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CONTEMPORARY PERCEPTION ON CORPORATE COMMUNICATION

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Abstract:
Worldwide, management practice demonstrates the appearance of new management area that is corporate communication**.** In a globalized world, corporations find themselves confronted with multilateral demands from different stakeholders. The stakeholders demand on legitimacy, transparency and effectiveness of business strategies in the public sphere. It is presumed that one way of meeting up to these expectations are by increasing the influence of corporate communication function within the organisation. Moreover, each firm need to distinguish from the rest and also gain competitive advantage through specific corporate image and positive reputation which is predominantly determined by the prevailing corporate communications and its strategies. This article provides insights on corporate communication, its evolution, ideal structure, mix, and its influences on other components like strategic implementation, impression management and culture.

Key words: Corporate communication, Evolution, Corporate communication mix, corporate branding.

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Introduction:

There is a widespread belief in the management world that in today's society the future of any company critically depends on how it is viewed by key stakeholders, such as shareholders and investors, customers and consumers, employees, and members of the community in which the company operates. Globalization, corporate crises and the recent financial crisis have further strengthened this belief. CEOs and senior executives of many large organizations and multinationals nowadays consider protecting their company's reputation to be 'critical' and view it as one of their most important strategic objectives. This objective of building, maintaining and protecting the company's reputation is actually the core task of corporate communication practitioners.

Corporate communication is a set of activities involved in managing and orchestrating all internal and external communication aimed at creating favourable starting points with stakeholders on which the company depends. Corporate communication consists of the dissemination of information by a variety of specialists and generalists in an organisation, with the common goal of enhancing the organisation's ability to retain its license to operate (van Riel and Fombrun, 2007).

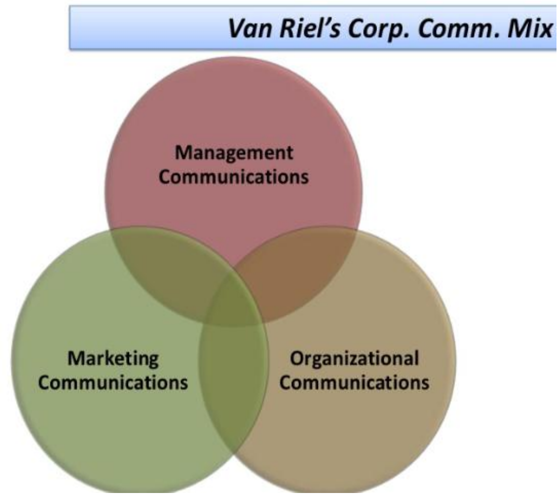
Corporate communication, in other words, can be characterized as a management function that is responsible for overseeing and coordinating the work done by communication practitioners in different specialist disciplines, such as media relations, public affairs and internal communication.

The three dimensions of total corporate communications are as follows:

(1) Primary communications – the communications effects of products, services, management, staff and corporate behavior

(2) Secondary communications – the communication effects of controlled forms of communications (similar to integrated communications) and

(3) Tertiary communications – the communications effects of communication given by third parties such as competitor and media commentary, the media and that from interest groups.



According to Van Riel, the corporate communication mix consists of management, marketing and organisational communications. Management communication is between the management level of an organisation and its internal and external audiences. Marketing communication consists of product advertising, direct mail, personal selling and sponsorship activities. Organisational communication emanates from specialists in public relations, public affairs, investor relations, environmental communication, corporate advertising and employee communications.

The evolution of corporate communications and developments in recent years have had led to a heightened recognition of the field.

<u>From Public relation to corporate communication:</u>

Public relations (PR), the predecessor to the corporate communication function, grew out of necessity. Although corporations had no specific strategy for communications, they often had to respond to external constituencies whether they wanted to or not. As new laws forced companies to communicate in many situations they hadn't previously confronted, the constant need for a response meant that dedicated resources were required to manage the flow of communications.

This function, which was tactical in most companies, was almost always called either "public relations" (PR) or "public affairs." Typically, the effort was focused on preventing the press from getting too close to management. Like a patriot missile, designed to stop incoming missiles during war, the first PR professionals were asked to protect the company from bad publicity, often by "spinning" damaging news in a positive light. Thus, the term "flak" came to be used to describe what PR people were actually doing: shielding top managers from "missiles" fired at them from the outside.

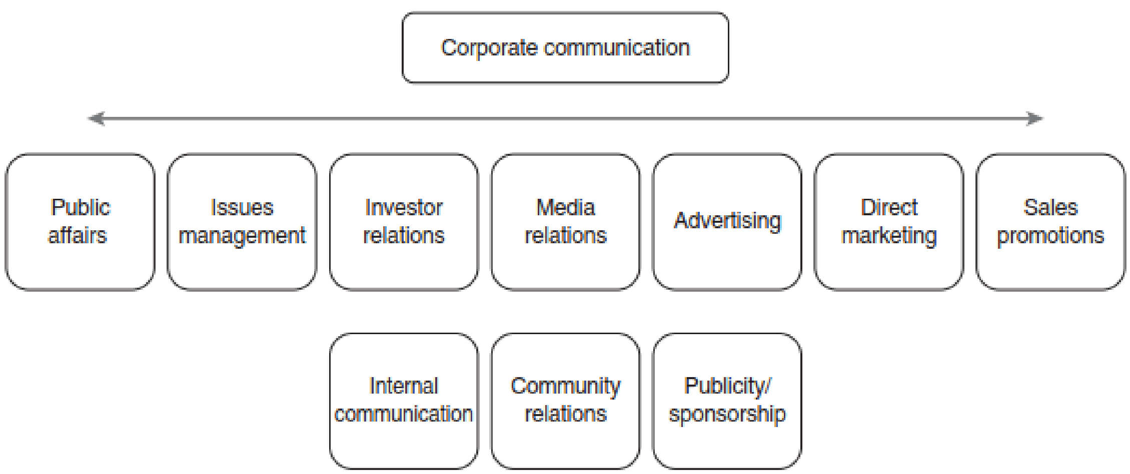
The "flak" era of public relations lasted for a number of decades, and when companies needed other communications activities, public relations personnel were the obvious choice to take them on. In the 1960s, for instance, it was not unusual to find public relations officials handling speechwriting, annual reports, and the company newsletter. Given that the majority of work in this area involved dealing with the print media (television wasn't truly a factor until the early 1970s), many companies hired former journalists to handle this job. The former-journalist-turned-flak brought the organization the first dedicated expert in the area of communication.

Until recently, the top managers in large companies came from backgrounds such as engineering, accounting, finance, production, or, at best (in terms of understanding the company's communication needs), sales or marketing. Their understanding of how to communicate depended on abilities they might have gained by chance or through undergraduate or secondary school training rather than years of experience. Given their more quantitative rather than verbal orientation, these old-style managers were delighted to have an expert communicator on board who could take the heat for them and offer guidance in times of trouble.

PR professionals often were seen as capable of turning bad situations into good ones, creating excellent relations with their former colleagues in journalism, and helping the chief executive officer become a superb communicator. In some cases, this reputation was true, but for the most part, the journalists were not the answer to all of the company's communications problems. When situations turned from bad to worse, they were the obvious ones to blame easy scapegoats for irresponsible managers.

In more recent years, the corporate communication function has continued to evolve to meet the demands of the ever-changing business and regulatory environments. At the outset of the millennium, a string of financial scandals at corporations including WorldCom and Enron resulted in the Sarbanes-Oxley Act of 2002, which made full disclosure, transparency, and corporate responsibility the expected norm for companies large and small. The need to maintain this level of transparency has elevated the corporate communication function within companies to a new strategic level. Messages, activities, and products—from investor conferences and annual reports to philanthropic activities and corporate advertising—are now analyzed by regulators, investors, and the public at large with unprecedented scrutiny. And the proliferation of online communication vehicles, including Web portals, instant messaging, and blogs, has accelerated the flow of information and the public's access to it to record speeds.

Corporate communication is a management framework to guide and coordinate marketing

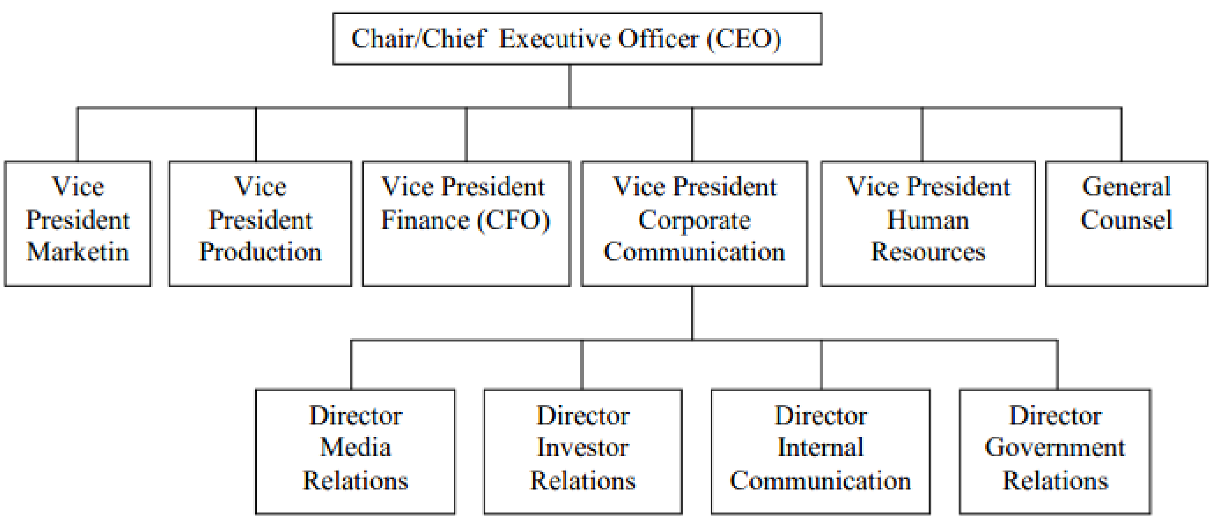


communication and public relations.

Within this framework, coordination and decision-making take place between practitioners from various public relations and marketing communication disciplines. The public relations disciplines are displayed towards the left in Figure, whereas marketing communication disciplines are aligned towards the right. While each of these disciplines may be used separately and on their own for public relations or marketing purposes, organizations increasingly view and manage them together from a holistic organizational or corporate perspective with the company's reputation in mind. Many organizations have therefore promoted corporate communication practitioners to higher positions in the organization's hierarchical structure. In some organizations, senior communication practitioners are even members of their organization's management team (or support this management team in a direct reporting or advisory capacity). Marks & Spencer and Sony are two examples of companies that have recently promoted their most senior communication director to a seat on the executive board. These higher positions in the organization's hierarchy enable corporate communication practitioners to coordinate communication from a strategic level in the organization in order to build, maintain and protect the company's reputation with its stakeholders.

<u>Ideal structure for corporate communication function:</u>

The CEO should be the person most involved with both developing the overall strategy for communications and delivering consistent messages to constituencies. Ideally, the corporate communication function will have a direct line to the CEO. It is vital that the head of corporate communication have access to the highest levels of senior management and that those executives believe in the value and necessity of corporate communication as a means to achieve corporate goals. Without this connection, the communications function will be less effective and far less powerful.



(Source: Nanette Byrnes, "The 21st Century Corporation: The New Leadership: Chief Executive Officer: The Boss in the Web Age," Business Week 3696 (August 28, 2000), p. 102.)

Importance of Corporate communication:

1.Through effective and open corporate communications, leaders can create an open platform for feedback, even allowing employees to raise their concerns anonymously.

2. A solid communication strategy allows for honest contribution from all job levels and departments in the organization, allowing people on the front lines to give their insight into the decision-making process.

3. Companies can respond to market trends appropriately.

4. Corporate communication improves employee engagement, creating room for more inclusive and successful strategies.

The ten environmental forces contributing to the increased importance of corporate identity and corporate communications are: (John M.T. Balmer and Edmund R. Gray, 2000)

(1) Acceleration of product life cycles.

(2) Deregulation.

(3) Privatisation programmes.

(4) Increased competition in the public and non-profit sectors.

(5) Increased competition in the service sector.

(6) Globalisation and the establishment of free trade areas.

(7) Mergers, acquisitions and divestitures.

(8) Shortage of high-caliber personnel.

(9) Public expectations for corporate social responsiveness.

(10) Breakdown of the boundaries between the internal and external aspects of organisations.

Influences of Corporate communications:

Strategy

There is a link between strategy and communications. A company can build competitive advantage not only by creating desired outcomes through the use of material resources but by managing communications so as to mold the interpretations and perceptions of constituents. Similarly, a company can create competitive advantage by socializing its constituents to its own culture and can use communication strategy to form long-term relationships with the constituents who shape the organization's image and reputation. (Rindova and Fombrun ,1999)

The corporate communication function's contribution to the organisation's strategy formulation processes is maximally optimized when a practitioner functions in the role of 'corporate communication strategist' at the top management or macro level of the organisation. The 'strategist' gathers, interprets and disseminates strategic intelligence regarding stakeholders and issues amongst decisionmakers, and assists in the formulation of the enterprise strategy. It is assumed that corporate communication's contribution to strategy formulation does not lie on the corporate level where strategy is financially oriented, or on the business-unit level where strategy is oriented towards competitiveness in the market. Rather, it lies on the enterprise level where the organisation sets the tone with regard to the management of its stakeholders. The corporate communication function does however support the implementation of the corporate, business and other functional strategies.

As a functional strategy, the corporate communication strategy provides focus and direction for an organisation's communication with stakeholders, building symbolic and behavioural relationships with its strategic stakeholders. It is the thinking, the logic behind the corporate communication function's actions -- determining what should be communicated rather than how it should be communicated. It is therefore not the same as communication plans but provides the framework for the communication plans necessary to carry out the strategy.

Corporate communication strategy can be seen as a pro-active capability to adapt the organisation to changes in stakeholder expectations and opinions (through environmental scanning and boundary spanning activities). It can create a competitive advantage for an organisation through the early detection and management of issues, involving strategic stakeholders in problem solving and decision making. Corporate communication strategy makes the communication function relevant in the strategic management process through its focus on communication with strategic stakeholders, aligning communication goals to the organisational mission.

Culture:

When the organization communicates what's going to happen next and then it does, it has a calming effect. Employees trust the organisation when it communicates frequently, including enough details for to understand how the content may affect them. They need to know about changes that may affect them before those changes are implemented. Good communication practices are essential in all exchanges, but especially in financials. Organizations with the highest levels of employee engagement have employees who have a good understanding of how the organization is doing financially. Clear communication goes both ways and employees feel that they can express their honest opinions without fear of negative consequences.

Employees who work for award-winning workplace cultures report that the organization “treats them like a person, not a number.” Interestingly, feeling valued is the number one driver of engagement amongst the Best Places to Work in awards programs. Employees feel that their employers give them enough recognition for a job well done.

Impression Management:

It is argued that the increase in social disclosures represent a strategy to alter the public's perception about the legitimacy of the organisation. Indeed, many organizations consider CSR to be an important aspect of their organizational identity, and want to ensure that their CSR identity is appropriately portrayed to their audiences. Corporate communication contributes to an organization’s social disclosure, disseminates information about a desired socially responsible identity and image, and promotes relations with stakeholder audiences. Through such communication, an organization projects a desired image of the organization and allows audiences to make sense of the organization’s actions.

Direct impression management tactics are those that present information about the organization’s characteristics and accomplishments; therefore, direct CSR communication is likely to present the organization as attractive, competent, and favorable. Indirect impression management tactics enhance or protect an organization’s image by presenting information about other entities with which the organization is associated; for example, by either enhancing the positive features or de-coupling the negative character of other organizations to which it is linked. (J. Tata and S. Prasad, 2014)

Impression management theory suggests that the importance of the goals that an individual hope to achieve through impressions may affect the individual's motivation to engage in impression management behavior. Similarly, the importance of the CSR image to an organization will influence the salience of that image and its perceived incongruence, and influence the extent to which the organization is motivated to reduce incongruence between desired and current CSR images.

Corporate Branding:

Both the organization and its products and services have images, and it is important that both are carefully nurtured and protected. A strong corporate communication strategy can augment brand consciousness, augment sales, perk up brand equity and construct the brand. In today's era the main challenge is to give a tough fight to competitors. The corporate communication strategy should be very convincing, striking and inimitable. The intention must be constantly unbreakable throughout brand communications, to external customers, internal customers and stake holders. Brand recognition is very important for any organization so that is why the companies concerned in long-term success must create affirmative brand experiences with the help of corporate communications.

Conclusion:

In today's volatile business environment corporate communications, when viewed and managed from a strategic perspective, can permeate many organisations with a distinct competitive advantage. The application of competently designed and managed communication policy is a prerequisite for successful existence of an organisation. While many corporations have made strides in building strong corporate communication functions that are closely aligned with overall strategy, there is still much work to be done.

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