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## **THE PUBLIC AND ORGANISATIONAL STAKEHOLDERS – ARE THEY THE SAME?**

By Dr Irma Meyer and peer reviewed by Terrance Booysen

When does any member of the public become a stakeholder of an organisation? How would an organisation know when such a public member -- or group of members -- has become a stakeholder? Adding to this important line of thinking, who deserves more attention: public members/groups or the organisation's traditional stakeholders? Is there a difference between public and organisational stakeholders and if so, what is it?

Clearly organisations and public relations practitioners also battle with these questions and distinctions. Some organisations have a stakeholder relations department **and** a public relations department, or a well-staffed public relations department, as well as an individual responsible for stakeholder relations. Such organisations arguably view public relations and stakeholder relations as two distinctly different functions, aimed at different outcomes. This being the case, they obviously also make a distinction between *publics* and *stakeholders*. However, when questioned, individuals in these organisations responsible for stakeholder relations, find it difficult to articulate the difference between their roles and those of the public relations practitioners. This confusing and seemingly complicated matter of semantics could be resolved if organisations accept that there no longer is a distinction between the *public* and *stakeholders* and start to embrace an all-inclusive stakeholder approach.

***“If you work for and eventually lead a company, understand that companies have multiple stakeholders including employees, customers, business partners and the communities within which they operate.”***

Don Tapscott, Co-Founder and Executive Chairman  
of the Blockchain Research Institute

Edward Freeman introduced the stakeholder approach to corporate management in 1984 when he suggested that organisations should move away from being shareholder-centric to becoming stakeholder-centric. He defined a stakeholder as “*any group or individual who can affect or is affected by the achievement of the organisation's objectives*” (Freeman, 1984:46) and despite many proliferations, Freeman's definition is still regarded as the standard definition in the literature. However, considering the challenges we are currently facing such as the climate crisis and pandemics, one should probably change the definition slightly to “*any group, individual [or thing] who [that] can affect or is affected by the achievement of the organisation's objectives*”, thus making provision for the flora and fauna in this definition.

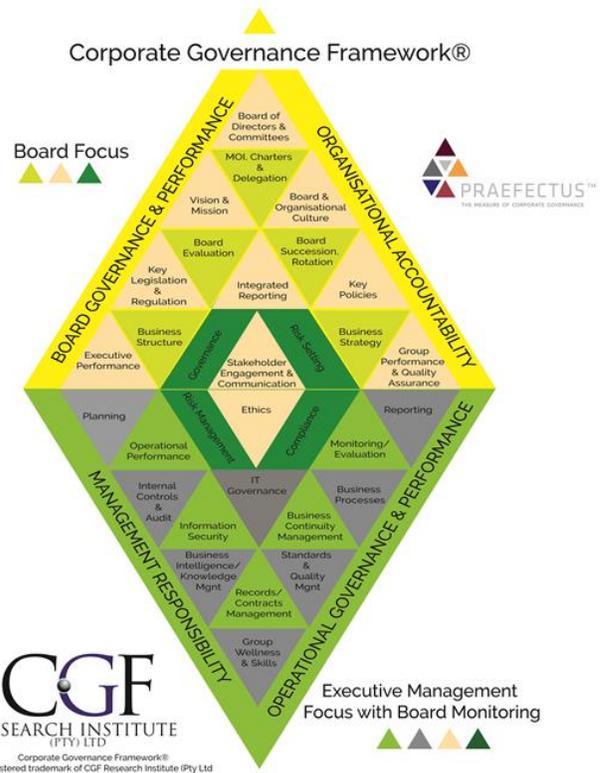
Freeman's introduction of the stakeholder concept coincided with Ferguson's view that relationships should be the main focus of communication management and not the organisation, public or the actual communication process (Ferguson 1984:16). It is concerning that, despite Ferguson's insight, the uptake of the stakeholder concept and

stakeholder theory in the public relations domain has been slow. Numerous *stakeholder theory* approaches and *stakeholder identification* strategies followed Freeman's seminal stakeholder concept, but only a few of these emanated from communication science theorists. A possible explanation of this phenomenon is the birth of Grunig and Grunig's *excellence public relations* theory approximately at the same time as Freeman's stakeholder concept. Despite shortcomings, critique and advanced developments, the excellence theory has remained a dominant and founding theory in public relations, overshadowing stakeholder concepts and theories.

What is equally concerning is the apparent ignorance amongst public relations practitioners of the significant inclusion of the stakeholder concept in the King III Report on Corporate Governance which came into effect on 01 March 2010. For the first time, it dedicated an entire chapter to stakeholder relationships, outlining six principles for governing stakeholder relationships. The subsequent King IV Report on Corporate Governance™ (2016) retained this focus on stakeholder relations.

The stakeholder concept, albeit in a confusing and uncertain manner, is slowly surfacing in some public relations areas. At least one South African university now offers a stakeholder relationship management module and a number of organisations have established a stakeholder relationship department or appointed an individual responsible for stakeholder relationships. None, however, has been so brave to replace the terminology *public relations* with *stakeholder relations*.

The terms *publics* and *stakeholders* are often used interchangeably. Theorists argue that the term *stakeholder* is found in business literature and used by organisations' management, whereas *publics relations* emanate from the public relations literature and is used by public relations practitioners (Rawlins, 2006:1). Some argue that organisations choose their *stakeholders*, but that "*publics* arise on their own and choose the organisation for attention" (Grunig & Repper, 1992:128), while others believe that *publics* are formed when certain *stakeholder* groups recognise an issue and organise themselves to deal with it (Steyn & Puth, 2000:199 – 200).



However, in our experience in dealing with and training them, public relations practitioners favour *stakeholders* over *publics*. They may also refer to the receivers, readers and listeners of their media messages as *audiences*, but very seldom do they use *publics*.

Perhaps it is time to end the debate on *publics* versus *stakeholders* and accept that a stakeholder is *anything, group or individual who can affect or is affected by the achievement of the organisation's objectives, purpose and/or mission*.

Given the current volatility experienced as a result of the **COVID-19 pandemic**, where new stakeholders have been introduced to the business supply chain or known, but previously neglected stakeholders have become very important, executives are quick to agree that organisations now have to operate in a so-called “new-normal” mode. Very few, however, have defined “new-normal” succinctly yet, and structures, processes and policies still reflect a pre-COVID-19 mind-set. To paraphrase freely from Albert Einstein – *we cannot solve our new problems with the same old thinking we used when we created them*. Organisations now need to start thinking laterally and creatively about the future and how to engage with all their stakeholders.

To this end, organisations should be brave and rename organisational *public relations* functions to *stakeholder relations*. A stakeholder relations organisational department could, for instance, comprise of several divisions, such as employee relations, media relations, investor relations, community relations, government relations and consumer relations. Given the importance and role stakeholders fulfil within an organisation, the significance of stakeholder engagement within an organisation's governance framework, is therefore not surprising. Indeed, it cannot be emphasised enough just how important it is to maintain proper, relevant and two-way communication with the organisation's stakeholders, moreover, maintaining a high ethical standard with them at all times.

Perhaps a simple name change is all that is needed to understand that legal compliance is only a small part of corporate governance, and that effective governance has a touchpoint with all areas in the organisation and with all stakeholders, whether they are latent (unaware), active or activists. One can only hope that such a name change would elevate the public relations function from a publicity-seeking, propaganda function, which it sadly still often is, to a communication discipline striving to establish solid relationships with all the organisation's stakeholders through honest two-way conversations.

**ENDS**

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Irma started her career in South Africa at a local newspaper, The Potchefstroom Herald, after completing her BA Communication Degree at the University of Potchefstroom. She worked for one of the largest financial institutions in Africa for 18 years where she gained valuable experience in the field of Corporate Communication. She was ultimately responsible for the Public Relations programme of the Executive Directors and subsequently all the corporate communication strategies, incentive programmes, networking tours and events initiated by them. She also headed up the Events Management department for a number of years where she specialised in the project management of international networking and incentive tours.

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