Investment in stakeholder relationships key to organisational sustainability post-Covid-19

By Brightness Mangolothi and Malesela Maubane

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The coronavirus (Covid-19) pandemic has illustrated the communication department as a critical function in building organisational reputation, especially during a crisis.

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A crisis leads to uncertainty and ambiguity thus to organisational stakeholders needing more information, even worse during this era where technology is often used to spread fake news. The response time in providing relevant information has an impact on the reputation of the organisation.

Communication function remains overlooked as it is assumed to be the "make me feel and look good" function. Some communication departments hired journalists to develop media advisories in the past, though this has changed, it still remains true in some organisations.

It is only when organisations are placed in the spotlight that there is a realisation of the critical role of communication.

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Communication should not be approached as an event but a continuous process during an organisation's existence, sufficient investment is required from a time and financial perspective.

It is also true that the two directors of communication and marketing wrestle with each over who is responsible for what! Even worse, when the communication function is reporting to the marketing director. This points to the failure to appreciate that the communication department is responsible for all stakeholders of the organisation as part of good governance.

Stakeholder governance

Governing stakeholder relationships has been elaborately discussed in Chapter 8 of the King III Report. These relationships involve internal stakeholders which include employees and unions whilst external stakeholders comprise customers, communities, government, media, shareholders, and others.

The chapter paints a vivid picture that there is a need for organisations to engage with their stakeholders by focusing on the following six principles of good stakeholder governance:

- The board should appreciate that stakeholders' perceptions affect a company's reputation.
- The board should delegate to management to proactively deal with stakeholder relationships.
- The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.
- Companies should ensure the equitable treatment of shareholders
- Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.
- The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible.

The inclusivity concept in King IV builds on governing stakeholder relationships in King III, ensuring that equality is given to all sources of value creation, social and relation capital. This is the differentiator between communication and the marketing department, with the latter focusing more on customers or the human resources department that focus on employees.

Communication departments engage with all stakeholders in order to build a positive reputation of the organisation, otherwise known as intangible assets. This has a direct impact on the profitability of the organisation, which leads to sustainable organisations.

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With many media houses closing down, communication practitioners need to leverage on owned media such as websites, social media and other platforms to tell their stories. This means organisations should ensure that the role of communication is strategic.

The role of strategic communication

The communication department should play a critical role of engaging all organisational stakeholders, which is important to building the organisation's positive reputation.

Unfortunately, thus far there are few boards that have a communication portfolio and communication is only brought into the boardroom on invitation.

The value of communication is found when a communication strategy is linked to organisational vision, mission and values as a starting point.

Communication might not necessarily be a financial function, but it can derive its financial value through reputation and crisis management whilst according to businessman, Harvey Mackay, “You can't buy a good reputation; you must earn it.” Managing or treating risks and crisis management is not exclusive to the risk management or disaster management departments, hence the introduction of risk communication and crisis communication concepts.

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Victor Moreriane, APR 27 Mar 2020

In an organisational context, if not managed or treated correctly, a risk or crisis can halt operations, resulting in possible financial or reputational damage.

Though risk or crisis is uncertain and its impact can be sudden, the importance of proactive risk and crisis communication planning cannot be overemphasised. A proactive approach goes a long way in mitigating the negative effect on business continuity and organisational sustainability.

Communication training for leaders

Communication training for leaders has been neglected, with business schools tasked with leadership training largely focusing on finance, people management and marketing in their curriculum, rarely paying attention to communication and if they do the focus is on public speaking.

Communication training for leaders is important as it will allow them to have an understanding of the value of nurturing stakeholder relationships, reputation management and corporate social responsibility including its contribution to the bottom-line and mitigation of crises.

Effective leadership is about communication

Louise Marsland 29 May 2005

The development of leadership competence should, therefore, include strategic communication post-Covid-19 and as author James C. Humes said, “The art of communication is the language of leadership.”

Organisations that will survive post-Covid-19 are those that have invested in their strategic communication, whilst some organisations are going to suffer consequences of their lack of investment in stakeholder relationships.

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