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Strategic role of public relations in enterprise strategy, governance and sustainability—A normative framework

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abstract

The purpose of the study was to suggest a normative framework for the development of an organization's enterprise (societal role/stakeholder) strategy, indicating its relationship with governance, sustainability, and CSR. The normative framework contains two dimensions: Enterprise strategy is developed within the context of enterprise governance as well as social and environmental sustainability and responsibility, to achieve the organization's strategic non-financial goals (the sustainability dimension). Corporate strategy is developed within the context of corporate governance as well as economic sustainability and responsibility, to achieve strategic financial/economic goals (the business dimension). PR/communication management plays a strategic role in enterprise strategy development but a support role in corporate strategy development. The development of enterprise strategy necessitates a Triple Bottom Line approach to strategic management.

“Public relations is a piece of some whole. The challenge is to continue to search to discover the whole and public relations' place in it. One view of that whole is the nature of society and, consequently, the constructive and destructive roles that public relations can play to that end”

Heath (2006, p. 110)

1. The bigger picture

The concepts of **sustainability** (manifesting especially in the domains of sustainable development and corporate sustainability) and **corporate governance** (manifesting mainly in the business world but increasingly also in government and the non-profit sector) are receiving attention in all sectors of the economy and academia, being new ways to conceptualize the **responsibilities** of organizations and restore trust in them (Steyn & De Beer, 2012a). The need for managers and academics to rethink traditional conceptions of responsibility (Parmar, Freeman, Harrison, Wicks, De Colle, & Purnell, 2010) was brought to the fore by corporate scandals such as Enron, WorldCom, and Tyco. *“For a fully functioning society, corporate responsibility must entail choices and actions that go well beyond the organization's narrow self-interest”* (Heath, 2006, p. 103).

The Triple Bottom Line (TBL), stakeholder inclusiveness, corporate governance and sustainability approaches to strategic management currently followed by best practice companies demonstrate that profit does not have to be incompatible with caring about employees, communities, or the planet. The *King Report on Governance for South Africa* (King III) however points

Abbreviations: SCM, strategic communication management; PR, public relations/communication management; TBL, Triple Bottom Line; CSR, corporate social responsibility; CSP, corporate social performance; BEE, Black Economic Empowerment; SRI, Social Responsibility Investment Index; JSE, Johannesburg Stock Exchange; SA, South Africa.

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out that a fundamental shift is needed in the way companies and directors act and organize themselves in order to achieve this (IoD, 2009).

Sustainability is the primary moral and economic imperative of this century and current incremental changes toward it are not sufficient (IoD, 2009; Steyn & De Beer, 2012b). It has become necessary to rethink business organizations around a new set of principles and behavior – for instance, that **governance, strategy and sustainability** are inseparable; that the legitimate interests/expectations of stakeholders are considered to be in the best interests of the organization (**stakeholder inclusivity**) (IoD, 2009); and that organizations' actions and outputs are to be “*consistent with the value-pattern of society*” in order to obtain **legitimacy** (Sutton, 1993, p. 3).

With regard to bringing about the organizational changes referred to previously, the field of **strategic communication management (SCM)**, a.k.a. strategic public relations (PR), has much to offer in its best practice (GA, 2010, 2012) and latest theoretical developments (De Beer & Rensburg, 2011a, 2011b; De Beer, Steyn, & Rensburg, 2013; Gregory and Willis, 2013; Invernizzi & Romenti, 2009; Muzi Falconi, 2010; Signitzer & Prexl, 2008; Steyn & De Beer, 2012a, 2012b; Xifra & Ordeix, 2009).

2. Problems and opportunities

In the 21st century, an era characterized by the TBL (Elkington, 1999) and a focus on sustainability and governance, the license to operate is obtained from society. Organizations therefore have to adapt to societal and stakeholder expectations, values and norms in order to maintain a good reputation; be regarded as societally (socially, environmentally and economically) responsible and sustainable; trustworthy; and a good (corporate) citizen (Steyn, 2003, 2007, 2009). While guidelines or mechanisms for incorporating societal and stakeholder expectations, values and norms into strategic decision making are in short supply, the concept of *enterprise strategy* provides one option that needs further exploration.

Enterprise strategy was conceptualized as the level of strategy that addresses the political and social legitimacy of an organization (Schendel & Hofer, 1979), and its relationship with society (Freeman, 1984). It can be seen as a *social* strategy (Hemphill, 1996); *bridging* strategy (Meznar & Nigh, 1995); and the strategy level that achieves the organization's *non-financial* goals (Steyn & Puth, 2000). In the PR literature, enterprise strategy was introduced as the organizational strategy level at which practitioners could and should make a strategic contribution/play a strategic role (Niemann, 2009; Prinsloo, 2005; Steyn, 2000a, 2003, 2007; Steyn & Niemann, 2010).

In recent years, research findings indicate an increasing incidence of strategic PR role playing (Zerfass, Verčič, Verhoeven, Moreno, & Tench, 2012). In academia, the European *societal/reflective* approach (Holmström, 1996; Verčič, Van Ruler, Bütschi, & Flodin, 2001); Grunig's (2009) *strategic management behavioral* paradigm; and the South African *strategic* approach (De Beer et al., 2013) have entered curriculums. An increasing number of master's programs and practitioner/academic conferences are focused on SCM. *The International Journal of Strategic Communication* is devoted to the topic and calls strategic communication an emerging paradigm (Hallahan, Holtzhausen, Van Ruler, Verčič, & Sriramesh, 2007). The latest *Festschrift* honoring James and Larissa Grunig has six chapters with the terms 'strategic PR' or 'strategic communication' in their titles (Sriramesh, Zerfass, & Kim, 2013).

In spite of these strides forward, changing business paradigms discussed earlier necessitate a *broadening* of SCM to also consider the principles of sustainability, governance and a wider conception of (social) responsibility in its value-added contributions to the organization (De Beer et al., 2013). Grunig (2012) predicts that corporate responsibility and sustainability, and the ethical questions that accompany them, will become the most important role of PR.

It is the aim of this article to address the problems and opportunities outlined by constructing a *normative* framework for the development of enterprise strategy, indicating its relationship with governance, sustainability, and CSR. Furthermore, to conceptualize the strategic role of PR/communication management in enterprise strategy development, based on the normative framework.

3. Research on which this study builds

Niemann (2009) explored the concept of enterprise strategy and PR's strategic role in its development. Findings of her *literature review* were reported in Steyn and Niemann (2010):

- Enterprise strategy is a relevant strategy process for incorporating societal and stakeholder expectations, values and norms in the organization's strategy development processes and achieving its non-financial goals.
- Societal expectations, values and norms are reflected by **concepts** such as CSR, corporate governance, sustainability, good corporate citizenship and the Triple Bottom Line (TBL); expressed by **non-legislative measures** e.g. the Global Reporting Initiative, the Social Responsibility Investment Index (SRI) of the Johannesburg Stock Exchange (JSE); and the three King Reports on Governance in South Africa (published 1994, 2002, 2009); and embodied in **legislative measures** e.g. the Sarbanes Oxley Act of 2002 (US) and the Broad-Based Black Economic Empowerment Act 53 of 2003 (SA).

Niemann's (2009) *empirical research* consisted of content analysis of the websites of 58 companies on the SRI of the JSE. The 200 pages of data analysis indicated 18 constructs (see Table 1) as representing *categories of companies' expressions or*

Table 1

Empirical constructs identified by Niemann during the content analysis of the websites.

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

Niemann (2009).

positions stated on their websites that could be construed as components/steps/constructs in development of enterprise strategy.

The *normative* framework for enterprise strategy development to be constructed is *positive* in its point of departure since it is based at the outset on the 18 empirical constructs exhibited in Table 1.

4. Research method

Conceptual analysis (Mouton, 2001, p. 175) is used in this research to make conceptual categories clear, explicate theoretical linkages and reveal conceptual implications of different viewpoints. Conceptual analysis of the conclusions drawn/indicated throughout Niemann's (2009) content analysis (‘Researcher’s Comments’) will assist in identifying, grouping, and deriving from theory and from information on the websites the constructs that will form the *normative* framework for enterprise strategy development.

Not all 18 empirical constructs will become part of the normative framework – those that can logically be grouped together for theoretical reasons will be aggregated and provided with new labels while others will be split and labeled according to ‘best case’ examples from the websites. The final framework can therefore be regarded as *normative*.

5. Theoretical foundations

The meta-theoretical and theoretical framework that anchors this research is presented in Table 2 (numbers refer to corresponding article headings):

- The shaded text in Table 2 represents Niemann's (2009) original theoretical framework, centering on the PR; strategic management; and business and society domains (see De Beer et al., 2013; Steyn & De Beer, 2012a, 2012b; Steyn & Niemann, 2010).
- The unshaded text in Table 2 represents *additional* meta-theories and theories centering on the fields of governance, sustainability and CSR, based on Steyn (2013). They were added *after* development of the concluding normative framework to anchor its **major concepts** (see bottom row Table 2) in order “to discover the whole and public relations’ place in it” (Heath, 2006, p. 110).

Following is a discussion of the meta-theoretical framework of this study.

5.1. Pretoria School of Thought

The scientific worldview that underpins the field of strategic communication management (SCM) is the *Pretoria School of Thought* (De Beer et al., 2013) – a paradigm that focuses on the conceptualization of communication management in the strategic context of the organization.

In its strategic role, PR provides an organization/institution with an outside-in perspective through environmental assessment. The strategic intelligence obtained with regards to strategic stakeholders (their expectations, concerns, values, norms), societal issues and the publics (interest/advocacy groups) that emerge around the issues, are fed into the organization’s strategy development processes – assisting an organization to adapt its strategies/goals/policies/behavior to its societal and stakeholder environment (De Beer et al., 2013; Steyn, 2007). The nature/content of the strategic intelligence is determined by the meta-theoretical approach to PR followed by the organization’s management (e.g. societal/reflective or reputation or relationships).

Steyn (2009) positioned the strategic role of public relations within the European **reflective/societal approach**. The latter is explicated by Verčič et al. (2001, p. 382) as a strategic process of viewing an organization from an ‘outside’ perspective – showing a special concern for broader societal issues. *Legitimacy* and *public trust* are central concepts and an organization’s inclusiveness, preserving its ‘license to operate’, is of primary concern.

In Holmström’s (1996) **reflective approach** to PR, *social responsibility* is regarded as the core of PR practice. Business organizations have an impact beyond their financial bottom line on the so-called societal level – they also affect other organizations, individuals, and stakeholders in society. Social responsibility is a precondition for maintaining public trust.

Table 2

Meta-theories and theories that anchor the major concepts of the *normative* framework.

Domain	Communication	Management	Law	Business and Society
Sub-domain	Public relations/ communication management	Strategic Management	Business Law	• CSR/CSP • Stakeholders
Field of study	Strategic communication management (Steyn, 2007; Steyn & De Beer, 2012a)	Strategy	Governance	Sustainability CSR
Paradigm	(5.1) Pretoria School of Thought (De Beer et al., 2013)	(5.2) Triple Bottom Line (Elkington, 1999)		
Meta-theoretical approach	Reflective Approach (Holmström, 1996) Societal Approach (Vercic et al., 2001)	(5.2.1) Stakeholder Approach (Freeman, 1984; Freeman & McVea, 2001; Parmar et al., 2010) (5.2.2) Stakeholder Inclusiveness Approach (IoD, 2009) (5.2.3) Stakeholder Oriented Approaches (Zambon & Del Bello, 2005) (5.2.4) Corporate Social Performance (CSP) Approach (Wood, 1991)		
Theoretical framework	<i>Mutual reflection</i> (Holmström, 1996): • Reflective task • Expressive task <i>European PR roles</i> (Vercic et al., 2001): • Reflective • Managerial • Operational • Educational <i>Strategic PR roles</i> (Steyn, 2000b, 2007, 2009) • (Reflective) Strategist • Manager • Technician <i>Levels of strategy formulation</i> (Steyn, 2000a, 2003, 2007; Steyn & Puth, 2000): • PR's contribution to enterprise strategy development • Functional PR strategy (Deliberate/emergent) • PR implementation strategy	<i>Levels of strategy formulation</i> (Digman, 1990; Lynch, 1997) • Enterprise • Corporate • Business unit • Functional • Implementation <i>Processes of strategy formulation</i> (Steyn & De Beer, 2012b): • Environmental assessment • Stakeholder engagement • Issues management • Risk management	<i>Broad view of governance</i> (IoD, 2009): • Stakeholders • Relationships <i>Narrow view</i> (Elkington, 1999): • Shareholders • Set of transactions <i>Stakeholder inclusiveness view</i> (IoD, 2009): • Stakeholder interests are in best interest of organization <i>Enlightened shareholder view</i> (IoD, 2009): • Stakeholders have instrumental value	<i>CSP</i> (Wood, 1991) Principles of CSR: • Legitimacy • Public responsibility • Managerial discretion Processes of corporate social responsiveness: • Environmental scanning • Stakeholder management • Issues management Outcomes of CSP: • Social impacts • Programs • Policies/strategies <i>Societal responsibility</i> (Steyn & De Beer, 2012a): • Social • Environmental • Economic <i>Sustainability</i> (Dyllick & Hockerts, 2002): • Socially responsible • Environmentally sound • Economically viable
Major concepts of the normative framework	(6.1) <i>Strategic (reflective) role of PR</i>	(6.2) <i>Strategy</i> • Enterprise • Corporate	(6.3) <i>Governance:</i> • Enterprise • Corporate	(6.4) <i>Sustainability</i> (6.5) <i>Societal responsibility</i>

Niemann (2009), shaded text; Steyn (2013), unshaded text.

5.2. Triple Bottom Line

The TBL was selected as the **overarching paradigm** for the strategy, governance, sustainability and CSR fields of study, its core assumption being that the focus of business organizations is not only on the economic value they add, but also on the environmental and social value they add – or destroy (Elkington, 1999).

This research does not adhere to the **narrow view** of the TBL as a non-financial reporting framework for measuring and reporting corporate performance against economic, social, and environmental parameters over a period of time. Rather, it is based on the **broad view** of the TBL as an approach to decision making that captures the whole set of values, ethics, societal expectations, issues, and processes that an organization must address in order to minimize any harm resulting from its activities – creating economic, social, and environmental value. This requires taking into consideration the needs of all

its stakeholders and society. The TBL is a philosophy, a way of thinking about CSR – not a method of accounting (Elkington, 1999).

Falling under the umbrella of the TBL paradigm, the **overarching approaches** selected for the fields of strategy, governance, sustainability and CSR are now discussed.

5.2.1. Stakeholder approach (to strategic management)

The stakeholder perspective/theory (Freeman, 1984; Freeman & McVea, 2001; Parmar et al., 2010) presupposes that the interests of key stakeholders are integrated into the very purpose of the organization. It is built on a partnering mentality that involves communicating, negotiating, contracting, managing relationships and motivating stakeholders – held together by the **enterprise strategy** which defines what the organization stands for (Harrison & St John, 1998). Diverse collections of stakeholders can only cooperate over the long run if, despite their differences, they share a set of **core values** (Freeman & McVea, 2001).

A stakeholder approach emphasizes the importance of investing in relationships with those who have a stake in the organization. According to Freeman (1984), stakeholders have different ‘interests’ or ‘stakes’: Shareholders have an *equity* stake (formal voting power); customers, suppliers and employees have an *economic* stake (economic power); and single-issue groups have an *influencer* stake (political power).

5.2.2. Stakeholder inclusiveness approach (to governance)

This approach assumes that a (business) organization has many stakeholders who can affect achievement of its strategy and long-term sustained growth. Legitimate stakeholder interests/expectations are considered on the basis that it is in the best interests of the *company* to do so (IoD, 2009).

5.2.3. Stakeholder responsible (or oriented) approaches

There is a clear relationship between the stakeholder perspective and concepts/practices that stress **non-financial** aspects of organizational behavior such as corporate governance, sustainability and CSR (Zambon & Del Bello, 2005, pp. 130 – 31). Having their conceptual roots in stakeholder theory, these concepts can be seen as specific implementations of stakeholder theory.

According to Steyn and Puth (2000, p. 42), the organization’s “strategies at the enterprise level should, to a large extent, be **stakeholder oriented**” and “has to do with the achievement of **non-financial goals** such as... fulfilling its **social responsibilities**”. In the opinion of the authors, enterprise strategy can also be seen as a stakeholder responsible (oriented) approach).

5.2.4. Corporate social performance (CSP) approach

CSP is a central paradigm in the business and society field that makes concerns for social and ethical issues more pragmatic (Stead, Stead, & Gray, 1990). Generated by the CSP approach, Wood’s theory (1991, pp. 696 – 708) specifies the *principles* of CSR (legitimacy, public responsibility and managerial discretion); implemented through the *processes* of **corporate social responsiveness** (environmental assessment, stakeholder and issues management to identify the stakeholder *issues* to which responsibilities are tied); culminating in the observable *outcomes* of **corporate behavior** (i.e. social impacts, programs, policies and strategies relating to the organization’s societal relationships).

In the view of the authors, the assumptions of the CSP approach are core to enterprise strategy development since strategy at the societal level is ultimately aimed at achieving organizational *legitimacy* amongst societal interest groups and stakeholders; being seen as *socially responsible*; and a good corporate citizen. 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 (closely related to the three pillars of the TBL).

6. Theoretical and conceptual framework

The major concepts of the study are the strategic (reflective) role of PR, strategy, governance, societal responsibility, and sustainability.

6.1. Strategic (reflective) role of PR

Strategic management of PR rests on two pillars: *PR role* (specifically the ‘PR strategist’) and *levels of strategy formulation* (specifically ‘enterprise’ and ‘PR’ strategies).

The first pillar, the role of the ‘PR strategist,’ was conceptualized (Steyn, 2000a, 2007; Steyn & Puth, 2000) and verified (Steyn, 2000b) as implementing the mirror function of PR, i.e. monitoring relevant environmental developments and anticipating their consequences for the organization’s policies and strategies, especially with regard to relationships with stakeholders and other interest groups in society.

Steyn (2009) relabeled the PR strategist to the ‘**reflective strategist**’ because of its conceptual similarity to Verčič et al.’s (2001) **reflective role** and Holmström’s (1996) **reflective task**. The latter refers to **inward communication** – acting as a sensor, selecting information on what is considered *socially responsible* behavior in society; encouraging organizational

members to balance their behavior in relation to societal expectations, values and norms; assisting to make the organization deserving of trust.

The second pillar is PR's contribution to organizational strategy development. In its strategic role, PR has co-responsibility with top management for the development of the organization's **enterprise strategy** at the *environmental* level (Steyn, 2003, 2007; Steyn & Niemann, 2010). Based on the information gathered on societal and stakeholder expectations, values and norms, the reflective strategist advises top management on organizational positions/priorities to be communicated and strategic issues/risks to reputation to be addressed; and suggests the most appropriate actions with regards to stakeholders and societal issue groups in order to be socially/environmentally responsible and obtain a license to operate from society.

Based on, and aligned to the enterprise strategy, **PR strategy** is developed at the *functional* level to achieve organizational and/or communication goals and identify communication themes (Steyn, 2000a, 2003, 2007; Steyn & Puth, 2000):

- In **deliberate PR strategy**, communication is used as a strategic *opportunity* in organizational goal achievement e.g. building relationships with strategic stakeholders; portraying the organization as a good corporate citizen; maintaining a good reputation; or communicating change initiatives.
- In **emergent PR strategy**, the communication needed to address constantly emerging societal/stakeholder *issues, threats, risks and crisis situations* are outlined.

These processes constitute the strategic contribution of PR to strategic decision making and strategy development.

6.2. Strategy

Strategy engages all organizational levels – enterprise, corporate, business, functional and operational (Digman, 1990) and defines the nature of the economic and non-economic contributions the organization intends to make to its stakeholders and society.

There are two separate sets of questions to be addressed when formulating a statement of mission for an organization (Freeman, 1984, p. 88):

- The first concerns a broad set of issues around values, social issues and stakeholder expectations – the '**enterprise**' strategy.
- The second addresses the range of business opportunities available to the organization and rests on an understanding of how the stakeholders can affect each business area – the '**corporate**' strategy.

As an overarching strategy, the concept of enterprise strategy broadens strategy development beyond traditional business concerns to include the overall relationship of the organization to society. It is a critical precursor to developing and implementing effective corporate strategies (Stead et al., 1990) and "*acts as a framework or envelope within which other, more specific types of strategies will operate*" (Digman, 1990, pp. 36 – 37).

Enterprise strategy is concerned with the question of '*consistency*' among the key elements of an organization's relationship with the environment (Freeman, 1984, p. 107). It stems from research on the social responsibility of business, i.e. what an organization *should* do. In part, it represents the **moral/ethical** component of strategic management. It is developed to achieve the organization's **non-financial goals** and aligns social/ethical/environmental concerns with the corporate strategy – the latter traditionally reflecting business concerns (Schendel & Hofer, 1979).

Stead and Stead (2000, p. 310) extended the scope of enterprise strategy to the ecological level of analysis, calling it '*eco-enterprise*' strategy. This provides a sound theoretical framework for ethically and strategically accounting for the ultimate stakeholder, 'Planet Earth'.

6.3. Governance

Corporate governance, in the traditional (narrow) approach, focuses on the maximization of shareholder wealth and can be seen as the formal system of accountability of the board of directors to shareholders (thus **financially** oriented).

This research views governance in its **broadest** sense – as the informal and formal relationships between an organization and its stakeholders; the way an organization aligns its own goals with those of its stakeholders/interest groups; and the impact of the organization on society in general, including **non-financial** aspects such as social/environmental responsibility and sustainability (Ehlers & Lazenby, 2004, p. 38). Reflecting this broad approach, 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, organizations and society*" (IoD, 2002, p. 7).

According to AccountAbility (2011), the **stakeholder inclusive** approach (to governance) refers to the participation of stakeholders in developing/achieving an accountable and strategic response to sustainability. **Stakeholder engagement**, a tool that assists in achieving inclusivity, is a process to engage relevant stakeholders for a clear purpose to achieve accepted outcomes. Engagement is a fundamental accountability mechanism since it obliges an organization to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns – and also to report, explain and be answerable to stakeholders for its decisions, actions and performance.

Since stakeholder engagement leads to knowledge of stakeholders' legitimate interests and expectations, **interactive communication** with key stakeholders is fundamental to obtaining legitimacy. The information acquired through the engagement process enables the executive team to implement, and the governing structure to monitor, the organization's long-term strategy on a more informed basis.

Corporate governance thus provides the foundations upon which corporate sustainability and CSR practices can be built in order to enhance responsible business operations.

6.4. Societal responsibility (social, environmental and economic)

Generally, CSR is explained as corporate engagement in socially responsible behaviors in response to societal demands and stakeholder concerns/expectations; and the ability of such activities to increase competitiveness, stock performance, and legitimacy (Carroll, 1979; Freeman, 1984; Whetten, Rands, & Godfrey, 2001).

The behavior of a *responsible* organization occurs largely within the economic, social, environmental and governance domains. It reflects society's implicit/unspoken expectations e.g. adhering to labor/environmental standards, industry norms/codes, and triple bottom-line reporting. It is *voluntary* (Kovacs, 2006); a *legitimizing* activity (Holmström, 1996); and *effective* when achieving the best possible balance between organizational, stakeholder and public interest (Muzi Falconi, 2010).

While CSR definitions are largely *normative* and increase understanding, they offer little insight into how CSR can be integrally linked with strategy (Galbreath, 2008). With reference to Wood's (1991) CSP approach, the authors regard normative definitions as reflecting the *principles* of CSR, but not the *responsiveness processes* (environmental assessment, stakeholder and issues management) or the *outcomes* of corporate behavior (social impacts, policies and programs). The latter two aspects are more clearly portrayed by Thomas and Simerly (1994), who define social responsibility as the development of processes to **evaluate stakeholder and environmental demands** and the implementation of programs to **manage social issues**.

It is the role of strategy to understand the environment and identify/assess/respond to issues. To build CSR into corporate strategy, management must differentiate between **social responsibilities** (societal expectations) and the **social issues** to which responsibilities are tied (Galbreath, 2008). If management does not identify/understand which social issues are strategic, they run the risk of equating CSR with codes of ethics, Triple Bottom Line reports and PR campaigns – approaches disconnected from (enterprise) strategy.

Since stakeholder demands have led organizations to *communicate* their social positions in a more strategic manner to gain/maintain legitimacy, CSR has become an increasingly important driver of corporate strategy (Pollach, Johansen, Nielsen, & Thomsen, 2012). However, SCM theory indicates that it is not enough for an organization to develop/implement only *deliberate* communication strategy, e.g. communicate the organization's social positions (Steyn, 2007). In a reflective/societal approach, *emergent* communication strategy should also be developed, i.e. to identify and address constantly emerging societal/stakeholder risks, issues and crisis situations. This is the core of SCM.

6.5. Sustainability (social, environmental and economic)

Corporate sustainability (the contribution of business organizations to sustainable development) is most often defined as meeting the needs and expectations of an organization's direct and indirect **stakeholders** without compromising its ability to meet the needs of future stakeholders (Dyllick & Hockerts, 2002, p. 131). McKinsey (2010) defines corporate sustainability as the management of environmental, social, and governance **issues**. Signitzer and Prexl (2008) use corporate sustainability as an umbrella term for concepts like CSR, CSP, TBL, corporate governance and stakeholder approach – all referring to the **role of business in society**.

According to Campbell and Mollica (2009), the terminology of sustainability is mostly used with respect to **corporate responsibilities** i.e. corporate environmental, corporate social and corporate business responsibility (collectively called corporate *societal* responsibility by Steyn & De Beer, 2012a) as well as corporate governance.

Sustainability is about building a society in which a proper balance is created between **economic, social and ecological** aims (Székely & Knirsch, 2005, p. 628) – a process also known as the Triple Bottom Line (Elkington, 1999). Because of the increasing importance of **governance**, some organizations are adopting a *"quadruple-bottom-line"* approach in addressing the sustainability of current and future generations (Dept of Environment, n.d.). Embarking on this path, an organization needs to carefully examine its mission, vision and values (strategic intent); be informed about legal constraints and assess all its management structures (governance) as well as its strategies (Székely & Knirsch, 2005, pp. 628–29).

Corporate sustainability can thus be regarded as an approach, a corporate value, and a process to combine economic, ecological, social (and governance) concerns within a **coherent integrative strategy** (Schneider & Meins, 2012; Signitzer & Prexl, 2008). It is essential to integrate a social/ethical perspective and values into an organization's governance and day-to-day management processes and strategies (Bernhut, 2003). Enterprise strategy provides a sound ethical basis for developing ecologically and socially sensitive strategic management strategies able to satisfy the demands of stakeholders for whom the protection of the environment and social equality is critical (Freeman, 1984).

In light of the growing importance attached to sustainability, the field of SCM should view itself through the lens of sustainability and broaden its assumptions/concepts to remain relevant to 21st century organizations.

7. Findings and discussion: Concepts identified for the normative framework

A discussion of the findings of the conceptual analysis indicates the concepts selected for the *normative* framework (the major objective of this research).

7.1. Enterprise strategy versus corporate strategy

The **strategy** construct found (empirically) on company websites indicates two different types of strategy namely enterprise and corporate strategy. Theoretically, enterprise strategy refers to an organization's societal role and stakeholder approach, and is developed to achieve **non-financial goals**. Corporate strategy addresses strategic decisions with regards to the achievement of **financial goals**. The best practice company BHP Billiton demonstrated this difference on its website, referring to the '**sustainability**' dimensions (e.g. 'social responsibility' and 'zero harm' to people and environment) and the '**business**' dimensions of their strategies. Billiton clearly stated that their "*bottom-line performance is dependant upon securing and maintaining... a license to operate and grow... through enhanced performance in non-financial dimensions – or sustainability dimensions*".

The empirical **strategy** construct is therefore split into *enterprise and corporate strategy* as two major dimensions of the normative framework to be developed.

7.2. Non-financial goals versus financial goals

The construct encountered on the websites was **goals/objectives**. By definition, goals are end states, i.e. broad outcomes an organization wants to accomplish while objectives are short-term and developed at lower organizational levels (Steyn & Puth, 2000, p. 31). Since objectives are not relevant at the enterprise (and corporate) strategy levels, the construct **goals** is retained for the framework.

Data extracted from the websites repeatedly demonstrated that best practice companies differentiated between non-financial and financial goals. Therefore, constructs such as **sustainability, BEE, CSR, health and safety, HIV/Aids** and (protection of) the **environment** are grouped together as *strategic non-financial organizational goals* to form part of the enterprise strategy dimension of the framework. Strategies such as 'eco-enterprise strategy' are developed to achieve these long-term goals that aim to bring organizations in harmony with societal expectations.

BHP Billiton's business dimension provided examples of *strategic financial/economic goals* such as **business excellence, customer focus, and portfolio diversity**. 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 will form part of the corporate strategy dimension of the normative framework.

7.3. Enterprise governance versus corporate governance

Governance was one of the most widely reported and detailed constructs on the 58 company websites. Each company refers 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 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 organization 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 term *enterprise governance* (encountered on Nedbank's website) was embraced to guide enterprise strategy development and the achievement of the organization's social and environmental goals within the confines of good governance. Being theoretically important governance issues, the authors regard stakeholder engagement, social/environmental responsibility, and sustainability as part of enterprise governance. Likewise the construct '**code of good behavior and practices**' found on the websites.

Corporate governance provides the context for, and guides the development of, the organization'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 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.

7.3.1. Enterprise relationship governance versus corporate relationship governance

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

With reference to the **stakeholder** construct found on the websites: The King II Report regards governance as building a balance between economic and social goals to align the interest of individuals, organizations and society. **Stakeholder**

engagement is an important governance issue in theory and also on the websites, where Kumba indicated that: “*Stakeholder engagement is therefore governed by a number of protocols, including The King 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 its **governance**. The authors regard the board of directors to be responsible for selecting the approach and setting the *tone* for how the organization **engages** with, **builds relationships** and **communicates** with stakeholders. Therefore it is suggested that the criteria that govern the relationships and engagement between organizations 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 are monitored closely*”. Theoretically, enterprise strategy represents an organization’s approach to engaging with/managing its stakeholders. The governing criteria for engaging and building relationships with stakeholders in the macro environment should therefore form part of **enterprise governance**. The derived construct **enterprise relationship governance** is suggested to reflect the broad view of governance as it pertains to **stakeholders** and other societal interest/issue groups in the **macro environment** with a **political and influencer stake**.

Some stakeholders assist with the achievement of financial goals at the corporate and business-unit levels of the organization. The construct **corporate relationship governance** is suggested as pertaining to shareholders in the macro environment (who have an **equity stake**) and other stakeholders such as customers, suppliers and employees in the **industry, task, and internal environment** (who have an **economic stake**).

With regards to the **communication** construct found on the websites, the majority of company extracts referred to *reporting* to stakeholders on an annual basis e.g. through annual/sustainability reports. Reporting is however a *one-way* approach to communication without an opportunity for stakeholder feedback. As a best practice, the communication approach of the board of directors toward stakeholders should be ‘*reflective*.’

Concurring with theory (Steyn, 2007, pp. 6–7), the findings on the **communication** construct that emerged from the websites reflected both ‘**deliberate**’ **communication strategy** (communication used to achieve strategic goals/priorities) and ‘**emergent**’ **communication strategy** (communication addressing constantly emerging societal and stakeholder issues, expectations, risks and crises). Emergent strategy was illustrated by references to communicating to ‘highlight the key risks to which we are exposed and our response to minimize the impact of the risks.’

There were also indications of the **reflective task** of PR on the websites e.g. to ‘assimilate information’ from the community and ‘the company engages with its stakeholders to identify concerns, reconcile dilemmas, identify opportunities’. This is **inward communication**, theoretically part of enterprise strategy development. There were also indications of the **expressive task**, i.e. to ‘disseminate information’ to the community. This is **outward communication** on the functional and implementation strategy levels. For purposes of the framework, conclusions are:

- i. The construct **inward communication** forms part of strategy development on the enterprise or macro organizational level.
- ii. **Inward communication** is a sub-construct of **relationship governance**, both **enterprise relationship governance** (inward communication with stakeholders who have a **political and influencer stake**) and **corporate relationship governance** (inward communication with stakeholders who have an **equity and economic stake**).
- iii. The constructs of **communication and stakeholders** found on the websites are inextricably linked and are sub-constructs of **enterprise relationship governance** and **corporate relationship governance**.
- iv. The board of directors is responsible for setting the *tone* (determining the approach) for how the organization **engages** with, **builds relationships** and **communicates** with stakeholders.

7.3.2. Enterprise risk governance versus corporate risk governance

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

Risk in general was widely referred to on the websites – many mentioned different types of risks but few mentioned reputation risk. Most companies referred to risk ‘governance’ being relevant at the strategic or environmental level, while risk ‘management’ was seen as the responsiveness process at lower levels of strategic management. Nedbank referred to **enterprise governance**, a concept which encompasses the management of regulatory and reputational risk (non-financial risks), classified by the authors 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 authors as being concerned with non-financial risks (that could prohibit the achievement of non-financial goals). These include social/regulatory/legal and **reputation risks**, as well as risks regarding sustainability, CSR and governance. Most environmental and social goals set by organizations (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. Likewise, those risks (business, financial, market and operating) that could prevent the achievement of financial goals fall under the corporate risk function and will be referred to as **corporate risk governance**.

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.

7.4. Social, environmental and economic sustainability

Sustainability emerged as one of the most widely mentioned constructs on the websites. It 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, CSR, BEE and stakeholder engagement. While sustainability has been referred to as a **strategic non-financial goal** achieved through enterprise strategy, it is also seen as a paradigm and important societal expectation and value.

Sustainability as a key strategic goal can only be achieved if an organization adapts to societal/stakeholder expectations and practices good governance. Applying the principles of sustainability to every decision, strategy or goal enables the achievement of social, environmental and economic sustainability. This provides 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).

Exploring the relationship between CSR and sustainability it can be said that firstly, CSR is regarded as a construct of the sustainability concept; secondly, as with CSR, the management of *issues* is considered to be at the core of *corporate* sustainability; thirdly, that all three dimensions of sustainability (economic, social and ecological) are to be satisfied simultaneously (as with CSR); fourthly, that the terminology of sustainability is mostly used with respect to corporate *responsibilities* (and governance); and that sustainability is (inter alia) achieved by acting **socially, environmentally and economically responsible** – collectively referred to as being *societally* responsible.

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

7.5. Strategic intent of the organization

The **vision, mission** and **values** constructs found on the websites are grouped together as the organization's '**strategic intent**'. A vision and mission statement as well as values are developed at the enterprise strategy level and are cascaded throughout the organization. The corporate strategy is also developed within the context of the organization's strategic intent. The latter is thus added as an overarching construct to the framework for developing enterprise (and corporate) strategy.

7.6. Environmental monitoring

Environmental scanning/monitoring was mentioned by 56 (out of 58) companies. Conducted in an organization's **macro, industry, task/operating and internal** environment, it is the managerial activity of monitoring and learning about events and trends in the organization's environment, in order to adapt to them.

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

7.7. Triple Bottom Line (TBL) approach to strategic management

The TBL was identified by Niemann (2009) as one of the most important concepts representing societal/stakeholder expectations, values and norms in the SA environment. Although not originally selected by Niemann as an *approach* to her study, it came to attention since it was mentioned repeatedly on the websites.

Organizations traditionally were only expected or required by law to report on financial or economic matters. In developing corporate strategy, the impact of all actions and decisions on a superior **return on investment for shareholders** first had to be considered. In line with the drive toward corporate governance worldwide, there is a move from this single bottom line to a TBL approach. Maximizing 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 organization.

For this study, the TBL is regarded as an approach to strategic decision-making (the broad view) and not a reporting device. By incorporating the principles of the TBL into daily operations, an organization conveys concern and sensitivity to all three dimensions of societal responsibility namely economic, environmental and social (Elkington, 1999).

It is concluded that a TBL approach to strategic management is a prerequisite for developing enterprise strategy and will ensure the consideration of both the sustainability and business dimensions of organizational strategy. The **Triple Bottom**

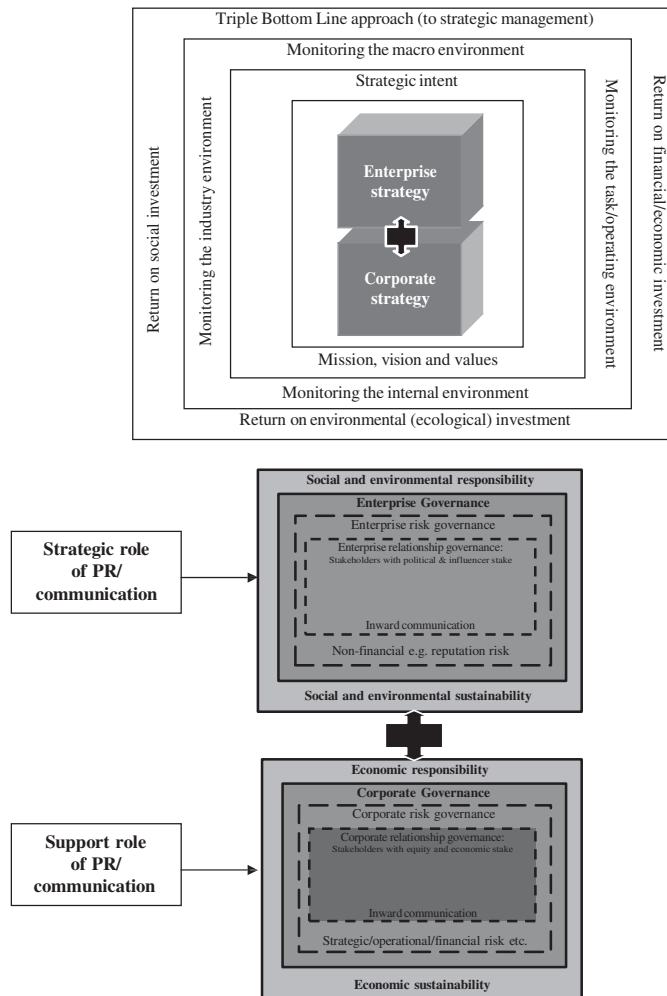


Fig. 1. Framework for enterprise (and corporate) strategy development, indicating the strategic (and support) role of PR.

Line (TBL) as an approach to strategic management is thus added as an overarching construct to the framework for developing enterprise (and corporate) strategy.

8. Normative framework for enterprise strategy development

The conclusions of this research have been summarized in Fig. 1 as a *normative* framework for enterprise strategy development, indicating its relationship with governance, sustainability, and societal responsibility.

Although it has not been a research objective to develop a framework for *corporate* strategy development, the empirical findings led in this direction. The framework thus contains two dimensions, indicating the constructs in both *enterprise* and *corporate* strategy development as encountered on the company websites or derived from theory.

Major conclusions are the following:

- i. A **Triple Bottom Line approach** to strategic management is a requirement for the development of enterprise strategy and ensures a **return on social, environmental and economic investment**. Furthermore, based on the *extended* meta-theoretical framework for the study (see unshaded text in Table 2), the **stakeholder** approach (to strategic management); **stakeholder inclusiveness** approach (to governance); **stakeholder responsible/oriented** approaches (e.g. sustainability, governance and CSR); **CSP**; and the **societal/reflective** approach (to PR/communication management) are to be added to the *normative* framework to fit under the umbrella of the overarching TBL paradigm within which enterprise strategy is developed.
- ii. Enterprise (and corporate) strategy is developed within the parameters of the **strategic intent** of the organization (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 and norms of societal stakeholders and other interest/advocacy groups.
- iv. Enterprise (and corporate) strategy is developed within the context/parameters of **governance, sustainability and societal responsibility**.
- v. 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**, i.e. social and environmental responsibility, social and environmental sustainability, BEE, HIV/Aids, health and safety, and (protection of) the environment.
- vi. Organizations must act **societally responsible** (practicing social, environmental and economic responsibility) in order to become **socially, environmentally and economically sustainable**.

9. Strategic role of PR/communication management in enterprise strategy development

Based on the theoretical framework and findings/conclusions, the strategic role of PR/communication management is conceptualized as contributing **strategically** to **enterprise** strategy development by assisting with the achievement of the organization's **non-financial** goals, as explicated in this article.

PR's strategic contribution to governance, sustainability and societal responsibility is represented by the constructs on the **sustainability** dimension of the normative framework for enterprise strategy development. PR makes a **strategic** contribution specifically to **enterprise** governance, including enterprise **relationship** and enterprise **risk governance** (notably reputation risk). It also contributes **strategically** to **social and environmental** sustainability and responsibility.

The role of PR in **corporate strategy** development is a *support* role – the knowledge base of PR does not enable a *strategic* contribution to financial strategy development per se.

10. Closing remarks

The findings of this study concur with the King Report on Governance for South Africa (IoD, 2009) that governance, strategy and sustainability are inseparable; that the legitimate interests/expectations of stakeholders are considered in the best interests of the company (stakeholder inclusiveness); and that organizational behavior/outputs are to be consistent with society's values in order that the organization be trusted and obtain legitimacy (a 'license to operate').

The research provided some guidelines on how PR/communication management can play a constructive role in keeping organizations in harmony with, and add value to, society. The theoretical and normative frameworks developed were outcomes of the authors' search to "*discover the whole and public relations' place in it*", as called for by Heath (2006, p. 110).

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