

AT THIS LEVEL PRACTITIONERS ARE RESPONSIBLE FOR REALISING THE CORPORATE COMMUNICATION STRATEGY BY DEVELOPING AND EXECUTING COMMUNICATION PLANS AND FUNCTIONAL TACTICS FOR THE ORGANISATION'S COMMUNICATION WITH ITS STAKEHOLDERS. COMMUNICATION OBJECTIVES ARE SET, TARGET GROUPS ARE SPECIFIED, MESSAGES ARE CRAFTED FROM CENTRAL THEMES, CHANNELS AND ACTIVITIES ARE DECIDED UPON AND IMPLEMENTED, AND THE EFFECTIVENESS OF THE CAMPAIGN IS

CHAPTER 2: DEFINING CORPORATE COMMUNICATION

2.1 INTRODUCTION

Communication between an organisation and its stakeholders is one of the broadest and most complex disciplines (Marx, Bosch, Du Plessis, De Villiers, & Crous, 1998:4; Sandin & Simolin, 2006:2; Rensburg & Ferreira 2004:11). It involves a wide range of activities and specialisations to deliver and receive corporate and brand messages to and from various parties. The measurement of this discipline is extremely complex, especially when measuring the practitioners' effort to communicate on behalf of the organisation as an entity. In order to measure corporate communication, a thorough understanding of its purpose, activities and position within the organisation must be clarified.

2.2 WHAT IS CORPORATE COMMUNICATION?

Steyn and Puth (2000:5) explain that corporate communication is communication on behalf of an organisation. According to Aristotle in Argenti (1998:3), communication, known as *rhetoric* (367 BC), comprises three parts: a speaker – *sender*; the subject – message; and the person to whom the

subject is addressed – receiver. This early definition became known as the Information Processing Model, and has been accepted as well as expanded by modern society to include additional elements such as channel, transmission, encoding / decoding, meaning, feedback, and noise (Cornelissen, 2000:122). Furthermore, modern definitions emphasise that communication is the "... transfer of meaning" (O'Rourke IV, 2004:22) between "one individual or group to another" (Guffey, 2001:4); or, "the exchange or transmission of information" (Steyn & Bütschi, 2004:3). Communication is therefore seen as a transactional process between two or more people / groups who attempt to share meaning with each other.

This transactional process of sharing meaning may take place on different levels. According to O'Rourke IV (2004:24-25) communication may take place on an *intrapersonal* level; an *interpersonal* level; an *organisational* level and a *mass or public* level. Communication in an organisational context can occur on all levels of communication between numerous stakeholders. Ensuring that the correct brand and corporate messages are actually received by targeted stakeholders is complex, especially when considering factors such as: the correct medium; the disturbance from noise; the incorrect encoding and decoding; and the magnitude of communication that occurs simultaneously. As previously mentioned, communication, by definition, is a process of *sharing meaning*. Simply sending messages from the sender to the receiver does not account for sharing of meaning. Grunig's Two-way symmetrical model of communication illustrates how effective communication involving the sharing of meaning should occur (Macnamara, 2002:11). In an organisational context, communication that occurs on various levels often falls short of the idealistic Two-way symmetrical model. For this reason, the Co-orientation Theory suggests that an organisation and its stakeholders try at least to share meaning somewhere in the middle or between their poles of opinion (Macnamara, 2002:11).

The complexity of communication does not stop there, Macnamara (2002:9-10), summarizes a series of models that portray communication to be multifaceted, easily resisted by receivers, and influenced by situational factors. Initiating with the Information Processing Model of *sender, receiver* and *message*; Macnamara (2002:9) explains that it was assumed then, that knowledge automatically lead to a change in attitude, which in turn automatically lead to a change in behaviour. Theories such as the Hierarchy of Effects Model saw behavioural change as a series of steps in communication; starting with *awareness* and moving to *interest*, then to *desire* and finally to *action*. The Theory of Cognitive Dissonance then questioned these basic steps stating that receivers could actively resist messages that were different to their existing attitudes. Grunig and Stamm in Macnamara (2002:9) eventually changed this view that communication was simply a linear process with sequential steps, in their Hedging and Wedging Theory. It was discovered that communication simply minimally affected attitude and behavioural change. These authors suggested that communication could not change attitudes from negative to positive in a short space of time, but simply have a minimal effect on how the receiver perceived something that they had already formed an opinion of. Additionally, the Situational Theory of communication then stated that the relationship between knowledge (awareness), attitudes and behaviour is a contingent based on situational factors such as: the level of problem recognition; the level of constraint recognition; the presence of a referent criterion; and the level of involvement (Olkonen, Tikkanen & Alajoutsijarvi, 2000:405).

The broad and complex nature of communication on behalf of organisations has seen the creation of extensive specialisations along with numerous definitions and perceptions from both authors and practitioners. In the array of existing definitions, great confusion between related terms such as ‘public relations’ (PR), ‘public affairs’, ‘corporate affairs’, ‘marketing public relations’ (MPR), and ‘corporate communication’ has plagued and limited the world of organisational communication. A brief theoretical investigation of the most important terms in this study is provided in the following section.

2.2.1 Marketing and corporate communication or public relations

In many organisations, corporate communication or PR functions under marketing (Hutton, Goodman, Alexander & Genest, 2001:257). According to Kotler (in Sandin & Simolin, 2006:1-2) communication is equated to the promotion 'P' as a technique used to inform, persuade or remind the target market about available products or services. Even though it serves the purpose of delivering messages about additional areas such as the corporate brand; corporate social investments; compliance and government regulations; practitioners report to the Marketing Director (Sandin & Simolin, 2006:2). The same authors further elaborate that corporate communication or PR is seen as a technique used to communicate to target groups which predominantly consist of clients or prospective clients.

Du Plessis, Bothma, Jordaan and Van Heerden (2003:250) clearly distinguish corporate communication or PR from marketing, based on the focus of the communication. MPR is designed to promote and position a specific *product or service*, whereas corporate communication or PR promotes and positions the *organisation as a whole*. MPR is a component of the marketing communication mix which includes advertising, personal selling, sales promotion, publicity, sponsorships, direct marketing and new media marketing (Du Plessis *et al.*, 2003:3). Corporate communication or PR, on the other hand, is an organisational function on its own, which provides a completely different service. According to Du Plessis *et al.* (2003:250) the confusion surrounding the boundaries of these terms arose during the 1990s when Customer Relationship Management became popular and the tools of PR, mainly publicity, were used as an alternative method to communicate information about the organisation and its offerings.

It can be concluded that marketing remains the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational objectives (Marx *et al.*, 1998:514). This function focuses predominantly on

customers, and is not concerned with building and maintaining relationships with *all* stakeholders.

2.2.2 Corporate communication and public relations

Steyn and Bütschi (2004:5) clearly state that the terms 'corporate communication' and 'public relations' / 'PR' are used interchangeably in research. PR Influences (2004e) agree that in industry very little distinction is made between the two. Despite this, various authors highlight that PR suffers from a "serious identity crisis" and has negative connotations associated with it, due to the way it has been practised in the past (Hutton *et al.*, 2001:248; Steyn & Bütschi, 2004:5; Steyn & Puth, 2000:3). Macnamara (2002:6) explains that PR had its birth in the Press Agency Model, which focused on publicity (good or bad) from a very one-sided point of view. Grunig and Hunt (1984:21-22) elucidates that PR then proceeded through the Public Information Model, where it focused beyond publicity, disseminating information through publications, events and other communication activities. Both these models have a very singular and biased view of communication, where the public was often misled for political purposes (Marx *et al.*, 1998:557-560). Additionally, practitioners did not support their communication activities with research to gain insight into public opinion (Macnamara, 2002:6). PR was used as temporary defence mechanism to make good the organisation's mistakes, thus becoming a substitute for effective management (Hutton *et al.*, 2001:257). Furthermore, Grunig and Hunt (1984:21-22) claim that according to the press agency and publicity traditions, PR could only be found in large organisations that could afford it. PR emerged as 'the barrier between stakeholders and the truth', earning itself additional negative perceptions with labels such as: 'it is only used to improve sales'; 'is seen as media management to obtain free advertising'; and 'it consists of tricks and gimmicks' (Hutton *et al.*, 2001:257).

The question can be posed as to what the term 'public relations' / 'PR' entail? PR Influences (2004e) indicates that a lot of confusion exists. On one end of the continuum PR is seen as an operational or technical function of media

relations. Here it focuses on the creation and publication of news releases, as well as media buying and media management (DM Productions, 2005). Sandin and Simolin (2006:1) therefore define PR to be a set of communication techniques, which are designed to create and maintain favourable relations between an organisation and its publics through various PR' tools such as websites, publications, speeches, and publicity in various forms of media. On the other end of the continuum however, corporate communication or PR is seen as a management or strategic function that builds and maintains relations with stakeholders (Du Plessis *et al.*, 2003:6; Steyn & Puth, 2000:5; Steyn & Bütschi, 2004:5). Numerous authors agree that the department of corporate communication or PR comprises various roles and functions, of which media relations is only one. It is undoubtedly stated that corporate communication or PR is not solely limited to the media function (Argenti, 1998:56; PR Influences, 2004e).

Important to this study, Steyn and Puth (2000:2-3) explain that PR has never really been considered a management or strategic function that deserves direct access to the board of executives. This is problematic if the organisation's communication discipline has a strategic role to play. The prior mentioned negative associations and the lack of strategic recognition encouraged these authors to prefer 'corporate communication' over 'public relations' / 'PR'. They also highlight that the term 'corporate communication' is also gaining popularity in industry, especially amongst the *Fortune* 500 companies in the USA, where only 46% of these companies persisted with retaining the term 'public relations' / 'PR' (Steyn & Puth, 2000:2-3). Argenti (1998:73) and Hutton *et al.* (2001:248) maintain that there is an increase in the tendency to use 'corporate communication', 'corporate relations' 'corporate affairs' as opposed to 'public relations' / 'PR'.

As this study has a strategic focus, Steyn and Puth's (2000:2-3) reasoning is accepted and supported. This study will, therefore, continue to make use of the term 'corporate communication'.

2.2.3 Defining corporate communication

The field of corporate communication is vast and wide, and research has uncovered numerous definitions. One explicit idea remains consistent and that is that corporate communication is communication on behalf of an organisation (Steyn & Puth, 2000:5). Although a consensus of the interpretation of the term corporate communication / public relations does not exist in industry or academia, many authors place emphasis on the fact that it is the *management* of strategic mutually beneficial relationships, between an organisation and all the persons and institutions with which the enterprise should communicate because its success or failure depends on them (Marx *et al.*, 1998:4; Rensburg & Ferreira, 2004:11; Sandin & Simolin, 2006:6). Marx *et al.* (1998:555) explain that corporate communication is a management philosophy that gives prominence to the socio-economic interest of the broad community. This function is responsible for managing various expectations. One of the key reasons for building and expanding stakeholder relationships is to create goodwill, which is then in turn reflected by the financial statements (Du Plessis *et al.*, 2003:250). Additionally, effective and strong relationships have proved extremely beneficial in times of crises (Steyn & Bütschi, 2004:7). Corporate communication can thus be seen as a management function, which manages the relationships that the organisation enters into.

To be able to manage relationships, the communication to and from these relationships must to be managed. For this reason, Du Plessis *et al.* (2003:251) explain that corporate communication identifies and segments different stakeholders, and then fulfils their communication needs by means of various techniques, which will focus the communication strategy of the organisation. Hutton *et al.* (2001:250) therefore, define corporate communication as the overall internal / external communication of the organisation. Communication must be planned to achieve specific objectives concerning the mutual understanding (Sandin & Simolin, 2006:7). Marx *et al.* (1998:554-555) define corporate communication as purposeful, planned and sustained communication efforts to establish and maintain a mutual

understanding between an organisation and its internal and external stakeholder groups, in order to gain and maintain goodwill. This is done by creating favourable attitudes, building a good corporate image and handling unfavourable rumours, stories or events (Du Plessis *et al.*, 2003:6). Operationally, corporate communication employs and communicates information through a variety of media to influence public opinion (Du Plessis *et al.*, 2003:251).

The above two perspectives clearly provide a managerial and operational focus for corporate communication. In earlier definitions of PR, attention is drawn to a very strategic focus. Steyn and Bütschi (2004:5) emphasise the definition of the First World Assembly of Public Relations Associations, held in Mexico City in 1978, who defined PR as, “The art and social science of analysing trends, predicting their consequences, counselling organisational leaders, and implementing planned programmes of action which will serve both the organisation and the public interest” and help "organisations to adapt to, alter, or maintain their environment for the purpose of achieving organisational goals” (Long & Hazelton in Steyn & Bütschi, 2004:5).

From the above definitions, three perspectives become visible in the corporate communication discipline. These perspectives bring a significant contribution to the place and structure of the corporate communication department inside an organisation.

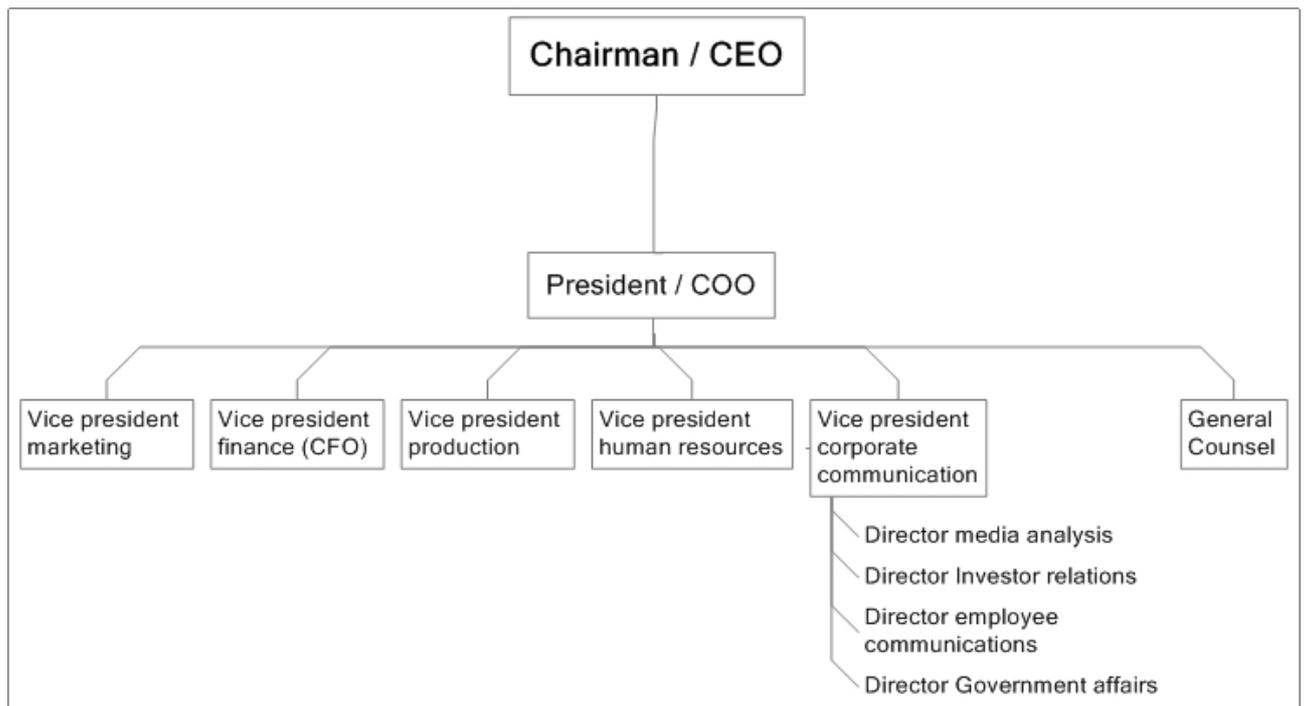
2.3 THE PLACE OF CORPORATE COMMUNICATION

As mentioned in Chapter 1, corporate communication is perceived as a support (staff) function that does not have a direct impact on the financial performance of an organisation (Rensburg & Cant, 2003:58). For this reason, corporate communication has been largely subjected to the chain of command of line functions whose focus lies in other areas of the business (Steyn & Puth, 2000:228). The result has led to a dominating operational focus concerned with achieving communication outputs. The issue with the

above situation is that practitioners are expected to identify, establish, build and maintain strategic relationships for the entire organisation without proper insight into the strategic nature of the organisation.

Marx *et al.* (1998:565-567) and Rensburg and Cant (2003:54-57) provide the most common placements where the corporate communication department would find itself in the organisation. Firstly it takes the position of an independent management function or division, where all line and staff functions are of equal importance. Secondly, it could fulfil an advisory or service division that would report directly to decision makers, but would have no authority. The last option is the most common structure found in the majority of organisations today. Here corporate communication is a subdivision of another function such as Marketing, Business Development, HR or other information functions, where it has little access to decision makers and limited power and status. Despite this, the growing need for transparency and drives such as the King II report have required corporate communications to take a strategic position. More and more, authors are emphasising the importance of marketing and communication practitioners becoming strategists, and not only technicians (Du Plessis *et al.*, 2003:12). Argenti (1998:54) recommends the ideal structure for corporate communication within an organisation, the organisational chart is illustrated in Figure 2.1.

Figure 2.1: The ideal organisational structure for corporate communication



Adapted from: Argenti (1998:54)

According to Steyn and Bütschi (2004:7-9), the corporate communication department's contribution takes place on three levels, the implementation level, functional or departmental level, and the top management level.

2.3.1 The implementation level of corporate communication contributions

A practitioner in the role of technician, functions at the *micro / operational / implementation* level of the organisation and is concerned with the **implementation** strategy. Communication at this level mainly comprises activities that generate communication outputs.

evaluated. Grunig (in Macnamara, 2002:14) labels practitioners at this level as 'communication technicians' and are responsible for disseminating information.

Some examples of activities at this level include: writing and disseminating tangible forms of communication such as newsletters, news releases and brochures; organising and implementing communication focused events;

creating and monitoring electronic communication such as websites and blogs; as well as collecting media clippings (PR Influences, 2003b). In many cases, technician roles are highly specialised and are often outsourced to PR agencies or events companies, who employ specialists such as graphic designers, web-masters and journalists. If the organisation is large enough, the corporate communication department would employ these specialists on a full-time bases, and be managed by the corporate communication manager.

2.3.2 The functional level of corporate communication contributions

A practitioner in the role of manager, functions at the *meso / organisational / functional* level of an organisation, and is concerned with the functional (corporate communication) strategy. Communication at this level is tactical and is concerned with the planning, organising, co-ordinating and controlling of communication activities, people and processes to ultimately achieve outcomes (Marx *et al.*, 1998:555).

The manager role at the functional or departmental level, otherwise known as the tactical level, is where the corporate communication strategy and policy for the organisation is planned and developed. Steyn and Puth (2000:19) explain that this role forms part of the 'window' or 'external representation' function, also known as the information disposal function. The corporate communication manager is responsible for providing input for the strategic planning and formulation process (Rensburg & Cant, 2003:61). Decisions are made with regards to what should be communicated to which stakeholders, in order to solve problems or capitalise on opportunities. From here all subsequent communication planning is directed to lower organisational levels (Steyn & Bütschi, 2004:2). Additionally, Steyn and Puth (2000:19) mention that the communication framework encompasses communication goals from other functional areas such as marketing, HR and investor relations are integrated, to ensure that synergy is achieved with holistic / integrated stakeholder communication.

As a management function, this level is responsible for organising, co-ordinating and controlling communication activities and the resources needed to achieve outcomes (Steyn & Puth, 2000:3). PR Influences (2004b) explains that on a managerial level, the various functions of corporate communication are also managed. These would include corporate social responsibility (CSR) and extensive media analyses of the organisation and its competitors (PR Influences, 2003b). Everything at this level should always be related back to the corporate vision, mission and goals of the organisation as an ongoing sustained process that is proactively focused on identifying early warning signals (Marx *et al.*, 1998:555). These authors also mention that the communication managers should have true insight into the organisation and understand how and why the stakeholders view the organisation like they do.

2.3.3 The top management level of corporate communication contributions

A practitioner in the role of strategist, functions at the *top management / macro / societal* level of an organisation, making strategic inputs into the corporate strategy. The *strategic level* of communication provides input into organisational planning and leading, and ultimately takes responsibility for the performance of corporate communication on a board level by monitoring and adjusting its performance. Rensburg and Cant (2003:61) suggest that the corporate policy, mission and culture be the responsibility of the corporate communication executive.

Sandin and Simolin (2006:2) stress how essential a communication strategy is for any organisation and highlight the strategic function that corporate communication should fulfil. The strategic role of the practitioner at this level is known as the 'mirror function' (Steyn & Bütschi, 2004:7; Steyn & Puth, 2000:19). Practitioners at this level, monitor the relevant environmental developments and anticipates their consequences for the organisation's policies and strategies, especially with regard to relationships with stakeholders (Steyn & Puth, 2000:19). The practitioner acts as a 'boundary

scanner' gathering information and processing the information to make it relevant and helpful to the rest of top management, who is responsible for adapting the organisation to the future (Steyn & Bütschi, 2004:2). It is here that corporate communication's inputs into the organisation's strategy formulation process is realised. Hamrefors (2004:1) strongly agrees and places emphasis on the importance of corporate communication in the leadership of the organisation. Hamrefors (2004:16) brings depth arguing that communication is not merely a set of *activities*, but should be seen as an *ability*. The ability to communicate effectively in an organisational context is complex and should be constantly strived towards by the *entire* organisation, with corporate communication in a leading position. Hamrefors (2004:16) also implies that the corporate communication department should be active in developing the communicative aspect of everything, from structure to process; from micro level to macro level, where communication is viewed as part of leadership, rather than management.

Industry has begun adopting this principle claiming that the role of corporate communication has moved from simply 'carriers of messages' to deciding the corporate and marketing strategy (PR Influences, 2002b). A survey conducted by Beilby (2004) in conjunction with Gavin Anderson & Company, amongst the top 200 listed companies in Australia, noted that 65% of the companies had corporate communication executives. The remaining 35% had communication managers or practitioners that reported to either the CEO, or the Services, or Marketing or Financial Directors. Corporate communication practitioners featuring in the 35% who did not report to the CEO complained heavily about not having access to the CEO (PR Influences, 2004e). According to the survey, over 60% of the communication departments were situated on the same floor or next door to the CEO's office, and had daily contact with the CEO.

It goes without saying that the position of a business function and its access to the board of directors will greatly influence the role it plays in the bigger

picture, and its ability to perform. For corporate communication to be successful, consideration to its position must be awarded (PR Influences, 2002a).

Considering the above, most IT organisations in South Africa (especially in the small and medium size organisations), would agree that they do not have the resources available to justify such extensive communication departments. PR Influences (2004e) highlights in the Beilby (2004) survey, that a staggering 42% of the top 200 Australian companies only employed five or less communication practitioners. Only 20% of the 200 companies had communication departments that consisted of more than 20 communication employees. According to the survey the number of staff did not equate to the size of the organisation, but rather the level of issues, media, government and community consultation required. In terms of communication budget, 53% of the companies' allocated amounts ranging from one to five million dollars, where as the remaining 47% were allocated budgets on discretion. It was explained that in some cases, discretionary budgets were allocated due to the importance of issues management, which allowed the flexibility of 'budget according to needs'. Budgets were influenced by the degree of issues in the environment, investor relations, sensitivity to government, high profile of the CEO and whether or not the company featured as an industry leader.

Understanding the background of corporate communication permits this discussion to focus on the purpose of the organisational function. In order to develop measuring tools such as KPIs for corporate communication a clear understanding of the goals, roles and functions need to be clarified. Without understanding the strategic intent of corporate communication and how it creates synergy with other functions, the rudder that steers the ship will not be strong enough to withstand the currents of the sea. Specific focus is awarded to the goals, roles and functions that corporate communication is to fulfil within the above three levels.

2.4 PURPOSE OF CORPORATE COMMUNICATION

Much has been mentioned regarding the perceptions of authors, executives and practitioners around the purpose of corporate communication as a strategic, managerial and technical function. However, a pivotal reason for the ineffectiveness of corporate communication and PR in the past is the enormity of disparate ideas defining what should fall under the responsibility of the corporate communication department.

According to a survey conducted by Hutton *et al.* (2001:249-251) amongst the corporate communication departments of *Fortune* 500 companies in the USA; 96% of the respondents agreed that media relations was considered their most common and budgeted for function. In industry, this function appears to be the dominant activity that practitioners enter into. This is most likely due to the enormity of quantitative measuring tools available to justify communication activities in this particular function. In industry, this function is often incorrectly referred to as 'public relations' / 'PR' (PR Influences, 2003b), and ultimately means *publicity*.

There is, however, a greater purpose to corporate communication than just media relations. One of these purposes is to ensure that 'integrated communication' and 'unified messaging' emanates from the entire organisation (Hutton *et al.*, 2001:250). These authors are concerned that the integrated communication function of corporate communication is being lost, due to the emphasis placed on tangible and quantitative communication outputs. According to the survey conducted by Hutton *et al.* (2001:250), organisational communication is increasingly becoming disintegrated and moving away from the ability to manage communication, relationships and organisational reputation.

2.4.1 Goals and roles of corporate communication

Sandin and Simolin (2006:8) explain the tremendous variability in organisational explanations of communication goals. These goals vary either

from sales, to new business, to image enhancement, or to the dissemination of positive messages (Sandin & Simolin, 2006:8). As discovered, however, in the definitions of corporate communication, the most prevalent goal of corporate communication is to manage the multitude of stakeholder relationships to achieve mutual benefit for both parties. The question as to why corporate relations are deemed so important arises at this point in the discussion.

The Social Exchange Theory suggests that people enter into relationships by analysing cost versus benefits where they expect the benefits to exceed the costs (Hallahan, 2000:503). If an organisation values a relationship with a particular stakeholder and portrays the benefits of being in a relationship to be larger than the costs, then the stakeholder is more likely to remain loyal to the organisation, especially in times of crises. Childers and Grunig in Macnamara (2002:32) report that sound relationships lead to greater co-operation between organisations and their key stakeholders. The benefits of 'conflict avoidance' produce effects such as reduced litigation; fewer complaints; and less interference by government (Macnamara, 2002:32). Shareholders and employees, who remain loyal to the organisation even when an organisation experiences financial dips, can be cited as an example of this statement.

The Resource Dependency Theory contends that people enter into relationships in response to the need for resources (Hallahan, 2000:503). For a relationship to be mutually beneficial for both parties, both parties need to believe that they are getting something out of the relationship. Cornelissen (2000:119) points out that traditionally the rationale for establishing favourable relationships with an organisation's stakeholders was to translate the goodwill into a propensity to buy that organisation's offerings; to work for it; or to invest in it. The Customer Relationship Theory, however, proposes that retaining customers costs less than acquiring new customers. Organisations have, therefore, changed the focus of relationship building from transactional to long-term relations. In turn, they have enjoyed the benefits and resources

from targeted stakeholders, who consume fewer resources than stakeholders who are at the beginning stages of the relationships and resource consuming.

Ultimately, building strong relationships establishes trust and creates a support system for unpredictable macro forces. Financially, sales are positively affected by relationships and the goodwill of the organisation is enhanced (which is reflected in financial statements). Additionally, strong competitive advantage is reached on a strategic level when engaging in stakeholder relations (Reznick, 2004). But how is it possible to establish and maintain strong relationships?

Sandin and Simolin (2006:4) explain that strong relationships are based on trust and nothing establishes trust more than credibility. Marx *et al.* (1998:560), therefore, state that the primary goal of corporate communication is to promote an objective image among stakeholders that can manifest trust (Sandin & Simolin, 2006:4). Simply disseminating information about a good corporate image is not going to guarantee strong relations and trust. Stakeholder relations should be mutually beneficial and executives need to be accountable to all stakeholders (Steyn & Puth, 2000:190). Olkkonen *et al.* (2000:405) state that communication cannot take place without a degree of relationship, and relationships cannot be understood without having knowledge of the communication processes that take place in the relationships. This statement elicits why it is the responsibility of corporate communication to engage in two-way symmetrical communication, that objectively reflects the situation and status of the stakeholder relationships through consistent interaction. Rensburg and Ferreira (2004:11) remind practitioners that the key to managing the relationships is discovering what expectations stakeholders have of the organisation and how the organisation is measuring up to these expectations. The communication process should, therefore, self-assess the organisation's ability to communicate and measure up to expectations.

The levels of interaction between organisations and stakeholders vary in degree of involvement. Steyn and Puth (2000:187-188) rank interaction from *inactivity*, where stakeholder opinions and values are totally ignored; to *reactivity*, where the organisation waits for a situation to occur and responds to the situation; to *proactively*, where responses are anticipatory in nature and have the ability to manage crises better. Reactive communication typically deals with macro environmental changes that have had a negative consequence (Olkkonen *et al.*, 2000:404). It is more difficult to communicate trust in reactive communication than proactive communication (Sandin & Simolin, 2006:4). Steyn and Puth (2000:187-188) identify an additional higher level of involvement, being *interactive* involvement, where the organisation actively involves itself with stakeholders, which influences the future of the organisation. An interactive communication approach, according to Steyn and Puth (2000:189) entails the identification of stakeholders and a deep understanding of the issues they face. Olkkonen *et al.* (2000:404) agree with the *interactive approach*, but highlight that its primary focus is studying exchange processes in long-term relationships between economic actors. They argue that the interactive approach is mostly used for buyer-seller relationships, limiting the stakeholder groups to clients and prospective clients. These authors therefore introduce the *network approach* as a theoretical extension of the interactive approach. They further explain that this approach concentrates on understanding what occurs when organisations engage in complex relationships within a business market, focusing on bonded structures (networks) with stakeholders, such as government associations and consultants. This approach aims at providing a framework for understanding complex markets as a system of networks comprising inter-organisational relationships.

Stakeholders are not only those groups that management thinks have some stake in the organisation, but are also those groups who themselves think they have a stake (Steyn & Bütschi, 2004:6). The challenge of stakeholder management is to see that primary stakeholders achieve their objectives, *and*

that other stakeholders are dealt with ethically and responsibly to achieve a 'win-win' situation (Steyn & Bütschi, 2004:7).

By taking an interactive / network approach, one can further explore the role that communication plays in maintaining stakeholder relations. As Olkkonen *et al.* (2000:405) state, relational issues can never be separated from communicational occurrences; they may indeed be considered as two sides to the same coin. These authors also note that as suggested in the Situational Theory, communication cannot be understood without considering situational factors (such as structural and contextual characteristics), pertaining to the relationship at hand. From this Rensburg and Ferreira (2004:3) emphasise that corporate communication should not only focus on building and sustaining relationships in order to deliver real value to the organisation, but be the visible voice of organisational excellence and continuous improvement. Their role is to assist organisations in becoming good corporate citizens who constantly acquire stakeholder feedback to adjust messages that were misinterpreted (Rensburg & Ferreira, 2004:3).

In industry, Hutton *et al.* (2001:255) report that corporate communication departments perceived their most important role to be the management of the corporate reputation. This was followed by image management, and the promoter of the company / policies. Next was driving publicity, and then only the management of relationships with non-customer publics. Finally the management of relationships with all publics, and supporting marketing and sales were the least important roles. These authors express concern regarding industry's priorities, explaining that if the communication departments were to rank managing relations with non-customer publics, and managing reputation as the most important roles, they would have had a stronger correlation with reputation management. It would seem that there is a gap in the perception of the goals and roles in both academia and industry. Reputation management is seen as a function of corporate communication in theory and not a goal, whereas practice indicates a predominant focus on

reputation management. The following section investigates the corporate communication functions.

2.4.2 Functions of corporate communication

Understanding that the goal of corporate communication is to build and maintain mutually beneficial relationships, allows this discussion to identify the various functions that reside within corporate communication. Argenti (1998:1-244), discusses key duties or functions that the corporate communication should perform, which is extended by Hutton *et al.* (2001:250); Marx *et al.* (1998:4); PR Influences (2001c); PR Influences (2004c); PR Influences (2004e); as well as Rensburg and Ferreira (2004:21). These include:

1. Managing the corporate image, identity and reputation (Argenti, 1998:73);
2. Managing corporate advertising and advocacy (Argenti, 1998:95);
3. Managing media relations (Argenti, 1998:121);
4. Marketing communication where the promotion 'P' of marketing becomes a sub-component of the communication umbrella (Argenti, 1998:55);
5. Assisting with investor relations / financial communications (Argenti, 1998:143);
6. Managing employee relations and communication (Argenti, 1998:167), known as 'internal communication' in industry. This function according to Beilby (2004) is equally as important as external stakeholder communication;
7. Managing government affairs / relations (Argenti, 1998:187);
8. Managing crisis communication / issues management (Argenti, 1998:213);
9. Managing industry relations which include partner and competitor relations (PR Influences, 2001c);
10. Managing community relations / CSR (Argenti, 1998:6);
11. Managing the corporate communication department (PR Influences, 2004e), entailing the planning, organising, leading, co-ordinating, and

controlling of all activities that occur within the function (Marx *et al.*, 1998:4);

12. Researching stakeholder perceptions and expectations (Rensburg & Ferreira, 2004:21); and finally,

13. Integrated stakeholder communication (Hutton *et al.*, 2001:250).

2.4.2.1 Corporate image, identity and reputation

Argenti (1998:56) labels image, identity and reputation management as one of the most critical functions of corporate communication. Sandin and Simolin (2006:2) agree that shaping or redefining the corporate reputation is a function of the corporate communication department. An important reason for this function is highlighted by Hallahan (2000:502) who discovered that stakeholders (both passive and active) are not actually passive, but active processors of information. In other words, people construct their own meaning about an organisation, whether they are actively involved with the organisation or not. The information is processed from mediated messages and other forms of communication and put into the context of their own lives. Unless these meanings are managed, incorrect perceptions could be formed that could harm the reputation of the organisation (Hallahan, 2000:502).

PR Influences (2002b) describe the corporate **image** to be, "How we choose to portray ourselves". A more accurate description is provided by Cornelissen (2000:120) who explains that images are held by audiences as a network of meanings, stored in their memory, that range from holistic general impressions to very elaborate evaluations of objects. The image helps to personalise the organisation through developing a *persona* (Hallahan, 2000:509). In other words, the corporate image is the reflection of the organisation's reality (Argenti, 1998:56), which is a product of a multiple variable impression formation process. It is influenced by messages from the organisation, related businesses, media, and from other stakeholders through word of mouth. Importantly, the image is an interactive and continuous process that is subject to change (Marx *et al.*, 1998:555) and therefore needs continued management.

Cornelissen (2000:120) and Marx *et al.* (1998:562) agree that the corporate **identity** emerges and is formulated out of the corporate personality. Argenti (1998:56) elicits that this should not change from one stakeholder to another, as the corporate identity is the visual manifestation of the organisation's reality (through media such as the logo, buildings, stationery, uniforms etc.). The corporate identity is controlled by the organisation, where the image is merely influenced. Corporate identity is, therefore, an influential tool that corporate communication controls and can utilise to influence stakeholders' perceptions of the corporate image and reputation.

Benjamin Franklin (in PR Influences, 2004a) once said, "Glass, china, and **reputation** are easily cracked and never well mended". Joseph Neubauer, CEO of Aramark Worldwide, expands, "It takes a lifetime to build a reputation, and only a short time to lose it all." (in PR Influences, 2001c). These quotes portray the delicacy of a reputation. Both the corporate identity and image reinforced over time builds a reputation. Reputation has become such an important factor, that it is measured on the stock exchange amongst the *Fortune* 500 companies (Hutton *et al.*, 2001:247). PR Influences (2004a) and Ritter (2003:50) state that corporate reputation, as a measure of success, has become more important than profitability, ROI and stock market performance; and is often associated with the reputation of the CEO. Phillips (2001:229) adds that organisations gain measurable benefits by having a good reputation. The author also states that organisations' products and stock offerings entice more customers and investors while commanding higher prices; and their jobs lure more applicants, generating increased loyalty and productivity from their employees (Phillips, 2001:229). Additionally, Reznick (2004) mentions that an organisations' influence over suppliers is greater, and often results in negotiated lower prices for purchases.

Corporate communication's responsibility is to manage the corporate reputation through a positive image and identity as well as effective stakeholder relations. Rensburg and Ferreira (2004:4) accurately define

reputation management to be, “The building and sustaining of an organisation's good name, generating positive feedback from stakeholders that will result in meeting strategic and financial objectives.” Hutton *et al.* (2001:247-261) do, however, question whether reputation can be managed, and also query how much of it is actually under the control of the corporate communication department. These authors are concerned about the volatility of the reputation ratings which *Fortune* 500 companies receive on the stock exchange. Hutton *et al.* (2001:257) suggest that there are either deficiencies in the stock exchange measurement scale, or the concept of corporate reputation being managed by this function is unstable. Despite this, Rensburg and Ferreira (2004:4) continue to believe that reputation management shapes the images of organisations and builds confidence and trust. These authors contend that reputation management should be a board essential and reside within the communication function (Rensburg & Ferreira, 2004:4). These authors motivate their statement by saying that organisations are being held liable, responsible and accountable for their daily actions. Additionally, transparency is imperative at all times, to prove the current state of affairs (Rensburg & Ferreira, 2004:20-21). Additionally, Rensburg and Ferreira (2004:21) agree that in a steep competitive environment, the competitive leverage gained through reputation, is often the deciding factor.

According to Cornelissen (2000:119) academic research, concerned with the management of the corporate image and reputation in corporate communication, has been traditionally biased towards an organisational-centred perspective (or sender perspective). This perspective developed as a result of mass communication, where audiences were homogeneous, their responses were constant, the competition's messages were fewer and linearity in communication effects could be presumed. Today, however, with new media, interaction and dialogue is made possible. Additionally, the control over contact and content is increasingly in the hands of stakeholders. Cornelissen (2000:119-125) consequently provides a revised model of corporate communication's role in reputation management, explaining that the image, identity and reputation should be managed from a receiver

perspective. This perspective highlights the influential force of corporate communication, but recognises that these messages take place amidst other message sources, such as: communication by competitors and related businesses, experiences or word of mouth encounters, interpersonal messages from previous experience and images stored in memory (Cornelissen, 2000:122). This corresponds with the Hedging and Wedging Theory, recognising the minimal effect that communication has on attitudes and behaviours (Grunig & Stamm in Macnamara, 2002:9). Additionally, this once again highlights the importance of Grunig's Two-way Symmetric Model of communication that involves the dissemination of information (outputs) while encouraging research to identify changes in attitudes, awareness or behaviour (outcomes) (Macnamara, 2002:9). Corporate communication must understand the dynamics of stakeholder involvement and communicative behaviour, especially as it now relates to the new media landscape.

2.4.2.2 Corporate advertising and advocacy

Corporate advertising attempts to sell the organisation as a whole to stakeholders not considered to be customers (Argenti, 1998:57). This function closely relates to image and reputation management as it reinforces a desired message in an attempt to gain stakeholder approval. The Beilby (2004) survey, notes that Corporate Brand and Marketing is a growing responsibility of the corporate communication function with an increasing number of executives absorbing this responsibility (PR Influences, 2004e). Hutton *et al.* (2001:250) mention that 51% of the corporate communication departments budget for corporate advertising.

Cause related marketing or *issue advertising* could be included in this function (DM Productions, 2005). Argenti (1998:57) explains that it is a risky form of advertising that takes a stand on a particular issue affecting the organisation in an attempt to influence the stakeholders' opinion about the organisation and the issue. If received well, though, it is extremely effective.

Additionally, this function would be responsible for emphasising and communicating intangible assets such as corporate values. Kelly, Kocourek, McGaw and Samuelson (2005:1-14) discovered a link between corporate financial success and corporate values. Kelly *et al.* (2005:1) state that organisations can be successful in turning their corporate values into a competitive asset through effective corporate advertising.

2.4.2.3 Media relations

Supporting Hutton *et al.*'s (2001:249-251) findings, mentioned earlier in the chapter, the Beilby (2004) survey notes that 100% of the top 200 Australian companies included media relations as a function of the corporate communication department (PR Influences, 2004e). Argenti (1998:58) supports this statement explaining that unlike the other functions, all authors and practitioners agree that media relations should be handled by corporate communication. Argenti (1998:58) adds that media relations has been viewed as a PR function in the past, and that certain activities can be outsourced to a PR consultancy (VMS, 2006b).

The purpose of the function is to manage the media interface and provide outputs to achieve pre-determined outcomes (PR Influences, 2001c). Editorial coverage of the organisation and its offerings is a major activity in this function, to ensure that the dissemination of news is achieved. The media is then monitored to ensure that the desired media presence was guaranteed (DM Productions, 2005). Media featuring (gathering of media clippings) is a function for the communication technician or a PR agency, however, the media analysis, examining the media's performance, falls under the responsibility of the corporate communication manager (PR Influences, 2003b). The corporate communication executive is the organisation's spokesperson and is trained to appear in the media as and when needed (Argenti, 1998:58).

2.4.2.4 Marketing communications

The Beilby (2004) survey highlights an important trend that is currently growing in organisations. Statistics indicate that corporate communication executives are assuming responsibility for marketing communication, and are thus shifting the way in which the 'umbrella brand' and 'product brand' are being promoted simultaneously (PR Influences, 2004e). This is a significant move for the 'integrated communication' function of communication, as it ensures that messages in advertising are unified for *all* stakeholders and customers. Hutton *et al.* (2001:250) support this trend indicating that 45% of the communication departments include marketing communication in their budgets.

The focus of this function is customer relations, and forms part of the marketing mix as the promotion 'P' (Du Plessis *et al.*, 2003:1-3). According to these authors the objective is to inform, persuade and remind audiences, that need to know about new or changed products / services in an attempt to influence attitudes and behaviours. This function takes responsibility for activities such as: the publicity of the organisation and its offerings; reflecting the corporate image; sponsorships; customer relations activities; and the general customer-oriented services such as phone calls, call centres, direct mail and e-mails (Argenti, 1998:58-59; Du Plessis *et al.*, 2003:3).

Integrating the marketing communication elements (otherwise known as leverage marketing or IMC), involves the combination of various marketing tools such as: sponsorships, competitions, advertisements *etcetera*; to enhance the impact of the message, and provide a better strategy to inform, persuade and remind audiences (Du Plessis *et al.*, 2003:1; Sandin & Simolin, 2006:2). Making marketing communications part of the corporate communication function, allows for a greater IMC strategy that is linked with messages being sent to other stakeholders. This is especially important when considering that stakeholders do not fall into mutually exclusive groups and can be the receiver of numerous messages including customer messages.

The importance of message integration and reinforcement is made effective through repetition of synergised messages.

2.4.2.5 *Investor relations / financial communication*

Traditionally, this function was handled by the finance department, but according to Argenti (1998:59) it has moved into the care of the corporate communication department. The author explains that analysts, investors and the financial press are the main stakeholders in this function and require various forms of communication (such as annual reports and financial statements) to make decisions. Fifty two percent of the top 200 Australian companies include investor relations as a major function of corporate communication, where they simply convey messages to the desired stakeholders (Beilby, 2004). Additionally, Hutton *et al.* (2001:250) report that only 29% of corporate communication departments include investor relations in their budgets. They do, nonetheless, budget for annual / interim reports with a staggering 85%. It appears that the inclusion of investor relations as a major function of the corporate communication department might be limited to simply disseminating information as opposed to building relations.

What does, however, require corporate communication's attention is the importance of transparency in the disclosure of information (PR Influences, 2002b). This is not only applicable in the financial domain of the organisation, but also in the organisation's performance of ethical, social and environmental areas (Adams, 2004). This author conducted a case study assessing the 'ethical reporting' of a large multinational organisation. It was discovered that the company's report was not a true reflection of the situation and that the accountability was not honest. As a result, the company's stakeholders viewed it scantily. Further concerns, raised in this source, highlight the incompleteness; lack of proper stakeholder consultation where stakeholders were mentioned; lack of compliance to reporting standards and lack of third party verification. According to Adams (2004), a good 'ethical' report would be transparent; represent a genuine attempt to provide an

account that covers both positive and negative aspects; is verified by a credible third party (including mentioned stakeholders); show corporate values, objects, targets and performance against those targets.

From the above, it seems that building and maintaining strong relations with the various stakeholders involved in ethical reporting, would prove invaluable to the entire organisation. Considering that ethical reporting predominantly falls within investor relations, corporate communication practitioners should consider awarding this function more attention than simply disseminating information.

2.4.2.6 Employee relations / internal communication

It is generally accepted that employee relations or internal communication be considered a corporate communication function (Argenti, 1998:60; Marx *et al.*, 1998:555). The Beilby (2004) survey indicates that an impressive 81% of the top 200 Australian companies emphasise employee relations as one of their major functions or corporate communication duties (PR Influences, 2004e). Hutton *et al.* (2001:250) note that 83% of the corporate communication departments budget for employee communications, supporting Beilby's (2004) statement that internal communication is currently being considered equally as important as communicating to external audiences.

The objective of internal communication is to help employees better understand what the organisation's business is and what is happening with the organisation (DM Productions, 2005). The organisation's success is inextricably linked to their employees' success (Marx *et al.*, 1998:555), because most stakeholder relationship encounters involve interpersonal communication with an employee. These authors emphasise the importance of ensuring that employees realise the significance of their individual contributions, and make sure that they have the correct information at hand to engage with stakeholders. Corporate communication is responsible for shaping and moulding the corporate culture (which can be translated into an

intangible asset), and ensuring that communication is standardised amongst all employees (e.g., all make use of the correct e-mail signature). Much has been written about the positive effects that internal communication has produced during acquisitions and mergers. It is imperative that communication channels are updated with the latest information, and that employees be the first to know about corporate changes (Rensburg & Cant, 2003:123). In some cases, employee communication training (such as public speaking or presentations) is also considered to be a corporate communication activity (PR Influences, 2004e).

2.4.2.7 Government affairs / relations

This function, often termed *public affairs*, is responsible for reaching out to the governmental areas that impact the organisation. In industry, the Beilby (2004) survey portrays that 90% of the top 200 Australian companies consider government relations, on both national and local level, to be an important function of corporate communication. This impressive figure peaked at the same level as media relations. On the other hand, Hutton *et al.* (2001:250) indicate that only 33% of the *Fortune* 500 USA companies make allowance for government relations in the communication budgets. This discrepancy, according to Argenti (1998:60), is a consequence of the extent of government involvement and would depend on the organisation's country and industry.

Organisations engage in government relations to be proactive on stringent legislation that the government uses to influence the private sector and business (Argenti, 1998:61; DM Productions, 2005). Legislation often negatively affects business, so Argenti (1998:199-201) identifies activities that corporate communication can enter into to become part of the legislation that affects the organisation. This approach attempts to positively influence decisions regarding legislation as opposed to simply 'letting it happen'. Argenti (1998:199) further highlights how lobbying with the government, along with the use of mass media and research have significantly persuaded governments to change their opinions in the past. Corporate reputation lies at

the heart of lobbying, as government acknowledges and considers organisations with the most 'public respect' most seriously (Argenti, 1998:201).

2.4.2.8 Crisis communication / issues management

Potential crises (otherwise known as issues) need to be planned for as well as co-ordinated by the corporate communication department (Argenti, 1998:61). Typically crises occur as an element of surprise, where the organisation has little control; panic is prevalent; and things happen quickly. The organisation often takes a short term focus and bases decisions on little information, while being scrutinised by many stakeholders. The results are often devastating for an organisation, especially if they are not prepared for it. The top 200 Australian companies agree that this function is essential to corporate communication and 100% of them include it as a major function (Beilby, 2004). These statistics are supported by Hutton *et al.* (2001:250), who claim that crisis communication was the second most common and budgeted for function after media relations.

In this function, corporate communication practitioners devise plans for various natural and human-induced crises; based on an analysis of societal issues and trends that are important to key stakeholders (Steyn & Bütschi, 2004:7). Influential individuals are informed of the roles they will need to play in such events; while reserve individuals are assigned, should something happen to them. Additionally, communication channels are identified as well as protected and back-up communication offices are established. A successful example of a well managed crisis, handled correctly by the corporate communication department, was the 1982 Johnson & Johnson Tylenol disaster where seven people died after taking Tylenol capsules (Argenti, 1998:216). Due to their well planned and implemented communication strategy, strong stakeholder relations and employee support sustained Johnson and Johnson's recovery, and assisted in developing stronger relations than before the crisis.

Many organisations follow a reactive approach where issues are dealt with only after they have developed. A proactive approach to issues management entails the anticipation of issues, and the planning of how to handle or prevent the issues (Steyn & Bütschi, 2004:7). This is purely a corporate communication function that should feed from the information discovered in environmental scanning (Steyn & Bütschi, 2004:7).

2.4.2.9 Industry / industrial relations

Although this function is not recognised as a major corporate communication function by Argenti (1998:55), Hutton *et al.* (2001:250) indicate that 24% of communication departments spend their budgets on industry relations. Partners, dealers, distributors, suppliers and competitors form part of this function's stakeholder group. These stakeholders are often categorised as primary or secondary publics, and form an integral part of strategic planning. This function allows the organisation to identify these stakeholders and actively plan communication strategies for them to reap various benefits. As previously mentioned, building strong relations with suppliers could guarantee consistent deliveries and lower prices (Phillips, 2001:229). Strategic alliances with complimentary competitors (Rensburg & Cant, 2003:123) could result in stronger offerings and enlarged client bases. It is the corporate communication's function to include these stakeholders in analyses and communication processes.

2.4.2.10 Community relations / corporate social responsibility

Community relations is the act where companies take on the responsibility of the community in which they operate (Argenti, 1998:06). It is concerned with maintaining the balance between economic, social, communal and organisational objectives (Rensburg & Ferreira, 2004:4). Terms such as 'corporate governance', 'corporate social investment' (CSI) and 'corporate social responsibility' (CSR) belong in this function of corporate communication. PR Influences (2004b) defines CSR, in its simplest terms, as being a good corporate citizen by supporting worthwhile community causes. It

originated from responses to activist groups, where sales were being impacted and codes of conduct were developed to become part of overall business objectives (PR Influences 2004b).

Kelly *et al.* (2005:1-14) claim that a survey amongst financial leaders indicated that public companies who outperformed their industry averages, believed that social and environmental responsibility positively impacted the organisation's finances. CSR is regarded as an intangible asset because it assists in differentiating the business and provides a competitive advantage (PR Influences, 2004b). Hutton *et al.* (2001:252) discovered a strong correlation between the total spending on social investment activities and corporate reputation. This finding is reflected in industry where 84% of the top 200 Australian companies actively incorporate community relations as a function of corporate communication (Beilby, 2004). The evidence that CSR is being more widely adopted is portrayed at a philosophical level by the emergence of 'triple bottom line'; ethical reporting; the adoption of codes of conduct; and the appointment of key management with specific responsibilities for CSR (sometimes referred to as Chief Ethics Officers) (PR Influences, 2004b).

Some benefits of practising CSI include the unity it brings to a business through the community involvement; the visible support from staff; enhanced corporate culture; lower costs (resulting from efficiencies in energy and materials use); and finally a sympathetic view from government and key stakeholders (PR Influences, 2004b). Marx *et al.* (1998:555) explain that the corporate communication department should provide guidelines about the organisation's social responsibility and communicate the results to the relevant stakeholders. PR Influences (2004b) warns, however, that many critics have accused some organisations of using CSR in an opportunistic manner to buy goodwill. Communication practitioners should be wary of this, and approach the communication of this function sensitively.

2.4.2.11 The management of the communication department and external agencies

The corporate communication department, as a function of the organisation, would naturally be responsible for its own management. The management of the function would entail planning, organising, leading, co-ordinating, and controlling all activities as well as resources that occur within the function (Marx *et al.*, 1998:4). The Communication departments' administration and management efforts should also be measured just as other organisational departments are, to ensure effectiveness and efficiency as well as accountability (Ritter, 2003:45). Apart from management measurability, continued improvement should be encouraged and aligned with the rest of the organisation (Ritter, 2003:59).

Hutton *et al.* (2001:250) indicate that 85% of corporate communication departments budgeted for the management of the PR agencies, and 42% for the management of advertising agencies. Many organisations outsource media relations and other technical activities, making the management of these agencies an integral part of their daily activities (PR Influences, 2001c). Such activities would include searching for adequate agencies, providing detailed briefings and attending regular meetings (PR Influences, 2001c). Hutton *et al.* (2001:251) specify that the most common assignments given to outside vendors are annual reports, product advertising, media relations, publicity, corporate advertising, internet communications, corporate identity, marketing communications and crisis communications activities. Because considerable time is spent managing people to ensure that communication is effective, the communication measurement models should reflect this effort and translate effective management into intangible value, added to the organisation.

On a strategic level, the corporate communication executive has a stake in the leadership of the organisation (Steyn & Puth, 2000:165). Leading both the organisation and the communication department, the executive monitors

changes in the macro environments such as competitive actions, shifts in customer attitudes, or changes in government policies, which have strategic impacts on the organisation and its communication (Sandin & Simolin, 2006:4).

2.4.2.12 Integrated stakeholder communication

Ultimately, communication on behalf of an organisation happens regardless of whether it is generated from a communication department or not. It is corporate communication's responsibility to ensure that communication on behalf of an organisation is planned and purposed, integrated, consistent and beneficial to the identity of the organisation. Although this function is not identified by Argenti (1998:56) as a major function of the corporate communication department, Hutton *et al.* (2001:250) speak of an 'integrated communication' function, where the communication department advises and monitors communication that is sent and received on behalf of the organisation. Organisations have many different stakeholders and each organisational function is involved in relationships with targeted stakeholders that are important to them. This implies that the communication to each stakeholder group has the dangerous potential of being incoherent to the rest of the organisation's communication.

To be viewed by stakeholders in a congruent manner, the organisation's communication should be in harmony with the organisation's image, identity, culture, reputation, policies and strategies. Examples of activities that the corporate communication department would be responsible for could include: consistency in e-mail signatures across all departments; ensuring that up-to-date letterheads and other document templates are consistently used throughout the entire organisation; speech writing for influential employees; public speaking and media training, as well as advising other organisational functions on the best and correct method to communicate to their stakeholders (Vos & Schoemaker, 2004:2). This function becomes essential

when managing media that affects numerous stakeholders such as the organisational website.

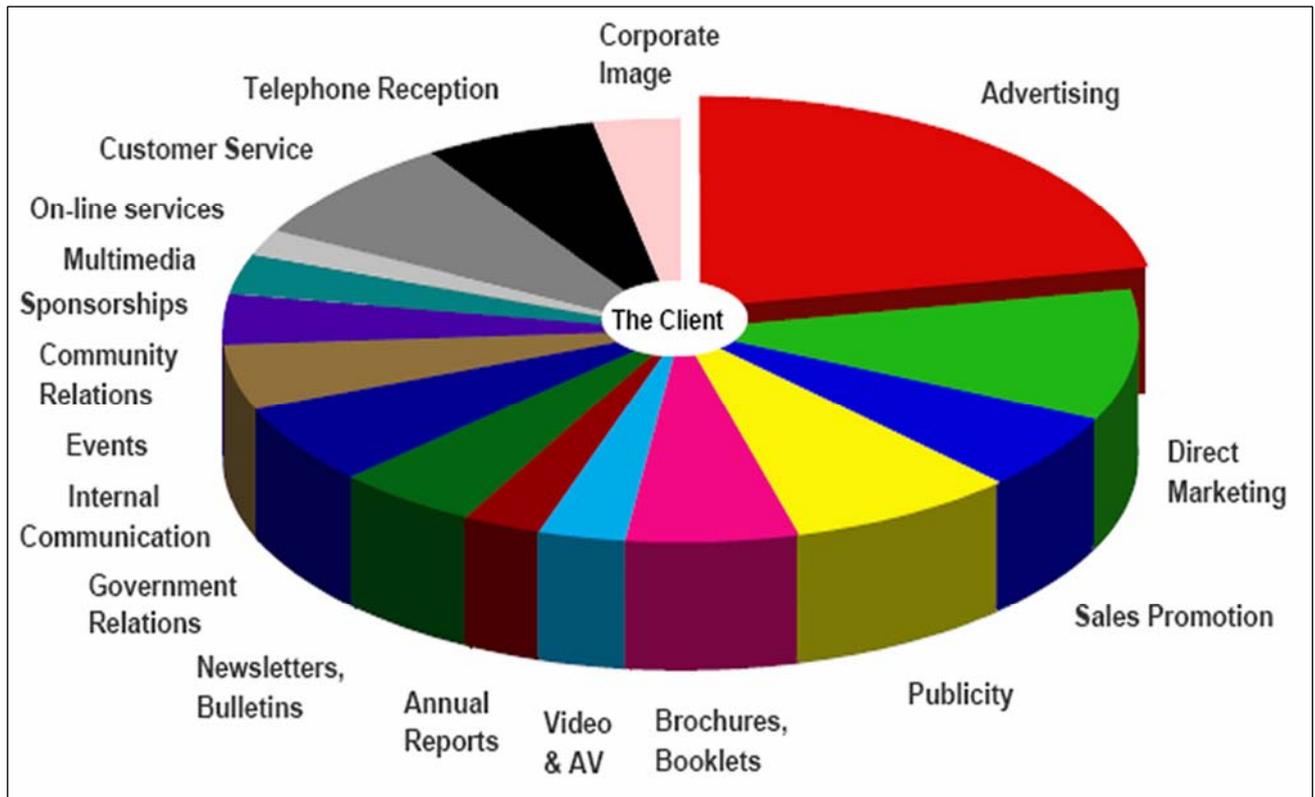
2.4.2.13 Research stakeholder opinions and expectations

Rensburg and Ferreira (2004:21) highlight an additional function of corporate communication, which is not included in Argenti's (1998:56) description of communication functions. Virtually all PR and communication evaluation models suggest that the programmes and plans do not take place without proper investigation into the opinions and perceptions of their stakeholders (Macnamara, 2002:2). This is to ensure that the correct plan is designed to address stakeholder issues, and to assist with the 'before and after' evaluation of the campaign.

Unfortunately this research seldom occurs in practice (Simmons & Watson, 2006:2), which could be as a result of not being identified as a major function of the communication department. Rensburg and Ferreira (2004:21) clearly state that researching stakeholder expectations is a corporate communication function, just as marketing researches customers' expectations by means of Employee Relationship Management and Customer Relationship Management. It is clear from the above, that the communication measurement model should include this research function to ensure that execution is guaranteed and not simply suggested.

Having identified and discussed the functions comprised in the corporate communication department, various media utilised by practitioners to interface with stakeholders are graphically illustrated below in Figure 2.2.

Figure 2.2: Macro communication model



Source: Macnamara (2002:12)

According to Macnamara (2002:12) different research methodologies exist for each of these media and practitioners should recognise them and make use of these to determine whether their communication is effective. These methodologies and techniques will be examined in detail in Chapter 3.

Unfortunately, authors have highlighted corporate communication's inability to perform as expected by CEO's (Steyn & Puth, 2000:5). The reasons for these failures are critical to understanding how measurement, especially by KPIs, might improve the current state of affairs.

2.5 REASONS FOR LACK OF CREDIBILITY

As stated in Chapter 1, the true value of corporate communication and PR has not been recognised and appreciated by organisational leaders. A synopsis of the possible reasons for this lack of credibility can be divided into three main challenges, including: measurement and evaluation challenges; organisational structure and positioning of corporate communication

challenges; and challenges with practitioners' lack of strategic and management capabilities.

2.5.1 Challenges related to measurement and evaluation

- Practitioners and executives believe the myth that it is impossible to measure the real impact of corporate communication, due to its intangible nature (Ritter, 2003:44). Simmons and Watson (2006:1-14) reveal in their study, investigating the low uptake of qualitative research in PR, that practitioners perceive 'evaluation' to be essential but fail to execute it due to lack of time, budget, and training. Authors Macnamara (2002:5) and Watson (2005:1) concur that despite seeing planning and evaluation research as essential, practitioners seldom perform it. Consequently, Steyn and Bütschi (2004:3) highlight the criticism that corporate communication managers have received for their inability to evaluate their activities.
- PR Influences (2003c) explain that the measuring tools used by the market for PR and corporate communication are mostly focused on measuring tangible outputs, such as media analysis. Numerous authors agree with this statement, declaring that output measurement undermines the intangible value corporate communication brings to an organisation, keeping communication to stakeholders focused on one-way information dissemination (Gorpe & Saran, 2005:3; Macnamara, 2002:5; Phillips, 2001:227; Watson, 2005:1). Hallahan (2000:509) observes that modern society is becoming increasingly asymmetric in its communication. VMS (2006b) explains that the obvious problem with measuring outputs is its difficulty to relate back to actual business outcomes, and is focused on quantity as opposed to quality (Vos & Schoemaker, 2004:1).
- The most relevant issue to this study concerns the fact that communication evaluation and measurement models or techniques are not aligned with the models and techniques used to evaluate organisational performance. Watson (2005:1) once again acknowledges Macnamara's (2002:5)

statement that practitioners fail to use the language of accountability preferred by top management, such as MBO (management by objectives), TQM (total quality management), QA (quality assurance), benchmarking, *etcetera*. If a practical link between communication and organisational measurement models is established, it might force practitioners to conduct evaluation and allow top management to understand as well as rely on its importance. Ultimately communication takes place between an organisation and its stakeholders by *all* functions on *all* levels and through *all* employees. Corporate communication should assist the organisation in its *ability* to achieve *integrated communication* that is consistent and reinforces the corporate image and values. Vos and Schoemaker (2004:2) explain that a measurement model or tool assessing the communication, by the organisation as a whole, should be used to determine the effectiveness of the communication department. Ritter (2003:46) expands that the most common error with measurement systems is the lack of defined links with the strategy that is in place for the organisation.

2.5.2 Challenges related to the position of corporate communication

- One well-communicated issue concerns the place of corporate communication within an organisation. Numerous authors and practitioners bring emphasis to corporate communication's managerial and strategic contribution, and its ability to help lead the organisation (Argenti, 1998:54; Beilby, 2004; Hamrefors, 2004:16; Marx *et al.*, 1998:565; PR Influences, 2002a; Steyn & Bütschi, 2004:3; Steyn & Puth, 2000:7; Vos & Schoemaker, 2004:1). These authors criticise reporting channels and state that corporate communication should be part of the executive team or, if there is no appointed communication executive, at least report directly to the CEO. This is to ensure that corporate communication participates in high-level strategy formulation, and then successfully implements these corporate strategies by means of communication strategies (Vos & Schoemaker, 2004:1).

- Another concern highlighted by Hallahan (2000:508-509) and Beilby (2004) is the size of the communication departments. Having considered the vast array of roles and functions, it is surprising that the communication departments are often the smallest in the organisation and that the specialised activities are frequently left to one individual to perform.

2.5.3 Challenges related to the lack of strategic and management capabilities

- Macnamara (2002:11) highlights that a majority of communication practitioners come from a humanities or fine arts background and lack business sense. Steyn and Puth (2000:8-13) expand that communication practitioners are uneducated and untrained in a business and strategic perspective. These authors list that practitioners:
 - Fail to assume a broad decision-making role;
 - Adopt a role of policy implementers rather than ‘moulders’;
 - Lack a comprehensive macro-environmental understanding;
 - Are unable to see the big picture;
 - Fail to address strategic issues;
 - Lack management, business and planning skills;
 - Do not do research, or measure outputs rather than outcomes;
 - Do not integrate strategic information into the organisation;
 - Do not integrate the function into its larger organisational domain; and
 - Are reactive, awaiting decisions by their CEO rather than being proactive.

In addition to the above, Macnamara (2002:7) explains that practitioners evade using SMART (Specific, Measurable, Achievable Relevant, Timely) objectives in their plans, while rarely obtaining top management’s approval. Simmons and Watson (2006) agree with the above, relating practitioners’ excuses for lack of measurement to their inadequate planning and managing capabilities. Additionally, Macnamara (2002:11) suggests that

practitioners lack the knowledge of research techniques, methodologies and numeric skills to present quantitative and qualitative data in support of recommendations and programmes. Steyn and Bütschi (2004:3) criticise corporate communication managers for an inability to manage assigned resources efficiently.

- The inability to 'see the big picture' (Steyn & Puth, 2000:8) results in a loss of purpose. This explains the confusion regarding the role of corporate communication in an organisation. Hutton *et al.* (2001:250) provide examples that highlights corporate communication's increasingly disintegrated approach to organisational communication, and state that they are moving away from the ability to manage 'integrated and congruent' communication. Additionally, Hallahan (2000:499) explains that practitioners have concerned themselves solely with active stakeholders and have not attempted to reach the inactive publics, as is required of them, for relationship building. This could be because practitioners have different backgrounds, which make them prone to focusing on topics such as publicity or marketing (Vos & Schoemaker, 2004:2), rather than having an overall view of the field as a whole, to assess the needs of the organisation. This viewpoint is reinforced by PR Influences (2002a) who recognises the lack of adaptability in changing trends within communication departments. According to this source the nature of organisational change (due to mergers, acquisitions, divestments or new services, *etcetera*) is often not reflected in the communication role, function / department and resources. As a result, some communication departments have remained static and stagnant with job descriptions that do not adapt. Grunig and Grunig (2001:3) highlight another area where practitioners fail to adapt, and that is evaluation. According to these authors, practitioners tend to do research a certain way because they have always conducted it that way. This implies that there is a lack of ability to manage the communication department as a whole and provide the flexibility needed to stay ahead.

- Practitioners, themselves, share the above viewpoints. Steyn and Bütschi (2004:4) explain how practitioners state that they are equipped with technical communication skills during their training, but not with strategic and management skills needed for senior positions. Gorpe and Saran (2005:4) expand this argument, stating that universities and other training institutes should include and treat the training of evaluation and measurement skills as compulsory.

Ultimately, the authors of these statements conclude that it is up to the communication practitioner to step up to the challenges, and use research and evaluation as the tool to support their arguments with facts. These authors agree that providing quantitative support will make practitioners worthy of providing input at the decision-making table.

2.6 CONCLUSION

In this chapter, communication and its complexity as organisational communication is established. Clarification and definitions of the terms related to corporate communication are provided, while the place of corporate communication within an organisation is investigated. The purpose in terms of goals, roles, and functions of communication is extensively examined, and reasons for corporate communication's loss of credibility are presented.

Corporate communication is complex with numerous responsibilities and concerns. It must be noted that the full co-operation from the rest of the organisation is needed to ensure that communication is effective. Steyn and Bütschi (2004:7) explain that corporate communication is positioned as a 'boundary spanning' function that mediates the organisational and environmental relationship. It contributes to organisational effectiveness by incorporating the values of strategic stakeholders into corporate goals, ensuring that the expectations of all stakeholder groups are taken into account (not only those considered significant by management). Corporate communication also creates awareness of strategic issues and societal attitudes, to help organisations avoid both restrictive legislation and being branded as a 'bad corporate citizen'. Ultimately, the practice of corporate communication is the indispensable vehicle for organisations in creating, building and sustaining relationships while managing reputation (Rensburg & Ferreira, 2004:21).