

**THE INTERNET AS A MEDIUM IN THE ACHIEVEMENT OF  
CORPORATE COMMUNICATION AND MARKETING GOALS –  
A DESCRIPTIVE STUDY**

by

**BERDINE CILLIERS**

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**SUPERVISOR:                    PROF A F GROBLER**  
**CO-SUPERVISOR:                MRS B STEYN**

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## **DECLARATION**

I declare that the Master's dissertation, which I hereby submit for the degree MCom Communication Management at the University of Pretoria, is my own work and has not previously been submitted by me for a degree at another university.

Berdine Cilliers

November 2003

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## ABSTRACT

Since the Internet's introduction into the business world, research on its role in corporate communication strategy has been limited – the focus has been on its role in marketing and electronic commerce. This study aims to provide a theoretical and empirical description of the role of the Internet in the strategic management of an organisation's corporate communication and marketing functions.

An electronic questionnaire was distributed to 632 managers of companies (with websites) listed on the Johannesburg Securities Exchange as well as to managers of companies listed on ananzi.co.za who utilise the Internet to achieve organisational goals. Descriptive statistics as well as the Cronbach Alpha, factor analysis and hypothesis testing were used to analyse the data.

The empirical research showed, that managers use the Internet to achieve both corporate communication and marketing goals. However, the various designations did not distinguish between the two factors. All four corporate communication models are used by South African organisations in their communication on the Internet. There is no significant correlation between the designation of the respondents (corporate communication, marketing, information technology and 'other') and their choice (of elements) of the corporate communication models (the latter indicating their preference).

This research study aimed to achieve the following goals, namely determining if the Internet is a (corporate communication or marketing) *medium* or a *strategy*; realising organisational goals through the use of the Internet; investigating whether 'Internet strategy' refers to *functional* or *operational* strategy; determining the organisational purpose for corporate communication by investigating (elements of) the corporate communication (public relations) models that are used by organisations in their communication on the Internet; and integrating the Internet into corporate communication strategy.

It is recommended that: the Internet can only contribute to the realisation of organisation goals, if it is integrated into the functional (corporate communication or marketing) strategy of an organisation; the Internet's contribution will be most advantageous if it is integrated into corporate communication strategy, because corporate communication addresses all organisational stakeholders and not only customers. If the corporate communication department/division does not have control over, or is not involved in the management of Internet content (as the empirical research indicates), then it will not be possible to integrate electronic communication mediums into the overall corporate communication strategy. The Internet's impact on achievement of the corporate communication goals will also impact the achievement of the organisation's goals.

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# **CHAPTER 1:**

## **ORIENTATION AND GENERAL BACKGROUND**

### **1.1. INTRODUCTION**

The Internet has evolved since its conception from a basic communication tool into a vast communication network and interactive market of products, services and ideas (Simeon, 1999:1), involving over 90 million users worldwide. It has become a powerful business tool and has transformed the fundamental dynamics behind various social and business interactions. The dynamic nature and rapid growth of the Internet have forced organisations to reconsider their on-line interaction with their various stakeholders, moulding haphazard on-line activities into strategic intent.

This study aims to provide a theoretical and empirical description of the role of the Internet in the strategic management of an organisation's corporate communication and marketing functions, while also pointing out its use as a comprehensive and practical business tool.

### **1.2. PROBLEM STATEMENT**

Four broad problem areas are discussed in this dissertation. These problem areas centre on the nature of the Internet, the management responsibility of the medium, the role of the corporate communication manager in its management as well as the lack of a specific business model for the Internet.

The introduction of the Internet to the business world brought about revolutionary changes and provided seemingly limitless opportunities. Managers know that the Internet should or could play an important role in achieving organisational goals, but are uncertain about its possibilities and applications in strategic management or even how they should approach the use of this new medium. Many paid the price of unsuccessful websites or limited return on investment by not integrating this medium as part of their

strategic directive. The Internet should not be considered a separate entity, but must be part of an integrated organisational strategy. However, the question of what 'Internet strategy' actually entails and which organisational strategy it should actually form part of remains unanswered. This is further complicated by the fact that many managers confuse strategy with tactics or regard the Internet as an end rather than the means to an end. It is therefore not surprising that the Internet, as a strategic tool to contribute towards organisational effectiveness, has not yet come into its own.

Another complication in the management of the Internet is determining where the responsibility for this medium is situated. Communication, marketing, information technology and human resource managers, as well as managers of other functional areas, all claim ownership of the medium. Each management area will have its own unique use of the medium. It is therefore necessary to determine which functional area, or combination of areas, will contribute most to the effective management of the organisation's Internet strategy.

Corporate communication managers face the challenge that this technological development has not been considered a part of their management responsibility in the past. Not only does this imply that communication managers need to make a paradigm shift in the way they structure their area of responsibility, but also that they require new skills to do so. It is thus necessary to determine where the Internet fits into the world of strategic communication management and how to optimally realise the Internet's potential.

Corporate communication management is practised by using one, or a combination, of the four corporate communication models (press agency, public information, two-way asymmetric and two-way symmetric). If the Internet is considered as yet another medium or channel to be used by corporate communication managers, then these models can be used as a basis for the management of the relationship between an organisation and its stakeholders.

Finally, until a business model or process for an Internet 'strategy' is formulated, websites will continue to be developed based on intuition or technological design capabilities and not because they contribute to an organisation's goals or bottom line. Managers need to know why an Internet presence is important, how the process of designing an Internet presence works, and – if a presence has already been established – how to ensure that it is a strategic application.

### 1.3. RESEARCH OBJECTIVES

The following research objectives are to be achieved in this study.

<b>Phase 1:</b>	<b>Literature study</b>
-----------------	-------------------------

#### **Primary Objective 1**

To conceptualise 'Internet strategy' by means of secondary research.

#### Secondary Objective 1(a)

To explore the nature of the Internet: its concepts, terminology and applications (Chapter 2).

#### Secondary Objective 1(b)

To investigate whether the concept of 'Internet strategy' can be considered a *strategy* or a (corporate communication or marketing) *medium* (Chapters 3, 5 and 6).

#### Secondary Objective 1(c)

To investigate whether 'Internet strategy' refers to *functional* or *operational* (corporate communication or marketing) strategy (Chapters 5 and 6).

Secondary Objective 1(d)

To investigate the role of the Internet in the *goal* realisation of an organisation's (corporate communication or marketing) strategy (Chapters 5 and 6).

Secondary Objective 1(e)

To hypothesise a *framework* for the formulation of 'Internet strategy' (Chapters 4 and 5).

<b>Phase 2:</b>	<b>Empirical research</b>
-----------------	---------------------------

**Primary Objective 2**

To investigate whether the Internet is used by organisations to realise corporate communication or marketing goals.

Secondary Objective 2(a)

To investigate whether the Internet is used by organisations to realise corporate communication goals.

Secondary Objective 2(b)

To investigate whether the Internet is used by organisations to realise marketing goals.

Twenty-five hypotheses (V1 and each of the goals V2 to V26) were stated to realise Primary Objective 2, but only five were realised:

**Hypothesis 2**

**H2:** There is a correlation between V1 (designation of the respondent) and V3 (Making products or services available electronically – electronic commerce).

**Hypothesis 7**

**H7:** There is a correlation between V1 (designation of the respondent) and V8 (Providing an opportunity for interaction between the organisation

and its external stakeholders (e.g. media, investors, community, stockholders etc.).

### **Hypothesis 9**

**H9:** There is a correlation between V1 (designation of the respondent) and V10 (Using customer feedback to improve service).

### **Hypothesis 10**

**H10:** There is a correlation between V1 (designation of the respondent) and V11 (To manage a crisis in your organisation).

### **Hypothesis 13**

**H13:** There is a correlation between V1 (designation of the respondent) and V14 (To manage investor relations (e.g. to make financial information available to important financial stakeholders)).

### **Hypothesis 26**

**H26:** There is a significant dependence between the designation of managers (V1) and their use of the Internet to achieve corporate communication goals (V5, V7, V8, V11, V13, V14, V21, V24).

### **Hypothesis 27**

**H27:** There is a significant dependence between the designation of managers (V1) and their use of the Internet to achieve marketing goals (V3, V6, V9, V12, V15, V17, V18, V22, V23, V 25).

### **Primary Objective 3**

To determine the organisational purpose for corporate communication by investigating (elements of) the corporate communication models, which are used by organisations in their communication on the Internet.

#### Secondary Objective 3(a)

To investigate whether the press agency model of corporate communication is used by organisations in their communication on the Internet.

Secondary Objective 3(b)

To investigate whether the public information model of corporate communication is used by organisations in their communication on the Internet.

Secondary Objective 3(c)

To investigate whether the two-way asymmetrical model of corporate communication is used by organisations in their communication on the Internet.

Secondary Objective 3(d)

To investigate whether the two-way symmetrical model of corporate communication is used by organisations in their communication on the Internet.

The following hypothesis was stated to realise Primary Objective 3:

**Hypothesis 28**

**H28:** There is a significant dependence between the designation of managers (V1) and the elements of the corporate communication models, which are used by organisations in their communication on the Internet (V27 – V34).

**Hypothesis 29**

**H29:** There is a correlation between the designation of managers (V1) and gaining coverage for the organisation in any way possible (V27).

**Hypothesis 30**

**H31:** There is a correlation between the designation of managers (V1) and measuring the amount of ‘hits’ which are registered on the organisation’s website (V28).

**Hypothesis 31**

**H31:** There is a correlation between the designation of managers (V1) and disseminating information about your organisation and products/ services to your stakeholders (V29).

**Hypothesis 32**

**H32:** There is a correlation between the designation of managers (V1) and ensuring the readability of the website (This can include the website's ease of use and navigational capability) (V30).

**Hypothesis 33**

**H33:** There is a correlation between the designation of managers (V1) and changing the organisation's stakeholders' opinions about the organisation (V31).

**Hypothesis 34**

**H34:** There is a correlation between the designation of managers (V1) and conducting research in order to design a website which could be used to persuade stakeholders (V32).

**Hypothesis 35**

**H35:** There is a correlation between the designation of managers (V1) and creating dialogue (two-way interactive communication) between the organisation and its stakeholders (V33).

**Hypothesis 36**

**H36:** There is a correlation between the designation of managers (V1) and soliciting feedback from stakeholders in order to change the behaviour of the organisation (V34).

## **1.4. META THEORETICAL APPROACHES TO THE STUDY**

The meta theoretical framework for this study has been constructed based on the systems theory; the corporate communication models; the general theory



of excellence in public relations and communication management; and the relationship paradigm.

1.4.1. Graphic presentation of the meta theoretical framework and conceptualisation

<b>Meta-theories</b>	Systems theory (Chapter 1) Corporate communication models (Chapter 1) General theory of excellence in public relations and communication management (Chapter 1) Relationship paradigm (Chapter 1) <ul style="list-style-type: none"> <li>▪ Relationship management paradigm {field of corporate communication}</li> <li>▪ Relationship marketing paradigm {field of marketing}</li> </ul>	
<b>Theories</b>	Communication process (Chapter 1) Mass communication theory (Chapter 1) Strategic management theory (Chapter 1) <ul style="list-style-type: none"> <li>▪ Strategic corporate communication management (Chapter 5)</li> <li>▪ Strategic marketing management (Chapter 6)</li> </ul> Information theory (Chapter 2)	
<b>Concept 1</b>	Organisational goal achievement (by means of the Internet as a medium)	
<b>Constructs</b>	Achievement of corporate communication goals (Chapter 5)	Achievement of marketing goals (Chapter 6)
<b>Items</b>	<ul style="list-style-type: none"> <li>▪ Providing important information about the organisation to stakeholders (contact information, organisational vision, mission, strategic objective etc.).</li> <li>▪ Providing an opportunity for interaction between management and employees.</li> <li>▪ Providing an opportunity for interaction between the organisation and its external stakeholders (e.g. media, investors, community, stockholders etc.).</li> <li>▪ Managing a crisis in your organisation.</li> <li>▪ Managing investor relations (e.g. to make financial information available to important financial stakeholders).</li> <li>▪ Stimulating public awareness.</li> <li>▪ Establishing a presence for the organisation on the Internet.</li> <li>▪ Doing environmental scanning (e.g. gaining information about current affairs which could influence your organisation).</li> <li>▪ Gaining information to determine communication barriers.</li> <li>▪ Gaining feedback on important issues from stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Making products or services available electronically (electronic commerce).</li> <li>▪ Improving customer service.</li> <li>▪ Generating new business for the organisation.</li> <li>▪ Increasing sales.</li> <li>▪ Launching new products or services.</li> <li>▪ Improving corporate image in the market place.</li> <li>▪ Advertising the organisation's products or services.</li> <li>▪ Making marketing information - about the organisation's products or services - available (price, distribution, availability etc.).</li> <li>▪ Creating electronic catalogues.</li> <li>▪ Tracking products through the production cycle.</li> <li>▪ Doing research about competitors on the Internet.</li> <li>▪ Using customer feedback to improve service.</li> <li>▪ Gaining information about potential new markets on the Internet.</li> <li>▪ Developing a database about current and prospective customers.</li> <li>▪ Using on-line research to change the design of the organisation's website.</li> </ul>

Concept 2	Corporate communication models			
Constructs	Press agency	Public information	Two-way asymmetric	Two-way symmetric
<b>Items</b>	<p><i>Press agency model</i></p> <ul style="list-style-type: none"> <li>▪ Gaining coverage for the organisation in any way possible.</li> <li>▪ Measuring the amount of 'hits' which are registered on your website.</li> </ul> <p><i>Public information model</i></p> <ul style="list-style-type: none"> <li>▪ Disseminating information about your organisation and products/services to your stakeholders.</li> <li>▪ Ensuring the readability of the website (This can include the Website's ease of use and navigational capability).</li> </ul> <p><i>Two-way asymmetrical model</i></p> <ul style="list-style-type: none"> <li>▪ Changing the opinions of the organisation's stakeholders about the organisation.</li> <li>▪ Conducting research in order to design a website which could be used to persuade stakeholders.</li> </ul> <p><i>Two-way symmetrical model</i></p> <ul style="list-style-type: none"> <li>▪ Creating dialogue (two-way interactive communication) between the organisation and its stakeholders.</li> <li>▪ Soliciting feedback from stakeholders in order to change the behaviour of the organisation.</li> </ul>			

#### 1.4.2. Systems theory

Systems theory (also called the natural systems model or the systems resource approach) emphasises the interfaces between organisations and their environments, between subsystems within the organisational system, and between subsystems and the organisational whole (Grunig, 1992:71; Warnaby & Moss, 1997:12). According to Cutlip, Center and Broom (in Grunig, 1992:71), in the corporate communication management environment the conclusion that can be drawn is that corporate communication management will help establish and maintain mutually dependent relationships between an organisation and the publics with which it interacts. Cutlip *et al.* add that:

“A system is a set of interacting units which endures through time within an established boundary by responding and adjusting to change pressures from the environment in order to achieve and maintain goal states”.

In this perspective the communication practitioner is seen as performing the boundary spanning function (Warnaby & Moss, 1997:12). Corporate communication works as an interface between the organisation and various

external groups or individuals. It supports the other subsystems of an organisation by helping them to communicate with both external and internal stakeholders. According to Yuchtman & Seashore (in Grunig 1992:72), the organisation can also acquire vital inputs and process these inputs in such a way as to maintain their stability within the market environment. In the same manner the organisation is also involved in an 'exchange' (outputs) with its environment, through the use of its various mediums. These exchanges vary from entirely closed systems to entirely open systems (Warnaby & Moss, 1997:13-14). A closed system is one that has no exchange with its environment – it neither adapts nor adjusts to external change.

Organisations are considered to function as open systems when they receive *input* from the environment – information that identify problems that have put the organisation out of equilibrium with interpenetrating systems in its environment. The information inputs are then processed (*throughput*) – the information is organised and solutions to problems that generated the inputs are formulated. *Outputs* are then released into the environment in an attempt to restore equilibrium with interpenetrating systems. After those outputs affect the environment, the organisation seeks *feedback* to determine if it has solved the identified problem. This process continues until the organisation is back in equilibrium with its interpenetrating systems (Grunig & Hunt, 1984:94-95; Steyn, 2003:6).

In order to make the organisation more effective, public relations practitioners should therefore engage in two types of communication behaviour on behalf of the organisation: acquire (seek or listen to) information from the environment (the role of the corporate communication strategist) so that the organisation can adapt to stakeholder views and societal norms; and disseminate (provide) information to the environment (the roles of corporate communication manager and technician) on organisational views, policies and strategies (Steyn, 2003:6).

Grunig & Hunt (1984) suggest that an organisational system might consist of the following five subsystems: the production subsystem; the disposal

subsystem (responsible for the marketing and distribution functions); the maintenance subsystem (responsible for co-ordinating the work of employees); the adaptive subsystem (responsible for helping the organisation adapt to change); and the management subsystem (responsible for the control and integration of the other subsystems). Corporate communication would form a part of the management subsystem of an organisation, although it may support other subsystems. Warnaby & Moss (1997:13) stress that applying the systems concept will help focus the attention on the important linkages between organisational departments and functions as well as between the organisation as a whole and key stakeholder groups.

Because the systems approach implies that the organisational whole is composed of interrelated subparts, the performance of any single subsystem (such as corporate communication management) will affect the entire system (and therefore the performance of the organisation) (Grunig, 1992:72). Katz and Kahn (in Grunig, 1992:72) indicated that it would however be detrimental to an organisation's survival if this approach is considered to imply that more communication is needed and not that the specific (communication) needs of the subsystem must be taken into account.

In the context of the systems theory, Gregory (1997) proposes that the corporate communication function should be incorporated in the re-engineering of business processes. According to Hammer & Champny (in Gregory, 1997), business process engineering entails:

“... the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service and speed”.

Gregory (1997) states that the key to re-engineering is to identify those small number of processes that are of real value to the customer and organise them, by destroying functional barriers, to provide that service.

This research study will show the importance of the corporate communication function in the management of the Internet. It will indicate how the Internet is used to gather informational inputs, how it can be used to provide outputs; and how the Internet (and other technologies) can facilitate the roles of business teams, thereby adding value to the organisation through the systems approach.

#### 1.4.3. The four corporate communication models

James Grunig identified four corporate communication models (Dozier, Grunig, & Grunig, 1995:13; Grunig & Grunig, 1989:30; Grunig & Hunt, 1984:21-43; Leichty & Springston, 1993:328; Lubbe & Puth, 1994:1;8-9), namely the **press agentry model**; the **public information model**; the **two-way asymmetric model**; and the **two-way symmetrical model**. These four models differ in purpose – the function they provide for the organisation that sponsors them (Grunig & Hunt, 1984:21). According to Grunig (in Botan & Hazleton, 1989:29), the models represent the values, goals, and behaviours held or used by the organisation. They can also be regarded as four different world-views for corporate communication in the organisation and depict four historical eras or stages in the evolution of corporate communication (public relations). The models are produced from the combination of dichotomous dimensions: direction (one-way vs. two-way) and balance of intended effect (asymmetrical vs. symmetrical). Figure 1.1 describes the characteristics of the four corporate communication models.

**Figure 1.1 Characteristics of the four models of corporate communication**

	<b>Model</b>			
<b>Characteristics</b>	<b>Press Agency / Publicity</b>	<b>Public Information</b>	<b>Two-way Asymmetric</b>	<b>Two-way Symmetric</b>
<b>Purpose</b>	Propaganda	Dissemination of information	Scientific persuasion	Mutual understanding
<b>Nature of communication</b>	One-way; complete truth not essential	One-way; truth important	Two-way; imbalanced effect	Two-way; balanced effect
<b>Communication model</b>	Source to Receiver	Source to Receiver	Source to Receiver	Group to Group
<b>Nature of research</b>	Little; 'counting house'	Little: readability, readership	Formative; evaluative of attitudes	Formative; evaluative of understanding
<b>Leading historical figures</b>	PT Barnum	Ivy Lee	Edward L Bernays	Bernays, educators, professional leaders
<b>Where practised today</b>	Sports, theatre, product promotion	Government, non-profit, associations, business	Competitive business; agencies	Regulated business agencies
<b>Estimated Percentage of Organisations Practising Today</b>	15%	50%	20%	15%

**Source: Grunig & Hunt (1984:22)**

#### *1.4.3.1. The press agency / publicity model*

This model describes the purpose of corporate communication as being publicity, trying to gain coverage from the mass media in almost any way possible (Grunig & Hunt, 1984:21; Botan & Hazelton, 1989:29). It serves a propaganda function and spreads the faith of the organisation involved, often through incomplete, distorted, or half-true information.

Press agency is a one-way corporate communication model (Grunig & Hunt, 1984:23). Information is given, but the organisation does not seek information from stakeholders through research or informal methods. In using the press agency model, the organisation does not always feel obligated to present a complete picture of the organisation or product represented. Research is limited to 'counting house' in this model; practitioners determine how many people attended a function or bought a product (Grunig & Hunt, 1984:24).

The press agency model is primarily the responsibility of a practitioner in the technician role. According to Dozier *et al* (1995:57), responsibilities of the technician includes:

- convincing a reporter to publicise the organisation;
- getting the organisation's name into the media;
- getting maximum publicity for a staged event; and
- keeping bad publicity out of the media.

#### *1.4.3.2. The public information model*

Communication in this model is seen as the dissemination of information (not necessarily with a persuasive intent) through the mass and controlled media such as newsletters, brochures, direct mail or the Internet (Grunig & Hunt, 1984:21). Negative information is rarely volunteered (Botan & Hazelton, 1989:29). This is also part of the technician's responsibilities, functioning as a journalist-in-residence whose job it is to report objective information about the organisation to the stakeholders. Limited research is conducted in this

model, for example it is only used to determine the readability of information (Grunig & Hunt, 1984:24). The technician's tasks can be summarised as follows (Dozier *et al.*, 1995:58):

- to perform as journalists inside the organisation;
- to understand the values of journalists;
- to prepare news stories that reporters will use; and
- to provide objective information about the organisation.

The public information model is a one-way communication model. Similar to the press agency model, information is given. Differing from the press agency model, the complete truth of the organisation that practitioners represent is provided (Grunig & Hunt, 1984:23). However, the organisation does not seek information from stakeholders through research or informal methods.

#### *1.4.3.3. The two-way asymmetrical model*

Two-way communication is used in this model (Botan & Hazelton, 1989:29). Information flows between the organisation and its stakeholders (Grunig & Hunt, 1984:23), but is imbalanced in favour of the organisation. Practitioners of this model function like the press agent or publicist, but use scientific persuasion (Grunig & Hunt, 1984:22). This model is not confined to the dissemination of information and research plays a key role. The latter is used to determine the most appropriate channels and messages to persuade stakeholders to behave as the organisation would like, without the organisation itself changing its behaviour (Botan & Hazelton, 1989:29; Grunig & Hunt, 1984:23). Practitioners use what is known from social science theory as well as research about attitudes and behaviour to persuade stakeholders to accept the organisation's point of view and to behave in a way that supports the organisation.

According to Steyn & Puth (2000:158), there are two kinds of corporate communication research, namely environmental scanning and evaluation research. The latter consists of both formative (evaluation research) and summative (evaluation) research. Formative research – to plan an activity



and to choose objectives – is used in the two-way asymmetrical model of communication (Grunig & Hunt, 1984:24). What stakeholders will tolerate and accept is first determined and then policies and procedures are identified and communicated to these stakeholders (Grunig, & Hunt, 1984:25). The organisation's goals, objectives, policies, procedures, or other forms of organisational behaviour are not changed (Dozier *et al.*, 1995:13).

Typical tasks of a communication manager in a two-way asymmetrical model would include the following (Dozier *et al.*, 1995:46):

- to persuade a stakeholder that the organisation is right on an issue;
- to get stakeholders to behave as the organisation wants;
- to manipulate stakeholders scientifically; and
- to use attitude theory in a campaign.

#### 1.4.3.4. *The two-way symmetrical model*

Communication in this model consists more of dialogue than monologue (Grunig & Hunt, 1984:23). Communication efforts are described in terms of its research base as well as the use of communication in improving understanding with key stakeholders. It presents the classic win-win situation, and implies that both the organisation and its stakeholders are benefiting (Botan & Hazelton, 1989:29; Dozier *et al.*, 1995:13). The organisation is adjusted to fit the environment. It requires bargaining, negotiating, and using strategies of conflict resolution to bring symbiotic changes in the ideas, attitudes, and behaviours of the organisation and its stakeholders (Botan & Hazelton, 1989:29; Dozier *et al.*, 1995:13). If persuasion occurs, it is as likely for the organisation's behaviour and attitudes to change as it is for the stakeholder's behaviour and attitudes to change.

Dozier *et al.* (1995:46) describe the typical tasks of a manager in using this type of communication model as follows:

- to negotiate with activist publics;
- to use theories of conflict resolution in dealing with stakeholders;

- to help management to understand the opinion of particular stakeholders; and
- to determine how stakeholders react to the organisation.

Corporate communication in this model facilitates long-term relationships among individuals and organisations in society. It can be viewed as a deliberate, planned and sustained effort to establish and maintain mutual understanding between an organisation and its stakeholders (Dowling, 1990:6; Lubbe & Puth, 1994:6).

Corporate communication should thus provide mediation for the organisation – to help management and publics negotiate conflict. In this process, it is the purpose of corporate communication to change the attitudes and behaviour of management as much as it is to change the attitudes and behaviours of stakeholders (Dozier *et al.*, 1995:100). The two-way symmetrical model is embedded in the systems approach and requires both the technician and management roles. Excellent corporate communication programmes use a two-way symmetrical model of communication.

#### 1.4.3.5. Conclusion

In concluding the discussion on the four corporate communication models as originally conceptualised by Grunig, it can be said that the press agency and two-way asymmetrical models are manipulative in nature, as is the public information model – although it might not be its intent (Botan & Hazelton, 1989:29). The two-way symmetrical model of corporate communication is the only true two-way communication model. Organisations do not necessarily practise only one model, but a combination of the models is often used in different situations and with different stakeholders – the so-called mixed motive model. The models are relevant to this study because they show how electronic communication can follow similar patterns as traditional communication. Electronic communication also has the added benefit of interactive or dialogic communication, which can add value to the strategic process. Many organisations believe that only the one-way models can be

utilised in electronic communication, but this research study will show the opposite.

#### *1.4.3.6. New corporate communication models*

Four corporate communication models have been discussed above. These models consist of (a) one-way vs. two-way communication with stakeholders, as well as (b) a symmetrical vs. asymmetrical dimension. The main theoretical development in the past few years has been that the two-way symmetrical model of communication is regarded as the only symmetrical model (Leichty & Springston, 1993:329). Grunig & Repper (in Grunig, 1992) state that the two-way symmetrical model of conducting corporate communication is 'best', both ethically and in terms of profitability. Leichty & Springston (1993:328), however, criticise the four corporate communication models in terms of their methodology and conceptual underpinnings. They argue that the types of corporate communication practised should be measured at the relational level and not at the organisational level.

Leichty & Springston (1993:331) conclude in their empirical research that the measures for the press agency and public information models are not measuring distinctly different constructs; and that the same can be said of the two-way symmetrical and two-way asymmetrical models. This would suggest that there are only two distinct models of communication, namely one-way and two-way models. Grunig & Grunig now call this 'craft corporate communication' and 'professional corporate communication' (Leichty & Springston, 1993:331).

Most of the current literature on corporate communication assume that organisations practise corporate communication in a singular way across stakeholders and time. Leichty & Springston (1993:332), however, disagree with this assumption, since there are no theoretical reasons why organisations should consistently apply one model of communication across all stakeholders, or across time with the same stakeholder. They expect that an organisation differentiates between stakeholders and interacts with each of

them somewhat differently. The approach that is taken would partially depend on how a particular stakeholder group is perceived within the categories of the predominant organisational culture (Everett, 1990). According to Fabiszak (in Leichty & Springston, 1993:333), the direct perception of each stakeholder should predict an organisation's corporate communication orientation in a particular instance rather than global assessment of the organisation's environment. The organisation's mode of corporate communication behaviour is also an emergent property of the communication exchange between the organisation and a particular stakeholder (Leichty & Springston, 1993:333).

If the relationship metaphor is therefore accepted, practitioners need to develop a theory of how relationships between organisations and their stakeholders should be developed, changed and maintained. Practitioners also need to distinguish between the corporate communication approach (model) that is 'most desirable' and the corporate communication approach that is 'most appropriate under the circumstances' (Leichty & Springston, 1993:334,335). This theory should then also indicate when and how organisations should build a two-way symmetrical exchange. The corporate communication models can therefore be used as the basic descriptive of corporate communication practice, which are relevant to different types of organisation – stakeholder relational stages.

In essence, Leichty & Springston (1993) suggest that if corporate communication is practised on a relational level, then the relationship between the organisation and its stakeholders will determine the corporate communication model that should be used. This means that organisations would not necessarily exclusively practise two-way symmetrical communication with all their stakeholders.

Grunig & Hunt (1984) acknowledge that communication models are inevitably abstractions from reality and that no one (or even all) of the four communication models would be capable of capturing fully the diversity found within corporate communication practice. Grunig, who originally conceptualised the four corporate communication models, entered the debate

about the symmetrical communication model being the normative and positive model for ethical corporate communication by making the following statement (in Taylor, Kent & White, 2001:3):

“It is time to move on from the four (or more) models of corporate communication to develop a comprehensive theory that goes beyond the typology represented by the four models... I believe my colleagues and I moved towards such a theory in developing the new model of excellent, or dialogic, corporate communication”.

Alternative frameworks to Grunig's corporate communication models, as discussed above, have emerged, such as the relational and accommodation approaches (Taylor, Kent & White, 2001:2). (The relational approach is to be discussed in the following section.)

**Accommodation and contingency approaches** raise important questions about the pragmatics and limits of symmetrical communication. The contingency theory of accommodation is a logical extension of the four corporate communication models. It examines contingency and accommodation in actual corporate communication decisions, i.e. it focuses on the actual practices of corporate communication. A continuum of factors influence decisions made by practitioners. Corporate communication is grounded in relationships, but is dependent on contingency factors. The continuum represents an organisation's possible range of stances taken toward an individual stakeholder, differing from the more prescriptive and mutually exclusive categorization found in Grunig's limited set of communication models (Cancel, Mitrook & Cameron, 1999:2).

According to Hellweg (in Cancel, Mitrook & Cameron, 1999:2), the perspective of the involved stakeholders are better measured by points on a continuum rather than by only one or the other strictly symmetrical or asymmetrical view. This mixed motive view is supported as an improved conceptualisation of the two-way symmetrical model wherein some flexibility regarding levels of

accommodation or co-operation is allowed (Cancel, Mitrook & Cameron, 1999:2).

The contingency theory also suggests that many factors affect whether more accommodation or more advocacy will be effective in achieving departmental and organisational objectives. The theory further proposes that an accommodative stance – a key element of two-way symmetrical communication – may not always be ethical. Accommodation of morally repugnant stakeholders may be unethical, at least from the perspective of those who hold some positions to be morally absolute. From the view of the organisation and its communication practitioners, the organisation's position may be the only morally defensible one.

Communication processes such as dialogue, compromise, collaboration and co-operation connote goodness. Organisations may find the moral obligation to engage in such dialogue compelling, but such manifestations of varying degrees of accommodation are not universally the highest moral position. For some issues, taking a moral stand might mean not engaging in two-way symmetrical communication, because to do so would place the communication process above ethical principle (Cancel, Mitrook & Cameron, 1999:3).

#### 1.4.4. General theory of excellence in public relations and communication management

The literature review (Grunig *et al.*, 1992) and findings of the Excellence Study (Dozier *et al.*, 1995) produced the first general theory of excellence and effectiveness for public relations or communication management, namely the Excellence Theory. The latter can be regarded as an approach rather than a theory because of its scope. The Excellence Study sought to identify a set of general attributes of excellent management that contributes to organisational effectiveness, and to identify the implications for the management of corporate communication (Moss & Warnaby, 1997:61).

The findings of the Excellence Study indicate the following (Dozier *et al.*, 1995:11-17; Steyn, 2003:9):

- The **knowledge base** of the corporate communication department involves knowledge of the manager role, especially strategic management. Excellent communication involves knowledge of two-way communication, which includes environmental scanning to identify emerging trends, issues and stakeholders that affect the organisation, as well as conducting formative and evaluative research. It is founded on the two-way symmetrical communication model, where negotiation and compromise are used to solve conflict between organisations and stakeholders, and develop 'win-win' solutions. When using this model, corporate communication practitioners act as advocates for stakeholders and publics' interests in strategic decision-making.
- **Shared expectations** must exist between the corporate communication division and top management about communication's role in the organisation (what it constitutes and how it can benefit the organisation). The communication manager should therefore ensure that top management understands the role of the excellent corporate communication practitioner and demands it. If the latter has the knowledge to deliver, a strategic view of public relations is reinforced amongst top management.

In the general theory of excellence, corporate communication contributes to organisational effectiveness when it focuses on segments within the environment that most threaten the organisation, rather than on the total environment (Steyn, 2003:8). Corporate communication contributes to organisational excellence when practised of the macro, meso and micro organisational level (Dozier *et al.*, 1995:11-17; Grunig, 1992:3; Grunig, in Steyn, 2003:8).

- At the **micro** organisational level, the planning, execution and evaluation of corporate communication programmes take place. This is the level where the organisation interfaces with its stakeholders, daily issues are

identified and stakeholders are identified, and decisions are taken on 'how' to communicate with stakeholders. The contribution of public relations at this level is to manage communication programmes strategically.

- At the **meso** organisational level, the corporate communication department is organised and managed. Seven meso level characteristics of excellent corporate communication departments, as identified by the Excellence Study are the following: an integrated corporate communication department; a separate function from marketing; direct reporting relationships to senior management; the practice of the two-way symmetrical corporate communication model; and a senior corporate communication person playing the 'manager' role.
- The way in which corporate communication is practised at the **macro** level determines corporate communication excellence. This is influenced by certain organisational and environmental conditions. Corporate communication's contribution to strategic decision-making can only be realised if it is represented in the dominant coalition. Its role is to identify strategic stakeholders, publics and issues as well as the most appropriate corporate communication model for the organisational environment.

In the context of this study, the Internet can contribute to corporate communication effectiveness on all three levels. It can for instance be used to gather information on organisational stakeholders and issues at the macro level. Corporate communication strategists, functioning on a macro level, can use the Internet to enhance excellent communication in the organisation by conducting environmental scanning; managing relationships with the organisation's stakeholders; and performing the boundary spanning activities. However, in this study the focus will be on the role of the Internet as a medium in the achievement of corporate communication or marketing goals, i.e. on the functional and implementation levels. Its contribution to implementation strategy on the micro level is to contribute to the planning, execution and evaluation of corporate communication programmes. Corporate communication technicians on this level can use the Internet to handle queries in a matter of hours; to instantly create, code and fax press releases to a customised list by using a desktop; to deliver corporate annual reports via



alternative mechanisms such as multimedia CD-ROM and on-line services; and to establish a virtual presence.

At the meso or functional level the Internet can contribute to the role of the corporate communication manager by enhancing the organisation's two-way symmetric communication. The Internet can also be used by managers to conduct environmental scanning and evaluation research; enhance the organisation's corporate image; manage a cyber crisis; improve productivity; enhance media relations; and improve employee communications.

#### 1.4.5. Relationship paradigm

The relationship paradigm can be viewed as a corporate communication as well as a marketing approach.

##### *1.4.5.1. Relationship paradigm as applied to corporate communication*

Cultrip *et al.* (1994:2) define corporate communication as:

“... the management function that establishes and maintains mutually beneficial relationships between an organisation and the publics on whom its success and failures depends”.

According to Ledingham & Bruning (1998:1), the perspective of corporate communication as 'relationship management' focuses on the organisation's relationship with key stakeholders, concerns itself with the dimensions upon which that relationship is built, and determines the impact that the organisation-stakeholder relationship has on the organisation and its key stakeholders. Corporate communication is therefore not seen as a communication activity, but is conceptualised as a management function that utilises communication strategically.

According to L Grunig (in J Grunig, 1992; Steyn, 2003:8), corporate communication practitioners play their most valuable role by identifying and

stabilising relationships with strategic stakeholders and identifying or managing the publics and activists that emerge around issues – thereby reducing conflict and uncertainty in strategic decision-making. Meeting this challenge entails being pro-active by: (a) constantly monitoring relevant stakeholders and publics to find out how the organisation is perceived and (b) knowing with whom, when, and what to communicate and how to reach stakeholders and publics via different channels of communication.

The **relational approach** to corporate communication (as mentioned earlier in this chapter) is significant because it situates building relationships as the central corporate communication activity. According to Toth (in Taylor *et al.*, 2001:2), too much focus has been placed on corporate communication as a management function and not enough emphasis has been given to relational communication. Ledingham & Bruning (in Taylor *et al.*, 2001:2) have outlined a relational approach to corporate communication. The dialogic or relational perspective serves as a platform for developing corporate communication initiatives that generate benefit for the organisation and for the stakeholders that they serve. Two-way symmetrical communication's theoretical imperative is to provide a procedural means whereby an organisation and its stakeholders can communicate interactively (Kent & Taylor, 1998). Organisations must thereby devise systematic processes and rules for two-way symmetrical communication. Dialogic communication in contrast refers to a specific type of relational interaction, namely where a relationship exists (Kent & Taylor, 1998; Taylor *et al.*, 2001). Dialogue is therefore the product rather than the process. (The dialogic approach to communication, as it pertains to the Internet, is discussed in detail in Chapter 3). This approach, and its link to relationship management, forms an important platform for an organisation in its (electronic) relationship with its stakeholders.

According to Dozier *et al.* (1995:27; Steyn, 2003:9), the overall strategic management of organisations is: "... inseparable from the strategic management of relationships". It is, however, important to distinguish in the strategic management of relationships between stakeholders and publics. Communication professionals refer to significant groups of people in an

organisation's environment as *publics* and managers refer to these groups as *stakeholders*. Grunig & Repper (in Grunig, 1992:124) state that in the theoretical context of strategic corporate communication management, these terms are seen to represent different stages (Steyn, 2003:8):

- The **stakeholder** stage: Individuals or groups are stakeholders of an organisation when the behaviour of the organisation has consequences on them or vice versa (Freeman, 1984). Stakeholders are normally passive and see no need to act or become involved with the organisation unless there are shifts in the environment/changes in organisational policies that impact them. During this stage, strategic stakeholders are identified through environmental scanning and monitoring.
- The **publics** stage refers to the identification of groups or individuals who see the consequences of organisational decisions as problematic. (Publics are discussed in detail in Chapter 4).
- In the **issues** stage, an active public makes an issue out of a problem that is not satisfactorily addressed by an organisation. When active publics bring in the media, arrange protest marches, etc. they can be called **activists**. Such groups merit special attention by corporate communication managers because they present threats to the organisation.

This research study, in the context of the Excellence Study, focuses on how the Internet – as a medium – can be used to contribute to the organisation's relationships with its stakeholders and the management of issues. It will also show how the Internet can contribute to the meso and micro levels of management, by contributing to the planning, execution and evaluation of corporate communication programmes.

In the context of stakeholders and the management of issues, Grunig's model of two-way symmetrical communication supports this relationship management process (Dozier *et al.*, 1995:13; Grunig & Grunig, 1989:30; Grunig & Hunt, 1984:21-43; Ledingham & Bruning, 1998:1; Leichy & Springston, 1993:328; Lubbe & Puth, 1994:1;8-9). Corporate communication practitioners adhering to this model of communication

focus their effort upon the development of long-term, mutually beneficial behavioural relationships between the organisation and its stakeholders, rather than relying solely upon symbolic activities designed to enhance the organisation's image. Relationship management is also linked to the systems theory, and the role of the communication practitioner as boundary spanner, because practitioners work in a 'buffer zone' between the organisation and its stakeholders (Toth, in Ledingham & Bruning, 1998:2).

Broom & Dozier (in Ledingham & Bruning, 1998:1) state that it is possible to measure the organisation-stakeholder relationship as part of a public relations audit. Broom, Casey & Ritchey (in Ledingham & Bruning, 1998:2) confirm this viewpoint and suggest a concept of organisation-stakeholder relationship with measurable properties, independent of the parties in the relationship, and distinct from their antecedents and consequences.

According to Ledingham & Bruning (1998:4), the organisation-stakeholder relationship should be centred on building trust; demonstrating involvement, investment, and commitment; and maintaining open, frank communication between the organisation and its key stakeholders. This relationship has value in that it impacts the stay-leave decision in a competitive environment.

Ledingham & Bruning (1998:4) also suggest that if corporate communication is viewed as relationship management, then corporate communication programmes can be designed around relationship goals, with communication strategies employed to support the achievement of goals. The focus of relationship management in corporate communication is on the establishment and maintenance of relationships with all stakeholders (not only customers) and the realisation of corporate communication (not marketing) goals.

This research study is based on the relationship paradigm, from a corporate communication perspective. It suggests how the Internet can be

used as a relationship management tool; how the Internet contributes to the goal realisation of the organisation on a functional and operational level; and how the two-way symmetrical model of communication can utilise the Internet to establish mutually beneficial relationships between an organisation and its stakeholders.

#### *1.4.5.2. Relationship paradigm as applied to marketing management*

The focus of relationship marketing is on the establishment and maintenance of relationships with customers, retailers etc. as well as the realisation of marketing goals.

Relationship marketing attempts to involve and integrate customers, suppliers and other partners in the value chain into an organisation's developmental and marketing activities. Such involvement results in a close interactive relationship that reflects interdependence between the various role-players and emphasises co-operation rather than competition and consequent conflict (Sheth & Parvatiyar, 1995:399). Sheth & Parvatiyar (1995:397) also indicate that this process reflects a shift from a transactional-based approach to a relationship-based exchange. Role-players understand and appreciate each other's needs and constraints better, are more inclined to co-operate with one another, and therefore become more relationship oriented.

According to Ledingham & Bruning (1998:2), this relationship is influenced by commitment, trust, co-operation, mutual goals, interdependence/power imbalance, performance satisfaction, comparison level of alternatives, adaptation, non-retrievable investment, shared technology, summative constructs, structural bonds and social bonds.

The purpose of relationship marketing is to enhance marketing productivity by achieving efficiency and effectiveness, through the use of customer retention, efficient consumer response, and the sharing of resources between marketing partners. Each of these activities has the potential to reduce operating costs. It is also possible to achieve greater effectiveness through relationship

marketing by involving customers in the early stages of marketing programme development and facilitating the future marketing efforts of the organisation. Relationship marketing addresses the needs of each selected customer and is therefore more effective than mass customisation processes (Sheth & Parvatiyar, 1995:400-401).

This research study will suggest a possible framework for the utilisation of the Internet as a medium in relationship marketing and the realisation of marketing goals.

## **1.5. THEORETICAL FRAMEWORK AND CONCEPTUALISATION**

The theoretical framework of this study consists of the communication process, mass communication theory, as well as strategic management theory.

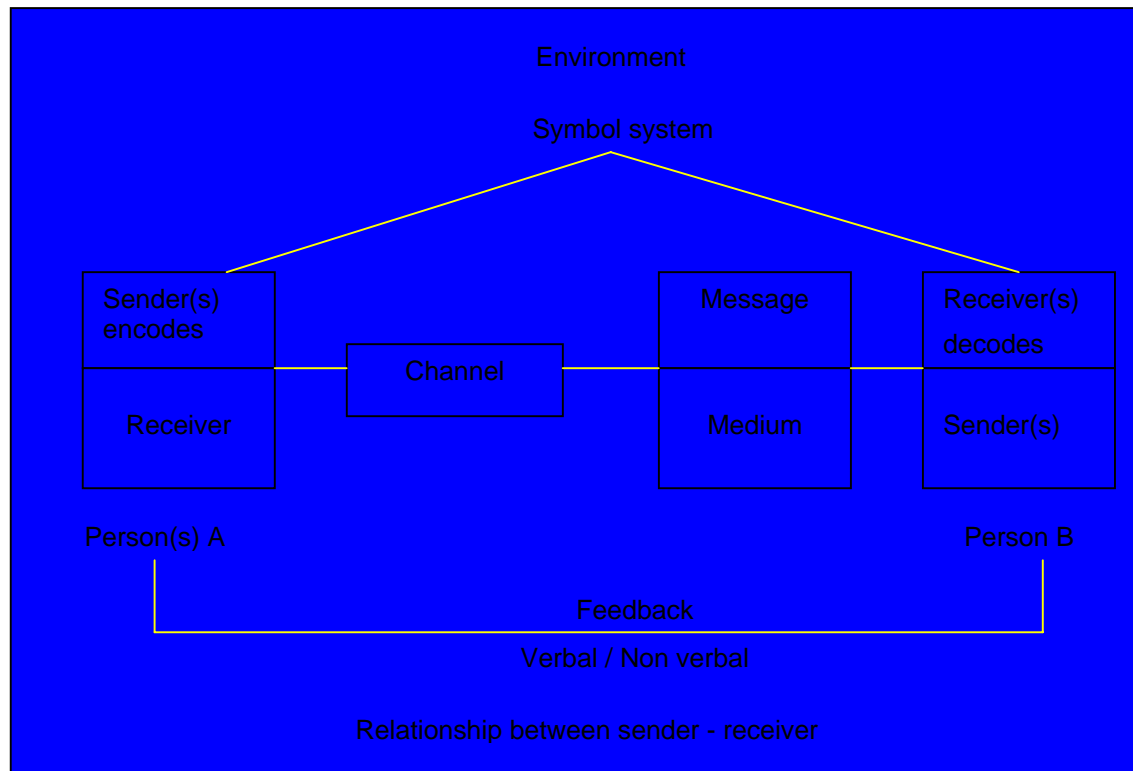
### **1.5.1. The communication process**

A point of departure for the description of the communication process is the S-M-R approach (Gibson & Hodgetts, 1991:5; Lubbe & Puth, 1994:57; Seitel, 1995:100). In the S-M-R approach the source (S), issues a message (M) to a receiver (R), who decides which action to take relative to the communication.

This approach has been refined (Seitel, 1995:100) to include the following elements: (1) an encoding stage, in which the source's original message is translated and conveyed to the receiver, and (2) a decoding stage, in which the receiver interprets the encoded message and takes action. The model is known as the S-E-M-D-R approach.

The communication process is depicted in Figure 1.2 (Fisher, 1993:8; Gibson & Hodgetts, 1991:5; Lubbe & Puth, 1994:61).

**Figure 1.2 The communication process**



**Source: Lubbe & Puth (1994:61)**

Weaver (in Cutlip, Center & Broom, 1994:228) adds that the question to be studied in addition to the abovementioned process is:

“... the amount of information, the capacity of the communication channel, the coding process that may be used to change a message into a signal and the effects of noise”.

#### 1.5.1.1. The source or sender

The **source** of a message is the central person or organisation responsible for the communication act (Seitel, 1995:101). Characteristics of message sources affect receivers' initial acceptance of the message, but have little impact on long-term message impact. According to Cutlip *et al.* (1994:230), the impact of the source varies from situation to situation, topic to topic and time to time. Source credibility amplifies the value of information and increases the status,

reliability and expertness of the message (Cutlip *et al.*, 1994:231). This is especially true in Internet communication (Levinson & Rubin, 1996:xv).

Although the source knows exactly what the message is that is being sent, there is no guarantee that the receiver will understand it (Cutlip *et al.*, 1994:231; Seitel, 1995:101). Gestures, voice tone and volume can influence the meaning that is being transferred to the receiver.

#### *1.5.1.2. The encoder*

The idea that the source wants to transmit needs to be translated into a communication (Seitel, 1995:101). This message is influenced by a variety of factors (Seitel 1995:101-103) such as words and semantics. Jargon or slang can for example influence the meaning of the message and can cause misunderstandings and confusion. These aspects should also be kept in consideration in an international communication setting.

#### *1.5.1.3. The message*

Once the source's idea has been translated into terms a receiver can understand, the ideas are transmitted in the form of a message (Seitel, 1995:103). The message can be carried by different print media, face-to-face or through electronic media. Different people can receive the same message, but people might interpret it differently, attribute different meanings to it, and react to it in different ways (Cutlip *et al.*, 1994:231).

#### *1.5.1.4. The decoder*

After the message has been transmitted, a receiver must decode it before action can be taken (Seitel, 1995:105). In this stage the receiver takes the message and translates it in terms of his or her own frame of reference. Language plays a critical role, because the receiver needs to understand the meaning of the words. Other factors, which influence the translated meaning



of the message, are perception, stereotypes, symbols, peer group pressures and the influence of the medium.

#### *1.5.1.5. The receiver*

The communication process implies that more than one person is involved. Recipients are not merely passive receivers of the message, but actively take part in the process. This process is confirmed in the two-way corporate communication models of Grunig & Grunig (1989), as discussed earlier in this chapter. Seitel (1995:108, 109) is of the opinion that even if communication is understood or transmitted clearly, there is no guarantee that the motivated action will be the desired one. The message can:

- change attitudes: this result is, however, difficult to achieve and rarely happens.
- crystallise attitudes: this is a much more common reaction, where the receiver is motivated to take an action he or she has already been contemplating.
- create a wedge of doubt: communication can sometimes force receivers to modify their points of view. A persuasive message can cause receivers to rethink their original opinions on an issue.
- do nothing: communication can also have no result at all.

#### *1.5.1.6. The medium or channel*

The channel is what the message passes through between source(s) and receiver(s) (Lubbe & Puth, 1994:62). In mediated communication, messages are carried by electronic impulses. All communication via the Internet is carried by electronic impulses. According to Lubbe & Puth (1994:64), mediums on the other hand refer to the means by which the message is sent (website, e-mail etc.). Organisational communication media are the methods or channels used in the communication process to send and receive information in organisations (Harris, 1993:167).

Every time members of an organisation communicate, they choose a particular medium, such as a memorandum, a telephone call, or a face-to-face meeting. The choice of medium impacts directly on the effectiveness of the communication process. These decisions help shape the effectiveness, efficiency and ambience of an organisation (Reinsch & Beswick, 1990:801). Conventional media, computer-mediated communication media and unconventional media can be identified.

**Conventional media** consist of everyday communication that takes place in the organisation to deal with conflict and co-operation between organisational members, planning, morale, decision-making, leadership and authority. It also includes the creation and maintenance of relationships such as face-to-face conversations, meetings, telephone conversations and written documents such as memoranda, letters and reports (Puth, 1994:276).

These media can be categorised as follows:

- **Personal, verbal media** such as face-to-face conversations, group meetings and telephones.
- **Written addressed media** such as memoranda, short letters.
- **Written unaddressed media** such as formal reports and publications.
- **Computer-mediated communication media** are also lately regarded as conventional media.

**Computer-mediated communication media** are communication messaging systems that use computer text-processing and communication tools to provide a high-speed information exchange service (Sproull & Kiesler, 1990:93).

Examples of **unconventional media** are industrial theatre and oramedia/folkmedia, which are used with great success in the South African illiterate context because of their interactive and participatory possibilities. Messages are conveyed through live performances by combining elements of drama and storytelling which are rich in symbolism (Rensburg, Mersham & Skinner, 1995; Faure, in Rensburg, 1996).

#### *1.5.1.7. Feedback*

Feedback is an essential component of the communication process (Lubbe & Puth, 1994:64). According to Verwey (in Lubbe & Puth, 1994:64), feedback reveals how participants assign meanings and how these are negotiated through interaction. Feedback ensures the success of the communicated message and establishes if the objectives of the intended communication have succeeded (Seitel, 1995:109). Feedback can, however, be influenced by 'noise' – such as physical noise, software shortcomings or lack of interest – as well as the frame of reference of the parties involved in the communication process.

#### *1.5.1.8. The physical and cultural environment*

According to Lubbe & Puth (1994:65), communication is always situational and it occurs within specific cultural and physical contexts. The physical environment includes consideration of time, space and physical properties of place. The cultural environment includes consideration of specific values, standards and rituals governing the communication process and assigned meaning.

#### *1.5.1.9. The effects of communication or meanings assigned to the episode and relationships*

Lubbe & Puth (1994:65) state that although communication is a process, it is possible to consider any communication interaction as an 'episode'. An **episode** is a segment of communication having an identifiable beginning, development and ending. It can be recognised by the presence of a limited purpose; a focused exchange of talk on a particular subject; and limited time for communication. The result of the communication is the effect of the communication of assigned meaning and every communication leaves one with a sense of what took place – its assigned meaning or effect.

### 1.5.2. Mass communication theory

Mass communication theory functions in the context of the communication process. However, the various basic terms used in the communication process have a different meaning in mass communication theory. Janowitz (in McQuail & Windahl, 1981:4) cite a frequently used definition of mass communication:

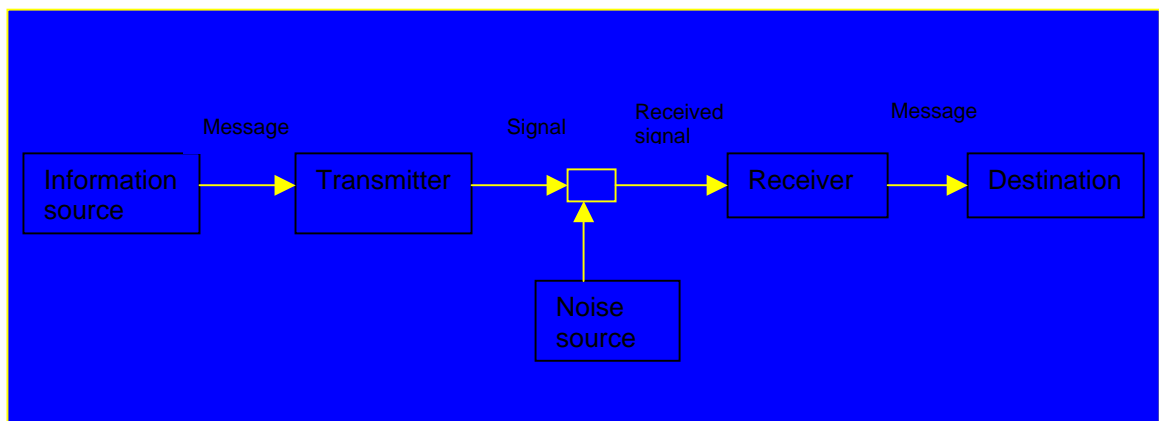
“Mass communications comprise the institutions and techniques by which specialised groups employ technological devices (press, radio, films etc.) to disseminate symbolic content to large, heterogeneous and widely dispersed audiences”.

McQuail & Windahl (1981:4) describe the roles of the sender, receiver, channel and the message in the context of mass communication. The ‘sender’ in mass communication is always part of an organised group and often a member of an institution or department, which has other functions than communication. The ‘receiver’ is an individual but may often be seen by the sending organisation as a group or collective organism with certain general attributes. The ‘channel’ does not consist of a social relationship, means of expression and sensory organs, but includes large-scale technologically based distribution devices and systems. These systems will, however, still have social components, since they depend on law, custom and expectation. The ‘message’ in mass communication is also not a unique and transitory phenomenon as is it in the usual communication process, but is rather a mass produced and infinitely repeatable symbolic structure, often of great complexity.

The characteristics of mass communication are its open and public nature; the limited and controlled access to ‘sending’ facilities; the impersonality of the relationship between sender and receiver; the imbalance of the relationship between them; and the intervention of institutionalised arrangements between sender and receiver.

Various mass communication models have been developed, but this study is based on some elements of the model developed by Shannon and Weaver (in McQuail & Windahl, 1981:12). Two major considerations are highlighted in Shannon and Weaver's model: (a) which kind of communication channel can bring through the maximum amount of signals; and (b) how much of the transmitted signal will be destroyed by noise under way from the transmitter (sender) to the receiver. (This model is a linear, or one-way, communication approach that does not make provision for any form of feedback or interaction. This specific assumption is not relevant to this study.)

**Figure 1.3 Shannon and Weaver's model of mass communication**



**Source: McQuail & Windahl (1981:12)**

The information source produces a message or a chain of messages to be communicated (McQuail & Windahl, 1981:13). The transmitter forms the message into signals, and these signals should be adapted to the channel that leads to the receiver. The function of the receiver is the opposite of the transmitter. The receiver reconstructs the message from the signal and the received message then reaches the destination (McQuail & Windahl, 1981:13). Noise can result in a difference between the transmitted and the received signal, which implies that the message produced by the source and that reconstructed by the receiver when reaching the destination may not have the same meaning.

Although there are similarities between the roles of the sender, receiver, channel and the message in the context of the Shannon and Weaver model, the application to the Internet differs. This research study will show that the Internet can be viewed as being both a mass communication medium and a one-on-one interactive communication medium. The communication model that the organisation's communication is based on, will determine how it is used (as a one-way or two-way communication model).

### 1.5.3. Strategic management theory

According to David (1997:4), **strategic management** can be described as:

“... the art and science of formulating, implementing, and evaluating cross functional decisions that enable an organisation to achieve its objectives”.

Moss & Warnaby (1997:43) add to this definition by describing the role of strategy in the organisation as:

“... a continuous and adaptive response to external opportunities and threats that may confront an organisation”.

Kerin, Mahajan & Varadajan (in Moss & Warnaby, 1997:46; Moss & Warnaby, 1998:132) summarise the six dimensions of strategy as follows:

- Strategy is a means of establishing the organisational purpose (in terms of its long-term objectives, action programmes, and resource allocation priorities).
- Strategy defines the competitive domain of the organisation by defining the business the organisation is in or should be in.
- Strategy is response (continuous and adaptive) to external opportunities and threats and internal strengths and weaknesses that affect the organisation.
- Strategy is a central vehicle for achieving competitive advantage.
- Strategy engages all the hierarchical levels of the organisation (corporate, business and functional).

- Strategy is a motivating force for the stakeholders who directly or indirectly receive the benefits or costs derived from the actions of the organisation.

In the strategic management process it is important to differentiate between the stages of strategic decision-making, strategic thinking, strategic planning and implementation. **Strategic decision-making** focuses on strategic decisions – those decisions that deal with the determination of organisational strategy, provide the definition of the business and the general relationship between the organisation and its environment (Steyn & Puth, 2000:34). It entails obtaining strategic information for strategic decision-making, through research.

**Strategic thinking** is used by the organisation's management to set direction and articulate the organisation's vision (Steyn & Puth, 2000:35). It cannot be equated to strategic planning. Strategic thinking provides a framework for the strategic and operational plans, involving decisions that determine what the organisation should look like. The outcome of the strategic thinking or decision-making process is strategy (Steyn & Puth, 2000:36).

Strategic thinking determines the strategy (i.e. *what* the organisation should be doing), whereas **strategic long-term and operational planning** assists the organisation in choosing how to get there by programming the strategies, making them operational (Steyn & Puth, 2000:38).

The process of developing a strategy can be described by the following concepts (Fleisher & Mahaffy, 1997:130; Steyn & Puth, 2000:31; Tibble, 1997:358):

<i>Aim (goals)</i>	What the organisation is trying to achieve.
<i>Objectives</i>	The measurable steps by which the organisation can judge that the aim is being achieved.
<i>Strategy</i>	A rationale for all the actions that work to achieve the objectives, by providing a master plan to guide and explain all the activities.

*Tactics*                    The actions by which we implement the strategy and thereby achieving the organisation's aim and objectives.

Every strategy should have a specific aim, objectives should be derived from this aim, strategies will then be developed to realise the objectives, and these strategies will consist of specific action plans or tactics. **Aims** or **goals** are the broad outcomes the organisation wants to achieve (Lubbe & Puth, 2000:31) whereas **objectives** are specific outcomes within the framework of the broader goals. Strategy implies the overall concept, approach or general plan, but tactics refer to the operational level: the actual events, media and methods used to implement the strategy (Cutlip *et al.*, 1994:354). Different strategies are formulated on the different levels of the organisation, namely enterprise strategy, corporate strategy, business unit strategy, functional strategy and operational strategy (Steyn & Puth, 2000:41-45; Steyn 2002:8-9).

#### *1.5.3.1. Enterprise strategy*

Enterprise strategy outlines the organisation's mission, purpose and role in society. It addresses issues such as the reason for the organisation's existence; what it contributes to society; which sector of the economy it forms part of; how the organisation can enhance its image; as well as how the organisation realises its social responsibility role (Steyn & Puth, 2000:41-42). Enterprise strategy is thus focused on the achievement of non-financial goals and is, to a large extent, stakeholder oriented (Steyn, 2002:9). An organisation's board or executive management team determines strategy on this level. This study will show how the Internet, and its applications, can contribute to information gathering on stakeholders and issues by a practitioner in the role of the corporate communication strategist on the enterprise level.

#### *1.5.3.2. Corporate strategy*

At the corporate level, primary strategy-formulation responsibilities include defining the set of businesses that should form the organisation's overall



profile, selecting tactics for diversification and growth, and managing corporate resources and capabilities (Harrison & St John, in Steyn, 2002:9). Corporate strategy tends to be financially oriented and focuses on the portfolio of business the organisation should compete in and how they should be integrated (Moss & Warnaby, 1997:52). Corporate strategy can be described as the responsibility of the board or the executive management for the organisation's financial performance (Steyn & Puth, 2000:43).

#### *1.5.3.3. Business unit strategy*

Business unit strategy focuses on the domain direction and navigation (Steyn, 2002:10). A business unit strategy usually focuses on a single product or a group of related products to determine how to compete in the product or market or industry segment (Moss & Warnaby, 1997:53). It also seeks a competitive advantage or niche that it could exploit. Business unit strategy is often marketing oriented. This study will show how the Internet and its applications can contribute to strategic marketing and marketing management, by indicating how goals derived from the business unit strategy can be realised.

#### *1.5.3.4. Functional strategy*

Digman (in Steyn & Puth, 2000:44) indicates that the principal responsibility at the functional level is to implement the organisation's strategy. The major focus of the functional strategy, as well as the operational strategy, is to maximise the productivity of resources by capitalising on any possible synergies and distinctive competencies that the organisation may possess. Functional areas (marketing, corporate communication etc) contribute uniquely to strategy formulation at the different levels (Moss & Warnaby, 1997:53). Functional strategy should support the enterprise-level, corporate-level and business-level strategies. This study will show to what extent the Internet can contribute to the achievement of functional strategy (whether it be corporate communication or marketing) of the organisation.

#### 1.5.3.5. *Operational strategy*

Operational strategy has to do with the implementation of organisational strategy. Short-term objectives and operational/implementation strategies must be identified that can contribute to the business and corporate goals. These operational strategies are imperative to manage business units in a cost-effective manner. This study will show that 'Internet strategy' refers to operational/implementation strategy in an organisation. It can therefore not be seen as a strategy in itself.

#### 1.5.4. Strategic marketing management

This section discusses the difference between strategic marketing and marketing management, as well as integrated marketing communication. It will also show how these concepts will be applied in later chapters in terms of the Internet.

##### 1.5.4.1. *Strategic marketing versus marketing management*

According to Jain (1997:30), there is a distinct difference between marketing management and strategic marketing. Strategic marketing focuses on choosing the right products for the right growth markets at the right time. Although it might appear that this is also the focus of marketing management, the two concepts approach these decisions from different perspectives. In marketing management, market segments are defined by grouping customers according to marketing mix variables. In strategic marketing, however, market segments are formed to identify the group(s) that can provide the organisation with a sustainable economic advantage over the competition. Henderson (1981:38) labels this grouping as a **strategic sector**. He defines a strategic sector as:

“... one in which you can obtain a competitive advantage and exploit it... Strategic sectors are key to strategy because each sector's frame of reference is competition. The largest competitor in an industry can be

unprofitable in that the individual strategic sectors are dominated by smaller competitors”.

A further difference between strategic marketing and marketing management is that in marketing management the resources and objectives of the organisation are viewed as controllable variables in the marketing mix. In strategic management, objectives are systematically defined at different levels after a thorough examination of necessary inputs. Resources are thereby allocated to maximise overall corporate performance resulting in strategies that are formulated with a more inclusive view (Jain, 1997:30-31). Abell & Hammond (1979:9) also differentiate between marketing management and strategic marketing by stating that:

“A strategic market plan is not the same ... as a marketing plan; it is a plan of all aspects of an organisation’s strategy in the market place. A marketing plan, in contrast, deals primarily with the delineation of target segments and the product, communication channel, and pricing policies for reaching and servicing those segments – the so-called marketing mix”.

Marketing management therefore focuses on the development of a marketing mix (product, place, promotion and price) to the serve the designated market (Jain, 1997:31), and is conducted at the functional level of the organisation’s strategic management process. Promotion consists of direct marketing, advertising, public relations or publicity, sales promotion etc. As mentioned later in this chapter, integrated marketing communication integrates the elements of the promotional mix.

Strategic marketing focuses on the marketing strategy, achieved by identifying the market to be served, the competition to be addressed and the timing of the market entry and exit. Strategic marketing emphasises long-term implications and therefore requires the monitoring of the organisation’s environment. This process requires strategic intelligence inputs. Strategic marketing also requires corporate inputs from the corporate culture, corporate publics and corporate resources. In addition to these characteristics, strategic marketing

assumes that different products have varying roles in the organisation. Strategic marketing is also conducted at the business unit level and is closely linked to the organisation's financial department. It therefore feeds into the marketing oriented business unit strategy as well as the corporate strategy (Jain, 1997:25-27).

The role of strategic marketing and marketing management in an electronic environment is discussed in detail in Chapter 6. Strategic marketing theory provides the context for the Internet's integration into an organisation's marketing strategy. It will become apparent in Chapter 6 that the Internet is used as a medium in the implementation strategy to achieve functional or business unit goals. It will also be indicated how the Internet can contribute to the realisation of marketing goals, as well as how it can contribute to the organisation's marketing mix.

#### *1.5.4.2. Integrated marketing communication (IMC)*

It is important for the purpose of this research study to indicate what marketing communication entails, how management fits into strategic marketing and communication. In the previous section it was shown that marketing management focuses on the development of a marketing mix, i.e. the four P's (product, place, price and promotion). The promotion 'mix' (marketing communication) can be defined as (Bennet, in Niemann, 2002:25):

“... various communication techniques such as advertising, personal selling, sales promotion and **public relations**/product publicity available to a marketer which are combined to achieve specific goals”.

In the integrated marketing communication approach corporate communication (public relations) is viewed as only one tool to be used to achieve marketing goals. However, in this study corporate communication is a strategic function separate from marketing, setting and achieving specific functional corporate communication goals.

Pickton & Broderick (in Nieman, 2002:25) add to the above-mentioned perspective by stating that marketing communication entails:

“... communications with target audiences on all matters that affect marketing and business performance, and involves the management of the marketing communication mix”.

Based on these definitions of marketing communication, Schultz (in Nieman, 2002:28) states that integrated marketing communication is:

“... the process of managing all sources of information about a product or service to which a customer or prospect is exposed, which behaviourally moves the customer toward a sale and maintains customer loyalty.”

Public relations, as a tool in the integrated marketing communication mix, cannot be equated to corporate communication.

#### 1.5.5. Strategic corporate communication management

Steyn (not completed) differentiates between strategic communication management and communication management. She defines the role of the corporate communication function at the strategic, macro or societal level as:

“... identifying and managing stakeholders, issues and the publics/interest groups that emerge around issues; assisting the organisation to adapt to its environment; influencing the organisation and its leaders to act socially responsible, serving both their own and the public interest by aligning organisational goals to societal goals – thereby obtaining legitimacy, trust and a good reputation; building mutually beneficial relationships with the organisation’s stakeholders and other interest groups in society on whom it depends to meet its goals”.

Communication management, according to Steyn (not completed), entails the development of corporate communication strategy at the functional level, setting corporate communication goals and using public relations techniques to achieve these goals. This differs from integrated marketing communication, where public relations techniques are used to reach marketing (or promotional) goals only.

Strategic corporate communication focuses on the boundary-spanning role of information acquisition also called the mirror function of corporate communication performed by a practitioner in the role of the corporate communication strategist. The window function of corporate communication entails communication management or information disposal – corporate communication strategy is developed by a practitioner in the role of corporate communication manager, while corporate communication technicians execute communication plans to achieve goals. All of these contributing issues, and the Internet's contribution to these issues, are discussed in Chapters 5 and 6.

This study is based on corporate communication as a strategic management function and focuses on corporate communication management at the functional and implementation levels. The researcher will show in Chapter 5 how Steyn & Puth's (2000) model for developing a corporate communication strategy can be used as a guideline for utilising the Internet as a strategic contributor to the organisation's bottom line.

## **1.6. DEFINITION OF TERMS**

Various terms are used when defining the process of managing an organisation's communication processes. The most frequently used are corporate communication management and public relations management. It is therefore necessary to indicate, for the purpose of this study, how these terms will be used.

### 1.6.1. Communication

The communication process has already been discussed earlier in this chapter. It is, however, necessary to understand what communication entails, in order to understand the definition of public relations or corporate communication management. **Communication** is seen as the process of transferring messages between sender and receiver, and not merely providing information to unspecified target audiences (Gibson & Hodgetts, 1991:5). According to Weaver (in Cutlip *et al.*, 1994:228), the question to be studied in a communication system has to do with:

“... the amount of information, the capacity of the communication channel, the coding process that may be used to change a message into a signal and the effects of noise”.

Communication with stakeholders is, however, a complex process and it is important to note that communication and information dissemination are not the same concept (Cutlip *et al.*, 1994:228).

### 1.6.2. Public relations

Harlow (in Seitel, 1995:6) provides an overview of **public relations** by indicating that it is:

“... a distinctive management function which helps establish mutual lines of communications, understanding, acceptance, and co-operation between an organisation and its publics; involves the management of problems or issues; helps management to keep informed on and responsive to public opinion; defines and emphasises the responsibility of management to serve the public interest; helps management keep abreast of and effectively utilise change, serving as an early warning system to help anticipate trends; and uses research and sound and ethical communication techniques as its principal tools”.

Grunig & Hunt (1984:6) confirm this view by defining public relations as: "... the management of communication between an organisation and its publics".

Cutlip *et al.* (1994:228), described public relations as:

"... the management function which evaluates public attitudes, identifies the policies and procedures of an individual or an organisation with the public interest, and plans and executes a program of action to earn public understanding and acceptance".

The First World Assembly of Public Relations Associations, held in Mexico City in 1978, defined public relations as:

"... the art and social science analysing trends, predicting their consequences, counselling organisational leaders, and implementing planned programmes of action which will serve both the organisation and the public interest" (Kitchen, 1997:7).

Public relations is:

"... a communication function of management through which organisations adapt to, alter, or maintain their environment for the purpose of achieving organisational goals" (Long & Hazleton, 1987:6).

Public relations is:

"... the management function that establishes and maintains mutually beneficial relationships between an organisation and the publics on whom its successes or failure depends" (Cutlip *et al.*, 1994:1).



Public relations is concerned with:

“... assisting organisations to both formulate and achieve socially acceptable goals, thus achieving a balance between commercial imperatives and socially responsible behaviour” (Kitchen, 1997:8).

In summation, public relations can be seen as a (strategic) management function. It manages the relationship between the organisation and its stakeholders; evaluates public attitudes, identifies the policies and procedures of an individual or an organisation with the public interest, and plans and executes communication programmes; facilitates the adaptation of the organisation to its environment; and assists the organisation to both formulate and achieve socially acceptable communication goals.

### 1.6.3. Corporate communication

**Corporate communication** can be defined as the:

“... integrated approach to all communication produced by an organisation, directed at relevant target groups” (Van Riel, 1995:24).

Groenewald (1998) defined corporate communication as the communication on behalf of an organisation; managed as one of the organisational functions by a person(s) carrying the responsibility for the organisation's communication. The term 'corporate communication' refers therefore to the management function (of 'corporate communication').

According to Steyn (2002:1-2; 2003:3-4), the terms 'public relations' and 'corporate communication' can be used interchangeably. In this study public relations, as a management function, is therefore equated to the term corporate communication. The term corporate communication will, however,

be used, because of the negative connotations associated with 'public relations' – a legacy from the past.

#### 1.6.4. Other definitions

Various definitions from corporate communication and marketing theory are applied in this research study. These definitions are discussed in detail in later chapters. Some of the most important definitions are stated below.

**Strategic marketing** focuses on choosing the right products for the right growth markets at the right time. In strategic marketing, market segments are formed to identify the group(s) that can provide the organisation with a sustainable economic advantage over the competition (Jain, 1997:30).

In **marketing management**, market segments are defined by grouping customers according to marketing mix variables. Marketing management focuses on the development of a marketing mix (product, place, promotion and price) to the serve the designated market (Jain, 1997:31).

**Marketing communication** can be seen as various communication techniques such as advertising, personal selling, sales promotion and public relations/product publicity available to a marketer which are combined to achieve specific goals (Bennet, in Niemann, 2002:25). **Integrated marketing communication** views corporate communication as a tool to be used to achieve marketing goals.

The focus of **relationship marketing** is on the establishment and maintenance of relationships with customers, retailers etc. as well as the realisation of marketing goals. The focus on relationship management in corporate communication is on the establishment and maintenance of relationships with all strategic stakeholders.

**Boundary spanning** roles are involved with (information) inputs to the organisation and (information) outputs from the organisation (Steyn & Puth, 2000:18).

The **mirror function** entails the monitoring of relevant environmental developments and the anticipation of their consequences for the organisation's strategies and policies (Steyn & Puth, 2000:19).

The **window function** entails the preparation and execution of a corporate communication strategy and policy, resulting in messages that portray all facets of the organisation (Steyn & Puth, 2000:19).

The corporate communication **strategist** monitors the relevant environmental developments and anticipate their consequences for the organisation's policies and strategies, specifically with regard to an organisation's relationship with its stakeholders (Steyn & Puth, 2000:20). A corporate communication strategist makes inputs into an organisation's strategic decision-making process, thereby contributing to the development of enterprise strategy (Steyn & Puth, 2000:19). This role is played at the macro or executive management level.

The communication **manager** makes communication policy decisions and is involved in all the communication decision-making. The manager frequently uses research to plan or evaluate programmes and to counsel management. The communication manager is responsible for communication programme outcomes; is viewed by others in an organisation as the communication expert; facilitates communication and relationships between managers and stakeholders; and facilitates and directs communication programmes (Grunig, 1992; Grunig & Hunt, 1992; Lauzen & Dozier, 1992: 209; Moss, Warnaby & Newman, 2000:283; Toth, Serini, Wright & Emig *et al.*, 1998:8).

The role of the communication **technician** is considered an implementation role at the micro organisational level (Steyn, 2002:16). Communication technicians do not participate in the management decision-making process,

but implement low-level mechanics of generating communication products – thereby implementing the policy decisions made by others. (The executive management makes strategic decisions, specify actions and designate the communication directed at stakeholders.) The technician is not part of the management team, but prepares and produces communications materials for corporate communication efforts (Lauzen & Dozier, 1992:209; Toth *et al.*, 1998:145).

**Stakeholders** are those groups or individuals that an organisation has a relationship with (Steyn & Puth, 2000:198). The behaviour of the organisation or of a stakeholder has consequences on the other. The members of each stakeholder group have their own set of values, needs, desires, wants, goals and objectives (Steyn & Puth, 2000:198), which differ from those of the organisation. A stakeholder becomes a **public** when a stakeholder group becomes more aware of the behaviour of an organisation that has consequences for the stakeholders and more active in their communication or conduct (Steyn & Puth, 2000:198).

**Dialogic communication** refers to any negotiated exchange of ideas and opinions between the organisation and its stakeholders (Kent & Taylor, 1998).

## 1.7. DELIMITATION OF THE STUDY

The focus of this research study is on investigating the contribution of the Internet to the realisation of an organisation's corporate communication and marketing goals. This dissertation is, however, written focusing on corporate communication perspective. Limited attention is therefore given to the impact of the Internet on other functional areas of the organisation – with the exception of marketing management.

This study focuses on one specific area of corporate communication and marketing management, namely goal realisation and its contribution to organisational effectiveness. In principle it takes an integrated corporate

communication perspective where marketing and communication are seen as strategic organisational functions, co-operating to achieve organisational goals.

With the introduction of the Internet, truly global, interactive (two-way symmetrical) communication has been made possible. This is, however, not realised in many of the Internet applications today. This research study will indicate how two-way symmetrical communication can be realised through the Internet. It will investigate:

- Which functional department's goals the Internet helps to achieve (corporate communication versus marketing).
- Who should take responsibility for the management of this new medium (communication managers or technicians, or should it be allocated to another department or function in an organisation).
- How the Internet (as a communication medium) can be utilised in contributing to the bottom line of the organisation.
- Finally, how the Internet can be integrated into the organisation's corporate communication and marketing strategy.

In this study the specific situation of the organisation in terms of electronic communication mediums and related issues are investigated. The organisation needs to ask itself what has been done in the past in terms of the Internet, and what are the current and future needs of the organisation and its stakeholders. Environmental scanning needs to be done to determine the current trends in Internet applications in the organisation's specific industry, which threats (for example security concerns) and opportunities exist, and what are the current investment patterns in Internet technology.

The focus of this study will be on the medium (the Internet) and the message (communication) that is sent, in the context of the corporate communication strategy. The relative technological position of the organisation – in terms of the Internet and its applications – should also be considered, i.e. how electronic communication media will be used and developed in the future and how current resources can be applied in their development. Future investment

in Internet technology should coincide with the organisation's business plan, to ensure that expenditures do not exceed the organisation's resources or the specific needs of stakeholders. Having a website for example with all the latest technological developments, without ensuring that it contributes to the organisations bottom line will prove detrimental to the organisation's existence. This part of the process of utilising the Internet in business will, however, not be the focus of this research study.

Public relations as part of integrated marketing communication mix contributes to the realisation of marketing goals and is not to be confused with strategic corporate communication. According to Moss & Warnaby (1998:136), it is important to distinguish between the role of corporate communication as a strategic communication function, focusing on a potentially broad range of corporate stakeholders and issues and the use of corporate communication to support the achievement of marketing goals. Corporate communication (and not integrated marketing communication) is therefore discussed in this study as a strategic management function contributing to organisational goal achievement – and not only as a tactical promotional tool.

## **1.8. IMPORTANCE OF THE STUDY**

The role of corporate communication management in the modern workplace has been the focus of many discussions in the past. The purpose of corporate communication has shifted from the one-way publicity model, as described by Grunig & Grunig (1989), to a two-way symmetrical communication paradigm. Communication was once seen as a way to manipulate or merely disseminate information. Now it is seen as a powerful way to establish and manage relationships, while contributing directly to the bottom line of the organisation.

The Internet has developed into a reality that modern managers cannot ignore. However, there is uncertainty amongst managers on how the Internet should be incorporated into the organisational goal achievement processes. These issues focus less on the technical or design capabilities of the Internet,

and more on its contribution – if any – to the organisation’s goal achievement process, specifically with regard to corporate communication (and marketing). It follows that if the Internet contributes to the realisation of corporate communication goals, then corporate communication practitioners should be involved in the management process. This research study will indicate how practitioners in the various roles (strategist, manager, technician) can add value to the organisation and its goal achievement, by optimally managing a new resource such as the Internet.

This research study will also investigate the role of the Internet in the context of mass communication theory. The Internet has in the past only been viewed as a mass communication medium. The researcher will indicate in the literature study that it is not simply another mass communication medium, but that its (strategic) application allows for more extensive use in an organisation’s communication efforts. Managers will therefore be able to apply the Internet differently, thereby adding to its contribution to the organisation’s bottom line.

The four corporate communication models, developed by Grunig, will also be discussed extensively in this research study. The researcher will attempt to show how the Internet can add value to all the corporate communication models. The question that will be answered is how the Internet contributes to the two-way symmetrical communication. A new dimension to the corporate communication models – as applied in an electronic communication environment – has also been added, namely dialogic communication. Managers need to understand this evolutionary process if they are to utilise the full potential of the medium.

Communication on the Internet follows the basic principles of the communication process. This research study will indicate what the similarities, as well as the differences, are between the traditional communication process and an electronic communication process. Although this discussion might seem elementary, an understanding of these basic principles will allow managers to understand the Internet as a corporate communication medium.

Since the Internet was first introduced research on the role of the Internet in strategy has been limited. There is for example very little formal research on the use of the Internet in adding strategic value. Existing research focuses more on the role of marketing or electronic commerce in the management of the Internet. There is a growing need to see the Internet in terms of an integrated approach in the organisation's overall strategy formulation processes. If the Internet – or business' view of the Internet – is changing, then a new business model has to be developed. This model should comply with all the measures or guidelines that a strategic management process requires and should provide management with a tool to implicate any Internet application, whether it be a website or an Intranet. This research study will aim to provide some answers to these questions.

The Internet is entrenched in the world of information technology. This research study will attempt to show how and when managers from functional areas such as corporate communication and marketing can and should apply it in the strategic processes of the organisation and even take ownership thereof.

## **1.9. RESEARCH METHODOLOGY**

In this section, the research design, sampling, instrument design, primary data collection and choice of survey method, data preparation and data analysis will be discussed.

### **1.9.1. Research design**

The quantitative research study is specifically concerned with the achievement of Objective Two and Three.

A quantitative research method will be followed in this study, using interrogation (survey) processes (Cooper & Emory, 1995:115; Cooper &



Schindler, 1998:131. The data will result from a self-administered electronic questionnaire. This specific study uses an ex post facto design (Cooper & Emory, 1995:115-116; Cooper & Schindler, 1998:131; Davis, 2000:138) and its purpose. A cross-sectional study (Cooper & Emory, 1995:116; Cooper & Schindler, 1998:132) will be conducted, representing a snapshot moment in time.

### 1.9.2. Sampling

The population in this study consists of all the organisations in South Africa with websites. The sampling procedure can be described as follows:

<b>Primary sampling unit</b>	All companies listed on the JSE (839 companies) from October 2000 to May 2001
<b>Secondary sampling unit</b>	All companies listed on the JSE with websites equalling 432 companies
<b>Tertiary sampling unit</b>	All companies listed on ananzi.co.za with websites (200 companies)
<b>Final sampling unit</b>	Managers of companies listed on the JSE – as well as managers of companies listed on ananzi.co.za – who utilise the Internet to realise organisational goals (632 managers)

In this study the sampling frame consists of all organisations listed on the JSE (primary sampling unit), as well as all companies listed on ananzi.co.za (tertiary sampling unit). This list was compiled from information provided in the Johannesburg Stock Exchange Digest (McGregor BFA, 2000), as well as those organisations listed in the business directory of ananzi.co.za. All the listed organisations, with their contact particulars, are published in this digest. The contact particulars of the organisations listed in the business directory of ananzi.co.za are published on the search engine's website. The secondary sampling frame equalled 432 organisations, but was increased with 200

organisations in order to increase the number of realised questionnaires. The final sampling unit therefore equalled 632 organisations.

### 1.9.3. Instrument design

A Likert scale is used in the construction of the questionnaire (Davis, 2000:204-205). The structure of the questionnaire consists of three sections, namely Section A (Biographical information), Section B (Determining whether the Internet is used to realise corporate communication or marketing goals), and Section C (determining the elements of the corporate communication models, which are used by organisations in their communication on the Internet). An electronic questionnaire was specifically designed for use in this research study.

The response format (Davis, 2000:201-202; Cooper & Schindler, 1998:337) in this study consists of close-ended questions. The questionnaire was also pre-tested by distributing it to 10 corporate communication and marketing managers, as well as to two information technology experts to ensure that it was not only correctly designed, but also technically sound.

### 1.9.4. Primary data collection and choice of survey method

In this study active data collection is employed, which involves the querying of respondents by non-personal, computerised means (Davis, 2000:264-267).

### 1.9.5. Data preparation

The data collected is edited, coded and entered into MS Excel (Cooper & Schindler, 1998:411-426; Davis, 2000:333-345).

### 1.9.6. Data analysis

The researcher uses descriptive as well as inferential statistics in the analysis of the data. Frequency tables are used as part of the descriptive statistics.

The researcher also determines, as part of inferential statistics, the reliability and validity of the results. Reliability is tested through the use of the Cronbach's Alpha method. Construct validity is tested in this research study, through the use of factor analysis. The researcher ensures that no errors of explanation occur.

Other inferential statistics that is used include factor analyses and hypotheses testing. Factor analysis is used to look for patterns among the variables to discover if the underlying combination of variables can summarise the original set, thereby determining if there are indeed more than one factor. Hypothesis testing is used to determine the correlation (if any) between the stated hypotheses. A MANOVA is conducted between Section A and C.

## **1.10. STRUCTURE OF THE STUDY**

**Chapter 2** provides an overview of the Internet – its concepts, terminology and applications. This chapter will also show how the Internet originated as a two-way symmetrical communication medium, used by researchers on a global basis as a communication forum and how it reverted to a one-way communication model when it became commercialised. Internet concepts – such as cyberspace, virtuality and virtual organisations, connectivity and interactive communication technology – will also be discussed.

**Chapter 3** applies the theoretical framework provided in Chapter 1 – as it relates to the communication process, mass communication theory, the four communication models, the systems theory as well as relationship management theory – to the electronic communication environment. This chapter also explores the communication possibilities of this new medium.

**Chapter 4** provides an overview of the strategic management of an organisation's communication with its stakeholders. The role of corporate communication in the strategic management process of the organisation will be examined. In addition, the roles (technician, manager and strategist) that

the communication practitioner plays in the organisation will be described, as well as a model for the development of corporate communication strategy.

**Chapter 5** investigates the role of the Internet in corporate communication strategy. This chapter also indicates how the corporate communication roles are applicable in an on-line environment and provides a framework for strategic communication management in this electronic communication context.

**Chapter 6** considers the role of the Internet in business and marketing strategy. It will be presented in the framework of strategic marketing management, and will investigate how the Internet is applied as a medium in the realisation of marketing goals and where the management responsibilities for the medium lie.

**Chapter 7** contains the research methodology of the empirical study. It will provide an overview of the research design; measurement scales; reliability and validity; sampling; instrument design; and primary data collection, preparation and analysis that was used in the empirical study.

**Chapter 8** provides an overview of the statistical analysis and research findings of the empirical study.

**Chapter 9** contains a summary of the findings, recommendations and conclusions derived from the literature study and empirical research.

## **CHAPTER 2:**

# **THE INTERNET – AN OVERVIEW OF ITS CONCEPTS, TERMINOLOGY AND APPLICATIONS**

### **2.1. INTRODUCTION**

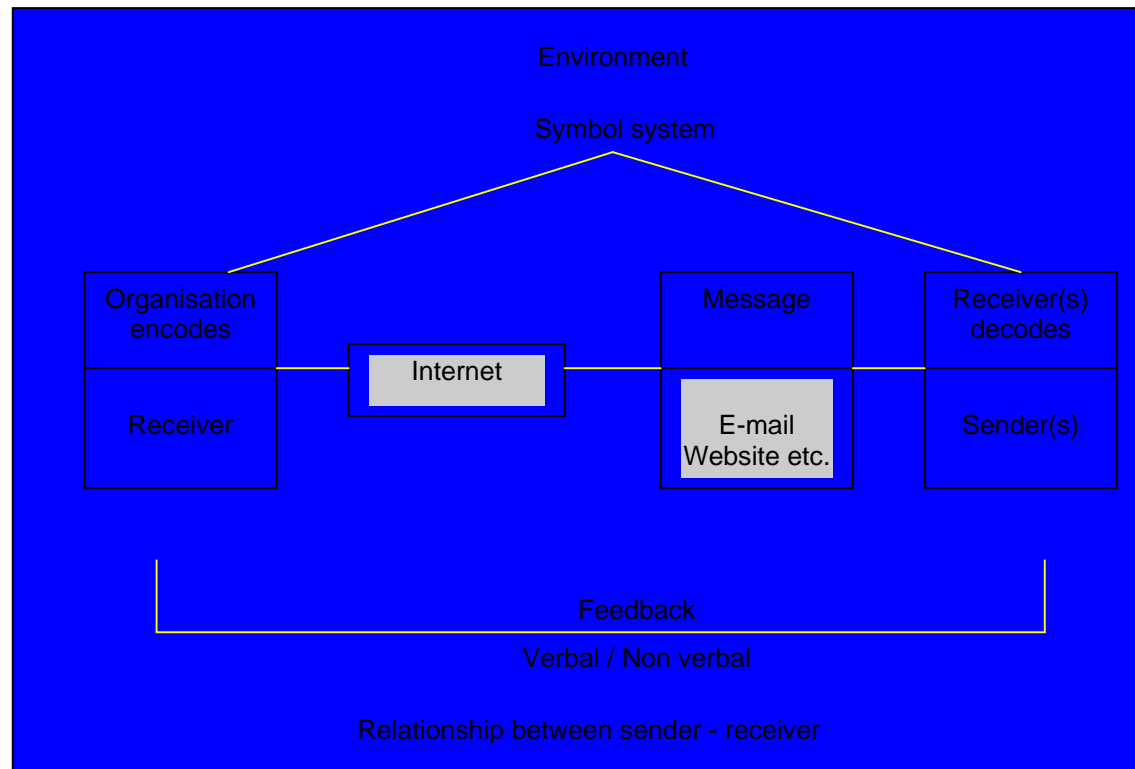
The advent of the Internet has not only changed how organisations conduct their business, but it has also impacted on the social fabric of the global community. Its value – and shortcomings – is therefore witnessed globally. The Internet is seen as a threat to some and an opportunity of a lifetime to others. It is not merely a passing fad, but a hard fact of business life (Wladawsky-Berger, 1997:19).

For an organisation to utilise the Internet as a medium, it needs to understand what it is and what it consists of in the context of information theory. This chapter therefore aims to realise Secondary Objective 1(a), by exploring the nature of the Internet – the Internet's origin, structure, characteristics, jargon and concepts.

This chapter will also show how the Internet originated as a two-way symmetrical communication medium, used by researchers on a global basis as a communication forum. It reverted, however, to a one-way communication model when it became commercialised. Organisations used it to gain publicity or to influence stakeholders. Its interactive nature, however, is allowing it to again be utilised as a two-way communication medium.

In this chapter the Internet will be viewed in the context of the communication process, as depicted by Lubbe & Puth (1994:61). It discusses the Internet as a medium that is used in the corporate communication process to achieve both corporate communication and marketing goals.

**Figure 2.1 The role of the Internet as a medium in the communication process**



Source: Own application, adapted from Lubbe & Puth (1994:61)

## 2.2. INFORMATION THEORY

In the context of this research study, the relationship between data, information, knowledge and communication must be studied. In information theory a clear distinction can be made between data, information and knowledge. According to Davenport (1997:5), these three levels of 'information' that exist in Information Science, become more complex with each level.

**Data** is defined as simple observations of the state of the world. It is easily structured; easily captured on machines; often quantified; and is easily transferred. **Information** is data endowed with relevance and purpose. It requires a unit of analysis, needs consensus on meaning and necessitates human mediation. **Knowledge** is valuable information from the human mind

that includes reflection, synthesis and context. It is hard to capture; difficult to capture on machines; often tacit; and hard to transfer.

Brookes (in Carr, 2002:14) summarises the link between information and knowledge by stating that:

“... knowledge is structured integrated information and information is fragmented knowledge”.

Davenport (1997:5) states that:

“For years, people have referred to data as ‘information’; now they have to resort to the high-minded ‘knowledge’ to discuss information – hence the current boom in ‘knowledge management’ ”.

It can therefore be said that data, information and knowledge are not interchangeable concepts (Carr, 2002:14-22; Davenport, 1997:5). In order to create knowledge, stakeholders need to do more than passively access information – they need to do something with the information (Alexander, in Carr, 2002:16). By interacting with information, a stakeholder may become aware of a lack of knowledge and will then be forced to search for new information to overcome this deficiency (Ingwersen, 1992:23).

Carr (2002:21-22) states that the process of knowledge transfer consists of two actions, namely transmission and absorption. Transmission consists of the sending or presenting of information to a potential recipient. If this information is not absorbed it has not been transferred. Simply making information available is therefore not knowledge transfer.

This research study shows that there is a distinct similarity between this information theory and corporate communication theory. In the context of communication, Gibson & Hodgetts (1991:5) elaborate on the meaning of information by stating that communication is seen as the process of transferring messages between sender and receiver, and not merely providing

information to unspecified target audiences. Information (or messages) is transferred through various media or channels and if this information is not absorbed, it has not been communicated. There is also a parallel between information theory and the process of developing corporate communication strategy. The purpose of corporate communication strategy is to realise corporate goals through the organisation's relationships with its stakeholders. It is not enough to simply provide information through media such as websites to the organisation's stakeholders. The needs of the stakeholders must be balanced with the needs of the organisation to realise the organisation's goals (Chapter 5). This process is done through two-way symmetrical communication, where the purpose for the communication exchange is not just to provide information (publicity or press agency models) but to provide knowledge or manage a relationship (Chapter 3).

The word 'information' is also used in the world of information technology. It is important to note that information in this context refers to the *handling* of information, whether the information is numbers, pictures, sounds or other forms as well as a mixture of these forms. The Information Technology department is responsible for the hardware, software and network support. The focus for this functional area is therefore the technology, and not the information (Carr, 2002:18; Davenport, 1997:24-26). According to Harrison & St John (in Steyn, 2002:10), information systems strategy forms a part of the organisation's functional strategy as it contains the pattern of decisions about *how to make use of* information systems. It can therefore be surmised that the responsibility for any communication exchange would not lie within the sphere of information technology, although information technology might be responsible for the management (in terms of hardware, software and network support) of the medium.



## 2.3. THE INTERNET IN CONTEXT

It is important for the purpose of this dissertation to understand what the Internet is, how it came into existence, what it consists of, and which resources are available for use by individuals and organisations.

### 2.3.1. The Internet defined

Frost & Strauss (1998:11) and Zaviona (1997:23) describe the Internet ('Net') as a vast global network of computers. It is a network inter-linking other networks (De Beyer, 1998:84; Flynn, 1996:201; Lescher, 1995:125; Moody, 2000:6; Murphy IP, 1997:14; Pieterse, 1995:10; Solheim & Henning, 1998:158; Van Schoor, 1995:10). It can be seen as a type of global information infrastructure (Peterson, Balasubramanian & Bronnenberg, 1997:331). The Internet, bulletin board systems, and commercial services such as CompuServe and America Online (AOL) – cyberspace – represent new age communication technology (Settles, 1995:4).

### 2.3.2. Origin of the Internet

The Internet was developed by the American Defence Department in the 1960's as part of a government project called ARPANET (Frost & Strauss, 1998:11; Goldstuck, 1997:1; Lescher, 1995:125; Peterson *et al.*, 1997:331; Settles, 1995:22). This project ensured a safe way of communicating in case of a nuclear attack. The Internet was not designed to be controlled by any organisation (Anon., 1997a:29). Its disparate nature and lack of central control and infrastructure is deliberate and was an intended by-product of the Cold War to preserve communication networks (Marken, 1996:13). The Internet was used primarily by the government as well as by researchers in industry and education (Frost & Strauss, 1998:11; Pieterse, 1995:10). It was used to access distant supercomputers and to send electronic mail.

In the 1970's other networks, such as BITNET, USENET and UUCP, were developed. These networks were a cross-section of public (funded by the U.S. government) and private networks. NSFNET – the National Science Foundation Network – was created in the 1980's. The NSFNET linked its supercomputers to research agencies and universities using a state-of-the-art system that permitted any computer on the system to make contact with any other computer on the system. By 1990, some of the pioneering networks had shut down and all the formerly independent, remaining networks jumped on the NSFNET. With the addition of more networks that wanted to be connected to the quickly growing web of networking, the Internet came into existence (Van Schoor, 1995:10).

The Internet has grown because it is able to link together computer systems of every different make and design. It doesn't matter which vendor or operating system computers on the Internet use, because they all use an 'open' set of standards that allows them to communicate and pass data from one machine to another (Anon., 1997a:29). The underlying purpose of the Internet was to create a free, and freely accessible, global community-based communications forum (Solheim & Henning, 1998:159).

The Internet has expanded to include thousands of sites all over the world that are linked by a combination of private, local, regional, national, and international phone lines (Settles, 1995:22).

### 2.3.3. Structure of the Internet

The Internet is a collection of worldwide networks managed by different entities. These networks consist of different types of hosts and a varying number of users. The Internet Protocol addressing system (IP) keeps track of the millions of users, their addresses, and the countless message and file transference that occurs 24 hours a day. The IP addressing system uses two forms of addressing, namely letters and numbers. The letter and number address points to a single computer called a host (Cirillo, 1998:3; Van Schoor, 1995:17). The letter address is a series of words or abbreviations separated

by periods, called dots. The IP address indicates what kind of organisations owns an address, for example (Van Schoor, 1995:17; Frost & Strauss, 1998:13):

- **.edu** educational, university, college;
- **.mil** military;
- **.gov** government;
- **.net** network;
- **.com** commercial; and
- **.org** organisation.

Domain name knowledge can assist an individual or organisation in two ways. Firstly, it can assist a person in evaluating the quality of information at a site. Government data is considered to be more credible than information at commercial websites (.com). Secondly, if a person is trying to find a particular site, it is often possible to guess the site address by using the organisation name and domain name (Frost & Strauss, 1998:13). The IP address can also indicate in which country the organisation or institute is situated (Van Schoor, 1995:18), for example:

- **ca** Canada;
- **za** South Africa; and
- **uk** United Kingdom.

#### 2.3.4. Terminology used in the electronic communication environment

The creation of the Internet led to the development of a whole new vocabulary to describe the applications of this medium (Lescher, 1995:126). For many people these terms remain an unknown world in which they live in constant fear of not knowing what a term may mean. Knowledge of these terms will assist the individual and the manager who use the Internet. These terms are described in Table 2.1 (Frost & Strauss, 1998:97; Lescher, 1995:126; Levinson & Rubin, 1996:31; Minahan, 1997:17; Settles, 1995:XVI).

**Table 2.1 Internet Terminology**

<b>Content</b>	Whatever information (software, files, graphics, promotional material etc.) the organisation posts in its on-line areas for people to read and download.
<b>Discussion group</b>	Forums on on-line services or bulletin board services; mailing lists (where the discussion is an exchange of e-mail messages among subscribers to a list); or newsgroups on the Internet.
<b>Domain name</b>	A multi-part name that identifies an Internet computer.
<b>Download</b>	Make a copy of a file an individual finds in cyberspace and storing it in the individual's computer.
<b>E-mail (electronic mail)</b>	Electronic messages an individual or organisation creates and sends to others using e-mail software, or software provided by on-line services and companies that provide an individual or organisation with access to the Internet.
<b>HTML</b>	Hypertext Markup Language.
<b>Home Page</b>	A home page is the first page that an individual sees when he or she visits a website.
<b>HTTP</b>	Hypertext Transfer Protocol. A protocol for describing Web pages so they may be displayed on many different types of computers.
<b>Infobot</b>	Infobots are an example of an automated e-mail message that is automatically sent to anyone who sends a message to a particular address. A note is sent to queries after 30 seconds without human intervention.
<b>IP address</b>	An Internet address expressed in numbers.
<b>Listserv</b>	A programme that automatically responds to and distributes e-mail messages.
<b>Mailing list</b>	A group discussion in which messages are delivered to an individual's mailbox, instead of to a newsgroup.
<b>Network</b>	A communications system that links two or more computers.
<b>Post</b>	To compose a message for a newsgroup and then send it out for others to see.

### 2.3.5. Internet resources

Various Internet resources exist for use by an organisation. Some examples of these resources are discussed below.

#### 2.3.5.1. *World Wide Web*

The development of the World Wide Web (WWW or Web), hyperlinks, and graphical browsers is seen as a stimulant to further the growth of the Internet (Frost & Strauss, 1998:11; Peterson *et al.*, 1997:331).

The Web (Frost & Strauss, 1998:11,99; Lescher, 1995:133) began as a standard that defined how to travel from one computer to computers throughout the world, by following embedded links in a screen display of words (hypertext). In March 1989, Tim Berners-Lee of the European Particle Physics Laboratory (known as CERN) launched a project to create a more user-friendly way to transmit information between locations, resulting in the World Wide Web (Lescher, 1995:134; Van Schoor, 1995:15).

The Web is the click-and-point, user-friendly, flexible part of the Internet (Bamber & Duys, 1998:58; Van Schoor, 1995:16; Zaviona, 1997:23), and makes it easier to navigate through cyberspace (Frost & Strauss, 1998:11). Organisations can create websites by using the specialist 'hypertext mark-up language' or HTML, to create a home page that is identified by a simple Internet e-mail address (De Beyer, 1998:85). The addition of graphical browsers, such as Netscape Navigator and Microsoft Internet Explorer, allow images and text to combine and thereby to create a world of multimedia (Frost & Strauss, 1998:11). Pictures, icons, colour, sound, animation, video and even three-dimensional video could now be accessed (Crowe, 1995:1; Frost & Strauss, 1998:11; Zaviona, 1997:23).

The audience for the Internet, and more specifically the World Wide Web, is growing at a geometric rate while attracting television, newspaper and

magazine articles on a daily basis (Brandon, 1996: 30). A new website comes on-line approximately every 30 minutes, making for incredible availability in content. It is estimated that there are 50 to 60 million web pages worldwide (Murphy N, 1997:35). The success of the World Wide Web can be attributed to its ease of use (Lescher, 1995:133; Van Schoor, 1995:15) and wider audiences can be reached more easily (De Beyer, 1998:85).

The Web is essentially a vast repository of files (or documents) residing in the computers (or websites) that are connected to the Internet. A coded address called a URL (Uniform Resource Locator), or Web Page Address (i.e. <http://www.website.com>) identifies the documents. The address prefix 'http://' is required to signal the Internet that a person is addressing a Hyper Text Transfer Protocol. The rest 'www.website.com' is the actual address identifying the website and the document one wants. To view a document, one needs software called a browser – for example Netscape – that enables a person to browse the Web. The browser activates embedded graphics designed into the document that are often as fascinating to look at as they are to use (Wyman, 1996:28).

Browsers also implement the hyperlinks resident in every document. Hyperlinks appear as highlighted words or phrases called hypertext (Wyman, 1996:28). In contrast to a normal text document, a hypertext document contains links and connections to other documents and sites. Clicking on a piece of hypertext instantly links one to a site containing more information, sounds, images or even movies about the specific topic. This results in a virtual web of connections through which the user navigates in a user-friendly way to obtain the information needed.

Hypermedia – interactive sources of text and other media, which are found on the Web – enable the user to search for specific information, log on to remote servers and transfer information between the Web and the remote host computer (Van Schoor, 1995:15).

The World Wide Web is composed of thousands of virtual transactions taking place per hour throughout the world, creating a web of information flow (Flynn, 1996:201; Van Schoor, 1995:16). It therefore provides universal access to content as well as the power to browse this information with total compatibility (Amezcuca, 1997:74).

The World Wide Web possesses the following characteristics (Brandon, 1996:31; Curry, 1996:54; Gilbert, Powell-Perry & Widijoso, 1999; Hauss, 1995:18; Levinson & Rubin, 1996:47; Moody, 2000:7; Solheim & Henning, 1998:160; Zaviona, 1997:24):

- The World Wide Web promises **interactivity**.
- The World Wide Web is **multimedia**. It combines text, pictures, graphics, video, and sound to communicate effectively with the user.
- The World Wide Web, as well as the Internet, is **always open**: 24 hours a day, seven days a week.
- In theory, the World Wide Web can be **accessed from anywhere** in the world.
- The World Wide Web is **a medium unto itself**. It borrows from other media – but it combines them in new and unique ways. The Web is neither totally new nor dressed-up as business-as-usual.
- The World Wide Web is **vast**. Thousands of Web pages exist and the number is growing daily. A search on a specific topic can produce hundreds of possible selections.
- The World Wide Web **changes the concept of space**. Newspaper editors can track the number of column centimetres available in each addition. If there are too many, paragraphs can be cut or stories pulled together. The physical dimensions in a web page remain constant, whether or not the page contains 500 or 5 000 words. The amount of memory required to hold the story might vary, but the text simply scrolls by a ‘window’ onto a next page.

A website is an inexpensive way to reach millions of potential and actual stakeholders with the convenience of 24-hour access (Mahoney & Roush,

1997:2). The most essential benefit of the Internet is that it renders 'time' and 'place' obsolete (Graham, 1997:28).

#### *2.3.5.2. File transfer protocol (FTP)*

An individual can access a FTP server, a computer on the Internet set up to offer information to other Internet users via FTP. FTP enables a person to download files (copy files from the FTP server to the person's computer) or upload files (copy files from the person's computer to the FTP server). FTP provides a quick and simple mechanism for sharing data (Lescher, 1995:137; Van Schoor, 1995:12).

#### *2.3.5.3. Gopher*

Gopher is a system for exploring and accessing resources on the Internet. It provides easy access to Internet-based databases and services by allowing individuals to make selections from a menu. It provides a comprehensive index of resources and a consistent interface across many computing platforms. The Gopher services are very popular because they are easy to learn and use. As a result, they may sometimes be crowded and slow (Lescher, 1995:137; Van Schoor, 1995:12).

#### *2.3.5.4. Telnet*

The Telnet function provides a method of making an individual's own computer a terminal on any Telnet-compatible computer on the Internet. Using Telnet, an individual logs onto a remote computer and uses software, access files, and execute programmes. Libraries of information and huge databases of research material can be accessed through Telnet (Lescher, 1995:137; Van Schoor, 1995:12).



### 2.3.5.5. Internet mailing lists

Mailing lists and newsgroups are other ways to access information on the Internet. Unlike e-mail, which is usually 'one-to-one', these services are 'many-to-many'. These are the discussion groups of the Internet. The use of newsgroups - message-posting facilities on-line, which let users of common interest exchange notes - have increased steadily over the years (Murphy N, 1997:35). A variety of topics are discussed and an individual is allowed to post questions and receive answers. There are thousands of listed newsgroups. The organisation of newsgroups is hierarchical, with the first being the broadest heading or category. Additional fields provide sub-categories. Table 2.2 lists the fields in use (Lescher, 1995:141).

**Table 2.2 Internet newsgroup categories**

<b>alt</b>	Alternative or non-mainstream, often bizarre or offensive to some.
<b>bionet</b>	Biology, mostly academic and professional.
<b>bit</b>	Bitnet 'listerv' groups.
<b>biz</b>	Business, including commercial advertising.
<b>comp</b>	Computer technology.
<b>de</b>	In German language.
<b>fj</b>	In Japanese language.
<b>ieee</b>	Institute of Electronic and Electric Engineers.
<b>gnu</b>	Free Software Foundation's 'GNU' project.
<b>K12</b>	Primary and secondary education.
<b>misc</b>	Unclassifiable under a single heading listed here.
<b>news</b>	News Network and news software.
<b>rec</b>	Hobbies, recreation, arts (virtually everything imaginable).
<b>sci</b>	Sciences (natural, social, technological).
<b>soc</b>	Social issues.
<b>talk</b>	Debate and controversy.

**Source: Lescher (1995:141)**

#### *2.3.5.6. Electronic mail*

The Internet also provides an electronic mail (e-mail) service (Anon., 1997a:29), which allows any user with an Internet account to send e-mail to any other Internet subscriber. An individual or organisation obtains an Internet account by paying a subscription to an Internet Service Provider (ISP), a company that connects an individual or organisation to the Internet and gives the individual or organisation an address for e-mail. According to MCI (Murphy N, 1997:35) eighty per cent of the traffic on the Internet consists of e-mail.

#### *2.3.5.7. Intranets and extranets*

An **intranet** is an internal corporate network that provides an organisation's employees with the information on the network in a way similar to the format of web pages. Users view data using Internet browsers. It serves as a repository for corporate information, since most organisations distribute far more information internally than they do externally (Frost & Strauss, 1998:97; Lescher, 1995:126; Minahan, 1997:17; Settles, 1995:XVI).

An **extranet** is an extension of an intranet into a private network that connects employees and an organisation's suppliers and customers, using Internet technology and presentation formats (Frost & Strauss, 1998:97; Lescher, 1995:126; Minahan, 1997:17; Settles, 1995:XVI).

#### *2.3.5.8. Bulletin board services*

Bulletin board services (BBS) can be a powerful tool for an organisation. It allows an organisation to combine its internal e-mail network with a BBS that can be accessed by all the organisation's publics (Bishop, 1996:27-28).

#### *2.3.5.9. Commercial on-line services*

A number of organisations have chosen to place their information on one of the major on-line services such as CompuServe. Although an organisation can gain exposure, it is limited to subscribers (Bishop, 1996:27-28).

#### *2.3.5.10. Multimedia presentations*

Multimedia presentations are in essence interactive movies displayed on computer. A wide variety of options such as sound and animation are available (Bishop, 1996:27-28).

#### *2.3.5.11. On-line databases*

By creating an on-line database, stakeholders can easily be identified and communicated with (Bishop, 1996:27-28). The Internet provides an ideal opportunity for an organisation to create a database of all its visitors. Two options exist for an organisation in the creation of a database (Vassos, 1996:100). The first refers to the use of database management software to create and store the relevant content that will appear on the website. The second refers to accessing information in a corporate database that may already exist. These two options will not only add value for internal stakeholders, but for external stakeholders as well.

## **2.4. INTERNET CONCEPTS**

The concepts discussed in this section aims to provide a framework to facilitate understanding of what the Internet consists of. Concepts that are explained include cyberspace, virtuality and virtual organisations, connectivity and interactive communication technology.

#### 2.4.1. Cyberspace

According to Rheingold (in Kern, 2000:57) **cyberspace** encompasses:

“... the conceptual space where words, human relationships, data, wealth, and power are manifested by people using computer mediated technology”.

The term cyberspace is therefore used to describe the environment that users enter on the Internet (Frost & Strauss, 1998:97; Lescher, 1995:126; Minahan, 1997:17; Settles, 1995:XVI). Cyberspace allows organisations to engage in two-way communication with individuals in ways never before possible (Settles, 1995:4; Sheldon 1997:8). According to Seamster (in Levinson & Rubin 1996:16):

“Cyberspace is a great opportunity, given the real-time communication aspect of technology. It provides an organisation with global access to customers in a medium that can deliver information in ways that traditional marketing with printed materials and other one-way communication mediums cannot”.

Cyberspace transcends the traditional barriers of time and space (Kern, 2000:57) and has had a profound affect on the structures and functioning of organisations (Blakemore in Kern, 2000:58). This dissertation examines how organisations can use the Internet to realise their corporate marketing or communication goals.

#### 2.4.2. Virtuality and the virtual organisation

The next wave of economic growth will come from knowledge-based businesses (Yakhlef, 1998:1). Information, technology and telecommunications are among the greatest contributors and driving forces behind world economic growth today (Anon., 1997e:31). Businesses will therefore compete in two worlds: a physical world or resources that managers

can see and touch, and a virtual world made of information. The most essential characteristic of a virtual organisation is that it is facilitated by the use of communication technologies (Norton & Smith in Kern, 2000:110). Virtual organisations consist of various forms of organisational flexibility, are unconstrained by the barriers of time and space, and utilise processes such as cross-functional teams, outsourcing and telecommuting within organisations (Kern, 2000:110).

The impact of the virtual organisation on communication – its processes, structures and strategies – will be examined in this dissertation.

#### 2.4.3. Connectivity and the communication process

**Connectivity** refers to the coherence that is established as a result of the process of one or more human beings communicating or partaking in an interaction with another being, group and or computer (Kern, 2000:8). Connectivity is therefore a product of the communication process (see *Chapter 1*) because it encompasses both the human and the technological part of communication. It is the process that creates the link between the human and technology (Kern, 2000:9). This process results in an increased flow of information. Communication is therefore an outcomes-based process that creates a connection (connectivity) between various stakeholders (Kern, 2000:10). Connectivity is seen as communication supported by technology, and therefore more technical in nature (Kern, 2000:10). In the context of this dissertation connectivity in the communication process is examined.

#### 2.4.4. Interactive communication technology

**Interactivity** can be defined as the degree to which participants in a communication process have control over, and can exchange roles in, their mutual discourse (Interactive marketing, 2002; Naudé & Froneman, 2001:2). Participants can control the timing, content, and sequence of a communication act, search for alternatives and enter message content into storage (Rogers & Allbritton, 1995:180). This control over the exchange of information leads to

the use of the term 'participants' rather than sources and receivers, when referring to the individuals in the communication process. Empathy plays an important role in interactive communication, where the usual non-verbal dimensions of human communication are largely missing (Rogers & Allbritton, 1995:180). Mutual discourse refers to the cumulative nature of the interactive communication exchange (Rogers & Allbritton, 1995:180).

Participants in the interactive communication process need not be in each other's presence (Rogers & Allbritton, 1995:180). The Internet allows an individual to exchange message content with anyone else on the worldwide computer network. Social distance barriers also disappear between certain individuals (Rogers & Allbritton, 1995:181). Studies have found that e-mail systems lengthen the physical and social distance of person-to-person network links, connecting individuals who are relatively more heterophilous (Buhler 1997:24; Rogers & Allbritton, 1995:181). **Heterophily** is the degree to which two or more individuals who communicate are different or unlike.

Interactive communication technologies create a 'virtual group'; a pseudo gathering of distanced individuals who dialogue via computer keyboards. These groups have low social presence. This would suggest that these communication technologies are not suitable for every communication situation (Rogers & Allbritton, 1995:182). The greater ease of communication across physical and social distance provided by interactive communication systems may also lead to communication overload (Rogers & Allbritton, 1995:182). This phenomenon is especially true about the Internet. It is very easy to provide an unlimited amount of information, regardless of the needs of the stakeholders or the objectives of the organisation.

The flexibility of interactive communication technologies allows the user to have a certain degree of control over the usual limits of time and space; origination and destination of communication; degree of interactivity of a communication system; norms and social standards that develop within a communication system; way in which the technology suppresses, or manipulates the communication process which takes place; and how the

communication system is used (Rogers & Allbritton, 1995:185). Interactive communication technologies are asynchronous; they allow for the sending and retrieving of messages at a time convenient for the user, rather than requiring that all the participants use the system at the same time.

Interactive communication technologies influence the formation and content of communication with new networks of individuals, regardless of the formal organisation structure (Rogers & Allbritton, 1995:188). External pressure often forces organisations to adopt interactive communication technologies in the hope that they will allow their organisation to become more flexible and less hierarchical (Rogers & Allbritton, 1995:192).

The impact of interactive communication technology on the relationship between organisations and their stakeholders, as well as its impact on the two-way symmetrical communication model will be discussed in this dissertation.

## **2.5. REASONS FOR INVESTING IN TECHNOLOGY**

The changing technological environment will impact communicating, contracting, competing and capitalising. New technologies and developments in communication and connectivity are seeing an increase in mobile, remote and absolutely virtual employees. Information technology will change the way we live, communicate and obtain information (Austria & Jones, 1997:1; De Villiers, 1997:10; Graham, 1997:28; Moody, 2000:5; Negroponte, 1996:39; Ross, 1998:4; Simeon, 1999; Twine, 1997:21). Technology has become an integral part of the organisation's vision and has tailored a service that no other institution can offer. Technology has affected all communications and relationships (Haus, 1995:19) and data and information is moving closer to stakeholders (Amezcu, 1997:76).

Technology has impacted on the very nature of organisations and how they conduct business. One of the most influential products of technology is the Internet. Before discussing the role of the Internet in a strategic business model, it is important to understand the reasons for organisations to invest in technology.

Firstly, investment in new enabling technologies and infrastructures is fundamental to long-term growth and competitiveness of organisations, and boosts the capital returns and margins of these organisations. Technological investment decisions need to be made which will ensure the broadest set of possible outcomes for the organisation (Smith, 1997:10).

Secondly, as with any new technology, the risks are apparent long before the benefits. Organisations therefore invest in the future when they invest in technology. The returns on new technology investment can usually be plotted in an 'S' – curving down before curving up. The only way to benefit from this growth market is to be in a position to serve them (Smith, 1997:10).

Thirdly, open markets and growth go hand-in-hand. The digital revolution truly will be worldwide, as communications technology wipes away the limitations of geography and natural resources. For the first time, the developing world will potentially have the same access to capital and employment as the rest of the world (Smith, 1997:10).

Fourthly, organisations need to be adaptable to survive in this new fast-paced environment. Today windows of opportunity open fast – and close just as quickly. Organisations need to prepare themselves to be flexible and must be willing to implement change even when it is the market leader. In an increasingly competitive business world, organisations will be challenged to re-create themselves continuously to succeed in the digital era (Smith, 1997:10).

Investments in technology should therefore not be regarded as short-term



capital expenditure, but as long-term strategic positioning. By maintaining a healthy balance between strategic investment in new technology and the management of existing technology, companies will be able to survive in the competitive world of the global information economy (Anon., 1997e:31).

The organisation's ability to survive within a global competitive environment will depend on its ability to integrate appropriate business information directly into business units, intranets, extranets, and to facilitate decision support and other enterprise business processes (Stear, 1998:61). Organisations need to understand that change is inevitable; change can be a threat or an opportunity; and that they will lose their market position if they are unwilling to integrate technology. Information technology acts as this change agent, causing upheavals in the way an organisation is managed (Schaffer, 1997:1).

Technology offers powerful new tools with the promise (and sometimes hype) of revolutionising corporate communication and marketing, bringing the organisation closer to customers, speeding transactions, and improving management decisions (Oliva, 1997:8; Anon., 1997b:8). By using new technology tools such as the Internet, intranets and extranets, knowledge and proficiency are being built. Technology will change how all segments of business react to projects and assignments (Hauss, 1995:18).

In an increasingly competitive marketplace, information has become a valuable commodity. Competitiveness is being determined by fast access to accurate and useful information (De Beyer, 1998:84; Evans & Pavlick, 1999:17). In the global economy the incorporation of new information technologies provide the modern organisation with crucial advantages in a fast changing marketplace (Van Schoor, 1995:2). The global economy will make international competition a fact of business life and will force organisations – irrespective of their current competitive sphere – to reconsider their global business strategies.

According to Stear (1998:61), the integration of technology and content will facilitate workflow, deliver relief from information overload, and provide

decision support. Effective content management, both central and within business units, will be the key to business success. This macroscopic viewpoint means that leveraging content is a key to enterprise survival. Knowledge management is a critical competitive competency; content access is not limited to a select group of individuals or to a specific location; established command and control is therefore being challenged; and content vendors see an enormous market opportunity with continuous product and new market development.

According to Negroponte (in De Villiers, 1997:10):

“The information superhighway may be mostly hype today, but it is an understatement about tomorrow. It will exist beyond people’s wildest predictions”.

Levinson & Rubin (1995:4) describe the information highway as any form of interactive communications technology. The information superhighway and developments that affect how people receive news, advertising, and other information – developments such as video-conferencing, audio text and interactive multimedia – are changing the roles of communicators (Grates, 1995:19). It is also going to drive a major realignment of advertising and will lead to important new media and new ways of communicating messages (Murphy IP, 1997:14).

Information technology is, however, not just a new buzzword, but needs to contribute to the bottom line of an organisation, for the following reasons (Ross 1998:4): the capital cost of technology makes the cost of ownership – and the need to reduce it – an ongoing focus; the increasing complexity of technology and the rate at which it is changing barely gives managers time to assimilate their current environments before new challenges present themselves, e.g. the Internet and intranet; technology complexity and change creates new specialisation and specialists; for organisations across a variety of industries, the dependence on information technology is increasingly more mission critical; with unrelenting pressure to establish competitive advantage,

organisations have to improve the focus on their core business; organisations can no longer afford to be solely technology driven, but need to work closely with business units; and there exists a continuous need to hone productivity and to create business success by sharing information.

New technologies, such as the Internet, tend to fall victim to macro-myopia: organisations tend to overestimate the impact in the short run, and underestimate the impact in the long run (Negroponte, 1995; Smith, 1997:9). The process of absorbing a new technology takes about 30 years, and has four steps (Smith, 1997:9):

- 1) the invention itself;
- 2) the development of key enabling technologies that 'converge' to spread the invention more widely;
- 3) the key insight which turns the new technology into a new way of communicating; and
- 4) the emergence of a business model that directs investments and channels creative talent to meet the service of a market need – unleashing a tremendous cycle of growth, opportunity, and innovation.

It has been almost 30 years since the Internet was invented, but it has only been in the last few years that enabling technologies made it available more widely at a low cost. The Internet has grown and has finally come to the stage of technology absorption where organisations have realised that the Internet can be used as a communication medium and that a business model has to be developed. This business model should deliver interactive capabilities to a mass audience and cause rapid growth and penetration levels (Smith, 1997:9). According to Millichap (in Angell, 1997:94):

“The Internet is accelerating at a rate that everybody had better wake up and figure out some Internet strategy”.

The researcher concurs that a strategy for the Internet must be developed, but it is the opinion that managers need to ask themselves why the Internet needs

to be a strategic application as well as what Internet *strategy* really entails.

Other issues that arise when an organisation decides to utilise electronic communication applications are the following (Cronin, 1996:8):

- Does the organisation have the resources to invest in electronic communication applications, while ensuring at the same time that it contributes to the overall business strategy?
- What should the level and rate of technological investment be? Will an investment in Internet technology provide a competitive advantage at this moment in time, or should it be implemented at a later stage?
- How will Internet technologies contribute to the bottom line and the realisation of corporate objectives?
- How will the electronic communication mediums be evaluated and measured?
- How will the organisation's current business change in the future and how will their communication strategy accommodate the changes?
- What new Internet applications can be utilised?
- What are the organisation's competitors doing in terms of electronic communication and how will this influence the organisation's current and future position?
- What steps can the organisation take to strengthen its future position? Will technology play a major role in its survival?
- What is the appropriate balance between current business needs and technological investment? Does the organisation need a complete Internet strategy, or will a website be sufficient?
- How will the corporate culture influence electronic applications and how can these changes be accommodated? What steps need to be taken to facilitate these changes?
- How can the organisation be sure that the electronic communication media and business strategies are fully integrated and mutually reinforced?

These questions must be discussed with senior management as well as with the Information Technology Department before a communication or marketing manager considers using electronic communication mediums. The danger for

any organisation (and its functional or business unit managers) is to invest in technology for technology's sake – and not to follow the process of developing a corporate communication or marketing strategy and integrating new technological mediums into this strategy. Managers must therefore ensure that on-line tactics are incorporated into the corporate communication or marketing strategy, so that it can contribute to the organisation's bottom line (Aboaf & Spinelli, 2001:10).

The SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) should, in addition to the traditional considerations for an organisation and the above-mentioned issues, indicate how organisations are using the global network in different corporate settings (Anon., 1997a:30; Cronin, 1996:8).

When regarding the use of the Internet as a strategic issue for the organisation, the following needs to be considered:

- Which Internet technologies should be utilised, for example a website, only electronic mail, newsgroups, electronic commerce or a combination of existing applications? The organisation's corporate communication or marketing strategy and the plans derived from the strategy will determine the tools to be used.
- What are the specific needs of an organisation in terms of electronic communication applications? Is Internet based technology needed in this specific industry? It is crucial to ask whether the Internet is a suitable communication channel for a specific business, and not to get stampeded into believing that it must be. The Internet is an excellent application for some things, but it is not the best medium for everything.
- Should the management of electronic communication mediums be done by the organisation, or should it be partially or completely outsourced?
- What does an organisation need in terms of hardware and software to utilise electronic communication mediums? Which software programmes should be purchased? Do the benefits justify the expenditure?
- How should the electronic communication mediums be managed? Should it be a function managed by a specific person or department or should it be managed by all departments in the organisation? Given the complexity of

the issues, as well as a lack of South African research in this regard, this issue is also addressed in the primary research.

- Should the use of the electronic mediums be introduced to the stakeholder group? Should it be done as a launch or isn't it necessary to introduce it formally?

Some answers to the above-mentioned questions will only be obtained when specific communication or marketing plans have been developed for specific communication issues, aimed at specific stakeholders. It is, however, important to consider these issues from the onset of the development of the corporate communication or marketing strategy.

## **2.6. CONCLUSION**

The Internet is a complex technological medium with unique characteristics and functions, and it has created an unknown world of technological jargon for managers. Although it is imperative that managers understand this virtual world, it is not sufficient to compensate for a lack of management understanding of this strategic medium. By understanding how the Internet developed, organisations can integrate it into their corporate strategies. It is specifically the Internet's origination as a communication medium that will impact on business functions as well as the organisation's corporate communication and marketing strategies.

This chapter described the characteristics of the Internet as a medium, thereby realising Secondary Objective 1(a), by exploring the nature of Internet tactics – the Internet's origin, structure, characteristics, jargon and concepts. Managers need to realise what the capabilities of this important medium are that they are considering using, because of the impact that these characteristics will have on the communication process. What does, however, become obvious from this chapter is that if the Internet is viewed in isolation – as a technological medium and not within in the context of corporate strategy – it becomes 'empty'. The Internet on its own cannot contribute to the bottom

line of the organisation. If it is not incorporated into any of the corporate strategies, it will remain a collection of electronic applications. It is only within the context of organisational strategy that its full potential can be realised.

It is also suggested in this chapter that data, information and knowledge are not interchangeable concepts. It is therefore not enough for an organisation to simply provide data or information to its stakeholders. Knowledge and understanding must be cultivated in the communication exchange on the Internet. Knowledge can only be achieved if organisations participate in two-way interactive relationships with their stakeholders, instead of merely providing information.

It can also be concluded that although information technology managers play an important role in information handling on the Internet, this role is focused on the technological characteristics of the medium and not on the management of its content. Information technology managers can provide valuable inputs in terms of hardware, software and the use of technology to increase the organisation's efficiency, but corporate communication and marketing managers (Chapters 5 and 6) must use the Internet to realise corporate goals and thereby contribute to the organisation's effectiveness.

Cyberspace has created a new environment for an organisation to engage in two-way interactive communication. The organisation's corporate communication and marketing managers need to develop strategies to manage these relationships. The very nature of the Internet is interactive and should therefore be suited to a two-way symmetrical communication model.

Virtual organisations will also impact on how organisations conduct communication. Its influence on structure and hierarchy, as well as added expectations of the organisation's stakeholders, will add to the complexity of the management process.

Organisations and their stakeholders will now be able to connect through technology. Managers need to understand how – and if – value can be added

to the communication process, as well as how technology will impact on the communication process. Interactive communication technologies will also impact on the communication process and the relationship management strategies of the organisation.

From these concepts it has become clear that the Internet will impact on the communication process and the management of relationships between the organisation and its stakeholders. It is, however, important to establish a business model for the Internet that states a cause-and-effect relationship in specific terms (Lewis, 1998:99). As with any other business model, the organisation's business goals should drive its strategy (Andrews & Trites, 1997:14; Anon., 1996a:72; Bishop, 1996:26; Colombo, 2001:14; Trembley, 1998:26) and should therefore direct how the Internet is utilised in the organisation. Organisations must define the goals they want to achieve before assessing which digital tools to use. It is important to do an Internet inventory and identify specific, quantifiable results that the organisation believes the Internet is likely to yield (Maloff, 1997:69).

This chapter also indicated that it is not sufficient for managers to simply provide information for stakeholders. Knowledge, understanding or a relationship must be created. Perhaps the most important conclusion that can be drawn is that information technology, as a functional area, is only responsible for the management of the technology and not for the communication exchange. It is therefore the opinion of the researcher that if an organisation utilises the Internet as a medium, then the information technology department should only be responsible for the management of the technological aspects of the medium. The goal realisation or content management should be situated in the functional areas whose strategies are being implemented. The process of applying the theoretical framework (Chapter 1) to the electronic environment is discussed next in Chapter 3.



## **CHAPTER 3:**

# **THE INTERNET: AN APPLICATION OF THE THEORETICAL FRAMEWORK TO THE ELECTRONIC ENVIRONMENT**

### **3.1. INTRODUCTION**

"In my 20-plus years in public relations, I've come across nothing which has as great a potential as the Internet to have an impact on corporate communications. Yet, when I surf the Net, I see little indication that the business world is embracing Net communications as part of corporate PR activities. Sure, there are few examples here and there and some firms have established WWW pages, but considering the expansiveness of the Net the business world does not appear to be a major player in Net communications. Why are businesses reluctant to incorporate the Net in their communication strategies? Here is an initial thought: Business is locked into centrally controlled communication structures and is unwilling or unable to adapt to the chaos of the Net."

**Ross Irvine**

The advent of a new era of communication has dawned (Duys, 1998:58). Advancements in the 21<sup>st</sup> century will strongly affect how corporate communication is conducted in 2001 and beyond (Cutlip *et al.*, 1994:233; Dowling, 1990:6; Dubbelman, 1997:4; Hauss, 1995:16). This is a direct result of the information explosion and the new communication tools – such as the Internet – available to the communication society (Hauss, 1995:16). Communication has benefited tremendously from these technological developments (Kent & Taylor, 1998:331; Wladawsky-Berger, 1997:19).

With the number of people communicating electronically doubling every year (Heron, 1997:27), it has become essential to consider communication strategies for the on-line world. On-line communication is seen as the way to reach all of the organisation's stakeholders with an immediate, consistent

corporate message. Employees can trade information and reach electronic decisions without ever meeting face-to-face (Rosen, 1996:74).

Information technology is creating a new corporate communication environment by influencing communication channels, corporate stakeholder identification, communication mediums, message content and form, communication feedback, corporate communication roles, the shared meaning of messages, information packaging, strategic information management and corporate identity (Ihator, 2001a:199).

The interactive and real-time value of the information superhighway will impact on every communication manager – even if they are not directly involved in cyberspace (Haus, 1995:17). It has changed the public relations industry in ways no one ever expected (Crawford, 2000a:26).

According to Epley (in Anon., 2000:6), the following web-related possibilities exist for communication managers:

- the information age will change the way people communicate, learn and trade; and
- the Internet will be the dominant communication vehicle for the future communication manager. However, with rumour, deceit and false information not being checked, it will create enormous challenges in protecting reputation.

Virtual social and business communities on the Internet are affecting the manner in which business enterprises approach this new communication medium (Simeon, 1999; Solberg, 1996). The Information Age is not just about technology, it is about communication (Weber, 1996a). New media like on-line services, the Internet, CD-ROM's and electronic mail are creating powerful new communication channels to reach and influence stakeholders (Weber, 1996a). These electronic communication channels are part of the Information Economy (Heger, 1994:31; Weber, 1996a) – where information is at the heart of core business strategies and organisations communicate through a

massive web of modems, phone lines, e-mail addresses and home pages (Ross, 1998:4; Weber, 1996a).

The advent of the Internet has changed the definition, meaning, understanding and practice of corporate communication management, because cyberspace is not physical, geometric or geographic. Time and space can no longer limit the amount of information that the organisation want to communicate or limit the size of the stakeholder base that the organisation wants to target (Ihator, 2001b).

Millions of websites exist all over the world. To be heard through the clutter, organisations need to generate continuing attention and interest. Corporate communicators thought that meant 'glitz', and filled the Web with electronic junk food. This perception has changed to providing substance and issues – real public relations. Corporate communication's tools are not only changing in the global information technology, but new opportunities are developing (Ovatt, 1997:21).

For many the Internet is merely a technological development, which is best left to programmers and information specialists. This chapter will, however, show that it is the communication capability of this medium that will ensure its continuing existence.

The theoretical framework provided in Chapter 1 – its major building blocks being the communication process, mass communication theory, the four communication models as well as the systems theory – will in this chapter be applied to the electronic communication environment. From the theory it will become clear that the Internet is not merely the sole domain of one functional area in the organisation. Rather, the technical skills required to manage the technology should be combined with the communication know-how to drive the various functional strategies.

This chapter also aims to realise the following objective: Secondary Objective 1(b) - to investigate whether the concept of 'Internet strategy' can be considered a *strategy* or a corporate communication *medium*.

### **3.2. THE IMPACT OF THE INTERNET ON THE COMMUNICATION PROCESS**

Effective communication remains a critical element of an organisation's success (Buhler, 1997:23; Parnell, 1996:9), although the communication process itself is changing because of technology. Interactive communication provides a high degree of flexibility, which allows the stakeholder to have a higher degree of control over the technology as well as the communication process (Rogers & Allbritton, 1995:177). This interactive information networking will expand in the future (Haus, 1995:19).

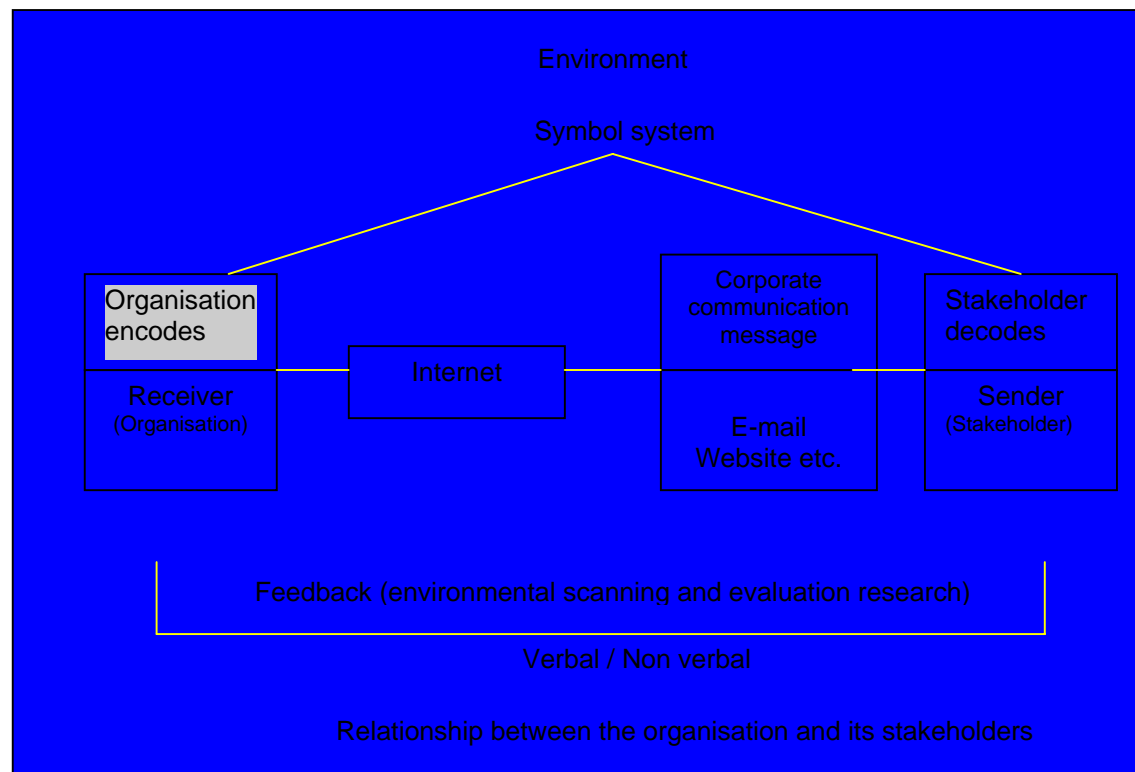
In traditional organisations communication was unidirectional in nature (Ihator, 2001a:200). Organisations were usually the senders of information and their stakeholders the receivers, and they could therefore control the communication channels or mediums. Organisations could structure their messages in conformity with organisational goals, and could make these messages consistent across multiple channels (Ihator, 2001a:200). The Internet is however multidirectional and interactive in nature, therefore allowing the participants in a communication process to have control over, and exchange roles in, their mutual discourse (Ihator, 2001a:200; Rogers & Allbritton, 1995:177). Organisations are also finding it difficult to package messages consistently across the various channels, owing to the fragmentation, complexity and interactivity of electronic communication mediums (Ihator, 2001a:200).

The communication process – the relationship between the sender, the message, the receiver, the encoder, the decoder, the medium and the feedback – has been discussed extensively in Chapter 1. This process must however be reviewed in the context of the electronic communication

environment, where certain unique characteristics of the Internet have a direct impact on the communication process. The figure by Lubbe & Puth (1994:61) of the communication process will again be used to illustrate the process.

### 3.2.1. The source or sender in an electronic environment

**Figure 3.1 The source or sender in an electronic environment**



**Source: Own application, adapted from Lubbe & Puth (1994:61)**

The **source** of a message, as seen in Chapter 1, is the central person or organisation responsible for the communication act (Seitel, 1995:101). Where electronic communication is concerned, depending on the electronic tool that is being used, there can be various sources. If a website is, for example, being used as a medium the source can be the web master, the department responsible for the website or the source of the information. It can therefore be deduced that the origin (or in other words the department) of the source will have an impact on the receivers' initial acceptance of the message.

Putting information on the Web in a public way, will impact on a variety of departments in an organisation (Curry, 1996:54) – the Internet is too important to be left to just one department (Preston, 1997:21-22). Website construction, for example, must therefore be a team effort (Zaviona, 1997:25). The composition of the development team should represent all the departments and products planned to be included in the website. All the members of the group do not necessarily need a technical background (Zaviona, 1997:25), because the group will focus on meeting the organisation's goals and where to get the information that will be posted on the site.

According to Watras (in Anon., 1996d:12):

“Since an Internet site serves many different audiences and purposes, companies are being smart and integrating these activities within one or two departments”.

The Internet creates tremendous opportunities, but it does not absolve organisations from developing corporate strategies (Kramer, 2001). It is also important that all employees understand the organisation's communication strategy and how it pertains to the electronic environment to ensure an overall, integrated strategy (Maloff, 1997:69). This issue of responsibility is also discussed in the section on mass communication theory, and is addressed in the primary research.

The use of electronic communication mediums will reshape the lines of responsibility that separate corporate communication and marketing from customer support, product development, and other departments (Levinson & Rubin, 1996:7; Preston, 1997:22). Employees need to be trained to perform the following tasks (Anon., 1997d):

- identifying and exploiting strategic Internet opportunities;
- developing the Internet-related skills of individuals and teams; and
- engineering jobs to take advantage of new information flows between the organisation and its stakeholders.

Cutlip *et al.* (1994:231) also indicate that source credibility amplifies the value of information and increases the status, reliability and expertness of the message. This is especially true in Internet communication, where the source can be some faceless entity that the stakeholder might never interact directly with (Levinson & Rubin 1996:xv).

Another problem that exists for the sender in the on-line world is that traditional cues such as gestures, voice tone, and volume are not present. Feedback and mutual understanding must therefore be gained and enhanced in other ways. One way to overcome this barrier is known as **emoticon**, where symbols are used to express emotion. This cannot replace non-verbal communication, but it can be used to increase the efficiency of the electronic communication process. Some examples of **emoticon** are shown in Table 3.1. Walther (1996) also indicated that if a contact person's name is for example given on the web page instead of a vague department, it could be hypothesised that a feeling of rapport and affection at interpersonal and hyper-personal levels can be cultivated.

**Table 3.1 Computer faces**

☺ Smile	☹ Frown
:'( Cry	;) Wink
:D Laughter	%-( Confusion
:-O Yell	>:< Anger
:X My lips are sealed	:P Stick out tongue
:Q Smoking	:* Kiss
<b>Note: Tilt your head to the left to read the 'faces'</b>	

**Source: Fisher (1993)**

### 3.2.2. The encoder

The idea that the source wants to transmit needs to be translated into a communication (Seitel, 1995:101). This message is influenced by a variety of factors such as words and semantics (Seitel, 1995:101-103).

In the electronic world, communication can be controlled and messages can be designed without these obvious language barriers that other mediums might present. Information can, for example, be provided bilingually without the huge costs that a printed process would entail. Translation is, however, not always possible and there are many examples on the Internet of incorrect interpretations of a specific language. The nature of the Internet allows for global access to an organisation's website. Organisations must therefore keep the following intercultural considerations in mind, when encoding messages for their international stakeholders (Chiger, 1996:71; Vassos, 1996:165-174):

- language and culture;
- creating localised content;
- differences in international law;
- distribution of offerings; and
- Internet infrastructure.

All the organisation's electronic communication mediums – website, customer service, e-mail correspondence etc. – should reflect the value the organisation places on its stakeholders and the language that is primary to them. Cultural differences will also play an important part in the success of an organisation's electronic communication mediums and must therefore be taken into consideration in the encoding of messages. The communication manager must therefore become knowledgeable on how a German, a Frenchman, an Englishman, an Afrikaner or a Zulu is going to view the Internet (Heilbrunn, 1998:8). One example of cultural preference is that people in Europe show far more resistance to provide personal information (Heilbrunn, 1998:8). Other communication avenues of obtaining this information will therefore need to be explored. The Internet will help bridge language barriers, if communication



practitioners can balance traditional methods based on the culture in which they are operating, and the expectations of their stakeholders.

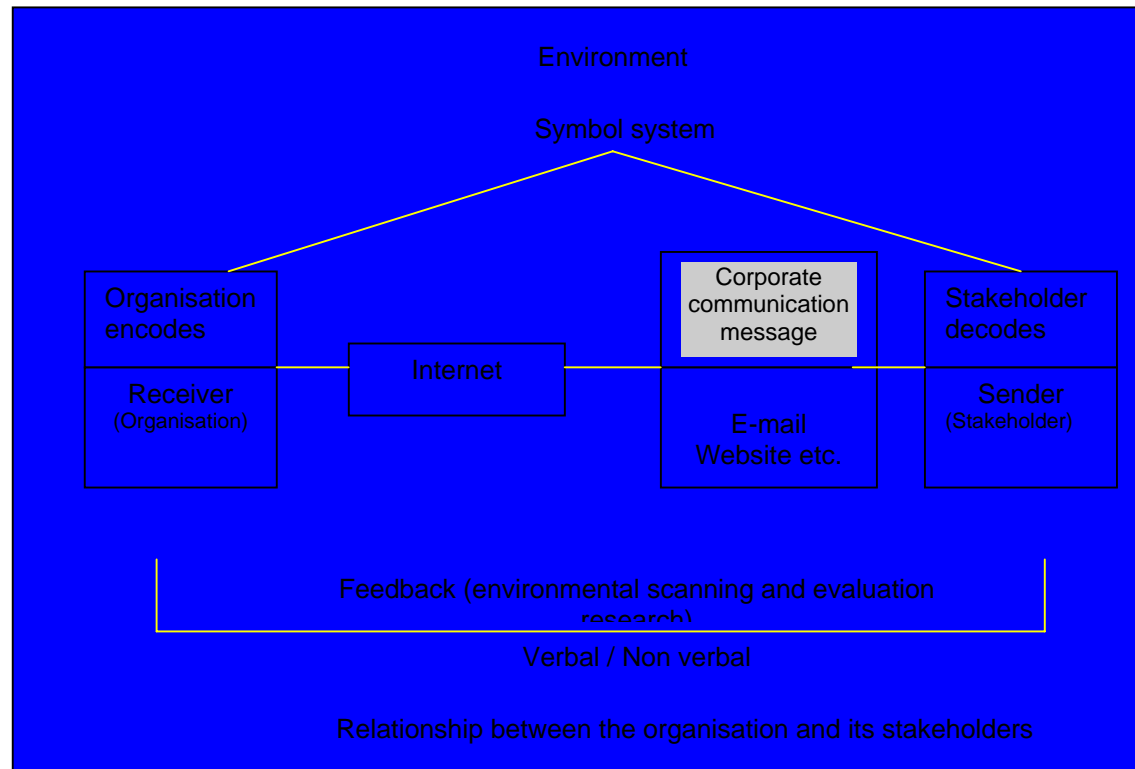
The Internet also has its own style of communication. One example of this is the **Internet Underwear Theory** (see *Chapter 6*). The Internet Underwear Theory relates to the informality of communication on the Internet (Vassos, 1996:14). It suggests that a formal, stuffy approach to communication will not be as well received as a more casual, breezy approach. Furthermore, the casual environment of the Internet has an impact on how stakeholders perceive messages that reach them. In order to be more effective, corporate communication needs to be less formal and more conversational in style. The focus should be on readability as opposed to rigidity.

Slang terms may be more readily accepted and communication is less formal (Vassos, 1996:15), because the Internet is based upon several thousand communities with 'like-minded members with a common purpose'. This is likely to promote a more informal, friendly environment: Internet users tend to get large volumes of information and respond much more than they would in the traditional office environment. This means that there is less time available to formalise communication. E-mail communicators have fewer corporate controls than the more formal methods of communication such as a letter. The interactive nature of the Internet (for example discussion groups) makes it more like a phone conversation than a letter.

The on-line world also has a specific set of rules or guidelines, called **netiquette** (Spinks, Wells & Meche, 1999), which prescribes how communication should be conducted on the Internet. Not adhering to these 'rules' can cause severe repercussions for an organisation. One example of this is the negative response that many stakeholders have to unsolicited e-mail from organisations.

### 3.2.3. The message

**Figure 3.2 The message in an electronic environment**



**Source: Own application, adapted from Lubbe & Puth (1994:61)**

According to Seitel (1995:103), there are three theories that explain what the message constitutes, namely the **content is the message**, the **medium is the message** or the **person is the message**.

**The content is the message.** This theory implies that the real importance of a communication – the message – lies in the meaning of for example the article or speech. Neither the medium through which the message is being communicated nor the individual doing the communicating is as important as the content. This correlates with strategic corporate communication theory (as discussed in Chapter 4) where the focus lies on what is being communicated, whether it be through electronic mediums or through more traditional mediums.

**The medium is the message.** This theory emphasises that the vehicle of the communication is the most important factor to consider. Television – which does not consist of much work to derive a meaning from the viewer's perspective – is seen as a 'cool' medium, whereas reading is considered to be a 'hot' medium. With television the viewer can also become a part of that which is being viewed. The same theory applies to the Internet, where organisations consider a website for example a 'must have' instead of asking what the needs of their stakeholders are.

**The person is the message.** The words, the face, the body, the eyes, the attitude, the timing, the wit and the presence of the speaker are responsible for the success of the message's delivery. In the on-line environment the importance of this theory deflates because the person is not visible.

In electronic communication the source of the message might never be seen and the nature of the medium has certain limitations. The Internet, as a communication medium, allows for communication to be more informal and in many instances, communication might be more effective than with a traditional medium. This form of communication is not necessarily easier, but will require more careful planning in the development of the messages that will be communicated.

The downside of this new-age technology rests in information overload, waste of time and resources, lower productivity and the ease with which gross misinformation can be spread in cyberspace (Gerstner, 1996:23; Hauss, 1995:17; Verespej, 1997:1). Organisations must therefore guard against this information overload in the development of their messages.

Another factor that must be considered when developing messages is that information flow on the Internet is not linear but interactive and this requires a new approach to communication. Messages are not received or viewed in the same order as other controlled media, but back to front (Ovatt, 1997:22). This could mean that a message sent via e-mail to a specific stakeholder might be deleted, read at a later stage or not even read at all. It also means

that a stakeholder can access an organisation's website and only read one page of information.

Organisations must also ensure that every communication message must add value for the stakeholder and must provide for the needs and desires of their stakeholders (Curry, 1996:55; Kent and Taylor, 1998:326, 328).

#### 3.2.4. The decoder

In the electronic world, factors – such as language, perception, stereotypes, symbols, peer group pressures and the influence of the media – which influence the translated meaning of the message also have a significant influence (Seitel, 1995:105).

Another dimension, namely the openness of the Internet, adds to the complexity. It is for example virtually impossible to control who will visit an organisation's website, given the fact that anyone in the world can have access to it.

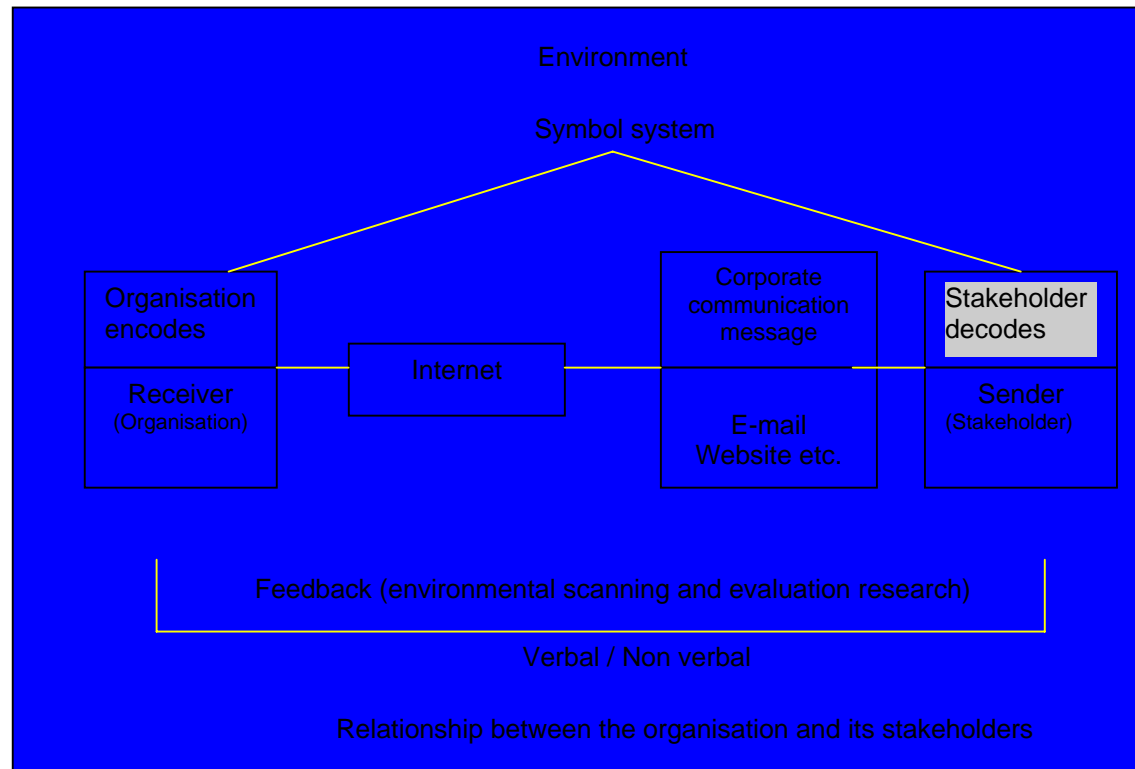
Organisations need to consider this factor in their planning and must create enough adaptability to address unforeseen characteristics and needs of possible stakeholders.

#### 3.2.5. The receiver

Communication via electronic mediums also implies, similar to more traditional mediums, that more than one person is involved in the communication process. The role of the receiver takes on a different guise in the electronic communication environment, because the receiver now has much more control over the communication process (Herrington, 1999:24; Ovaitt, 1997:22). Recipients are not merely passive receivers of the message but actively take part in the process, by for example choosing not to read e-mail or by choosing to read only a certain page on a website. The lack of non-verbal communication as well as limited opportunities for feedback can create an

uncertain communication environment. It is therefore critical to ensure that the desired effect of the message is achieved.

**Figure 3.3 The receiver in an electronic environment**



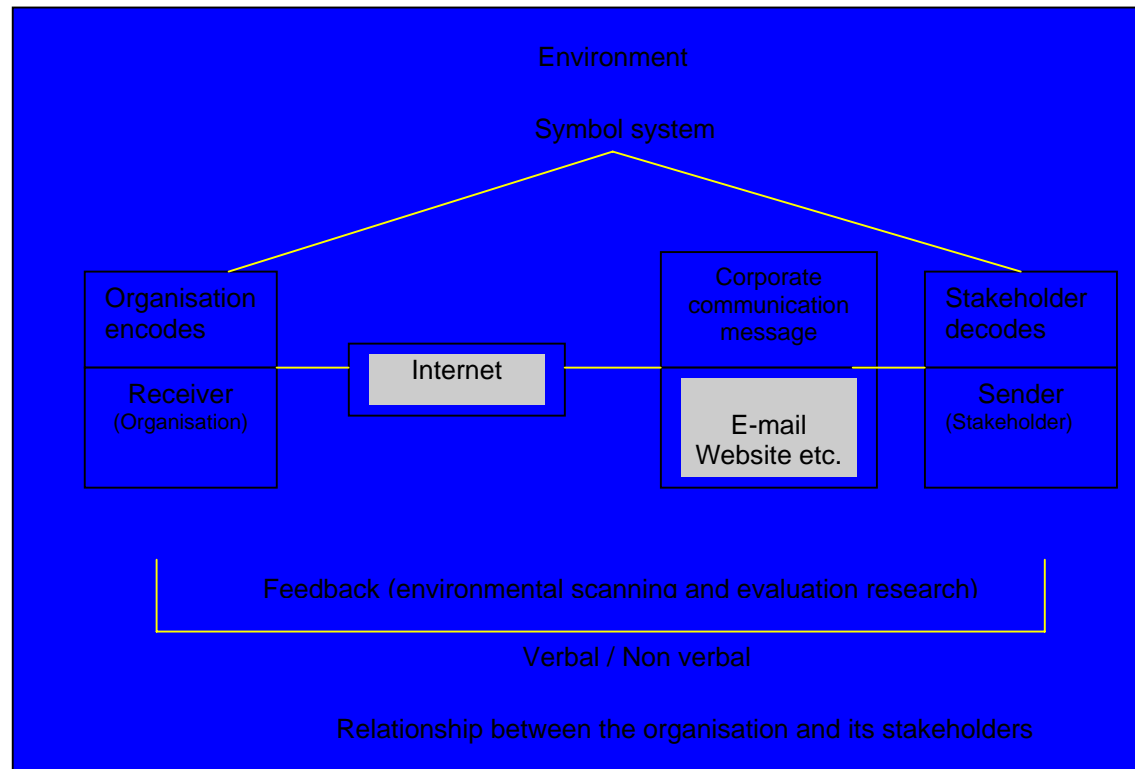
**Source: Own application, adapted from Lubbe & Puth (1994:61)**

### 3.2.6. The medium or channel

New technologies for delivering messages (mediums such as websites, e-mail etc.) have challenged traditional views on communication (Cutlip *et al.*, 1994:233) by creating new and innovative ways of conveying, distributing, displaying and storing messages (Wright, 2001:6). The Internet has grown into an extremely powerful communication medium which corporate communication professionals cannot ignore (Wright, 2001:5;6). It is important to note that the Internet is a corporate communication medium, tool or channel (Herbig & Hale, 1997; Ihator, 2001b; Kent & Taylor, 1998; Kiani, 1998; Marken, 1995; Newland Hill & White, 2000; O'Donovan, 2001; Simeon, 1999; Sprout, 1995; White & Raman, 1999) and not a strategy by itself (Kramer, 2001). The Internet and other electronic communication mediums are

classified as conventional, computer-mediated communication media (as discussed in Chapter 1).

**Figure 3.4 The medium or channel in an electronic environment**



**Source: Own application, adapted from Lubbe & Puth (1994:61)**

The effectiveness of the communication process is impacted on directly by the choice of (electronic) medium. Cutlip, Centre & Broom (in Wright, 2001:6) stress the importance of matching the appropriate media with suitable messages. These decisions help shape the effectiveness, efficiency and ambience of an organisation (Reinsch & Beswick, 1990:801). The choice of using electronic communication mediums is therefore not to be taken lightly and must fit into the organisation's overall communication strategy.

Face-to-face communication – a conventional and verbal medium – is still considered to be the most powerful, direct and preferred method of interpersonal communication. Many believe that electronic data exchange is faster, more reliable and less expensive than communication by phone, fax or postal service, but this is not always true (Gerstner, 1996:19). Interpersonal

communication cannot be replaced by electronic communication, but electronic communication mediums can enhance the relationship between an organisation and its stakeholders (Newland Hill & White, 2000).

There are, however, advantages to using electronic communication mediums. Although the physical proximity and related non-verbal communication are absent in electronic communication, a message can be directed to only a few or even just one person (Cutlip *et al.*, 1994:233). Physical proximity becomes less important as the communicators develop a relationship. This is known as the **intimacy-transcends-distance phenomenon**. However, if a high level of interactive communication is required to convey the message, then an electronic communication medium, such as a website, might be less preferable than an interpersonal exchange.

The Internet, as an electronic medium, can provide an opportunity for one-to-one communication by allowing its stakeholders, for example, to register on site and specify the type and breadth of information that interests them (Weber, 1996a). One-to-one communication has in fact become a measurement for effective communication on the Internet (Marken, 2000).

The level of involvement in the communication process can also influence the message. **High-involvement** mediums are more effective than **low-involvement** mediums, such as television. This is another reason why the Internet can be so effective. In essence, the stakeholder can be actively involved in the communication process, not merely because the power has shifted to the stakeholder, but because continuous feedback is a reality (Cutlip *et al.*, 1994:233).

A danger of using the Internet as a medium is its technological nature. After creating an initial repository of information and a set of internal and external links, most web developers start implementing the leading edge Internet technologies (Vassos, 1996:93). The use of leading edge technology is often the most visible aspect of the website. The implementation of leading edge technology is often used by the *technical* professional community as a

measure of website development. Inexperienced communication *managers* therefore also use the visual cues to measure the effectiveness of the communication medium.

While the use of leading edge technology is highly visible, it does not always contribute to an organisation's website's ability to meet corporate communication goals. Using the latest technologies may also limit your audience, because the newer the technology the smaller the initial base of users. The reason for this occurrence is that the latest technologies often require a high-powered computer and/or higher bandwidth communications. These technologies include applications such as RealAudio (audio files on the website) and multimedia. It is therefore important for a communication manager to re-examine the written goals of the corporate communication strategy before implementing too much technology (Andrews & Trites, 1997:15).

The Internet, as a medium, must also be integrated with other mediums used by communication managers. A website can have a distinct personality, which may be friendly, avant-garde, conservative, unconventional, leading edge or fun. This image which the organisation's website will project must be part of the business identity – the sum of the organisation's unique business characteristics (Levinson & Rubin, 1996:9). Although the offline and on-line mediums cannot – owing to technical and design differences – look identical, it is important to project the same corporate image throughout, unless the corporate communication strategy dictates otherwise. This means that the organisation's on-line and offline writing style (formal, informal, and the use of jargon); the types of fonts used (casual or conservative); the colour of the fonts as well as the background; graphic images and photographs; and the use of advanced technology such as audio files, video clips and animation – to name but a few examples – must be in line with the corporate communication strategy, design and overall branding (Vassos, 1996:156).

If theory suggests that communication management is not merely the dissemination of information, it can be argued that the Internet – if it wishes to



exist as a communication medium – should not be guilty of information overload. Messages should be designed, as with any other medium, with specific stakeholders and objectives in mind, the difference being, that on the Internet the message can be directed at only one person or 10 million people. The Internet should therefore not be limited to merely another technological advancement but must be utilised as a multifunctional communication channel.

Stakeholders using electronic communication mediums (such as websites) have developed very specific expectations for the messages that they receive through these mediums. Stakeholders have, for example, come to expect a certain degree of speed, creativity, interactivity, timelines and clarity of the message. These expectations are not unique to the electronic communication environment, but stakeholders using electronic communication mediums, are more likely to become impatient with an organisation not fulfilling these expectations. These expectations are discussed next in the context of a website as a medium.

#### *3.2.6.1. Ease of navigation*

Stakeholders do not require mediums such as websites to be complex or intricate in their structure (Crowe, 1995:4; Herrington, 1999:24; Ochman, 2000:20; Sheldon, 1997:7). An organisation must therefore guide a stakeholder to the relevant message. This can be done using various techniques such as ensuring that the home page is a map of the organisation's entire site; ensuring that the desired information is within two and four mouse clicks from the point of entry; providing a navigation bar, which allows stakeholders to jump to other useful content; ensuring that stakeholders are not forced to follow seemingly 'random' links to discover what information a website contains and where links will lead; and ensuring a flexibility in design of the medium (Andrews & Trites, 1997:15; Cirillo, 1998:3; Kinnersley, 1998:2; Kent & Taylor, 1998:329; Myer, 1996:74).

When information is audience-specific, interested stakeholders should be able to find it easily (Kent & Taylor, 1998:328). The information should therefore be well organised. Organisations should design their website to serve – rather than impress – visitors with easy navigation and fast download time (Kinnersley, 1998:2, 5).

It is also important to conduct research beforehand to ensure that the technical expectations of stakeholders are met (Andrews & Trites, 1997:15). Stakeholders will – despite the newest Java applications, graphics or frames – go somewhere else if they cannot find what they are looking for (Kinnersley, 1998:1)

### *3.2.6.2. Speed of the medium and the message*

A prerequisite for a perfect website is speed (Chiger, 1996:70). A survey conducted by Georgia Technical University indicated that from 11 700 net users, 81 per cent complained about websites' downloading speed – or lack thereof; the second complaint was an organisation not being on-line; and thirdly only 11 per cent of the respondents complained about the quality of visuals (Chiger, 1996:70). The nature of the Internet determines the speed which stakeholders expect a website to operate at. Speed of access is affected by five factors (Levinson & Rubin, 1996:53):

- the processing speed of the server that is sending out information;
- the speed of the connection between the server where the organisation's information is and the Internet;
- the amount of data the organisation is sending in a given transaction;
- the speed of data transfer between the organisation's server connection and the stakeholders' location; and
- the speed of the computer and Internet connection at the stakeholders' end.

Although the last two variables are not in the control of the organisation, it is always wise to inform stakeholders about the size of files (audio or video) as well as the amount of time that it will take approximately to load. A website

can also provide a choice between a text only version and a version with graphics. It is always better to provide several short pages loading quickly, than one extremely large page that loads slowly (Crowe, 1995:4).

Because text loads faster than graphics, it may be advisable that a website's content should contain more text. Well-typeset pages might be more effective than a graphic image, which takes 30 seconds to load. Well-formatted or organised text is also easier for information seekers to work with than text and graphics combined. The Web is designed to be rich in content, but those sites providing this commodity should do it as quickly and efficiently as possible (Kinnersley, 1998:5; Kent & Taylor, 1998:329).

#### *3.2.6.3. Creativity of the message*

Cutting corners on website development and maintenance may not result in the site (or the image) an organisation requires (Andrews & Trites, 1997:15; Anon., 1998a:41). Websites should always be interesting and informative, and contain information of value to its stakeholders (Kent & Taylor, 1998:330). However, providing useful content does not mean that the website should become a boring company brochure. By providing a three-dimensional experience, visitors are offered unique experiences. Organisations should keep in mind that the focus is firstly on the strategy, the stakeholder and the communication with the stakeholder (the goal to be achieved) and not on the 'bells and whistles' or on the technology (Kent & Taylor, 1998:330).

#### *3.2.6.4. Interactivity of the communication exchange*

The corporate communication strategy, as discussed Chapter 5, focuses on the creation of relationships between organisations and their stakeholders (see the *corporate communication models in Chapter 1*). To establish these relationships organisations and their stakeholders need to interact. If a medium such as a website is being used, it can be concluded that the higher the degree of interactivity, the greater the response (Myer, 1996:74). A website should therefore strive for a one-on-one relationship with

stakeholders. Interactive tools can include forums, question and answer formats, bulletin boards, e-mail and experts – such as featuring the company president or CEO on the website once a month. This will lead to relationships being built between the organisation and its stakeholders (Andrews & Trites, 1997:15; Kent & Taylor, 1998:329).

Two-way communication is needed to ensure that a relationship is created between the organisation and its stakeholders and that the corporate communication goals are met. The communication practitioner will also benefit from this relationship by receiving technical information, such as the usability of the website etc, from the stakeholders (Vassos, 1996:98).

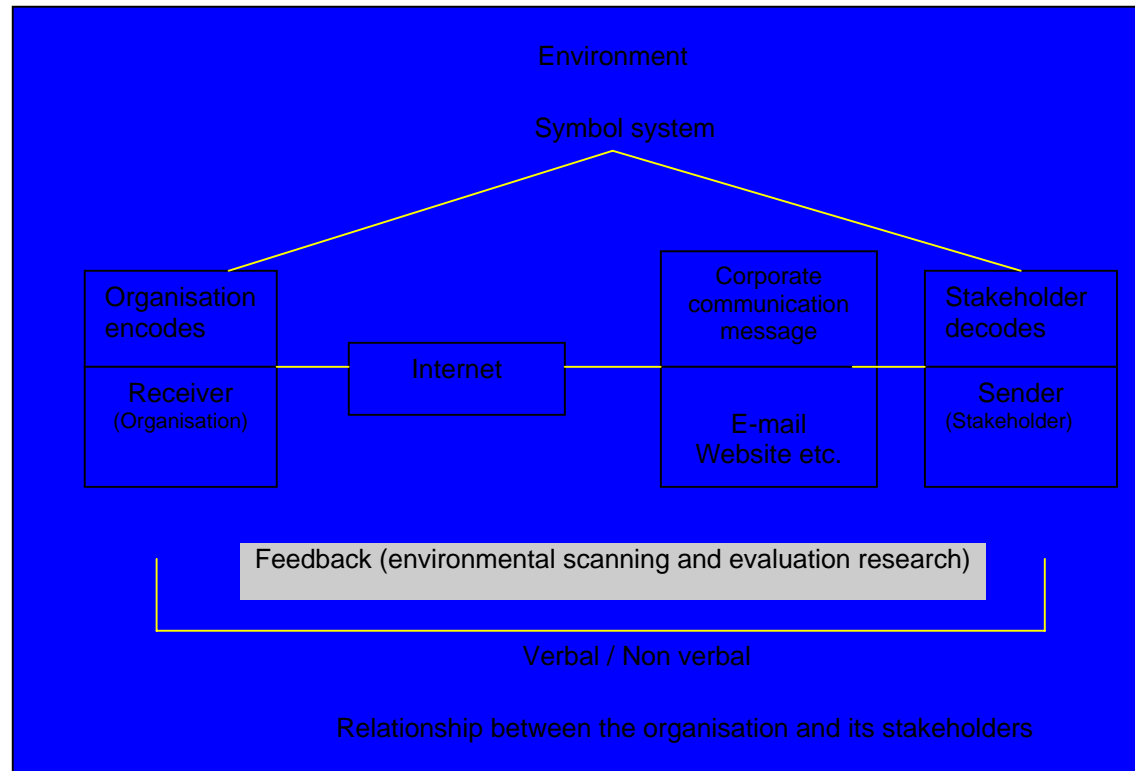
#### *3.2.6.5. Timeliness of the message*

Visitors to an organisation's website will return if the website has something of on-going value to offer them (Gumpert, 1997:26; Kent & Taylor, 1998:327). Websites that contain limited or unchanging information will not entice repeat visits (Kent & Taylor, 1998:329). Sites that are regularly updated appear credible and suggest that an organisation is responsible. The right message must therefore reach the stakeholder at the right time. Tools for ensuring repeat visits can include formats for frequently asked questions, easily downloadable or mailed information, technical or specialised information that can be requested by regular mail or electronic mail, and referral services or links to local agencies or information providers (Kent & Taylor, 1998:329).

While it is relatively easy to create a website, keeping it fresh is demanding and time-consuming. Because a website can easily be out-of-sight, it is easy to be out-of-mind (Graham, 1997:26).

### 3.2.7. Feedback and noise

**Figure 3.5 Feedback and noise in an electronic environment**



**Source: Own application, adapted from Lubbe & Puth (1994:61)**

In Chapter 1, feedback was discussed as an essential component of the communication process (Lubbe & Puth, 1994:64). According to Verwey (in Lubbe & Puth, 1994:64), feedback reveals how participants assign meanings and how these are negotiated through interaction. Feedback can, however, be influenced by 'noise' – such as physical noise, software shortcomings or lack of interest – as well as the frame of reference of the parties involved in the communication process.

The most common complaint about websites (Anon., 1998a:41) is that they are too cluttered and disorganised, which is a form of 'noise'. It is therefore important to deliver an organisation's message through this medium in an unambiguous fashion (Levinson & Rubin, 1996:55). This can be done by avoiding colloquial words or phrases in e-mail, discussion groups, names and items on storefront menus and the titles of electronic publications (since not all

stakeholders will be familiar with Internet jargon); by organising menus logically and explaining continuously what is going on and what to do.

Messages, as well as the mediums that deliver them, should therefore be developed or packaged bearing these expectations in mind. All of these considerations will be part of the portfolio of the communication technician (see the *corporate communication roles in Chapter 1*). Although it is critical that the strategic imperative of the corporate communication strategy is firstly realised, it is also important that the technical specifications of the medium and the message receive the same attention. This technical level of communication must also contribute to the realisation of the strategy and therefore to the bottom line of the organisation.

The Internet is characterised by its vastness. If communication efforts are therefore not focused, communication managers will never reach their stakeholders. If the Internet is only used as a mass communication medium, relationships with stakeholders cannot be cultivated.

The Internet can be the perfect medium for soliciting feedback. The Internet allows organisations to include feedback tactics in their websites that are aimed at specific stakeholders (Johnson in Kent & Taylor, 1998). Questionnaires and other on-line interviewing tools (such as discussion groups) provide a variety of additional, cost-effective methods to the communication manager. Electronic communication mediums also allow for instantaneous feedback (Ovatt, 1997:22). This is another factor that influences the communication process, and communication managers must keep this factor in mind when planning their communication programmes. Feedback does not constitute only having a feedback button on an organisation's website, but implies an interactive relationship between the sender and receiver.

The role of the Internet in the communication process, and how it relates to mass communication theory, is discussed next.

### **3.3. THE INTERNET, MASS COMMUNICATION THEORY AND THE COMMUNICATION PROCESS**

In this discussion of mass communication theory, and how it relates to the Internet, it is important to note that a theoretical discrepancy exists. Theorists have classified the Internet as being a mass communication medium as well as a one-on-one communication medium. This discussion therefore discusses the Internet in relation to mass communication, but indicates how it differs from traditional mass communication mediums.

Morris and Ogan (in Wright, 2001:9) state that the Internet was not originally viewed as a mass communication medium. This is confirmed by views of scholars such as DeFleur and Ball-Rokeach (in Wright, 2001:9) who dismissed the Internet in 1989 as being a form of mass communication, by comparing computers to telephones:

“Even if computer literacy were to become universal, and even if every household had a personal computer equipped with a modem, it is difficult to see how a new system of mass communication could develop from this base”.

The impact that the Internet has had on society as a whole in the following years showed how this viewpoint has changed. Communication practitioners have finally come to accept how powerful a communication medium it is. The Internet has become a medium that offers the possibility for societal change (Wright, 2001:9). Barriers to truly global communication are disappearing owing to the 24-hour access to information and the ability to communicate via the Internet or e-mail at any time or place (Haus, 1995:17).

Mass communication theory was discussed in detail in Chapter 1. In the context of Janowitz's (in McQuail & Windahl, 1981:4) definition of mass communication, the Internet can be applied as follows:

“Mass communications comprise the institutions and techniques {*website, e-mail etc.*} by which specialised groups (*department[s] responsible for managing electronic communication mediums*) employ technological devices (*Internet*) to disseminate symbolic content to large, heterogeneous and widely dispersed audiences (*all global users/stakeholders*)”.

For the Internet to qualify as a mass communication medium it must therefore comply with the properties of such as medium. McQuail & Windahl (1981:4) describe the roles of the sender, receiver, channel and the message in the context of mass communication.

The ‘sender’ in mass communication is always part of an organised group and often a member of an institution or department, which has other functions than communication. The use of electronic communication mediums is not the sole domain of the organisation’s communication department (Haus, 1995:19; Preston, 1997:21-22; Weber, 1996b; Wright, 2001:5), given that other departments also have valid reasons for using these mediums (e.g. the marketing department for the use of electronic commerce). It is also important to note that the source of the message will impact on the message itself (Cutlip *et al.*, 1994:230). It is, however, apparent from Wright’s (2001) research that corporate communication should take responsibility for the content of, for example, websites (see *Chapter 6*). This issue is raised in the primary research of this dissertation, given that few sources were found that confirm this viewpoint in a South African context.

The ‘receiver’ is an individual but may often be seen by the sending organisation as a group or collective organism with certain general attributes. The Internet is a truly global communication medium that can be accessed (in



theory) by any individual in the world (Mahoney & Roush, 1997:2; Stear, 1998:61). According to Vassos (1996:1):

“The Internet is not about mass marketing and mass markets. It’s about people – individuals with unique aspirations, needs, desires, and cultural backgrounds. It’s not as much a mass market of 60 million people as it is 60 million markets, each containing one person”.

A need therefore exists to crystallise a message to individuals in one-to-one communication and to build one-to-one relationships at the same time (Heilbrunn, 1998:9) – the Internet is the medium to provide in this need. The Internet can also be viewed as the first controlled mass communication medium, because its messages are not filtered by gatekeepers and the sender can therefore control the message received by the receiver (Newland Hill & White, 2000; White & Raman, 1999).

The ‘channel’ in mass communication theory does not consist of a social relationship, means of expression and sensory organs, but includes large-scale technologically based distribution devices and systems. These systems can however have social components, since they depend on law, custom and expectation. The ‘message’ in mass communication is also not a unique and transitory phenomenon as is it in the usual communication process, but is rather a mass-produced and infinitely repeatable symbolic structure, often of great complexity. It is, however, important to note that ‘virtual’ relationships can be fostered through large-scale technologically based distribution devices such as the Internet (e.g. chat rooms). Interactive communication technologies can create a ‘virtual group’; a pseudo gathering of distanced individuals who dialogue via computer keyboards, and these groups have low social presence (Rogers & Allbritton, 1995). Websites produce mass messages, but these messages can also be targeted at different stakeholders (Heath, 1998).

The characteristics of mass communication are its open and public nature; the limited and controlled access to 'sending' facilities; the impersonality of the relationship between sender and receiver; the imbalance of the relationship between them; and the intervention of institutionalised arrangements between sender and receiver. The very nature of the Internet is its interactivity, open and public nature, impersonality of the relationship between sender and receiver (one reason being the lack of non-verbal communication), accessibility, controlled access to 'sending' facilities (although access is global), the imbalance of the relationship between sender and receiver (traditional relationships are no longer relevant) and the fact that relationships are governed by the sender organisation (Brandon, 1996:31; Curry, 1996:54; Gilbert *et al.*, 1999; Hauss, 1995:18; Levinson & Rubin, 1996:47; Moody, 2000:7; Rogers & Allbritton, 1995:177; Solheim & Henning, 1998:160; Zaviona, 1997:24).

In the Shannon and Weaver model for mass communication (in McQuail & Windahl, 1981:12) two questions arise, namely: which kind of communication channel can bring through the maximum amount of signals and how much of the transmitted signal will be destroyed by noise under way from the transmitter (sender) to the receiver. The Internet (applications such as websites and e-mail) allows for a limitless number of signals to be sent to any stakeholder, but there is still the possibility of noise (see the *communication process in Chapter 1*).

The Shannon and Weaver model is a linear, or one-way, communication model and does not make provision for any form of feedback or interaction (McQuail & Windahl, 1981:12). The Internet, however, can be used as a two-way symmetric communication model and dialogue with stakeholders can therefore be fostered through various methods. This interactive relationship is pointed out in the discussion on the four communication models.

According to Johnson (1997:215), technologies do not fit neatly into once separate constructs of interpersonal, mass media (uncontrolled), and controlled media in corporate communication. New mediums such as the

Internet create a continuum between formerly discrete categories of interpersonal and mass mediated communication (Rice & Williams, 1984:57). Kiani (1998) identified two more reasons why the Internet differs from other mass communication mediums, namely its flexibility and accessibility. Firstly, in contrast to mediums such as television, websites can be adjusted in seconds, with minimal or no cost. Secondly, the Internet enables any business, regardless of size, to compete on an equal business playing field. Stakeholders can furthermore choose whether to connect with organisations through their websites. Organisations also have to earn the right to the digital relationship, by continuously enhancing the value for stakeholders (Kiani, 1998).

The very nature of the Internet is its interactivity, therefore distinguishing it from other traditional mass communication mediums. It allows organisations to collect information on stakeholders, monitor issues, and proactively engage stakeholders in direct dialogue – thereby creating closer relationships with these stakeholders (Esrock & Leichty, 2000).

Based on this theoretical discussion it can therefore be said that the new communication technologies differ from interpersonal or mass communication channels (Rogers & Allbritton, 1995:177). Communication mediums, such as the Internet, link distant individuals who might otherwise be unable or unlikely to communicate and facilitate the one-to-one as well as the one-to-many interpersonal communication exchange (Kornegay & Grunig, 1998:150; Rogers & Allbritton, 1995:177; Solheim & Henning, 1998:160). There will be an increasing trend towards one-to-one communication – via the Internet – and less on mass communication. Technology is also changing management philosophy “from a command and control relationship to one of facilitation and teambuilding” (Haus, 1995:18). This is indicative of a two-way symmetrical communication model and not traditional one-way communication.

The Internet can therefore be viewed as being both a mass communication medium and a one-on-one interactive communication medium. The communication model that the organisation’s communications is based on, will

determine how it is used (as a one-way or two-way communication model). This process is discussed in the following section.

### **3.4. THE INTERNET AND THE FOUR CORPORATE COMMUNICATION MODELS**

When the Internet was first introduced, it functioned as a two-way symmetrical model of communication. Researchers were able to communicate almost instantaneously with their counterparts all over the world (Frost & Strauss, 1998:11; Pieterse, 1995:10). The commercialisation of the Internet caused it to convert to a one-way communication model. Information was either used – and in many cases is still used – to manipulate stakeholders (press agency model), to solicit media coverage, to provide stakeholders with an electronic brochure or to provide stakeholders with as much information as possible (public information model). However, the Internet is currently shifting from a one-way communication model to a two-way symmetrical model of communication (Kiani, 1998). Organisations are utilising its interactivity and real-time communication capabilities. Relationships are established with stakeholders, and not only is feedback solicited but communication is being managed between the organisation and its stakeholders.

The application of the four corporate communication models – press agency, public information, two-way asymmetric, and two-way symmetrical models, as described in Chapter 1, is discussed next in the context of electronic communication.

#### **3.4.1. Press agency model for corporate communication**

This model describes corporate communication as being a publicity function, trying to gain coverage from the mass media in any possible way (Botan & Hazelton, 1989:29; Grunig & Hunt, 1984:21). Press agency is a one-way corporate communication model (Grunig & Hunt, 1984:23): information is

given, but the organisation does not seek information from publics through research or informal methods.

In utilising the press agency model, an organisation would decide which information should be posted on its website and when this should be done. No regard is given to the needs of the stakeholders. There is also no opportunity for stakeholders to provide feedback to the organisation, through methods such as a feedback button. The organisation would use its website to advertise, gain publicity through news and events links and would not put any damaging information on its website in times of a crisis.

#### 3.4.2. Public information model for corporate communication

The Internet can be a very effective tool for disseminating information (Kent & Taylor, 1998). The role of communication managers – in this model – is primarily seen as that of gatherer and disseminator of information through the Internet (Kent & Taylor, 1998; Kiani, 1998).

The organisation is usually the sender of the information and their stakeholders the receivers (Ihator, 2001b). Organisations can control and monopolise the Internet as a channel, and can structure their messages according to their own needs (Ihator, 2001b). Communication in this model is seen as the dissemination of information – not necessarily with a persuasive intent – through the Internet (Grunig & Hunt, 1984:21). The technician would perform the role of journalist in the organisation by looking for content for the organisation's electronic newsletters, website etc. Merely updating information or trying to include interesting content on the website is a one-way model of communication and does not imply interactivity (Kent & Taylor, 1998:329). Given the importance of the Internet as a source of information (see *Chapter 6*), this model is very popular amongst organisations with websites.

The public information model is a one-way communication model. As with the press agency model, information is given, but the organisation does not seek information from publics through research or informal methods. The complete

truth with regard to the organisation represented is, however, provided (Grunig & Hunt, 1984:23).

### 3.4.3. Two-way asymmetric model for corporate communication

Two-way communication is used in this model, as suggested by its name (Botan & Hazelton, 1989:29). Information flows between the organisation and its stakeholders (Grunig & Hunt, 1984:23), but it is imbalanced in favour of the organisation. The very nature of the Internet makes the use of this model problematic. As stated earlier in this chapter, information on the Internet is not linear, but interactive (Ashcroft & Hoey, 2001; Herrington, 1999:24; Ovaitt, 1997:22). Organisations cannot force their stakeholders to read all the information on their website or even to read it at all. The stakeholder is therefore in command of the electronic communication process (Graham, 1997:28).

The Internet can be used for educating, informing and persuading the organisation's diverse stakeholder groups (Marken, 1995; White & Raman, 1999). Electronic communication can be carefully planned to achieve maximum change in attitudes and behaviour (Grunig & Hunt, 1984:23) and feedback can be solicited. Feedback is, however, not synonymous with two-way communication. This manipulative model (Botan & Hazelton, 1989:29), although it utilises both the technician and management roles, presents certain ethical problems. Its nature is manipulative and does not allow for a two-way symmetrical communication relationship between the organisation and its stakeholders.

In this model of corporate communication, the broad goal is to persuade stakeholders to behave as the organisation wants them to behave (Dozier *et al.*, 1995:95). Before beginning a corporate communication programme, one should do research to determine stakeholder attitudes toward the organisation and how they might be changed. Before starting a corporate communication programme, one should look at surveys to make sure the organisation and its policies are described in ways its publics would be most likely to accept. After

completing a corporate communication programme, research should be done to determine how effective this programme has been in changing people's attitudes.

Formative research, as discussed above, is used in the asymmetrical communication model. Feedback is solicited but only to change the attitudes of the stakeholders and not the policies of the organisation. It is not enough to provide a telephone number or an e-mail address. Visitors expect to find an interactive environment of wide-ranging, in-depth information (Graham, 1997:26).

#### 3.4.4. Two-way symmetrical model for corporate communication

Increasing technological complexity and changing organisational structures will add to the existing communication challenges (Buhler, 1997:23). The greatest value of new media and electronic communication lies in their interactive qualities and ability to build relationships with stakeholders (Kornegay & Grunig, 1998:149).

The Internet has evolved from the traditional vertical and horizontal corporate communication paradigms (Ihator, 2001a:199). It therefore represents a paradigmatic shift in communication and corporate communication, creating the possibility of fully two-way communication between organisations and stakeholders (Kiani, 1998; Wright, 2001:5). Interactivity (see *Chapter 2*) in this context implies that technology allows stakeholders to control the flow of information (such as skipping the CD-ROM annual report's discussion section and hyper linking to the financial data), allow two-way communication between the communication practitioner and the receiver, or both (Johnson, 1997:215).

Electronic communication mediums can transcend organisational structure and hierarchy, increase lateral or horizontal communication (Rogers & Allbritton, 1995:187; Solheim & Henning, 1998:158) and circumnavigate

gatekeepers. The Internet has also made the position between the organisation and its stakeholders more equal (Naudé & Froneman, 2001:1).

The research process in interactive two-way symmetrical communication is addressed in more detail in Chapter 5.

### **3.5. THE INTERNET AND RELATIONSHIP MANAGEMENT (DIALOGIC COMMUNICATION)**

Organisations show a growing need for solutions to specific two-way communication challenges (Palmer, 1997:2). The Internet is a new vehicle, which could help organisations to communicate more effectively (Weber, 1996a). Information on the Internet is also not linear, but interactive – therefore on-line information must be designed knowing it will not be consumed end to end (Ashcroft & Hoey, 2001; Herrington, 1999:24; Ovaite, 1997:22). Multimedia applications have transformed the Internet from a publishing tool to an interactive medium (Dysart, 2002). Organisations must aim to design their web pages to facilitate relationships with the organisation's stakeholders, thereby facilitating real dialogue (Kent & Taylor, 1998:321). Beyond creating dialogue, organisations must ensure that feedback features are embedded in the design of the website (Esrock & Leichy, 2000). The absence of these feedback mechanisms can be viewed by stakeholders as a statement by the organisations of the kind of communication relationships the organisation prefers with its various stakeholders (Esrock & Leichy, 2000).

The Internet has enhanced two-way communication between organisations and their stakeholders, by equalising the relationship between them (Ihator, 2001a:202). Computer technology has shifted the balance of power dynamics between organisations and their stakeholders (Coombs, 1998; Ihator, 2001a:199). The stakeholder is now in command of the electronic process (Graham, 1997:28) and communication exchange. Because of technology, communicators can reach their audiences directly, without the intervention of gatekeepers and censors of information (Janal, 1996). It is now possible to



communicate on the Internet without filters (Kent & Taylor, 1998:325; Ovaitt, 1997:21). The Internet allows the stakeholder to decide which information to access, without being manipulated – as would have been the case in the press agency and two-way asymmetrical models of communication.

The Internet allows organisations to communicate with their stakeholders without filters (Ovaitt, 1997:21), and it allows organisations to monitor the Internet for incorrect information and then respond with corrections or clarifications (Strenski, 1995:33). Although this is an important communication function of the Internet, activities such as providing feedback, monitoring and responding to issues and queries do not equate the creation of dialogue or the negotiation of relationships (Kent & Taylor, 1998).

The need for enhanced corporate communication and trust-based relationships has become more critical in an environment of less traditional relationship coalition, relational history, and interpersonal communication. Ethics and truth, unqualified reputation and transparent honesty – trademarks of two-way symmetrical communication – have become critical necessities in on-line communication efforts (Ihator, 2001b).

The Internet offers the possibility of a dialogue and interactivity, which other media cannot easily replicate (Peterson *et al.*, 1997:330; Sheldon, 1997:7). There exists, however, according to Naudé & Froneman (2001:2), a discrepancy between the interactive nature of the Internet and the actual implementation of interactivity on websites. The relationship between two-way symmetrical communication and dialogic communication must be discussed in order for communication managers to utilise the full potential of the Internet. Two-way symmetrical communication's theoretical imperative is to provide a procedural means whereby an organisation and its stakeholders can communicate interactively (Kent & Taylor, 1998). Organisations must thereby devise systematic processes and rules for two-way symmetrical communication. Dialogic communication, in contrast refers to a specific type of relational interaction, namely where a relationship exists (Kent & Taylor,

1998; Taylor *et al.*, 2001). Dialogue is therefore the product rather than the process.

**Dialogic communication** refers to any negotiated exchange of ideas and opinions between the organisation and its stakeholders and is guided by two principles (Kent & Taylor, 1998). Firstly, participants in dialogue do not have to be in agreement about ideas and opinions. Secondly, dialogic communication is based on intersubjectivity, and not on objective truth, or subjectivity. Dialogic communication can therefore be seen as a very ethical communication process, because its emphasis is on a process of negotiated communication (Kent & Taylor, 1998; Naudé & Froneman, 2001:2; Taylor *et al.*, 2001).

Relationship building is another key performance area for the communication manager. Technology, such as the Internet, provides these managers with the means to do so (Kent & Taylor, 1998). Relationships between organisations and their stakeholders can be created, adapted and changed through the Internet (Kent & Taylor, 1998). Five principles of dialogic communication provide guidelines for the integration of dialogic corporate communication and the Internet (Kent & Taylor, 1998; Naudé & Froneman, 2001:2): creating a dialogic loop; the usefulness of the information being offered to the stakeholders; the generation of return visits; the ease of interface; and the conservation of visitors.

The **dialogic loop** allows stakeholders to query organisations and it affords organisations with the opportunity to respond to questions, concerns and problems (Kent & Taylor, 1998). This feedback process forms the cornerstone of the relationship between the stakeholder and the organisation. The Internet also allows organisations to embed the feedback from stakeholders in the corporate communication tactic (or plan) itself (Johnson in Kent & Taylor, 1998). Organisations who want to establish a dialogic loop need to commit resources to this process. These resources include assigning a specific individual to respond to the electronic queries, concerns and problems of stakeholders as well as providing specific training for that individual in

handling electronic communication mediums and messages (Kent & Taylor, 1998).

The organisation must be committed to the establishment of relationships through electronic communication mediums if it is to be successful. Organisations cannot engage in electronic communication and then not respond to the message. Many organisations wrongly believe that 'presence' is more important than service, access, or content, but it is important to ensure that the stakeholders' questions receive answers. Dialogic corporate communication on the Internet also requires the same skills as communication with other mediums. Furthermore it requires communicators to be committed to the communication process and react in a professional and timely manner.

Organisations should ensure the **usefulness of the information** that they offer – via their electronic communication mediums – for all their stakeholders (Kent & Taylor, 1998). In the dialogic model of communication (in contrast to the one-way communication models), information is provided not to stifle a debate or to win the assent of stakeholders but rather to engage them in dialogue as an informed partner (Kent & Taylor, 1998). Organisations can provide information to stakeholders such as telephone numbers, e-mail addresses etc., as long as the organisation ensures that the information is organised in such a manner that the targeted stakeholder group can easily find it, and as long as the information provides value to the stakeholder. An example of dialogic communication would be to provide stakeholders with information, through mailing lists and newsgroups, before they can request it. The object is, however, not just to realise the goals of the organisations, but to provide in the needs of the stakeholder.

Organisations should also ensure that their websites contain interactive features – such as updated information, changing issues, special forums, new commentaries, on-line question and answer sessions, and on-line experts – to **generate return visits** by stakeholders (Kent & Taylor, 1998). Simply updating information or trying to include information that the organisation believes to be interesting, would be reverting to a one-way communication

model. All of the interactive features mentioned must be accompanied by access to the communication manager that can guide stakeholders through the website and customise information according to the stakeholders' needs.

Techniques to **ensure return visits** by stakeholders were discussed earlier in this chapter (see *the communication process*).

The fifth principle of dialogic communication stresses the **conservation of the organisation's visitors** to their websites. Communication managers should ensure that every link that is offered on the organisation's website adds value to the communication process (Kent & Taylor, 1998). The goal of corporate communication on the Internet is to create and foster relationships with its stakeholders and not to entertain them – only essential links should therefore be implemented (Kent & Taylor, 1998).

The generation of return visits can be equated with the interpersonal relationship management stage in the communication process (Taylor *et al.*, 2001). Repetitive interactions and dialogue should form the basis of this relationship. Kent & Taylor (1998) stress that the purpose of using the Internet in dialogic communication is to build relationships with the organisation's stakeholders and not to use it as propaganda, marketing or advertising tools.

A lack of two-way interactive communication can in some instances be attributed to website design (Taylor *et al.*, 2001). The reason for this is that organisations do not include the website in the research, planning, and evaluation of the corporate communication programmes or plans (Taylor *et al.*, 2001; White & Raman, 1999). This occurs even though it seems that corporate communication managers realise that the Internet has the capacity to level the playing field between large and small organisations, and that activist publics can use the Internet to affect other stakeholders' perceptions of the organisation (Taylor *et al.*, 2001).

### 3.6. THE SYSTEMS THEORY APPLIED

In the context of electronic communication, the systems theory would imply that if the corporate communication department were not a part of the electronic communication process – the design and management of these mediums – it would impact negatively on the entire system as well as the performance of the organisation.

The responsibility for an organisation's electronic communication mediums was discussed in Chapter 6. From that discussion and the implications of the systems theory in organisational goal achievement, it can be stated that if the corporate communication department does not have control over, or are not involved in, the management of the Internet, then it will not be possible to include the organisation's website into the overall communication strategy (Newland Hill & White, 2000). If the responsibility for the management of an organisation's website lies with another department – such as marketing, advertising, customer service and information technology – the corporate communication department's influence in these departments will determine how and if communication goals are incorporated (Newland Hill & White, 2000). The impact on the achievement of the corporate communication goals will therefore also impact the achievement of the organisation's goals.

Gregory's (1997) suggestion of the role of corporate communication practitioner's in 'new' organisations must also be considered in the context of the systems theory. If business units are able to conduct their own corporate communication activities, under the watchful eye of a small corporate communication team of strategists, then organisations will need to address the information technology infrastructure to make the process faster, more reliable and more efficient. However, the core communication team would have to monitor the communication channels being used to avoid that these channels become information junk highways, with individuals spending an inordinate amount of time reading or sending electronic communication. The Internet allows organisation to send an unlimited amount of information. The

danger is that passing on information will become the default for genuine communication and that genuine communication messages will be drowned in the sheer volume of information material. All the activities of the core corporate team should be electronically logged and should become an integral part of the process.

In the context of the business units, communication technicians would be able to implement the corporate communication activities (Gregory, 1997). It is, however, important to note that if the Internet is for example used as part of the organisation's strategic mix, then the technician would implement the activities within the business unit strategy.

### **3.7. CONCLUSION**

The advent of the information era and the creation of the Internet and its applications have a direct impact on how organisations conduct their corporate communication. The influence of the Internet is so far-reaching that communication managers cannot ignore its use as a communication medium.

The 'sender', or source, of the communication message preferably must be situated in one or two departments. In the context of the importance of the source of a message, the systems theory, as well as Wright's (1998) study, this would mean that this responsibility should preferably be situated in the corporate communication department of an organisation. If the responsibility does not lie in the corporate communication department, the corporate communication goals – for the Internet – are not likely to be realised. This does not imply that the corporate communication department should have the sole ownership of the medium, but that the management process should still consist of a team effort with inputs from the marketing, information technology, human resources or other relevant departments. Since there are no non-verbal cues on the Internet, organisations must compensate for this by either using emoticons or integrating other feedback methods into the communication process.

Training for communication technicians, managers and strategists will also have to include electronic communication messaging, for example how 'message content', style, language etc look in electronic communication mediums. Organisations will have to balance the requirements of the medium, for example a more informal writing style, with their own house style, branding, processes and policies. Corporate communication managers will also have to learn to balance their own need to provide their stakeholders with information, with the stakeholders' information need – thereby adhering to the two-way symmetrical communication model.

The 'receiver' in the electronic communication process will also look different than in more traditional communication processes. The Internet allows the receiver more control over the communication process – press agency and two-way asymmetrical communication models are therefore less likely to be effective in an electronic communication environment.

Mass communication theory has also had an impact on how the Internet is perceived, as well as on the communication process. The Internet can be a mass communication medium, because it adheres to the requirements of such mediums. Whether or not it is utilised as a mass communication medium will depend on the corporate communication model that the organisation follows. The Internet will only exist as a mass communication medium – a one-way communication process, if it is utilised in the press agency or public information models of communication. If the organisation follows a two-way symmetrical communication model, the Internet will allow the organisation to engage in two-way interactive communication and dialogue. It will also allow organisations, in contrast to other mass communication mediums, to build relationships with its stakeholders.

As suggested in the theory, the four corporate communication models can be used as a framework for an organisation's electronic communication activities. The Internet can be utilised in all four the communication models, with the most apparent application in the public information and two-way symmetrical models. This is a result of the Internet's stated use as an information providing

and gathering vehicle. The use of the press agency and two-way asymmetrical models of communication will, however, be less successful in the electronic communication environment, because the Internet's nature dictates two-way interactive communication and levels the playing field between organisations and stakeholders. Persuasive communication techniques are therefore less likely to succeed in electronic communication.

The Internet's true value will be visible in two-way symmetrical communication or dialogic communication. The Internet allows organisations and their stakeholders to connect through technology and organisations can build relationships with their stakeholders by using various Internet applications. The Internet adheres to two-way symmetrical communication because it: transcends organisational boundaries and hierarchy; allows relationships to be created between the organisation and its stakeholders; creates an environment for ethical and responsible communication; creates opportunities for organisations to adapt their policies and processes; and it allows for continuous feedback. Organisations have, however, to transcend the barriers of two-way interactive communication to reach a new state of communication, namely dialogic communication.

This chapter realised Secondary Objective 1(b) - To investigate whether the concept of 'Internet strategy' can be considered a *strategy* or a (corporate communication or marketing) *medium*. From the literature it is evident that 'Internet strategy' is a contradiction in terms. The Internet is a medium and not a strategy in itself.

Chapter 4 will provide an overview of the strategic management of an organisation's communication with its stakeholders. The role of corporate communication in the strategic management process of the organisation will be examined. In addition, the roles (technician, manager and strategist) that the communication practitioner plays in the organisation will be described, as well as a model for the development of corporate communication strategy.



## **CHAPTER 4: THE STRATEGIC MANAGEMENT OF AN ORGANISATION'S COMMUNICATION WITH ITS STAKEHOLDERS**

### **4.1. INTRODUCTION**

This chapter examines the role of corporate communication in the strategic management process.

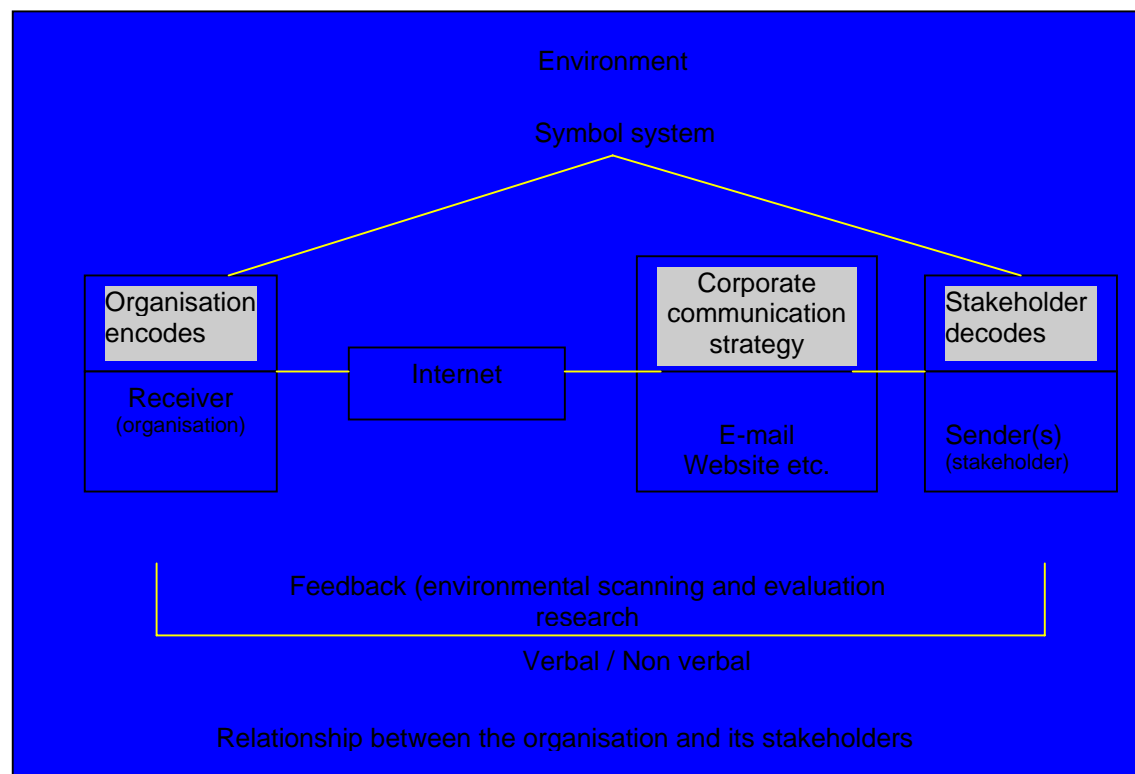
Corporate communication is practised on various levels in an organisation, as reflected in the different roles that corporate communication practitioners play in an organisation. The traditional roles identified more than two decades ago are those of communication technician and manager. A new role recently identified in South Africa, namely that of corporate communication strategist, is also discussed in this chapter.

Corporate communication has not historically been practised on the strategic level, although many authors or managers use the terms 'corporate communication strategy' or 'strategic communication management'. It is therefore necessary to distinguish between corporate communication being practised on the implementation and the functional (organisational) level and corporate communication contributing to the enterprise or supporting the corporate strategy.

Secondary Objective 1(e): To hypothesise a framework for the formulation of 'Internet strategy' will be realised – in part – in this chapter. It will provide the theoretical framework for the formulation of 'Internet strategy' by using Steyn & Puth's (2000) model for developing a corporate communication strategy, as a guideline for utilising the Internet as a strategic contributor to the organisation's bottom line.

In the context of the communication process (Lubbe & Puth, 1994:61), this chapter focuses on the 'sender' (the organisation), the 'message' (the communication), as well as the 'receiver' (the stakeholder)', as depicted in Figure 4.1 below.

**Figure 4.1 The role of corporate communication in the electronic environment**



**Source: Own application, adapted from Lubbe & Puth (1994:61)**

## **4.2. STRATEGIC CORPORATE COMMUNICATION THEORY**

In the following discussion the role of corporate communication in the strategic management process will be discussed.

### **4.2.1. Corporate communication's contribution to strategic management**

In the literature, it is increasingly stated that the corporate communication function should contribute to the strategic management process. The levels of

strategic management have already been discussed in Chapter 1. In this context, corporate communication practitioners in different roles contribute to the various levels of strategy formulation and implementation.

On the **enterprise** level, a corporate communication practitioner in the role of the strategist conducts environmental scanning by helping to identify and analyse important issues and stakeholder relationships, which impact on the realisation of the organisation's strategic goals. This role also involves counselling senior management about how the alternative options may affect the organisation's relationship with its stakeholders. Communication practitioners thereby help management to anticipate the likely political and societal reaction to alternative strategy options, and enable them to assess the potential attractiveness and viability of those strategies under consideration (Moss & Warnaby, 1997:66). A corporate communication practitioner in the role of 'strategist' gathers, interprets and disseminates strategic intelligence regarding stakeholders and issues amongst decision makers, and assists in the formulation of the enterprise strategy (Steyn, 2002:21).

On the **corporate** level, the communication practitioner supports the financial strategy by communicating with investors or by assisting with the annual report of the organisation. The communication practitioner also supports the implementation of the **business unit** strategy (Steyn, 2002:21).

According to Kay (in Moss & Warnaby, 1997:66), the communication practitioner supports the development of capability-based strategies on the **functional** level of strategic management, by creating or enhancing existing capabilities. Corporate communication strategy provides the vital link between the enterprise/corporate/business unit strategies (Steyn, 2002:21). It builds and maintains the organisation's network of relational contracts (architecture) within and around the organisation, and enhances the organisation's image and reputation, by focusing on key strategic relationships and issues that may constrain or enhance an organisation's ability to achieve its goals (Moss & Warnaby, 1997:66). A practitioner in the role of corporate communication

'manager' formulates corporate communication strategy. This strategy is mainly derived from or influenced by the organisation's enterprise strategy, but also provides input into the enterprise strategy (Steyn, 2002:21). The corporate communication strategy (on a functional level) provides focus and direction for an organisation's communication, building symbolic and behavioural relationships with its strategic stakeholders. A practitioner in the role of 'manager' determines 'what' rather than 'how' the message should be communicated (Steyn, 2002:22).

On the **operational** level, a communication practitioner in the role of 'technician' creates specific communication programmes and plans to build and enhance the organisation's relationships with its key strategic stakeholders (Moss & Warnaby, 1997:67).

It is therefore clear that corporate communication contributes to the various levels of strategic management. It is, however, necessary to understand the role or context of corporate communication in an organisation.

#### 4.2.2. Corporate communication in context

Grunig and Repper (in Steyn & Puth, 2000:17) apply strategic management to corporate communication in two ways:

- Firstly, the most senior communication practitioner's involvement in the strategic management of the organisation is to survey the environment, to help to define the mission and goals, and to develop problem-solving strategies for the entire organisation. According to Steyn & Puth (2000), this is the role of the corporate communication strategist.
- Secondly, the corporate communication department manages its own programmes strategically by aligning communication goals with the organisation's mission and thereby integrating and co-ordinating its work with that of the organisation. According to Steyn & Puth (2000), this is the role of the corporate communication manager and technician.

Steyn (2002:22) regards corporate communication strategy:

- as the pro-active ability to adapt the organisation to changes in stakeholder expectations and opinions.
- as creating a competitive advantage for an organisation through the early detection and management of issues, involving strategic stakeholders in problem solving and decision-making.
- as making the communication function relevant in the strategic management process through its focus on communication with strategic stakeholders, aligning communication goals with the organisation's mission.
- as emergent rather than deliberate strategy – communication goals are not defined at the beginning of the strategy, but emerges through the process of identifying key strategic issues and their implications for the stakeholders.

The contribution of corporate communication to the strategic management process has been indicated above. Corporate communication must be practised by practitioners in three different roles (strategist, manager and technician). In order to achieve this, the activities to be performed in these roles are discussed next.

### **4.3. CORPORATE COMMUNICATION ROLES**

In order to understand the contribution of corporate communication to an organisation's strategic management process, the roles of the communication 'technician', 'manager' and 'strategist' will be discussed.

#### **4.3.1. Corporate communication technicians and managers**

Corporate communication has traditionally been practised on two levels (Lubbe & Puth, 1994:1;8-9; Steyn & Puth, 2000:14-17), namely the implementation level (role of the technician) and the management level (role of the manager).

Steyn (2002:16) considers the role of the communication **technician** as an implementation role at the micro organisational level. Communication technicians do not participate in the management decision-making process, but implement low-level mechanics of generating communication products – thereby implementing the policy decisions made by others. The executive management makes strategic decisions, specify actions and designate the communication directed at stakeholders. The technician is not part of the management team, but prepares and produces communications materials for corporate communication efforts (Lauzen & Dozier, 1992:209; Toth *et al.*, 1998:145). The technicians provide technical services such as writing, editing, photography, media contacts, or production of publications (Dozier *et al.*, 1995:54; Toth *et al.*, 1998:8). Practitioners in the role of technician do not conduct any form of research but merely implement plans.

Steyn (2003:16) summarises the role of corporate communication technicians by stating that the role:

- is an implementation role at the micro or programme (operational) level of the organisation.
- is (one) part of the window function of corporate communication, developing implementation strategy and communication plans that results in portraying all facets of the organisation to the stakeholder and societal environment.
- is (part of) the information disposal/external representation role of the boundary spanner, in developing and implementing unique corporate communication activities that portray the organisation's identity and values to the stakeholder and societal environment.
- is based on the inside-out approach to strategic management, contributing to corporate communication planning by deciding 'how' messages should be communicated to reach the strategic stakeholders/publics/interest groups.
- is to support the enterprise, corporate and business unit strategies by aligning communication activities to the organisational mission and goals.

The communication **manager** makes communication policy decisions and is involved in all the communication decision-making. The manager frequently uses research to plan or evaluate programmes and to counsel management. The communication manager is responsible for communication programme outcomes; is viewed by others in an organisation as the communication expert; facilitates communication and relationships between managers and stakeholders; and facilitates and directs communication programmes (Grunig JE, 1992; Grunig & Hunt, 1992; Lauzen & Dozier, 1992: 209; Moss, Warnaby & Newman, 2000:283; Toth *et al.*, 1998:8). The communication manager develops and manages the corporate communication strategy at a functional, departmental or divisional level of an organisation (Steyn, 2002:16; Steyn & Puth, 2000:21).

The roles of the manager and the technician are seldom played by the same person in an organisation (Steyn & Puth, 2000:16). In instances where the role of the technician and the manager are performed by the same person, the latter tends to revert to the role of the technician. These two roles cannot, however function as separate entities and should be managed interdependently (Lubbe & Puth, 1994:8).

The role of manager correlates positively with the two-way models of communication. The two-way models, whether asymmetrical or symmetrical, require specialised expertise in strategic planning, issues analysis, and research on stakeholders (Lauzen & Dozier, 1992:211,217).

According to Steyn (2003:16), the (redefined) role of manager is:

- a strategic role at the organisational or meso (functional) level.
- (part of) the information disposal / external representational role of the boundary spanner portraying the organisation's identity and values to the external environment.
- (one) part of the window function of corporate communication, developing corporate communication policy and strategy that results in messages portraying all facets of the organisation.

- to make strategic inputs by considering the consequences of issues/organisational strategies/behaviour on the stakeholders, deciding 'what' must be communicated to solve the problems/capitalise on the opportunities presented. This strategic information provides the content of the functional (corporate communication) strategy. The corporate and business unit strategies are also supported.
- based on the inside-out approach to strategic management, contributing to strategic planning/thinking by identifying core messages to be communicated to the stakeholders and other groups in the societal environment.

#### 4.3.2. The role of the corporate communication strategist

Steyn & Puth (2000) found, through empirical research, that a third corporate communication role exists in South Africa according to the normative expectations of chief executives, namely that of the corporate communication **strategist**. The role of the strategist is performed at the strategic management or macro level of an organisation – gathering strategic information on stakeholders and issues from the external environment by means of environmental scanning, and feeding this strategic intelligence into the organisation's strategy formulation process (Steyn, 2002:16).

##### *4.3.2.1. Theoretical foundations of the strategist, manager and technician roles*

Steyn & Puth's (2000) conceptualisation of three roles for corporate communication is theoretically based on boundary spanning in strategic management theory as well as the mirror and window functions of corporate communication.

**Boundary spanning roles** are involved with (information) inputs to the organisation and (information) outputs from the organisation (Steyn & Puth, 2000:18). Various authors (Moss & Warnaby, 1997:65; Moss & Warnaby, 1998:136; Moss *et al.*, 2000:283) see the two boundary spanning roles as



information processing and external representation. Adams (in Steyn & Puth, 2000:18) sees the boundary spanning roles as information acquisition and disposal. Steyn (2000) has conceptualised the role of the strategist based on the information acquisition and information processing role of the boundary spanner, while the roles of manager and technician are based on the external representation or information disposal role of the boundary spanner.

For the communication practitioner the role of information gatherer (through environmental scanning and programme research) and processor is critical in the strategic decision-making process. White and Dozier (in Moss & Warnaby, 1997:60) argue that it is in this boundary spanning role that corporate communication practitioners will make their most important contribution, by matching the organisation to its environment – one of the most fundamental goals of organisational strategy (Moss *et al.*, 2000:284). Corporate communication practitioners' ability to maintain a degree of detachment from the other members of management is an advantage – they are able to view corporate policies with a multiple vision (Steyn & Puth, 2000:19).

Boundary spanners operate as an interface between an organisation and its stakeholders. They assist management in keeping informed of, and alert to, the implications of any changes within the organisation's environment, especially in terms of how these changes may impact on key stakeholder relationships. Boundary spanners also bring a stakeholder perspective into the strategic decision-making process, and assist in implementing corporate strategies by communicating the organisation's strategic intentions to internal and external stakeholders (Moss & Warnaby, 1997:60-61).

Another perspective from which to view corporate communication's role in the achievement of an organisation's mission is that of Van Riel (adapted by Steyn & Puth, 2000:19), namely the mirror and window function.

The **mirror function** entails the monitoring of relevant environmental developments and the anticipation of their consequences for the organisation's strategies and policies (Steyn & Puth, 2000:19). Corporate

communication's role in the organisation's strategy development process is to assist the executive management in gathering, interpreting and using strategic information on stakeholders and issues (Steyn & Puth, 2000:19). This equals the role of the strategist.

The **window function** entails the preparation and execution of a corporate communication strategy and policy, resulting in messages that portray all facets of the organisation (Steyn & Puth, 2000:19). Corporate communication interprets the philosophies, policies, programmes and practices of the executive management to the various stakeholders. By doing this, corporate communication establishes an active outward orientation for the organisation (Steyn & Puth, 2000:19). This equals the role of the manager and technician.

#### *4.3.2.2. Emerging roles in Europe and the United States of America*

In the European Body of Knowledge Project (EBOK), Vercic, Van Ruler, Butschi & Flodin (2001) identified the **reflective** and **educational** roles, in addition to the historic roles of technician and manager. The reflective role entails monitoring and analysing changing standards and values in society, and bringing these to the executive management's attention. The organisation then reflects these norms and values in their decision-making processes, and adjusts their standards and values regarding social responsibility and legitimacy.

In the USA, there are indications of a third role (in addition to the manager and technician), identified as the **senior adviser role** (Dozier & Broom, *in* Steyn, 2002:16). Toth *et al.* (1998) identified the agency profile role of which all activities are managerial in nature. Wright (1995) indicated a **communication executive role** that functions within the 'inner circle' of organisation decision-making.

Steyn (2002:16) is of the opinion that the reflective role, the senior adviser role and the communication executive role are similar to the role of the corporate communication strategist.

#### *4.3.2.3. Activities of the corporate communication strategist*

Based on the boundary spanning roles and the window and mirror function, the activities of the communication strategists are to monitor the relevant environmental developments and anticipate their consequences for the organisation's policies and strategies, specifically with regard to an organisation's relationship with its stakeholders (Steyn & Puth, 2000:20). A corporate communication strategist makes inputs into an organisation's strategic decision-making process, thereby contributing to the development of enterprise strategy (Steyn & Puth, 2002:19). This role is played at the macro or executive management level. In summary, Steyn (2003:16) regards the role of strategist to be:

- a strategic role at the top management/societal/ environmental level.
- is based on the outside-in approach to strategic management, conducting environmental scanning to gather information on stakeholders, publics and issues from the environment.
- the information acquisition role of the boundary spanner, being part of the strategic team that adapts the organisation to the future.
- the information processing role of the boundary spanner, which entails strategic thinking by interpreting information gathered with regard to its consequences for organisational strategies/policies and stakeholders.
- corporate communication's inputs into the organisational strategy formulation processes – resulting in a strategic contribution toward enterprise strategy, but also supporting corporate and business unit strategy.
- equal to the mirror function, consisting of scanning and monitoring relevant environmental developments/issues and anticipating their consequences for the organisation's policies and strategies, especially with regard to the stakeholder and societal environment.

## 4.4. THE CONCEPT OF STRATEGY IN THE CONTEXT OF THE CORPORATE COMMUNICATION FUNCTION

Various models for the development of corporate communication strategy are currently in existence. Three models will be discussed briefly in this chapter, namely Tibble's model of corporate communication management (Tibble, 1997:358), the PRISA model (Lubbe & Puth, 1994:13; Rensburg, 1996:66-69) and the model for developing corporate communication plans (Steyn & Puth, 2000:63). The discussion will show how Tibble's model and the PRISA model have developed and grown into the model for the development of corporate communication strategy as described by Steyn & Puth (2000). It will also indicate what the differences between the various models are.

### 4.4.1. Tibble's model for corporate communication management

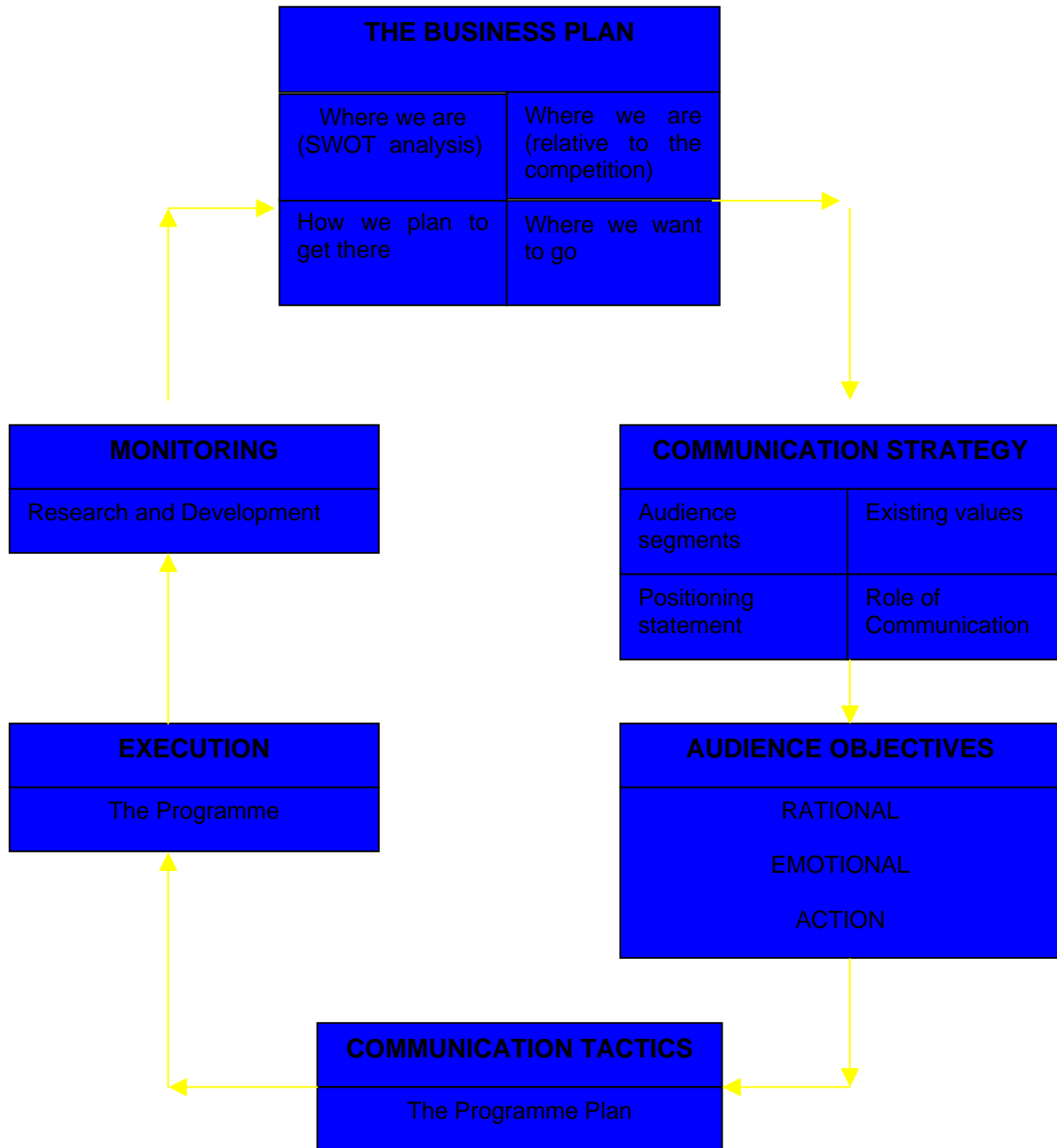
Strategy should form an integral part of any communication programme. Grunig & Repper (in Grunig, 1992) propose that corporate communication is likely to be excellent when it contributes to an organisation's strategic management process and when corporate communication itself is managed strategically.

According to Tibble (1997:358), an effective strategy provides:

- leadership of thought and activity processes for the communication programme;
- the context and a guiding principle for all communication activities;
- the link between the 'why' and the 'how'; the logic that binds objectives and tactics together.

Tibble (1997:358) describes the process involved in the development of a communication strategic plan (see *Figure 4.2 below*).

**Figure 4.2 Steps in the development of a strategic communication plan**



**Source: Tibble (1997:356-361)**

These stages – as discussed in the figure – which describe the development of a strategic plan as seen by Tibble, are described in detail in the Public Relations Institute of Southern Africa (PRISA) model (Lubbe & Puth, 1994:13; Rensburg, 1996:66-69).

#### 4.4.2. Public Relations Institute of Southern Africa (PRISA) model

The PRISA model consists of various steps described as follows:

##### 4.4.2.1. STEP 1 *Defining the situation (situation analysis)*

The motivation for the planning and implementation of a corporate communication plan will determine the nature of the situation analysis and the techniques used in the plan (Rensburg, 1996:66). The SWOT analysis involves determining the Strengths, Weaknesses, Opportunities and Threats of the situation. The situation analysis will evaluate the organisation's internal and external communication needs, policies, practices, and capabilities, and uncover data to allow top management to make informed, economical decisions about the future objectives of the organisation's communication (Cutlip *et al.*, 1994:327).

The situation analysis should determine what the corporate communication problems are and how they might be solved (Cutlip *et al.*, 1994:322-323; Rensburg, 1996:66). However, this model focuses only on identifying corporate communication problems and not on identifying both corporate communication and organisation problems (Steyn & Puth, 2000).

If the purpose of the corporate communication plan is to establish and develop regular, on-going communication, the emphasis will be more on the organisation, how it functions, its role within society and the identification and development of a relationship with its target publics (Rensburg, 1996:66). Research plays a critical part in this process (Cutlip *et al.*, 1994:319), by reducing uncertainty in the decision-making process.

##### 4.4.2.2. STEP 2 *Setting the objectives*

**Goals** – statements that spell out the overall outcomes of a plan – and **objectives** – specific outcomes, or key results, to be achieved for each identified target public – should be formally identified and employees involved

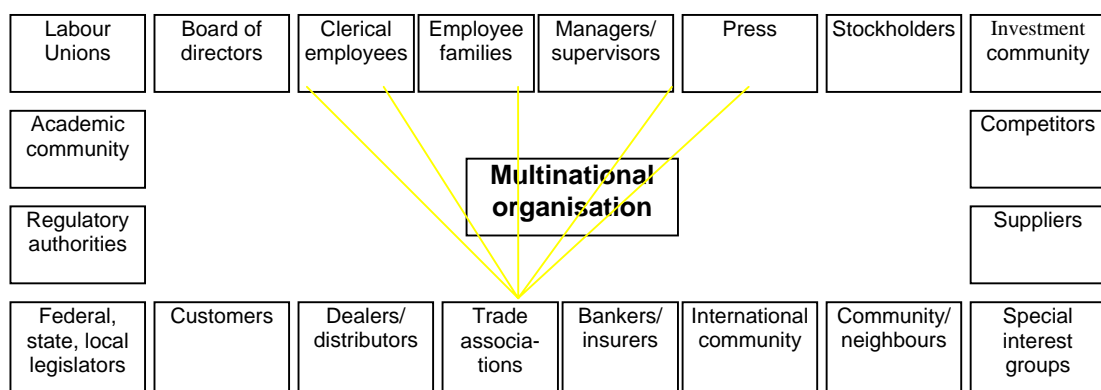
in a meaningful way, before an organisation initiates any plan (Cutlip *et al.*, 1994:353). These objectives should be specific and measurable and should be derived from the overall mission statement of the organisation (Rensburg, 1996:66; Fleisher & Mahaffy, 1997:128). This process is not built into the PRISA model.

The identification of specific, short-term goals will assist in informing, motivating and educating specific target publics. According to Rensburg (1996:66), it is important to distinguish between **motivational objectives** (to achieve action) and **informational objectives** (to spread information). The success of the corporate communication plan will be evaluated in terms of these objectives (Skinner & Von Essen, 1995:129).

#### 4.4.2.3. STEP 3 *Determining the stakeholders or target publics*

An organisation communicates with many different stakeholders (Seitel, 1995:9) – each having their own needs and requiring different types of communication and communication mediums. (The difference between stakeholders, as well as a description of each of these concepts are discussed in depth in the Steyn & Puth model.) Some examples of key publics in a multinational corporation are outlined in Figure 4.3.

**Figure 4.3 Twenty key stakeholders of a typical multinational corporation**



Source: Seitel (1995:10)

#### 4.4.2.4. STEP 4 *Developing the message*

Communication content needs to be communicated through the corporate communication plan (Rensburg, 1996:68). An overall theme is designed to convey a message (Skinner & Von Essen, 1995:129). The medium should be considered when developing the message.

#### 4.4.2.5. STEP 5 *Activities – strategies and action plans*

This stage involves the broad range of corporate communication operational strategies and techniques implemented to communicate a specific message to the target public in order to meet specific objectives. Each of these strategies must be properly researched, costed and prioritised (Rensburg, 1996:66). The overall corporate communication activities must be related to the problem, the objectives, the target publics and the message (Skinner & Von Essen, 1995:130).

#### 4.4.2.6. STEP 6 *Drawing up the budget*

The *administrative budget* (Rensburg, 1996:68) comprises running costs of a department and can include salaries, office equipment, postage et cetera. The *plan budget* (Rensburg, 1996:68) includes those costs related to the execution of the plan or the costs related to the techniques involved in the action plans (exhibitions, conferences, seminars, publicity et cetera).

#### 4.4.2.7. STEP 7 *Review and evaluation*

Communication must be made more measurable (Heron, 1997:16) and should contribute to the bottom line (Tortorello & Dowgiallo, 1990:34). Measurement implies a process of applying a precise value or metric to some action and involves precision, hard numbers, validity and reliability. Outcomes or results are compared to a pre-established set of standards before follow-up actions are planned (Rensburg, 1996:66) This can be done through informal and formal research – like interviews, focus groups and questionnaires.

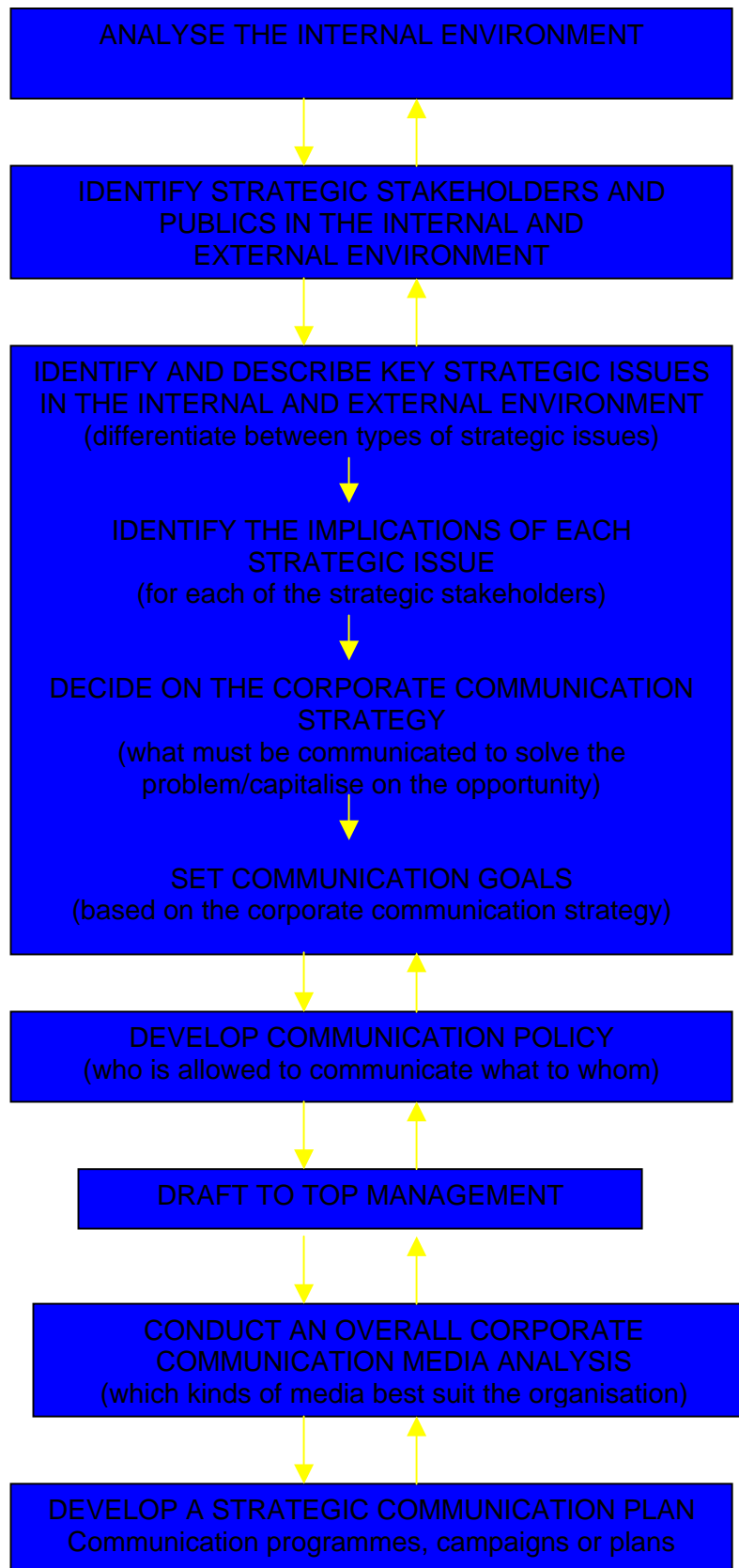


#### 4.4.3. Model for developing a corporate communication strategy

The model for developing corporate communication strategy (Steyn & Puth, 2000; Steyn, 2002:19-20) focuses on the identification of strategic issues (both organisational and communication) and the setting of communication goals to solve the problems or capitalise on the opportunities presented by the issues. The process of developing corporate communication strategy is described in Figure 4.4.

This model consists of an analysis of the organisation's internal environment, as well as stakeholder and issues analysis of the external and internal environment by means of environmental scanning. The organisation's key strategic issues (strategic organisational, strategic communication and tactical communication issues) are identified. The impact of these strategic issues on each of the stakeholder groups are identified and become the focus of the communication with the strategic stakeholders (Steyn, 2002:19). Communication goals to be addressed in the implementation phase are developed based on the corporate communication strategy for each strategic issue (Steyn & Puth, 2000).

**Figure 4.4 Model for developing corporate communication strategy**



**Source: Steyn & Puth (2000:63)**

#### 4.4.3.1. *Analyse the internal environment*

Corporate communication strategy focuses on an assessment of the external environment (Steyn, 2002:22). The internal environment in an organisation will also impact on the development of the corporate communication strategy. In order to understand the internal environment, the corporate communication practitioner must study the corporate profile, vision, mission, corporate values, corporate philosophy, corporate culture and corporate policy of an organisation (Moss & Warnaby, 1997:65; Steyn & Puth, 2000:54-57).

The **corporate profile** consists of the organisation's financial status; its reputation; its products or services; and its overall competitive environment.

The **vision** of an organisation is a realistic, credible, and attractive future state of affairs that might differ from the current condition of the organisation. The vision indicates where the organisation is heading as well as what it wants to achieve. An organisation's goals and objectives are derived from the vision.

The organisation's **mission** is its purpose: the definition of its role in society and in the economy. The mission is derived from the values of stakeholders.

Corporate **values** are described as a set of beliefs that determine standards of practise. Steyn & Puth (2000) add that the commitment and energy of the organisation's members are fuelled by the values that drive the organisation.

The corporate **philosophy** is the guiding principles that drive organisational behaviour such as employee involvement, empowerment, customer service etc.

**Corporate culture** is a shared set of values conveyed by symbolic means such as stories, myths, legends or anecdotes.

**Corporate policies** are guiding principles for behaviour. It defines philosophy, provides direction and established guidelines for actions.

#### 4.4.3.2. *Identify strategic stakeholders and publics*

An organisation's strategic management is interrelated with the strategic management of its relationships (Steyn & Puth, 2000:64). The management of these relationships is the responsibility of the corporate communication department. Harrison & St John (in Steyn, 2002:13) define stakeholder management as:

“... communicating, negotiating, contracting and managing relationships with stakeholders and motivating them to behave in ways that are beneficial to the organisation and its other stakeholders”.

Organisations manage their stakeholder relations on three levels (Freeman 1984:53-70), namely:

- Level 1 – the **rational** level – entails identifying the stakeholders and their stakes. This is the level of stakeholder maps where management seeks to become familiar with their stakeholders.
- At Level 2 – the **process** level – organisations actually develop and implement processes to scan the environment and receive information about stakeholders to be used for decision-making. Typical approaches might include strategic review, environmental scanning and issues management. At this level a consideration for stakeholders is integrated into decision-making.
- Level 3 – the **transactional** level – is the bottom line for stakeholder management, the extent to which managers actually engage in transactions (relationships) with stakeholders, take the initiative to meet them face-to-face and attempt to be responsive to their needs. This **communication** level is characterised by communication pro-activeness, interactiveness, genuineness, satisfaction and resource adequacy (i.e. management spending resources on stakeholder transactions).

Freeman (in Steyn, 2002) suggests that organisations with high stakeholder management capability design and implement communication processes with

multiple stakeholders; actively negotiate on critical issues and seek voluntary agreements; draw on members of management who are knowledgeable about stakeholders when formulating strategy; take a proactive stance; and think in 'stakeholder-serving' terms.

In the strategic management of corporate communication, there is a difference between stakeholders and publics. **Stakeholders** are those groups or individuals that an organisation has a relationship with (Steyn & Puth, 2000:198). The behaviour of the organisation or of a stakeholder has consequences for the other. The members of each stakeholder group have their own sets of values, needs, desires, wants, goals and objectives (Steyn & Puth, 2000:198), which differ from those of the organisation. A stakeholder becomes a public when a stakeholder group becomes more aware of the behaviour of an organisation, as well as more active in their communication or conduct (Steyn & Puth, 2000:198).

A **public** can therefore be classified as a group of people who face a similar indeterminate situation; recognise what is indeterminate and problematic in that situation and organise to do something about the problem (Seitel, 1995:9). Specific issues and situations determine a public's composition, size, and range of responses (Cutlip *et al.*, 1994:246).

In the process of developing a corporate communication strategy, strategic stakeholders and publics must be identified. Strategic stakeholders are those stakeholder groups that are critical, essential, important, or vital for an organisation in the accomplishment of its mission (Steyn & Puth, 2000:65). Effectively managing communication in the stakeholder phase, before conflict has occurred, develops long-term relationships that the organisation needs to build support. Key stakeholders are identified by analysing strategic linkages that are critical for an organisation to survive (Steyn & Puth, 2000:65). According to Esman (in Steyn & Puth, 2000:65), these linkages are enabling linkages; functional linkages; normative linkages; and diffused linkages.

**Enabling linkages** are with groups that provide authority to the organisation and control its resources (e.g. government regulators, stockholders, the board of directors or donors).

**Functional linkages** are with groups that input to the organisation (e.g. employees and unions) and use their outputs (e.g. customers or graduates).

**Normative linkages** are with the professional or industry association. These linkages provide connections to similar organisations that can assist in solving shared problems.

**Diffused linkages** are connections to the groupings of individuals who are not part of any organisation (e.g. minority relations, community relations etc.).

Corporate communication strategy links to the stakeholder concept because it entails (Steyn & Puth, 2000:67):

- identifying and defining strategic stakeholder groupings;
- identifying key strategic issues around which publics may (have) emerge(d); and
- determining whether the publics are in the latent, aware or active stages, and which publics have already turned activist.

Stakeholders can include the internal and external stakeholders; primary, secondary, and marginal stakeholders; traditional and future stakeholders; and proponents, opponents, and uncommitted stakeholders (Lubbe & Puth, 1994:94-99; Rensburg, 1996:66; Seitel, 1995:9-11).

**Internal stakeholders** are inside the organisation: supervisors, clerks, managers, stockholders, other employees and the board of directors.

**External stakeholders** are those stakeholders that are not directly connected to the organisation: the media, government or semi-government bodies or authorities, educators, consumers, the community, suppliers, opinion leaders and the money market. Trade unions can be classified as being both an internal and an external target public. **Primary stakeholders** can help, as well

as hinder, the organisation's efforts. **Secondary target stakeholders** are less important, and **marginal stakeholders** are the least important. Employees and current customers are **traditional stakeholders**; students and potential customers are **future ones**. The future success of the organisation depends on its ability to identify current as well as future target stakeholders and position the organisation according to their needs. An organisation must alter its strategy for those **proponents, opponents, and uncommitted stakeholders** who support it and those who oppose it. Communication for supporters will reinforce their beliefs, while persuasive messages might be developed to change the opinions of opponents.

Another distinction that can be made is between latent, aware and active stakeholders. Three factors, namely problem recognition, constraint recognition, and level of involvement, cause latent stakeholders to become active stakeholders (Cutlip *et al.*, 1994:245-246).

**Problem recognition** represents the extent to which people are aware that something is missing or amiss in a situation, thereby knowing that they need information.

**Constraint recognition** represents the extent to which people see themselves limited by external factors, versus seeing that they can also do something about the situation. People will seek information if they realise that it is possible to do something about the problem.

**Level of involvement** represents the extent to which people see themselves being involved and affected by a situation. The more they see themselves influenced by the situation, the more they will be likely to communicate about it.

The process of identifying strategic stakeholders and publics in the internal and external environment is done by (Steyn & Puth, 2000:64):

- drawing up a stakeholder map (organisational linkages, public relations audit);
- identifying organisational consequences on stakeholders and publics (social audit);
- identifying stakeholder perceptions, attitudes or concerns (corporate image studies); and
- identifying key stakeholder issues (both organisational and communication).

#### *4.4.3.3. Identify and prioritise key strategic issues*

Environmental scanning is considered to be the first step in the strategy formulation process (Steyn, 2002:11). Moss & Warnaby (1997:60) describe environmental scanning as the mechanism by which organisations seek to gather and analyse data about their environment in order to facilitate strategic decision-making (Moss *et al.*, 2000:284). Environmental scanning consists of intelligence gathering; collecting information about the world outside the organisation; tracking issues, social trends and activities of publics; and serving as an early warning system (Kornegay & Grunig, 1998:143).

According to Narayanan & Fahey (in Steyn, 2002), environmental analysis consists of four analytical stages: *scanning* to detect warning signals; *monitoring* to gather and interpret sufficient data on trends to discern patterns; *forecasting* future directions of changes; and *assessing* current and future changes with regard to their implications for the organisation.

Steyn (2002:11) states that although an organisation cannot directly influence forces in the societal environment, it can collect information on stakeholders, events, and issues that are occurring, feed that information into the strategic management process, and anticipate issues/trends which will help it buffer threats and take advantage of opportunities. Environmental analysis can



therefore be seen as the linking pin between the organisation and the stakeholder environment (Carroll, 1996:652).

The process of identifying and prioritising key strategic issues consists of three actions, namely identifying publics or activists that emerge around issues through issues tracking; identifying consequences for the organisation through a SWOT analysis; and prioritising key strategic issues (Moss & Warnaby, 1997:69; Steyn & Puth, 2000:67-68). Various types of strategic issues can be identified, namely organisational issues; corporate communication issues; management communication issues; and tactical communication issues (Steyn & Puth, 2000:67-68).

**Organisational issues** can be divided into two types. Type 1 is organisational issues where communication is not the cause of the problem, but can provide a solution (e.g. organisational change such as transformation or mergers). Type 2 is organisational issues where communication is not the cause of the problem, cannot provide a solution but can explain the issue (e.g. budget cuts or the Employment Equity legislation).

**Corporate communication issues** occur where too little or no communication with external stakeholders is the problem (e.g. with the media in the case of negative publicity).

**Management communication issues** can be found where too little or no (internal) communication between managers and employees is the cause of the problem: not telling employees what they want to hear (e.g. organisation's vision).

**Tactical communication issues** occur when messages are sent, but are not reaching the target groups (e.g. using inappropriate communication channels).

#### *4.4.3.4. Identify implications of strategic issues for stakeholders*

Organisations must identify, assess and address the implications that key strategic issues will have or already have for their strategic stakeholders (Steyn & Puth, 2000:69-70).

#### *4.4.3.5. Decide on the corporate communication strategy*

According to Steyn & Puth (2000:70), the corporate communication strategy must indicate the direction that an organisation needs to take with regard to its communication with its stakeholders. If the communication processes do not take the underlying business processes into account, the organisation will risk imposing inappropriate decisions. The corporate communication strategy should therefore support the business strategy. This strategy should identify what should be communicated to stakeholders to solve problems as well as to capitalise on opportunities (Steyn in Steyn & Puth, 2000:70).

#### *4.4.3.6. Set communication goals*

The definition of a **goal** has already been provided earlier in this chapter. A **communication goal** can be defined as the destination to be reached by means of the organisation's communications (Steyn & Puth, 2000:70). Communication goals are developed based on the communication strategy, to indicate what the organisation wants to achieve with its communication regarding the situation described (Steyn & Puth, 2000:71). This refers to the strategic issues and their implications for the organisation's stakeholders.

Goal formulation involves the personal values, perceptions, attitudes and power of the managers and owners involved in the strategic management process. According to Steyn (2002:11), although economic or financial goals usually dominate the goal formulation process, it is becoming increasingly clear that economic and social goals are not necessarily at odds with each other – rather, they can be reconciled so that the organisation's as well as the stakeholders' best interests are simultaneously served.

#### *4.4.3.7. Develop a communication policy*

Communication policy can differ from organisation to organisation, but generally includes the following (Steyn & Puth, 2000:71-72):

- functional communication areas (internal and external communication) and specified communication programmes such as lobbying;
- functional relationships between corporate communication and other departments such as marketing or research;
- the structure of the corporate communication department, hierarchical orientation and lines of command;
- corporate communication goals and objectives;
- corporate do's and don'ts, e.g. only the chief executives deals with politically related issues etc; and
- the use of confidential information.

The communication management process should be measured against certain fundamental principles (Sharpe, in Seitel, 1995:7). These principles are:

- Honest communication for credibility.
- Openness and consistency of actions for confidence.
- Fairness of actions for reciprocity and goodwill.
- Continuous two-way communication to prevent alienation and build relationships.
- Environmental research and evaluation to determine the actions or adjustments needed for social harmony.

#### *4.4.3.8. Submit a draft of the corporate communication strategy to the executive management*

It is critical that the executive management is kept informed of the logic that guides the formulation of the corporate communication strategy (Steyn & Puth, 2000:72). The more the executive management understands the process and the reasoning behind the strategy, as well as how the strategy contributes to the bottom line of the organisation, the easier it will be to obtain the necessary funds to implement the strategy.

#### *4.4.3.9. Conduct an overall media analysis*

It is necessary to investigate the various communication media that might be suitable for the specific organisation and its stakeholders (Steyn & Puth, 2000:73). In the corporate communication strategy phase, the aim is not to identify specific media, but rather to identify broad guidelines as to the various kinds of media that might be considered. The various types of media have already been discussed earlier in this chapter.

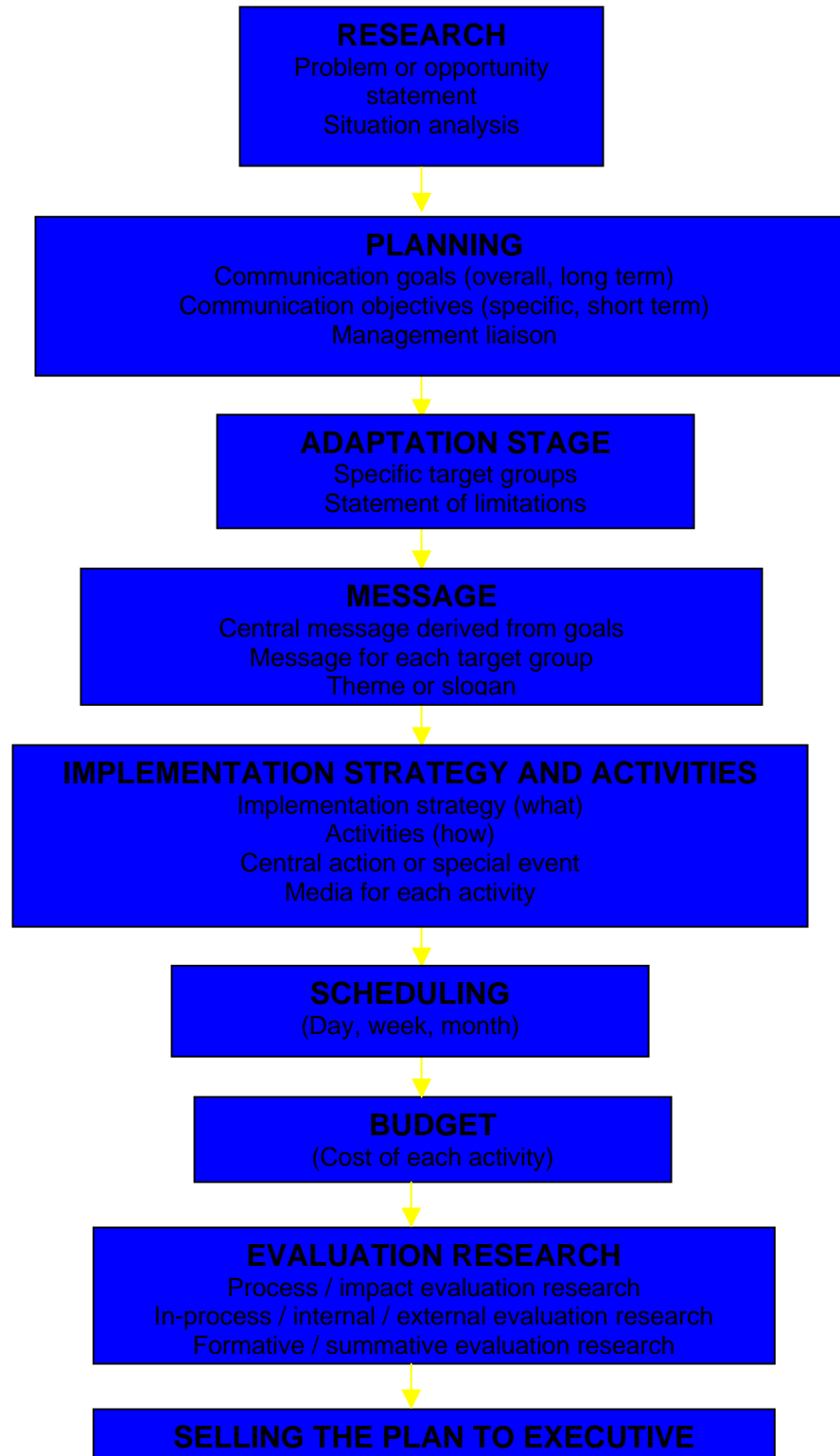
#### *4.4.3.10. Develop a strategic communication plan*

Steyn & Puth (2000:73) describe the strategic communication plan as the framework within which communication programmes (being continuous communication with strategic stakeholders), communication campaigns (which can be single or cyclic) and communication plans (developed to achieve specific communication goals) are developed. Communication programmes, campaigns and plans should be managed strategically (Steyn & Puth, 2000:79), implying that their goals and objectives must be aligned to the organisation's enterprise, corporate or business strategies. In the implementation phase, the strategy is turned into reality by means of more detailed and shorter-term plans/schedules at progressively lower operating levels. According to Pearce & Robinson (in Steyn, 2002:12), operational planning allocates tasks to specific existing facilities to achieve particular objectives in each planning period. Operational or action plans incorporate four elements, namely specific functional tactics (actions/activities), to be undertaken in the next week, month or quarter. Each function, e.g. marketing/corporate communication/human resources, needs to identify and undertake key, routine, but unique activities that help to build a sustainable competitive advantage; each tactic has one or more specific, immediate (short-term) objectives or targets that are identified as outcomes; a clear time frame for completion; and accountability, by identifying persons responsible for each action in the plan.

#### *4.4.3.11. Model for developing a communication plan*

The following model (Figure 4.5), as described by Steyn & Puth (2000:82), outlines the process of developing a communication plan.

**Figure 4.5 Model for developing a communication plan**



Source: Steyn & Puth (2000:82)

## **STEP 1      Research**

The statement of the problem or opportunity indicates, according to Steyn & Puth (2000:83), why action is required by the corporate communication function at this specific time. This motivation should be derived directly from the corporate communication strategy and / or other organisational strategies, where key strategic issues and their implications for strategic stakeholders have been identified.

The situation analysis is an in-depth examination of the motivation or the situation that has prompted the communication action. It is necessary to discover through the situation analysis specifically which attitudes, opinions or behaviours should be changed, among which stakeholders, and which kind of communication will be required to accomplish these ends (Steyn & Puth, 2000:83).

## **STEP 2      Planning**

The communication goals, as already established in the communication strategy, are transferred to the communication plan (Steyn & Puth, 2000:84). Specific, measurable communication objectives must then be derived from these goals. These objectives represent the desired outcomes of the corporate communication process (Steyn & Puth, 2000:84) and are the justification for the corporate communication programme and plan. Output / process or impact objectives can be set.

**Output or process objectives** (Steyn & Puth, 2000:84-85) represent the work to be produced (what the corporate communication practitioner does). These objectives focus on the communication campaign or plan and refer to stated intentions regarding programme production or output.

**Impact objectives** (Steyn & Puth, 2000:85) focus on the stakeholders. These objectives are concerned with the desired communication programme impact or outcomes. There are three kinds of impact objectives, namely:

- *Informational objectives* include message exposure to, message comprehension, or message retention by the stakeholder. These objectives are appropriate when an action or event is to be publicised or a target group is to be educated.
- *Attitudinal objectives* aim at modifying the way a target group feels about the customer or organisation and its works, products or services. This may include forming new attitudes where none exist, reinforcing existing attitudes, or changing existing attitudes.
- *Behavioural objectives* involve the modification of behaviours toward the customer or organisation.

### **STEP 3      Adaptation stage**

In this stage the situation described in the problem statement is matched to the available resources and the stakeholders involved (Kendall, *in* Steyn & Puth, 2000:86). This is done to select an implementation strategy that will solve the problem by achieving the carefully designed goal and objectives.

The stakeholder analysis, as discussed earlier in this chapter, must be consulted in this stage of the planning process (Steyn & Puth, 2000:86). It is also important to describe the statement of limitations (Steyn & Puth, 2000:87), thereby identifying the constraints of time, money and personnel, as identified by the situation analysis and research.

### **STEP 4      Theme and messages**

Communication plans can have one (or more) central message(s) expressed in a theme or slogan (Steyn & Puth, 2000:87). A central action or special event could be considered along with the theme and messages.

## **STEP 5 Implementation strategy and activities**

An organisation must select the best strategy (referring to *what* to do) and then shaping and preparing the chosen strategy for implementation (referring to the activities of *how* to do it) (Steyn & Puth, 2000:88).

In this part of the process, according to Steyn & Puth (2000:88-92), the communication manager must:

- **Develop tentative implementation strategies**  
The communication manager should develop a variety of possible strategies from which the final implementation strategy can be chosen.
- **Differentiate between implementation strategy and activities**  
It is critical for the communication manager to understand the difference between the implementation *strategy* (referring to *what* to do) and the implementation *activities* (referring to *how* to do it).
- **Select an implementation strategy**  
The strategy or 'activity package' can consist of one or more activities. The combination of these activities will determine the success of the project.
- **Test the implementation strategy**  
The selected strategy must be tested against a standard or representative sample of the stakeholders to determine whether it will produce the desired result.
- **Design the communication actions**  
Actions refer to the steps taken to change the organisation's policies, procedures, products, services and behaviours to better serve the mutual interests of the organisation and its stakeholders. Actions are therefore designed to help achieve the programme objectives as well as the organisation goals. The communication plan should also provide details of



the communication that will support the implementation strategy before, during and after each action or event, including the timing, messages and the media that will be used.

- Plan the corporate communication media

An overall communication media analysis was conducted during the corporate communication *strategy* phase. In the communication *planning* phase, specific media must be identified for each of the specific stakeholders to transmit a specific message.

## **STEP 6      Scheduling**

Scheduling indicates how all the elements of the communication plan are coordinated by entering each part of the action, from the beginning of its implementation to the conclusion of its evaluation, on a calendar (Steyn & Puth, 2000:92).

## **STEP 7      Budgeting**

The cost of each activity must be listed at the end of every communication plan (Steyn & Puth, 2000:92).

## **STEP 8      Evaluation research**

Evaluation research should measure the awareness, knowledge, opinions, and behaviours of stakeholders, both before the communication plan is executed (formative evaluation research) as well as after the execution (summative evaluation research). Since the corporate communication strategy and communication planning process is not a linear but a circular process, this information is fed into the environmental scanning that is conducted by the corporate communication strategist to complete the feedback loop.

Summative evaluation must be conducted to measure corporate communication plans, to monitor the implementation of these plans and to

determine if the objectives have been met (Grunig & Hunt, 1984:25; Lauzen & Dozier, 1992:3210; Steyn & Puth, 2000:159). Summative evaluative research measures whether a public relations effort has actually improved the understanding publics have of the organisation and that the management has of its publics (Grunig & Hunt, 1984:25).

Rossi and Freeman (in Cutlip *et al.*, 1994:410) ask the following fundamental questions in the evaluation process of a corporate communication plan:

### **Plan conceptualisation and design (formative evaluation)**

- What is the extent and distribution of the target problem and/or population?
- Is the plan designed in conformity with intended goals; is there a coherent rationale underlying it; and have chances of successful delivery been maximised?
- What are project or existing costs and what is their relation to benefits and effectiveness?

### **Monitoring and accountability of the plan's implementation (in process evaluation)**

- Is the plan reaching the specified target population or target area?
- Are the intervention efforts being conducted as specified in the plan design?

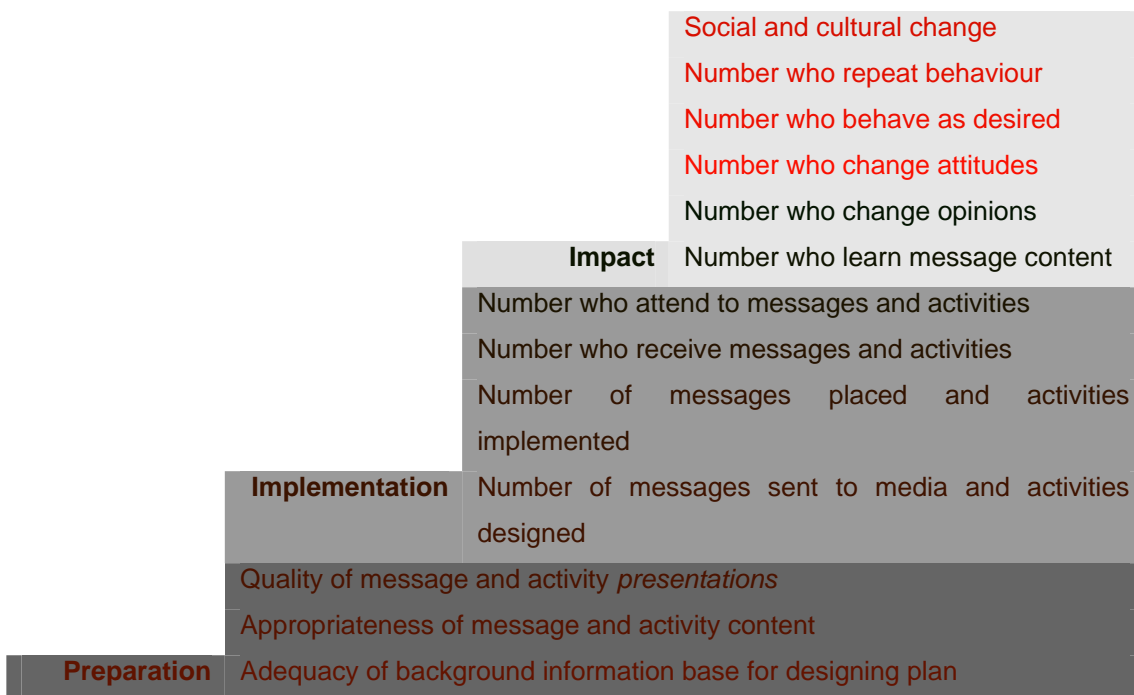
### **Assessment of the plan's utility: impact and efficiency (summative evaluation)**

- Has the plan been effective in achieving its intended goals?
- Can some alternative process that does not include the plan explain the results of the plan?
- Is the plan having some effects that were not intended?
- What are the costs to deliver services and benefits to plan participants?

- Is the plan an efficient use of resources, compared with alternative uses of resources?

Plans can also be evaluated on different levels (Cutlip *et al.*, 1994:413; Fleisher & Mahaffy, 1997:117), namely preparation, implementation and impact – as is shown in the following figure:

**Figure 4.6 Levels and steps for evaluating corporate communication plans**



**Source: Cutlip *et al.* (1994:414)**

Each step in the plan's evaluation contributes to increased understanding and adds information for assessing effectiveness (Cutlip *et al.*, 1994:414; Tortorello & Dowgiallo, 1990:34-35).

**Programme preparation evaluation** (as part of formative evaluation research) assesses the quality and adequacy of information and strategy planning.

**Implementation evaluation** documents the adequacy of the tactics and effort.

**Impact evaluation** (summative evaluation research) provides feedback on the consequences of the program, for example the changes in stakeholders' knowledge, predisposition, and behaviour as described in the objectives. According to Cutlip *et al.* (1994:426):

“Impact measurement documents the extent to which the outcomes as described by the objectives for each target public and the overall program goal were achieved”.

Impact analysis can also identify messages that the audience finds confusing or unbelievable (Tortorello & Dowgiallo, 1990:34).

No evaluation process is complete without evaluation at all three levels. Complete evaluation requires measuring programme impact on publics, the organisation, and their shared social and cultural environments levels (Cutlip *et al.*, 1994:413). Evaluation should be continuous (Cutlip *et al.*, 1994:431) and is central in the success of any communication program.

Environmental scanning implies that the organisation's environment must be monitored to analyse and evaluate opportunities and threats out of the interaction and relationships with other organisations, social groupings or individuals (Steyn & Puth, 2000:158). This research is done to determine how the publics perceive the organisation and to determine what consequences the organisation has for the publics. Research can also be used to learn how well management understands the publics and vice versa.

## **STEP 9      Selling the plan to executive management**

This part of the communication plan process entails selling the plan to decision-makers by emphasising the logic that guided the formulation of the implementation strategy and plans.

#### 4.4.4. Comparison of the Tibble, PRISA and Steyn & Puth models

The most distinct differences between the Tibble and PRISA models and the Steyn & Puth model are as follows:

Neither the Tibble nor the PRISA models conduct an analysis of the internal environment of the organisation. They therefore do not link the enterprise strategy with the functional strategy. Organisations using Tibble and PRISA models will also find it difficult to convince their executive management teams that they contribute to the bottom-line, because the enterprise (organisational strategy) is not taken into account in the final corporate communication strategy. Furthermore, the executive management team are not part of the communication planning process and communication practitioners will find it difficult to get buy-in from their executive management team.

The PRISA model focuses on the implementation of organisational strategy and can therefore be classified as a planning model that focuses on the development of operational strategy and not corporate communication strategy (as a functional or departmental strategy). Short-term objectives and operational or implementation strategies are identified that do not necessarily contribute to the achievement of business and corporate goals.

Although the Tibble and the PRISA models accommodate the concept of stakeholders and publics, the level and depth of managing stakeholders differs from the Steyn & Puth model. The latter model is based on the relationship management paradigm.

In the Tibble and PRISA models issues are not identified through issues tracking and the link between the stakeholder and the relevant issue is not as clearly defined as it is in the Steyn & Puth model. A SWOT analysis is used in the Tibble and PRISA model, but there is no clearly identified link between identifying the stakeholder and the strategic issues, the SWOT analysis and prioritising these issues.

In the Steyn & Puth model, organisations identify, assess and address the implications that key strategic issues will have or already have for their strategic stakeholders and then develop corporate communication strategy and communication goals. This step represents strategic thinking on behalf of corporate communication practitioners and is their contribution to the strategy formulation process. Without this step, practitioners might communicate organisational strategies as instructed, but make no particular strategic contribution themselves. This step does not exist in the Tibble or PRISA model.

The Tibble and PRISA models also do not conduct an overall media analysis to investigate possible new media that can be used by the organisation. Without this step, an organisation's practitioners can mindlessly use previous media without questioning their effectiveness. The Steyn & Puth model derives communication goals from the corporate communication strategy, thereby addressing strategic issues. Communication goals are therefore the link between the mission or key strategic issues and the communication plan. The latter develops activities to address the goals, and thereby contributes to using communication as a solution to key strategic issues. The Internet's contribution to the realisation of organisational goals (corporate communication or marketing) is explored in this study. It is therefore crucial to consider the Internet in the context of the whole corporate communication strategy. If it does not contribute to the realisation of goals, it cannot contribute to the realisation of the overall corporate communication strategy.

The Steyn & Puth model provides a clear differentiation between corporate communication strategy as a functional strategy, and communication strategy as implementation strategy (Steyn, 2002:19). The Tibble and PRISA models focuses on the implementation strategy, which in the strategic management process is performed at the operational level. The Steyn & Puth model focuses the activities of the corporate communication function on using communication to solve key strategic as well as key communication issues in the relationships with stakeholders and to align communication with organisation goals – making a contribution towards organisation effectiveness

(Steyn, 2002:19). The Tibble and PRISA models do not contribute on this level, although it contributes at a tactical or implementation level.

In summation it can be said that the difference between the Tibble and PRISA models and the Steyn & Puth model is that the former are both communication planning models, while the latter is a model for the development of a corporate communication strategy at the functional level.

#### **4.5. CONCLUSION**

In this chapter the concepts of different levels of organisational strategy, the link between corporate communication management and strategic communication, the various roles that the corporate communication manager can play in the achievement of strategy as well as a model for the development of corporate communication strategy as a functional strategy was discussed. In Chapter 5 the practical application of these various concepts will be highlighted to indicate how it applies to the electronic communication environment.

This chapter explicates the distinct difference between corporate communication as viewed as part of the marketing mix, and corporate communication practised at a functional or strategic level. The contribution of public relations in the marketing mix is discussed in more detail in Chapter 6. However, it is important to stress that the focus of this research study is on corporate communication practised at a functional or strategic level and how the Internet contributes to this process.

The distinction between the roles of the corporate communication strategist, manager and technician was also discussed in this chapter. The Internet's contribution to these roles will be applied in Chapter 5. This chapter also showed that corporate communication is practised at the functional and strategic level. Chapter 5 will show that in the context of corporate

communication the Internet functions at the implementation level, but that it can add value at the functional level.

Secondary Objective 1(e) (to hypothesise a framework for the formulation of 'Internet strategy') was realised – in part – in this chapter. It provides the theoretical framework for the formulation of 'Internet strategy'. The latter is, however, not regarded as a strategy in isolation. By using the Steyn & Puth's (2000) model for developing a corporate communication strategy, an 'Internet strategy' can be conceptualised as an implementation strategy at the operational level of corporate communication management. It is a medium or channel to convey strategic messages to strategic stakeholders. However, it can also be utilised as a channel in the research process, both in the environmental scanning process to gather information on stakeholders and issues, as well as in evaluation research. Based on the above, the researcher is of the opinion that one can only speak of 'Internet strategy' when referring to hardware decisions regarding the Internet.

Chapter 5 will show how the roles of the corporate communication technician, manager and strategist will change in the information era. This chapter will also provide a framework for the application of the Internet in an organisation's corporate communication strategy and plans.



## **CHAPTER 5: THE ROLE OF THE INTERNET IN CORPORATE COMMUNICATION STRATEGY**

### **5.1. INTRODUCTION**

Many organisations are unclear about the role that technology and specifically the Internet, as a new medium, will play in their strategies and operations. However, they recognise the vast potential of access to unlimited sources of information and the real-time value of the information superhighway (Haus, 1995:19). This uncertainty leads to websites that do not communicate with their intended stakeholders, because it is not part of a marketing or corporate communication strategy (Porter, 1996:6).

Effective Internet applications should be based upon an understanding of network limitations, demographics, and culture, as well as an analysis of internal and external opportunities (Cronin, 1996:7-8). Organisations need to approach the hype surrounding the Internet not sceptically, but cautiously (Flynn, 1996:204).

A successful strategy for the Internet is characterised by a process of assessing its particular environment, identifying opportunities, overcoming barriers to electronic commerce, and designing and implementing on-line programmes – that fall within the strategy – that will add value to both the organisation and its target stakeholders (Cronin, 1996:8). The potential of the Internet is in theory unlimited – Internet entrepreneurs are limited only by their imaginations and quickness in reaching vast new markets (De Beyer, 1998:85). Time and space or even their size need not hinder businesses. On the Internet, everyone is the same size and has the same possibilities.

Chapter 4 provided a theoretical overview of the strategic management of communication with the organisation's stakeholders. This chapter will apply the strategic communication theory by indicating how the corporate

communication roles are applicable to an on-line environment; and provide a framework for strategic communication management in an electronic communication context. The premise is that Internet communication is a new frontier that will challenge traditional thought and planning, and create opportunities that communication managers have only dreamed of. This chapter will also aim to realise Secondary Objective 1(d) – to investigate the role of the Internet in the *goal* realisation of an organisation's marketing strategy; and Secondary Objective 1(e) by hypothesising a possible framework for the formulation of 'Internet strategy' where the Internet is utilised as a medium (Secondary Objective 1(c)).

## 5.2. (NEW) CORPORATE COMMUNICATION ROLES AND THE INTERNET

When the roles of the communication technician, manager and strategist (as discussed in Chapter 4) are considered in the context of electronic communication applications, certain conclusions can be drawn. According to Johnson (1997:217), technology can enhance the technician and manager roles. Specific applications in this environment are discussed next.

**Communication technicians** are engaged in electronic corporate communication activities such as producing e-mail newsletters, setting up teleconferences, creating Web pages, and generating electronic press releases (Kornegay & Grunig, 1998:141). Typical activities of a technician include for instance: how to set up a website (do's and don'ts), ensure regular return visits from users, balance design with content and incorporate interactivity (Kornegay & Grunig, 1998:144). Communication technicians use the Internet to handle queries in a matter of hours; to instantly create, code and fax press releases to a customised list by using a desktop; corporate annual reports can be delivered via alternative mechanisms such as multimedia CD-ROM and on-line services; and to establish a virtual presence. Technicians can also conduct computerised public opinion polling on issues in a few hours (Anon., 1998a:3; Esrock & Leichty, 2000; Hauss, 1995:17-18;

Heath, 1998; Ihator, 2001a:199,202; Kent & Taylor, 1998:322; Kornegay & Grunig, 1998:143,145; Solheim & Henning, 1998:159; Steyn & Puth, 2000:21; White & Raman, 1999).

The Internet can assist the communication technician in managing media relations. Computer- or telecommunications-mediated technologies can improve media communication and evaluation of media coverage (Dorf, 1995; Johnson, 1997:218). According to Johnson (1998:218), activities the Internet can facilitate are identifying media contacts more readily via the Internet; customising messages to media contacts; learning about journalists and other stories they have written before returning their calls; pitching stories electronically; keeping electronic records regarding media contacts; on-line tracking to determine immediately whether releases issued were used; and tracking news for information about competitors.

**Communication managers**, on the other hand, can use electronic communication technologies to conduct environmental scanning and evaluation research. The managerial role in the electronic environment will for instance focus on determining the organisation's image or reputation in cyberspace through chat rooms, forums, and newsgroups on the World Wide Web (Kornegay & Grunig, 1998:144; Strenski, 1995) or managing a cyber crisis (Johnson, 1997:217; Paul, 2001). Managers can use technology to improve productivity and enhance media relations and employee communications (Newland Hill & White, 2000). Electronic communication can enhance employee communication through various techniques such as publishing employee newsletters (allowing for control of items read and feedback from employees); using employee teleconferences; employee e-mail; web pages; and employee bulletin boards (Berk & Clampitt, 1991:28-32; Johnson, 1997:219).

Communication managers often have the most appropriate knowledge and corporate communication background to be able to interpret and use information in planning and evaluating electronic programmes and activities (Kornegay & Grunig, 1998:146).

The communication manager can enhance the corporate communication strategy (on a functional or meso level) through the use of the Internet, if it is managed as a two-way strategic communication medium. The communication manager can also utilise the Internet to develop tailor-made messages for the various stakeholders. The corporate communication manager (in the redefined role) therefore contributes to strategic planning or thinking by identifying core messages to be communicated to the stakeholders and societal environment. It offers an opportunity for immediate response to organisational problems and crises.

The Internet can also become a key part of the organisation's Investor Relations efforts, by for example publishing information such as current press releases, executive biographies, executive speeches, product information and organisation fact sheets on their web pages. The Internet can also be used to provide employees with information, getting feedback and responding to their needs. The manager can create, nourish and activate 'instant interest groups' through electronic networking. The Internet also assists in communicating corporate communication policy and can improve corporate memory. Internet technology is being applied with impressive effect to the internal management of corporate information. As the spectrum of documentation and data becomes amenable to access, corporate documents will turn into readily accessible historical documents with the passage of time (Anon., 1998a:3; Esrock & Leichty, 2000; Hauss, 1995:17-18; Heath, 1998; Ihator, 2001a:199,202; Johnson, 1997:219; Kent & Taylor, 1998:322; Kornegay & Grunig, 1998:143,145; Solheim & Henning, 1998:159; Steyn & Puth, 2000:21; White & Raman, 1999).

In performing (part of) the window function (the redefined role of manager), corporate communication practitioners interpret the philosophies, policies, programmes and practices of the executive management to the various stakeholders. By doing this, corporate communication establishes an active outward orientation (outputs) for the organisation (Steyn & Puth, 2000:19).

Electronic communication applications must also be integrated into this function, by reflecting the same messages as the more traditional mediums.

In this redefined role of the manager, the Internet can be used to build organisational-public relationships. It also provides an opportunity for research on stakeholders. Research can be quicker and more productive with the use of computer-mediated technologies (Johnson, 1997:218). The Internet allows feedback from stakeholders to be embedded in the (public relations) tactic itself. An instant e-mail response can be built into web pages making feedback available instantaneously, without the cost and lack of response of business reply mail. Stakeholders can query organisations, and it offers the organisation an opportunity to respond to questions, concerns and problems.

The most important activities of a practitioner in the role of the **communication strategist** are to conduct environmental scanning and to manage relationships with the organisation's stakeholders. Bunz (in Wright, 2001:7) is of the opinion that the boundary spanning activities such as two-way communication are being advanced through functions such as e-mail and the Internet. The Internet can be used to gather intelligence, collect information about the world outside the organisation; tracking issues, social trends and activities of publics and serving as an early warning system (Johnson, 1997:217; Kornegay & Grunig, 1998; Wright, 2001:7). It also allows the organisation to hear about research affecting their organisations before other stakeholders (Johnson, 1997:217).

The Internet also allows the communication strategist to manage the organisation's corporate identity. The latter includes the organisation's behaviour, reputation, social responsibility, communication style, logos, and visual identification. The presence of multiple stakeholders on the Internet increases the complexity of managing the organisation's identity. The organisation's website must meet the needs, goals and objectives of each stakeholder group, without alienating other groups. Identity management is therefore less complicated in a homogeneous stakeholder group than in a diverse, many-sided stakeholder grouping (Anon., 1998a:3; Esrock & Leichty,

2000; Hauss, 1995:17-18; Heath, 1998; Ihator, 2001a:199,202; Kent & Taylor, 1998:322; Kornegay & Grunig, 1998:143,145; Solheim & Henning, 1998:159; Steyn & Puth, 2000:21; White & Raman, 1999).

Rogue sites must also be monitored closely by the communication strategist, but do not always warrant action or a corporate response. In fact, a corporate response to a relatively obscure rogue site may increase public attention to the site to the detriment of the company (Wright, 1998:2). It is important that the management of electronic communication mediums be integrated into the organisation's crisis management strategy.

The Internet is a new medium and a new world for corporate communication. As the central communicator, the communication strategist is the company link to every critical business audience (Weber, 1996b). Corporate communication managers and strategists need to realise that adopting new communication vehicles are part of their job description and should not be the sole responsibility of the information managers. They need to take ownership of the on-line communication function. Communicators who are not wired run the risk of missing the chance to identify the business potential of this medium (Hauss, 1995:19; Weber, 1996b). Communication strategists can use the Internet to identify trends, monitor issues, and note sensitive changes among stakeholders (Newland Hill & White, 2000).

It is a certainty for organisations that, in this new information economy, issues, events and reactions to them will move a lot faster and good judgement will be at a premium (Hauss, 1995:17,19). Information technology will be applied to the management of knowledge, to facilitate quick understanding of issues under crisis-level pressure (Dowling, 1990:36). According to Parnell (1996:11):

“In this information age, the need for effective communication will increase... the penalty for poor communication will increase... and the rewards for effective communication will increase”.

When considering the Internet as a possible communication tool, the advantages of the major technological advances need to be weighed against the additional communication issues they raise (Flynn, 1996:204).

In performing the mirror function, the corporate communication strategist's role is to assist the executive management in gathering, interpreting and using strategic information in the organisation's strategy development process (Steyn & Puth, 2000:19). The Internet can *inter alia* be used to accomplish this objective. The Internet is a vast repository of information. This data can help organisations understand competitors, consumers, the economic environment, political and legal factors, technological forces, and other factors in the macro environment affecting an organisation. Secondary data on the Internet is often more current than published data, and it is inexpensive, quick and easy to access. The Internet can also be used to gather primary data through e-mail and Web surveys, website registration, and observation of Internet user discussions. The Internet can also play an important role in enhancing strategic counselling to management (Johnson, 1997:218), thereby contributing to the enterprise level of strategy formulation.

Communication practitioners who are not equipped to manage this new medium, will become a part of the past. As has been discussed in previous chapters, the Internet is not simply another medium and Internet businesses are not traditional businesses to be managed in traditional ways. The Internet is about the delivery of value and not merely the communication of messages. It is not merely another medium for saying positive things about the organisation (Crawford, 2000a:26; Crawford, 2000b:6; Porter, 2001:63-78). It is an entirely new way for the organisation to do business, and how it conducts business is of critical importance to its communications. The use of communication tools (such as the Internet) falls into the realm of the corporate communication technician, but the Internet has the potential for the largest impact on the corporate communication profession when it improves the corporate communication manager's or strategist's role and eases the cost and time of gathering consistent feedback from publics (Johnson, 1997:220).

The strategic importance of combining the virtual value chain with the more traditional way of value creation has become more evident with the use of electronic communication mediums (Yakhlef, 1998:1). The virtual value chain is creating new ways of thinking about, developing and expanding business opportunities. An Internet business has higher demands and faces unique challenges and therefore has higher expectations for their communication and marketing strategists (Crawford, 2000b:6). The reason for this change is not as much the Internet (Crawford, 2000a:26) but the nature of companies formed to do business using this medium.

The Internet will become a powerful communication tool for those specialising in communication management (Flynn, 1996:201). It can be seen as a communication forum in its own right (Solheim & Henning, 1998:158). Communication practitioners must be more adaptable, intuitive and sensitive (Anon., 2000:6) to the impact that instantaneous communication can have. Improved communication will exist, not because of electronic communication, but as a result of better communication methods and communicators (Verespej, 1997:1). The success of communication will lie not in the technology, but in the knowledge and skills of the communication practitioner who utilises it.

Organisations who are planning to use the Internet, should be certain that their communication managers and strategists are not only comfortable with delegating, motivating and coaching, but are willing to become adept at using the Internet to manage change. Managers who are not able to relinquish complete control should avoid implementing the Internet, because they will no longer be able to manage the people, the processes or the results (Marken, 1996:13).

The communication manager must be skilled at identifying issues and trends, evaluating impact, setting priorities and preparing action plans and proactive responses in the on-line world (Kornegay & Grunig, 1998:144; Solheim & Henning, 1998:165). Communicators must be comfortable with more than desktop publishing and company e-mail, and must use technology to reach



highly specified segments of stakeholders (Heron, 1997:27). The communication manager of dot.coms must also provide strategic inputs in the organisation's communication.

New communication skills are required for the on-line environment (Crawford, 2000a:26; Ovaitt, 1997:22; Twine, 1997:20). Feedback can be instantaneous and provides the opportunity for interactive real-time communication. Business writing is also becoming a necessity in a high technology, service-oriented marketplace (Parnell, 1996:9). The quality of correspondence must be impeccable. An information explosion has caused increased pressure on managers, increasing the potential of more mistakes to occur. More information is reaching managers via e-mail and other technologies, requiring them to think and react faster and more efficient (Parnell, 1996:10).

### **5.3. THE INTERNET AND CORPORATE COMMUNICATION STRATEGY**

The most effective use of electronic communication mediums is to integrate it into an overall strategy and to realise that it is not a sales or marketing tool, but a communication medium whereby users (members of a stakeholder group) come to the organisation seeking information versus the organisation sending out information to the members of the public (Kornegay & Grunig, 1998:145). To achieve this objective it is necessary to view the Internet, and all its applications, as part of the strategic corporate communication mix. This process of integration is illustrated by applying the Internet, as a medium, in the Steyn & Puth model (as discussed in Chapter 4) for developing corporate communication strategy.

The discussion can, however, not be fully comprehensive, as this is only a theoretical discussion and not an application in a specific organisation. It is also important to note that in the electronic communication environment there are certain unique characteristics of these mediums which will impact directly on the strategy and programme development process. The process of

developing a corporate communication strategy and communication plan is therefore described in the context of using one electronic communication medium, namely a website.

### 5.3.1. Analyse the internal and external environment

#### **ANALYSE THE INTERNAL ENVIRONMENT**

The internal environment in an organisation will impact on the process of developing corporate communication strategy. The internal environment can be seen as the corporate profile, vision, mission, corporate values, corporate philosophy, corporate culture and corporate policies of an organisation (Steyn & Puth, 2000:54-57).

#### *5.3.1.1. Corporate profile*

An organisation's financial status, its reputation, its products or services, and its overall competitive environment must be studied as part of the strategy development process.

The importance of the Internet, and its applications, in a specific business segment must also be identified. Does the Internet for example play a considerable role in a specific industry, or is it merely window-dressing? Managers need to determine (Cronin, 1996:8) if the electronic communication applications will add value to the organisation's core business function; what the rate of change in Internet technology will be and if the organisation needs to upgrade its applications regularly; and who the potential stakeholders that can be reached through Internet technology are. (This last question is specifically related to marketing strategy.) In the strategic corporate communication environment, the communication manager needs to identify the stakeholders and then determine how they can be reached. This is an important difference in perspective. The amount of competition on the Internet

also changes the requirements for how the World Wide Web is used to advance corporate objectives (Harden, 1996:12).

#### *5.3.1.2. Vision and mission*

All communication strategies and plans, including electronic communication applications, should be derived from an organisation's vision and mission and needs to fulfil its strategic potential. Managers need to determine the impact the Internet will have on the organisation's long-term corporate strategy and vision, as well as how the corporate strategy should drive the Internet applications (Glavin & Radtke, 1997; Palmer, 1997:22). The mission statement should specify the organisation's reason for being in business, the goal in being on-line, and the method of reaching that goal (Levinson & Rubin, 1996:4).

#### *5.3.1.3. Values, philosophy and culture*

The organisation's values, philosophy and culture will determine if and how electronic communication mediums are accepted and implemented. It is therefore vital for the corporate communication manager to determine how the corporate culture can be integrated with the fast-moving nature of the Internet (Keegan, 1998:23).

#### *5.3.1.4. Policies*

Corporate policies are guiding principles for behaviour (Steyn & Puth, 2000:56). New policies to accommodate the on-line world must, however be devised and interpreted by managers. If the current policies are not compatible with electronic communication mediums, then serious discrepancies will occur. The Internet as is, is not a very heavily regulated medium and organisations need to protect their interests and regulate their business. Some examples, specifically pertaining to the communication environment, are discussed later in this chapter.

### 5.3.2. Identify strategic stakeholders and publics

**IDENTIFY STRATEGIC STAKEHOLDERS AND  
PUBLICS IN THE INTERNAL AND  
EXTERNAL ENVIRONMENT**

In a shrinking global village, the organisation's communication will be heard through many methods, and its messages will have to be tailored to the specific needs of its stakeholders, but it must all be part of one integrated strategy (Dowling, 1990:36).

An organisation's strategic management is interrelated with the strategic management of its relationships (Steyn & Puth, 2000:64) and the management of these relationships is the responsibility of the corporate communication department. The digital world has changed communication within organisations and between organisations and their various stakeholders (Wright, 2001:6).

Organisations who are considering using electronic communication mediums must still go through the process of identifying stakeholders and publics, identifying their needs and managing these relationships. Strategy in corporate communication often (incorrectly) focuses on the technology's capabilities, rather than on the needs of the stakeholders with whom the organisation is communicating (Johnson, 1997:213). Traditional methods of identifying stakeholders (such as stakeholder maps, social audits, image studies etc.) can still be used to facilitate this process.

In 1984, Freeman described a new way of defining those groups or individuals which should form a part of the organisation's strategy, namely 'stakeholderism' (Steyn & Puth, 2000:186-204). The stakeholder concept can be found in the systems theory, corporate social responsibility, and strategic planning as well as in organisational theory. The theory of stakeholderism implies that the organisation is not only influenced by its stockholders, but also by its other stakeholders. According to Steyn and Puth (2000:187), stakeholders are groups and/or individuals whose behaviour has

consequences for the performance of the organisation, and the organisations behaviour or decisions have consequences for them.

Virtual stakeholders refer to any group of individuals being affected by your Internet marketing and communication efforts (Vassos, 1996:8). It includes all those groups who have vested interests (a stake) in the performance of a company. The interests of stakeholders should therefore be aligned to function effectively. Stakeholder theory requires an organisation to think broader than current strategic and operational problems. If organisations are to survive, the loyalty of all stakeholders must be gained. (Stakeholders and publics were discussed in detail in Chapter 4.

Botan (1992:149-159) suggested that corporate communication is the use of communication to negotiate relationships among groups. If relationship building is therefore the basis of corporate communication, technology can neither create nor destroy these relationships; the focus is therefore on how the technology is used to influence the relationships between the organisation and its stakeholders (Kent & Taylor, 1998). Technological change has increased the interdependence between people and organisations, and emphasises the management of extensive webs of interrelationships (Seitel, 1995:9). In view of this, the World Wide Web offers a multichannel environment where negotiation between organisations and stakeholders may occur (Kent & Taylor, 1998:322). It represents the ultimate tool for building relationships between the organisation and its publics if it is utilised properly (Kornegay & Grunig, 1998:149).

Many fear the loss of the 'human contact' that technology sometimes promises, but meaningful technological advances can be integrated to the benefit of all stakeholders involved. Technology must be used to keep in touch with stakeholders and not to distance the organisation (Kent & Taylor, 1998:323).

According to Kent & Taylor (1998:323):

“Technology itself can neither create nor destroy relationships; rather, it is how the technology is used that influences organisation-public relationships”.

The nature of the Internet makes building trust with key stakeholders much more difficult than it is in the offline world (Friedman, 2000:25). It can be an anonymous, impersonal medium lacking visual, non-verbal cues combined with increased competition. Friedman (2000:26) identified the following five actions an organisation can take to foster a trusting relationship with on-line stakeholders and overcome the medium's limitations, namely: creating an offline organisation where all relationships are based on frank and honest exchange of information; developing a website with an effective communication design; explaining all the organisation's efforts to collect information from and about users at the organisation's website; providing a physical address, phone and fax number on the organisation's website so visitors can choose the most convenient way to contact the organisation; and setting a standard for answering e-mail promptly and with a personal touch.

As with any other strategic effort in an organisation, specific stakeholders must be identified in order to develop a focused communication effort on the Internet and it is important to determine their needs and goals (Lewis, 1998:99; Vassos, 1996:8; Anon., 1996e:32). The Internet allows organisations to divide an audience into micro segments (Heilbrunn, 1998:9). It is important to note that the organisation's concern must be in terms of all its stakeholders. Stakeholders in the context of an Internet strategy do not merely refer to consumers, but to all key stakeholder groups. These stakeholders can for example include prospective customers; existent customers; shareholders; employees; potential employees; consultants; the press; and the government.

Given the technological nature of the Internet, it is also necessary to assess the digital capabilities of the organisation's stakeholders. It is important to determine what type of computer equipment stakeholders have, and what

their level of computer literacy is (Bishop, 1996:27). Websites that contain information, which could be of value to the user, should not contain interfaces that exceed the software or computer memory capacity of 'slightly-below-average' users (Kent & Taylor, 1998:329).

Many companies develop strategies that are only focused on the potential customers, thereby only focusing on achieving marketing objectives. However, by incorporating the Internet into the organisation's corporate communication strategy and targeting several different stakeholders, electronic communication mediums can have a much more profound effect (Vassos, 1996:8).

Simply relying on Web demographics to attract a certain kind of person can be misleading. Several surveys have been done over the years providing psychographics information on Internet users. The latter are described differently by various sources. The global audience is mostly seen as educated, affluent computer users – an ideal market with clear commercial potential (Duys, 1998:58).

One source for profiles of Internet users is CyberAtlas (<http://www.cyberatlas.com>) (Flynn, 1996:203). Studies have suggested that the demographic characteristics of individuals are highly correlated with their use of the Internet (Hoffman, Kalsbeek & Novak, 1996:36). These studies have for example suggested that Internet use is related to gender, education, income, race, occupation – that generally more males than females, people with higher socio-economic status and whites use the Internet (Ovatt, 1997:19; Times Mirror, 1995; Yankelovich Partners, 1995).

However, recent research shows that demographics are shifting and that the Internet is becoming more 'mainstream' in its demographic makeup, and that this trend will continue as the Internet becomes a more widely used medium (Hoffman, 1996). Business should not trust every study that claims to describe the size and the nature of Internet users (Curry, 1996:55). Organisations must

ensure that the data being used has been collected through valid methodological methods, or organisations must conduct their own research.

It is also difficult to determine the size of the Internet and the possible stakeholders using it as a medium. Estimates showed that millions of people are using the Internet. In South Africa the All Media Product Survey, AMPS 1997A, showed that 449 000 people had access to the Internet in 1997 (Browne, 1997:32). This number has steadily grown over the years.

An organisation wants furthermore to target stakeholders, not visitors (Lewis, 1998:99). The Internet can be much more than a mass media tool and can be used to target specific stakeholders, which may consist of only a few people (Vassos, 1996:8). A website must be multifaceted, carefully positioned and extended to connect with its stakeholders (Solheim & Henning, 1998:161).

Gilbert *et al.* (1996:575-582) advised organisations to take the following criteria – concerning stakeholders – into consideration in the development of an effective website, namely: treat the Internet as a new medium and exploit its unique properties, such as interaction with stakeholders; start with stakeholders by defining who they are and what they want to know; build relationships with stakeholders by getting to know them and ensuring relevance to them; build a service, not a website, by giving stakeholders value for time and money and by providing options not available elsewhere; leverage existing business by building on assets (brand names, operational infrastructure, information, customer relations); and think radically to achieve the best chance of obtaining the benefits offered by technology.

The success of a website, and other electronic communication mediums, is determined by the degree to which the needs of stakeholders have been satisfied. Research conducted by the Gartner Group in 1995 (Vassos, 1996:83) suggested that 90 per cent of business websites are not meeting their stakeholders' needs. The Gartner study also suggested that stakeholders do not want content such as corporate descriptions and press releases. They



want useful applications such as interactive technical support and the ability to query databases to get answers to their questions. They want to be able to access information that specifically meets the needs they defined. The focus should therefore be not a one-way communication model, but on two-way communication.

The emphasis should therefore not be on the technology, but on managing communication with stakeholders, not on Internet strategy, but on strategic communication management. A specific message must then be designed for all the stakeholders (Maloff, 1997:69). Organisations must consider whether they, for example, want to create an image or generate leads or create infrastructure or sell a product. In other words, whether the organisation wants to achieve marketing, communication, or information technology objectives.

In the on-line world, technology has not changed the communication needs of stakeholders, but has merely emphasised them. There will always be a need to provide people with information; seek immediate action; create good will; convince people of something; persuade them to do something; clarify some point; instruct someone; convince customers to buy a product or service; or to establish a relationship – it will just be done through an electronic medium (Parnell, 1996:13). Websites should encourage all potential stakeholders to explore them, should contain information rich enough to meet the needs of very diverse stakeholders, and interactive enough to allow stakeholders to pursue further informational issues and dialogic relationships (Kent & Taylor, 1998:330).

Organisations must identify, in addition to their traditional stakeholders and publics, which stakeholders and publics can be reached through electronic mediums as well as which new stakeholders and publics are created by these new mediums (such as virtual communities). The Internet has complicated the process of identifying stakeholders, because it transcends geographic, national, cultural and political boundaries (Ihator, 2001a:200).

The Internet creates additional considerations when the various linkages to the organisation's stakeholders are analysed.

**Enabling linkages** (Steyn & Puth, 2000:65) are with groups that provide authority to the organisation and control its resources (e.g. government regulators, stockholders, the board of directors or donors). International governments and regulators must be considered, given the global reach of the Internet. The websites of such government regulators and larger stockholders should also be studied regularly.

**Functional linkages** (Steyn & Puth, 2000:65) are with groups that provide inputs to the organisation (e.g. employees and unions) and use their outputs (e.g. customers or graduates). Groups that provide inputs into the organisation and use the outputs of the organisation also acquire an international position. Employees and future customers might, for example, be situated all over the world in a virtual environment.

**Normative linkages** (Steyn & Puth, 2000:65) are with professional or industry associations. These linkages provide connections to similar organisations that can assist in solving shared problems. The Internet has created virtual communities and these communities are not just limited to social groups, but also include professional or other virtual linkages.

**Diffused linkages** (Steyn & Puth, 2000:65) are connections to groupings of individuals who are not part of any organisation (e.g. minorities, communities, activists, the media).

It is in this last category that an additional issue can be raised. In recent years active publics have become more visible on the Internet. Rogue websites spreading rumours or generating negative publicity are becoming more commonplace (Wright, 1998:2), forcing organisations to reconsider their crisis communication planning. The Internet is also connecting disparate publics that stretch beyond the national boundaries (Ihator, 2001a:202), thereby adding another dimension to an organisation's crisis management strategies.

The corporate communication strategy should therefore target specific stakeholders, and must be dynamic enough to keep pace with developments in technology and the changing needs of its stakeholders or target publics (Cronin, 1996:7-8). It is also important that organisations not only identify and communicate with active or aware ones (they are the most likely ones to seek and process the information), but also identify the transition from one stage to another and to construct a corporate communication structure permitting organisations to adapt to the changes (Illia, 2002:7).

### 5.3.3. Identify and prioritise key strategic issues



Environmental scanning must be conducted in the offline as well as the on-line world, to analyse and evaluate opportunities and threats out of the interaction and relationships with other organisations, social groupings or individuals. In addition, it is necessary to determine the organisation's image or reputation in cyberspace. Websites, chat rooms, forums, and news groups on the Internet are some resources that can be utilised by communication managers to conduct on-line environmental scanning (Kornegay & Grunig, 1998:144; Strenski, 1995).

The process of identifying and prioritising key strategic issues consists of three actions, namely identifying publics or activists that emerge around issues through issues tracking; identifying consequences for the organisation through a SWOT analysis; and prioritising key strategic issues (Steyn & Puth, 2000:67-68).

Various types of strategic issues must then be identified, namely organisational issues (type 1 and 2); corporate communication issues; management communication issues; and tactical communication issues (Steyn & Puth, 2000:67-68). The communication manager must identify, track and manage these issues. One of the most important tools for issues management can be the Internet (Heath, 1998). Heath (1997:9) defined issues management as:

“... the management of organisational and community resources through the public policy process to advance organisational interests and rights by striking a mutual balance with those of stakeholders”.

Issues management therefore supports the strategic business planning and management by understanding public policy, meeting standards of corporate responsibility expected by the organisation's stakeholders, and using two-way communication to foster understanding and minimise conflict (Coombs; 1998; Heath, 1998).

Organisations are viewed as discussants in the public policy process. The Internet will help to democratise these discussions because it allows for greater interactivity between the participants; is able to reach stakeholders and publics that were difficult or impossible to reach in the past; and provides easy and cost-effective access (Heath, 1998).

In the process of issues management communication managers need to conduct environmental scanning, assess possible issues, analyse these issues, plan possible actions and design and implement programmes to

resolve or manage these issues (Heath, 1998; Steyn & Puth, 2000:213). The Internet can be utilised during all of these phases.

The first objective of strategic issues management is to conduct environmental scanning and to identify an emerging issue. Organisations can utilise search engines, on-line discussions and chat rooms, as well as on-line databases to identify issues earlier than might otherwise be the case – thereby allowing organisations to understand and develop positions (Heath, 1998). The Internet can also be used to manage issues. Organisations can for example provide issue pages and discussion sites for active publics (Heath, 1998), thereby engaging in a two-way symmetrical dialogue. Organisations must also prioritise issues and stakeholders in a given situation, because the relative position of the stakeholder and issue will shift according to the situation (Coombs, 1998).

Organisations, however, need to remember that one of the reasons for the Internet becoming a significant communication medium is that it attracts stakeholders who are issues oriented (Heath, 1998). Organisations can therefore use the Internet to monitor and manage issues, but so can lay people, activist groups and government officials (Heath, 1998). Issues management must therefore be part of the organisation's two-way symmetrical communication process, otherwise the Internet will allow activist publics to have control and power over the communication process.

Organisations utilising the Internet as a medium need to take 'cyber activism' into consideration in the issues management process. Cyber activism follows a process similar to activism, but with additional pressure on organisations. Activism grows around issues selected by a group of individuals. The pressure on organisations is caused by the aggregations in a protest movement as well as organisation systems being given mass media coverage. In an electronic environment, pressure is no longer the result of an aggregation into organisational systems, but rather the result of relationships established. Cyber activism results from issues selected through the interconnection of many kinds of role-players, such as traditional pressure

groups that go on-line, spontaneous aggregation and individuals. The Internet – as a timeless, location-free and agency medium – removes the focus from a territorial to a functional selection of issues. The Internet created a plural environment where a many-to-many communication allows individuals to either send or receive modified or elaborated information. This new interconnection of the communication flow permits an alternative concept regarding time limits and, more importantly, causes the loss of control on the organisation's part (Illia, 2002:2).

All these changes necessitate a new kind of active behaviour related to technical attacks; the change within organisation-stakeholder relationships leading to a significant participation of each knot within the plural environment; the need for a customised behaviour of organisations increasing the involvement of core stakeholders within the decision making process; the rise of new issues related to cyberspace and the new economy as the commercialisation of culture; security problems; disparity of access and consequently economic disparities between countries (Illia, 2002:3). The emergence of cyber activism will therefore have a serious impact on how organisations manage their relationships with their stakeholders, as well as how and when issues are identified and managed. (The impact of rogue websites in this context has already been discussed earlier in this chapter.)

#### 5.3.4. Identify implications of strategic issues for stakeholders

Organisations must identify, assess and address the implications that key strategic issues will have or already have for their strategic stakeholders (Steyn & Puth, 2000:69-70). Therefore, one of the first actions in integrating the organisation's on-line and offline corporate communication strategy involves understanding your stakeholders' needs and how use of the Internet can better fulfil these needs. Determine the benefits that might be realised by the organisation's customers, prospects, suppliers, and employees etc. through various Internet applications. These benefits will be limited by the availability of Internet access within each of the segments.

These needs can then be translated into specific Internet capabilities, and can be evaluated on return on investment (Kornegay & Grunig, 1998:147). Relationships with the organisation's stakeholders must be cultivated – on the Internet – not only to serve the public relations goals of the organisation, but also to address the interests, values, and concerns of these publics (Kent & Taylor, 1998:328). This should be done to overcome the Internet's anonymity and to build trust (Levinson & Rubin, 1996:xv). The Internet can be used by some managers to distance themselves from stakeholders, thereby not identifying or addressing their needs.

#### 5.3.5. Decide on the corporate communication strategy

The corporate communication strategy must indicate the direction that an organisation needs to take with regard to its communication with stakeholders (Steyn & Puth, 2000:70). According to Steyn & Puth (2000:70), if the communication processes do not take the underlying business processes into account, the organisation will risk imposing inappropriate decisions. The corporate communication strategy should therefore support and be aligned with the business strategy. The corporate communication strategy should identify what should be communicated to stakeholders to solve problems as well as to capitalise on opportunities (Steyn in Steyn & Puth, 2000:70). The Internet must be incorporated into this process, although the decision is not centred around the Internet but around the corporate communication goals to be achieved.

#### 5.3.6. Set communication goals

Communication goals are developed based on the corporate communication strategy, to indicate what the organisation wants to achieve with its communication regarding the situation described (Steyn & Puth, 2000:71). Corporate communication strategy should reflect business goals and the most effective ways of implementing the Internet (Curry, 1996). The design of a corporate communication strategy and the use of the Internet should therefore be based on these identified business goals and not on the technology.

Internet capabilities and a Web presence should be integrated into the overall business and communication strategies, as with any other technology, medium or tool (Hollen, 1995; Simeon, 1999). The key factor is therefore not to identify technology goals or Internet goals, but to identify communication goals that address key strategic issues. This new electronic communication environment requires new approaches to realising corporate communication goals and objectives (Ihator, 2001a:200).

Communication practitioners can use computers and other types of electronic communication technologies to conduct research, gather valuable information, build relationships with key publics, and connect with the dominant coalition in an organisation, resulting in greater organisation effectiveness (Kornegay & Grunig, 1998:144).

#### 5.3.7. Develop a communication policy

**DEVELOP COMMUNICATION POLICY  
(who is allowed to communicate what to whom)**

In a survey of the United States of America' senior-level corporate communication officers, Wright (1998:2-4) indicated the following policy changes that are needed in an electronic communication environment:

The Internet (including intranets and extranets) represents a paradigmatic shift in corporate communication, opening the door to fully **two-way communication** between a corporation and its stakeholders. Therefore, it is incumbent upon corporate communication officers to develop policies supporting and effecting more interactive communication with all internal and external stakeholders (Wright, 1998:2). The Internet is, however, not the only medium that can be used to ensure interactive relationships and must therefore be integrated into the overall stakeholder relationship strategy.



Although the Internet is a new communication medium, **media policies** and how corporate communication practitioners manage press calls and media inquiries should remain unchanged. Handling media inquiries for the organisation is still a primary responsibility of the communication function and is independent of the development of the Internet or any other communication medium (Wright, 1998:2). The organisation must provide specific time frames for the response to questions; communicate these response times to the stakeholders; track its performance; have backup personnel available during peak periods; and create an *infobot* (an automated e-mail message that is automatically sent to anyone who sends a message to a particular address) combined with a human response for all queries (Vassos, 1996:98, 117). As stated earlier in this chapter, stakeholders on the Internet have much higher expectations as far as time and the lapse of time is concerned. Different time guidelines than for traditional media inquiries might therefore be appropriate in the on-line world – depending on the organisation's current policy. This policy can be applied to all electronic communication efforts with the organisation's stakeholders.

Corporate communication – as a function – should manage and control all **content of corporate websites**, including those on the Internet or extranet that have corporate communication implications (Wright, 1998:2). This does not imply that other departments cannot contribute to the content. However, very little South African research has been done to indicate where the current responsibility for content management lies. (This question is addressed in the primary research).

**E-mail** has emerged as a fundamental means of internal and external messaging. E-mail, however, is not a private medium of communication; it is subject to subpoena, is the property of the corporation, may be its legal responsibility and requires formal communication guidelines from the corporate communication function (Wright, 1998:2). The legal position of electronic communication mediums in South Africa is not discussed in this dissertation, but corporate communication managers need to be informed of current laws as well as those proposed laws currently under discussion. Given

the international reach of the Internet, the South African communication manager must also be informed of international laws pertaining to the Internet.

Technologies of the information superhighway present **opportunities inside as well as outside organisations**. Organisations should put plans into place outlining who outside the organisation (shareholders, volunteers, retirees and other stakeholders, etc.) should be permitted or encouraged to use this method of communication (Wright, 1998:2-3).

Because it is a public medium, the Internet forces corporate communication policy makers to consider broader societal issues, including **electronic privacy**, security, commerce and civil rights in cyberspace (Wright, 1998:3). It would not be prudent for an organisation to wait for judicial intervention before comprehensive policies in this regard are implemented.

Communication managers must take note of the above-mentioned policy changes, for not only will it have an impact on their strategy development process, but they will most likely be the manager responsible for developing and implementing these new policies.

#### 5.3.8. Draft to executive management

**DRAFT TO TOP MANAGEMENT**

A draft of the corporate communication strategy must be submitted to the executive management. Given the technological nature of the Internet, it is important for the communication strategist to understand the technology, jargon and processes. It is also important that the communication manager is capable of interpreting the technological concepts for the executive management and it is critical for the communication manager to explain what a website will not be able to do, given the unrealistic expectations that are sometimes associated with electronic communication mediums.

### 5.3.9. Conduct a media analysis

**CONDUCT AN OVERALL CORPORATE  
COMMUNICATION MEDIA ANALYSIS  
(which kinds of media best suit the organisation)**

It is necessary to investigate the various communication media that might be suitable for the specific organisation and its stakeholders (Steyn & Puth, 2000:73). Organisations should realise that the medium should suit the strategy and plan, and the strategy or plan should not conform to the medium. Electronic communication mediums will not be suitable for every communication situation (Rogers & Allbritton, 1995:182), and organisations must not be forced into believing that these mediums must be used in every communication exchange. The Internet must feature prominently in this analysis to be considered a possible medium. (Electronic communication mediums that are available for the use of communication managers have been discussed in Chapter 2.

Communication managers must determine, as part of this initial planning stage, whether or not the Internet can be a part of the proposed solution. The best way to determine the readiness to use electronic communication mediums of various stakeholders in an organisation is to implement simple concept testing surveys. A concept testing survey can be in the form of telephone interviews or questionnaires. A concept test can help an organisation to understand which of its stakeholders are using the Internet or plan to use the Internet, which methods of communication they prefer, and what kind of applications they would like to see implemented (Vassos, 1996:82).

#### 5.3.10. Develop a strategic communication plan

**DEVELOP A STRATEGIC COMMUNICATION PLAN**  
**Communication programmes, campaigns or plans**

The final stage in the development of the corporate communication strategy is the development of a strategic corporate communication plan and thereafter individual programmes, campaigns and ad hoc plans. This is discussed next.

### **5.4. THE INTERNET AND THE STRATEGIC COMMUNICATION PLAN**

According to Steyn & Puth (2000:73), the strategic communication plan is not the same as the corporate communication strategy. Rather it is the framework within which communication programmes (being continuous communication with strategic stakeholders), communication campaigns (which can be single or cyclic) and communication plans (developed to achieve specific communication goals) are developed. Technology can be used to manage macro and micro communication programmes to serve the corporate universe (Dowling, 1990:36).

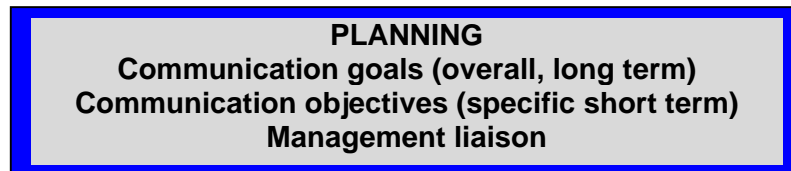
#### 5.4.1. Research

**RESEARCH**  
**Problem or opportunity**  
**statement**  
**Situation analysis**

The statement of the problem or opportunity indicates, according to Steyn & Puth (2000:83), why action is required by the corporate communication function at this specific time. This motivation should be derived directly from the corporate communication strategy and / or other organisational strategies, where key strategic issues and their implications for strategic stakeholders have been identified. The statement of the problem or opportunity, as well as

the situation analysis, must identify the communication issue to be addressed and should not focus on a technology related issue. Technology, such as the Internet, can however provide an opportunity.

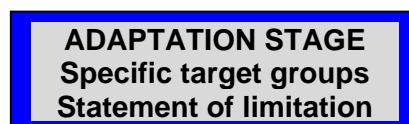
#### 5.4.2. Planning



The communication goals, already established in the corporate communication strategy phase, are transferred to the communication plan (Steyn & Puth, 2000:84). Communication objectives can then be derived from these goals. These objectives represent the desired outcomes of the corporate communication process (Steyn & Puth, 2000:84) and are the justification for the corporate communication programmes and plan. Output (process) or impact objectives can be set. Objectives, derived from goals, that an organisation can realise through the use of the Internet have already been discussed.

For organisations to determine the true contribution and value of its website, measurable objectives need to be defined and these objectives must be tied to the organisation's business objectives (Johnson & Misic, 1999). The organisation's website can then be evaluated against objectives achieved.

#### 5.4.3. Adaptation stage

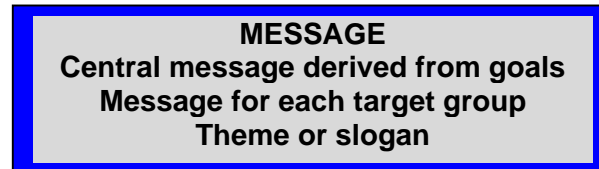


At this stage the situation described in the problem statement is matched to the resources available and the stakeholders involved (Kendall in Steyn & Puth, 2000:86). This is done to select an implementation strategy that will solve the problem by achieving the carefully designed goal and objectives. As already stated, the Internet is not the best medium for every communication

situation (Anon., 1997a:30; Cronin, 1996:8), and organisations must understand that it does have limitations.

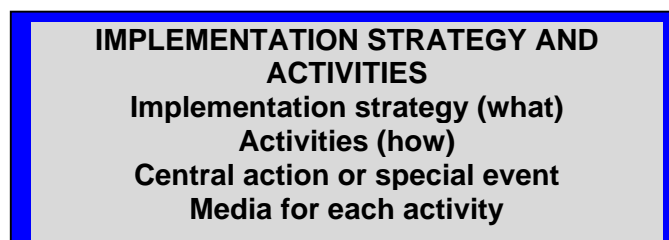
No strategy is perfect and every strategy needs regular course adjustments as the climate and the competition on the commercial Internet changes from month to month (Cronin, 1996:8). Organisations need to consider all the variables when integrating the Internet into its corporate communication strategy, before they implement any application. If the strategy cannot comply with all the strategic requirements – that strategic management implies – then the strategy should be redesigned. No medium – including the Internet – can be managed without a strategy. The Internet is not an easy escape from management principles, but enforces good business practices. The Internet should be part of an integrated strategy and input from stakeholders will ensure that their needs are met (Vassos, 1996:178).

#### 5.4.4. Theme and messages



Communication plans can have one (or more) central message expressed in a theme or slogan (Steyn & Puth, 2000:87). A central action or special event could be considered along with the theme and messages. Communication managers must also take note of those contributing factors discussed earlier in this chapter, regarding the development of messages specifically for electronic communication mediums.

#### 5.4.5. Implementation strategy and activities



In this part of the process, according to Steyn & Puth (2000:88-92), the communication manager must: develop tentative implementation strategies; differentiate between implementation strategy and activities; select an implementation strategy; test the implementation strategy; design the communication actions; and plan the corporate communication media.

When integrating the Internet and its various applications into this part of the communication plan, the communication manager needs to understand the technology behind the strategy. Managers need to understand how newsgroups, electronic forums, websites etc, work to be able to implement them.

An organisation might discover that, as mentioned earlier, only one application, such as e-mail, will be appropriate in its specific environment. It might also mean that for a specific communication plan, interpersonal mediums might be more appropriate than technological applications.

A very important decision that must be made in selecting an implementation strategy is what type of medium will be most suitable. The Internet can therefore be viewed as an important alternative in selecting the implementation strategy. In the context of the different levels of strategy in strategic management, the Internet can be viewed as strategy at the implementation level.

#### 5.4.6. Scheduling

**SCHEDULING**  
**(Day, week, month)**

Scheduling (Steyn & Puth, 2000:92) indicates how all the elements of the communication plan are co-ordinated by entering each part of the action, from the beginning of its implementation to the conclusion of its evaluation, on a calendar.

The scheduling of activities relating to the electronic communication mediums used by the organisation must be done with the same care that is taken with offline communication mediums. Although the Internet requires the same amount of planning as a physical brochure for example, its instantaneous nature shortens the production process considerably.

#### 5.4.7. Budgeting

**BUDGET**  
**(Cost of each activity)**

By understanding the benefits of the Internet - its speed, reach and potential - the Internet is becoming a valuable resource for improving inter- and intra-enterprise communications while controlling real and hidden costs. The benefits of the Internet are maximised to carry out cross-boundary campaigns, while sharing responsibility and influence (Marken, 1996:12).

Because the Internet landscape is still changing rapidly and is likely to do so for several years to come, it is essential that corporate communication managers must develop guidelines for effectively outsourcing website development and management. It is not efficient or desirable for every corporate communication manager to maintain the website itself, although it is necessary to manage and control the content of the website(s) (Wright, 1998:2).

The organisation's budget will dictate the degree of expertise the organisation can afford (Zaviona, 1997:28). Whichever route the design of the organisation's website will take, the organisation must be able to explain what it wants and show other examples on the Internet. Outsourcing the technical operation to a qualified company specialising in the aggregation of Internet services, is one way of overcoming a lack of resources (Glavin & Radtke, 1997; Mayne, 1998:14; Myer, 1996:74; Palmer, 1997:22). However, it is important to ensure that the design house integrates the organisation's strategic corporate communication objectives into the website.



Another consideration when outsourcing is choosing a suitable Internet Service Provider (ISP). An Internet Service Provider offers a number of services. They provide Internet access for the organisation and its employees, and they can host the organisation's web content. This is extremely important since this choice will impact on the effectiveness of the communication plan. If a communication medium (in this case the website) is ineffective because of an ill-equipped service provider, the communication objectives will not be met. It could even impact negatively on the reputation of the organisation. When choosing a service provider, there are several aspects of the service that an organisation should consider before making that decision (Crowe, 1995:2; Vassos, 1996; Zaviona, 1997:30):

- Cost.
- The architecture of the ISP environment (such as equipment, pipeline into the Internet and modem speeds).
- Number of companies supported by the ISP and the traffic volumes generated by those companies.
- Security, reliability, and availability.
- Backup procedures and availability of a backup system in case of a system crash.
- The domain name of the service (implications for the organisation's brand image).
- Number of infobot e-mail addresses provided.
- Amount of website storage provided.
- Web page access statistical reports.
- Ability to allow CGI programming.
- Ability to conduct secure transactions on your behalf.
- References.
- Track record.
- Type of cache software being used (some cache software requires new Web pages to be manually reloaded).

It is unlikely that a single ISP can meet all the requirements.

The cost of each activity must be listed at the end of every communication plan (Steyn & Puth, 2000:92). Part of the planning will therefore include a

cost-benefit analysis (Andrews & Trites, 1997:14). It is important to determine the cost of using electronic communication mediums, especially since many of the costs can be hidden. The development of a website might for example not be expensive, but the rewards can be hard to estimate. Site maintenance will for example be an ongoing cost, because an outdated website does not enhance the image of the organisation (Myer, 1996:15).

Organisations need to realise that they will have to make a continuing investment in their websites. A website is not just a version of a hard-copy brochure, document or newsletter. The very nature of the Internet demands constant upgrading. Although it is relatively easy to create a website, keeping it fresh is demanding, time-consuming and costly if it is outsourced (Anon., 1996e:32; Graham, 1997:26).

#### 5.4.8. Evaluation research



Without some standards for measuring the achievement of the organisation's objectives and how they have been realised on the Internet, many efforts in establishing a presence may be wasted (Nel, Van Niekerk, Berthon & Davis, 1999). It is therefore surprising, given the importance of Internet technology and the resources that are being committed to implementing it, that so little has been done in the development of effective measurement techniques for the medium. Evaluation is being conducted at a technical level – measuring hits or the efficiency of a website – but not at a strategic level – measuring the achievement of organisational communication goals.

Excellent communication is founded in research. Knowledge about the stakeholders and the issue to be communicated is critical and communication audits, focus groups, feedback surveys and reader response cards are used regularly. Yet these basics are not adhered to in electronic communication

(Anon., 1997f:1). Research is not a common part on the evolution of a web page, because they are so easy to change. According to Spool (in Anon., 1997f):

“Research is designed to figure out what the problem is. The technology may be new, but the problems aren't. Until the technologies were developed, we just found ways to work around problems, or we just lived with them”.

Research will help an organisation to structure a site according to the needs of its target audiences and to address issues that lead to the site's development. Excellent research is also cost-effective, but should be part of an ongoing process.

Various authors have alluded to the possibilities and advantages of on-line research (Burke, 1996; Burke, Bari, Harlam, & Lodish, 1992; Urban *et al.*, 1997; Urban, Weinberg & Hauser, 1996). One of the most distinct advantages is that the Internet allows organisations to conduct research faster and cheaper (Johnson, 1997:229).

As the Internet expands and websites proliferate, more systematic approaches to website assessment are therefore necessary (Simeon, 1999). The answer to this growing need for research might lie in corporate communication research – which provides an evaluation of all corporate communication goals and needs and indicates how these goals and needs are being fulfilled.

A lack of real information for business on the Internet is increasing the demand for hard facts, before an Internet investment is made (Anon., 1997b:8). The executive of an organisation should consider conventional business questions such as how to establish a two-way communication relationship with stakeholders and how to measure Internet communication activities. Conducting environmental scanning and evaluation research will provide these facts.

An ongoing quality programme must be incorporated into the organisation's communication strategy and plans to ensure that the website is meeting the needs of all the stakeholders, and not only the needs of customers (marketing objectives); and that the website is successfully realising objectives. Environmental scanning has already been discussed as part of the issues management process. Evaluation research, in the context of the Internet, will be discussed as part of the communication planning phase.

Evaluation research should measure the awareness, knowledge, opinions, and behaviours of stakeholders, both before the communication plan is executed (formative evaluation research) and after the execution (summative evaluation research). The measures used for the organisation's website must be quantifiable and must be part of the integrated communication strategy (Day, 1997). It should be evaluated just as any other communication plan, and decisions must be made as a result of this evaluation. With formative evaluation research, the research will be used to improve the effectiveness of the organisation's communication via the website and to improve the implementation process.

Summative evaluation research must also be conducted to measure corporate communication plans, to monitor the implementation of these plans and to determine if the objectives have been met (Steyn & Puth, 2000:159; Grunig & Hunt, 1984:25). Summative evaluation research can be quantitative – measuring the amount of 'hits' on a website – or qualitative – measuring changes in the attitudes of stakeholders (Tortorello & Dowgiallo, 1990:34). According to Kornegay & Grunig (1998:152), on-line evaluation research includes measuring the impact of communication programmes (such as websites or e-mail information campaigns) on relationships with key stakeholders; surveying members of stakeholder groups to see if programmes were effective; connecting on-line with members of stakeholder groups and reviewing on-line complaints about the organisation. (Some examples of implementation and impact evaluation are discussed later in this section.)

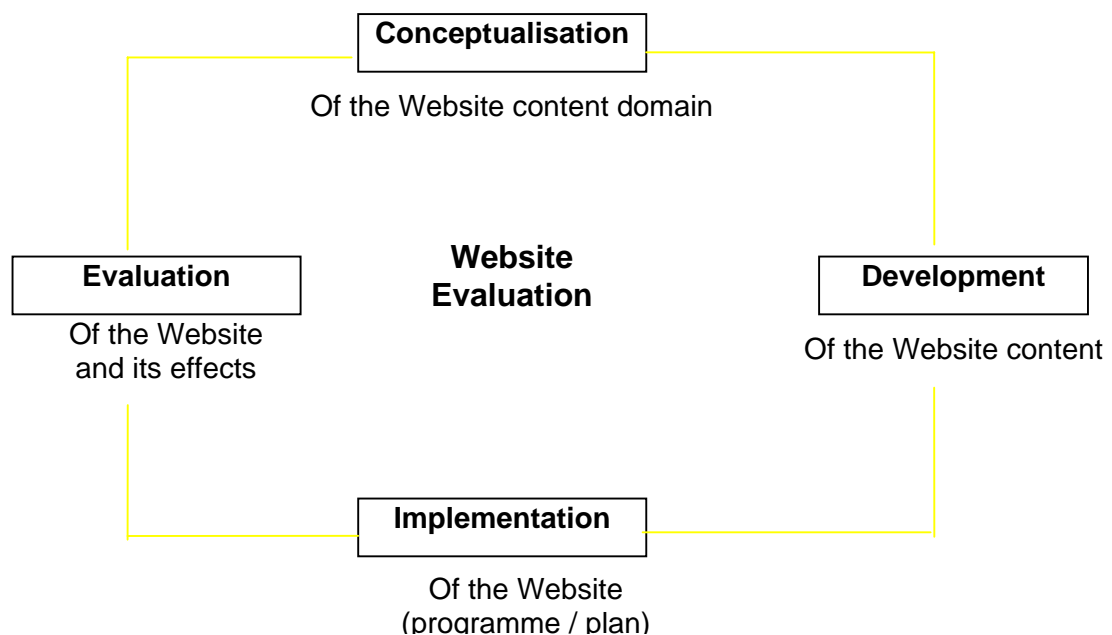
As discussed in Chapter 4, the communication plan must be evaluated at three levels, namely: preparation evaluation, implementation evaluation and impact evaluation.

**Programme preparation evaluation** assesses the quality and adequacy of information and planning, for example were the identified publics appropriate, was the content of the website in line with the needs of the stakeholders, and what was the quality of the design and the messages.

As with any other communication programme it is necessary to measure the effectiveness of the medium, in this case a website. Evaluation can be done in the following stages of website development: **Conceptualisation** (or access), **Development** (or presence), **Implementation** (or integration), and **Evaluation** (or enablement). This is described in Figure 5.1.

During the **conceptualisation** and **development** phases (John Hopkins, 1998) of website design, surveys can be used to conduct research, identify potential stakeholders and ascertain their information needs and their computer expertise. User reactions to content and usability of the website can be determined during the **implementation** and **evaluation** phases.

**Figure 5.1 Website evaluation**



**Source: John Hopkins, 1998**

**Implementation evaluation** documents the adequacy of the tactics and effort, for example the number of press releases sent or brochures distributed and the number of hits on a website. A variety of tracking software or log analysis tools can be used to measure implementation. Tracking software provides information about the number of hits or page accesses; the amount of time spent on a specific page; country of origin; browser; or 'click streams' (path that the visitor took from page to page in the site) etc. – that a website generates (Baine, 1996:68-72; Cirillo, 1998:4). These software packages can provide information such as daily website activity to customers; project monthly activity; compare site use to total Web traffic, and record average page views per visitor (Tadesco, 1997:107). This software can also break down Web demographics to age, gender, income, location and origin of use. But no additional information is gathered – such as impressions about the website or the effectiveness of web advertising – unless the visitors provide it or the organisation specifically asks for it (Dorf, 1995:31). What the organisation really wants to know is how many times the page is actually read (Koenderman, 1997:67). Implementation evaluation does not indicate whether the corporate communication strategy changed behaviour or perceptions, it merely provides the communication manager with statistics.

Implementation evaluation can also include information on **page access** (when a user enters a website and downloads the whole page), **user sessions** (determining for example that the user stays in the site for at least 15 minutes) and **unique hosts of information providers (IP's)** (if the server visits a website it will store in the memory the whole site so that if anybody else from the organisation visits the site they are put through to the remembered site, but only one visit will be recorded (Baine, 1996:68-72; Koenderman ,1997:67).

Planning the website's launch through a strategic planning session can be a useful research tool. This information can be used to allocate budgets and resources. Once the organisation has decided on an implementation plan and created web pages, it should consider conducting informal reviews of its website with employees and other stakeholders. Web page research should

be conducted before the website is formally launched (Vassos, 1996:82). Another evaluation method is designing a prototype website and testing it (O'Donovan, 2001) or asking the organisation's stakeholders for advice about its website content (Myer, 1996:15).

Placing an organisation's web pages on the Internet, but announcing the availability to only the people that are involved in the research can also test its applicability. The preliminary pages can also be placed on the Intranet behind a firewall. A more formal approach to getting feedback on the organisation's website is to conduct a focus group session. Feedback can be gathered regarding the quality of content; ideas for new content and services; usability of the site (for example, speed); and the most valuable and least valuable areas of the site (Vassos, 1996:82). It is also important to consult the design team before the organisation maps the detail of what the site will provide or how it will appear on the computer screen (Flynn, 1996:204).

**Impact evaluation** provides feedback on the consequences of the programme, for example the changes in stakeholders' knowledge, predisposition, and behaviour as described in the objectives. **Outcomes** – long-term social and cultural changes or what people did with the information – rather than **outputs** – messages or impressions – should be measured (Richter & Drake, 1993:32).

Researching a website can indicate the user's excitement, fatigue, frustration and eagerness in addition to subjective opinions. It is therefore important to discover why users visit a website and why they don't, and not merely count the number of hits. The number of hits that a website registers does not necessarily display the real number of actual visits (visitors spending more than a second or two on your website). This information might not even be relevant, given the fact that there is no indication of the contribution of hits to the bottom line of the organisation (Cirillo, 1998:1; Curry, 1996:53; Day, 1997; O'Donovan, 2001) or an indication of the quality and success of the website (Johnson & Misic, 1999). Measuring hits would be equivalent to measuring the

effectiveness of a television channel by measuring the size of the audience (Day, 1997).

Part of the marketing or communication campaign should be to gather the user's e-mail – or the snail mail – address whenever possible (Chiger, 1996:71; Wilson, 1998b) and to provide your organisation's e-mail address (Baine, 1996). This will provide visitors with an opportunity to contact your organisation about your products or services. On-line surveys or other response mechanisms can be used to gather data about the website's visitors. A variety of on-line questionnaires exist to help an organisation to determine the profiles of their stakeholders using their websites - for example the VALS questionnaire (SRI Consulting Business Intelligence, 2002).

Communication managers can utilise various research resources in conducting the above-mentioned research. The resources can include techniques for measurement such as the following (Vassos, 1996:178):

- On-line techniques
  - List server focus groups;
  - Peer reviews; and
  - Feedback button on websites.
- Off-line techniques
  - Focus groups; and
  - Web page reviews by stakeholders.

However, it is easier to measure communication programmes through the traditional approaches of geography, psychographics and demographics, as Internet users are more difficult to define. This is, however, a marketing approach to research that will not necessarily measure corporate communication objectives. It therefore becomes more difficult to assess the impact and efficiency of corporate communication messages (Ihator, 2001a:203).

When considering which research technique to use, communication managers need to ensure that the results are representative. According to Day (1997)



there are stakeholders who will use an organisation's feedback button, but this feedback might not be representative of all the stakeholders.

If the Internet is to be measured, evaluation should be conducted at all levels. Measuring only the number of 'hits' on a Web page or the quality of the design will not provide the manager with an accurate picture of the realisation of the corporate communication objectives.

All website tactics should in the end be measured against the objectives that have been set. Organisations should, however, not expect a quick return on investments, but will finally be able to measure the website's contribution to the bottom line (Anon., 1998a:3; Baine, 1996:72; Gumpert, 1997:26; Rudnick & Shafer, 1999:29).

#### 6.4.9. Selling the plan to executive management

### SELLING THE PLAN TO EXECUTIVE MANAGEMENT

This part of the communication planning process entails selling the plan to decision-makers by emphasising the logic that guided the formulation of the implementation strategy and plans.

## 5.5. CONCLUSION

Communication technicians, managers and strategists will play an important role in electronic communication. It is important to note that the role of corporate communication is not limited to being a technician that brings the organisation's website up to date, but that the Internet is integrated into the organisation's corporate communication strategy. The Internet can play an important role in the identification and management of corporate communication issues, i.e. in strategic communication research.

This chapter showed that the concept 'Internet strategy' – Secondary Objective 1(b) – can be considered a corporate communication *medium* and not a strategy in itself. This chapter also hypothesised a possible framework for the formulation of 'Internet strategy' – Secondary Objective 1(e), by also indicating that the Internet is part of the implementation level of operational strategy (Secondary Objective 1(c) – to investigate whether 'Internet strategy' refers to *functional* or *operational* corporate communication strategy).

This chapter also showed that although the Internet can be considered operational strategy, it can add value at a functional level if it contribute to the realisation of corporate communication goals. Senior communication practitioners can therefore use the Steyn & Puth (2000) model to integrate the Internet, and its applications, into the development and implementation of corporate communication strategy. The use of this model will ensure that Internet communication is employed strategically and that the most comprehensive approach to stakeholder management is followed. Communication managers need to understand that the Internet is only a medium (and as such forms part of implementation strategy) and not a corporate communication (functional) strategy by itself. The latter indicates 'what' should be communicated to solve a problem or capitalise on an opportunity, while the former indicates 'how' it will be communicated (the channel or medium).

The danger for the communication manager lies in the fact that the Internet is viewed by many as a technology and not as a means to an end. As with any other medium, the organisation's corporate communication strategy is almost entirely based on its objectives (that flows from the corporate communication goals, derived from the strategic issues), the stakeholders that need to be reached and the most effective way of getting to them. If employed strategically, the Internet will have a direct impact on the realisation of the organisation's corporate communication goals, and therefore on the bottom line of the organisation.

The growth of the Internet has forced communication managers to incorporate the Internet into their strategic communication planning, but communication managers still need to consider the corporate communication strategy (core messages) before deciding on the implementation strategy (the vehicle or medium) in their decisions on when and where Internet applications should be used. The Internet might be a new medium, but it still requires to be used within the context of a corporate communication strategy. Since the latter provides the link to the organisation's key strategic issues, the Internet can contribute to the organisation's effectiveness only if it is used in the context of corporate communication strategy.

The current tendency to regard the Internet as a mass information distribution medium may also change, as people understand it better. The Internet can be used as a provider of information (by means of environmental scanning as part of the mirror function), as well as a distributor of information (the medium of communication to stakeholders as part of the window function) – and not just as a distributor (one-way public information model of communication), as it is often being used now.

Information is literally dumped on stakeholders (the public information communication model), without matching their information needs with the information that the organisation provides (the two-way symmetrical communication model). It is important that organisations attend to their stakeholders' needs and respond to what they want to know (the two-way asymmetrical model of communication), and not to what the organisation want to tell them (the two-way symmetrical model of communication).

This chapter also showed that choosing a framework from the corporate communication discipline is advantageous, because corporate communication considers all the strategic stakeholders of the organisation and not just customers as does strategic marketing management. A strategic corporate communication framework should therefore add the most value to the organisation's electronic communication by achieving corporate communication goals (Secondary Objective 1{d}).

In conclusion, communication managers who are not equipped to manage this new medium will become a part of the past. The question is no longer if the Internet should be integrated into the corporate communication strategy, but how this should be done most effectively.

Chapter 6 will show what the role of the Internet is in business and marketing strategy.

## CHAPTER 6: THE ROLE OF THE INTERNET IN BUSINESS AND MARKETING STRATEGY

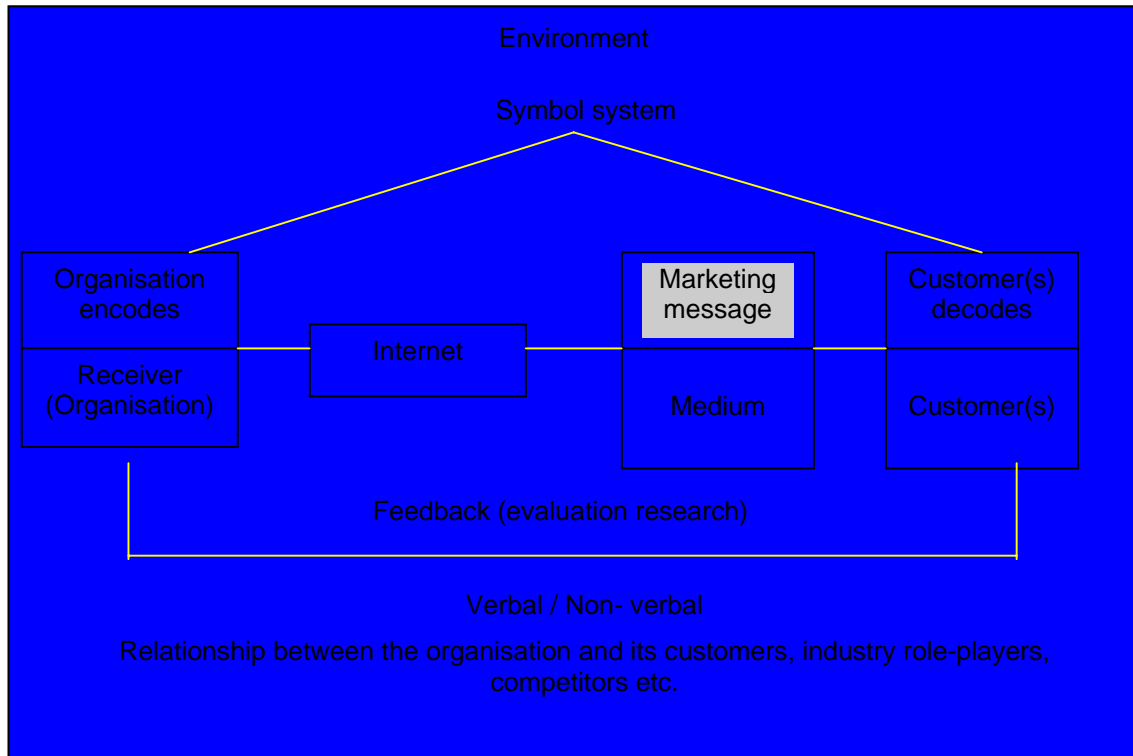
### 6.1. INTRODUCTION

There is a growing need to develop a business model for the Internet (Curry, 1996:54; Lewis, 1998:99) – to integrate the global network into core business functions in ways that make a measurable difference (Cronin, 1996:1). However, there is uncertainty about which corporate goals the Internet can be used to realise, and which department in an organisation should be responsible for managing this process.

Within the framework of marketing and business unit strategy, this chapter aims to provide some answers to the above-mentioned questions. It will also investigate the marketing function's contribution to the achievement of organisational goals, in using the Internet. The communication process introduced in Chapter 1 (Lubbe & Puth, 1994:61) is also further investigated in this chapter by highlighting the Internet's role as a medium that also conveys the marketing message in the communication process.

This chapter also aims to realise the following objectives: Secondary Objective 1(b) - To investigate whether the concept of 'Internet strategy' can be considered a *strategy* or a marketing *medium*; Secondary Objective 1(c) – To investigate whether 'Internet strategy' refers to *functional* or *operational* marketing strategy; and Secondary Objective 1(d) – to investigate the role of the Internet in the *goal* realisation of an organisation's marketing strategy.

**Figure 6.1 The role of the Internet as a medium in conveying the marketing message in the communication process**



**Source: Own application, adapted from Lubbe & Puth (1994:61)**

## **6.2. STRATEGIC MARKETING MANAGEMENT THEORY**

Strategic marketing focuses on the marketing strategy, achieved by identifying the market to be served, the competition to be addressed and the timing of the market entry and exit. Strategic marketing emphasises long-term implications and therefore requires the monitoring of the organisation's environment. Strategic marketing also requires corporate inputs from the corporate culture, corporate publics and corporate resources. In addition to these characteristics, strategic marketing assumes that different products have varying roles in the organisation. Strategic marketing is also conducted at the business unit level and is closely linked to the organisation's financial department. It therefore feeds into the marketing oriented business unit strategy as well as the corporate strategy (Jain, 1997:25-27).

Jain (1981:11) states that marketing strategy consists of:

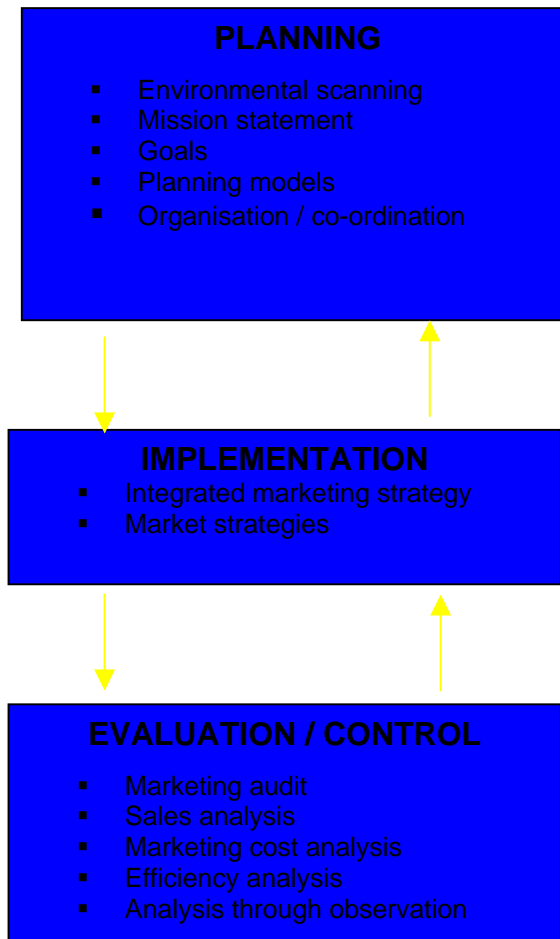
“... establishing a match between the organisation and its environment to seek solutions to the problems of deciding (a) what business the organisation is in and what kind of business it may enter in the future, and (b) how the chosen field(s) of endeavour may be successfully run in a competitive environment by pursuing product, price promotion, and distribution perspectives to serve the target market”.

The marketing strategy is also developed in two dimensions, namely the present dimension (existing relationships between the organisation and its environment) and the future dimension (intended future relationships – in the form of a set of strategic marketing objectives – and the action programmes necessary to reach these objectives (Jain, 1981:11). The relationship management paradigm therefore plays an important role in the context of strategic marketing (see *Chapter 1*). Corporate objectives, perspectives of planning in other functional areas, corporate resources, and environmental assumptions serve as inputs to the development of overall marketing goals. These goals are then communicated to the product managers for detailed planning in these areas of concern (Jain, 1981:12).

Marketing planning begins with the overall marketing and product/market environments, past performance, and current strategic perspectives. Information in these areas is used to designate the product or market strengths and weaknesses, which along with overall marketing objectives and the information on the momentum of the product or market, serve as basic inputs for undertaking strategic marketing planning for a specific product or market. This part of the process consists of specific objectives, implementation strategy, action programmes, and budget requirements. The strategic marketing plan must also be submitted to the executive management for approval or revision, before resources can be allocated (Jain, 1981:12-14).

The process of strategic marketing planning is described in Figure 6.2.

**Figure 6.2 The planning, implementation and evaluation model**



**Source: Marx & Van der Walt (1993:579)**

As suggested by Steyn & Puth (2000:43), marketing strategy supports the business unit strategy of the organisation, by focusing on a single product or a group of products to determine how to compete in the product or industry segment. The tools used in the process are incorporated in the discussion on the operational or implementation level.



### **6.3. THE ROLE OF THE INTERNET IN A STRATEGIC BUSINESS MODEL**

The Internet phenomenon – network computing, and ubiquitous digital communications – is not merely a passing trend. It will have a profound impact on every business around the world as well as on society as a whole (Amezcuca, 1997:76; Graham, 1997:28; Kent & Taylor, 1998:321; Simeon, 1999; Wladawsky-Berger, 1997:19).

It is, however, difficult to predict the precise impact of the Internet, given the velocity with which Internet-related changes are occurring and the increasingly assertive and unpredictable behaviour of stakeholders (Fox, 1995; Molenaar, 1996:102). It is also difficult to distinguish between merely connecting to the Internet, and harnessing its power for a competitive advantage (Anon., 1996b; Amezcuca, 1997:74; Cronin, 1996:1; Porter, 2001:64,70).

Even though the Internet has been visible to business for years – and has been the focus of an extraordinary outpouring of creative energy, not to mention money – managers still do not understand how to think about it or how to integrate it into a strategy. The Internet is still a learn-by-doing enterprise (Graham, 1997:25) and for many the Internet remains a technology in search of a strategy (Cronin, 1996:1). On the other hand, Palmer (1997:2) regards the Internet as one of the most powerful strategic tools that an organisation can possess. In some cases, it has even become a strategic necessity (Andrews & Trites, 1997:13; Hauss, 1995:19).

According to Porter (2001:64), Internet technology provides better opportunities for organisations to establish a distinctive strategic position than did previous generations of information technology. It provides a better technological platform (Porter, 2001:72) by reinforcing a distinctive strategy, tailoring activities, and enhancing fit.

Organisations will succeed on the Internet in the same way they succeed in other areas – by deciding to succeed and understanding what success means. It is a matter of clear realistic thinking and planning (Lewis, 1998:99). The Internet is, however, unlikely to make a perfect global market a reality, but it will mean that organisations have to monitor competitors more closely (Anon., 1997b:8). Organisations who ignored strategy in their Internet activities (Porter, 2001:72) have undermined their industries, hastened competitive convergence; and reduced the possibility that they might achieve a competitive advantage. Organisations have therefore started to weave the Internet into their business strategies at an accelerating rate (Flynn, 1996:202).

The pace of change may have accelerated, but the fundamentals of good judgement have not. Managers tend to confuse tactics (which sometimes call for quick unflinching decisions) with strategy. There is an overwhelming pressure to imitate and homogenise. If companies 'benchmark' to all the same 'best practices' – for example they all adopt Internet delivery – eventually everybody will look the same. Strategy means doing *different* things, not the same things better. Everything the organisation does must be tailored to its strategy. Yet many companies think of strategy as a race to one ideal position (Streeter, 1998:19).

The demand is now for more useful purposeful Internet products, and organisations insist that the Internet delivers tangible results. Programming skills are now secondary to strategic business skills and business savvy should be combined with technical ability (Palmer, 1997:2). The answer lies not in killer applications, but in killer business models (De Beyer, 1998:85). Strategic application requires more than technical ability (Cronin, 1996:1; Herrington, 1999:23) and state-of-the-art Internet technology has only limited application (Anon., 1996e:32).

A survey conducted in 1996 showed that 38 per cent of the organisations polled already had websites, 39 per cent planned to be on the Internet in two years and 23 per cent indicated that they were going to 'wait and see' (Anon.,

1996d:12). These numbers have changed in recent years, and more and more organisations can be found on the Internet. The challenge of the Internet lies in using the technology in a way that ultimately makes business sense (Gilbert *et al.*, 1999).

The focus of the website should therefore be on the organisation, product and service and the information and communication message located there, and not on the 'bells and whistles' that accompanies it (Kent & Taylor, 1998:330). The best websites combine a measure of art and science and less of a hit-and-miss approach (Curry, 1996:55). By developing a strategy that reflects the organisation's business goals – and takes all the different applications into account – organisations will be able to determine which new developments are important and which may just be passing trends (Curry, 1996:54). According to Cronin (in Curry, 1996:54): "The purpose of a website should not be to keep up with the *Javas*". A fear of the technological complexity that the Internet implies may lead to managers being intimidated by website builders, adding graphical or other elements that may not fit the organisation's strategy (Porter, 1996:7).

The website should be designed around the corporate business goals and not around the technology (Curry, 1996:54). In contrast to the multiple resources that are available for the construction of visually appealing and economically successful websites, strategies and business models for providing and enhancing relationships on the Internet are less common (Kent & Taylor, 1998:326).

The days of organisations rushing onto the Internet have largely abated. The facility is now being considered in a cautious, mature and businesslike way (Palmer, 1997:1). Many companies are re-evaluating their Internet presence to provide a website which is appropriate to the organisation's business. This is the result of a wider understanding of the technology. It is difficult to determine the return on investment that the Internet offers; yet many organisations still continue to invest in this medium (Brandt, 1997:4).

Internet euphoria has given way to disappointment in some instances. Organisations are wondering where the return on their investment is (Wladawsky-Berger, 1997:19). Whether it is fearful customers reluctant to part with their credit card information on-line or the costly demands of website maintenance, many companies are considering foregoing their Internet presence. The reason for this could lie in the fact that the focus of organisations is on the technology and not on the business strategy needed to manage the medium. Despite these problems, the Internet remains one of the most urgent challenges faced by business over the long term (Preston, 1997:21).

Another consideration for some organisations is whether they are actually gaining results from being on the Internet, or if they are just wasting time and resources. Unless the organisation develops a strategy, in many cases, the reality is that more effort is going in than is coming out (Maloff, 1997:68). According to Tremblay (1998:17) some companies are still hesitant about an investment in Internet technology, but it is possible to create a low-cost website, which produces good return-on-investment - if the results can be measured.

The main challenge to successful on-line strategy is putting aside the traditional way of doing things and creating a business model that makes sense in cyberspace. Organisations need new skills for the on-line environment (Ovaatt, 1997:22). A successful organisation makes being on-line part of the larger corporate strategy; they rethink, rather than replicate, existing business models; and they involve all functions – corporate communication, sales, marketing, operations, information systems – in designing and building their sites. Such on-line success takes leadership from a company's senior managers.

As already mentioned, organisations cannot rely on the traditional strategies that have been used in its communication efforts (Cronin, 1996:7-8), but traditional business functions can be redesigned for maximum advantage. As business begins to develop a better understanding of the Internet, the

approach has changed from gung-ho enthusiasm to a caution bordering on suspicion (Palmer, 1997:1). Organisations are caught up in the stampede to stake a claim on the Internet (Haus, 1995:19). According to Streeter (1998:19):

“Many organisations believe that this is the ‘Just do it’ age, where we’re led to believe that a moment’s hesitation will leave the organisation flattened by a dozen bold, well informed, quick-witted competitors that will blow past the organisation at cyber speed”.

According to Streeter (1998:19), organisations need to ask themselves if incorporating the Internet into their business strategy will add value for the organisation, and if it is mandatory that the organisation even get involved in this segment of the business.

It is important to identify what sets the organisation apart and build the organisation’s strategy around that. That may mean that the organisation will get involved in one line of business, e.g. the Internet, or perhaps more importantly, it might not be added if there is not a good fit with the organisation’s strengths, resources or stakeholders (Streeter, 1998:19). Organisations should take a cold, calm, calculating look at what the Internet can, and cannot, do for it and how it can contribute to the bottom line (Anon., 1997b:8).

The Internet is known for the rapidity of its technical advances, the proliferation of its interconnected networks, and the multimedia capabilities of the World Wide Web, and not necessarily for its strategic role in the organisation (Cronin, 1996:1). Yet it is the strategic contribution to the core business of the organisation that will ensure its continued use and value-added function. An organisation that does not think strategically about its Internet strategy will not be successful in cyberspace.

Organisations should ensure that they include the Internet in their overall business plans, and not address it simply as a separate technology-related

issue (Anon., 1997a:29). The Internet needs to be a strategic, rather than a peripheral, part of the business strategy (Keegan, 1998:22). The Internet should not be viewed in isolation, but as part of a holistic approach (Peterson *et al.*, 1997:330).

A wider range of information technology products will be offered in the future, and an Internet site might not be one of the recommendations. Consultants may recommend an Internet access facility, but there may be cases where this alone will be sufficient for a company's needs. Companies might even switch off their websites, and concentrate on using other applications such as newsgroups and on-line conferencing (Anon., 1997b:8; Palmer, 1997:2). This indicates that the Internet is not a strategy in itself, but a medium that can be integrated into a strategy. The Internet is a medium to achieve organisational goals and not a cure for every business problem. Organisations need to remember that not all digital tools will contribute to the realisation of its strategic goals (Bishop, 1996:27-28).

In the opinion of the researcher, managers should not develop 'Internet strategy', but should rather integrate the Internet into their corporate, business unit and functional strategies. The Internet should therefore not be seen as a strategy in itself, but as an instrument in the achievement of the functional strategy of the organisation – whether it be marketing, corporate communication or any other functional strategy. Although it can be classified as implementation strategy it should not be standing separately from the function whose goal achievement it is contributing to. The Internet should therefore be considered already in the organisation's functional strategy formulation (i.e. the overall media analysis) and not only in its operational strategy implementation. In addition, the Internet can contribute to the realisation of organisational goals – whether it be corporate communication or marketing goals. If the Internet is only applied at the implementation level (without any consideration of the strategy), it cannot contribute to the organisational strategy and therefore it cannot add value to the goal realisation process. Its application and contribution will therefore remain at a technical level and therefore limited.

As one of the most important mediums of the 21<sup>st</sup> century, the Internet's contribution to the realisation of corporate goals is discussed next.

#### **6.4. REALISING CORPORATE GOALS BY MEANS OF THE INTERNET**

As shown in the previous section, the Internet must be integrated into an organisation's overall business strategy. If the Internet is also to be incorporated into the organisation's functional strategies, then the question that remains to be answered is which organisational strategy the Internet should form part of to contribute the most to the bottom line.

There are five main reasons why organisations are prepared to invest in the Internet, rather than viewing it as an interesting footnote to communication plans (Sheldon, 1997:8). These reasons are: that the Internet is showing to be a significant growth medium; is increasing in sophistication; is showing a business benefit; has arrived as a marketplace; and has wider than was previously believed implications for the future of business.

It is clear that investing in the Internet, as a medium, can be advantageous for an organisation. It is, however, necessary to understand why stakeholders use the Internet as well as why organisations use the Internet, before an organisation decides to integrate it into its strategies. Understanding these reasons for the use of the Internet will also indicate where in the organisation it will contribute most to the bottom line.

According to a report in 1997 by *NetSmart*, 97 per cent of Internet users access the Web to become educated customers, 81 per cent of users indicated that they go on-line to research new products and services, and 84 per cent feel that the Internet helps them make better decisions (Anon., 1997f; Graham, 1997:27; Porter, 1996:6). Websites should therefore provide information of general value – even if it contains primarily industry, or user,

specific information (Kent & Taylor, 1998:327). The key to an attractive website is not just the graphics but also the quality of information available. The importance and value attributed to the entertainment level is being replaced by the value of the information provided (Graham, 1997:28; Porter, 1996:6).

Various ways exist of using the Internet and the World Wide Web to enhance the functioning of the organisation. Organisations use the Internet to communicate with internal and external stakeholders; to enhance the organisation's marketing processes; to lower costs; to increase revenues; and to conduct research (Bishop, 1996:26).

A survey conducted in April 1997 by the Gallup Organisation on behalf of the Wall Street Journal Europe and IBM shows that the majority of European companies that have adopted the Internet – seven out of 10 surveyed – reported that their overall competitiveness had improved as a result. Applications range from commerce to communications, from information gathering to increasing business opportunities (see Table 6.1).

**Table 6.1 Euro study shows firms gain from Web**

38%	for commerce with other businesses;
37%	for commerce with consumers;
74%	for communicating with customers;
53%	for communicating with suppliers, vendors or distributors;
48%	for communicating with employees;
85%	for information gathering;
45%	for moving into new markets; and
62%	for attracting new customers.

**Source: Anon. (1997c:18)**

Increased sales and profits are starting to emerge as benefits of using the Internet with the emergence of electronic commerce. Two-thirds of the respondents are confident that the gains their companies have achieved from implementing Internet applications have been worth the investment and effort (Anon., 1997c:18). Communication activities also feature highly on this scale.



This implies not only that the Internet could be an important communication tool but also that communication managers should play an integral role in the development of the Internet strategy.

This study also shows what advantages the Internet brings for the organisations that utilise it (see *Table 6.2*).

**Table 6.2 Advantages that firms gain from Web**

60%	of respondents said the Internet has increased efficiency;
34%	found it had improved or strengthened their customer base;
71%	enhanced the organisation's corporate image;
34%	forged closer to suppliers or distributors;
50%	improved the quality of service or products;
21%	increased sales;
12%	increased profits; and
35%	improved employee relations.

**Source: Anon. (1997c:18)**

From these research results it is clear that the Internet can contribute at various levels to strengthen the organisation's strategy and contribute to the bottom line.

Other advantages for organisations in having a website are: that stakeholders automatically perceive value when an organisation says, 'yes we have a website'; it can be a great marketing and sales tool; and the price is justifiable if the website is built right and measurable objectives are met (Gjertsen & Pasher, 1998:9).

If all of these results were combined it would appear that organisations use the Internet to realise mostly marketing or corporate communication goals. By combining the goals for using the Internet – as indicated in Table 6.1 and 6.2 - marketing and communication goals could be differentiated as indicated in Table 6.3.

**Table 6.3 Differentiating between marketing and corporate communication goals in using the Internet**

<b>GOAL</b>	<b>ORGANISATION FUNCTION</b>
Commerce with other businesses	Marketing
Commerce with consumers	Marketing
Communicating with customers	Marketing
Communicating with suppliers, vendors or distributors	Marketing
Communicating with employees	Corporate communication
Gathering information	Marketing / Corporate communication
Moving into new markets	Marketing
Attracting new customers	Marketing
Increasing efficiency	Marketing
Improving or strengthening an organisation's customer base	Marketing
Enhancing the organisation's corporate image	Marketing / Corporate Communication
Enhancing relationships with suppliers or distributors	Marketing
Improving the quality of service or products	Marketing
Increasing sales	Marketing
Increasing profits	Marketing
Improving employee relations	Corporate Communication

**Source: Adapted from Anon. (1997c:18)**

Information gathering can be both a communication and a marketing goal if it is seen as research. Enhancing the organisation's corporate image can also be viewed as both a marketing and a corporate communication goal. Customers or distributors can also be viewed as corporate communication stakeholders if for example their perceptions (about the organisation) have to be changed or if a crisis has to be managed. Corporate communication was discussed in Chapter 5.

The Internet can also be actively used as a research and information gathering tool. It is one of the fastest methods to establish market trends within virtually any business sector or to provide an instant (and often very wide open) window into the organisation's competitors' activities. The worldwide corporate rush to publish just about every aspect of one's organisation on the Internet has the benefit of making information on the organisation's products and services more universally available, but the downside is that the organisation allows its competitors (on a real-time basis) to know exactly what it is doing (Palmer, 1997:1). Marketing research focuses more on intelligence gathering with regard to products and services and the use of technology as well as discovering market trends. Corporate communication research focuses on environmental scanning with a view to identifying the organisation's strategic stakeholders and issues.

The Internet can also provide an organisation with a competitive advantage. The practical benefits of an Internet presence – universal access, efficient communication, instant information exchange, and effortless collaboration – are now available to organisations of almost any size. Small and medium-size businesses – both new and previously existing – can use the Internet in strategic and innovative ways to help them enhance their business and it will more or less level the global playing field (Cronin, 1996:7; Maloff, 1997:68-69; Wladawsky-Berger, 1997:19). The Internet has also become a status symbol among organisations. Organisations without a website are looked down on by those who have one; and those organisations with simple websites are viewed disdainfully by businesses with impressive, graphical and complex sites (Graham, 1997:25). Organisations do not want to be the only ones not competing in the cyber world (Horwitt, 1997:17).

The Internet can provide much more than other mediums and it is cost-effective (Gjertsen & Pasher, 1998:9). The Internet represents an efficient medium for accessing, organising and communicating information (Peterson *et al.*, 1997:331). Today, the most valuable product is information for making solid decisions, and its primary distribution medium is the Internet (Graham, 1997:29). The current business uses of the Internet will multiply as

technological improvements bring more applications to the Internet that are readily available and easy to use (Mahoney & Roush, 1997:3).

Given the results from these studies, namely that organisations can benefit by integrating the use of the Internet into their corporate and business strategies, as well as the fact that it would appear that the goals realised by organisations are either marketing or corporate communication related, the question to be asked is where the responsibility for making the Internet part of the goal achievement is situated.

## **6.5. ASSIGNING RESPONSIBILITY FOR AN ORGANISATION'S WEBSITE**

From the theory discussed so far in this chapter, it has become clear that the Internet, as a medium, must be integrated into an organisation's strategy. It has also become clear that there are identifiable objectives that can be realised by utilising the Internet as part of an organisation's business strategy. The question to be answered is which department or individual in an organisation should take responsibility for the integration of the Internet into the organisation's strategy.

According to a study among United States senior-level corporate communications officers conducted by Wright (1998:17), responsibility for an organisation's website was situated in the following departments:

Public relations / Corporate communication	80%
Marketing	41%
Technology	37%
Human Resources	17%
Some combination of departments	30%
Other	11%

The majority of respondents indicated that the responsibility for the Internet is situated with the corporate communication, marketing or (information) technology departments, and to a lesser extent with human resources, a combination of departments or other departments.

One of the objectives of this dissertation is to attempt in the primary research to determine where responsibility for an organisation's website is situated, in a South African context. Given the statistical distribution of responsibility shown in Wright's study, the highest-ranking responsible departments, namely corporate communication, marketing and (information) technology as well as an additional choice (Other) will be tested in the primary research (see *Chapter 5*). It is also hypothesised that the distribution that Wright found will not be repeated in a South African context, but that responsibility will either lie with information technology (as highest ranking), marketing and lastly with corporate communication. The reason for this hypothesis is that the development of the Internet in South Africa, as a marketing or communication medium, has not yet progressed as far as in the United States.

One of the reasons for determining where responsibility lies for the management of websites is that the responsible department will mostly determine the direction and scope of the organisation's strategy on the Internet. This difference in strategy was discussed in Chapter 5 (corporate communication strategy) as well as later in this chapter (marketing strategy). It will also become clear that if the corporate communication department does not have control over or is not involved in the management of the Internet, it will not be possible to include the organisation's website into the overall communication strategy (Newland Hill & White, 2000).

Internet marketers and communication managers need to consider how their website fits into their marketing and communication philosophy (Porter, 1996:6; Trembly, 1998:26). A website is just one more tool available to organisations to communicate their message and to draw prospective customers (Graham, 1997:28; Keeler, 1998:1) and an organisation does not need to abandon all other marketing and communication tools. According to

Graham (1997:29): "The Internet is only the newest delivery system, and not the final iteration of marketing".

The success of the Internet as a medium will therefore lie in its integration into the information, communication and / or marketing strategy (Curry, 1996:55). Yet the greatest benefit of the Internet and all its applications, as was discussed in Chapter 5, might lie in its integration into the corporate communication strategy.

## **6.6. UTILISING THE INTERNET AS PART OF THE ORGANISATION'S MARKETING STRATEGY**

The focus of this dissertation is on the use of the Internet from a corporate communication point of view, yet it is also important to indicate how the Internet can be integrated into an organisation's marketing strategy. This is done for two reasons. Firstly, Wright's (1998:17) study indicated that organisations considered the use of the Internet to realise marketing goals as extremely important – rated the second highest among respondents. It is therefore obvious that it will play an important role in marketing strategy. Secondly, based on Wright's findings, the primary research conducted in this dissertation aims to determine whether the Internet is used to realise mainly marketing or corporate communication goals in a South African context. It is therefore necessary to understand which marketing goals are realised by using the Internet.

The Internet can be used as a marketing channel or medium for advertisers and marketers (Dysart, 2002; Herbig & Hale, 1997). The challenge is to find the right marketing mix for the Internet that will meet the needs of the organisation's customers (Herbig & Hale, 1997). The marketing mix, according to Ashcroft & Hoey (2001) is a collective term given to a set of key marketing tools controlled by an organisation, with the purpose of fulfilling the needs and wants of a particular market.

Any marketing executive with strategic responsibility must begin to plan for the future of its on-line presence. Such activities can include the following (Flynn, 1996:203; Glavin & Radtke, 1997; Palmer, 1997:22; Porter, 2001:75):

**1) Competition**

What are the organisation's competitors' Internet activities? How often does the organisation monitor them?

**2) Customers**

Who are the organisation's Internet customers and what are their needs? How often and when would they like to receive information? Would they like an opportunity to respond? How might changes in their behaviour affect the organisation's business? Do key customers have access to the Internet?

**3) Value chain**

What are the organisation's partner manufacturers, distributors and retailers doing on-line? What value can result if the organisation and its partners integrated their sites?

**4) New business models**

Has the organisation studied the successful business models now on the Internet? How might the organisation apply it to its business?

**5) Enterprise integration**

Is the organisation limiting itself to websites and e-mail, or is it thinking about the strategic, operational and marketing uses of the Internet across the organisation?

**6) Organisational**

Does the organisation have cross-functional teams promoting on-line initiatives, or is the Internet the 'exclusive' purview of the marketing, corporate communication or information technology department?

**7) Traffic**

How does the organisation attract visitors to its site? How does the organisation ensure that they come back? What information is the organisation collecting about them?

**8) Growth plan**

How should the organisation's website evolve? How does the organisation make it more interactive and personalised? When and how should the organisation handle transactions?

**9) Resources**

What new investments in information infrastructure or organisational changes might be necessary? Should the organisation outsource the technical development and management of its website?

**10) Corporate strategy**

How will the corporate strategy of the organisation impact on the marketing strategy?

Some organisations develop strategies that are only focused on the potential customers. However, by targeting several different stakeholders, electronic communication mediums can have a much more profound effect (Vassos, 1996:8). The organisation can for example increase overall sales by targeting prospective customers to generate new account sales; existing customers to upgrade business; consultants or the media to generate positive word-of-mouth exposure; all customers to better understand product requirements; and competitors to better understand their offerings.

The nature of the Internet also changed the way in which marketing is being practised. Bishop (1996:28-29) states that organisations need to understand what cyber marketing entails and how it will affect the organisation's traditional marketing activities. Cyber marketing entails the development and implementation of marketing activities that an organisation uses with on-line



services and the Internet (Frost & Strauss, 1998:97; Keeler, 1998; Lescher, 1995:126; Minahan, 1997:17; Settles, 1995:XVI). Cyber marketing is generally non-intrusive. Unless the consumer wants to access the organisation's information, he or she can easily avoid it. As a result, the organisation must make its digital information so useful and appealing that the consumer will seek the organisation out, then come back again and again.

- Cyber marketing should appeal to reason and logic. Cyber marketing tools are not constrained by a limited amount of space or time to convey a message. The organisation can also provide access to an unlimited amount of information, without incurring significantly higher costs, if this is indeed what the organisation's stakeholders require.
- Because cyber marketing is non-intrusive and can be avoided by consumers, hard-sell techniques are less effective. To develop a relationship with the organisation's target customers, the organisation needs to provide useful information first.
- Cyber marketing must be visually appealing. The cyber consumer has very sophisticated visual tastes, which requires professional designs.

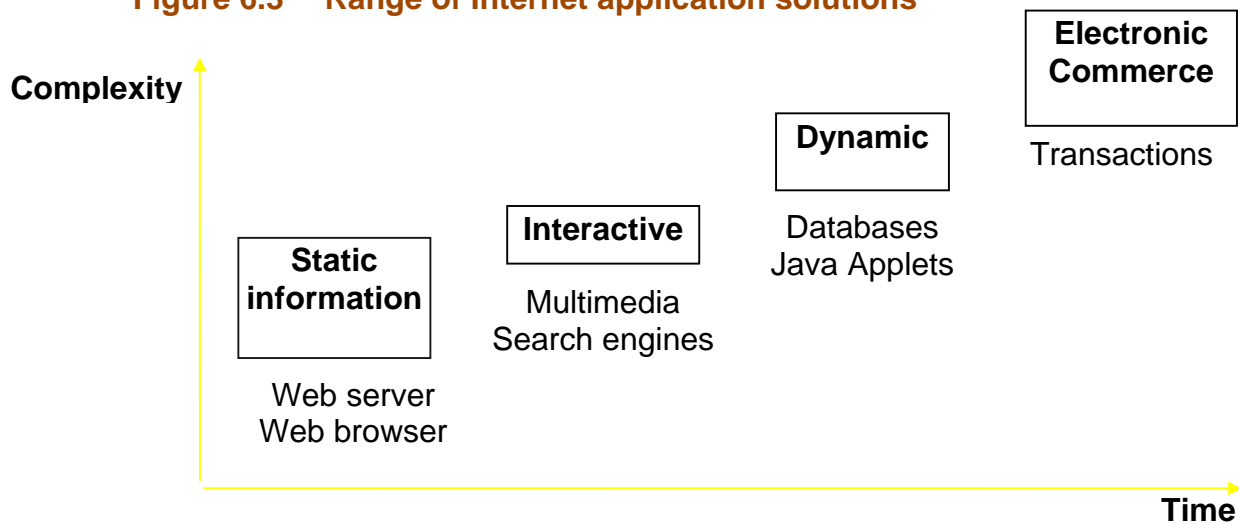
The development of Internet applications for marketing management can range from the most basic set of alternatives to the most advanced and will differ in their degree of complexity. This variation is depicted in Figure 6.3, which shows how the organisation's Internet applications can develop over time (John Hopkins: Centre for Communication Programs, 1998:1-4). An organisation must decide which application will be adapted to suit its specific needs and how this will change over time. The long-term impact of Internet applications on the organisation's business solutions must be taken into consideration.

The Internet can be used to strengthen an organisation's marketing strategy, by incorporating it into its marketing activities. Mckiernan (in Levinson & Rubin, 1996:15) confirmed this statement by saying:

“I am convinced that this is the wave of the future. There are untold opportunities for companies to leverage their traditional marketing activities for greater market impact”.

The low-cost to high-exposure ratio of this global medium, as well as its multimedia capabilities, offer obvious advantages (De Beyer, 1998:85; Duys, 1998:58). Marketing management consists of what is known as the four P's, namely product (or service), price, place (or distribution) and promotion (or marketing communication).

**Figure 6.3 Range of Internet application solutions**



**Source: John Hopkins (1998)**

The following are objectives – in the context of the 4 P's of marketing – that an organisation can realise on an implementation level, if the Internet is integrated into its marketing strategy.

### 6.6.1. Marketing Communication

The Internet allows organisations to communicate directly with stakeholders, thereby allowing organisations not only to eliminate intermediaries, but also to increase stakeholder loyalty through faster, more direct service and delivery (Gilbert *et al.*, 1999). Marketing communication on the Internet exists on a one-to-one basis (Marken, 2000). Focused messages are less expensive because of the low cost of communications, the frequency with which the

organisation can communicate, and the ability to constantly refine and customise messages based upon user feedback.

The Internet is a multipurpose medium for marketing communication with stakeholders and it can transcend communication barriers. It is a personal and interactive means of communication, with none of the restraints of face-to-face or even telephonic communication. The key to the organisation's marketing communication activities is the content that its website will offer. This content must, however, be derived from the organisation's goals (Aldridge, Forcht & Pierson, 1997). This website development should be founded on market research and consumer preferences.

Organisations use the Internet for the promotional purposes of advertising, sales promotion, direct marketing, and corporate communication. It is easy to use and offers friendly research tools and multiple working platforms. The Internet can also be used to maintain a website with information about products and services; purchase advertising on other people's websites; build e-mail databases of consumers for communication purposes; host public relations special events on-line; offer coupons, hold sweepstakes, and conduct other on-line promotions; provide organisational policies and procedures; provide lists for employees, suppliers and customers; and host reports, catalogues etc.

The **Internet Underwear Theory** (see *Chapter 3*) will also have an impact on the organisation's marketing communication activities. This theory relates to the informality of communication on the Internet. In order to be more effective, marketing communication on the Internet needs to be less formal and more conversational in style. The focus should be on readability as opposed to rigidity. Slang terms may be more readily accepted and communication is less formal because the Internet is based upon several thousand communities with 'like-minded members with a common purpose', that promotes a more informal, friendly environment; Internet users tend to get large volumes of information and tend to respond much more than they would in the traditional office environment, thereby implying that there is less time available to

formalise communication; e-mail communicators have fewer corporate controls than the more formal methods of communication such as a letter; and the interactive nature of the Internet (for example discussion groups) makes it more similar to a telephone conversation than a letter (Vassos, 1996).

According to Twine (1997:21), a new brand of expertise will also be required, thereby adding value by making its knowledge and expertise available on the Internet. Organisations who develop an on-line relationship with their customers, will have a competitive edge in the 21<sup>st</sup> century.

The Internet can also assist the organisation to realise corporate marketing objectives during the marketing communication cycle by enabling direct non-filtered messages to and from the public, businesses, consultants, the press etc. as well as improving corporate and brand image in the market place (Association of Marketers, 1999:9; Johnson, 1997:219; Vassos, 1996).

Specific marketing communication applications include the following:

#### *6.6.1.1. Networking*

Business connections can make an important contribution to a business' success or failure. Passing out the organisation's business card to thousands, maybe millions of potential customers and partners – saying what the organisation does, the services that it provides and how to reach the organisation – can be done 24 hours a day, inexpensively and simply, through the World Wide Web (Crowe, 1995).

#### *6.6.1.2. Making business information available*

The organisation can provide contact addresses, telephone numbers, operating hours, methods of payment, location and electronic mail addresses of specific organisational members, external experts, shareholders, and those holding competing or contradictory positions (Anon., 1996c; Anon., 1998b; Gilbert *et al.*, 1999; Kent & Taylor, 1998:6; Zavoina, 1997:25). With instant

communication on the Internet, it is now possible to keep the organisation's customers informed of every reason why they should do business with the organisation. The Internet can also be used to manage information (Boehlke, 1996:19). Global, instantaneous delivery of customised information will become a key competitive differentiator in the 21<sup>st</sup> century (Graham, 1997:29).

The Internet creates an environment for gathering and disseminating information in a time sensitive manner. Many organisations have also found that posting local information on their websites have generated repeat visits (Gumpert, 1997:26). This information can include listings of local businesses, calendars of events, and promotions of local entertainment.

#### *6.6.1.3. Releasing time-sensitive materials*

Information can be made immediately available on the Internet, with all related materials such as photographs included. The Internet allows the organisation to add sound, pictures and short movie files to the organisation's information that will serve its potential customers (Vassos, 1996).

#### *6.6.1.4. Answering frequently asked questions (FAQ)*

There are questions customers and potential customers want to know the answer to before they deal with the organisation. By posting them on a WWW page a barrier to doing business will have been removed, and it will free time up for the organisation's telephone operators. By monitoring which FAQ's are accessed most frequently, companies may gain valuable insight into how their products are performing (Judson, 1996).

#### *6.6.1.5. Making changing information available quickly*

The needs of the organisation and its stakeholders will constantly change the organisation's electronic publishing. The organisation can attach its web page to a database, which customises the page's output to a database that can be changed at will (Vassos, 1996).

#### 6.6.1.6. *Providing content*

The organisation can make a wealth of corporate information publicly available, such as brochures, press releases and corporate reports. Individuals who may never have been exposed to this content will be able to access it (Vassos, 1996). Internal communication flourishes in this stage. Information that was previously controlled by specific departments and released on a limited basis is now accessible to anyone. Existing customers also benefit from this information, because it is often difficult for them to get an information feed of relevant announcements. Although the information may not be interactive or customised, at least it is content that may provide some value. The Internet is, however, not a dumpsite for information and must not be used as an excuse to avoid interpersonal communication.

The primary role for a website should be to make it possible for anyone to access company information quickly and efficiently. Those who provide thorough, helpful information capture customers. Content must be presented directly to specific individuals and clutter must be avoided (Heilbrunn, 1998:8). Content should therefore take precedence over aesthetic considerations (Kent & Taylor, 1998:330).

Three kinds of Web pages can be identified in terms of content, namely the **electronic brochure**, **interactive pages** and **value added resource pages**. The **electronic brochure** is an on-line pamphlet that provides general and contact information about the organisation and its offerings. It is the easiest page to maintain, because only the text has to be changed. Pictures will change only when a new product is introduced. **Interactive pages** allow the visitor to interact with the organisation, and offer on-line ordering, questionnaires, polls etc. **The VALUE ADDED RESOURCE pages** provide information – content such as on-line databases, and programmes and graphics which can be downloaded. These pages are more labour-intensive and even potentially expensive since the information should always remain current (Vassos, 1996).

The website should also balance the aesthetics and content. It is important to understand the organisation's content and its intended audience. Compelling content is the key to a successful website, because stakeholders are visiting the website for specific reasons. It is important to determine what the organisation's marketing goals are so that Web content and layout should contribute to the realisation of these goals.

#### *6.6.1.7. Heightening public interest*

With web page information, anybody anywhere who can access the Web and hear about the organisation is a potential visitor to the organisation's website and a potential customer for the information situated there (Vassos, 1996).

#### *6.6.1.8. Advertising*

The information superhighway can be seen as a new advertising and sales medium. Advertising on the Internet is more cost-effective than traditional channels (Herbig & Hale, 1997:5). Advertising used on the Internet must be content and multimedia driven, interactive, based on a model where the customer, prospect or friend comes to the organisation, and must be aimed at a more upscale consumer (Peterson *et al.*, 1997:331). Newsgroups, forums and mailing lists can be a part of the organisation's targeted marketing communications.

An organisation's website might adhere to all the expected design and content guidelines, but if it is unknown the organisation will be unable to make an impact in the marketplace. Managers using the Web must therefore actively seek to attract those with whom they wish to communicate (Gumpert, 1997:26; Harden, 1996:12). A website budget must therefore include a carefully designed programme for directing visitors to the location. While being listed with the major search engines is essential, it is an organisation's responsibility to promote its website continuously. Gaining publicity for the website, or placing print or electronic advertisement listings of the website's Internet address is vital (Flynn, 1996).

A variety of tools exist to promote the organisation's website. These tools include discussion groups, electronic storefronts, traditional advertising, conferences, electronic publishing, search engines, Internet billboards and direct mail (Levinson & Rubin, 1996:14; Wilson, 1998a).

**Discussion groups** – e.g. electronic brochures, canned messages etc. – can provide visibility and credibility and build relationships with target publics. An **electronic storefront** is a fixed location on the Internet where information about the organisation is displayed and samples of products and services can be provided. A storefront design, a logo, graphics, text, a storefront location, a domain name, and a plan for how the store's contents will develop over time is part of this technique. **Traditional advertising** tools such as ad subject lines, ad copy, a billboard design, ad locations, a follow-up message, an ad monitoring and response tracking system can also be used to promote an organisation's website. The **conferences** that an organisation presents or attends can also be used to promote the organisation's website. Information about the website can be included in the conference pitch, in a pre-conference information sheet about the organisation, and in a list of suggested questions. **Electronic publishing** comprises a plan for the publishing of a series of documents in a particular location, the electronic documents themselves, a signature or introductory paragraph that identifies the organisation and how to get further information, and a system to track what the organisation has published. **Search engines** can also be utilised by listing the address and a few opening remarks of the organisation's website in the databases of search engines such as Alta Vista, Yahoo and Lycos. **Direct mail** is used when the address of the website is e-mailed to a targeted group. **Internet billboards** can also help drive traffic to a website, thereby increasing the visibility of the organisation's website. The organisation's Web address should also be visible on all stationery and other company **products**.

According to Simeon (1999), other methods that can be utilised include simply mentioning the URL, providing free software, locating entertaining activities on the organisation's website, or establishing general information and service portals (Simeon, 1999).



Another tool that can be used to ensure return visits is for the website to offer additional value (Taylor *et al.*, 2001:7). Websites should provide features that ensure repeat visitors such as updated information, changing issues, special forums, new commentaries, on-line question and answer sessions, and on-line experts or conferences to answer questions for interested visitors. Promotion to media sites, award sites, cyber café promotions, newsgroups and affinity links can also be utilised to drive traffic to the organisation's website (Harden, 1996).

#### 6.6.1.9. *Increasing sales by providing information*

The Internet can assist the organisation to realise corporate marketing objectives during the sales cycle of the organisation by fulfilling product literature requests, as well as distributing reprints of positive press quotes and articles (Vassos, 1996).

#### 6.6.2. Product (or service)

The Internet will enhance the organisation's product strategy by generating brand recognition, developing brand image and building brand equity (Aldridge *et al.*, 1997; Association of Marketers, 1999:9; Trembly, 1998:26). The Internet can also assist organisations in the product or service development cycle to realise its marketing objectives and to provide product information on-line (Cronin, 1996; Krasilovsky, 1998:26). Organisations can use the Internet to: discover the product and service needs of their customers; analyse competitors; solicit feedback; conduct research for new products or services; run concept-testing surveys; launch new products; generate publicity for new products or services; and use customer feedback to impact on product modifications.

The organisation's product strategy should focus on the authenticity of both the product and the vendor (Aldridge *et al.*, 1997). Familiar brands and vendors will allow organisations to overcome the current uncertainties that customers have in regard to electronic commerce (Aldridge *et al.*, 1997). The

authenticity on an organisation's website can be enhanced by offering guarantees, having liberal return policies and by providing additional hard copy information (Aldridge *et al.*, 1997).

The Internet Underwear Theory also impacts on product development. To break through the massive clutter on the Internet, less formal names (and more fun) may be more effective. Less traditional corporate names like Yahoo seem to have flourished on the Internet. The product itself may also need to be changed to fit better into this informal environment (Vassos, 1996).

According to Stores (in Aldridge *et al.*, 1997) potential customers consider using the Internet because of the convenience that it offers, and not for the discount pricing. Customers are therefore more willing to buy from a limited product range and at a higher price.

Specific applications for the Internet are visible in product development and quality assurance.

#### *6.6.2.1. Product development or improving the products or services*

Information and communication are at the core of the product development process. The Internet can be seen as one medium to bring employees who are responsible for product or service development, into contact with customers on the front line.

Mailing lists and information gathering tools such as surveys on websites can therefore be used to gather comments and suggestions that can become new product concepts. The Internet can also provide the organisation – through clipping services, databases and monitoring competitors' websites – with competitive intelligence.

Electronic communication can speed up the entire process of developing a new product and bringing it to market, and virtual product development teams can transcend boundaries of time and geography (Vassos, 1996).

#### 6.6.2.2. *Production and quality assurance*

Excellent organisations consist of different units assisting one another in the product development process. The Internet can be utilised by these business units to enhance this process. An example of this collaboration is a business unit using mailing lists, newsgroups or intranets to stay informed about changing disciplines or to share product and quality assurance information. E-mail is another excellent tool for keeping geographically dispersed production teams connected. Support information for the equipment used in production is also increasingly available on the Web – making it available and up-to-date, whenever a production person needs it (Vassos, 1996).

#### 6.6.3. Price

The price of products offered on the Internet will only start to have an impact on organisations' planning when the confidence customers have in electronic commerce increases, as well as when the range of competitive products increases. According to Aldridge *et al.* (1997), customers consider using the Internet as a distribution channel because of its 24-hour availability, its personal computer based (home) shopping, and the time and money that it can save. Price is, however, not seen as a benefit. Organisations should therefore focus on a long-term product strategy by offering unique benefits for their on-line customers. Pricing of traditional products will however play an important role in the decision-making process of the customer, because customers also use the Internet for comparative analysis.

#### 6.6.4. Place (Distribution)

Direct marketing is an important benefit that the Internet offers to organisations. The Internet allows organisations greater control and lower potential costs of access (Aldridge *et al.*, 1997).

The Internet creates an environment for on-line retailing. Many electronic storefronts exist which allow users to browse and order products. The Internet

resembles a direct mail catalogue in this way. The major differences, however, are in **cost saving, pull vs. push strategies** and **payment concerns**. **Cost saving** implies that the organisation saves catalogue printing and mailing costs and the retailer saves order entry costs, since the organisation is doing the order entry for them. With **pull vs. push strategies** the users actively look (pull) for the retailer rather than passively viewing whatever catalogues turn up in the mailbox (push). Push strategies can include newsletters, face-to-face meetings, magazines, paycheque inserts, video broadcasts, and direct mail. Pull strategies include computer bulletin boards, dial-up hotlines, fax on demand, information kiosks, interactive compact discs, and auto-answer e-mail (Whitworth, 1994). **Payment concerns** is another important factor, because users are currently more worried about giving their credit card over the Internet than over the telephone.

The Internet can also be used to distribute digital products such as software (can be downloaded directly from the Internet for free or for a fee), electronic magazines, music and video. These activities reduce the number of intermediaries, thus shortening the distribution channel and significantly cutting an organisation's costs. Many electronic publications have adopted a push strategy in which the web page is delivered on a regular basis to the organisation's mailbox or as a screensaver, e.g. Netscape's In-Box Direct and PointCast.

#### 6.6.4. Distribution and customer service

The Internet can be used to enhance an organisation's customer service (Feher & Towell, 1997:198). Making business information available is one of the most important ways for the organisation to serve its customers. With the use of Web technology, there are even more ways to provide services.

Communications and Electronic Data Interchange (EDI) applications can enhance physical distribution activities and information products can be distributed over the net. The Internet can provide customers with support

information whenever they need it, while saving on the cost of getting that information to them (De Beyer, 1998:85).

Bulletin boards and websites are excellent ways to distribute fixes and corrections to software or information products. A first step for many companies is to make specification sheets, frequently asked question sheets, and tip sheets available through a website or auto-responder.

Hypertext linking can make customer support information even more effective and easier to use. Mailing lists can be a way to build a community of users, increasing their satisfaction with the organisation's products and their bond with the organisation. The Internet is open 24 hours a day, seven days a week. Stakeholders expect that the organisation should also be available and responsive during all hours of operation. A response to e-mail should not take more than 24 to 48 hours after contact.

When planning for cyber service, organisations need to respond immediately, even if the organisation does not have the answer. Even a generic response would be preferable to no response from the organisation. The message can just acknowledge receipt of the request and mention when it will be answered. Organisations also need to staff appropriately (Dowling, 1997:55). It is important to be prepared that queries might increase during promotions, a new advertising campaign, or media coverage. Dedicated staff should be in place to cope and respond to these questions in a timely fashion. Organisations need to be prepared for legal issues. E-mail is a written document and it would be advisable for the organisation to have product or service claims examined by the legal department. Lastly, it is important for organisations to pay the same attention to e-mail service as they do to telephone service. Fast and efficient e-mail service may lead to new relationships being built.

The only sustainable advantage the organisation can create in the marketplace is a superior relationship with stakeholders, based on the ability to deliver a better customer service.

#### 6.6.4.1. *Electronic Commerce*

The Internet is fast becoming a proper marketplace, although electronic commerce is still in its infancy (Sheldon, 1997:10). Virtually every industry, product, activity, and public pursuit is referenced on the Internet (Kent & Taylor, 1998:321). Given the size of the Internet's user base, the Internet has the potential to be a massive shopping mall where products and services of different companies will be advertised on the more popular sites (Association of Marketers, 1999; Herbig & Hale, 19972). It can also reduce the involvement of the middleman in competing transactions (West, 1997:6).

Traditional barriers in business practice do not exist on the Internet. Barriers – such as assembling a worldwide sales force or establishing a ubiquitous distribution channel – disappear and even the smallest enterprise can be successful on the Internet (De Beyer, 1998:85). However, cultural, language and currency barriers and low personal computer penetration have prevented organisations wishing to compete on a global basis in Internet commerce to flourish in many countries (Horwitt, 1997:17).

Consumers can conduct business and make purchases from organisations previously unavailable to them (Bhimani, 1996). Vendors can create demand by explaining their offerings to highly focused news groups, or send messages directly to electronic news lists. Information can be viewed; audio and video sampled, software products downloaded; and on-line business can be processed on-line without human intervention. It is especially in the business-to-business application where the value of electronic commerce is realised.

Electronic commerce gives consumers more flexibility and control over the purchasing decision. One example is the preference of some consumers to do their own research, which in turn creates less need for human intermediaries. The balance of power therefore shifts to the consumer. The Internet is not just a method of generating sales. It offers the opportunity of creating customers, no matter where they might be, simply because they have *connected* with the organisation.

Electronic commerce can generate revenues for the organisation and can contribute to the bottom line. With an audience considered to be well in excess of 50 million people and growing exponentially, the motivation for investment on the Internet has become clear. Targeted marketing, effective customer service, and network reliability will ensure success on the Internet. The organisation should consider what the current barriers to commerce on the Internet are, together with the emerging solutions.

Actual sales on the Internet have, however, not been that significant. It is therefore important to decide beforehand whether or not the organisation's product is suitable for Internet commerce and if other more traditional sales channels might not be more appropriate. The types and depths of services need to be enhanced to make them more profitable on the Internet and the website should be designed to ensure ease of use. To accomplish this, an integrated electronic commerce strategy must be developed.

#### *6.6.4.2. Reaching a highly demographic market*

The demographics of the WWW user is probably the highest mass-market demographics available. Even though this is changing with the addition of the on-line commercial community, the demographics will remain high for years to come.

The demographics of the Internet deliver a 'self-selected' population that may differ from the population at large. On-line users are wealthier and more educated than the general population, and companies may not want to base their product development on such a narrow market (Vassos, 1996).

#### 6.6.5. Relationship marketing

Websites can build long-term relationships with prospective and current stakeholders and enhance the relationship between supplier and customer, or agent and customer. Web-based solution technology allows organisations to

post supplier catalogues; pricing information; order status enquiries; shipping schedules; purchase order acknowledgements; order schedules; production schedules or forecasts; reports of test results; invoices or payments; and on-line supplier chats on the Internet (Anon., 1997g:1; Minahan, 1997:19).

The Internet can also assist the organisation to realise corporate marketing objectives during the support cycle by reducing customer support costs (potential savings in communications and personnel costs), and by improving customer service levels (provide unattended support 24 hours per day, seven days per week) (Vassos, 1996).

The Internet Underwear Theory also impacts on customer service. The informality of communication necessitates a different approach to customer support. Rather than waiting a few weeks for a definite answer to a question, customers will expect a more instantaneous result. Customers might even be open to suggestions of communicating with other Internet customers to get additional support (Vassos, 1996).

## **6.7. CONCLUSION**

Chapter 2 discussed Internet tactics and provided a theoretical background of the impact that the Internet has had on society as a whole. The Internet created virtual organisations and a completely new environment – cyberspace – in which organisations and individuals in the 21<sup>st</sup> century will exist and connect.

Chapter 3 applied the theoretical framework to the electronic environment as it relates to the communication process, mass communication theory, the four communication models as well as the systems theory – to the electronic communication environment. This chapter also explored the communication possibilities of this new medium.



Chapter 4 gave an overview of corporate communication management theory and its strategic application in organisations. It provided a structure for the management of corporate communication strategy and planning.

It is, however, in Chapter 5 that the full potential of the Internet is explained. The Internet has developed as a communication medium and should therefore adhere to the rules of the communication process. As an electronic communication medium it does, however, have certain unique characteristics. The Internet can also add value (new) roles of the corporate communication practitioner (strategist, manager and technician). This chapter also provided a framework for the integration of the Internet into the corporate communication strategy. The reason that a framework from the corporate communication discipline was chosen is because corporate communication considers all the strategic stakeholders of the organisation and not just customers. Applying the Internet in this framework should therefore be the most advantageous.

Chapter 6 confirmed that the Internet is in need of a business model, and that it must be integrated into an organisation's corporate strategy. Only this integration will allow the Internet to contribute to the bottom line of the organisation. This chapter also showed that organisations use the Internet to realise corporate communication as well as marketing goals and that the responsibility for the realisation of these goals is situated in the corporate communication, marketing and information technology departments. Chapter 6 also gave an indication of what the marketing goals are that an organisation can realise through its use of the Internet, thereby realising Secondary Objective 1(d).

Technological change has impacted on the manner in which organisations conduct their business as well as society as a whole. One of the most influential products of technology, namely the Internet, has emphasised this influence. With the advent of the Internet, managers were confronted with a completely new medium and were uncertain about its application in the organisation. As with most new mediums, managers implemented it at a tactical level. This proved, however, to be unsuccessful and many members of

top management are now questioning the vast amounts of money being poured into Internet applications.

Managers have realised that the Internet will only provide a return on investment if it is integrated into the organisation's overall strategy. The Internet should therefore form an integral part of all the business as well as functional strategies. Although the Internet is a technological application, it is also a medium on its own. It can function as a medium or business tool for communication, marketing, research and other business functions. However, if the application of the Internet does not contribute to the bottom line, it should not be used. An organisation should decide why and if it should utilise the Internet, who the relevant stakeholders are, which objectives should be realised and how this should be done. Future investment in Internet technology should coincide with the organisation's business plan, ensuring that expenditure does not exceed the organisation's resources or the specific needs of stakeholders. Having a website with all the latest technological developments, without ensuring that it contributes to the organisation's bottom line, will prove detrimental to the organisation's business rationale.

In the opinion of the researcher, managers should not develop 'Internet strategy', but should rather integrate the Internet into their corporate, business unit and functional strategies. The Internet should therefore not be seen as a strategy in itself, but as an instrument in achieving the functional strategy of the organisation – whether it be corporate communication, marketing or any other functional strategy. Although it can be classified as implementation strategy it should not be separate from the function whose goal achievement it is contributing to. The Internet should therefore be considered already in the organisation's functional strategy formulation (i.e. the overall media analysis) and not only in its operational strategy implementation, thereby realising Secondary Objective 1(c). In addition, the Internet can contribute to the realisation of organisational goals – whether it be corporate communication or marketing goals. If the Internet is only applied at the implementation level (without any consideration of the strategy), it cannot contribute to the organisational strategy and therefore it cannot add value to the goal

realisation process. Its application and contribution will therefore remain at a technical level and therefore limited.

Part of the Internet's integration into the organisation's business strategy is determining which goals and objectives it will help to realise. From the various sources it is clear that the Internet can realise either marketing or corporate communication objectives. It also seems clear that the responsibility for the integration is situated in either the corporate communication, marketing or information technology department.

The Internet can contribute to the marketing mix of the organisation by adding value in the product, price, promotion and distribution development process. It can also add value in the development of relationships with its customers. This chapter also realises Secondary Objective 1(b) – to investigate whether the concept of 'Internet strategy' can be considered a *strategy* or a marketing *medium*. It can therefore be concluded that it is not as much a question of developing Internet strategy or developing a strategy for the Internet, but incorporating the Internet (and other electronic mediums) into an organisation's business strategy (how the organisation conducts its business), marketing strategy (electronic commerce) or corporate communication strategy (enhancing current or future relationships with stakeholders). The Internet thereby becomes the means to an end and not the end destination in itself.

This chapter has shown how the Internet can be utilised as a channel to enhance its strategic marketing efforts and achieve its marketing goals and thereby realising Secondary Objective 1(d). It has also become clear that the Internet could facilitate relationships between the organisation and one stakeholder grouping, namely its customers.

Chapter 7 will discuss the methodology and research that was followed in the empirical research.

## **CHAPTER 7:**

# **RESEARCH DESIGN AND METHODOLOGY**

### **7.1. INTRODUCTION**

Business research, according to Cooper & Schindler (1998:14); Davis (2000:10), can be described as a systematic, controlled, empirical, and critical investigation of phenomena of interest to managerial decision makers. Scientific business research becomes a specialised type of investigation that is characterised by the testing of hypothetical relationships.

In the previous chapters, the research objectives were set in the context of scientific and popular literature, as well as existing research. A research design must be developed to obtain answers from research questions and realise the research objectives. The plan is the overall scheme or programme of the research that must be conducted.

This chapter outlines the qualitative and quantitative research design and methodology followed in this dissertation.

### **7.2. THE RESEARCH OBJECTIVES**

The research objectives of a research problem have to be precisely defined (Dillon, Madden & Firtle, 1993:25). The following research objectives were set for this study, namely:

<b>Phase 1:</b>	<b>Literature study</b>
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#### **Primary Objective 1**

To conceptualise 'Internet strategy' by means of secondary research.

Secondary Objective 1(a)

To explore the nature of the Internet: its concepts, terminology and applications (Chapter 2).

Secondary Objective 1(b)

To investigate whether the concept of 'Internet strategy' can be considered a *strategy* or a (corporate communication or marketing) *medium* (Chapters 3, 5 and 6).

Secondary Objective 1(c)

To investigate whether 'Internet strategy' refers to *functional* or *operational* (corporate communication or marketing) strategy (Chapters 5 and 6).

Secondary Objective 1(d)

To investigate the role of the Internet in the *goal* realisation of an organisation's (corporate communication or marketing) strategy (Chapters 5 and 6).

Secondary Objective 1(e)

To hypothesise a *framework* for the formulation of 'Internet strategy' (Chapters 4 and 5).

**Phase 2:**

**Empirical research**

**Primary Objective 2**

To investigate whether the Internet is used by organisations to realise corporate communication or marketing goals.

Secondary Objective 2(a)

To investigate whether the Internet is used by organisations to realise corporate communication goals.

Secondary Objective 2(b)

To investigate whether the Internet is used by organisations to realise marketing goals.

**Primary Objective 3**

To determine the organisational purpose for corporate communication by investigating (elements of) the corporate communication models, which are used by organisations in their communication on the Internet.

Secondary Objective 3(a)

To investigate whether the press agency model of corporate communication is used by organisations in their communication on the Internet.

Secondary Objective 3(b)

To investigate whether the public information model of corporate communication is used by organisations in their communication on the Internet.

Secondary Objective 3(c)

To investigate whether the two-way asymmetrical model of corporate communication is used by organisations in their communication on the Internet.

Secondary Objective 3(d)

To investigate whether the two-way symmetrical model of corporate communication is used by organisations in their communication on the Internet.

### **7.3. THE RESEARCH DESIGN**

For the purpose of this research study the researcher selected the following elements of the research design by stating: the degree of problem crystallisation; method of data collection; the control of the variables; the

purpose of the study; time dimension; and topical scope (Cooper & Emory, 1995:114-131).

#### 7.3.1. Degree of problem crystallisation

Cooper & Emory (1995:115); and Richter & Drake (1993:32), state that a research study might be viewed as exploratory or formal - the distinction being founded in the degree of structure and the immediate objective of the study. A quantitative formal research method was followed in the empirical study, which is a structured inventory of the knowledge and opinions of many for precise measurement.

#### 7.3.2. Method of data collection

Interrogation (survey) processes were used in this study. In the survey mode, the researcher questioned the subjects and collects their responses by impersonal means (Cooper & Emory, 1995:115; Cooper & Schindler, 1998:131). The data in this study results from a self-administered electronic questionnaire.

#### 7.3.3. Researcher control of variables

This specific study uses an ex post facto design (Cooper & Emory, 1995:115-116; Cooper & Schindler, 1998:131; Davis, 2000:138), as the researcher had no control over the variables in the sense of being able to manipulate them. The researcher is limited to holding factors constant by the judicious selection of subjects according to the sampling procedures and by the statistical manipulation of the findings.

#### 7.3.4. The purpose of the study

The purpose of research can be exploratory, causal or descriptive (Cooper & Emory, 1995:116; Cooper & Schindler, 1998:132; Dillon *et al*, 1993:32-33). In this study the researcher attempted to explain relationships between different

variables. The purpose of this research study is descriptive, because there is not a broad scientific research base available as far as the Internet is concerned.

#### 7.3.5. The time dimension

A cross-sectional study (Cooper & Emory, 1995:116; Cooper & Schindler, 1998:132) was conducted, which represents a moment in time. The empirical research for this study was conducted over an eight-month period, from October 2000 to May 2001.

#### 7.3.6. The topical scope

By having utilised a statistical study (Cooper & Emory, 1995:116-117; Cooper & Schindler, 1998:132-133) an attempt was made to capture a population's characteristics by making inferences from the sample's characteristics. Hypotheses were tested quantitatively and generalisations presented based on the representativeness of the sample and the validity of the design.

### **7.4. THE NATURE OF THE MEASUREMENT**

Measurement in research consists of assigning numbers to empirical events in compliance with a set of rules (Cooper & Emory, 1995:141; Cooper & Schindler, 1998:159). This implies that measurement is a three-part process: (1) selecting observable empirical events, (2) using numbers or symbols to represent aspects of the event, and (3) applying a mapping rule to connect the observation to the symbol. The indicants of the properties are measured (Cooper & Emory, 1995:142). The characteristics and properties of empirical events can therefore be translated into a form that can be analysed by the researcher (Davis, 2000:166).



#### 7.4.1. Measurement scales

According to Cooper & Emory (1995:143-147), several types of scales can be used in measurement, such as nominal scales (determination of equality), ordinal scales (determination of greater or lesser values), interval scales (determination of equality of intervals or differences) and ratio scales (determination of equality of ratios).

A Likert scale was used in the construction of the questionnaire (Davis, 2000:204-205). Respondents indicated a degree of agreement or disagreement with a variety of statements. This type of measurement allows the researcher to determine how far apart two or more objects are with respect to the attribute and consequently to compare the difference between the numbers assigned. Each object is, however, evaluated independently of the other objects being investigated.

#### 7.4.2. The reliability and validity of the research results

The researcher needs to determine, as part of the measurement process, the reliability and validity of the results.

##### 7.4.2.1. Reliability

According to Cooper & Emory (1995:153; Cooper & Schindler (1998:171-174); Davis (2000:177); Martins (1998:26), **reliability** relates to the consistency of a method in its ability to yield reproducible results, as distinct from its validity. A highly reliable method would produce closely similar results when applied a number of times under the same circumstances. According to Cooper & Emory (1995:153-155), reliability is reflected by three measures namely stability, equivalence and internal consistency. In this research, the Cronbach's Alpha measure was used to test the internal consistency. According to Davis (2000:183), this technique computes the mean reliability coefficient estimates for all possible ways of splitting a set of items in half.

#### 7.4.2.2. *Validity*

The **validity** of a measuring instrument reflects the extent to which differences in scores on the measurement reflect true differences among individuals, groups, or situations in the characteristic that it seeks to measure, or reflect true differences in the same individual, group, or situation from one occasion to another, rather than constant or random errors (Cooper & Emory, 1995:149-151 Cooper & Schindler, 1998: 166-171; Martins, 1998:26). A research method can be reliable without being valid, but it cannot be regarded as highly valid without also being reliable.

Validity consists of three major forms (Cooper & Emory, 1995:149): content, criterion-related, and construct. Construct validity is tested in this study. The research attempted – by using factor analysis – to identify the underlying construct(s) being measured and to determine how well the test represented them.

It is critical to ensure that reliability and validity are achieved in this study. To do so, the researcher must ensure that the probability of errors occurring during the research process is minimised – beginning with a precise definition of the problem and then determining the associated variable that can prevent errors of definition. The purpose of this study was clearly defined in Chapter 1, specifying the scope and background of the problem definition.

#### 7.4.2.3. *Errors of explanation*

**Errors of explanation** occur when a researcher makes an inappropriate inference about a cause-effect relationship. Overgeneralisation must be prevented when the final analysis of the study has been completed (Martins, 1998:27-29). The researcher addressed the errors of explanation that could occur in the research study as follows (Martins, 1998:27-29):

**Measurement errors** originate in poorly designed questionnaires, the reluctance or inability of the interviewer to elicit the required information from

the respondent, and the reluctance and inability of the respondent to provide it. The researcher aimed to avoid measurement errors by: conducting a thorough literature study in order to design the questionnaire properly; accessing all possible venues to respondents to elicit the necessary information; and instituting procedures to overcome the reluctance of respondents to provide information: firstly, by enquiring from the respondent organisation which person is most suitable to provide the information and, secondly, by instituting rigorous follow-ups.

**Questionnaire errors** occur when the layout, wording, sequence of questions and branching instructions of the questionnaire are not pre-tested among respondents with characteristics similar to those of the survey population. In this study, the questionnaire was thoroughly pre-tested to prevent this error. It was distributed beforehand to ten marketing and communication managers who were responsible for the Internet and its applications in their respective organisations, as well as to two information technology experts. Changes were made to the wording to clarify ambiguous terms and to simplify the completion process. The design of the questionnaire was kept as straightforward as possible. By using an electronic questionnaire the colour, font, and use of space simplified the appearance of the questionnaire.

Three types of **interviewer errors** can occur in a research study:

- *Errors in asking questions and in probing when additional information is required* – this did not apply as a self-interviewing technique was used in this study. Leading questions were, however, avoided in the questionnaire design.
- *Errors in recording the answer* – by using technology and receiving the results of a questionnaire already formatted in an electronic version, results in this study had merely to be pasted into the data file. Errors were therefore eliminated.
- *Errors because of cheating* – the researcher complied with ethical standards in conducting the research.

**Respondent errors** that can occur in a research study are: stimulus ambiguity; consistency/inconsistency errors; ego/humility error; memory error; and fatigue. The researcher aimed to avoid these errors by doing the following:

- Stimulus ambiguity – where respondents are influenced by motivation – could not occur in this study, because the only gains from this study for the respondents were their contribution to research and the possibility of acquiring the results.
- Consistency/inconsistency errors – where respondents want to present themselves as a certain type of person by consistently providing answers they think are expected – were avoided by not interviewing a specific individual, but by researching the organisation, thereby limiting the respondent's risk. The questionnaire was also designed with the option for the respondent to complete it anonymously, thereby limiting risk for the individual.
- Ego/humility error – when there is a systematic under-reporting with regard to socially less acceptable matters and systematic over-reporting with regard to status-related matters – were not applicable in this study.
- Memory errors were also not applicable in this study.
- Low commitment errors – where the respondent has little or no interest in the investigation – were addressed in this study by careful wording of the cover letter to target the most appropriate respondent, by promising the availability of the research results, and by conducting two follow-ups after the questionnaire was sent. The occurrence of this error could, however, not be avoided completely.
- Fatigue errors – occurring in a long drawn-out interview – were avoided by using an electronic questionnaire. The respondents could therefore

complete the questionnaires at their leisure. Electronic questionnaires are also very easy to complete.

**Calculation errors** can be made in data preparation, tabulation and analysis. The Department of Information Technology (Statistical Support Services) at the University of Pretoria assisted in the data analysis of this study, to ensure the accuracy of the final results. By having used an electronic questionnaire, as has already been mentioned, the capturing of the data proceeded faultlessly.

The following three **non-response** population strata are distinguished: unavailable but willing; unavailable and unwilling (refusals); and unavailable but unwilling (refusals). All three non-response reactions were experienced in this study. Strategies were put into place to limit these responses as far as possible. These strategies are discussed later in the chapter.

**Selection errors** occur when all elements in the universe do not have the same chance of being selected. Selection errors occur in all non-probability samples drawn from a poor frame. All the elements of the population were targeted in this study.

A **sample error** arises when only a fraction of the population is studied. It follows that there is a minimum sample size to adhere to and the magnitude of this sample size will depend on the type of information collected. The fact that no research plan works out perfectly in practice also affects the validity of the findings (Martins, 1998:29). The response rate may be much lower than expected or a particular section of the sample may not respond at all. This error occurred in the study and the researcher had to increase the sample to ensure statistical reliability and validity of the research findings.

## 7.5. SAMPLING

Sampling allows researchers to make informed decisions on the basis of limited information in the absence of perfect knowledge (Dillon *et al*, 1993:214). Sampling involves two basic issues (Dillon *et al*, 1993:215):

- The selection of items from a population so that the items selected are representative of the population.
- The estimation of a characteristic of interest (that is, a variation) in a population, based upon what is observed in the sample.

### 7.5.1. The population

The **population** is equal to the number of elements in the population belonging in the category of interest divided by the total number of elements in the population (Cooper & Emory, 1995:204; Davis, 2000:220; Dillon *et al*, 1993:215; Steyn, Smit, Du Toit, & Strasheim, 1994:16). The population in this study consists of all the organisations in South Africa with websites. The sampling procedure can be described as follows:

<b>Primary sampling unit</b>	All companies listed on the JSE (839 companies) from October 2000 to May 2001
<b>Secondary sampling unit</b>	All companies listed on the JSE with websites equalling 432 companies
<b>Tertiary sampling unit</b>	All companies listed on ananzi.co.za with websites (200 companies)
<b>Final sampling unit</b>	Managers of companies listed on the JSE – as well as managers of companies listed on ananzi.co.za – who utilise the Internet to realise organisational goals (632 managers)

On the date of commencement of the study the secondary sampling unit consisted of 632 organisations.

#### 7.5.2. The sampling frame

The **sampling frame** is a physical representation of objects, individuals, groups, etc. important to the development of the final study sample (Davis, 2000:221). To select a sampling frame a list of the sampling units must be compiled (Dillon *et al*, 1993:218). In this study the sampling frame consisted of all organisations listed on the JSE (primary sampling unit), as well as all companies listed on ananzi.co.za (tertiary sampling unit). This list was compiled from information provided in the Johannesburg Stock Exchange Digest (McGregor BFA, 2000), as well as those organisations listed in the business directory of ananzi.co.za. All the listed organisations, with their contact particulars, are published in this digest. The contact particulars of the organisations listed in the business directory of ananzi.co.za are published on the search engine's website. The secondary sampling frame equalled 432 organisations, but was increased with 200 organisations in order to increase the number of realised questionnaires. The final sampling unit therefore equalled 632 organisations.

One of the problems experienced in this study was the low response rate. The low response rate forced the researcher to broaden the sampling frame in order to realise the necessary response rate. The sampling frame was broadened to include all the South African organisations, with websites, as listed in the business listings of the search engine Ananzi (<http://www.ananzi.co.za>). This population equalled 200 at the time of the study. The total population was sampled and questionnaires were distributed to all 200 organisations. The sampling frame was thereby increased from 432 to 632 organisations. The total number of realised questionnaires equalled 125. The response rate was therefore 19.7 per cent.

## 7.6. INSTRUMENT DESIGN

An instrument is the primary device by which measurement is accomplished, and in the development of a measurement scale the variables and concepts that need to be measured for the study must be determined (Davis, 2000:193-194). This determination should flow naturally from the research problem and the objectives of the study. The research problem and the objectives of this research study were stated earlier in this chapter. The quantitative study was specifically concerned with Objective Two and Three: to determine whether the Internet is used by organisations to realise corporate communication goals or marketing goals and to determine which of the four corporate communication models (press agency, public information, two-way asymmetrical, two-way symmetrical) is used by organisations in their communication on the Internet.

### 7.6.1. Structure of the measuring instrument

The questionnaire was divided into three sections, namely:

**Section A** requested biographical information.

**Section B** determined whether the Internet is used by organisations to realise corporate communication goals or marketing goals.

**Section C** determined the organisational purpose for corporate communication by investigating (elements of) the corporate communication models, which are used by organisations in their communication on the Internet.

#### **Section A: Biographical information**

Four questions were asked in Section A. These questions were asked to obtain the respondent's name (not compulsory), the designation (compulsory), the organisation (not compulsory) and the e-mail address (not compulsory). The respondent's name, organisation and e-mail address were only requested



for administrative purposes. The designation was used in the analysis of the data to determine:

- which department in the organisation is responsible for corporate communication and marketing goal realisation on the Internet; and
- how the respondent's designation reflected their use of the Internet for the achievement of corporate communication and marketing goals.

### **Section B (Primary Objectives 2 and 3)**

Section B determined whether the Internet is used by organisations to realise corporate communication goals or marketing goals. The construct, factors and items formulated were as follows:

**Factors as constructs:** Corporate communication goals  
Marketing goals

#### **Items:**

The items that were selected originated from the literature study. Corporate goals are discussed extensively in Chapter 6 under the heading 6.4. Realising corporate goals with the Internet; corporate communication goals are discussed in Chapter 5 under the heading 5.2. (New) Corporate communication roles and the Internet; 5.3.6; Set communication goals. Marketing goals are discussed in Chapter 6 under the heading 6.6. Utilising the Internet as part of the organisation's marketing strategy.

The construct 'Achievement of corporate communication goals' are operationalised as follows.

- Providing important information about the organisation to stakeholders (contact information, organisational vision, mission, strategic objective, etc.).
- Providing an opportunity for interaction between management and employees.

- Providing an opportunity for interaction between the organisation and its external stakeholders (e.g. media, investors, community, stockholders etc.).
- Managing a crisis in your organisation.
- Managing investor relations (e.g. to make financial information available to important financial stakeholders).
- Stimulating public awareness.
- Establishing a presence for the organisation on the Internet.
- Doing environmental scanning (e.g. gaining information about current affairs which could influence your organisation).
- Gaining information to determine communication barriers.
- Gaining feedback on important issues from stakeholders.

The construct 'Achievement of marketing goals' are operationalised as follows.

- Making products or services available electronically (electronic commerce).
- Improving customer service.
- Generating new business for the organisation.
- Increasing sales.
- Launching new products or services.
- Improving corporate image in the market place.
- Advertising the organisation's products or services.
- Making marketing information - about the organisation's products or services - available (price, distribution, availability etc.).
- Creating electronic catalogues.
- Tracking products through the production cycle.
- Doing research about competitors on the Internet.
- Using customer feedback to improve service.
- Gaining information about potential new markets on the Internet.
- Developing a database about current and prospective customers.
- Using on-line research to change the design of the organisation's website.

## Section C (Primary Objective 4)

Section C determined the organisational purpose for corporate communication by investigating (elements of) the corporate communication models, which are used by organisations in their communication on the Internet.

<b>Factors as constructs:</b>	Press agency model
	Public information model
	Two-way asymmetrical model
	Two-way symmetrical model

### Items:

The items for this section originated in the literature study in Chapter 3 (*The four corporate communication models*). Items were derived from the characteristics of each of the models. The different models are operationalised as follows:

#### *Press agency model*

- Gaining coverage for the organisation in any way possible.
- Measuring the amount of 'hits' which are registered on the organisation's website.

#### *Public information model*

- Disseminating information about your organisation and products/services to your stakeholders.
- Ensuring the readability of the website (This can include the website's ease of use and navigational capability).

#### *Two-way asymmetrical model*

- Changing the opinions of the organisation's stakeholders about the organisation.
- Conducting research in order to design a website which could be used to persuade stakeholders.

*Two-way symmetrical model*

- Creating dialogue (two-way interactive communication) between the organisation and its stakeholders.
- Soliciting feedback from stakeholders in order to change the behaviour of the organisation.

7.6.2. Item phrasing

Developing the measurement scale is largely a matter of wording the items to assess the concept being studied (Davis, 2000:195). The method by which the scales are being administered also influences the phrasing of the items. In this study all the items were clearly stated, unambiguous, and easily understood. The researcher ensured that the items were phrased correctly by (Cooper & Schindler, 1998:332-333):

- Stating the questions in terms of a shared vocabulary.
- Not using unsupported vocabulary or misleading assumptions.
- Phrasing questions without biased wording.
- Personalising the questions correctly.
- Presenting adequate alternatives within the question.

The items were worded as simply as possible. Explanations of terminology were also provided. The term *stakeholder* was specifically described since it is a term most readily used in the management environment. It was imperative that all respondents understood the term to ensure that questions were interpreted correctly. Items were further explained with examples where necessary. The items being measured were all closed-ended. According to Davis (2000:200), closed-ended items limit the responses, are easily coded, are not time-consuming to analyse and are more efficient to handle than open-ended questions. The sequence of the items was also randomly distributed.

### 7.6.3. Response formats

The response format in this study was: closed-ended questions; items were presented randomly; and the nature of the technique used (electronic questionnaire) solved the 'no answer' problem by not allowing a questionnaire to be submitted if it was not fully completed (Davis, 2000:201-202; Cooper & Schindler, 1998:337).

### 7.6.4. Scaling techniques

The Likert scale was used in this study. Frequently called the **method of summated ratings**, it is a widely accepted and adopted technique in marketing and corporate communication research (Davis, 2000:203). The respondents in this study indicated their amount of agreement or disagreement by indicating, on a scale, if the use of the Internet (as stated in the item) in their organisations was accurate or not accurate at all. Items were ranked in Section B on a scale of 1 to 5 and in Section C on a scale of 0 to 10.

### 7.6.5. Pre-testing and correcting

Pre-testing is an established practise for discovering errors in a measuring instrument (Cooper & Schindler, 1998:350; Davis, 2000:209). A pre-test was conducted in this study on a set of respondents who were similar to the sample. The questionnaire was pre-tested by distributing it to 10 marketing and communication managers, as well as to two information technology experts to ensure that it was not only correctly designed, but also technically sound. It was discovered during the pre-test that, to ensure the necessary results, the questionnaire was not to be sent to the organisation's e-mail address, but directly to the relevant respondent's e-mail address. A first request was therefore sent to an organisation's e-mail address – as stated on the organisation's website – which requested the contact particulars of the respondent (the manager responsible for the organisation's website). A limitation of the study was that the person who manned the e-mail address decided who was responsible for the website. The success rate of sending the

questionnaire directly to the respondent instead of forwarding it to the web master was thereby highly increased.

As a result of the pre-test, questions 1 to 25 in Section B were also rewritten, to ensure a consistency in the wording.

The request for contact information (Appendix 1), the cover letter (Appendix 2), as well as the final questionnaire (Appendix 3) are attached.

## **7.7. PRIMARY DATA COLLECTION AND CHOICE OF SURVEY METHOD**

In this study active data collection was employed, which involves the querying of respondents by non-personal, computerised means (Davis, 2000:264-267). Computerised interviewing techniques use some type of electronic or computerised questioning process (Davis, 2000:279). Techniques can range from on-line Internet questionnaires to completing a self-administered questionnaire on a disk. Computer-based delivery systems can also include CATI (computer-assisted telephone interviewing, CATS (completely automated telephone surveys, and CAPI (computer-assisted personal interviewing). An Internet-based survey was used in this study.

It seemed fitting to the researcher that a computerised method of data collection be used in a study of the Internet. This computerised method of data collection: made allowance for flexibility in the design of the questionnaire; provided anonymity to the respondent; gave more control over interviewer effects; allowed more flexibility in the time required for respondents to complete the questionnaire; and is very cost-effective.

The researcher developed an electronic questionnaire by designing an HTML front page with an underlying Perl script file. A cover letter, with an embedded link to the questionnaire, was e-mailed to respondents. The questionnaire was hosted on the Web. Respondents only needed to click on the chosen

response or complete an open-ended question. To process the completed questionnaire, the respondent only needed to click on 'send'. The completed questionnaire was e-mailed to the researcher's e-mail address. Data could then be copied into the statistical programme (MS Excel was used for this purpose). The responses were designed in such a way that if any non-responses occurred the questionnaire was rejected and the respondent had to complete the incomplete question. A 'thank you' note appeared after the questionnaire was sent.

One of the biggest disadvantages of self-administered and electronic questionnaires is the low response rate (Bless & Higson-Smith, 1995:112). The researcher experienced the response rate as being fair to poor, as was suggested in Davis's (2000:267) comparison of data collection methods. The researcher found that if the questionnaire was not answered immediately or within the first day after the respondent had received it, chances were slim that it would be completed at all. This would indicate that although electronic questionnaires are cost-effective, easy to use and allow various design options, intensive follow-up actions must be put into place if the desired response rate is to be met.

Duncan (in Davis, 2000:280) suggests various techniques that a researcher can use to increase the response rate. The following was used in this study:

- The researcher obtained the organisations' e-mail addresses (in the sampling frame) by using the McGregor's digest (organisation's contact information is contained in the digest). If only an address of a website was included, the website was visited to obtain the organisation's e-mail address.
- Pre-notification was used to indicate the intent to the organisation's Webmaster. The researcher requested the contact particulars of the manager responsible for the organisation's electronic communication strategy, specifically the website. This ensured that the correct respondent was contacted.

- The cover letter, that was e-mailed to the respondent, was personalised. This could be done since the Webmaster provided the contact particulars of the respondent.
- The design of the questionnaire was kept as simple and short as possible.
- An appeal, as well as a deadline, was included in the cover letter.
- Two follow-up e-mails were sent to the respondent if no response was received. This proved to be very effective.

A major limitation of the study was that the person who was first approached was the Webmaster. The Webmaster would not necessarily have been able to distinguish between strategy and tactics, or would not necessarily have provided the correct contact person.

## **7.8. DATA PREPARATION**

Data preparation consists of editing, coding and data entry (Cooper & Schindler, 1998:411-426; Davis, 2000:333-345).

### **7.8.1. Editing**

The first step in the analysis process is to edit the raw data. Editing detects errors and omissions, corrects them when possible, and certifies that minimum data quality standards are achieved (Cooper & Schindler, 1998:411; Davis, 2000:333). However, by using a computerised data collection method the researcher ensured that there were no omissions in the completed questionnaires.

### **7.8.2. Coding**

Coding involves assigning numbers or other symbols to answers so the responses can be grouped into a limited number of classes or categories (Cooper & Schindler, 1998:413; Davis, 2000:335). Coding the questionnaires



transformed the data in this study from e-mail into numbers in Excel. This was necessary to ensure efficient data analysis.

To enable the researcher to analyse the data in a statistical programme, items were coded from V1 to V34.

<b>Section A Biographical information</b>	
<b>V1</b>	Designation Communication Department Marketing Department Information Technology Other

<b>Section B To investigate whether the Internet is used by organisations to realise corporate communication or marketing goals.</b>	
<b>Variables representing corporate communication goals</b>	
<b>V2</b>	Providing important information about the organisation to stakeholders (contact information, organisational vision, mission, strategic objective, etc.).
<b>V4</b>	Gaining feedback on important issues from stakeholders.
<b>V5</b>	Providing an opportunity for interaction between management and employees.
<b>V8</b>	Providing an opportunity for interaction between the organisation and its external stakeholders (e.g. media, investors, community, stockholders etc.).
<b>V11</b>	Managing a crisis in your organisation.
<b>V14</b>	Managing investor relations (e.g. to make financial information available to important financial stakeholders).
<b>V17</b>	Stimulating public awareness.
<b>V20</b>	Establishing a presence for the organisation on the Internet.
<b>V21</b>	Gaining information to determine communication barriers.
<b>V24</b>	Doing environmental scanning (e.g. gaining information about current affairs which could influence your organisation).

<b>Variables representing marketing management goals</b>	
<b>V3</b>	Making products or services available electronically (electronic commerce).
<b>V6</b>	Improving customer service.
<b>V7</b>	Doing research about competitors on the Internet.
<b>V9</b>	Generating new business for the organisation.
<b>V10</b>	Using customer feedback to improve service.
<b>V12</b>	Increasing sales.
<b>V13</b>	Gaining information about potential new markets on the Internet.
<b>V15</b>	Launching new products or services.
<b>V16</b>	Developing a database about current and prospective customers.
<b>V18</b>	Improving corporate image in the market place.
<b>V19</b>	Using on-line research to change the design of the organisation's website.
<b>V22</b>	Advertising the organisation's products or services.
<b>V23</b>	Making marketing information - about the organisation's products or services - available (price, distribution, availability etc.).
<b>V25</b>	Creating electronic catalogues.
<b>V26</b>	Tracking products through the production cycle.

**Section C To determine the organisational purpose for corporate communication by investigating (elements of) the corporate communication models, which are used by organisations in their communication on the Internet.**

**Variables representing press agency model**

<b>V27</b>	Gaining coverage for the organisation in any way possible.
<b>V28</b>	Measuring the amount of 'hits' which are registered on the organisation's website.

**Variables representing public Information**

<b>V29</b>	Disseminating information about your organisation and products/services to your stakeholders.
<b>V30</b>	Ensuring the readability of the website (This can include the

	website's ease of use and navigational capability).
<b>Variables representing two-way asymmetrical model</b>	
<b>V31</b>	Changing the opinions of the organisation's stakeholders about the organisation.
<b>V32</b>	Conducting research in order to design a website which could be used to persuade stakeholders.
<b>Variables representing two-way symmetrical model</b>	
<b>V33</b>	Creating dialogue (two-way interactive communication) between the organisation and its stakeholders.
<b>V34</b>	Soliciting feedback from stakeholders in order to change the behaviour of the organisation.

### 7.8.3. Data entry

Data entry converts information gathered by secondary or primary methods to a medium for viewing and manipulation (Cooper & Schindler, 1998:421). Excel spreadsheets were used to analyse the data in this study.

## 7.9. DATA ANALYSIS

The data analysis for this study was done in conjunction with the Department of Information Technology (Statomet) of the University of Pretoria.

The purpose of any analytical method is to convert data into information needed to make decisions (Davis, 2000:386). Descriptive and inferential statistics were used in this study.

### 7.9.1. Descriptive statistics

According Cooper & Schindler (1998:427-430), **descriptive statistics** refer to measures of location (mean, median and mode), measures of spread (variance, standard deviation, range, interquartile range, and quartile

deviation) and measures of shape (skewness and kurtosis). Frequency tables are used in this study as part of the descriptive statistics.

#### *7.9.1.1. Frequency tables*

A frequency table is a simple device for arraying data from the lowest value to the highest, with columns for percentage, percentage adjusted for missing values, and cumulative percentage (Cooper & Schindler, 1998:430-431).

#### *7.9.1.2. Distributions*

Other descriptive statistics that are used include the mean, variance and standard deviation.

Measures of location include the mean, median, and mode (Cooper & Schindler, 1998:427-428). The **mean** (arithmetic average) is the sum of the observed values in the distribution divided by the number of observations.

Measures of spread, alternatively referred to as dispersion of variability, are the variance, standard deviation, range, interquartile range, and quartile deviation (Cooper & Schindler, 1998:429-430). They describe how scores cluster or scatter in a direction. **Variance** is the average of the squared deviation scores from the distribution's mean. It is a measure of score dispersion about the mean. The **standard deviation** is the positive square root of the variance. It improves interpretability by removing the variance's square and expressing deviations in their original units.

#### *7.9.2. Inferential statistics*

**Inferential statistics** consist of the estimation of population values as well as the testing of statistical hypotheses (Cooper & Schindler, 1998:466). Factor analyses and hypotheses testing are used in this study.

### *7.9.2.1. Cronbach Alpha*

In this research, the Cronbach's Alpha measure was used to test the internal consistency of the questionnaire. According to Davis (2000:183), this technique computes the mean reliability coefficient estimates for all possible ways of splitting a set of items in half.

### *7.9.2.2. Factor analysis*

Factor analysis looks for patterns among the variables to discover if an underlying combination of the original variables (a factor) can summarise the original set (Cooper & Schindler, 1998:560).

In factor analysis a correlation matrix is generated from the original set of data (Davis, 2000:482). This can be done in a number of ways, but the most frequently used approach is the principal component analysis (Cooper & Schindler, 1998:577). This method transforms a set of variables into a new set of composite variables (or principal components) that are not correlated with each other. These linear combinations of variables, called factors, account for the variance in the data as a whole. The best combination makes up the first factor. The process continues until all the variance is accounted for. Correlation coefficients between the factor and the variables are called loadings. Factor loadings greater than  $\pm .50$  are considered to be significant.

### *7.9.2.3. Hypothesis testing*

Two distinct types of hypotheses can be identified, namely descriptive and relational hypotheses (Cooper & Schindler, 1998:44-45). Descriptive hypotheses are propositions that typically state the existence, size, form, or distribution of some variable. Relational hypotheses are statements that describe a relationship between two variables with respect to some case. Relational hypotheses can further be divided into correlations (the variables occur in some specified manner without implying that one causes the other)

and explanatory or causal hypotheses (there is an implication that the existence of, or a change in, one variable causes or leads to an effect on the other variable). Relational hypotheses are used in this study.

The steps that were followed in the testing of the hypotheses were the following (Davis, 2000:389; Dillon *et al*, 1993:395):

### **State the null and the alternative hypotheses**

The null hypothesis, which is denoted  $H_0$  (H-naught), always specifies a single value for the population parameter (Dillon *et al*, 1993: 395; Keller & Warrack, 1997:328-329; Levin & Rubin, 1991:350). The alternative hypothesis which is denoted as  $H_A$  (Dillon *et al*, 1993:395; Keller & Warrack, 1997:328-329; Levin & Rubin, 1991:350) answers the question by specifying that the parameter is one of the following:

- greater than the value shown in the null hypothesis;
- less than the value shown in the null hypothesis; or
- different from the value shown in the null hypothesis.

The first group of hypotheses stated were based on the presumption that there should be a significant correlation between V1 (designation of the respondent) and the goals identified in Section B of the questionnaire. These hypotheses realised Primary Objective 2 (to investigate whether the Internet is used by organisations to realise corporate communication or marketing goals). Twenty-five hypotheses were stated as a result (H1 to H25).

Hypothesis 26 and 27 were based on the presumption that there should be a significant dependence between V1 (designation of the respondent) and the realisation of corporate communication or marketing goals (Section B). This hypothesis is used to realise Primary Objective 2 (to investigate whether the Internet is used by organisations to realise corporate communication or marketing goals).

### **Hypothesis 26**

**H26:** There is a significant dependence between the designation of managers (V1) and their use of the Internet to achieve corporate communication goals (V2 – V26).

### **Hypothesis 27**

**H27:** There is a significant dependence between the designation of managers (V1) and their use of the Internet to achieve marketing goals (V2 – V26).

Hypotheses 28 to 36 were stated to determine if there existed a correlation between V1 and (the elements of) the four corporate communication models.

### **Hypothesis 28**

**H28:** There is a correlation between the designation of managers (V1) and the elements of the corporate communication models, which are used by organisations in their communication on the Internet (V27 – V34).

### **Hypothesis 29**

**H29:** There is a correlation between the designation of managers (V1) and gaining coverage for the organisation in any way possible (V27).

### **Hypothesis 30**

**H30:** There is a correlation between the designation of managers (V1) and measuring the amount of 'hits' which are registered on the organisation's website (V28).

### **Hypothesis 31**

**H31:** There is a correlation between the designation of managers (V1) and disseminating information about your organisation and products/services to your stakeholders (V29).

### **Hypothesis 32**

**H32:** There is a correlation between the designation of managers (V1) and ensuring the readability of the website (This can include the website's ease of use and navigational capability) (V30).

### **Hypothesis 33**

**H33:** There is a correlation between the designation of managers (V1) and changing the organisation's stakeholders' opinions about the organisation (V31).

### **Hypothesis 34**

**H34:** There is a correlation between the designation of managers (V1) and conducting research in order to design a website which could be used to persuade stakeholders (V32).

### **Hypothesis 35**

**H35:** There is a correlation between the designation of managers (V1) and creating dialogue (two-way interactive communication) between the organisation and its stakeholders (V33).

### **Hypothesis 36**

**H36:** There is a correlation between the designation of managers (V1) and soliciting feedback from stakeholders in order to change the behaviour of the organisation (V34).

### **Select a test procedure**

Various methods can be used to test hypotheses. The Chi-Square test is used in this study to test the hypotheses because this study is a one-sample situation and the data is nominal. Cooper and Emory (1995:447-449) describe the Chi-Square test as the most widely used nonparametric test of significance. This technique tests for the observed distribution of data among categories and the expected distribution based upon the null hypothesis.



Variance analysis was used to test Hypothesis 26 and 27 and a MANOVA test was used to test Hypothesis 28 – 36.

The MANOVA test was conducted on the designation of the respondents (V1) and the elements of the corporate communication models used by organisations in their communication on the Internet (in Section C). **MANOVA** (multivariate analysis of variance) is a commonly used multivariate technique (Cooper & Schindler, 1998:567-568). MANOVA assesses the relationship between two or more dependent variables and classificatory variables or factors. MANOVA employs sum-of-squares and cross-products (SSCP) matrices to test for differences among groups, in this study. The variance between groups is determined by partitioning the total SSCP matrix and testing for significance. The F-ratio, generalised to a ratio of the within-group variance and total-group variance matrices, tests for equality among treatment groups. MANOVA examines similarities and differences among the multivariate mean scores of several populations. The stated significance level for the *F* distribution is  $\alpha = 0.05$ . The following hypothesis was therefore stated:

### **Specify the significance level**

It is critical to determine whether or not differences are statistically significant or insignificant. A difference has statistical significance if there is good reason to believe the difference does not represent random sampling fluctuations (Cooper & Schindler, 2000:467). The purpose of hypothesis testing is not to question the computed value of the sample statistic but to make a judgement about the difference between the sample statistic and a hypothesised population parameter (Levin & Rubin, 1991:350). The higher the significance level that is used for testing a hypothesis, the higher the probability of rejecting the null hypotheses when it is true. There are no standard levels for testing significance ( $\alpha$ ), but typical values include 0.10, 0.05, and 0.01. The significance level for this study was 0.10 and 0.05. The significance level set

for Hypotheses 7, 9 and 10 was 0.10. The significance level set for Hypotheses 2, 13, 26 and 27 was 0.05.

### **Determine the p-Value**

The p-value (Dillon *et al*, 1993:401; Keller & Warrack, 1997:346) is defined as the probability that the sample value would be at least as large (small) as the value actually observed, if H<sub>0</sub> is true (Dillon *et al*, 1993:401; Keller & Warrack, 1997:346). It measures the amount of statistical evidence that supports the alternative hypothesis. For the purpose of this study the hypotheses can be accepted when the p-value is smaller than the level of significance chosen, namely 0.05 or 0.10.

## **7.10. CONCLUSION**

The theoretical framework discussed in earlier chapters was used in Chapter 7 to design a questionnaire that evaluated the use of the Internet (specifically websites) within South African public companies.

This chapter also explained the research methodology and procedures followed to realise Primary Objective 2 – to investigate whether the Internet is used by organisations to realise corporate communication or marketing goals – and Primary Objective 3 – to determine the organisational purpose for corporate communication by investigating (elements of) the corporate communication models, which are used by organisations in their communication on the Internet.

The Cronbach's Alpha measure is used to test the internal consistency of the questionnaire. The research attempted – by using factor analysis – to also identify the underlying construct(s) being measured and aimed to determine how well the test represented them (validity).

Inferential as well as descriptive statistics were used to analyse the data. Specific techniques used included frequency tables, mean, standard deviance (descriptive statistics), as well as Cronbach Alpha, factor analysis and hypothesis testing (inferential statistics). A Likert scale was used in the construction of the questionnaire. In this study active data collection was employed, which involves the querying of respondents by non-personal, computerised means

One of the most challenging phases of this study was the design of the questionnaire in terms of the technical specifications, to ensure that the communication and research objectives were balanced with the technical design issues of electronic questionnaires.

The research design, sampling method used, medium used, how the data was collected etc. will be discussed in detail in Chapter 8.

## **CHAPTER 8:**

# **THE FINDINGS OF THE EMPIRICAL STUDY**

### **8.1. INTRODUCTION**

The methodological background of the research study was provided in the previous chapter. This chapter presents the research findings and provides an interpretation of the results. It is a culmination of the literature study provided in previous chapters. The research findings are discussed in the context of each of the sections of the questionnaire.

### **8.2. RESPONSE RATE**

As already stated in Chapter 7, the sampling frame consisted of all organisations listed on the JSE (primary sampling unit), as well as all companies listed on ananzi.co.za (tertiary sampling unit). The secondary sampling frame equalled 432 organisations, but was increased with 200 organisations in order to increase the number of realised questionnaires. The final sampling unit therefore equalled 632 organisations.

125 realised questionnaires resulted in a response rate of 19.7%. As suggested by Bless & Higson-Smith (1995:112), one of the biggest disadvantages of self-administered and electronic questionnaires is the low response rate. This research study confirmed that the response rate of electronic questionnaires is fair to poor. If the questionnaire was not answered immediately or within the first day after it had been received chances were slim that it would be completed at all.

### **8.3. GENERAL FINDINGS**

One of the findings of the research study was the percentage of listed organisations that have websites. At the time of the study, only 68% of the

839 listed organisations in South Africa had websites. There is a day-to-day increase of organisations acquiring websites, which indicates that organisations are taking the Internet seriously. The number of organisations with websites does not necessarily reflect these organisations' return on investment or the strategic contribution of their websites. It merely indicates growth in the number of listed organisations with websites.

#### **8.4. FINDINGS: SECTION A (BIOGRAPHICAL INFORMATION)**

The purpose of Section A was to acquire the personal information of the respondents. The only significant information to be gathered was the designation of the respondent (V1). The rest of the information (name, organisation and e-mail address) was acquired for administrative purposes. Although it would have been relevant to determine in which sector or industry a respondent was situated compared to the results of questions asked, the size of the sample and the amount of possible origins would probably not have produced statistically significant results.

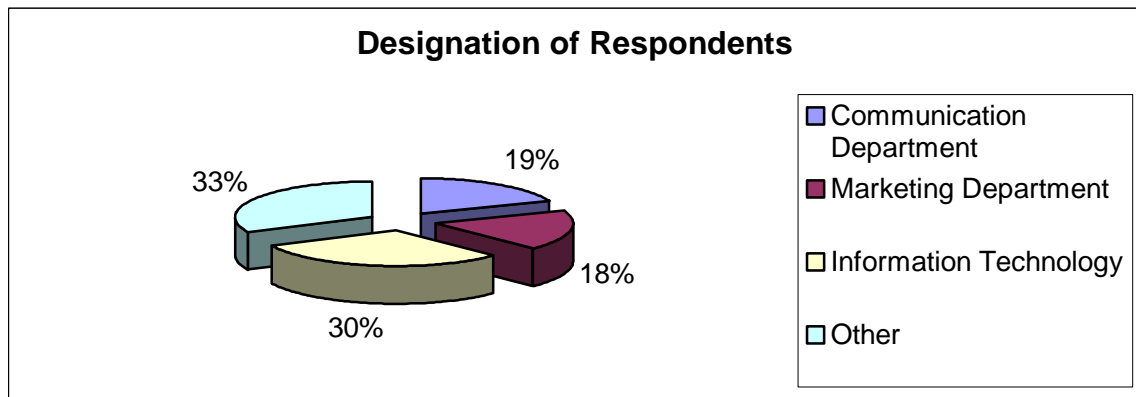
Respondents originated in the following industries:

- Banks
- Beverages
- Building and Engineering
- Cash Companies
- Chemicals, Oils and Plaster
- Clothing and Textiles
- Coal
- Curtailed Operations
- Development Capital
- Development Stage
- Diamonds
- Diversified industrial
- Education and Staffing
- Electronics and Electrical
- Financial Services
- Food
- Furniture and Appliances

- Gold
- Healthcare
- Hotels and Leisure
- Information Technology
- Investment Trusts
- Life Assurance
- Media
- Metals and Minerals
- Mining Exploration
- Mining Holdings and Houses
- Packaging and Printing
- Paper
- Platinum
- Private Equity Funds
- Property
- Property Loan Stock
- Property Unit Trusts
- Redevelopment
- Retail
- Service
- Short Term Insurance
- Steel
- Telecommunications
- Transport
- Venture capital

Graph 8.1 shows the designations of the respondents. In the total sample of V1 (Designation of respondents), where N=125, 19% of employees responsible for the management of the organisation's website were in the communication department, 18% in the marketing department, 30% in information technology and 33% in departments other than those stated. According to the theory, the largest percentage of the respondents should have been situated in information technology, because that is the functional area where the medium originated. This was, however, not the case in this research study.

**Graph 8.1 Designation of respondents**



One of the reasons for determining where the responsibility lies for the management of websites is that the responsible department will mostly determine the direction and scope of the organisation's strategy on the Internet. This difference in focus was discussed in Chapters 5 and 6. As discussed in earlier chapters, if the corporate communication department does not have control over, or is not involved in the management of the Internet, then it will not be possible to include the organisation's website into the overall corporate communication strategy. If the responsibility for the management of an organisation's website lies with another department (such as marketing and information technology) as this research study suggests, then the corporate communication department's influence in these departments will determine how and if communication goals are incorporated. The impact on the achievement of the corporate communication goals will therefore also impact on the achievement of the organisation's goals.

The primary focus of the literature study was on the utilisation of the Internet as part of the corporate communication strategy. This empirical study, however indicates that the Internet is managed only in a South African context, to a very small extent by the corporate communication department. The research also attempted to discover whether or not organisations use the Internet to realise corporate communication and/or marketing goals. This was indeed found to be true. The question that remains to be asked is how organisations can utilise the Internet for this purpose if the departments responsible for these goals are not responsible for managing the medium.

One of the limitations of the research study was that an explanation of the category 'other' was not requested. This is especially important given that this category resulted in the highest number of respondents. This result was unexpected. Research conducted by Wright (1998:17) showed that the responsible designation for the Internet - in an American context – is as follows:

Public relations / Corporate communication	80%
Marketing	41%
Technology	37%
Human Resources	17%
Some combination of departments	30%
Other	11%

As can be seen from Graph 8.1, designations of the respondents in this research study – in a South African context – vary significantly from the American perspective. In an American context the most important role of the Internet is to realise corporate communication goals, and therefore the management of the medium (Internet) is be situated in the functional department responsible for corporate communication strategy. Another question that merits further research is whether the potential of the Internet can be realised in a South African context if – contrary to research – the corporate communication (or marketing department) is not involved in the process.

It was suggested in Chapter 6 that the distribution that Wright found would not be repeated in a South African context, but that responsibility will either lie with information technology (as highest ranking), followed by marketing and lastly with corporate communication. The reason for this suggestion was that the development of the Internet in South Africa, as a medium to realise marketing or corporate communication goals, has not yet progressed as far as in the United States. This suggestion was proven to be correct but there were two important differences. Firstly corporate communication was ranked slightly



higher than marketing, and secondly the anomaly of the category 'other' that achieved the highest rating. The researcher, on the basis of Wright's study, did not expect this finding.

Several reasons for this anomaly can be suggested. It is possible that the role of the Internet in corporate (communication and marketing) strategy has not been fully explored and that the Internet is therefore used to realise tactical objectives. It is therefore not necessary to place it in a specific department. Another reason might be that corporate communication or marketing managers have not been trained in the management of the medium, and it is therefore entrusted to more experienced divisions. It is also possible that organisations are unsure of where the responsibility for the medium should lie and therefore place it anywhere. Whatever the reason might be, it should be explored by means of further research.

## **8.5. STATISTICAL ANALYSIS OF SECTION B: USING THE INTERNET TO REALISE CORPORATE COMMUNICATION OR MARKETING GOALS**

### **Primary Objective 2**

To investigate whether the Internet is used by organisations to realise corporate communication or marketing goals.

### Secondary Objective 2(a)

To investigate whether the Internet is used by organisations to realise corporate communication goals.

### Secondary Objective 2(b)

To investigate whether the Internet is used by organisations to realise marketing goals.

The purpose of Section B was to determine how an organisation's presence on the Internet is used. Section B consisted of items V2 to V26. A summary of results is given in Table 8.1. N always equals 125.

**Table 8.1 Summary of results of Section B: using the Internet to realise corporate communication or marketing goals**

*Which of the following statements, on a scale of 1 to 5, with 5 being **very accurate** and 1 being **not accurate at all**, most accurately describes the way in which your organisation's Internet presence (including your website) is used?*

*Please use the mouse to click on the appropriate answer.*

		<b>1 Not accurate at all</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5 Very accurate</b>
<b>V2</b>	Providing important information about the organisation to stakeholders (contact information, organisational vision, mission, strategic objective, etc.).	5 4.0%	5 4.0%	18 14.4%	35 28.0%	62 49.6%
<b>V3</b>	Making products or services available electronically (electronic commerce).	23 18.4%	20 16.0%	24 19.2%	27 21.6%	31 24.8%
<b>V4</b>	Gaining feedback on important issues from stakeholders.	12 9.6%	28 22.4%	40 32.0%	28 22.4%	17 13.6%
<b>V5</b>	Providing an opportunity for interaction between management and employees.	18 14.4%	30 24.0%	36 28.8%	23 18.4%	18 14.4%
<b>V6</b>	Improving customer service.	6 4.8%	8 6.5%	39 31.2%	36 28.8%	36 28.8%
<b>V7</b>	Doing research about competitors on the Internet.	17 13.6%	24 19.2%	28 22.4%	35 28.0%	21 16.8%
<b>V8</b>	Providing an opportunity for interaction between the organisation and its external stakeholders (e.g. media, investors, community, stockholders etc.).	15 12.0%	12 9.6%	25 20.0%	42 33.6%	31 24.8%
<b>V9</b>	Generating new business for the organisation.	6 4.8%	11 8.8%	24 19.2%	46 36.8%	38 30.4%
<b>V10</b>	Using customer feedback to improve service.	9 7.2%	26 20.8%	29 23.2%	37 29.6%	24 19.2%
<b>V11</b>	Managing a crisis in your organisation.	51 40.8%	31 24.8%	27 21.6%	13 10.4%	3 2.4%
<b>V12</b>	Increasing sales.	10 8.0%	17 13.6%	25 20.0%	42 33.6%	31 24.8%
<b>V13</b>	Gaining information about potential new markets on the Internet.	15 12.0%	21 16.8%	40 32.0%	31 24.8%	18 14.4%
<b>V14</b>	Managing investor relations (e.g. to make financial information available to important financial stakeholders).	25 20.0%	16 12.8%	34 27.2%	20 16.0%	30 24.0%
<b>V15</b>	Launching new products or services.	9 7.2%	18 14.4%	28 22.4%	37 29.6%	33 26.4%
<b>V16</b>	Developing a database about current and prospective customers.	27 21.6%	16 12.8%	33 26.4%	26 20.8%	23 18.4%

V17	Stimulating public awareness.	3 2.4%	8 6.4%	28 22.4%	46 36.8%	40 32.0%
V18	Improving corporate image in the market place.	4 3.2%	8 6.4%	22 17.6%	49 39.2%	42 33.6%
V19	Using on-line research to change the design of the organisation's website.	16 12.8%	29 23.2%	31 24.8	29 23.2%	20 16.0%
V20	Establishing a presence for the organisation on the Internet.	2 1.6%	5 4.0%	21 16.8%	36 28.8%	61 48.8%
V21	Gaining information to determine communication barriers.	17 13.6%	25 20.0%	46 36.8%	24 19.2%	13 10.4%
V22	Advertising the organisation's products or services.	7 5.6%	9 7.2%	20 16.0%	37 29.6%	52 41.6%
V23	Making marketing information - about the organisation's products or services - available (price, distribution, availability etc.).	5 4.0%	14 11.2%	28 22.4%	40 32.0%	38 30.4%
V24	Doing environmental scanning (e.g. gaining information about current affairs which could influence your organisation).	18 14.4%	26 20.8%	32 25.6%	32 25.6%	17 13.6%
V25	Creating electronic catalogues.	33 26.4%	33 26.4%	26 20.8%	18 14.4%	15 12.0%
V26	Tracking products through the production cycle.	73 58.4%	20 16.0%	17 13.6%	4 3.2%	11 8.8%

By combining the results between the two top scores and the two low scores, the distribution of scores are depicted in Table 8.2. The marked results show a significant difference between the lowest and the highest score and will be discussed next in conjunction with the frequency procedure. Significant difference implies a difference of more than 20% between the highest and lowest score.

**Table 8.2 Combining the two top and two low scores in Section B**

		1-2	3	4-5
V2	Providing important information about the organisation to stakeholders (contact information, organisational vision, mission, strategic objective, etc.).	10 8.0 %	18 14.4%	97 77.6%
V3	Making products or services available electronically (electronic commerce).	43 34.4%	24 19.2%	58 46.4%
V4	Gaining feedback on important issues from stakeholders.	40 32.0%	40 32.0%	45 36.0%
V5	Providing an opportunity for interaction between management and employees.	48 38.4%	36 28.8%	41 32.8%
V6	Improving customer service.	14 11.2%	39 31.2%	72 57.6%
V7	Doing research about competitors on the Internet.	41 32.8%	28 22.4%	56 44.8%
V8	Providing an opportunity for interaction between the organisation and its external stakeholders (e.g. media, investors, community, stockholders etc.).	27 21.6%	25 20.0%	73 58.4%

V9	Generating new business for the organisation.	17 13.6%	24 19.2%	84 67.2%
V10	Using customer feedback to improve service.	35 28.0%	29 23.2%	61 48.8%
V11	Managing a crisis in your organisation.	82 65.6%	27 21.6%	16 12.8%
V12	Increasing sales.	27 21.6%	25 20.0%	73 58.4%
V13	Gaining information about potential new markets on the Internet.	36 28.8%	40 32.0%	49 39.2%
V14	Managing investor relations (e.g. to make financial information available to important financial stakeholders).	41 32.8%	34 27.2%	50 40.0%
V15	Launching new products or services.	27 21.6%	28 22.4%	70 56.0%
V16	Developing a database about current and prospective customers.	43 34.4%	33 26.4%	49 39.2%
V17	Stimulating public awareness.	11 8.8%	28 22.4%	86 68.8%
V18	Improving corporate image in the market place.	12 9.6%	22 17.6%	91 72.8%
V19	Using on-line research to change the design of the organisation's website.	45 36.0%	31 24.8	49 39.2%
V20	Establishing a presence for the organisation on the Internet.	7 5.6%	21 16.8%	97 77.6%
V21	Gaining information to determine communication barriers.	42 33.6%	46 36.8%	37 29.6%
V22	Advertising the organisation's products or services.	16 12.8%	20 16.0%	89 71.2%
V23	Making marketing information - about the organisation's products or services - available (price, distribution, availability etc.).	19 15.2%	28 22.4%	78 62.4%
V24	Doing environmental scanning (e.g. gaining information about current affairs which could influence your organisation).	44 35.2%	32 25.6%	49 39.2%
V25	Creating electronic catalogues.	66 52.8%	26 20.8%	33 26.4%
V26	Tracking products through the production cycle.	93 74.4%	17 13.6%	15 12.0%

### 8.5.1. Descriptive statistics

The frequency procedure was used to determine the relationship between the designation of respondents and the realised goals. Goals were grouped into three categories (1-2, 3, 4-5) to increase the ease of use of the tables. The results from the indicated items in Table 8.2 will be discussed in this section. Five hypotheses that indicated significant differences resulted from these

results. They will be discussed later in this chapter as part of the heading inferential statistics.

**Providing important information about the organisation to stakeholders (contact information, organisational vision, mission, strategic objective, etc.) [V2].**

**Table 8.3 V1 (Designation) by V2**

V1 Frequency Per cent Row pct Col pct	V2			Total
	1-2	3	4-5	
1 Corporate communication	2 1.60 8.33 20.00	0 0.00 0.00 0.00	22 17.60 91.67 22.68	24 19.20
2 Marketing	2 1.60 8.70 20.00	3 2.40 13.04 16.67	18 14.40 78.40 18.56	23 18.40
3 Information technology	1 0.80 2.63 10.00	8 6.40 21.05 44.44	29 23.20 76.32 29.90	38 30.40
4 Other	5 4.00 12.50 50.00	7 5.60 17.50 38.89	28 22.40 70.00 28.87	40 32.00
Total	10 8.00	18 14.40	97 77.60	125 100.00

In Table 8.3, 77.6% of respondents agreed that V2 was a very important goal to realise. 91.67% of the managers in a communication department indicated that it is one of the most important goals, which correlates not only with V29 (Disseminating information about your organisation and products/services to your stakeholders), but also with the theory as stated in Chapters 3 and 5.

Communication practitioners should, however, realise that the purpose of their communication with on-line stakeholders is not only to disseminate information, albeit strategic information, but to create and foster a two-way

symmetrical or dialogical relationship. Corporate communication technicians will simply provide the stakeholders with the required information. In performing (part of) the window function (the redefined role of manager), corporate communication managers in contrast to technicians must interpret the philosophies, policies, programmes and practices of the executive management to the various stakeholders. By doing this, corporate communication establishes an active outward orientation (outputs) for the organisation (Steyn & Puth, 2000:19). In this redefined role of the manager, the Internet can be used to build organisational-public relationships.

**Improving customer service [V6].**

**Table 8.4 V1 (Designation) by V6**

V1	V2			Total
Frequency	1-2	3	4-5	
Per cent				
Row pct				
Col pct				
1	2	9	13	24
Corporate communication	1.60 8.33 14.29	7.20 37.50 23.08	10.40 54.17 18.06	19.20
2	1	5	17	23
Marketing	0.80 4.35 7.14	4.00 21.74 12.82	13.60 73.91 23.61	18.40
3	6	14	18	38
Information technology	4.80 15.79 42.86	11.20 36.84 35.90	14.40 47.37 25.00	30.40
4	5	11	24	40
Other	4.00 12.50 35.71	8.80 27.50 28.21	19.20 60.00 33.33	32.00
Total	14 11.20	39 31.20	72 57.60	125 100.00

Customer service is rated as another of the important marketing goals to be realised by websites. This is confirmed by 57.6% of the respondents. Making business information available is one of the most important ways for the organisation to serve its customers, which therefore correlates with the high

ratings of V2 (Providing important information about the organisation to stakeholders); V23 (Making marketing information – about the organisation's products or services - available (price, distribution, availability etc.); and V29 (Disseminating information about your organisation and products/services to your stakeholders).

As discussed in Chapter 6, there are various ways for organisations to use the Internet in realising this goal. The only sustainable advantage the organisation can create in the marketplace is a superior relationship with stakeholders, based on the ability to deliver a better customer service. Whether this goal is being met or whether or not strategies have been put into place to realise this goal is a matter for further research.

The low rating given by information technology managers is also a matter for further research. It is important to determine if this is because improving customer service is not part of the usual framework of these managers or if technical considerations rate higher than the service provided. It could also be the result of other managers in the organisation being responsible for customer service, such as the marketing managers.

**Providing an opportunity for interaction between the organisation and its external stakeholders (e.g. media, investors, community, stockholders etc.) [V8].**

**Table 8.5 V1 (Designation) by V8**

V1	V8			
Frequency	1-2	3	4-5	Total
Per cent				
Row pct				
Col pct				
1	1	9	14	24
Corporate communication	0.80 4.17 3.70	7.20 37.50 36.00	11.20 58.33 19.18	19.20
2	5	5	13	23
Marketing	4.00 21.74 18.52	4.00 21.74 20.00	10.40 56.52 17.81	18.40
3	12	3	23	38
Information technology	9.60 31.58 44.44	2.40 7.89 12.00	18.40 60.53 31.51	30.40
4	9	8	23	40
Other	7.20 22.50 33.33	6.40 20.00 32.00	18.40 57.50 31.51	32.00
Total	27 21.60	25 20.00	73 58.40	125 100.00

The importance of the realisation of this goal rated 58.4% with all managers. It is unexpected that information technology managers rate highest on this goal, with a score of 60.53%, since this item is seen as one of the most crucial corporate communication goals. It suggests that these managers are performing a role that is usually associated with a communication practitioner. It is also interesting to note that as far as all the communication items, in the communication factor, are concerned this item and V24 (Doing environmental scanning) are the only two goals where communication managers do not score the highest. Both of these factors are considered to be important corporate communication activities. The management of the relationship with stakeholders is not exclusive to corporate communication, but it does somehow fit perfectly within this functional area (Steyn & Puth, 2000:191).



The Internet is a very important tool in establishing and maintaining the relationship between an organisation and its stakeholders. It can enhance two-way communication between organisations and their stakeholders, by equalising the relationship between them (Ihator, 2001a:202). The theory suggests that corporate communication practitioners should view this goal as extremely important.

Corporate communication practitioners must also act as boundary spanners by improving two-way communication through applications such as the Internet (Chapter 5). If they do not regard this goal as important, as the research would suggest, then this corporate communication role will not be fulfilled. Corporate communication **managers** and **strategists** can use electronic communication technologies to conduct environmental scanning (Chapter 5). Two possible reasons can be suggested for the low rating. Firstly, corporate communication managers and strategists are not using the Internet to conduct environmental scanning, thereby not utilising a valuable resource. Secondly, there are no corporate communication managers or strategists in these organisations and these roles are either performed by other functional areas or not at all. This is, however, mere conjecture and must be investigated further through research.

The disparity between the importance of the interaction between the organisation and internal (V5) and external stakeholders must also be noted. Only 32.8% of all managers considered internal communication to an important goal. Communication managers indicated a 45.83% importance. It could indicate that (a) communication managers consider their focus to be on internal stakeholders and not external stakeholders and (b) that organisations consider relationships with external stakeholders of greater importance than those of internal stakeholders. The fact that the whole relationship with stakeholders (whether it be internal or external) is considered as a goal is a positive indication that a shift is occurring to two-way symmetrical models of communication. It is also significant that this is one of the highest rated goals. The theory suggests that this goal will be influenced by the manager utilising

the Internet to realise it. A hypothesis (Hypothesis 7) was therefore stated to test the application of the theory.

**Generating new business for the organisation [V9].**

**Table 8.6 V1 (Designation) by V9**

V1	V9			
Frequency	1-2	3	4-5	Total
Per cent				
Row pct				
Col pct				
1	3	4	16	24
Corporate communication	3.20 16.67 23.53	3.20 16.67 16.67	12.80 66.67 19.05	19.20
2	1	3	19	23
Marketing	0.80 4.35 5.88	2.40 13.04 12.50	15.20 82.61 22.62	18.40
3	5	9	24	38
Information technology	4.00 13.16 29.41	7.20 23.68 37.50	19.20 63.16 28.57	30.40
4	7	8	25	40
Other	5.60 17.50 41.18	6.40 20.00 33.33	20.00 62.50 29.76	32.00
Total	17 13.60	24 19.20	84 67.20	125 100.00

With 67.20% of the respondents rating this item as being very important, the organisation's website can be a large contributor to the organisation's bottom line by gaining new business for the organisation. It was suggested by the literature study that marketing managers would rate this item the highest with 82.61%, because it forms a part of the sales function of the marketing mix.

**Using customer feedback to improve service [V10].****Table 8.7 V1 (Designation) by V10**

V1	V2			Total
Frequency	1-2	3	4-5	
Per cent				
Row pct				
Col pct				
1	9	3	12	24
Corporate communication	7.20 37.50 25.71	2.40 12.50 10.34	9.60 50.00 19.67	19.20
2	3	4	16	23
Marketing	2.40 13.04 8.57	3.20 17.39 13.79	12.80 69.57 26.23	18.40
3	14	7	17	38
Information technology	11.20 36.74 40.00	5.60 18.42 24.14	13.60 44.74 27.87	30.40
4	9	15	16	40
Other	7.20 22.50 25.71	12.00 37.50 51.72	12.80 40.00 26.23	32.00
Total	35 28.00	29 23.20	61 48.80	125 100.00

As already stated, customer service is an important goal. 61% of the respondents indicated that using feedback to improve customer service is also an important marketing goal. Feedback plays an important part in the communication process and suggests that there exists a relationship between the 'sender' and the 'receiver' in the communication process. The nature of this relationship can be two-way asymmetrical or two-way symmetrical. Feedback is also an important part of the research process as well as in the development of (marketing or corporate communication) strategy. The results in this section lead to Hypothesis 9 being stated.

**Managing a crisis in your organisation [V11].****Table 8.8 V1 (Designation) by V11**

V1	V11			Total
Frequency	1-2	3	4-5	
Per cent				
Row pct				
Col pct				
1	10	8	6	24
Corporate communication	8.00 41.67 12.20	6.40 33.33 29.63	4.80 25.00 37.50	19.20
2	13	5	5	23
Marketing	10.40 56.52 15.85	4.00 21.74 18.52	4.00 21.74 31.25	18.40
3	29	7	2	38
Information technology	23.20 76.32 35.37	5.60 18.42 25.93	1.60 5.26 12.50	30.40
4	30	7	3	40
Other	24.00 75.00 36.59	5.60 17.50 25.93	2.40 7.50 18.75	32.00
Total	82 65.60	27 21.60	16 12.80	125 100.00

The low score of 65.60% attained by this item was to be expected. Crisis management through the Internet is a new concept. Organisations will, however, in the future need to consider on-line crisis management strategies, not only because they are increasingly becoming the victims of cyber crime and cyber activism, but also because the Internet is another tool in the organisation's arsenal of crisis communication mediums. Hypothesis 10 was stated to determine if the designation of the manager impacts on the realisation of this corporate communication goal.

**Increasing sales [V12].****Table 8.9 V1 (Designation) by V12**

V1	V12			Total
Frequency	1-2	3	4-5	
Per cent				
Row pct				
Col pct				
1	8	5	11	24
Corporate communication	6.40 33.33 29.63	4.00 20.83 20.00	8.80 45.83 15.07	19.20
2	4	1	18	23
Marketing	3.20 17.39 14,81	0.80 4.35 4.00	14.40 78.26 24.66	18.40
3	9	10	19	38
Information technology	7.20 23.68 33.33	8.00 26.32 40.00	15.20 50.00 26.03	30.40
4	6	9	25	40
Other	4.80 15.00 22.22	7.20 22.50 36.00	20.00 62.50 34.25	32.00
Total	27 21.60	25 20.00	73 58.40	125 100.00

The literature study showed that increased sales and profits are one of the benefits of using the Internet with the emergence of electronic commerce (Anon., 1997c:18). Another confirmation is the fact that marketing managers indicated, with a score of 78.26%, that this is an important marketing goal to realise.

The low rating of V25 (Creating electronic catalogues) would indicate that increased sales might not be attained through electronic commerce but through other methods. The reason for this can be derived from the discussion on electronic commerce in Chapter 6, which indicates that actual sales on the Internet have not been that significant. It is therefore important to decide beforehand whether or not the organisation's product is suitable for Internet commerce and if other more traditional sales channels might not be

more appropriate. What is interesting to note is that managers in the category 'other' rated this goal very high, with a score of 62.5%, which again raises the question of where these managers are situated.

**Launching new products or services [V15].**

**Table 8.10 V1 (Designation) by V15**

V1	V15			Total
Frequency	1-2	3	4-5	
Per cent				
Row pct				
Col pct				
1	5	5	14	24
Corporate communication	4.00 20.83 18.52	4.00 20.83 17.86	11.20 58.33 20.00	19.20
2	5	8	10	23
Marketing	4.00 21.74 18.52	6.40 34.78 28.57	8.00 43.48 14.29	18.40
3	10	8	20	38
Information technology	8.00 26.32 37.04	6.40 21.05 28.57	16.00 52.63 28.57	30.40
4	7	7	26	40
Other	5.60 17.50 25.93	5.60 17.50 25.00	20.80 65.00 37.14	32.00
Total	27 21.60	28 22.40	70 56.00	125 100.00

56% of the respondents indicated that V15 is an important marketing goal to realise. This view is confirmed in Chapter 6. The Internet will enhance the organisation's product strategy by generating brand recognition, developing brand image and building brand equity (Aldridge *et al.*, 1997; Association of Marketers, 1999:9; Trembly, 1998:26). The Internet can also assist organisations in the product or service development cycle to realise its marketing objectives and to provide product information on-line (Cronin, 1996; Krasilovsky, 1998:26). Organisations can use the Internet to: discover the product and service needs of their customers; analyse competitors; solicit feedback; conduct research for new products or services; run concept-testing

surveys; launch new products; generate publicity for new products or services; and use customer feedback to impact product modifications. Hypothesis 13 was stated as a result of these findings.

**Stimulating public awareness [V17].**

**Table 8.11 V1 (Designation) by V17**

V1	V2			Total
Frequency Per cent Row pct Col pct	1-2	3	4-5	
1 Corporate communication	1 0.80 4.17 9.09	4 3.20 16.67 14.29	19 15.20 79.17 22.09	24 19.20
2 Marketing	3 2.40 13.04 27.27	5 4.00 21.74 17.86	15 12.00 65.22 17.44	23 18.40
3 Information technology	4 3.20 10.53 36.36	12 9.60 31.58 42.86	22 17.60 57.89 25.58	38 30.40
4 Other	3 2.40 7.50 27.27	7 5.60 17.50 25.00	30 24.00 75.00 34.88	40 32.00
Total	11 8.80	28 22.40	86 62.80	125.00

The Internet can be a very efficient medium for stimulating public awareness. The high score of 68.80% in this research confirms this view. Managers in communication departments (with 79.17%), as well as managers in the category 'other' (with 75.00%) rated this goal as very high. Managers, however, need to understand that there is a danger in stimulating awareness on the Internet. The Internet has the capacity to level the playing field between large and small organisations, and activist publics can use the Internet to affect other stakeholders' perceptions of the organisation (Taylor *et al.*, 2001). As discussed in Chapter 5, managers need to develop issues management strategies in order not be caught unawares. Crisis management (V11), as a

corporate communication goal, rated very low in this research. Organisations cannot be active on the Internet without preparing contingency plans for activist publics and other crises that might arise from their presence.

**Establishing a presence for the organisation on the Internet [V20].**

**Table 8.12 V1 (Designation) by V20**

V1	V20			Total
Frequency	1-2	3	4-5	
Per cent				
Row pct				
Col pct				
1	1	2	21	24
Corporate communication	0.80	1.60	16.80	19.20
	4.17	8.33	87.50	
	14.29	9.52	21.65	
2	1	3	19	23
Marketing	0.80	2.40	15.20	18.40
	4.35	13.04	82.61	
	14.29	14.29	19.59	
3	3	8	27	38
Information technology	2.40	6.40	21.60	30.40
	7.89	21.05	71.05	
	42.86	38.10	27.84	
4	2	8	30	40
Other	1.60	6.40	24.00	32.00
	5.00	20.00	75.00	
	28.57	38.10	30.93	
Total	7	21	97	125
	5.60	16.80	77.60	100.00

Most organisations use the Internet to establish a presence for their organisations, as can be seen by the 77.60% rating of the respondents. With the number of websites currently on the Internet, merely establishing a presence will not provide the organisation with a strategic advantage. Many organisations are re-evaluating their Internet presence to provide a website which is appropriate to the organisation's business. Corporate communication managers need to realise not only the importance of establishing a presence on the Internet, but more importantly they have to ask themselves how it can be integrated as a medium into the organisation's functional strategy and whether or not it can contribute to the bottom line. The focus of this research



study was to show that the Internet, without the context of corporate (communication or marketing) strategy will not be able to contribute to the realisation of organisational goals.

**Advertising the organisation's products or services [V22].**

**Table 8.13 V1 (Designation) by V22**

V1 Frequency Per cent Row pct Col pct	V22			Total
	1-2	3	4-5	
1 Corporate communication	3 2.40 12.50 18.75	6 4.80 25.00 30.00	15 12.00 62.50 16.85	24 19.20
2 Marketing	2 1.60 8.70 12.50	3 2.40 13.04 15.00	18 14.40 78.26 20.22	23 18.40
3 Information technology	7 5.60 18.42 43.75	7 5.60 18.42 35.00	24 19.20 63.16 26.97	38 30.40
4 Other	4 3.20 10.00 25.00	4 3.20 10.00 20.00	32 25.60 80.00 35.96	40 32.00
Total	16 12.80	20 16.00	89 71.20	125 100.00

89% of respondents indicated that advertising plays an important role in the realisation of marketing goals. Advertising on the Internet is more cost-effective than traditional channels (Herbig & Hale, 1997:5). Advertising used on the Internet must be content and multimedia driven, interactive, based on a model where the customer, prospect or friend comes to the organisation, and must be aimed at a more upscale consumer (Peterson *et al.*, 1997:331). Managers need to consider how Internet advertising fits into their advertising mix and how it can be utilised effectively. It is also interesting to note that the highest rating on this item is not attributed by communication managers

(62.50%) or marketing managers (78.26) but by managers in the category 'other' (80.00%).

As stated in the literature study, advertising is part of marketing communication. It must not be mistaken for strategic corporate communication.

**Making marketing information - about the organisation's products or services - available (price, distribution, availability etc.) [V23].**

**Table 8.14 V1 (Designation) by V23**

V1	V23			Total
Frequency Per cent Row pct Col pct	1-2	3	4-5	
1 Corporate communication	4 3.20 16.67 21.05	4 3.20 16.67 14.29	16 12.80 66.67 20.51	24 19.20
2 Marketing	3 2.40 13.04 15.79	4 3.20 17.39 14.29	16 12.80 69.57 20.51	23 18.40
3 Information technology	9 7.20 23.68 47.37	10 8.00 26.32 35.71	19 15.20 50.00 24.36	38 30.40
4 Other	3 2.40 7.50 15.79	10 8.00 25.00 35.71	27 21.60 67.50 34.62	40 32.00
Total	19 15.20	28 22.40	78 62.40	125 100.00

This item was again rated very highly with 62.40%. As was expected, marketing managers rated it the highest with 69.57%. This item also correlates with the public information communication model. The only purpose of managers utilising this model is to provide information and not necessarily establish a relationship. The Internet allows organisations to establish interactive relationships with stakeholders through dialogic communication.

Relationship building is also a key performance area for the communication manager.

**Creating electronic catalogues [V25].**

**Table 8.15 V1 (Designation) by V25**

V1	V25			Total
	1-2	3	4-5	
<b>Frequency</b>				
<b>Per cent</b>				
<b>Row pct</b>				
<b>Col pct</b>				
1	12	8	4	24
Corporate communication	9.60	6.40	3.20	19.20
	50.00	33.33	16.67	
	18.18	30.77	12.12	
2	9	4	10	23
Marketing	7.20	3.20	8.00	18.40
	39.13	17.39	43.48	
	13.64	15.38	30.30	
3	26	4	8	38
Information technology	20.80	3.20	6.40	30.40
	68.42	10.53	21.05	
	39.39	15.38	24.24	
4	19	10	11	40
Other	15.20	8.00	8.80	32.00
	47.50	25.00	27.50	
	28.79	38.46	33.33	
Total	66	26	33	125
	52.80	20.80	26.40	100.00

The creation of electronic brochures is limited to very specific organisations and industries. Only 26.40% of the respondents indicated that it plays an important role in their Internet processes. When compared to the increasing sales goal (V12), it confirms the suggestion that although electronic commerce is thought to be important it is not necessarily viable.

## Tracking products through the production cycle [V26].

Table 8.16 V1 (Designation) by V26

V1	V26			Total
	1-2	3	4-5	
Frequency				
Per cent				
Row pct				
Col pct				
1	17	4	3	24
Corporate communication	13.60	3.20	2.40	19.20
	70.83	16.67	12.50	
	18.28	23.53	20.00	
2	12	5	6	23
Marketing	9.60	4.00	4.80	18.40
	52.17	21.74	26.09	
	12.90	29.41	40.00	
3	32	2	4	38
Information technology	25.60	1.60	3.20	30.40
	84.21	5.26	10.53	
	34.41	11.76	26.67	
4	32	6	2	40
Other	25.60	4.80	1.60	32.00
	80.00	15.00	5.00	
	34.41	35.29	13.33	
Total	93	17	15	125
	74.40	13.60	12.00	100.00

This goal is also limited to an even smaller number of organisations and industries than the previous goal as is seen by a 74.40% low rating. It will always be a limited objective, but can provide organisations that do not necessarily conduct business on the Internet with a competitive advantage.

## 8.5.2. Inferential statistics

The Cronbach Alpha, factor analysis, item analysis and hypothesis testing was used to analyse the data in Section B.

### 8.5.2.1. Cronbach Alpha

The Cronbach Alpha was determined for all the items before a factor analysis was conducted. The results are portrayed in Table 8.17.

**Table 8.17 Cronbach Alpha of items**

	<b>SMC</b>	<b>ALPHA</b>
V2	0.49638	0.9295
V3	0.56502	0.9266
V4	0.89420	0.9244
V5	0.88490	0.9251
V6	0.67850	0.9250
V7	0.62660	0.9277
V8	0.59527	0.9266
V9	0.70393	0.9256
V10	0.63033	0.9255
V11	0.37763	0.9294
V12	0.75357	0.9258
V13	0.63407	0.9270
V14	0.50097	0.9202
V15	0.63422	0.9261
V16	0.56300	0.9273
V17	0.67201	0.9265
V18	0.68074	0.9261
V19	0.58094	0.9261
V20	0.42731	0.9279
V21	0.59729	0.9267
V22	0.73156	0.9259
V23	0.56732	0.9274
V24	0.53360	0.9288
V25	0.53261	0.9267
V26	0.43679	0.9282

Squared Multiple Correlations (SMC) of each variable with all other variables, and Cronbach's Alpha, with that variable removed.

Alpha for all the variables was 0.9296, resulting in a high reliability for the items.

#### 8.5.2.2. *Factor analysis*

An initial **factor analysis** was conducted on the two proposed factors (corporate communication and marketing goals). The factor analysis on the two proposed factors resulted in the rotated factor loadings shown in Table 8.18.

**Table 8.18 Rotated factor loadings – version 1 (two factors)**

	<b>Factor 1</b> <b>Marketing goals</b>	<b>Factor 2</b> <b>Corporate Communication goals</b>
V2	0.15777	0.45663
V3	0.72157	0.15347
V4	0.40220	0.70053
V5	0.34639	0.70078
V6	0.684	0.137
V7	0.10763	0.70097
V8	0.23287	0.66394
V9	0.75321	0.21981
V10	0.55094	0.44282
V11	0.05842	0.59180
V12	0.80585	0.13190
V13	0.24230	0.62235
V14	-0.00992	0.57171
V15	0.78768	0.12492
V16	0.43301	0.39256
V17	0.64568	0.23435
V18	0.65939	0.24171
V19	0.36259	0.58889
V20	0.39493	0.36383
V21	0.24673	0.65702
V22	0.84185	0.07629
V23	0.70206	0.08612
V24	0.05918	0.65638
V25	0.53814	0.33965
V26	0.30725	0.44510
<b>VP</b>	<b>6.5777762</b>	<b>5.5197016</b>

The VP is the variance explained by the factor. It is computed as the sum of squares for the elements of the factor's column in the factor-loading matrix.

The eigenvalues were as follows:

	<b>Eigenvalue</b>	<b>Difference</b>	<b>Proportion</b>	<b>Cumulative</b>
1	9.52374184	6.95000591	0.3809	0.3809
2	2.57373594	0.79583950	0.1029	0.4839

According to the decision rules, items lower than 0.5 and items loading more than 0.35 on the opposite factor were discarded. Items discarded were V2 (Providing important information about the organisation to stakeholders {contact information, organisational vision, mission, strategic objective, etc.}); V4 (Gaining feedback on important issues from stakeholders); V10 (Using customer feedback to improve service); V16 (Developing a database about current and prospective customers); V19 (Using on-line research to change the design of the organisation's website); V20 (Establishing a presence for the organisation on the Internet); and V26 (Tracking products through the production cycle). After these items were discarded, another factor analysis was run, resulting in Table 8.19. The Factor Loading Matrix has been arranged so that the columns appear in decreasing order of variance explained by the factors.



**8.19 Sorted rotated factor loadings – version 2 (two factors)**

	<b>Factor 1 Marketing goals</b>	<b>Factor 2 Corporate communication goals</b>
V22	0.85513	0.08120
V12	0.80111	0.15112
V15	0.78446	0.08757
V9	0.76122	0.22649
V3	0.72710	0.16113
V6	0.71667	0.32427
V23	0.71117	0.11515
V18	0.68274	0.19786
V17	0.65654	0.14197
V25	0.55522	0.31633
V7	0.13073	0.74923
V24	0.07988	0.72753
V13	0.26266	0.68427
V21	0.24981	0.67858
V8	0.27024	0.63995
V11	0.07135	0.61226
V5	0.36460	0.61198
V14	0.02059	0.55955

The VP is the variance explained by the factor. It is computed as the sum of squares for the elements of the factor's column in the factor-loading matrix.

The eigenvalues were as follows:

	<b>Eigenvalue</b>	<b>Difference</b>	<b>Proportion</b>	<b>Cumulative</b>
1	7.18519491	4.79916595	0.3992	0.3992
2	2.38602896	1.04651398	0.1326	0.5317

A factor analysis with three factors was also conducted (Table 8.20). From these results it would appear that there might be three factors, with Factor 1 being marketing goals, Factor 2 being research goals, and Factor 3 being corporate communication goals. This factor analysis was discarded for two reasons. Firstly, some items in Factor 2 loaded highly on Factor 3 as well. Secondly, Factor 2 seems to consist of items that present research goals.

Research, however, forms part of both corporate communication management and marketing management, and is therefore theoretically not seen as a separate concept. The items that loaded highly are also indicated in Table 8.20.

**Table 8.20 Sorted rotated factor loadings (three factors)**

	<b>Factor 1 Marketing goals</b>	<b>Factor 2 Research goals</b>	<b>Factor 3 Corporate communication goals</b>
V12	0.82953	0.27435	-0.07732
V22	0.82953	0.07542	0.13402
V15	0.76008	0.06340	0.24239
V9	0.74681	0.25524	0.10831
V3	0.71395	0.16627	0.12874
V6	0.70798	<b>0.36473</b>	0.10301
V23	0.70239	0.12333	0.06419
V18	0.57612	-0.01959	<b>0.56547</b>
V25	0.52511	0.34334	0.17728
V10	0.52097	<b>0.39686</b>	0.28530
V7	0.09355	0.74818	0.13563
V21	0.23854	0.72903	0.10357
V13	0.24197	0.72089	0.04798
V24	0.04203	0.68473	0.14594
V19	0.34158	0.60443	0.19115
V11	0.03066	0.56175	0.22899
V26	0.29310	0.45639	0.15839
V2	0.05034	0.11242	0.68608
V14	-0.10442	0.27460	0.63402
V8	0.14674	<b>0.42133</b>	0.60776
V17	<b>0.56010</b>	-0.04388	0.59494
V4	0.32219	<b>0.49390</b>	0.58607
V5	0.27336	<b>0.51967</b>	0.53816
V16	<b>0.36352</b>	0.17408	0.53363
<b>VP</b>	<b>5.8839082</b>	<b>4.3825396</b>	<b>3.2389750</b>

The VP is the variance explained by the factor. It is computed as the sum of squares for the elements of the factor's column in the factor-loading matrix.

The researcher accepted Version 2 of the two-factor analysis as the final solution. The following are accepted as pure items, based on the final factor analysis:

**Table 8.21 Items (variables) representing the corporate communication and marketing factors**

<b>Factor 1: Marketing goals</b>	<b>Factor 2: Corporate communication goals</b>
V3 Making products or services available electronically (electronic commerce).	V5 Providing an opportunity for interaction between management and employees.
V6 Improving customer service.	V7 Doing research about <b>competitors</b> on the Internet.
V9 Generating new business for the organisation.	V8 Providing an opportunity for interaction between the organisation and its external stakeholders (e.g. media, investors, community, stockholders etc.).
V12 Increasing sales.	V11 Managing a crisis in your organisation.
V15 Launching new products or services.	V13 Gaining information about potential <b>new markets</b> on the Internet.
V17 <b>Stimulating public awareness.</b>	V14 Managing investor relations (e.g. to make financial information available to important financial stakeholders).
V18 Improving corporate image in the market place.	V21 Gaining information to determine communication barriers.
V22 Advertising the organisation's products or services.	V24 Doing environmental scanning (e.g. gaining information about current affairs which could influence your organisation).
V23 Making marketing information - about the organisation's products or services - available (price, distribution, availability etc.).	
V25 Creating electronic catalogues.	

Three items need mention here, because they raise theoretical questions, namely V7, V13 and V17. As can be seen V7 and V13 – which are marketing goals – load as part of the corporate communication factor. A possible explanation might be that the focus in the measurement question is on *research* and not necessarily on realising a *marketing goal*. V13 might be

explained, if the respondent viewed this item as part of the marketing mix (promotion) and not as a corporate communication goal.

### 5.5.2.3. Item analysis

An **item analysis** (Corr procedure) was conducted to determine the reliability of the items of the two factors, by determining the **Cronbach Alpha**. The item analysis was conducted on Factor 1 and Factor 2. The results of the item analysis is shown in Table 8.22 and Table 8.23.

**Table 8.22 Item Analysis: Factor 1 (marketing goals)**

Cronbach Alpha = 0.912774

Variable	N per item	Mean	Standard deviance	Correlation with total	Alpha
V22	125	3.94400	1.17298	0.798878	0.896844
V12	125	3.53600	1.22832	0.754121	0.899566
V15	125	3.53600	1.22832	0.711813	0.902111
V9	125	3.79200	1.11656	0.719764	0.901635
V3	125	3.18400	1.44459	0.674591	0.904327
V6	125	3.70400	1.10003	0.710643	0.902181
V23	125	3.73600	1.12983	0.643363	0.906170
V18	125	3.93600	1.02975	0.646517	0.905984
V17	125	3.89600	1.00662	0.597595	0.908845
V25	125	2.59200	1.33861	0.548698	0.911667

**Table 8.23 Item Analysis: Factor 2 (corporate communication goals)**

Cronbach Alpha = 0.837744

Variable	N per item	Mean	Standard deviance	Correlation with total	Alpha
V7	125	3.15200	1.29550	0.636804	0.809642
V24	125	3.03200	1.26323	0.596943	0.814857
V13	125	3.12800	1.21134	0.611351	0.812980
V21	125	2.92800	1.16519	0.609909	0.813169
V8	125	3.49600	1.29281	0.588152	0.815998
V11	125	2.08800	1.12175	0.488646	0.828666
V5	125	2.94400	1.25919	0.583210	0.816637
V14	125	3.11200	1.43244	0.425749	0.836446

As a rule of thumb, when assessing the reliability of a measure the value is called the reliability coefficient (Davis, 2000:180). This value can range from 0 to 1.0 with 1.0 perfectly reliable and 0 perfectly unreliable. Davis (2000:180) stated the following minimum standards to be used in behavioural measures: 0.7 is used for exploratory research; 0.8 is used for basic research; and 0.9 or better is used in applied settings where important decisions will be made with respect to test scores. The Cronbach Alpha of Factor 1 is 0.912774 and of Factor 2 is 0.837744, indicating high reliability of the items that represent the construct. No items threatened the reliability and all were retained.

#### *8.5.2.4. Hypothesis testing*

Twenty-six hypotheses were stated as a result of this analysis. Only the following hypotheses were realised. The first five realised hypotheses were stated to determine if there is a correlation between the designation of the respondents and the realisation of a specific goal.

## Hypothesis 2

**H2:** There is a correlation between V1 (designation of the respondent) and V3 (Making products or services available electronically – electronic commerce).

Statistic	DF	Value	Probability
Chi-square	6	15.5649	0.0163
Phi-Coefficient		0.3529	

$\alpha = 0.05$

Since the p-value is < than  $\alpha$  H0 is rejected and the alternative hypothesis is accepted, namely that there is a correlation between the designation of respondents and the achievement of this goal.

This indicates that if an organisation considers electronic commerce as a business solution, then the person responsible for the Internet will play a significant role in the decision-making process. Electronic commerce is a very specialised function that is usually, according to the theory, part of the responsibilities of the marketing managers. This is also confirmed since 56.52% of marketing managers indicated the importance of electronic commerce to them.

## Hypothesis 7

**H7:** There is a correlation between V1 (designation of the respondent) and V8 (Providing an opportunity for interaction between the organisation and its external stakeholders (e.g. media, investors, community, stockholders etc.)).

Statistic	DF	Value	Probability
Chi-square	6	11.6868	0.0693
Phi-Coefficient		0.3058	

$\alpha = 0.10$

Since the p-value is < than  $\alpha$  H0 is rejected and the alternative hypothesis is accepted, namely that there is a correlation between the designation of respondents and the achievement of this goal.

This indicates that where the interaction between the organisation and its external stakeholders are managed, the designation of the responsible manager will play a significant role. This result is pragmatically significant because of the major contributions of the Internet in the management of relationships. The corporate communication practitioner is responsible for the strategic management of the organisation's stakeholders. Relationship management is also a key performance area for practitioners in the role of corporate communication managers and strategists (Chapter 5).

The corporate communication practitioner is, as boundary spanner, building relationships with all stakeholders. Practitioners do not only focus on customers but manage all relevant organisational stakeholders. If the corporate communication practitioner, as responsible designation, is not involved in the management of the organisation's electronic relationships, these relationships will not be managed effectively.

### Hypothesis 9

**H9:** There is a correlation between V1 (designation of the respondent) and V10 (Using customer feedback to improve service).

Statistic	DF	Value	Probability
Chi-square	6	12.3256	0.0551
Phi-Coefficient		0.3140	

$\alpha = 0.10$

Since the p-value is < than  $\alpha$  H0 is rejected and the alternative hypothesis is accepted, namely that there is a correlation between the designation of respondents and the achievement of this goal.

This indicates that where the customer's feedback is used to improve service, there is a significant difference between the various designations. Using feedback to improve customer service is a research function and is also a positive indication of the use of a two-way symmetrical communication model where the organisation changes. Marketing managers are responsible for the organisation's relationship with its customers. The Internet can be utilised to improve these relationships (Chapter 6).

### Hypothesis 10

**H10:** There is a correlation between V1 (designation of the respondent) and V11 (To manage a crisis in your organisation).

Statistic	DF	Value	Probability
Chi-square	6	12.3983	0.0537
Phi-Coefficient		0.3149	

$\alpha = 0.10$

Since the p-value is < than  $\alpha$  H0 is rejected and the alternative hypothesis is accepted, namely that there is a correlation between the designation of respondents and the achievement of this goal.

This indicates that crisis management on the Internet and the designation of the responsible manager are closely linked. What is worrying is that communication managers, who are considered to be the custodians of crisis management, only rated this item of being 25% of importance.



### Hypothesis 13

**H13:** There is a correlation between V1 (designation of the respondent) and V14 (To manage investor relations (e.g. to make financial information available to important financial stakeholders)).

Statistic	DF	Value	Probability
Chi-square	6	12.3983	0.0437
Phi-Coefficient		0.3149	

$\alpha = 0.05$

Since the p-value is < than  $\alpha$  H0 is rejected and the alternative hypothesis is accepted, namely that there is a correlation between the designation of respondents and the achievement of this goal.

Accepting H13 indicates, that investor relations on the Internet and the designation of the responsible manager are correlated. Investor relations is also the responsibility of the communication manager as indicated in the literature study. Managing relationships with investors are rated as being very important by 40% of the respondents. It again correlates with other items related to managing relationships as well as the significant role that the corporate communication manager must play in this process.

It is, however, important to determine whether or not this relationship is seen as only as listing financial results on an organisation's website, or whether it is relationship management as explicated in Chapter 6.

The purpose of Hypothesis 26 and 27 was to determine if there was a significant dependence between the designation of respondents and their use of the Internet to achieve corporate communication or marketing goals.

### Hypothesis 26

**H26:** There is a significant dependence between the designation of managers (V1) and their use of the Internet to achieve corporate communication goals (V5, V7, V8, V11, V13, V14, V21, V24).

### Hypothesis 27

**H0:** There is no significant dependence between the designation of managers (V1) and their use of the Internet to achieve marketing goals (V3, V6, V9, V12, V15, V17, V18, V22, V23, V 25).

A variance analysis was conducted to test the hypotheses.

Factors	DF	Value	Probability
Factor 1: Marketing goals	3	1.49	0.2207
Factor 2: Corporate communication goals	3	1.90	0.1337

$\alpha = 0.05$

Since the p-value is not < than  $\alpha$  H0 is accepted.

There might be various reasons for the acceptance of H0. The various designations might recognise the fact that the realisation of both corporate communication and marketing goals are important, but are unable to distinguish between the different goals of the two disciplines. The latter correlates with the theory, because many managers are still unsure of the different roles performed by corporate communication and marketing managers. It is also especially true in those instances where the strategic corporate communication function is confused with the public relations function that is part of the marketing mix (promotion).

Although the managers considered the realisation of corporate communication and marketing goals as important, the fact that the largest percentage of managers (63%) is situated in neither department means that they are not responsible for the realisation of these goals. According to the theory, if the corporate communication and marketing managers are not responsible for (or involved in) the management of the medium, then it will not be possible to realise corporate communication or marketing goals.

These managers might understand the importance of realising these goals, but that does not imply that they know what these goals entail or how they should be realised.

## **8.6. STATISTICAL ANALYSIS OF SECTION C**

### **Primary Objective 3**

To determine the organisational purpose for corporate communication by investigating (elements of) the corporate communication models, which are used by organisations in their communication on the Internet.

#### **Secondary Objective 3(a)**

To investigate whether the press agency model of corporate communication is used by organisations in their communication on the Internet.

#### **Secondary Objective 3(b)**

To investigate whether the public information model of corporate communication is used by organisations in their communication on the Internet.

#### **Secondary Objective 3(c)**

To investigate whether the two-way asymmetrical model of corporate communication is used by organisations in their communication on the Internet.

Secondary Objective 3(d)

To investigate whether the two-way symmetrical model of corporate communication is used by organisations in their communication on the Internet.

The purpose of this part of the questionnaire was to determine the organisational purpose for corporate communication by investigating (elements of) the corporate communication models, which are used by organisations in their communication on the Internet. There were not enough items to conduct a factor analysis, but a MANOVA test was used to determine whether or not a correlation exists.

Section C consisted of items V27 to V34. A summary of results is given in Table 8.24. N always equals 125. Descriptive and inferential statistics were used to analyse the data in Section C.

The results mentioned in Table 8.24 are discussed in conjunction with the frequency procedure, the reason is that the designation of the respondent also indicates the importance that the various functional areas play in the preference of corporate communication models.

**Table 8.24 Summary of results of Section C: determining the organisational purpose for corporate communication by investigating (elements of) the corporate communication models, which are used by organisations in their communication on the Internet.**

*How would you rate the importance of the following activities on your organisation's current website on a scale from 0 to 10, with 10 being **extremely important** and zero being **not important at all**? Please use the mouse to click on the appropriate answer.*

		0	1	2	3	4	5	6	7	8	9	10
<b>V27</b>	Gaining coverage for the organisation in any way possible.	1 0.8%	1 0.8%	1 0.8%	2 1.6%	3 2.4%	8 6.4%	5 4.0%	27 21.6%	33 26.4%	9 7.2%	35 28.0%
<b>V28</b>	Measuring the amount of 'hits'	3 2.4%	4 3.2%	7 5.6%	4 3.2%	7 5.6%	15 12.0%	22 16.7%	18 14.4%	18 14.4%	3 2.4%	24 19.2%

	which are registered on the organisation's website.											
V29	Disseminating information about your organisation and products/ services to your stakeholders.	1 0.8%	0	1 0.8%	1 0.8%	1 0.8%	7 5.6%	5 4.0%	15 12.0%	39 31.2%	18 14.4%	37 29.6%
V30	Ensuring the readability of the website (This can include the website's ease of use and navigational capability).	1 0.8%	1 0.8%	1 0.8%	0	0	4 3.2%	5 4.0%	16 12.8%	29 23.2%	21 16.8%	47 37.6%
V31	Changing the opinions of the organisation's stakeholders about the organisation.	5 4.0%	0	4 3.2%	2 1.6%	6 4.8%	12 9.6%	16 12.8%	20 16.0%	23 18.4%	15 12.0%	22 17.6% 12.0%
V32	Conducting research in order to design a website which could be used to persuade stakeholders.	10 8.0%	6 4.8%	7 5.6%	7 5.6%	10 8.0%	22 17.6%	14 11.2%	15 12.0%	11 8.8%	6 4.8%	17 13.6%
V33	Creating dialogue (two-way interactive communication) between the organisation and its stakeholders.	3 2.4%	6 4.8%	0	6 4.8%	3 2.4%	18 14.4%	9 7.2%	22 17.6%	23 18.4%	13 10.4%	22 17.6%
V34	Soliciting feedback from stakeholders in order to change the behaviour of the organisation.	7 5.6%	4 3.2%	6 4.8%	6 4.8%	5 4.0%	24 19.2%	17 13.6%	11 8.8%	19 15.2%	10 8.0%	16 12.8%

### 8.6.1. Descriptive statistics

The frequency procedure was used to determine the preference of managers as it relates to the four corporate communication models. Items were grouped

into three categories (0-3, 4-6, 7-10) to increase the ease of use of the tables. A thorough discussion of the four communication models and how they relate to the Internet, is provided in Chapter 3.

**Gaining coverage for the organisation in any way possible [V27].**

**Table 8.25 V1 by V27**

V1	V27			Total
Frequency	0-3	4-6	7-10	
Per cent				
Row pct				
Col pct				
1	0	2	22	24
Corporate communication	0.00	1.60	17.60	19.20
	0.00	8.33	91.67	
	0.00	12.50	21.15	
2	0	2	21	23
Marketing	0.00	1.60	16.80	18.40
	0.00	8.70	91.30	
	0.00	12.50	20.19	
3	3	4	31	38
Information technology	2.40	3.20	24.80	30.40
	7.89	10.53	81.58	
	60.00	25.00	29.81	
4	2	8	30	40
Other	1.60	6.40	24.00	32.00
	5.00	20.00	75.00	
	40.00	50.00	28.85	
Total	5	16	104	125
	4.00	12.80	83.20	100.00

83.20% of the respondents indicated that gaining coverage for an organisation through its website is an important goal. This item forms part of the press agency model. This model (Chapter 3) describes corporate communication as being a publicity function, trying to gain coverage from the mass media in any possible way (Grunig & Hunt, 1984:21; Botan & Hazelton, 1989:29).

Press agency is a one-way corporate communication model (Grunig & Hunt, 1984:23): information is given, but the organisation does not seek information from publics through research or informal methods. Organisations wishing to establish a relationship with their stakeholders should not exclusively make

use of this model. It is also important to consider that the Internet, by its very nature, does not favour one-way or manipulative communication models.

As stated in Chapter 3, the Internet cannot be viewed as a mass communication medium. Organisations should therefore rather combine this function with two-way symmetrical communication models and not focus simply on the information needs of the organisation, but on the needs of the organisation's stakeholders.

**Measuring the amount of 'hits' which are registered on the organisation's website [V28].**

**Table 8.26 V1 by V28**

V1	V28			
Frequency	0-3	4-6	7-10	Total
Per cent				
Row pct				
Col pct				
1	3	7	14	24
Corporate communication	2.40 12.50 16.67	5.60 29.17 15.91	11.20 58.33 22.22	19.20
2	2	11	10	23
Marketing	1.60 8.70 11.11	8.80 47.83 25.00	8.00 43.48 15.87	18.40
3	5	15	18	38
Information technology	4.00 13.16 27.78	12.00 39.47 34.09	14.40 47.37 28.57	30.40
4	8	11	21	40
Other	6.40 20.00 44.44	8.80 27.50 25.00	16.80 52.50 33.33	32.00
Total	18 14.40	44 35.20	63 50.40	125 100.00

Respondent's (50.4%) indicated that measuring hits is an important objective in their respective organisations. Researching a website can indicate the user's excitement, fatigue, frustration and eagerness in addition to subjective opinions. It is therefore important to discover why stakeholders visit a website

and why they don't, and not merely count the amount of hits. Measuring hits, like measuring column space in newspapers, only has limited use. What is worrying is that 58.33% of the communication managers – the highest rating – indicated this item as important. Communication managers should, from their experience with other mediums, realise that measurement such as in this instance cannot constitute corporate communication research. Corporate communication managers can therefore not consider measuring hits as a viable research technique, if the Internet is to be integrated into the corporate communication strategy. (Attention was paid to research, in the context of corporate communication strategy, in Chapter 5.)

**Disseminating information about your organisation and products/services to your stakeholders [V29].**

**Table 8.27 V1 by V29**

V1	V29			Total
Frequency	0-3	4-6	7-10	
Per cent				
Row pct				
Col pct				
1	0	2	22	24
Corporate communication	0.00	1.60	17.60	19.20
	0.00	8.33	91.67	
	0.00	15.38	20.18	
2	0	1	22	23
Marketing	0.00	0.80	17.60	18.40
	0.00	4.35	95.65	
	0.00	7.69	20.18	
3	1	6	31	38
Information technology	0.80	4.80	24.80	30.40
	2.63	15.79	81.58	
	33.33	46.15	28.44	
4	2	4	34	40
Other	1.60	3.20	27.20	32.00
	5.00	10.00	85.00	
	66.67	30.77	31.19	
Total	3	13	109	125
	2.40	10.40	87.20	100.00

As already mentioned, the high rating of V29 correlates with the high rating of V2. The sole purpose of the public information model is to disseminate information and not to determine whether or not the information is of value to



its stakeholders. The model is not used to establish relationships, but creates merely a one-way information channel. The Internet can be a very effective tool for disseminating information (Kent & Taylor, 1998). The role of communication managers – in this model – is primarily seen as that of gatherer and disseminator of information through the Internet (Kent & Taylor, 1998; Kiani, 1998). The organisation is usually the sender of the information and its stakeholders are the receivers (Ihator, 2001b). Organisations can control and monopolise the Internet as a channel, and can structure their messages according to their own needs (Ihator, 2001b). Determining the needs of stakeholders is an important part of the strategic process. Corporate communication practitioners therefore cannot simply disseminate information, without it being part of the overall corporate communication strategy.

**Ensuring the readability of the website (This can include the website's ease of use and navigational capability) [V30].**

**Table 8.28 V1 by V30**

V1	V30			Total
Frequency	0-3	4-6	7-10	
Per cent				
Row pct				
Col pct				
1	1	1	22	24
Corporate communication	0.80 4.17 33.33	0.80 4.17 11.11	17.60 91.67 19.47	19.20
2	0	1	22	23
Marketing	0.00 0.00 0.00	0.80 4.35 11.11	17.60 95.65 19.47	18.40
3	1	4	33	38
Information technology	0.80 2.63 33.33	3.20 10.53 44.44	26.40 86.84 29.20	30.40
4	1	3	36	40
Other	0.80 2.50 33.33	2.40 7.50 33.33	28.80 90.00 31.86	32.00
Total	3 2.40	9 7.20	113 90.40	125 100.00

The technical basis of every medium is of extreme importance to increase readability and ease of use and to enhance the communication messages. Stakeholders measure the effectiveness of websites by characteristics such as speed, ease of use, navigational capability etc (Chapter 3). Yet it is the communication capability of the Internet that will ensure the continuing existence of this medium. Managers must take care not to get caught up in the technical design of their websites, thereby neglecting the communication side of the medium. It is interesting to note that information technology managers rated this item the lowest with 86.84%. It seemed more likely that these managers, because of the nature of their work, would rate this item the highest.

**Changing the opinions of the organisation's stakeholders about the organisation [V31].**

**Table 8.29 V1 by V31**

V1	V31			Total
Frequency	0-3	4-6	7-10	
Per cent				
Row pct				
Col pct				
1	1	3	20	24
Corporate communication	0.80 4.17 9.09	2.40 12.50 8.52	16.00 83.33 25.00	19.20
2	2	7	14	23
Marketing	1.60 8.70 18.18	5.60 30.43 20.59	11.20 60.87 17.50	18.40
3	4	13	21	38
Information technology	3.20 10.53 36.36	10.40 34.21 38.24	16.80 55.26 26.25	30.40
4	4	11	25	40
Other	3.20 10.00 36.36	8.80 27.50 32.35	20.00 62.50 31.25	32.00
Total	11 8.80	34 27.20	80 64.00	125 100.00

This goal is part of the two-way asymmetrical model, which is in its nature manipulative. Although it focuses on two-way communication, research is done only to further the goals of the organisation. The positioning and repositioning of the organisation on the Internet can be an important goal as is shown by 64%. More information can be gained on why 83.33% of the communication managers rated this item so high. The distinction between this goal being seen as strategic repositioning or manipulation will reflect the inclination of the communication managers. It will also reflect how this inclination surfaces in other communication strategies and applications.

**Conducting research in order to design a website which could be used to persuade stakeholders [V32].**

**Table 8.30 V1 by V32**

V1	V32			Total
Frequency	0-3	4-6	7-10	
Per cent				
Row pct				
Col pct				
1	4	9	11	24
Corporate communication	3.20 16.67 13.33	7.20 37.50 19.57	8.80 45.83 22.45	19.20
2	4	8	11	23
Marketing	3.20 17.39 13.33	6.40 34.78 17.39	8.80 47.83 22.45	18.40
3	10	12	16	38
Information technology	8.00 26.32 33.33	9.60 31.58 26.09	12.80 42.11 32.65	30.40
4	12	17	11	40
Other	9.60 30.00 40.00	13.60 42.50 36.96	8.80 27.50 22.45	32.00
Total	30 24.00	46 36.80	49 39.20	125 100.00

The focus of this goal is twofold, namely to conduct research, as was discussed extensively in Chapter 5, and secondly to use this research to persuade (or manipulate) stakeholders. 39.2% of the respondents indicated

that research could play a role in the web design process. This correlates with the results of V19 (Using on-line research to change the design of the organisation's website).

**Creating dialogue (two-way interactive communication) between the organisation and its stakeholders [V33].**

**Table 8.31 V1 by V33**

V1	V33			Total
Frequency	0-3	4-6	7-10	
Per cent				
Row pct				
Col pct				
1	2	5	17	24
Corporate communication	1.60 8.33 13.33	4.00 20.83 16.67	13.60 70.83 21.25	19.20
2	4	4	15	23
Marketing	3.20 17.39 26.67	3.20 17.39 13.33	12.00 65.22 18.75	18.40
3	3	11	24	38
Information technology	2.40 7.89 20.00	8.80 28.95 36.67	19.20 63.16 30.00	30.40
4	6	10	24	40
Other	4.80 15.00 40.00	8.00 25.00 33.33	19.20 60.00 30.00	32.00
Total	15 12.00	30 24.00	80 64.00	125 100.00

The Internet originated as a two-way communication model. The theory in Chapter 3 showed that a shift is occurring in Internet communication from one-way communication to two-way communication. Special attention was also paid to dialogic communication. This viewpoint is confirmed by 64% of the respondents. How these managers view two-way interactive communication is, however, a different matter altogether. The literature study stated that this form of communication is sometimes viewed as merely providing a feedback button on an organisation's website, and not as

establishing on-line communities, fostering relationships with stakeholders and managing issues pro-actively.

**Soliciting feedback from stakeholders in order to change the behaviour of the organisation [V34].**

**Table 8.32 V1 by V34**

V1	V34			
Frequency	0-3	4-6	7-10	Total
Per cent				
Row pct				
Col pct				
1	3	10	11	24
Corporate communication	2.40 12.50 13.04	8.00 41.67 21.74	8.80 45.83 19.64	19.20
2	5	6	12	23
Marketing	4.00 21.74 21.74	4.80 26.09 13.04	9.60 52.17 21.43	18.40
3	6	15	17	38
Information technology	4.80 15.79 26.09	12.00 39.47 32.61	13.60 33.74 30.36	30.40
4	9	15	16	40
Other	7.20 22.50 39.13	12.00 37.50 32.61	12.80 40.00 28.57	32.00
Total	23 18.40	46 36.80	56 44.80	125 100.00

This item is a true reflection of a two-way symmetrical communication model. In many of the traditional organisations and communication models it is not even considered to change the behaviour of the organisation. The Internet can provide valuable feedback, not only of on-line activities, but of traditional activities as well. It is a positive indication that 44.80% of the respondents are realising the value that two-way symmetrical communication can have. The question has, however, to be asked why communication managers do not rate highest on this item.

The research indicated that as far as the Internet is concerned, all four communication models are in use in South African organisations. If the averages, of the highest ratings, of the models are considered it would seem that the application of the models are as follows:

1. Public Information Model (88.8%)
2. Press Agency Model (66.8%)
3. Two-way Symmetrical Model (54.4%)
4. Two-way Asymmetrical Model (51.6%)

The use of the Public Information Model is confirmed in the research results of Section B. It was, however, not expected that the preference of the two-way symmetrical model would not be last. It is a positive indication of the shift in the use of communication management on the Internet. If all of these models are applied in the on-line environment, then corporate communication practitioners can enhance the strengths of each of these models and advise against the weaknesses.

#### 8.6.2. Inferential statistics

The MANOVA procedure was used to determine whether or not there is a correlation between the designation of respondents and their preference for element of the four corporate communication models. The summary of the results of the MANOVA test is described in Table 8.33. N always equals 125.

Hypothesis 28 – 36 predicted that there is a correlation between the designation of a manager and the elements of the corporate communication models, which are used by organisations in their communication on the Internet.

#### **Hypothesis 28**

**H28:** There is a correlation between the designation of managers (V1) and the elements of the corporate communication models, which are used by organisations in their communication on the Internet (V27 – V34).

**Hypothesis 29**

**H29:** There is a correlation between the designation of managers (V1) and gaining coverage for the organisation in any way possible (V27).

**Hypothesis 30**

**H30:** There is a correlation between the designation of managers (V1) and measuring the amount of 'hits' which are registered on the organisation's website (V28).

**Hypothesis 31**

**H31:** There is a correlation between the designation of managers (V1) and disseminating information about your organisation and products/ services to your stakeholders (V29).

**Hypothesis 32**

**H32:** There is a correlation between the designation of managers (V1) and ensuring the readability of the website (This can include the website's ease of use and navigational capability) (V30).

**Hypothesis 33**

**H33:** There is a correlation between the designation of managers (V1) and changing the organisation's stakeholders' opinions about the organisation (V31).

**Hypothesis 34**

**H34:** There is a correlation between the designation of managers (V1) and conducting research in order to design a website which could be used to persuade stakeholders (V32).

**Hypothesis 35**

**H35:** There is a correlation between the designation of managers (V1) and creating dialogue (two-way interactive communication) between the organisation and its stakeholders (V33).

**Hypothesis 36**

**H36:** There is a correlation between the designation of managers (V1) and soliciting feedback from stakeholders in order to change the behaviour of the organisation (V34).

**Table 8.33 Summary of data for MANOVA test**

<b>Items</b>	<b>Mean</b>	<b>Sum of squares</b>	<b>Mean square</b>
<b>V27</b> Gaining coverage for the organisation in any way possible.	7.800000	12.92591533	4.30863844
<b>V28</b> Measuring the amount of 'hits' which are registered on the organisation's website.	6.416000	7.22108924	2.40702975
<b>V29</b> Disseminating information about your organisation and products/services to your stakeholders.	8.184000	10.17921281	3.39307094
<b>V30</b> Ensuring the readability of the website (This can include the website's ease of use and navigational capability).	8.448000	6.08352937	2.02784312
<b>V31</b> Changing the opinions of the organisation's stakeholders about the organisation.	6.984000	39.12286270	13.04095423
<b>V32</b> Conducting research in order to design a website which could be used to persuade stakeholders.	5.536000	42.83103966	14.27701322
<b>V33</b> Creating dialogue (two-way interactive communication) between the organisation and its stakeholders.	6.840000	19.56184211	6.52061404
<b>V34</b> Soliciting feedback from stakeholders in order to change the behaviour of the organisation.	6.040000	14.70577803	4.90192601

Various MANOVA tests (Wilks' Lambda, Pillai's Trace, Hotelling-Lawley Trace, Roy's Greatest Root) were conducted to test the hypotheses. The results are contained in Table 8.34. According to the results of the MANOVA tests, there is no such dependence. The results produced p-values at the 95%



confidence level. Since the F-values of none of the items > 0.05, no significant dependence was found. H0 could not be rejected.

**Table 8.34 Results of the MANOVA test for Hypothesis 28 – 36**

Items	F-value	Pr > F	Results
<b>V27</b> Gaining coverage for the organisation in any way possible.	1.05	0.3736	Not statistically significant F > 0.05
<b>V28</b> Measuring the amount of 'hits' which are registered on the organisation's website.	0.33	0.8005	Not statistically significant F > 0.05
<b>V29</b> Disseminating information about your organisation and products/services to your stakeholders.	1.05	0.3726	Not statistically significant F > 0.05
<b>V30</b> Ensuring the readability of the website (This can include the website's ease of use and navigational capability).	0.62	0.6064	Not statistically significant F > 0.05
<b>V31</b> Changing the opinions of the organisation's stakeholders about the organisation.	2.14	0.0985	Not statistically significant F > 0.05
<b>V32</b> Conducting research in order to design a website which could be used to persuade stakeholders.	1.63	0.1868	Not statistically significant F > 0.05
<b>V33</b> Creating dialogue (two-way interactive communication) between the organisation and its stakeholders.	0.97	0.4115	Not statistically significant F > 0.05
V34 Soliciting feedback from stakeholders in order to change the behaviour of the organisation.	0.62	0.6064	Not statistically significant F > 0.05

From these results it can be concluded that managers have no statistically significant preference for any of the models. It is possible that this can be the result of not enough items constituting a specific model. The theory, however, suggests other solutions. There is still much uncertainty amongst managers about the use of the various models and it is possible that managers are not aware of their purpose for corporate communication, specifically in an electronic environment. It is also possible that the use of the four corporate communication models, in a South African context, must still evolve. However, it is also possible – as new theory indicates – that organisations use a mixed-motive model. This means that organisations do not necessarily use only one model, but that the use of a specific model in a specific context (i.e. the Internet) or with a specific stakeholder can be part of a strategic decision-making process. Corporate communication practitioners should, however, be aware, as part of their media analysis, of the advantages of using the Internet in their communication mix.

## **8.7. CONCLUSION**

This chapter examined the empirical results, as outlined in the research methodology in Chapter 7. This chapter also aimed to realise the objectives set for the empirical phase of this research study in Chapter 1.

The final sampling frame in the research study equalled 632 organisations. 125 realised questionnaires resulted in a response rate of 19.7%. This research study confirmed that the response rate of electronic questionnaires is fair to poor. Although electronic questionnaires have various advantages such as cost-effectiveness, ease of use and design capabilities, the limitation of a poor to fair response rate is a serious handicap.

At the time of the study (October 2000 to May 2001), only 68% of the 839 listed organisations in South Africa had websites. There is, however, a daily increase of organisations acquiring websites, which indicates that organisations are taking the Internet seriously. It must, however, be said that

although there is an increase in websites, many organisations (and this is confirmed in the literature study) are discontinuing their websites. The reason for this phenomenon can be found in a lack of strategic focus in the medium.

The purpose of Section A of the questionnaire was to acquire personal information of the respondents. The only significant information to be gathered was the designation of the respondent (V1). One of the reasons for determining where responsibility for the management of websites is situated is that the responsible department will mostly determine the direction and scope of the organisation's strategy on the Internet. As discussed in earlier chapters, if the corporate communication department does not have control over, or is not involved in the management of the Internet, it will be difficult to include the organisation's website into the overall corporate communication strategy. If the responsibility for the management of an organisation's website lies with another department (such as marketing and information technology) as this research study suggests, then the corporate communication department's influence in these departments will determine how and if communication goals are incorporated. The impact on the achievement of the corporate communication goals will therefore also impact on the achievement of the organisation's goals.

In contrast to Wright's (1998:17) study, the responsibility for the management of the Internet does not correspond with the American model. Whereas corporate communication managers are responsible for electronic communication in an American context, the category of 'other' managers are responsible in a South African context. Several reasons for this anomaly can be suggested. It is possible that the role of the Internet in corporate (communication and marketing) strategy has not been fully explored and that the Internet is therefore used to realise tactical objectives. In such a case, it is not necessary to place it in a specific department. Another reason might be that corporate communication or marketing managers have not been trained in the management of the medium, and it is therefore entrusted to more experienced divisions. It is also possible that organisations are unsure of where the responsibility for the medium should lie and therefore place it

anywhere. Whatever the reason might be, it should be explored by means of further research.

Primary Objective 2 (to investigate whether the Internet is used by organisations to realise corporate communication or marketing goals) was realised (in part) in this chapter through the application of the frequency procedure. Five hypotheses were accepted as a result.

**H2:** There is a correlation between V1 (designation of the respondent) and V3 (Making products or services available electronically – electronic commerce).

**H7:** There is a correlation between V1 (designation of the respondent) and V8 (Providing an opportunity for interaction between the organisation and its external stakeholders e.g. media, investors, community, stockholders etc).

**H9:** There is a correlation between V1 (designation of the respondent) and V10 (Using customer feedback to improve service).

**H10:** There is a correlation between V1 (designation of the respondent) and V11 (To manage a crisis in your organisation).

**H13:** There is a correlation between V1 (designation of the respondent) and V14 (To manage investor relations e.g. to make financial information available to important financial stakeholders).

Primary Objective 2 (to investigate whether the Internet is used by organisations to realise corporate communication or marketing goals) was also realised in this chapter. Two secondary objectives were also stated, namely Secondary Objective 2(a) (to investigate whether the Internet is used by organisations to realise corporate communication goals) and Secondary Objective 2(b) (to investigate whether the Internet is used by organisations to realise marketing goals). Factor analysis was firstly conducted to determine if there were (a) indeed two factors and (b) which goals constituted a factor. Hypothesis 26 and 27 was stated to realise Primary Objective 2.

**H26:** There is a significant dependence between the designation of managers (V1) and their use of the Internet to achieve corporate communication goals (V5, V7, V8, V11, V13, V14, V21, V24).

**H27:** There is a significant dependence between the designation of managers (V1) and their use of the Internet to achieve marketing goals (V3, V6, V9, V12, V15, V17, V18, V22, V23, V 25).

H0 was accepted. There are various reasons for the failure to accept the alternative hypotheses. The various designations might recognise the fact that the realisation of both corporate communication and marketing goals are important, but are unable to distinguish between the two disciplines. The latter correlates with the theory, because many managers are still unsure of the different roles performed by corporate communication and marketing managers. It is also especially true in those instances where the strategic corporate communication function is confused with the public relations function, the latter being viewed as part of the marketing mix (promotion). Although the managers considered the realisation of corporate communication and marketing goals as important, the fact that the largest percentage of managers (63%) is situated in neither department means that they are not responsible for the realisation of these goals. According to the theory, if the corporate communication and marketing managers are not responsible for (or involved in) the management of the medium, then it will not be possible to realise corporate communication or marketing goals. These managers might understand the importance of realising these goals, but that does not imply that they know what these goals entail or how they should be realised.

Primary Objective 3 aimed to determine the organisational purpose for corporate communication by investigating (elements of) the corporate communication models, which are used by organisations in their communication on the Internet. The frequency procedure was used to determine the preference of managers as it relates to the four corporate communication models. The research indicated that as far as the Internet is concerned, all four corporate communication models are used in South African organisations.

The MANOVA procedure was used to determine whether or not there is a correlation between the designation of respondents and their choice of corporate communication model. Hypothesis 28 – 36 predicted that there is a correlation between the designation of managers and the elements of the corporate communication models, which are used by organisations in their communication on the Internet. The result of the MANOVA procedure was, however, not statistically significant and H7 could therefore not be accepted. From these results it can be concluded that managers have no statistically significant preference for the use of any specific model in their Internet communication.

In conclusion it can be said that the Internet can contribute to the goal realisation of an organisation, whether it be corporate communication or marketing focused. It is necessary to conduct more research to determine the role that the Internet, as a medium, can play in corporate communication and marketing strategy.

Chapter 9 will provide an overview of the findings, conclusions and recommendations derived from the literature study as well as the empirical research.

## CHAPTER 9:

# FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

## 9.1. ORIENTATION AND GENERAL BACKGROUND

In chapter 1, five problem areas are addressed, namely determining if the Internet is a (corporate communication or marketing) *medium* or a *strategy*; realising organisational goals through the use of the Internet; investigating whether 'Internet strategy' refers to *functional* or *operational* strategy; determining the organisational purpose for corporate communication by investigating (elements of) the corporate communication models, which are used by organisations in their communication on the Internet.

Since the Internet's introduction into the business world, research on its role in corporate communication strategy has been limited – the focus has been on its role in marketing and electronic commerce. This study aims to provide a theoretical and empirical description of the role of the Internet in the strategic management of an organisation's corporate communication and marketing functions.

The meta theoretical approach in this study focused on the systems theory, the corporate communication models, the general theory of excellence in public relations and communication management, as well as the relationship paradigm. The most important theories that were applied in an electronic communication environment were the communication process, mass communication theory, strategic management theory and information theory.

The following research objectives were stated to provide answers to these research problems:

<b>Phase 1:</b>	<b>Literature study</b>
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**Primary Objective 1**

To conceptualise 'Internet strategy' by means of secondary research.

<b>Phase 2:</b>	<b>Empirical research</b>
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**Primary Objective 2**

To investigate whether the Internet is used by organisations to realise corporate communication or marketing goals.

**Primary Objective 3**

To determine the organisational purpose for corporate communication by investigating (elements of) the corporate communication models, which are used by organisations in their communication on the Internet.

## **9.2. THE INTERNET – AN OVERVIEW OF ITS CONCEPTS, TERMINOLOGY AND APPLICATIONS**

<b>Secondary Objective 1(a)</b>
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To explore the nature of the Internet: its concepts, terminology and applications (Chapter 2).
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By understanding how the Internet developed, organisations can integrate it into their corporate strategies. It is specifically the Internet's origination as a communication medium that will impact on business functions as well as the organisation's corporate communication and marketing strategies. Managers need to realise what the capabilities of this important medium are that they are considering using, because of the impact that these characteristics will have on the communication process. This section showed that if the Internet is viewed in isolation – as a technological medium and not within a context of corporate strategy – it becomes 'empty'. The Internet on its own cannot contribute to the bottom line of the organisation. If it is not incorporated into any of the corporate strategies, then it will remain a collection of electronic



applications. It is only within the context of organisational strategy that its full potential can be realised.

It is also suggested in this section that data, information and knowledge are not interchangeable concepts. It is therefore not enough for an organisation to simply provide data or information to their stakeholders. Knowledge and understanding must be cultivated in the communication exchange on the Internet. Knowledge can only be achieved if organisations participate in two-way interactive relationships with their stakeholders, instead of merely providing information.

It can also be concluded that although information technology managers play an important role in information handling on the Internet, this role is focused on the technological characteristics of the medium and not the management of its content. Information technology managers can provide valuable inputs in terms of hardware, software and the use of technology to increase the organisation's efficiency, but corporate communication and marketing managers must use the Internet to realise corporate goals and thereby contribute to the organisation's effectiveness.

It is not sufficient for managers to simply provide information to stakeholders. Knowledge, understanding or a relationship must be created. Perhaps the most important conclusion that can be drawn is that information technology, as a functional area, is only responsible for the management of the technology and not for the communication exchange. It is therefore the opinion of the researcher that if an organisation utilises the Internet as a medium, then the information technology department should only be responsible for the management of the technological aspects of the medium. The goal realisation or content management should be situated in the functional areas whose strategies are being implemented.

### 9.3. THE INTERNET: AN APPLICATION OF THE THEORETICAL FRAMEWORK TO THE ELECTRONIC ENVIRONMENT

#### Secondary Objective 1(b)

To investigate whether the concept of 'Internet strategy' can be considered a *strategy* or a (corporate communication or marketing) *medium*.

The advent of the information era and the creation of the Internet and its applications, have a direct impact on how organisations conduct their corporate communication. The influence of the Internet is so far-reaching that communication managers cannot ignore its use as a communication medium.

The 'sender', or source, of the communication message preferably must be situated in one or two departments. In the context of the importance of the source of a message, the systems theory, as well as Wright's (1998) study, this would mean that this responsibility should preferably be situated in the corporate communication department of an organisation. If the responsibility does not lie in the corporate communication department, the corporate communication goals – for the Internet – are not likely to be realised. This does not, however, imply that the corporate communication department should have the sole ownership of the medium, but that the management process should still consist of a team effort with inputs from the marketing, information technology, human resources or other relevant departments. Since there are no non-verbal cues on the Internet, organisations must compensate for this by either using emoticons or by integrating other feedback methods into the communication process.

Training for communication technicians, managers and strategists will also have to include electronic communication messaging, for example how 'message content', style, language etc look in electronic communication mediums. Organisations will have to balance the requirements of the medium, for example a more informal writing style, with their own house style, branding, processes and policies. Corporate communication managers will

also have to learn to balance their own need to provide their stakeholders with information, with the stakeholders' information need – thereby adhering to the two-way symmetrical communication model.

The 'receiver' in the electronic communication process will also look different than in more traditional communication processes. The Internet allows the receiver more control over the communication process – press agency and two-way asymmetrical communication models are therefore less likely to be effective in an electronic communication environment.

Mass communication theory has also had an impact on how the Internet is perceived, as well as on the communication process. The Internet can be a mass communication medium, because it complies with the requirements of such mediums. Whether or not it is utilised as a mass communication medium will depend on the corporate communication model that the organisation follows. The Internet will only exist as a mass communication medium, a one-way communication process, if it is utilised in the press agency or public information models of communication. However, if the organisation follows a two-way symmetrical communication model, the Internet will allow the organisation to engage in two-way interactive communication and dialogue. It will also allow organisations, in contrast to other mass communication mediums, to build relationships with its stakeholders.

As suggested in the theory, the four corporate communication models can be used as a framework for an organisation's electronic communication activities. The Internet can be utilised in all four the communication models, with the most apparent application in the public information and two-way symmetrical models. This is a result of the Internet's stated use as an information providing and gathering vehicle. The use of the press agency and two-way asymmetrical models of communication will, however, be less successful in the electronic communication environment, because the Internet's nature dictates two-way interactive communication and levels the playing field between organisations and stakeholders. Persuasive communication techniques are therefore less likely to succeed in electronic communication.

The Internet's true value will be visible in two-way symmetrical communication or dialogic communication. The Internet allows organisations and their stakeholders to connect through technology, and organisations can build relationships with their stakeholders by using various Internet applications. The Internet adheres to two-way symmetrical communication because it: transcends organisational boundaries and hierarchy; allows relationships to be created between the organisation and its stakeholders; creates an environment for ethical and responsible communication; creates opportunities for organisations to adapt their policies and processes; and allows for continuous feedback. Organisations have, however, to transcend the barriers of two-way interactive communication to reach a new state of communication, namely dialogic communication.

From the literature it is evident that 'Internet strategy' is a contradiction in terms. The Internet is a medium and not a strategy in itself.

#### **9.4. THE STRATEGIC MANAGEMENT OF AN ORGANISATION'S COMMUNICATION WITH ITS STAKEHOLDERS**

##### **Secondary Objective 1(e)**

To hypothesise a *framework* for the formulation of 'Internet strategy'.

There is a distinct difference between corporate communication as viewed as part of the marketing mix and corporate communication practised on a functional or strategic level. Corporate communication is practised on an enterprise level (role of the strategist), functional level (role of the manager) and implementation level (role of technician) in an organisation and not just as a technical application (as part of the marketing strategy). Steyn & Puth's model for developing corporate communication strategy shows how corporate communication strategy is developed at each level. This model can be used to integrate a medium, such as the Internet, into an organisation's overall corporate communication strategy.

It can be concluded that the Internet cannot be regarded as a strategy in isolation. By using the Steyn & Puth (2000) model for developing a corporate communication strategy, an 'Internet strategy' can be conceptualised as an implementation strategy at the operational level of corporate communication management. It is a medium or channel to convey strategic messages to strategic stakeholders. However, it can also be utilised as a channel in the research process, both in the environmental scanning process to gather information on stakeholders and issues, as well as in evaluation research. Based on the above, the researcher is of the opinion that one can only speak of 'Internet strategy' when referring to hardware decisions regarding the Internet and that the formulation of such a strategy does not fall within the corporate communication domain.

## 9.5. THE ROLE OF THE INTERNET IN CORPORATE COMMUNICATION STRATEGY

### **Secondary Objective 1(b)**

To investigate whether the concept of 'Internet strategy' can be considered a *strategy* or a corporate communication *medium*.

### **Secondary Objective 1(c)**

To investigate whether 'Internet strategy' refers to *functional* or *operational* corporate communication strategy.

### **Secondary Objective 1(d)**

To investigate the role of the Internet in the *goal* realisation of an organisation's corporate communication strategy.

### **Secondary Objective 1(e)**

To hypothesise a *framework* for the formulation of 'Internet strategy'.

Communication technicians, managers and strategists will play an important role in electronic communication. It is important to note that the role of

corporate communication is not limited to being a technician that brings the organisation's website up to date, but that the Internet is integrated into the organisation's corporate communication strategy. The Internet can play an important role in the identification and management of organisational corporate communication issues, i.e. in strategic communication research.

Senior communication practitioners can use the Steyn & Puth (2000) model to integrate the Internet, and its applications, into the development and implementation of corporate communication strategy. The use of this model will ensure that Internet communication is employed strategically and that the most comprehensive approach to stakeholder management is followed. Communication managers need to understand that the Internet is only a medium (and as such forms part of implementation strategy) and not a corporate communication (functional) strategy by itself.

The danger for the communication manager lies in the fact that the Internet is viewed by many as a technology and not as a means to an end. As with any other medium, the organisation's corporate communication strategy is almost entirely based on its objectives (that flows from the corporate communication goals, derived from the strategic issues), the stakeholders that need to be reached and the most effective way of getting to them. If employed strategically, the Internet will have a direct impact on the realisation of the organisation's corporate communication goals, and therefore to the bottom line of the organisation.

The growth of the Internet has forced communication managers to incorporate the Internet into their strategic communication planning, but communication managers still need to consider the corporate communication strategy (core messages) before deciding on the implementation strategy (the vehicle or medium) in their decisions on when and where Internet applications should be used. The Internet might be a powerful new medium, but it still requires to be used within the context of a corporate communication strategy. Since the latter provides the link to the organisation's key strategic issues, the Internet

can only contribute to the organisation's effectiveness if it is used in the context of corporate communication strategy.

The current tendency to regard the Internet as a mass information distribution medium may also change, as people understand it better. The Internet can be used as a provider of information (by means of environmental scanning as part of the mirror function), as well as a distributor of information (the medium of communication to stakeholders as part of the window function) – and not just as a distributor (one-way public information model of communication), as it is often being used now.

Information is literally dumped on stakeholders (the public information communication model), without matching their information needs with the information that the organisation provides (the two-way symmetrical communication model). It is important that an organisation attends to its stakeholders' needs and responds to what they want to know (the two-way asymmetrical model of communication), and not to what the organisation wants to tell them (the two-way symmetrical model of communication).

Choosing a framework from the corporate communication discipline is advantageous, because corporate communication considers all the strategic stakeholders of the organisation and not just customers as does strategic marketing management.

## 9.6. THE ROLE OF THE INTERNET IN BUSINESS AND MARKETING STRATEGY

### **Secondary Objective 1(b)**

To investigate whether the concept of 'Internet strategy' can be considered a *strategy* or a marketing *medium*.

### **Secondary Objective 1(c)**

To investigate whether 'Internet strategy' refers to *functional* or *operational* marketing strategy.

### **Secondary Objective 1(d)**

To investigate the role of the Internet in the *goal* realisation of an organisation's marketing strategy.

The Internet will only provide a return on investment if it is integrated into the organisation's overall strategy. The Internet should therefore form an integral part of all the business as well as functional strategies. Although the Internet is a technological application, it is also a medium on its own. It can function as a medium or business tool for communication, marketing, research and other business functions. However, if the application of the Internet does not contribute to the bottom line, it should not be used. An organisation should decide why and if it should utilise the Internet, who the relevant stakeholders are, which objectives should be realised and how this should be done. Future investment in Internet technology should coincide with the organisation's business plan, ensuring that expenditure does not exceed the organisation's resources or the specific needs of stakeholders. Having a website with all the latest technological developments, without ensuring that it contributes to the organisation's bottom line, will prove detrimental to the organisation's business rationale.

In the opinion of the researcher, managers should not develop an 'Internet strategy', but should rather integrate the Internet into its corporate, business



unit and functional strategies. The Internet should therefore not be seen as a strategy in itself, but as an instrument in the achievement of the functional strategy of the organisation – whether it be corporate communication, marketing or any other functional strategy. Although it can be classified as implementation strategy, it should not be separate from the function whose goal achievement it is contributing to. The Internet should therefore be considered already in the organisation's functional strategy formulation (i.e. the overall media analysis) and not only in its operational strategy implementation. In addition, the Internet can contribute to the realisation of organisational goals – whether it be corporate communication or marketing goals. If the Internet is only applied at the implementation level (without any consideration of the strategy), it cannot contribute to the organisational strategy and therefore it cannot add value to the goal realisation process. Its application and contribution will therefore remain at a technical level and therefore limited.

Part of the Internet's integration into the organisation's business strategy is determining which goals and objectives it will help to realise. From the various sources it is clear that the Internet can realise either marketing or corporate communication objectives. It also seems clear that the responsibility for the integration is situated in either the corporate communication, marketing or information technology department.

The Internet can contribute to the marketing mix of the organisation by adding value in the product, price, promotion and distribution development process. It can also add value in the development of relationships with its customers.

It can also be concluded that the Internet should be managed by the corporate communication department in the organisation. If this is not the case, then the corporate communication department should be closely involved in the management process.

## 9.7. RESEARCH DESIGN AND METHODOLOGY

Various research techniques were chosen to realise those objectives stated for the empirical part of the research study. One of the most challenging phases of this study was the design of the questionnaire in terms of the technical specifications, to ensure that the communication and research objectives were balanced with the technical design issues of electronic questionnaires.

## 9.8. THE FINDINGS OF THE EMPIRICAL STUDY

### **Primary Objective 2**

To investigate whether the Internet is used by organisations to realise corporate communication or marketing goals.

The following hypotheses were accepted:

- H2:** There is a correlation between V1 (designation of the respondent) and V3 (Making products or services available electronically – electronic commerce).
- H7:** There is a correlation between V1 (designation of the respondent) and V8 (Providing an opportunity for interaction between the organisation and its external stakeholders (e.g. media, investors, community, stockholders etc.)).
- H9:** There is a correlation between V1 (designation of the respondent) and V10 (Using customer feedback to improve service).
- H10:** There is a correlation between V1 (designation of the respondent) and V11 (To manage a crisis in your organisation).
- H13:** There is a correlation between V1 (designation of the respondent) and V14 (To manage investor relations (e.g. to make financial information available to important financial stakeholders)).

The following hypotheses were rejected:

**H26:** There is a significant dependence between the designation of managers (V1) and their use of the Internet to achieve corporate communication goals (V5, V7, V8, V11, V13, V14, V21, V24).

**H27:** There is a significant dependence between the designation of managers (V1) and their use of the Internet to achieve marketing goals (V3, V6, V9, V12, V15, V17, V18, V22, V23, V 25).

Primary Objective 2 (to investigate whether the Internet is used by organisations to realise corporate communication or marketing goals) was realised (in part) in this chapter through the application of the frequency procedure. Five hypotheses were accepted as a result.

**H2:** There is a correlation between V1 (designation of the respondent) and V3 (Making products or services available electronically – electronic commerce).

This indicates that if an organisation considers electronic commerce as a business solution, then the person responsible for the strategy will play a significant role in the decision-making process. Electronic commerce is a very specialised function that is usually, according to the theory, part of the responsibilities of the marketing managers.

**H7:** There is a correlation between V1 (designation of the respondent) and V8 (Providing an opportunity for interaction between the organisation and its external stakeholders e.g. media, investors, community, stockholders etc).

This indicates that where the interaction between the organisation and its external stakeholders is managed, the designation of the responsible manager will play a significant role. This result is significant because the major contribution of the Internet is in the management of relationships. The corporate communication practitioner is responsible for the strategic

management of the organisation's stakeholders. Relationship management is also a key performance area for corporate communication managers and strategists (Chapter 5).

As boundary spanner, the corporate communication practitioner is responsible for all stakeholders. Practitioners do not only focus on customers, but manage all relevant organisational stakeholders. If the corporate communication practitioner, as responsible designation, is not involved in the management of the organisation's electronic relationships, these relationships will not be managed successfully.

**H9:** There is a correlation between V1 (designation of the respondent) and V10 (Using customer feedback to improve service).

This indicates that where the customer feedback is used to improve service, the designation of the responsible manager will play a significant role. Using feedback to improve customer service is a research function and is also a positive indication of the use of a two-way symmetrical communication model where the organisation changes. Marketing managers are responsible for the organisation's relationship with its customers. The Internet can be utilised to improve these relationships (Chapter 6).

**H10:** There is a correlation between V1 (designation of the respondent) and V11 (To manage a crisis in your organisation).

This indicates that crisis management on the Internet and the designation of the responsible manager are closely linked. What is worrying is that communication managers, who are considered to be the custodians of crisis management, only rated this item of being 25% of importance.

**H13:** There is a correlation between V1 (designation of the respondent) and V14 (To manage investor relations e.g. to make financial information available to important financial stakeholders).

This indicates that investor relations on the Internet and the designation of the responsible manager are correlated. Investor relations is also the responsibility of the communication manager as indicated in the literature study. It is, however, important to determine whether or not this relationship is seen only listing financial results on an organisation's website, or if it is relationship management as stated in Chapter 3.

Primary Objective 2 (to investigate whether the Internet is used by organisations to realise corporate communication or marketing goals) was also realised in this chapter. Two secondary objectives were also stated, namely Secondary Objective 2(a) (to investigate whether the Internet is used by organisations to realise corporate communication goals) and Secondary Objective 2(b) (to investigate whether the Internet is used by organisations to realise marketing goals). Factor analysis was firstly conducted to determine if there were (a) indeed two factors and (b) which goals constituted a factor. Hypothesis 26 and 27 was stated to realise Primary Objective 2.

**H26:** There is a significant dependence between the designation of managers (V1) and their use of the Internet to achieve corporate communication goals (V5, V7, V8, V11, V13, V14, V21, V24).

**H27:** There is a significant dependence between the designation of managers (V1) and their use of the Internet to achieve marketing goals (V3, V6, V9, V12, V15, V17, V18, V22, V23, V 25).

H0 was accepted. There are various reasons for the acceptance of H0. The various designations might recognise the fact that the realisation of both corporate communication and marketing goals are important, but are unable to distinguish between the two disciplines. The latter correlates with the theory, because many managers are still unsure of the different roles performed by corporate communication and marketing managers. It is also especially true in those instances where the strategic corporate communication function is confused with the public relations function, the latter being viewed as part of the marketing mix (promotion). Although the managers considered the realisation of corporate communication and

marketing goals as important, the fact that the largest percentage of managers (63%) is situated in neither department means that they are not responsible for the realisation of these goals. According to the theory, if the corporate communication and marketing managers are not responsible for (or involved in) the management of the medium, then it will not be possible to realise corporate communication or marketing goals. These managers might understand the importance of realising these goals, but that does not imply that they know what these goals entail or how they should be realised.

### **Primary Objective 3**

To determine the organisational purpose for corporate communication by investigating (elements of) the corporate communication models, which are used by organisations in their communication on the Internet.

The following hypotheses were rejected:

**H28:** There is a significant dependence between the designation of managers (V1) and the elements of the corporate communication models, which are used by organisations in their communication on the Internet (V27 – V34).

**H29:** There is a correlation between the designation of managers (V1) and gaining coverage for the organisation in any way possible (V27).

**H30:** There is a correlation between the designation of managers (V1) and measuring the amount of 'hits' which are registered on the organisation's website (V28).

**H31:** There is a correlation between the designation of managers (V1) and disseminating information about your organisation and products/services to your stakeholders (V29).

**H32:** There is a correlation between the designation of managers (V1) and ensuring the readability of the website (This can include the website's ease of use and navigational capability) (V30).

**H33:** There is a correlation between the designation of managers (V1) and changing the organisation's stakeholders' opinions about the organisation (V31).

**H34:** There is a correlation between the designation of managers (V1) and conducting research in order to design a website which could be used to persuade stakeholders (V32).

**H35:** There is a correlation between the designation of managers (V1) and creating dialogue (two-way interactive communication) between the organisation and its stakeholders (V33).

**H36:** There is a correlation between the designation of managers (V1) and soliciting feedback from stakeholders in order to change the behaviour of the organisation (V34).

Primary Objective 3 aimed to determine the organisational purpose for corporate communication by investigating (elements of) the corporate communication models, which are used by organisations in their communication on the Internet. The frequency procedure was used to determine the preference of managers as it relates to the four corporate communication models. The research indicated that as far as the Internet is concerned, all four corporate communication models are used in South African organisations. If the averages, of the highest ratings, of the models are considered it would seem that the application of the models is as follows:

1. Public Information Model (88.8%)
2. Press Agency Model (66.8%)
3. Two-way Symmetrical Model (54.4%)
4. Two-way Asymmetrical Model (51.6%)

The use of the public information model is confirmed in the research results of Section B, given that those items aimed at providing information rated highest. Although organisations can use the models to address different issues with different stakeholders, the advantage of electronic communication is its ability

to create dialogic communication, thereby creating and establishing two-way interactive relationships between the organisation and its stakeholders.

The MANOVA procedure was used to determine whether or not there is a correlation between the designation of respondents and their choice of corporate communication model. Hypothesis 28 – 36 predicted that there is a correlation between the designation of managers and the elements of the corporate communication models, which are used by organisations in their communication on the Internet. The result of the MANOVA procedure was, however, not statistically significant and H7 could therefore not be accepted. From these results it can be concluded that managers have no statistically significant preference for the use of any specific model in their Internet communication.

In conclusion it can be said that the Internet can contribute to the goal realisation of an organisation, whether it be corporate communication or marketing focused.

## **9.9. RECOMMENDATIONS FOR FURTHER RESEARCH**

The Internet is a rich source for future research. It is a new frontier and the theoretical background and every-day jargon are being developed on a daily basis. There is a lack of empirical research available to managers. The following recommendations for future research are made:

- 1) The Internet's contribution to the roles and activities of the corporate communication technician, manager and strategist (as outlined in Chapter 5) must be examined.
- 2) A further exploration of crisis management on the Internet and by means of the Internet must be undertaken. Further research should provide information on the definition of cyber crises, types of crises, their source and how they should be managed. The management of the corporate



reputation will also play an important part of crisis management, given the vulnerability of an organisation's reputation on the Internet. The role and impact of cyber activism (as discussed in Chapter 3) must also be explored.

- 3) It should be determined how organisations should be branded on the Internet and how these applications can complement real-world or off-line applications (Chapter 6).
- 4) Chapter 3 stated that the Internet provides organisations with an improved capability to create interactive relationships. The capability of the medium to realise interactive two-way relationships will provide corporate communication with a new relationship management tool. The specific application of the Internet as a relationship management tool must be explored through scientific research.
- 5) The empirical study indicated that research and environmental scanning does not play a major role in current perspectives on the Internet. The literature study in Chapter 5, however, indicated that research and environmental scanning is a crucial part of corporate communication strategy and that one of the most important responsibilities of the corporate communication 'manager' and 'strategist' is to conduct research. The whole question of research (techniques, applications and its contribution to the corporate communication strategy) must therefore be explored.
- 6) The South African legal situation as it relates to the Internet is not discussed in this dissertation. It is, however, of critical importance that corporate communication and marketing managers understand the national and international legal implications of an on-line presence. This subject is also closely related to crisis management as it relates to the protection of brands and corporate reputation, and merits further research.

- 7) This research study (Chapters 5, 6 and 8) indicated that the Internet contributes to the realisation of organisational goals. The Internet will, however, not be suitable to realise all corporate communication or marketing goals. Further research must be conducted to determine how and when the Internet can be used in the achievement of organisational/functional goals.
- 8) The reasons for the contradictory research results in Chapter 8 (the difference between managers responsible for communication on the Internet in an American and South African context), as they relate to the responsibility for the Internet (as a medium), must be explored in a South African context. This must be done to determine (a) whether there has been a shift in responsibility since the original empirical study was conducted; (b) where responsibility for the medium lies at the moment; (c) why responsibility has been allocated to the specific functional area; and (d) how this impacts on the realisation of corporate communication goals.
- 9) Further exploration is needed on how the Internet (and its applications) can add value in the corporate communication strategy model (Chapter 5) developed by Steyn & Puth (2000).
- 10) The determination of the organisational purpose for corporate communication in an electronic environment through an investigation of elements of the corporate communication models (as it relates to the four corporate communication models and other evolving corporate communication models) must be explored further (Chapter 3).

## **9.10. LIMITATIONS OF THE STUDY**

The following are regarded as the most important limitations of the study. It could also be regarded as indicating possibilities for future research.

- 1) The first step in the research process was to send a request to the individual (who had been identified as the contact person for the organisation on its website), to request the details of the manager responsible for the organisation's electronic communication. Electronic communication was stated to include all the organisation's electronic communication activities, but specifically the organisation's website. The questionnaire was then sent to the identified manager. A major limitation of the study was that the person who received the questionnaire was the web master. The web master would not necessarily have been able to distinguish between strategy and tactics.
- 2) An explanation of the category 'other' (request for designation) was not requested.
- 3) The corporate communication models (as operationalised in Section C) should have consisted of more items, in order to be able to conduct a factor analysis to determine the preference for the use of a specific model.
- 4) Only the four corporate communication models, as conceptualised by Grunig, were used in the empirical part of the study. Other corporate communication models since developed, such as the mixed-motive model, have not been included.
- 5) Only a very small percentage of corporate communication practitioners participated in the study.

## **9.11. CONCLUSION**

The Internet is creating a new corporate communication environment by influencing communication channels, corporate stakeholder identification, communication mediums, message content and form, communication feedback, corporate communication roles, the shared meaning of messages,

information packaging, strategic information management and corporate identity.

This research study showed that the Internet is a corporate communication or marketing medium that can be used to achieve organisational goals. It also functions at an implementation level, but can add value at the functional level if it is integrated into the organisational strategy.

Corporate communication practitioners will determine how and if this new medium is implemented in their organisations. They will have the opportunity to give strategic impetus to this medium and will be able to explore new and exciting applications. The only barrier to two-way interactive communication will be the managers themselves.

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## **APPENDICES**

## **APPENDIX 1: REQUEST FOR CONTACT INFORMATION**

Dear web master

Can you please provide me with the contact particulars (name, designation and e-mail address) of the manager responsible for your communication on the Internet (specifically your website).

Kind regards

**Berdine Groenewald**

## APPENDIX 2: COVER LETTER

Dear \_\_\_\_\_ [*personalised*]

### RE: UTILISING THE INTERNET TO REALISE CORPORATE COMMUNICATION OR MARKETING GOALS

The Internet is becoming an important medium in the realisation of corporate communication and marketing goals. There however many questions that still remain unanswered in the management of this new medium.

I am currently a post-graduate student at the University of Pretoria doing my Masters degree in Communication Management, titled: "*The Internet as a medium in the achievement of corporate communication and marketing goals – A descriptive study*". Your organisation's web master provided me with your contact particulars. As the responsible manager for your organisation's electronic communication strategy (specifically the website), I kindly request that you take the time to complete the electronic questionnaire available at: <http://www.up.ac.za/intranet/berdine>. This study aims to determine the (strategic) use of organisational websites.

If you are uncertain about anything please do not hesitate to contact me at: [berdine.groenewald@up.ac.za](mailto:berdine.groenewald@up.ac.za).

It would be highly appreciated if you could complete this questionnaire as soon as possible, no later than **31 May 2001**.

I thank you for your willingness to participate in this research study. The results of the study will also be made available to you.

Yours sincerely

Berdine Groenewald

## **APPENDIX 3: QUESTIONNAIRE**



## Strategic Internet Communication Questionnaire

The Internet will play a significant role in the way organisations conduct business in the new millennium. The application of the Internet should be based on scientific research, if it is to be used as a business model. Please complete the following questionnaire to the best of your knowledge.

*For the purpose of this study the term 'stakeholder' is used to describe all publics which influence the organisation, and which are in return influenced by the organisation e.g. customers, media, government, investors, vendors, pressure groups etc.*

**When you have completed the form, please click on the "Send Request" button at the bottom.**

NB: Fields marked with \* are compulsory.

### Section A: Personal Information

Name:	<input type="text"/>
Designation: *	<input type="text"/> Use mouse to select the correct option
Organisation: *	<input type="text"/>
E-mail address:	<input type="text"/>

### Section B\*

Which of the following statements, on a scale of 1 to 5, with 5 being **very accurate** and 1 being **not accurate at all**, most accurately describes the way in which your organisation's Internet presence (including your website) is used? Please use the mouse to click on the appropriate answer.

	Not accurate at all			Very accurate	
	1	2	3	4	5
1. Providing important information about the organisation to stakeholders (contact information, organisational vision, mission, strategic objective etc.).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Making products or services available electronically (electronic commerce).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Strategic Internet Communication Questionnaire

3. Gaining feedback on important issues from stakeholders.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Providing an opportunity for interaction between management and employees.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Improving customer service.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Doing research about competitors on the Internet.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Providing an opportunity for interaction between the organisation and its external stakeholders (e.g. media, investors, community, stockholders etc.).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Generating new business for the organisation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. Using customer feedback to improve service.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. Managing a crisis in your organisation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11. Increasing sales.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12. Gaining information about potential new markets on the Internet.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13. Managing investor relations (e.g. to make financial information available to important financial stakeholders).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14. Launching new products or services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15. Developing a database about current and prospective customers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16. Stimulating public awareness.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17. Improving corporate image in the market place.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18. Using on-line research to change the design of the organisation's website.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19. Establishing a presence for the organisation on the Internet.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20. Gaining information to determine communication barriers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21. Advertising the organisation's products or services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
22. Making marketing information - about the organisation's products or services - available (price, distribution, availability, etc.).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23. Doing environmental scanning (e.g. gaining information about current affairs which could influence your organisation).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24. Creating electronic catalogues.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25. Tracking products through the production cycle.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Section C\***

Strategic Internet Communication Questionnaire

How would you rate the importance of the following activities on your organisation's current website on a scale from **0** to **10**, with 10 being **extremely important** and zero being **not important at all**? Please use the mouse to click on the appropriate answer.

	Not important at all										Extremely important
	0	1	2	3	4	5	6	7	8	9	10
1. Gaining coverage for the organisation in any way possible.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Measuring the amount of 'hits' which are registered on your website.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Disseminating information about your organisation and products/services to your stakeholders.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Ensuring the readability of the website (This can include the website's ease of use and navigational capability).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Changing the opinions of the organisation's stakeholders about the organisation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Conducting research in order to design a website which could be used to persuade stakeholders.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Creating dialogue (two-way interactive communication) between the organisation and its stakeholders.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Soliciting feedback from stakeholders in order to change the behaviour of the organisation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

***Thank you for completing this questionnaire.***

**If you would like the results of the study, please complete this section:**

Strategic Internet Communication Questionnaire

Name:	<input type="text"/>
Organisation:	<input type="text"/>
In which format would you like the results of this study:	<input type="radio"/> Use mouse to select the correct option
Contact particulars:	<input type="text"/>

Comments and enquiries: [bgroenew@ccnet.up.ac.za](mailto:bgroenew@ccnet.up.ac.za)