

Global Stakeholder Relationship Governance

By
Toni Muzi Falconi

New York University, New York City
Senior Counsel, Methodos

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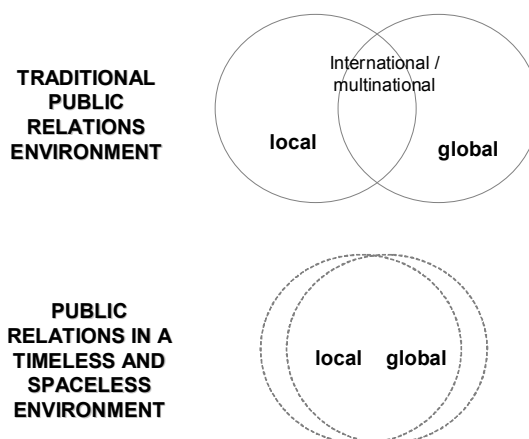
Introduction

Only a few years ago any experienced public relations or communication professional working for a New Delhi retail firm would benchmark¹ and research activities of direct competitors; the local environment (national, at best), and proceed to roll out a program as coherently as possible with the client's organizational culture, the perceived expectations of the community and her own professional experience and responsibility.

The same would happen in Milwaukee, in Dresden, in Capetown or in Buenos Aires. Similarly, any effective organization actively involved in international operations, with headquarters in any one of those cities, would probably employ a central coordinating manager for international communication and -but not necessarily -- a network of consultancies based in the more relevant countries. Alternatively, and/or in parallel, that manager would stimulate (and eventually participate in) the selection of local communication professionals by local management. This was business as usual.

As international economic activities have since greatly expanded in every country, a growing number of organizations and professionals have begun to make their way in the transition from traditionally *international*, to *global*² communication practices...and this because it is today increasingly evident that communication (interpreted here as an organizational management function and practice³) may no longer be approached from a local, national, regional or even an international perspective, but only from a global one, even if and when its activities are local [table 1].

[Table 1]
Porosity and discontinuity in the profession:
why Public Relations today is either global or is not



¹ For many, and where rigidly interpreted, benchmarking may become a road to mediocrity: one learns how others have solved their problems...but not necessarily *your* problems... Of course, benchmarking is very useful, but needs to be handled with care, caution and a critical mindset, as with many other things, including the contents of this paper.

² In this context, while international implies at least two nation states involved in the process, the term global is used in the sense that effective practice implies, on the one hand, considering the whole world as a networked scenario, and on the other, its specific impact on each specific territory in which the practice is implemented.

³ There are many different perspectives in a conceptual approach to the discipline. This author opts for an organizational, systemic and relational perspective, however recognizing that a *societal perspective* is highly relevant to a better understanding of the role of public relations in society (i.e. the critical and postmodernist approaches). By definition, an organisation is a relationship system of different subjects who confer resources and competencies to achieve a common aim. To pursue that aim, the organization develops relationships with other subjects whose attitudes, opinions and, most importantly, behaviours impact on its achievement and/or are themselves impacted by the organization's activities. Also, well beyond the mere (but difficult) action of balancing the organization's interest with the often conflicting interests of its various stakeholder groups, the organization needs always to consider as central, in the overall balance of the different interests involved in a specific issue, the public interest (i.e. the existing norms integrated with active citizenship expectations).

The public relations function, peer to other management functions, supports the organization in governing those relationship systems.

In parallel, contemporary public relations has also come to be interpreted by organizations as relationships with publics rather than, as once may have been, the opposite of private relations (i.e. relations in public).

In recent years, publics have become more and more situational⁴; they change and fluctuate in search of improbable certainties and points of reference. They aggregate and disaggregate, in relation to the dynamics of an organization's general aims and/or specific objectives.

The increasing pressure of these publics on the organization mandates that organizations at least listen to them, and to better communicate with them. This is the core element of Edward Bernays' scientific persuasion model, which, in the early twenties of the last century, initiated the dominance of marketing in social, political and commercial developments of western societies. It also changed the essence of the organization so that it may better develop relationships with those publics, whose quality has become an important new indicator of both organizational and societal value.

Since the seventies of the last century, organizations have based their strategic planning on the Porterian (from Harvard Business School's Professor Michael Porter) linear '*value chain*' model – where phase after phase, value is created by material and predictable actions. The organization, therefore, analysing the value components of each phase (from procurement to transformation to innovation to marketing to the end user) identifies where improvements in value are needed. In today's network society, mostly driven by knowledge and 24/7 communication, this '*value chain*' model tends progressively to turn into a '*value network*' model, based on fuzzy and immaterial relationships (as Swedish Business professor Sven Hamrefors has recently conceptualised⁵) amongst the actors of the networks and amongst the networks themselves.

Thus, the ability to effectively govern relationships, within and amongst networks as well as with society at large, has now become the utmost value, as it reinforces, nurtures and develops the organization's so increasingly important 'license to operate'⁶.

In the mid 1980s, corporate governance concerns began to emerge in organizations induced by the juxtaposition of the traditional and descriptive anglosaxon shareholder model, with the more normative European stakeholder model.

The growing adoption by organizations of the stakeholder model has since made much progress and very recently the South African corporate lawyer and Supreme Court Judge Mervyn King rationalised in his King 3 Report that relationships with stakeholders have now become a primary responsibility of the board of directors, and that management needs to regularly monitor and govern those stakeholders by reporting specifically to the board in each of its meetings.

This is one reason why most traditional and even innovative public relations practices have now become stakeholder relationships and, as the organization may not manage stakeholders but govern their relationships with them, this paper is dedicated to the art and science of stakeholder relationships governance from an organizational, systemic and relational perspective, recognizing the societal perspective and integrating this with the value network society model of the organization..

The argument is that in absence of such a global and relationship based perspective, a professional communicator is no longer able to effectively perform at any level (local, regional, national, international), and this is mostly due to the embedded interactions between accelerated and diverse social, economic, political and technology dynamics.

It is the stakeholder who decides to be one, and it is not up to the organization to decide who its stakeholders are. Of course, the organization may freely decide to ignore, to involve (i.e. allow access

⁴ It is important here to acknowledge that Jim Grunig's situational theory of publics dates back to 1966!

⁵ Please visit <http://www.sverigesinformationsforening.se/in-english/research-statistics/business-effective-communication.aspx>

⁶ This author much prefers this denomination of what others call reputation, identity, image, for two reasons: a) an organization's licence to operate implies that its concession derives from other sources (in our case, stakeholder publics) and is not self driven; b) the other terms used all have different meanings and one of the specific competencies of communicators should be use words appropriately. Identity is the snapshot of an organization (mission, vision, values, strategy and communication); Image is what publics perceive of that identity (organizational behaviours and communication); Reputation is what publics say to others about the organization.

and input) or to actually engage (i.e. actively attempt to include in its decision making processes) some or all of its stakeholders, but this is a management decision.

Also, even a merely local organization may not practice effective public relations if not in the framework of what a growing number of professionals and/or scholars define as the generic principles and specific applications paradigm. This implies the adoption of few generic principles thoroughly embedded in the organization's day to day practice, wherever it may be located in the world. They apply *only if and when* that same practice is firmly grounded on, and influenced by, the highly dynamic and specific public relations infrastructure of a given territory (specific applications).

I purposely did not say "country" because the infrastructure greatly varies from location to location even within a same nation. For example, Beijing and the southern territories of China; Lagos or the oil field communities of Nigeria; New York or Nebraska; Milano or the southern region of Sicily. The identification, the understanding and the practical adoption of this paradigm is the **first** of the two main subjects of this paper, written with the overall aim of supporting an organization's and/or a professional's growing need to practice effective stakeholder relationships governance.

In parallel to this first subject, the 21st Century 'discontinuity' in our traditional understanding of the concepts of time and space was induced by the acceleration of a globalised environment driven and by 24/7 communication technologies. This has led to the current economic and social turmoil, which have caught national, international or transnational governments, agencies, organizations and institutions '*with their pants down.*' This illustrates their inability to agree on global governance standards, at least for those four tsunamis – the financial, the migration, the climate and the organized crime disruptions – which are seriously destabilizing our societies in many areas of the world.

Consequently, the leadership of every social, public or private organization is well aware that its managerial 'business as usual' approach -- justifiably consolidated by 15 years of continued economic growth (at least in western societies) – is no longer viable.

A similar awareness of course applies, at the very least, to those professions who rely on supplying counsel and services to organizations: from legal to accounting, from management consulting, to marketing... to communication and/or public relations.

It is becoming increasingly clear that, in parallel with a continued process of institutionalization of the specific function shown by an unprecedented increase of direct reporting to CEO's in organizations from every corner of the world⁷, the principal contributions of public relations to organizational value rely:

- a) on their ability to collect, understand and interpret to organizational leadership stakeholder and societal expectations, with the result of improving the quality of management decisions, thus helping to accelerate the time necessary for their implementation;
- b) in their ability to ensure that the organization introduce processes to effectively govern stakeholder relationships;
- c) on their ability to facilitate and enable all other organizational functions to govern their respective stakeholder relationship systems.

Therefore, the effective governance of stakeholder relationships is the new global frontier of the public relations and communication profession in which the, however complex and important, process of communication is one, and possibly the most relevant, of the available tools to enable stakeholder relationships.⁸

⁷ In October of 2008 Euprera (the European public relations research and education association) held its annual Congress in Milano on the institutionalization of the public relations function. Together with some 60 accepted papers from scholars and professionals from many European and non-European countries, research reports were presented from Italy, the United States and Europe indicating a strong and unprecedented acceleration worldwide of public relations directors from private, public and social organizations reporting directly to the CEO.

For details visit www.euprera2008.com

⁸ The Institute of Directors of South Africa has recently issued its King 3 report on corporate governance (from Mervyn King, chairman of the ad hoc commission). Chapter 8 of that report clearly states that the governance of stakeholder relationships directly falls within the role of the board of directors. To access the report (www.iodsa.co.za) and to better understand this author's point of view visit <http://www.prconversations.com/?p=532>

This is the second principal subject of this paper.

Why such a frenzy?

The first ten years of this century have ignited a ‘new beginning’ of the public relations profession in its day-to-day practice, conceptualization and public perception [table 2].

In the whole second part of the 20th Century, a substantial part of public relations practice consisted in *communicating* predetermined *messages* to specific *audiences*, in the effort to *persuade* them into modifying opinions, attitudes, decisions and behaviours so that they be so more closely aligned to those desired by the organization (private, social or public). Today, one may see a sweeping transition towards a different practice, focussed on the development of *relationships* (rather than communication) with carefully identified organizational *stakeholders* (rather than audiences).

These relationships allow organizations to better understand and interpret stakeholder and societal⁹ expectations, thus substantially contributing to the improvement of the quality of management’s decisions, and at the same time, accelerating the implementation times.

By ensuring a permanent stakeholder dialogue, based on *contents* rather than messages, aimed at *convincing* rather than persuading, both the organization and its stakeholders reciprocally modify opinions, attitudes, decisions and behaviours in closer alignment with the *public interest*. This is interpreted as a balanced mix of institutional and generally accepted norms together with the prevailing expectations of society, represented by active citizenship groups (rather than merely those of the organization or its stakeholders).

[Table 2]
Outlook on the shift towards a new global public relations approach

	PURPOSE	APPROACH	OBJECTIVE	VALUE
20th century practice	Persuasion	Communicating-to audiences	Align audiences to organizational interests by disseminating messages to key-publics	Outcome: Effectively modify publics’ opinions, attitudes, decisions and behaviours
21st century practice	Dialogue	Relationships-with stakeholder publics	Improve quality of organizational decision-making processes by listening to stakeholder expectations	Outgrowth: Effectively govern stakeholder relationship systems

⁹The organizational, systemic and relational perspective adopted in this paper in no way intends to weaken the force of those critical and post-modern scholars and professionals who are concerned that an exclusively organizational perspective risks to undermine the impact that public relations activities have on society in general. I reiterate this because it is clear that an organization, when solely guided by a process of gathering, understanding and interpreting the often conflicting expectations of its specific stakeholders will certainly improve the quality of its decision making processes and accelerate the times of the implementation of those decisions, but will also risk, in balancing those different conflicting expectations, and in not being sufficiently aware of wider societal expectations (the public interest?). This is why the integration of stakeholder relationship governance process with those of boundary spanning and issues management is so essential.

What this implies is that the quality of effective relationships with stakeholders is based on the dynamics at least four indicators¹⁰ which may be relatively simply measured, before, during and after:

- *trust* in the relationship by the parties involved;
- *commitment* to the relationship by the parties involved;
- *satisfaction* in the relationship by the parties involved;
- *control mutuality* (aka *power balance*) in the relationship by the parties involved.

Thus, one of the essential roles of an organization's stakeholder relationship function, wherever it may reside, has to do with ensuring that:

- rather than **bending** organizational objectives and tactics to satisfy the often conflicting expectations of one or more of its stakeholder publics (which amounts to a biased and instrumentally ungenerous interpretation of the two way symmetrical model conceptualized by Jim Grunig);

or simply

- listening to those expectations to better craft and deliver messages aimed **at persuading** publics to agree to the formers' specific objectives (as the Bernays scientific persuasion model implies)

a *responsible* organization is effective when it achieves the best possible balance -- on any specific as well as general objectives -- between the three different levels of interests involved in any organizational activity:

- the organization's interest;
- the different and often conflicting interests of its stakeholder groups, and
- the public interest.

Mind you, the very title of this paper recites *global stakeholder relations*... which imply, in itself, one of the more relevant transformations of this past decade.

In the last century, a professional could be effective by selecting to adopt a local, national, regional or international outlook, according to the specific needs of whichever organization s/he represented.

The general understanding was that, if s/he had core competencies in place (media relations, organization of events, adequate writing capabilities...); a good feel for the understanding of the operative environment (ability to perform environmental analysis, boundary spanning, opinion, social or market research, community audits, participant observation...); as well as some key and relevant personal relationships (the 'little black book').... that professional would be effective.

Today, with the impressive synchronous 24/7 environment in which we have only just begun to learn about and operate in --all other things being equal- one cannot be as effective as a competitor unless, at whichever level we operate in, a global perspective is assumed.

Why is this?

If for no other reason (but there are many other), this is because a competing professional has all the opportunities (which certainly were not available before) to access, understand and interpret global knowledge, information, literature, best practices and peer conversations.

¹⁰ The literature on the evaluation and measurement of relationships has grown considerably in these recent years. Possibly the first paper on the issue is from Huang, Y.H. (1997), "Public relations strategies, relational outcomes, and conflict management strategies" from the University of Maryland, College Park, MD. Other follow up papers from many scholars may be consulted here http://www.emeraldinsight.com/Insight/ViewContentServlet?Filename=/published/emeraldfulltextarticle/pdf/1680120404_ref.html and on the website of the Institute for Public Relations (www.instituteforpr.org)

This phenomenon induces a progressive externalization of our professional mindsets, as well as the need for systems and processes to responsibly govern information and communication overload.¹¹ This feature, simple to understand in its relevance, but highly complex to govern and turn into a competitive advantage, greatly enriches the understanding of the environment and allows to benchmark intentions, implementation processes, and even results achieved by our competitors and peers from any corner of the globe.

Thus, in any specific market, in each specialty, and in every economic, social or public sector, this ongoing, updating and learning process is here to stay, and has by far become the most relevant competitive advantage within the public relations profession.

Much more so than what was -until this sweeping change came about- the 'secret' public relations weapon (personal influence and the little black book), or other more explicit skills -however essential they remain- which are commonly taught in communication and/or business courses of our universities, in professional association as well as corporate or consultancy ongoing professional training environments.

From this growing need to adopt a global perspective, derives the acknowledgement that public relations as a profession originated in the late 19th and early 20th century in the East Coast of the United States of America -although very strong elements also indicate that the origins of this new profession may be, more or less in the same period, found in many countries of western Europe (particularly the UK and Germany).

Certainly, following World War 2, the practice of public relations was eagerly adopted by private, public and social organizations in every corner of the western world, mostly in Europe and in what still were, or had been, the British colonies.

Due to the dominant role exercised in the second half of the 20th century by the United States in the economic, social and political scenarios, it is also a fact that -at least until the nineteen nineties- there was, and still is, a general understanding of public relations principally being an American-based profession; textbooks in Universities were written by American authors; the worldview represented was American; the practices, the case stories, the day-to-day tips came from American professionals; the consultants, the agencies were American, if not always in ownership, certainly in culture.

This America-centric conceptualization of public relations began somewhat to shake in the 1990s when a group of European scholars and professionals formed a cross-border community (Europe was, and still is, highly diverse, including many countries, languages and cultures) and began to develop a specific European body of knowledge¹², as distinct from the American one.

A few years later similar processes began in Asia, in Africa, in Latin America and Australasia. As a partial and temporary result, today the professional and scholarly community counts an increasing number of schools of thought and conceptualizations of the public relations profession which, as much as they differ from one another, seem to have at least two things in common: they all claim their uniqueness, as well as their difference from the traditional 20th century American practice framework.

Why so much distance seeking?

After all, the 'American model' of public relations in the 20th century significantly contributed to an unprecedented social, cultural and economic growth of western societies, if not of the whole planet. Admittedly, the dominant 'scientific persuasion' model of practice developed by Edward Bernays in the early decades of the 20th century, and adopted by most professionals all over the world to this very day, in conjunction with the press agency (publicity), the public information and the personal influence

¹¹ here is reference to a very interesting and recent iabc (international association of business communicators) paper by scholars Martin Eppler and Keanne Mengis <http://www.prconversations.com/?s=martin+eppler&sbtt=Go>

¹² The first significant attempt in this direction (1998) consisted of a structured Delphi research conducted with the participation of 37 scholars and professionals from 25 European countries, which led, in 2002, to the publication and presentation of the Bled Manifesto (from the name of the Slovenian town where, since 1994, every first weekend of July, scholars and professionals from all over the world gather to discuss and exchange concepts and experiences thus greatly contributing to the global body of knowledge of public relations www.bledcom.com) . To read the Bled Manifesto, edited by Betteke Van Rule and Dejan Vercic, visit <http://www.tlu.ee/files/arts/4231/bled-a6c193953c31a3316011aabdb69cc3f.pdf>

models¹³, was the true cradle, and marked its impressive surge, of marketing as a permanent management discipline and possibly may be indicated as the most spectacular symbol of western civilization.

Through what Bernays called 'scientific persuasion', organizations listen to publics in order to more effectively craft persuasive messages so that consumers, as well as voters, be more inclined to embrace opinions, attitudes, behaviours and decisions aligned to the objectives of the communicating organization. A model which also produced many collateral negative consequences and externalities in all developed, but mostly in developing and emerging countries. Nevertheless, even in those undesired circumstances, the pervasive adoption by collective imaginations of the 'American dream', of the 'American way of life' as a globally diffused mass aspiration, can be considered the true masterpiece of twentieth century public relations programs.

So why change? Why search for other frameworks? Why such frenzy for something new?

The global public relations community

Let us first define who we are.

If we accept the broad and encompassing definition¹⁴ that public relations professionals assist organizations in establishing, developing and consolidating relationships with specific stakeholder publics, we may estimate that today (2010) the global professional community counts a minimum of 2.5 to a maximum of 4.0 million individuals

Of course, one might remark, every individual constantly engages in various forms of relationships. Similarly, every individual engage in economic, social or political activities. Yet, some of these consciously develop specific skills and competencies and, for more than 50% of their professional time, practice a profession out of economic, social or political issues.

A 2005 paper this author prepared, published by the Institute for Public Relations, explains in a fair amount of detail how that figure is calculated, and why it matters¹⁵.

Also, that same paper argues that -contrary to other organizational communication disciplines such as advertising- public relations is mostly a labour intensive activity, and therefore its economic impact may not be calculated by using the same process adopted by other mostly capital intensive activities (in our case, advertising).

This distinction, of course, relates to what today is still the mainstream and consolidated interpretation of advertising, in the sense that the volume of advertising resources invested by an organization is only mildly related to the number of professionals involved in the planning, execution and distribution of contents, while it is mostly related to the overall costs of the media through which those contents are distributed.

The market value of those media also reflects the added value which organizations are prepared to accept to ensure that their messages arrive to their publics. And all this justifies that the economic impact of advertising be calculated by the sum of allocated resources by the organization.

In public relations, instead, a similar interdependence is thoroughly misleading, as public relations external costs are normally vastly inferior to the costs of the professionals engaged in the development of any specific program.

¹³ While a detailed description of the four traditional models of public relations may be perused via the Internet in many fine sites, the personal influence model may be thoroughly investigated by visiting here http://www.instituteforpr.org/essential_knowledge/list/category/Personal%20Influence%20Model/ within the Essential Knowledge Project of the Institute for Public Relations' website.

¹⁴ As is well known some 500 different definitions of public relations have been counted. A group of Canadian scholars and professionals engaged recently the global pr community through a wiki exercise which arrived at an encompassing description of the profession which has gained not only the formal approval of the Canadian Public Relations Association but also praise from many other parts of the world. You may read all about this here <http://www.prconversations.com/?p=561>

¹⁵ To read this paper visit http://www.instituteforpr.org/research_single/how_big_is_public_relations/

This implies that estimating the economic impact of public relations requires to identify the number of professionals involved, to calculate their gross costs to the organization and to multiply this cost by a factor of 3 as -according to economists who study labour intensive activities such as legal, medical, accounting or management consulting- this factor may vary from 1.5 to 3 on the basis of the perceived added value by the organization. And it is quite unlikely for any organization to be inclined to invest in activities which cost the same or even more than their perceived value.

The consequence, explored in details in the cited paper, is that we can estimate today's annual economic impact of public relations in the world equivalent to some 400 billion dollars. A comparative analysis of public relations practice in most countries arrives at the conclusion that, overall, more than 50/55% of professionals operate in public sector organizations; 40/45% in the private sector (including private and public companies, agencies and consultants); and some 5/10% in the social sector (including non profits, non governmental organisations and active citizenship groups). Also, from a comparative analysis of the professional roles performed day-to-day by the members of this global public relations community, one may estimate that -being 100 the professional time employed in a given period- some 80% of that time is dedicated to performing a technical/operational role (implementing programs decided by others); some 15/18% is dedicated to a managerial role (developing and managing programs subsequently implemented by technical operators); and anywhere from 2 to 5% to a strategic role (assisting the organization in listening and interpreting stakeholder expectations before decisions are taken, and/or empowering other organizational functions in managing relationships with their respective stakeholder groups).

Finally, and this is truly a unique situation amongst the various professions which deal with assisting organizations in the pursuit of their objectives, not more than 10% of public relations operators belong to a professional association.

The reasons for this are varied, but at least two have to do with the insufficient awareness and confidence that public relators have in their own professional identity, as well as with the lack of incentives to join these associations, barely recognized as authoritative and reputable by prospective employers, public policy makers, business, political and social leaders and other stakeholders. To sum it up, the apparent paradox is that -on the one hand- pr activities are pervasively and increasingly enhancing their impact on the public sphere and discourse, while the function is accelerating its process of institutionalization inside all forms of organizations in every corner of the globe...On the other hand, public relations practice is increasingly criticised by social analysts, activists, scholars and other influential stakeholder groups for its -at least apparent- lack of responsibility, transparency and accountability.

Today, the public relations profession finds herself at the smack centre of the increasing social confrontation and litigation which is going on between publics in every country, and many of its existing and traditional roles are being progressively de intermediated (such as, for example, that of the spokesperson, the gatekeeper, the master of ceremonies, the press agent).

Of course, the simple fact that the communicating-to model of the twentieth century has proven to be effective implies that we should be very cautious and careful before changing it.

However the growing social criticism on public relations' collateral effects (widely defined with terms such as manipulation, propaganda, spin, visibility, image...all frequently used as synonyms of public relations), the flocking of new generations of professionals from universities, the impact that research and academia are having on the profession's conceptualization, and -of course- the power of 24/7 communication technologies and social media, all mandate for that framework to be promptly reviewed.

Since the 1990s in Europe, this last decade in Africa, Asia and Latin America, scholars and professionals have strongly questioned the ethnocentric American model of public relations and have searched and found their own specific territorial identities, albeit at the cost of many generalities. Only in these last ten years, much dialogue, research and effort has gone into the conceptualization of a new framework.

Yes, a normative framework, but also based on best practice cases and participant observation by a growing cohort of scholars and professionals from many corners of the globe¹⁶.

This framework is the *generic principles and specific applications* one [table 3].

[Table 3]
Generic principles and specific applications:
towards a new approach to the profession:



Generic Principles and Specific Applications

Generic principles are ‘*the characteristics which define excellent public relations*’, as Jim Grunig writes on the basis of his mid-eighties-early-nineties Excellence study which described the practices of some 300 US, British and Canadian organizations.

This version of those principles which follow are basically those he outlined in a webinar in 2006, but the author of this paper has adjusted them, taking into consideration the increasingly interrelated dynamics of the profession with its ever changing global environment:

- stakeholder relations is a unique management function that helps an organization develop effective relationships with its stakeholder publics as well as with its operative environment;
- the value of stakeholder relations is determined by the dynamic quality of the relationships the organization establishes with its stakeholder publics, as well as by the improvement their governance brings to the quality of the organization’s decision making processes, coupled with the organization’s environmental scanning and listening processes ;
- stakeholder relations serve a strategic, a managerial, as well as a technical role;
- stakeholder relations departments plan, administer and evaluate stakeholder relations policies and programs;
- stakeholder relations activities are integrated by the stakeholder relations department or a senior stakeholder relations executive, empowered by the dominant coalition of the organization and not subordinated to marketing, legal, human resources or other relevant management functions;
- stakeholder relations is a two-way symmetrical function; it values diversity.

These ‘generic’ principles, when approved by the organization’s dominant coalition, and based on the attentive analysis of excellent public relations as performed by the 300 organizations analysed in the previously mentioned Excellence study, are meant to be normatively adapted, throughout the organization’s entire network of relationship systems.

¹⁶ The Excellence Project began back in 1984 when the Foundation of the International Association of Business Communicators (www.iabc.com) commissioned a study on the characteristics of effective public relations to a small group of scholars headed by Prof. James Grunig from the University of Maryland. The study, which observed some 300 organizations from the UK, Canada and the US, proceeded for many years, extended to many other countries and led to a number of different publications. To appreciate the vast quantity of analysis and research which led to this ground breaking work see here (<http://www.iabc.co.za/docs/events/taken%20place/20%20feb%2008/Sej%20Motau%20Presentation.pdf>)

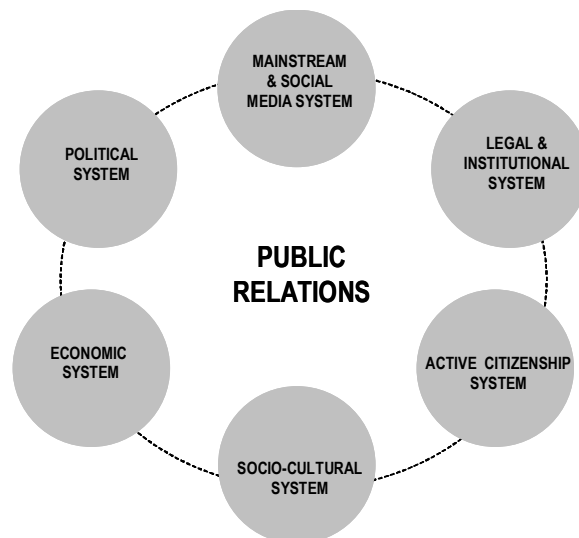
However they are not effective if not profoundly integrated into what some define ‘specific applications’ and others prefer to call the ‘public relations infrastructure of a given territory’.

This is the very reason why I would add another generic principle which is: stakeholder relations adopt generic principles but only in parallel with specific applications.

In other words, the simple application of those generic principles does not warrant that stakeholder relations programs which adopt them in different parts of the world will be effective per se. The conceptual framework behind this mandatory link between generic principles and specific application lies in the understanding that it is impossible for an organization to apply its generic principles, if not in the operative context of specific applications; while, conversely, the latter are not effective if and when they not embedded into the former.

Specific applications [table 4] imply that any stakeholder relations activity, wherever it is implemented, needs to carefully understand and consider the operative implications on day-to-day practice of the ongoing dynamics of six infrastructural characteristics of the specific territory:

- the legal institutional system;
- the political system;
- the economic system;
- the active citizenship system;
- the socio-cultural system;
- the media system.



[Table 4]
Public Relationship Infrastructure in a given territory: an overview

For the stakeholder relations professional this does not merely imply a lip-service and superficial reading of the typical (and also useful of course) local scenario report, as each of the above mentioned systems imply significant operative consequences on how activities may be effectively implemented and, even more importantly, how generic principles may be applied in a specific context to ensure overall coherence in the organization’s relationship and communicative behaviours.

To cite only a few examples:

- *Regulatory environments, as well as institutional constraints may very much differentiate day to day practice if the territory in which the organization operates is under a roman or a common law legal system; or belongs to a democratic republic or a monarchy; or if the institutional framework is parliamentary rather than autocratic.*
- *Just to name one specific practice, litigation issues in which an organization may be involved require different proactive or simply reporting communicative approaches if the judge’s decision will be made on the basis of a precise law or on precedents.*

- *Likewise, an important reception will be organized according to quite different protocols and rules if it is held in a republic or in a monarchy.*
- *The whole communication process will give more or less emphasis to communicating-with the opinions of publics or with published opinion (i.e. the media) if practiced in the context of a parliamentary or an autocratic institutional system.*
- *A mono, bi or multiparty political system; as well as a proportional or majority electoral voting mechanism; or a centralized or decentralized system of public policy; will very much affect any organization's public affairs, including coalition building, grass roots or media proactive programs or initiatives;*
- *Whether the economic system is liberal, mixed or state controlled bears significant relevance on marketing and financial stakeholder relations which imply highly different approaches. In an open economic system there is more competition, thus more stakeholder relations and one must carefully balance one's public profile; in a managed economic system stakeholder dialogue is more focussed on industry and financial elites and on regulatory institutions;*
- *If in a given territory activist and citizen groups are influential, well consolidated, fading or emerging definitely produces diverse immediate operative consequences for stakeholder relations; a similar implication goes for employee and community relations according to the level of importance a territory gives to trade unions;*
- *Similarly, being well aware of stakeholders' diverse and often conflicting cultural values and beliefs, as well as the understanding of how far an organizations may capitalize on collaborative or hierarchic corporate cultures, is important in the preparation of appropriate contents to enhance, stimulate and facilitate stakeholder conversation and negotiation;*
- *Not to mention, last but not least, the more obvious and utmost importance of being highly familiar with the media system, its control (who owns the media); its outreach (how diffused are the diverse mainstream, social and ora/folk/viral media); and its access (how relevant, open and accessible media are).*

Embracing this paradigm of generic principles and specific applications paradigm in an organization's stakeholder relations policies accelerates the institutionalization process of the management function in the organization, and requires the development of a central (but also peripheral) monitoring dashboard¹⁷ in and related to each territory and, finally, begs for a full integration into the conceptual framework which upholds stakeholder relationship governance as the overall function of 21st century public relations.

Stakeholder Relationships Governance

To effectively assist an organization in governing its different stakeholder relationship systems implies the adoption of a generic scrapbook approach defined as GOREL (governance of relationships), first developed in the mid eighties and subsequently many times adjusted to the ever changing environment¹⁸.

This has nothing to do with a detailed methodology. Gorel is preferably described as a situational 'scrapbook' approach to the day-to-day practice of global stakeholder relationships which enables any

¹⁷ A stimulating, innovative and interesting paper which elaborates on this potential tool from a multidisciplinary perspective is From Back Seat to Dashboard by Holger Sievert recently submitted to the Institute for Public Relations Commission for Global Public Relations Research.

¹⁸ In 1984 the author of this paper was CEO and principal shareholder of SCR Associati, then Italy's largest, most reputed and successful public relations consultancy. In the eighties, the market was booming and annual income increased by 20%. Yet, one of the major challenges was that young professionals came in and went (as they do to this day) without capitalizing on a specific and detailed operational process which would allow them to ask themselves 'what am I doing?' and formulate an acceptable answer. We decided to dedicate four of our senior practice directors for two months to carefully analyse the last 50 completed programs from a random selection of clients and issues, and identify all the commonalities and differences. Mind you, at that time public relations education in Italy was in its pre-infancy! The result of this effort led to a 'scrapbook approach' to a systemic process focussed on the evaluation and measurement of effectiveness, which was then benchmarked with what the very limited global body of knowledge (mostly American textbooks) could offer. We decided to define that process as Gorel (in italian: Governo delle Relazioni). Little did we know that in the 1990s scholars and professionals would subsequently elaborate both the reputational and relationship schools of public relations. For us it was clear then that public relations, as the term indicates, implies the governance of an organization's relationships with influential publics (we did not use the term stakeholders then because in those same months Freeman was writing his first conceptualization of the term). Since that first effort, the Gorel approach has been many times revisited and adapted and will certainly continue do be updated.

professional to always ask himself self that one single good question which rarely arises in our present intense and increasingly twittered environment: what am I doing?¹⁹

1. *Envisioning*

A stakeholder relationships professional -- always and before anything else -- needs to be aware of (when it exists) or contribute to define (when it doesn't) an organization's

- Mission (where are we today? what are we about?)
- Vision (who do we want to be?)
- Guiding values (which rules are we going to abide by while transiting from mission to vision?)
- Strategy (how and following which specific operational processes do we plan to get there?)

In management consultancy jargon, this is sometimes called the envisioning process and is a necessary prerequisite for any stakeholder relations program.

This envisioning process may be approached in various ways and formats, requires some time (according to available resources and situational urgencies), but is essential.

It is clear that the more the process of defining and distributing of the envisioning contents are participated and shared inside and outside the organization, the better it is.

A purely fictitious example (which accompanies the whole description of this Gorel process) is that X's mission (an auto manufacturer) is to enable drivers to comfortably and safely move from one place to another; its vision is to facilitate sustainable mobility in today's society; its guiding values are to respect the environment and future generations; while its strategy is to invest in research and alternative fuel propelled processes.... Clearly this, as the following attempts to contextualise the process, may seem highly simplistic and naïve, but it hopefully helps in understanding the process.

2. *(Identifying and listening to) Active stakeholders*

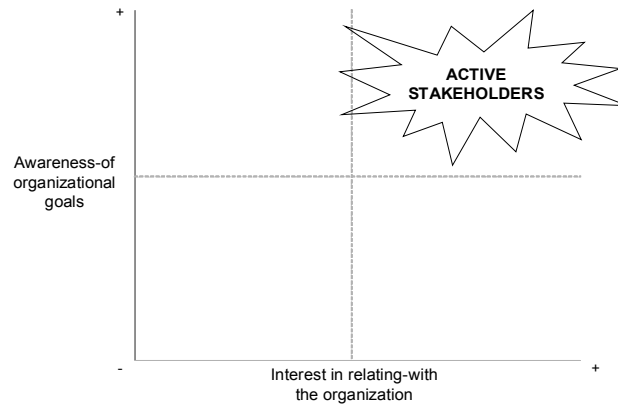
In itself, an organization is a relationship system of different subjects who bring together resources and competencies to achieve common goals (workers, investors, technicians, researchers, managers). In order to achieve those very goals, the organization also needs to constantly develop and entertain relationships with many other subjects who either bear consequences on those goals, or receive consequences from the organization while it pursuits those goals, and/or both.

Thus, the organization needs to identify and be well aware of all those subjects who respond to this description, who may be defined as active stakeholders [table 5] and proceed to attentively listen to their expectations by:

- a) collecting relevant info and data related to positions, policies, attitudes, behaviours related to those pursued goals (and this can be done by desk work; market, social and political research; participant observation; as well as direct involvement in dialogue and conversation...);
- b) Understanding the collected data and information without being obstructed by one's prejudices or stereotypes (a role usually rationalised by psychoanalysis...);
- c) Interpreting what has been understood from the perspective of the organization and evaluating if the latter's pursued goals need to be fine tuned, adapted or even sometimes changed in order to ensure that the vision may be effectively pursued.

¹⁹ The topical issue which arises here is if current academic, corporate, as well as practice groupings and associations' ongoing professional education programs are tailored to meet the skills and competencies needs of public relators who are increasingly being absorbed in stakeholder relationship governance practices. Here are, randomly listed, some of these skills and competencies: consulting, project management, research and data collection, issues analysis, problem solving, creating and presenting proposals, networking, advanced influencing skills, organizational analysis, stakeholder identification and analysis, organizational development, strategic planning, strategy, envisioning, managing and implementing change, running workshops, internal marketing, con/vincing, persuading, involving, engaging, evaluating, relating, decision making process. In a recent exchange on the collective global blog <http://www.prconversations.com/?p=545#comment-87391> Bill Huey acutely suggests the addition of resolving as a necessary added skill.

[Table 5]
Stakeholder mapping: identification of active stakeholders



This is where the organization's decision making process may improve and also accelerate the time of implementation of specific and operative decisions, a management variable which has increasingly become one of the principal indicators of the quality of an organizational decision process.

It is however important here to underscore that it is not the organization that decides who these active stakeholders are. Active stakeholders decide themselves to 'hold a stake.' This is because they are aware of the organization's goals and interested in relating with the organization to either support or oppose it.

The organization, in turn, needs to involve these active stakeholders, relate with them and supply them with easy access to information; as well as appropriately respond to their opinions, suggestions and voiced expectations and, where possible and convenient, engage with them to co-create both the decisions and their consequences.

This is typically a *pull* format of relationship maintenance and communication, in the sense that, being aware and interested, it is often the active stakeholder who initiates the relationship by requiring that the organization adapt its strategy in order to reduce the negative consequences and time delays that some of these stakeholder groups might wish to activate.

Continuing in the previous fictitious example of X, active stakeholders would be employees, trade unions, local plant communities, major suppliers, federal and state regulators, automobile clubs, major business partners, investors, suppliers and, of course, major shareholders...

3. Defining specific objectives

The implementation of any business strategy implies the definition of specific objectives to be pursued in different phases related to different time frames to pursue the planned strategy. If these objectives consider the expectations of (at least some) active stakeholders, it is more than likely that the time of their implementation will accelerate.

In the case of X, specific objectives could include a reduction of manufacturing capacity; outreach to alternative fuel research groups worldwide; retention and attraction of the best human resources.

4. Involving potential stakeholders

Each of those specific objectives requires the prompt identification of other publics (specific, by each objective), which may be identified as potential stakeholders.

In this case, it is the organization who decides it has an interest in relating with specific stakeholders, believing that their opinions, attitudes and behaviours will have consequences on the pursuit of a specific objective.

This is clearly more of a *push* format of relationship creation developed by communication. The organization -- having thus far formed an acceptable scenario of its active and potential stakeholders --

decides, in the autonomous and responsible judgement of its leadership, to intensify the relationships and to actively engage those stakeholder clusters believed to be more relevant.

This again implies listening to their expectations by:

- a. collecting information, understanding and interpreting it to leadership, so that it might take their expectations into consideration for the implementation of each specific objective
- b. eventually modifying those objectives or even
- c. deciding to pursue them in any case, but being well aware and prepared for the problems the organization will be facing induced by the actions of potentially dissenting stakeholder groups.

Again, in the case of X, potential stakeholder groups by specific objective could be replacement organizations and suppliers, research fellows and university labs, employee motivators as well as head hunters.

5. Relating with issue influencers

An organization's license to operate, its understanding of social issues and general pursuit of both strategic goals and tactical objectives, in the effort to avoid a risky *fundamentalist* approach to organizational governance, may not limit its role in the 'golden cage' of its stakeholder involvement and engagement processes.

Society is more complex, and organizations need to understand the wider environment in which they operate [table 6].

In the late 1970s and early 1980s, many organizations adopted an *issue management* approach to policy development, which implied a careful selection of cultural, technical, economic and social issues whose dynamics were not only believed to create consequences on the organization as such, but also had the characteristics of being potentially influenced by an organization's proactive activities.

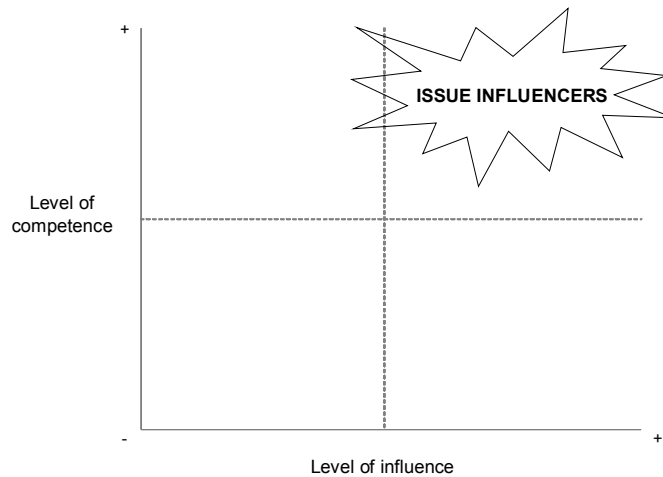
[Table 6]
Issue Analysis:
identification of issues influencing a specific organizational objective



- Which issues relevantly influence the achievement of a specific organizational objective (balance between importance and urgency)?
- On which of those issues may the organization effectively play a proactive, direct and conscious orientation role?

Once these issues are identified, the next step is to identify those subjects (issue influencers) who the organization believes have a direct or indirect power to influence the dynamics of those issues. This, to develop a relational and communicational effort to dialogue with those influencers [table 7].

[Table 7]
Issue Influencers: how to identify them related to a specific issue



Of course, it is more than likely that many of those influencers will have already been identified within the two preceding stakeholder clusters (active and potential). But not necessarily so, and it would be a mistake not to go through this process and identify them.

So, we have thus identified a third segment, with whom the relationship building format is very similar to the one adopted with the potential stakeholders, i.e. initially push to attract their attention and, once this has been achieved, by involving and engaging them into a continual dialogue and negotiation.

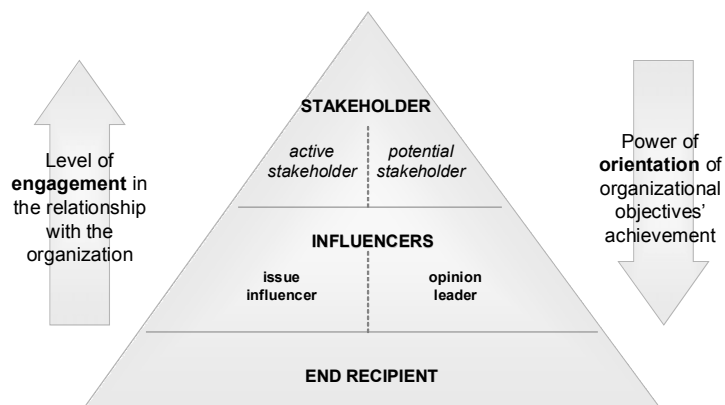
Continuing with the X example, priority issues could be the price of oil, social unrest in closing plant locations, competitor activities in alternative fuels, societal environmental issues; while, respectively, issue influencers could be Opec decision makers, social activists in plant locations, environmental active citizen groups and competitor management groups.

6. Convincing opinion leaders

Finally, the stakeholder relations professional is also required to identify opinion leaders: those subjects believed by the organization to have the power and the means to influence opinions and behaviours of the organization's final publics.

Thus, a fourth specific cluster of organizational publics [table 8].

[Table 8]
Organizational publics



Once again, it is likely that many opinion leaders will already have been identified in the three preceding clusters, but not necessarily, so and it is wise to situationally indulge in the entire exercise in order to avoid neglecting subjects that could turn out to be very relevant for the achievement of both the organization's strategic goals and tactical objectives.

It is at this point, and only at this point, by having listened to the specific expectations of these publics, that the stakeholder relations professional is enabled to develop appropriate contents and arguments and to create specific platforms (real or virtual spaces and other mainstream or social media tools) in which these publics may access those contents.

And this is also where the evaluation of the quality of both relationships and communication contents and tools may begin to develop.

Again, in the example of X opinion leaders could be car racing celebrities, soft economy thought leaders, op-ed and major editorialists in mainstream and social media.

7. Contents, channels and 'spaces'

According to the complexity of the issues and the available resources, the professional may now -- also on the basis of this 'scanning' process -- elaborate and create appropriate and specific contents related to the both strategic goals and each of the tactical objectives which are believed would attract single or multiple stakeholder groups into being involved or engaged in an effective relationship.

The term contents are preferred here to the traditional 'messages' for two reasons:

- a. stakeholder relationships are mostly based on conversations and arguments related to complex issues which are not easy to and should not be encapsulated
- b. stakeholder relationships are not based on persuasive and advertising related techniques (or, at least, as advertising is still stereotyped and mostly practiced today)
- c. And this is the time to pre-test the effectiveness of the communication contents as well as the quality of the existing stakeholder relationships.

This, to:

- a) verify whether the ground work has been effectively conducted before beginning the roll out of the elaborated contents;
- b) identify specific communication and relationship objectives to be pursued and whose achievement may be verified
- c) This can be done through a savvy use of social, political and market research tools (according to the context of the prepared contents).

There are at least three indicators related to the effectiveness of communication content, and four indicators related to the quality of relationships which may be usefully adopted.

The first are:

1. source credibility (i.e. from 1 to 10 if you received content from this source how credible would it be for you?)
2. content credibility (i.e. from 1 to 10 if your received this content from a source how credible would it be for you?)
3. content familiarity (i.e. from 1 to 10 analyse this content and indicate how familiar it is for you)

It is evident that if the first indicator is very low then one should wonder if the exercise really makes sense. If the second indicator is very low then one should review the contents. If the third is very high then one should wonder if the exercise really makes sense....

This can fairly easily be performed with a sample of the different and identified stakeholder groups and allows one to set specific communication objectives to be achieved over a certain period of time.

The second are:

1. trust in the relationship (i.e. from 1 to 10 how much do you trust your relationship with x)
2. commitment in the relationship (i.e. from 1 to 10 how much are you committed to your relationship with x)
3. satisfaction in the relationship (i.e. from 1 to 10 how satisfied are you with your relationship with x)
4. balance of power in the relationship (from 1 to 10 how much leverage do you think you have in your relationship with x)

It is also sometimes very useful to adopt a co-orientation approach by also asking the stakeholder representative to indicate how x would reply to the same questions.

8. *Pre-test and the setting of communication and relationship objectives*

By performing this pre test on a representative sample of the relevant stakeholder groups, the professional will not only be able to refine and fine tune the contents and be fully aware of the quality of existing stakeholder relationships; but he will also have sufficient data to set specific objectives to be pursued by the public relations effort in itself, along both the communication and relationship effectiveness lines of action.

For example –once again related to X- if prepared contents receive from a representative sample of specific stakeholder groups a source credibility score of 5; a content credibility score of 4; and a content familiarity score of 6... the professional may negotiate with client/employer, in a given period of time and allocated resources, the objective of reaching a score of respectively 6, 5 and 7. Similarly –and this time related to the existing quality of the relationship with a specific stakeholder group- if a representative sample of that group indicates in the relationship a trust score of 3; a commitment score of 6; a satisfaction score of 5; and a balance of power score of 4...then the professional may negotiate with client/employer, in a given period of time and allocated resources, the objective of reaching a score of respectively 4, 7, 6 and 5.

Arguably, one may well wonder if this approach to setting measurable objectives is not on the one hand too complex and, at the same time, simplistic.

One may also submit that it is more sophisticated than most other generally accepted systems which evaluate financial, marketing, human resource, production or research objectives within an organization which, material or immaterial; linear or fuzzy, are all based on conventions based on the agreement of both the reviewing and reviewed parties, and whose overall purpose is to track the dynamics of a given phenomena.

9. *Content roll out*

There are many books, manuals, websites, blogs and other resources meant to assist a stakeholder relationship professional in improving operational performance.

At the same time, as we have argued all along, specific situations continue to change, while, the only certainty is that one cannot but adopt a situational perspective to this very important part of the process. It would be a mistake to consider this as ‘business as usual’, and it would be blatantly contradictory with the very objective of this paper.

Even more so, the relatively recent surge of the Internet in general, and more specifically of what we are accustomed to define as social media, implies that we fully acknowledge the existence of a new environment in which communication and relationships are developed and conducted with stakeholders by adopting parameters and processes which are different and which still to be convincingly conceptualised.

Furthermore, in parallel with allowing the creation and development of relationship with identified stakeholder groups, social media also often determine new stakeholders to be dealt with. This specific issue related to the digital environment and its consequences on stakeholder relationships also has available manuals and resources to improve professional performance. Possibly the most intriguing and fascinating is Public Relations Online by David Phillips and Philip Young (Kogan Page 2009).

There is at least one other relevant concept worth elaborating here, in the context of global stakeholder relations which tends to align the work of the global stakeholder relator to that of an architect. Ever since the second part of the 19th Century (but some say that this has always been going on and cite many cases...) the creation and implementation of pseudo-events, coupled with the ongoing quest for third party endorsements, have been the building blocks and prime competencies of the public relations profession.

Pseudo-events -defined as such in 1965 by the American contemporary historian Daniel Boorstin in his 'pamphlet' 'The Image: what has happened to the American Dream?' - are artificially created and developed by organizations to attract the attention and the interest of specific publics. Often these are journalists and opinion leaders, but increasingly they tend to belong directly to various clusters of organizational stakeholders.

Many tens of thousands of these pseudo-events are being held every minute of the day, in every country, for a multiplicity of reasons.... and the stakeholder relations professional is usually involved in their planning and organization.

The overall scope of these pseudo-events, as mentioned, allows for the organization to convene (more or less carefully and selectively) stakeholder publics into one physical space in which a product, a service, an idea may be illustrated; an organization's change programs may be announced and explained; an issue, a policy, an idea or a decision may be argued.

And there are many available sources of information and text books on traditional event organization and how an event may be effective.

But the Internet, telecommunications and mobile technologies, as well as social media have made possible the creation of virtual events, which are not necessarily tied to a physical place or a specific territory or a determined time-frame (once more, the different concepts of time and space!). This very much enhances opportunities for the stakeholder relations professional...as long as s/he keeps well in mind that:

- a) a virtual relationship is certainly diverse from a face-to-face one and has its specific rules and processes
- b) differently from physical pseudo-events, virtual pseudo-events allow participants not only to relate with the 'convening' organization but, more importantly, to relate with each other.

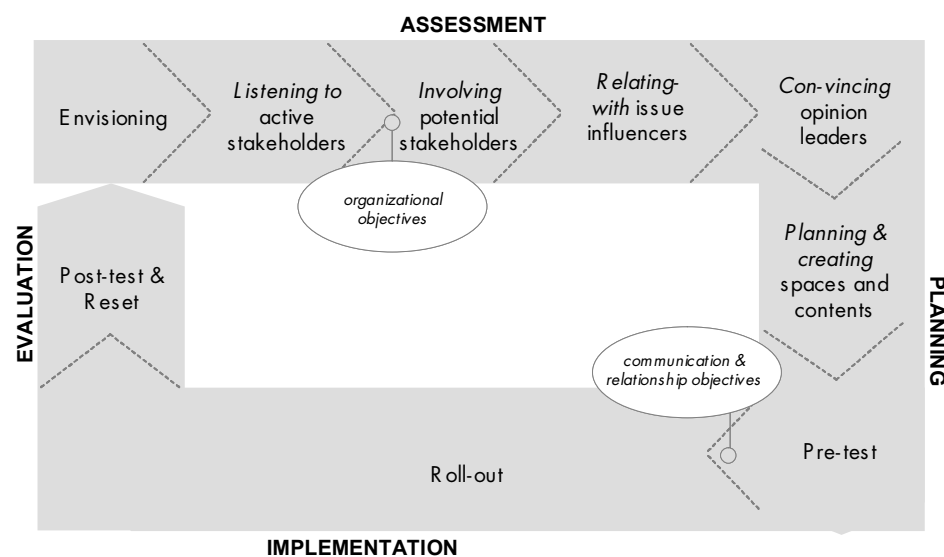
In other words, the relationship process -- rather than moving top-down (when a communicating-to mode is applied) or also bottom-up (when a communicating-with one is in place) -- tends to move left-right-left, and the 'convenor' is no longer necessarily 'in control' of the conversation.

All this implies that the specific competency of organizing events, so typical of the public relations profession, takes on yet another profile. Namely, the task is creating attractive (at least more attractive than other competitive spaces) real and virtual 'spaces for dialogue and relationships' in which stakeholder publics are stimulated to participate and relate in, amongst themselves, and with the convening organization.

10. *Evaluation and Reset*

The GOREL process enters now in its last conceptual phase, before rewinding in a never ending loop [table 9].

[Table 9]
Stakeholder Relationship Governance (SRG): an overview of the ongoing process



The allocated resources have now been deployed by the professional in the given time and in the process, you will remember, we had also identified, on the basis of the pre-test results, specific communication and relationship objectives to be achieved.

It is now time to verify if those objectives have been met.

In that pre-test phase elaborated contents, as well as the state of stakeholder relationships had been submitted, with specific indicators, to a sample of different identified stakeholder publics. Now, following the roll out of operational activities, a second representative sample of those same stakeholder groups needs to be involved in a similar analysis related to the status of those indicators. It is clearly important to avoid questioning the same sample of the pre-test, as it is well known that specific stakeholders selected to participate in opinion research tend to be influenced by these exercises and therefore the analyst would never be able to know how much a subject having participated in the first sample actually has influenced the final outcome.

So, one should use a different sample, although selected of course from the same universe. Yet, it is also sometimes important for the stakeholder relations professional to understand how stakeholder participation to the pre-test actually does influence the final result. This is because the very research effort is both a relationship tool and channel.

One way out is to divide the second post-test sample in half: question one half of the first sample and add another half of new participant representatives of the same stakeholder groups. Alternatively, when the sample is too small to be significant if so divided, one may expand the size of the second sample.

Adopting this method will not only allow the stakeholder relations professional to validate if his overall activity has under/over or simply achieved the defined communication and relationship objectives, but also to understand how much the selected involvement of stakeholders in the active listening process of the pre-test has in fact influenced the final result.

This turns into one more vivid demonstration of the power of the whole stakeholder relationship governance process.

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