalities of the apartheid era in South Africa, it required all enterprises employing more than 50 employees to take affirmative action in order to bring about a representative spread of designated groups in all occupations and organisational levels

(RSA, 1998). Upon its successful implementation, the SA Government proceeded to implement what is known locally as BEE (DTI, 2003).

6.2.3 BEE (the Broad-based Black Economic Empowerment Act 53 of 2003)

This law is defined by the SA Government as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country's economy, and significant decreases in income inequalities.

6.2.4 The Financial Intelligence Centre Act of 2001 (2004/5)

This Act is intended to ensure the sound health of SA's financial system by preventing it from being contaminated and undermined by an influx of money derived from criminal activities.

To conclude the literature review: Society exerts pressure on governments and other regulating bodies to develop measures to force business and other organisations to meet societal expectations, values, standards and norms. In turn, the government or regulating bodies develop legislation, or codes of conduct/charters/recommendations to meet these expectations. Business and other organisations take into account, adhere to or incorporate these non-legislative or legislative measures in their strategy development processes at the enterprise, corporate and other strategy levels.

7. RESEARCH STRATEGY AND METHODOLOGY

For purposes of brevity, the major aspects of the research approach and methodology have been summarised in **Exhibit 3** on the next page.

Exhibit 3: Research strategy and methodology

Research approach	Qualitative research was used to understand and interpret how enterprise strategy was developed in organisations. The study necessitated a relatively unstructured approach where the researchers remain open-minded throughout the research process (Struwig & Stead, 2001, 11-13). The emphasis was on illumination, understanding, and extrapolation rather than causal determination, prediction and generalisation (Patton, 1990, 424).	
Research design	Exploratory research was used to gain insight into a situation/phenomenon where there was a lack of basic information on a new area of interest” (Bless & Higson-Smith, 1995, 41).	
Population (both target & survey)	<p>The target population is an aggregate of all the elements pertinent to a study, an idealised group representing the totality of target elements that interests a researcher (Smith, 1988, 77) Applied to this study, it refers to enterprise strategy development in all publicly listed companies* (national and international), whether stated/developed or not.</p> <p>The survey population is an aggregation of all the elements from which a researcher’s sample will actually be taken -- the realistic group of elements available after practical constraints have been taken into account. Applied to this study, it refers to all companies listed on the SRI Index of the JSE Limited in 2006.</p> <p>* See unit of analysis below.</p>	
Element	An element is the basic unit or ‘ <i>thing</i> ’ about which information is collected (Smith, 1988). In this study, it refers to enterprise strategy development, more specifically the <i>categories</i> of companies’ expressions or positions stated on their websites that could be construed as being components (constructs) or steps in the development of their enterprise strategy.	
Unit of analysis	The object from which data was collected (Bless & Higson-Smith, 1995, 64) was all (socially responsible publicly listed companies) on the JSE Limited in 2006.	
Sampling frame	The list of all units from which the sample was drawn (Bless & Higson-Smith, 1995, 88) consisted of the list of companies represented on the SRI Index of the JSE Limited in 2006.	
Sample	All 58 companies listed on the Social Responsibility Index of the JSE.	
Sampling method	None. A census of all companies listed in 2006 on the SRI Index of the JSE was conducted.	
Sampling unit (Smith, 1988)	<p>“<i>That element or set of elements considered for selection in some stage of sampling</i>” (Smith, 1988):</p> <p>Primary sampling unit: Companies listed on Social Responsibility Index (SRI) of the JSE.</p> <p>Secondary sampling unit: Websites of these companies.</p> <p>Tertiary sampling unit: Annual reports; sustainability reports; economic and environmental impact reports; positions on CSR, corporate governance, codes of conduct or ethics, etc; vision and mission statements; statements on risk, crisis and environmental management; and all other relevant documents or statements of strategic intent made public via the websites.</p> <p>Final sampling unit: Enterprise strategy development, i.e. the <i>categories</i> of companies’ expressions or positions stated on their websites that could be construed as being components/constructs/steps in the development of their enterprise strategy.</p>	
Data analysis method	<p>Conceptual analysis:</p> <ul style="list-style-type: none"> Investigate different dimensions of meaning of concepts important to research objectives of the study (Mouton, 1996). Most important concept in relation to research objectives is enterprise strategy and the various constructs that it consists of. 	<p>Content analysis:</p> <ul style="list-style-type: none"> A qualitative method to analyse textual content consisting of messages, e.g. words, meanings, symbols and themes. The text can refer to that which is written, spoken or visualised (Struwig & Stead, 2004, 14). Websites are to be analysed for expressions/positions/statements that could be construed as components/steps in the development of enterprise strategy, e.g. <ul style="list-style-type: none"> Annual/sustainability reports; CSR; corporate governance; economic and environmental impact reports; codes of conduct or ethics; vision and mission statements; risk or crisis management; environmental management; any other relevant documents or statements of strategic intent made public via the websites.

8. FINDINGS OF THE EMPIRICAL RESEARCH

The specific procedure followed during the conceptual and content analysis of the websites of the 58 companies listed on the Social Responsibility Index (SRI) of the JSE in 2006 have been summarised in Appendix 2 in 10 steps. The data analysis produced 20 typewritten pages and cannot be presented here. This paper focuses on the conceptual analysis, i.e. identifying, grouping or deriving from theory/information on the websites the constructs that formed the final framework for enterprise strategy development.

The empirical research (content analysis) produced 20 constructs (Step 6 in Appendix 2), as *categories* of companies' expressions or positions stated on their websites that could be construed as being components/steps/constructs in the development of enterprise strategy. This finding achieved **Research Objective 3**. The 20 constructs are displayed in **Exhibit 4** below. Theory informed the decision to discard two of these constructs namely **purpose** (theoretically part of the mission construct) and **principles** (operating and managerial principles not considered part of enterprise strategy development).

Exhibit 4: Constructs identified during initial phase of data analysis

Sustainability	Communication	Environment	Corporate governance
Values	Health and safety	Risk management	Black Economic Empowerment (BEE)
Strategy	HIV/Aids	Stakeholders	Goals/objectives
Mission	Vision	Code of good behaviour	Monitoring the environment
Purpose (discarded)	Principles (discarded)	Reputation Risk	Corporate social responsibility

The next step in the qualitative research process was to take decisions on whether the remaining 18 constructs can be considered part of the framework for enterprise strategy development.

9. A FRAMEWORK FOR ENTERPRISE STRATEGY DEVELOPMENT

The framework to be constructed is *positive* in its point of departure since it is based at the outset on the 18 constructs identified during the empirical research. However, based on further analysis of the conclusions drawn/indicated throughout the data analysis process (Steps 7-10 in Appendix 2), the framework to be constructed will not contain all the individual constructs found empirically. The researchers will aggregate some and provide them with new labels (those ones that can logically be grouped together for theoretical reasons). Other constructs will be split and labelled according to ‘best case’ examples from the websites. In addition, the researchers will lean on the theoretical framework to guide decision making. The final framework will therefore be *normative*.

The following constructs are considered relevant to the framework for enterprise strategy development:

9.1 Enterprise strategy versus corporate strategy

Concurring with the literature, the **strategy** construct found on company websites indicated two different types of strategy namely enterprise strategy and corporate strategy. According to Steyn (2003b), enterprise strategy refers to an organisation’s societal role, stakeholder approach and achievement of non-financial goals, while corporate strategy addresses strategic decisions with regards to the achievement of the organisation’s financial goals. The best practice company BHP Billiton in particular demonstrated this difference, referring to the ‘sustainability’ dimensions (e.g. ‘*social responsibility*’ and ‘*zero harm*’ to people and environment) and the ‘business’ dimensions of their strategies. It was clearly stated on Billiton’s website that their “*bottom-line performance is dependant upon securing and maintaining..... a licence to operate and grow..... through enhanced performance in non-financial dimensions – or sustainability dimensions*”.

Based on the theoretical framework and the empirical findings, the **strategy** construct is split into *enterprise and corporate strategy* as two major (separate) dimensions of the framework (to be suggested).

9.2 Non-financial goals versus financial goals

The construct encountered on the websites was **goals/objectives**. However, by definition, goals are end states—that is, broad outcomes that an organisation wants to accomplish while objectives are short-term; developed at lower organisational levels; have specific time frames; and must be measurable and achievable (Steyn & Puth, 2000, 31). It was thus concluded that objectives are not relevant at the enterprise (and corporate) strategy level and therefore only the construct goals is retained for the framework.

In the data extracted from the websites, it was repeatedly demonstrated that best practice companies differentiated between non-financial and financial goals. Therefore, with reference to the framework to be developed, constructs on company websites such as **sustainability, Black Economic Empowerment (BEE), corporate social responsibility (CSR), health and safety, HIV/Aids** and (protection of) the **environment** are grouped together -- regarded by the researchers as *strategic non-financial organisational goals*. They form part of the enterprise strategy development dimension of the framework since their aim is to bring organisations in harmony with societal expectations and relieve the pressure to perform and conform in all these areas. At the enterprise level of strategic management, strategies are developed to achieve these long-term non-financial strategic goals or end states. An example of such a strategy is ‘eco-enterprise strategy,’ referring to the environmental strategy of an organisation (Stead & Stead, 2000, 310).

BHP Billiton’s business dimension provided examples of strategic financial/economic goals such as **business excellence, customer focus, portfolio diversity, deep inventory of growth projects**; and **quality, long-life assets**. Group Five’s financial/economic goals were to move **operating margins up the margin curve** (through being **customer-centric**), and delivering **superior technical and business solutions**. These goals are grouped together as *strategic financial/economic goals* that will form part of the corporate strategy dimension of the framework.

9.3 Enterprise governance versus corporate governance

Governance was one of the most widely reported on and detailed constructs on the 58 websites. Each company refer to governance as pertaining to financial and non-financial aspects. Financial aspects include transparent financial reporting and accounting practices, whereas non-financial aspects pertain to safety, health, environmental impact, etc. Based on insights obtained from the empirical findings, governance is divided into two sub-constructs on the framework, namely ***enterprise governance*** (non-financially oriented -- referring to informal and formal relationships between organisation and stakeholders, and its impact on society); and ***corporate governance*** (financially oriented – the formal system of accountability of the board of directors to shareholders). The former is the broad view and the latter the narrow view of governance (Ehlers & Lazenby, 2004, 38; Pearce & Robinson, 1997, 15).

The term ***enterprise governance*** (encountered on Nedbank's website) was embraced by the researchers to guide enterprise strategy development and the achievement of the organisation's social and environmental goals within the confines of good governance. Important governance issues include stakeholder engagement, social and environmental responsibility, and sustainability (Ehlers & Lazenby, 2004, 38). These issues are regarded by the researchers as falling within the parameters of enterprise governance, the latter also including the construct '***code of good behaviour and practices***' found on the websites.

Corporate governance provides the context for, and guides the development of, the organisation's corporate strategy and therefore its financial performance within the confines of good governance--resulting in the achievement of its financial goals. On their website, Sanlam referred to governance risk, performance and corporate profitability as being related to corporate governance.

For the purpose of developing the framework, enterprise governance is divided into two sub-constructs namely ***enterprise relationship governance*** and ***enterprise risk governance***, while corporate governance is divided into ***corporate relationship governance*** and ***corporate risk governance***. This division is substantiated in the following sections.

9.3.1 Enterprise relationship governance versus corporate relationship governance

The two constructs **stakeholders** and **communication** found on the company websites are to be replaced with the derived constructs of *enterprise relationship governance* and *corporate relationship governance* on the framework.

The King II Report defines governance as the building of a balance between economic and social goals, and between individual and communal goals -- the aim being to align as closely as possible the interest of individuals, organisations and society (IOD, 2002, 7). **Stakeholder engagement** is thus an important governance issue (Ehlers & Lazenby, 2004, 38). This was also evident on the websites, where Kumba for instance indicated that: “*Stakeholder engagement is therefore governed by a number of protocols, including The King II Report on Corporate Governance as well as the Global Reporting Initiative*”. The board of directors was repeatedly referred to in relation to **stakeholder relationships** and the **governance** of these **relationships**. The researchers are of the opinion that the board of directors is responsible for setting the *tone* for how the organisation **engages** with, **builds relationships** and **communicates** with stakeholders. It is therefore suggested that the criteria that govern the relationships and engagement between organisations and their stakeholders be referred to as *relationship governance*.

Although not many of the companies overtly stated what their stakeholder strategies were, many of the extracts implied the use of a strategy in relation to stakeholders. For example, Nedbank stated that “*relations with primary stakeholders and its reputation and conduct as a good corporate citizen is monitored closely*”. Ultimately, enterprise strategy represents the organisation’s approach to engaging with/managing its stakeholders (Stead & Stead, 2000, 311). The governing criteria for engaging and building relationships with stakeholders in the macro environment should therefore form part of *enterprise governance*, while *corporate governance* is mainly concerned with the governing of shareholders, customers, suppliers, regulators and internal stakeholders.

For the purpose of the framework to be constructed, the researchers suggest the derived construct *enterprise relationship governance* to reflect:

i) the broad view of governance, as it pertains to **stakeholders** and other societal

interest/issue groups in the **macro environment** who, according to Freeman (1984), have a **political and influencer stake**.

ii) the board's responsibility for setting the tone and establishing governance approaches towards them.

Theory indicates that not all stakeholders are part of the macro environment at enterprise strategy level. Some assist with the achievement of financial goals at the corporate and business-unit levels of the organisation. The construct *corporate relationship governance* is thus suggested to reflect:

i) the traditional (narrow) view of governance as it pertains to shareholders (who have an **equity stake** in the organisation, according to Freeman, 1984) and other stakeholders such as customers, suppliers, regulators, and employees in the **industry, task, and internal environment** (who have an **economic stake**, according to Freeman, 1984).

ii) the board's responsibility for setting the tone and establishing governance approaches towards them.

With regards to the **communication** construct found on the company websites, the majority of company extracts referred to reporting to stakeholders on an annual basis e.g. through annual reports. Reporting is however regarded by the researchers as a one-way approach to communication without any opportunity for feedback from the stakeholders affected by the company and its operations. It is therefore suggested that, for best practice companies, the communication approach of the board of directors towards stakeholders should be 'reflective' (and not be restricted to one-way reporting).

A total of 46 companies referred to **communication 'channels'**, which theoretically form part of implementation strategy (and not enterprise strategy). A total of 27 companies made reference to the 'principles' to which they ascribe when communicating to internal or external stakeholders with regards to financial and non-financial matters (e.g. objective, honest, timely, balanced, relevant and understandable communication). According to Steyn and Puth (2000), this refers to communication policy (rather than corporate communication or enterprise strategy).

The findings on the communication construct that emerged from the company extracts also reflect two types of **corporate communication strategies** used in goal achievement, namely ‘deliberate’ and ‘emerging’. While deliberate communication strategy is set to determine what needs to be communicated to achieve specific strategic goals/key organisational priorities and express organisational positions, emergent communication strategy outlines the communication needed to address constantly emerging societal and stakeholder issues, as well as crisis situations (Steyn, *in* Toth, 2007, 6-7). The latter was illustrated on websites by references to communicating to ‘highlight the key risks to which we are exposed and our response to minimise the impact of the risks.’

There were also indications of the **reflective task** of corporate communication on the websites e.g. to ‘assimilate information’ from the community and also ‘the company engages with its stakeholders to identify concerns, reconcile dilemmas, identify opportunities’. This is **inward communication** or the mirror function of corporate communication, which theoretically forms part of enterprise strategy development. There were also indications of the **expressive task** of corporate communication, i.e. to ‘disseminate information’ to the community, which is outward communication on the functional and implementation strategy levels, and does not form part of enterprise strategy development. The conclusion is thus drawn that:

- i. the construct ***inward communication*** forms part of strategy development on the enterprise or macro organisational level.
- ii. ***inward communication*** is a sub-construct of ***relationship governance***.
- iii. ***inward communication*** is a sub-construct of both ***enterprise relationship governance*** (referring to inward communication with those stakeholders who have a **political** and **influencer stake**) and ***corporate relationship governance*** (referring to inward communication with those stakeholders who have an **equity** and **economic stake** in the organisation).
- iv. the board of directors is responsible for setting the *tone* (determining the approach) for how the organisation **engages** with, **builds relationships** and **communicates** with stakeholders.
- v. the constructs of **communication and stakeholders** found on the company websites are inextricably linked and are sub-constructs of ***enterprise relationship governance*** and ***corporate relationship governance***, and will appear as such on the framework for

enterprise (and corporate) strategy development. Theoretically, this is in accordance with European views expressed during the EBOK project that it serves no purpose to differentiate between communication and stakeholder relationships, since the one is not possible without the other (Vercic, 2001).

9.3.2 *Enterprise risk governance versus corporate risk governance*

The following discussion pertains to the two constructs **risk management** and **reputation risk** found on the company websites and substantiates the decision that i) risk management become part of the governance construct, specifically the constructs of *enterprise risk governance* and *corporate risk governance* and ii) that **reputation risk** become a sub-construct of *enterprise risk governance*.

Risk management in general was widely reported about on the websites of the 58 companies analysed. Most mentioned a number of different types of risks encountered that could pose a risk, but few specifically mentioned reputation risk. Most of the company extracts featured corporate governance prominently in their discussions on risk management. It was suggested that the principles of corporate governance best practice be embedded in a comprehensive enterprise-wide risk management strategy and methodology. The external and internal audit functions assisted in providing the board and executive management with monitoring mechanisms for identifying risks and assessing controls appropriate to managing risks.

Most companies referred to the term “*risk governance*”. (‘Risk management’ was seen as the responsiveness process at the lower levels of strategic management, while risk governance is relevant at the strategic or environmental level). Nedbank referred to “*enterprise governance*”, a concept which encompasses the management of regulatory and reputational risk (non-financial risks), classified by the researchers as part of *enterprise risk governance*. Financial risks would logically be managed as part of *corporate risk governance*.

Enterprise strategy is thus regarded by the researchers as being concerned with non-financial risks (that could prohibit the organisation from achieving its non-financial goals). These include social/regulatory/legal and **reputation risks**, as well as risks regarding

sustainability and governance. Most environmental and social goals set by organisations (such as HIV/Aids) are originally risks that become issues if not managed successfully. Non-financial risk governance will thus be referred to as *enterprise risk governance* on the framework suggested in this study. Likewise, those risks (business, financial, market and operating) that could prevent the achievement of financial goals falls under the corporate risk function and will be referred to as *corporate risk governance*. Having these governance structures in place, the organisation would be able to identify, manage and assess the entire spectrum of risks faced. Ultimately, the board of directors holds management accountable for the effective management of risks, regardless of whether they have non-financial or financial implications.

It is concluded that governance sets the tone for the development of enterprise (and corporate) strategy and provides the context within which it is developed.

9.3 *Social and environmental sustainability*

Sustainability emerged as one of the most widely mentioned and important constructs on the websites of the 58 companies analysed. Sustainability relates to basically every aspect of operating a company and was linked inter alia to the constructs of health and safety, governance, risk, the environment, HIV/Aids, corporate social responsibility, BEE and stakeholder engagement.

It has already been established earlier that sustainability can be seen as a strategic non-financial goal (key strategic priority) of an organisation, to be achieved through the setting of enterprise strategy. However, because of its importance, it has been singled out to appear on the framework in its own right. Sustainability is defined as meeting the needs and expectations of an organisation's direct and indirect stakeholders (such as shareholders, employees, customers, pressure groups and communities) without compromising its ability to meet the needs of future stakeholders (Dyllick & Hockerts, 2002, 31).

An important point of departure with regards to sustainability is to realise that economic sustainability alone is not enough to secure the long-term sustainability of an organisation (Gladwin, Kennelly & Krause, 1995:876). Rather, an organisation must simultaneously

satisfy all three dimensions namely economic, environmental and social (Dyllick & Hockerts, 2002, 133-134).

What underpins sustainability is the need for organisations to become sensitised to stakeholder and societal expectations, values, norms and standards, and to adapt when the need arises in order to continue meeting these expectations. It is thus an assumption of this study that an organisation must follow a Triple Bottom Line approach to strategic management to achieve sustainability. Furthermore, that sustainability is (inter alia) achieved by acting *socially, environmentally* and *economically responsible*.

As mentioned earlier, the development of enterprise and corporate strategy within the context of good governance leads to the achievement of strategic goals. Sustainability as a key strategic goal/key organisational priority can only be achieved while taking good governance practices into account. This means that the principles of sustainability need to apply to every decision, strategy or goal that is set. This leads to the achievement of social, environmental and economic sustainability, which provides an organisation with a return on investment on all three pillars of the Triple Bottom Line (social, environmental and economic)—also known as a focus on People, Planet and Profit (including economic growth).

For the purpose of the framework for enterprise strategy development, it is suggested that *social* and *environmental sustainability* become a separate construct, linked to the construct of *social* and *environmental responsibility*. Likewise, it is suggested that *economic sustainability* become a construct in corporate strategy development, linked to *economic responsibility*.

9.5 Strategic intent of the organisation

For the purpose of constructing a framework, the constructs of **vision, mission** and **values** found on the company websites, are grouped together as the organisation's '*strategic intent*' (Ehlers & Lazenby, 2004). It is concluded that a vision and mission statement as well as values are developed at the enterprise strategy level and are cascaded throughout the organisation. The corporate strategy is also developed within the context of the

organisation's strategic intent. The latter is thus added as an overarching construct to the framework for developing enterprise strategy (and corporate strategy).

9.6 Environmental monitoring

A total of 56 (out of 58) companies mentioned the activity of **environmental monitoring** in some or other way. The latter is defined by Hambrick (1981, 299) as “*the managerial activity of monitoring and learning about events and trends in the organisation's environment, and it is the first step ...leading to an organisation's adaptation to its environment.*” According to Steyn and Puth (2000), environmental scanning and monitoring is conducted in an organisation's **macro, industry, task/operating and internal** environment.

The information gathered about issues, stakeholders and risks can have both financial and non-financial implications for the organisation. As such, environmental monitoring is an important concept in both enterprise and corporate governance/compliance, in the process of developing enterprise and corporate strategy, and achieving the organisation's non-financial and financial goals. Ultimately, environmental monitoring allows the organisation to adjust its strategic intent to societal and stakeholder expectations, values, norms and standards. Environmental monitoring is thus added as an overarching construct to the framework for developing enterprise strategy (and corporate strategy).

9.7 Triple Bottom Line (TBL) approach to strategic management

TBL was identified in the literature review as one of the most important concepts that represent societal and stakeholder expectations, values, norms and standards in the South African environment. Although it was not expressly identified as a construct for the framework of enterprise strategy development in the initial part of the data analysis, it came to attention again since it was mentioned repeatedly on the company websites.

Organisations traditionally were only expected or required by law to report on financial or economic matters. In developing corporate strategy, all actions and decisions first had to consider the impact thereof on the desired end state of the organisation, which was the

achievement of a superior *return on investment for shareholders*. However, in line with the drive towards corporate governance worldwide, there is a move from this single bottom line to a Triple Bottom Line approach (Ehlers & Lazenby, 2004, 45). Maximising return on the investment of shareholders is now seen to be achieved only when corporate strategy is developed within the confines of good governance practices, and when a *return on social, environmental and economic investment* (including long-term economic growth) also becomes desired end states (strategic non-financial goals) of an organisation.

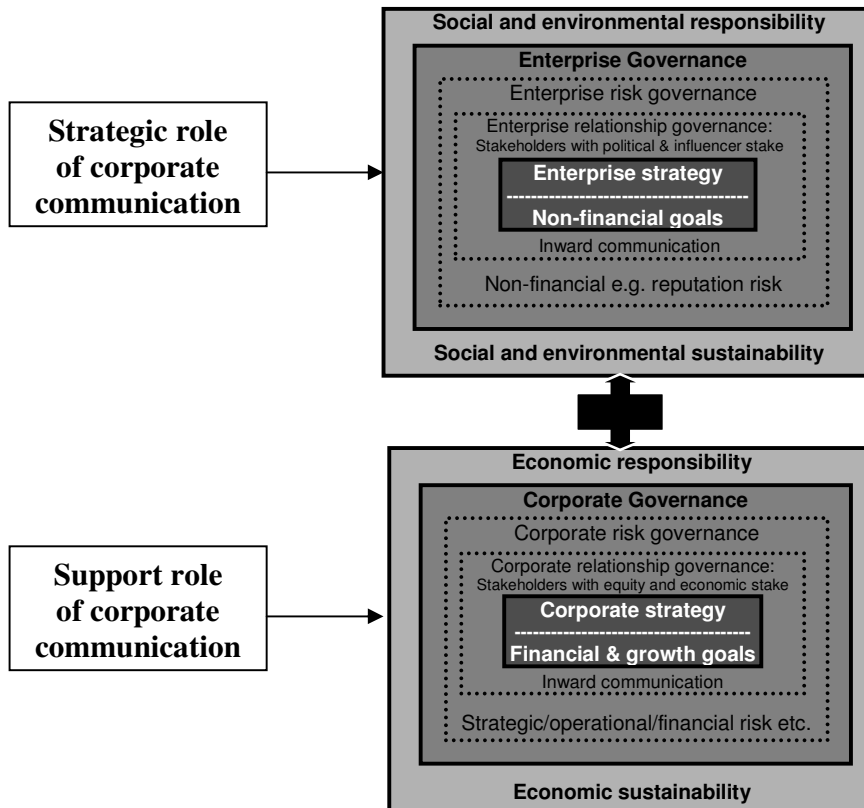
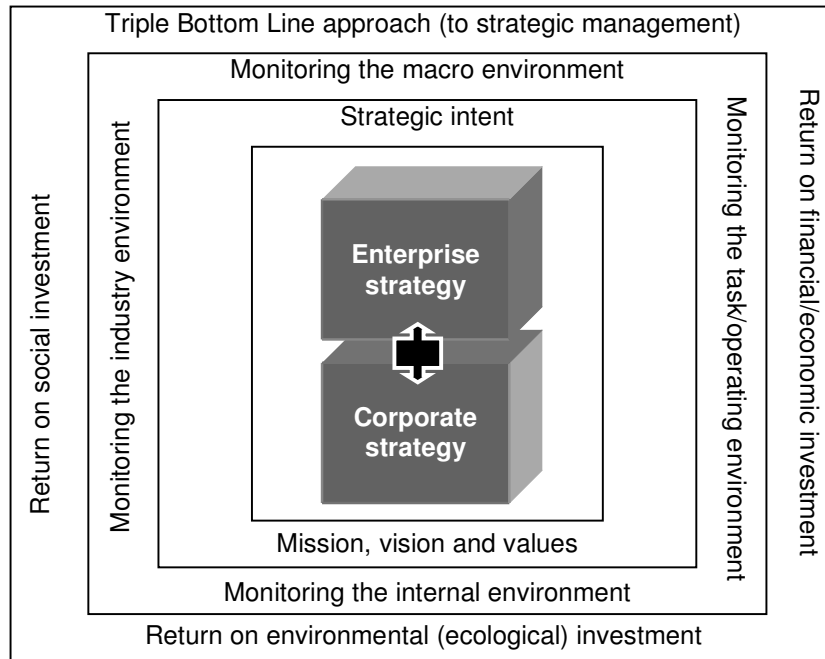
The Triple Bottom Line can be viewed as a reporting device (the narrow view) or as an approach to strategic decision-making (the broad view). The latter captures the whole set of values, ethics, societal expectations, issues and processes which organisations must address in order to minimise any harm resulting from their values, ethics or relationships with the stakeholders (social issues), the activities/products/services produced by the organisation (environmental issues), as well as financial and long-term growth matters (economic issues) -- thereby creating economic, social and environmental value. By incorporating the principles of the TBL into daily operations, an organisation conveys concern and sensitivity to all three dimensions of **societal responsibility**, namely **economic, environmental and social** (Dillard & Marshall, 2006, 2).

Based on the above discussion, it is concluded that a Triple Bottom Line approach to strategic management is a prerequisite for developing enterprise strategy and will ensure the consideration of both the sustainability and business dimensions of organisational strategy. The *Triple Bottom Line* (TBL) as an approach to strategic management is thus added as an overarching construct to the framework for developing enterprise strategy (and corporate strategy).

9.8 Graphic presentation of the framework

Although it has not been an objective of this research to develop a framework for *corporate* strategy development, the empirical findings led the researchers in this direction. In **Exhibit 5**, the findings have thus been presented in two dimensions -- indicating the constructs in both *enterprise* and *corporate* strategy development.

Exhibit 5: Framework for enterprise (and corporate) strategy development, indicating the strategic (and support) role of corporate communication



The concept of *enterprise* strategy development is better explained and understood by contrasting it to the more well-known concept of *corporate* strategy. (The framework for corporate strategy should however not be seen as all-encompassing but only contains those aspects that stand in contrast to enterprise strategy development, as encountered on the company websites).

To summarise the graphic framework, it could be said that:

- i. A **Triple Bottom Line approach** to strategic management is a requirement for enterprise strategy development and **ensures a return on social, environmental and economic investment** (and not only a return on financial investment, as in the past).
- ii. Enterprise strategy (and corporate strategy) is developed within the parameters of the **strategic intent** of the organisation (vision, mission and values).
- iii. The development of enterprise strategy necessitates continual **scanning/monitoring** of the **macro and internal environment** in order to adapt to the expectations, values, norms and standards of societal stakeholders and other interest groups.
- iv. Within the context of **enterprise governance** (which includes enterprise relationship governance and enterprise risk governance), enterprise strategy is developed to achieve **strategic non-financial goals** such as corporate social responsibility, sustainability, BEE, HIV/Aids, health and safety, and (protection of) the environment.
- v. Organisations must act **societally responsible** (practising social, environmental and economic responsibility) before they can become **socially, environmentally and economically sustainable**.

The presentation of the framework for enterprise strategy development, indicating the relationship with governance, sustainability, and social responsibility **achieves Research Objective 4**.

9.9 Institutionalising the strategic role of corporate communication/public relations

The **strategic role of corporate communication** (as embodied in the role of the reflective strategist) is grounded in the reflective paradigm -- specifically its reflective role. Based on theory and the findings of this study, the researchers conceptualise the strategic role of corporate communication as contributing *strategically* to **enterprise strategy** development.

However, it *supports* corporate strategy development with communication and stakeholder intelligence/engagement. It is not part of the knowledge base of corporate communication to be involved in financial strategy development/decision making *per se*.

Furthermore, the (reflective) strategist:

- i. brings about shifts in organisational thinking necessary for implementation of a **Triple Bottom Line** approach, by pointing out society's expectations for business organisations to invest **socially, environmentally and economically, and show a return** on all three these dimensions (in addition to financial investment).
- ii. obtains input about/conveys concern and sensitivity to, **societal responsibility, sustainability and good governance**; assists with their achievement by showing decision makers the need for considering how organisational strategies and behaviour impact wider economic systems, the environment, the national/international communities in which they operate, and how it is interlinked.
- iii. provides social and environmental intelligence so that the organisation can adjust its **strategic intent** and align to societal/stakeholder expectations, values and norms.
- iv. employs a reflective perspective to corporate reputation by **monitoring the environment** to identify **reputation and other strategic risks**, and addresses them through **communication strategies** (where the problem can either be explained or solved by communication, or by strategising with top management when their input/action is needed).
- v. assists senior management to identify **strategic goals and stakeholder/societally responsive strategies**.
- vi. oversees the **communication** strategy development process with **stakeholders** and other societal interest groups so that it is transparent and ethical; assists in **building relationships** with stakeholders; obtains legitimacy; and fosters social cohesion between business and society.

It is concluded that the constructs on the framework for enterprise strategy development form the core of the strategic contribution of the reflective strategist at the macro organisational level (**achieving Research Objective 5**). It is suggested that the (strategic) role of corporate communication/public relations at the macro organisational level can be institutionalised through a strategic contribution to enterprise strategy development,

enterprise governance (including enterprise relationship and enterprise risk governance), as well as social/environmental sustainability and responsibility.

10. CLOSING REMARKS

The implementation of the framework for enterprise strategy development does not require a radical departure from the usual nature of corporate (and government) activities. It is simply a step ahead of time -- before new societal expectations are codified into legal requirements. *“By adapting before it is legally forced to do so, an organisation can be more flexible in its response pattern, achieve greater congruity with social/societal norms and therefore obtain legitimacy at a lower social and institutional cost”* (Sethi, 1975, 62).

The analysis of the websites and empirical findings indicated a focus on the so-called ‘soft’ (intangible) issues facing organisations, i.e. a shift to a Triple Bottom Line approach to strategic management (rather than the financial bottom line previously emphasised). By following a TBL approach, by developing enterprise and corporate strategy aligned to the organisation’s strategic intent and within the context of good governance (which includes relationship and risk governance), and by applying the principles of sustainability, an organisation is likely to achieve its strategic non-financial and financial goals. In so doing, it is likely to be regarded as a societally responsible citizen (acting socially, environmentally and economically responsible) and as a result become sustainable.

According to the King II Report on Corporate Governance (IOD, 2002, 10-11), *“all organisations operate within the broader society and the natural environment. What an organisation can and cannot do in terms of its strategy is not only constrained by legislation, government policies and regulatory requirements but also by what is considered ethical and in accordance with the expectations of stakeholder and societal standards”*.

APPENDIX 1

COMPANIES LISTED ON THE SOCIAL RESPONSIBILITY INVESTMENT (SRI)

INDEX OF THE JSE LIMITED IN 2006

COMPANY NAME			
1	Absa Group Limited	30	Kumba Resources Limited
2	AdvTech Limited	31	Liberty Group Limited
3	African Bank Investments Limited	32	Liberty International plc
4	African Oxygen Limited	33	Massmart Holdings Limited
5	Alexander Forbes Limited	34	Medi-Clinic Corporation Limited
6	Allied Electronics Corporation Limited	35	Merafe Resources Limited
7	Allied Technologies Limited	36	Metropolitan Holdings Limited
8	Anglo American plc	37	Mittal Steel South Africa Limited
9	Anglo American Platinum Corp Limited	38	MTN Group Limited
10	AngloGold Ashanti Limited	39	Murray & Roberts Holdings Limited
11	Aveng Limited	40	Nampak Limited
12	Barloworld Limited	41	Nedbank Group Limited
13	BHP Billiton plc	42	Network Healthcare Holdings Limited
14	The Bidvest Group Limited	43	Northam Platinum Limited
15	Brait S.A.	44	Oceana Group Limited
16	Bytes Technology Group Limited	45	Old Mutual plc
17	City Lodge Hotels Limited	46	Pick 'n Pay Holdings Limited
18	Discovery Holdings Limited	47	Pretoria Portland Cement Company Limited
19	Edgars Consolidated Stores Limited	48	Remgro Limited
20	Firststrand Limited	49	SAB Miller plc
21	Gold Fields Limited	50	Sanlam Limited
22	Grindrod Limited	51	Santam Limited
23	Group Five Limited	52	Sappi Limited
24	Harmony Gold Mining Company Limited	53	Sasol Limited
25	Highveld Steel and Vanadium Corporation Limited	54	Standard Bank Group Limited
26	Illovo Sugar Limited	55	Telkom SA Limited
27	Impala Platinum Holdings Limited	56	The Tongaat-Hulett Group Limited
28	Imperial Holdings Limited	57	Trans Hex Limited
29	Investec Limited and Investec plc	58	Woolworths Holdings Limited

**APPENDIX 2
DATA ANALYSIS PROCESS**

Step 1	<ul style="list-style-type: none"> • Open Word file for each company. • Download relevant information from each company’s website into company file: annual reports; sustainability reports; economic and environmental impact reports; positions on corporate social responsibility and corporate governance; codes of conduct or ethics; vision and mission statements; statements on risk, crises and environmental management; and all other relevant documents or statements of strategic intent made public via the website.
Step 2	<ul style="list-style-type: none"> • Content analyse each company’s data to identify categories of expressions/positions that could be construed as being components/steps/constructs in the development of enterprise strategy.
Step 3	<ul style="list-style-type: none"> • Open Word files for each category of expression/position (construct). • Copy relevant data from each company file to the relevant construct file.
Step 4	<ul style="list-style-type: none"> • Open Excel spread sheet. Insert all 58 companies in Column A (vertical). • Insert all constructs horizontally in Row 2.
Step 5	<ul style="list-style-type: none"> • Populate the spreadsheet from the construct files. • This produced 41 columns of data and 58 rows, indicating construct presence for each company.
Step 6	<ul style="list-style-type: none"> • Conceptually analyse the 41 column headings, according to theory. • This analysis produced 20 constructs.
Step 7	<ul style="list-style-type: none"> • Conceptually analyse the data on 20 constructs. For each construct, select a number of examples of the norm, exceptions to the norm, and best practice cases of the construct. • Transfer this information to a Findings file.
Step 8	<ul style="list-style-type: none"> • Comparatively and conceptually analyse extracts from the different companies under each construct. • Based on the theoretical framework and the best case examples, note down Researcher’s Comments to be used in constructing the framework.
Step 9	<ul style="list-style-type: none"> • Based on the Researcher’s Comments, theoretical framework and the best case examples from the websites, decide which constructs will appear individually on the framework, which will be grouped together, which new ones should be added (that were overlooked), and which constructs can be derived from the best practice cases.
Step 10	<ul style="list-style-type: none"> • Construct and describe the framework.

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