DEVELOPING KEY PERFOMANCE INDICATORS FOR CORPORATE COMMUNICATION IN THE INFORMATION TECHNOLOGY INDUSTRY

by

MRS CELESTE SHACKLETON	21121959

Submitted in fulfilment of the requirements for the degree

MCOM IN COMMUNICATION MANAGEMENT

in the

FACULTY OF ECONOMIC AND MANAGEMENT SCIENCES

at the

UNIVERSITY OF PRETORIA

SUPERVISOR: MR G.P. VAN RHEEDE VAN OUDTSHOORN

NOVEMBER 2006

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.

_____

Celeste Shackleton

November 2006

ACKNOWLEDGEMENTS

Although it appears that a Master's dissertation is the work of one person, this can never be. The brainchild is a result of many people working together, each fulfilling their unique role. I can never express my gratitude enough, towards each and every person that has provided support, whether it has been morally and / or in the production of this study. I humbly sit back and appreciate what wonderful things can be accomplished when people work together.

All the honour and glory goes to my Lord and Saviour, Lord Jesus Christ. May the work that everyone has dedicated to this dissertation, exalt Your name. I thank You, my God for providing me the people, resources, ideas, the words, perseverance, discipline and strength to be able to complete this degree. I praise You, my God for the lessons that I have learnt, during this journey and for the overwhelming miracles, I witnessed throughout the life-cycle of this expedition. I thank You, my God for making this a journey worthwhile and for enriching my life.

To my husband, Ryan Shackleton: Being married to you is the best thing that ever happened to me! No words can ever explain how your love lifts me up. Throughout the Master's degree, you were my unshaken pillar of strength. You provided me all the means to complete this degree and you never held back. Your love, support, grace and compassion flowed like a never-ending river, despite the things that you were going through. You consoled me when I got tired, encouraged me when I was de-motivated, celebrated with me in small achievements and loved me no matter what! I can never thank the Lord enough for giving me a husband such as you. I am privileged to call you the head of our family, and I look forward to the things we are going to face in the future.

To my supervisor, Mr G.P. van Rheede van Oudtshoorn: I think I had the world's best supervisor! I actually do not even know where to start thanking you for walking this journey with me. Starting at the beginning, I would like to thank you for introducing and encouraging me to do a Master's degree. Your belief in me throughout this degree has given me the confidence to keep trying, no matter what. You have made this journey fun and exhilarating, and you even got excited with me as I learnt new things in the study. You celebrated with me in my milestones and never pressured me when I was behind. Apart

from the moral support, your knowledge in the field of communication and theory is so admirable that everything I did was an attempt to aspire to your excellent standard. I appreciate that you never discouraged me; alternately, you embraced my ideas and guided me in the direction to improve on it. You are a true coach and mentor, and I am truly honoured to have studied under you. Thank you for everything!

To my mom, language editor, and friend, Dr. J.P Sammons: No words can express the gratitude in my heart that I have for you! You and Daddy have supported me throughout my studies and provided me a platform from which to grow. Thank you both for that. I would also like to thank you for the friendship and support that you and Daddy reassured me with constantly. I admire and respect you both so much and appreciate the fact that I can honestly say that my parents are my close friends! Thank you both for your unfailing love throughout my entire life; you are the reason why I have been able to aspire to things like the Master's degree. In addition, thank you so much for the hours and hours of proofreading and language editing, that you dedicated over and above the hours required from you at your own work. You did a fantastic job, especially because you are all the way there in Botswana. You made the corrections as painless as possible for me, and did them as precisely and excellently. Thank you!

To all my friends and family, especially Amalia and Lisa, and the cell group at church. They say you should never underestimate the power of good friends. Well I can vouch for that! You were there for me in more ways than you can imagine. Each conversation, phone call, and sms, never went unnoticed and unappreciated! Thank you for reminding me constantly about the peace that comes from our Creator and that He is almighty and the Conqueror. Thank you for walking this journey by my side, for your faith, and for being the friends that every person would dream to have! A special note to Amalia Verbeek, my closest friend, accountability partner and business partner; your patience and support has been overwhelming throughout this project. I am honoured to have you in my life, and my wish is that we can continue to be there for each other, in all our life's milestones!

To all the respondents who contributed towards this study: Your expertise, experience and knowledge were fundamentally important and added such wonderful depth to this study. It was such a pleasure to meet you all. I was truly amazed by the fact that you were willing to

dedicate so much time to the interviews, and that you were willing to share as much as you all did. I truly hope that this study contributes something back into your lives.

I would also like to thank the University of Pretoria, and the Department of Marketing and Communication. The University has wonderful facilities that support the production of studies. I would like to thank in particular Hendriette Jansen van Vuuren, an Information specialist at the Academic Information Service (main campus library) for your valuable contribution and assistance in finding sources. To the Department of Marketing and Communication, I would like to thank each person in the department for friendly faces, encouragement and inspiration. It is always wonderful to be part of a brilliant team!

From the bottom of my heart, I thank each and every person for being excellent and for doing whatever they did excellently!

ABSTRACT

This study examines the development of performance measurement tools, in the form of Key Performance Indicators (KPI), for corporate communication in the Information Technology (IT) industry, to aid in the alignment of its strategic intent. Furthermore, the performance measurement tool has to be able to capture the intangible value, contributed by the corporate communication department, and integrate it with the performance measurement model utilised by the organisation.

There were three specific objectives in this study. The first objective epistemologically conducted a focused literature review in primary, secondary and tertiary sources of data, to question the true nature of the concepts dealt with in this study. The second objective ontologically explored the existence of corporate communication measurement, among specialists in industry. The last objective critically analysed the information gathered from both literature and industry, and assembled a proposal suggesting a means to measure communication in an organisational context.

Qualitative exploratory research was conducted in the form of in-depth personal interviews, with selected corporate communication practitioners, consultants and people knowledgeable about, and experienced, with performance measurement, or KPIs. Data was analysed using a thematic content analysis. The themes identified in the data analyses were studied and compared with the findings from the literature synopsis, and conclusions as well as recommendations were established.

Important differences were noted and established, between the perceptions of literature and industry, regarding the purpose, roles, goals and functions of corporate communication. These differences contributed greatly towards understanding what should be measured when developing KPIs for corporate communication.

The main conclusion drawn from the study, is that organisations should aspire to obtain the ability to communicate. The purpose of corporate communication is to assist with this process, by providing communication support to the rest of the organisation. The ability of communication may be measured by incorporating communication into the performance

measurement model of the organisation. This can be done by developing KPIs for communication that are represented on every level of the organisation.

The recommendation emanating from this study, illustrates how communication may be incorporated into a performance measurement model such as the Balanced Scorecard. Subsequently, communication KPIs need to be custom-developed based on the strategic objectives and the critical success factors of the organisation. The development of KPIs should be constructed in such a way, that it measures the communication efforts of the entire organisation, and not just the efforts of the communication department.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

CHAPTER 1: ORIENTATION AND BACKGROUND

1.1 INTRODUCTION

"Without a strategy, an organisation is like a ship without a rudder, going around in circles. It's like a tramp; it has no place to go" (Ross & Kami, in David, 2003:1). Described as the indication of an organisation's position for the future, the strategy is determined for the purposes of overcoming the present and the future challenges that an organisation faces (Ritter, 2003:44; Steyn & Puth, 2000:29). It is the logic behind actions, and illustrates the *why* or *what* rather than the *how* (Steyn & Puth, 2000:29).

Consequently, it is common practice in most organisations to implement a corporate strategy that guides the organisation towards an intended purpose. The strategy is the organisational plan for a predetermined period, to motion towards a common goal while simultaneously creating synergy amongst internal stakeholders. In this way the popularity of strategies has become a universal ballade, in almost every existing organisation. Why then, are all the ships still not 'sailing the waves'?

Unfortunately, in many cases, there is a mismatch between the design of the strategy (rudder) and the design of the organisation (ship). Furthermore, the strength of the strategy does not guarantee, the organisation's survival against the challenges of the dynamic external environment (turbulent currents of the sea). What good is the strategy if it is erroneous, or if the strategy's success and strength cannot be monitored, by means of an accurate measurement system?

In the above analogy, the success of an organisation is determined by the ability of the corporate strategy, to direct the organisation through unpredictable external forces. This surety is obtained, by firstly designing a strategy that matches the organisation's abilities, and secondly by insuring the

strength of the strategy's effectiveness with consistent measurement, before, during and after the strategy has been implemented.

Steyn and Puth (2000:44) elucidate that functional or departmental strategies should support the corporate strategy by ensuring its implementation and execution. The corporate strategy's design, therefore, incorporates the combination of the strategies and measuring instruments, produced by all the departments or functions comprised in the organisation. These entities need to be tightly woven together to form an effective, productive design. Each department should understand their role and contribution towards the overall design of the corporate strategy. A lack thereof, could lead to wasted efforts and frustration.

In determining the strength of the strategy, David (2003:14) provides a comprehensive corporate strategic-management model, that emphasises the *strategy evaluation phase*. David (2003:14) explains that strategic evaluation is the determining success factor, when organisations are faced with dynamic environments, where key external and internal factors change quickly and dramatically. Effectively measuring the corporate strategy, involves understanding and measuring its design and strength.

The strength of the corporate strategy is also determined by the consistency of each department's performance measurement, as well as the effectiveness of the appropriate corrective action. Each entity's measurement instrument, should evaluate the correct facets of their performance, to avoid overlooking valuable contributions or worse; to be measured in inappropriate areas. More importantly, output metrics are meaningless, unless they are compared against goals and objectives (VMS, 2006c). In this way, each piece of the rudder is firmly fitted and glued together, resulting in an appropriate design that will steer the ship in turbulent currents. If proper performance measurement systems are not in place in each area of the business, and they do not monitor areas in need of improvement, the rudder will corrode, making the entire strategy and ship vulnerable to ever changing external forces.

Accepting the above stated role of departments or functions in the corporate strategy brings clarification to the expectation of the corporate communication department or function. Steyn and Puth (2000:2-21) identify various difficulties and shortcomings, commonly experienced between corporate communication practitioners and executives. These authors suggest, the compelling reason for this battle, is the lack of strategic understanding within the corporate communication function. The creation of a corporate communication strategy, originating from the corporate strategy, is suggested and tutored along with other strategic perspectives, to assist practitioners in bridging the gap. This reputable work has significantly contributed towards the emphasis of strategic alignment between entities – otherwise seen as the design of the strategy. A need, however, to differentiate the grey area around the alignment of performance measurement (strategic strength), still exists.

An old saying re-emphasised by Puth (2002:92), clarifies the above grey area, "What gets measured, gets managed". Bauer (2004) emphasises that those things which are not measured, merits little or no attention from executives. Executives rely on numbers and figures, to make and support their decisions (Steyn & Puth, 2000:10). These numbers and figures largely depend on the measurement figures, generated from the organisational performance measurement model that portrays each department's performance. Currently, only a few of the widely adopted organisational performance measurements models incorporate the measurement and evaluation of corporate communication as a function, which has continued to be a challenge for communication over many years (PR Influences, 2006). In times of financial pressures, corporate communication and public relations (PR) budgets (if allocated any), are often the first to be cut, due to the lack of measurement capabilities (PR Influences, 2005d). Tasks that are easily measured are given interest and as a result get the allocation of resources – these tasks are managed.

Despite corporate communication practitioners' efforts to align departmental strategies with the corporate strategy, the inability to present measurement information that co-exists with the rest of the organisation, only widens the

gap between executives and communication practitioners. It is noted in PR Influences (2005e) that, "Practitioners are constantly told that they need to demonstrate how their efforts affect the organisation's bottom line in order to compete with other departments for a slice of the budget and a seat in the boardroom". Problems with the existing communication measuring outcomes are that it is often difficult to isolate the effects of communications, from other factors, such as advertising, marketing and distribution (VMS, 2006c). Additionally, the most obvious problems with measuring communication results are that they have been difficult to relate back to actual business outcomes (VMS, 2006c). This reveals the frightening dilemma that a need exists for an integrated performance measurement model, which captures the true contributions of corporate communication.

Various organisational measurement models have been developed, in literature and industry, to establish and quantify organisational performance. This study investigates a few of these prominent tools, with a specific focus on the Balanced Scorecard. It places particular interest in the performance indicators that find their origin in this model, namely Key Performance Indicators (KPIs). This metric is commonly recognised and employed throughout the world, and has gained considerable popularity, especially in the form of IT applications (cf Bititci, Mendibil, Nudurupati, Turner & Garengo, 2004:28; Ritter, 2003:46; Total Quality Engineering, 2005).

A related predicament facing the corporate communication strategy and measurement is the intangible nature of the contributions generated from the corporate communication function. Argenti (1998:54-55) classifies a few of the corporate communication functions to include media relations, investor relations, employee relations and government affairs. This can be further broken down into corporate reputation alongside corporate image and identity management, community relations, and crisis communication. The recurring theme, evident from this list, is that corporate communication is responsible for building and maintaining relations (Steyn & Puth, 2000:188). These responsibilities are seen as 'softer' or 'tacit' areas, otherwise known as intangible value, which does not directly affect the bottom line. Although

industry has seen considerable interest in communication areas, such as the corporate social investment (CSI), these areas still take a back seat to other corporate functions that directly affect the bottom line of the organisation, and that is to make profit.

The above impasse is aggravated by the need for resources. More often than not communication practitioners cannot demonstrate immediate tangible benefits, to account for the resources consumed, otherwise known as inputs. For example, building relationships takes time, and the benefits are only visible after a considerable period (PR Influences, 2001b); whereas sales define instantaneous tangible results. Corporate communication's long-term investment leaves diminutive evidence of the work that has been done. This once again widens the gap between executives and corporate communication practitioners, who battle to maintain their worth, especially when their efforts require resources, in order to bear fruit.

Practitioners, who fail to adequately measure and report, begin to place value on insignificant tangibles produced in attempt to illustrate their contributions. In so doing, practitioners endeavour in speaking a 'language' that senior managers acknowledge – money and numbers (PR Influences, 2003c). This is not entirely incorrect as certain tangibles are vital outputs of corporate communication practitioners. Lacking however, is a measurement tool that reflects the fundamental nature of corporate communication. It is much harder to measure the contentment of organisational relationships, than the financial status or the number of sales generated. This explains the lack of involvement from executives, in managing the 'softer and tacit' aspects that effect the organisation.

This study explores the current measurement tools available to corporate communication and PR practitioners, placing emphasis on models that may capture the intangible assets created by the corporate communication function. An investigation then attempts to align the corporate communication measurement criteria, with a performance measurement model. In this way the dilemma, associated with the strategic design and strength, is addressed.

1.2   PROBLEM STATEMENT

Ample academic literature, that examines organisational performance, exists. In addition, organisations in industry have developed numerous tools and other mechanisms, to cope with their ever-changing environments. Measuring organisational performance is a well researched and written about topic, especially on a corporate level. Less explored, however, is the integration of the correct performance measurement tools, developed and utilised in each function of the organisation. As a result, younger disciplines such as corporate communication, lack the ability to assimilate their contributions with the tools, used on a corporate level. In order for organisations to meet their strategic goals, its dependency on aligned contributions from each function, becomes strategically important. This study examines the development of performance measurement tools in the form of KPIs, for the corporate communication department in the IT industry, to aid in the alignment of its strategic intent.

Furthermore, the corporate communication department frequently contends with intangible value, which is difficult to define and measure. As a result, corporate communication practitioners place emphasis on tangible outputs that do not reflect the true value presented by this discipline. Quantitative measurements focused on tangible outputs, therefore, becomes the measurement means for corporate communication. For this reason, this study not only investigates the development of KPIs that align corporate communication with the corporate KPIs, but also reflects the true worth of corporate communication which can be captured scientifically.

1.3   RESEARCH OBJECTIVES

The general aim of this study is to explore an organisational performance measurement model that has the potential to include corporate communication, and to study the development of KPIs for the communication function. It also attempts to accommodate the measurement of intangible assets, generated by corporate communication activities.

In order to address the above problem statement, this study is an exploration into determining how to measure the value of corporate communication, in an organisational context. It does so by epistemologically consulting literature, to discover the theoretical routes of this business problem, and ontologically exploring the existence of corporate communication in industry, by conducting qualitative research. For this reason three specific primary objectives proliferate from the problem statement:

- The first objective is to epistemologically conduct a focused literature review in primary, secondary and tertiary sources of data, to question the true nature of the concepts dealt with in this study. The literature review investigates knowledge surrounding various techniques used to measure organisational performance, which are claimed to be essential for strategic success. Additionally, the literature review presents a synopsis of knowledge, pertaining to the existing corporate communication measurement tools, and examines the composition and role of KPIs.

- The second objective is to ontologically explore the existence of corporate communication measurement, among specialists in industry. These specialists are consulted through personal interviews, in order to identify, which strategies and measuring criteria are used on a daily basis, to measure corporate communication activities.

- The third objective is to critically perform an analysis of the information gathered from both literature and industry, and assemble a proposal suggesting a means to measure communication in an organisational context.

1.4   META-THEORETICAL FRAMEWORK AND CONCEPTUALISATION

To ensure that a theoretically sound exploration of the applied business problem (addressed in this study's problem statement) is conducted, an explanatory academic discussion will initiate the comprehensive theoretical

understanding regarding the origins of this business problem. Table 1.1 summarises the meta-theoretical framework and conceptualisation of this study.

1.4.1 Context of the study

This study's exploration is concentrated on the IT industry. The reason is that the IT industry has been reputed for underestimating the value of intangible facets, especially in the area of communication (Melendez, 2004:05). This reputation has developed as a result of incidents that harmed the reputation of the IT industry in general. T-Systems (2004:5) expands the above observation, explaining that the IT industry has become burdened with scepticism. This distrust peaked after events such as the 'Y2K scare' and the 'dot-com bubble', where IT stock markets crashed dramatically. According to T-Systems (2004:5), executives have become wary of the unrealised promises and hype associated with the IT industry. Today, the result of the above is a stricter allocation of financial capital in IT investments.

Furthermore, Puth (2002:94) explains how the large investments, those companies made in technology in the past, did not benefit the companies and wasted vast amounts of time in trying to get the IT systems to work. Melendez (2004:05) augments this statement, explaining that IT professionals, ill-identified their client's needs in the need identification phase. This resulted in the acquisition of unhelpful and overpriced products. Melendez (2004:05) continues that IT vendors were often criticised for providing vague cases, which did not clearly highlight the value of their services. These vendors sold IT assets that caused mistrust in the entire industry.

Despite this, technology remains a key dimension which organisations require to leverage competitive advantage. The impact of IT lies predominantly in the fact that it is, in most cases, the medium through which development (such as globalisation) has taken place. Farnham (2002:238) encourages managers to accept the challenge of implementing technology, to remain globally competitive and to ensure transformation. The conflicting nature of this

industry has lead to complicated infrastructures, increased competitiveness and rapid product life-cycles.

Table 1.1: Meta-theoretical framework and conceptualisation of the study

Context	Information Technology (IT) Industry – elected based on the principles of extreme / deviant case sampling.		
Worldview	Within the Communication Theory, corporate communication may be seen as residing in a Humanistic Scholarship process of inquiry. It, however, is a subsystem of the larger system namely the organisation which is dominated by the Scientific Scholarship in the process of inquiry. When measuring performance the two scholarships are in conflict, resulting in the loss of valuable information.		
Philosophical assumptions	This study epistemologically and ontologically explores the concepts of this study to explicate the development of a measuring tool that captures the intangible value of corporate communication and integrates with the organisational performance measurement model.		
Meta-theoretical	Practical Theory - covered in the scope of this study.		
Domains	Business management science (organisational context)	Communication management science (corporate communication)	Performance management
Descriptive sub-domains	• Organisational management • Strategy management • Human Resource management • Investor management • Community management • Legal and legislation management	• Stakeholder communication • Stakeholder relationships • External communication • Internal communication	• Organisational measurement • Corporate communication measurement • Departmental measurement • Individual measurement
Grand Theory	• Applied Post-structuralism as an exponent of the Critical Tradition. • The Systems Theory as an exponent of the Cybernetic Tradition.		
Theories from respective domains	• Organisational Theory • Life-cycle Perspective • Systems Theory: Input-Process-Output Model	• Theories of experience and interpretation (Phenomenological, Ethnography) • Post-structuralism • Hierarchy of Effects Model • Theory of Cognitive Dissonance • Hedging and Wedging Theory • Situational Theory • Social Exchange Theory • Resource Dependency Theory • Customer Relationship Theory	• Critical Tradition • Systems Approach • Goal attainment Approach • Strategic-Constituencies Approach • Competing-Values Approach
Concepts	General business management	Corporate communication	Performance measurement
General constructs	Organisational vision, mission, strategies, values, departments / functions, objectives, management and measuring tools, leadership style, sustainability of strategy, core competencies, process alignment, innovativeness, corporate benchmarking, globalisation, business ethics, and trustworthiness.	Relationship development and maintenance, methods of communication, reputation management, perception, mutual trust.	Quantitative techniques, qualitative techniques, Key Performance Indicators, evaluation.

In the field of business process management (BPM), research analysts, such as BPTrends and Gartner advise vendors, initiating a BPM project, to target

their proof of concepts (POC) at processes that affect the organisations the most. This is because the benefit derived from the process management solution will be that much more evident in a severely chaotic scenario. Known as *extreme* or *deviant* case sampling, this practice makes use of unusual or distinctive cases to elicit rich and detailed information (Liamputtong & Douglas, 2005:46; Lindlof & Taylor, 2002:46). Embracing this approach, this study targets the IT industry, where the need for corporate communication is colossal, and the evidence of this discipline's contributions will be highly visible.

1.4.2 <u>The worldview and domains of the study</u>

Within the Communication Theory, the process of inquiry explains a systematic study of experience (direct / indirect) that leads to understanding and knowledge (Littlejohn & Foss, 2005:4-5). Within the organisational context, the process of inquiry takes place through an organisational performance measurement model utilised to systematically gather information for future decisions. The corporate strategy is based on the acquired information. It is here where the premise stating, "What gets measured gets managed" finds its origin and existence (Total Quality Engineering, 2005).

Within the process of inquiry, three scholarships define the approach, endeavoured to gather information. These are the Scientific Scholarship, the Humanistic Scholarship and Social Sciences Scholarship (Littlejohn & Foss, 2005:7-8). The Scientific Scholarship is associated with objectivity, in order to standardise observations. The Humanistic Scholarship seeks creative individuality and attempts to understand individual subjective responses (Littlejohn & Foss, 2005:7-8). The Social-Scientific scholarship draws elements from both the Scientific Scholarship and the Humanistic Scholarship.

Typically, the organisational context and the field of performance management base the process of inquiry on a scientific approach to standardise and generalise findings, these domains therefore utilise the

Scientific Scholarship approach to measure performance as a means of inquiry. Within the communication management science, the process of inquiry is aimed at building effective relationships, which are of benefit to the organisation. This requires creatively communicating and understanding the needs of each individual stakeholder group. For this reason, this discipline's process of inquiry makes use of a Humanistic Scholarship.

In this worldview the domains are in conflict with each other, however, according to the Cybernetic Tradition, each of these domains is a system that relies on each other to ensure effective strategic organisational performance (Littlejohn & Foss, 2005:34). This study incorporates the Social-Scientific Scholarship to address the conflicting approaches explained above. Littlejohn and Foss (2005:8) elucidate that the Social-Scientific Scholarship seeks to observe and interpret patterns of behaviour, by making the human an object of the study. If behavioural patterns exist then the observations need to be as objective as possible, in order for knowledge to be obtained (Littlejohn & Foss, 2005:8). Using personal interviews, in a qualitative approach, this study seeks to explore how corporate communication practitioners exist, perform and are being measured in organisational contexts. Objectively identifying behavioural phenomena captures the essence of the practitioners' daily experience. This will reveal what forms of intangible value is created by corporate communication, and how this is measured and integrated with the organisational performance measurement model. The findings are then scientifically encapsulated from both the constructivist origins as well as its positivist application.

1.4.3   Philosophical assumptions of the study

Referring back to the objectives of this study, views were provided regarding the epistemological and ontological means, by which this study will achieve its objectives. Littlejohn and Foss (2005:18-19) describes epistemology as a branch of philosophy that studies knowledge or how people know what they claim to know. The outcome of this study is routed in an epistemological philosophical assumption, because the study aids in the construction of

knowledge, through the development and alignment of the corporate communication measurement tool. This study questions the existence of the current measuring tools by confirming the certainty of their effectiveness and considering their explicitness. It is assumed in this study that a measuring tool aligning the organisation and corporate communication, already exists in practice, but has not been epistemologically linked to academic knowledge, or proven to be epistemologically sound.

In order for this knowledge to be attained, an ontological method of investigation is exercised in this study. Littlejohn and Foss (2005:19) defines ontology as the branch of philosophy that deals with the nature of being, centring on the nature of human existence. This study explores its concepts in industry, in an attempt to acquire adequate knowledge to generate the measurement tool, which is hoped to be epistemologically accurate. In this context, an organisation is a social being (represented in many different forms) that interacts with its stakeholders. The method and media the organisation chooses to send and receive messages, greatly affect the organisation's performance on various levels. This sort of interaction will become an element of ontological exploration during this study. Moreover, in terms of the actual qualitative research conducted in this study, the communication practitioners and departments are also the social being's under study. These practitioners' existence is examined to obtain knowledge about how communication is measured.

1.4.4   Meta-theoretical approaches of the study

This study resides under the umbrella of two meta-theoretical approaches namely the practical and nomothetic theory. The practical theory is designed to capture the rich differences among situations and to provide a set of understandings, which allow alternative courses of action (Littlejohn & Foss, 2005:19). This study utilises the practical theory to obtain rich information that investigates a revision in the approach to performance measurement.

Cronen (2005) expounds that practical theories explore what is unique, and thus supports this study's unusual aim of developing KPIs for corporate communication. The author further explains that the value behind the practical inquiry is that it has the ability to grasp the complexity and detail of lived experiences. In following a qualitative methodology, this study's data creation takes place in the form of engagement with others. These personal interviews encapsulate the complexity of the respondents' experiences and assist in identifying behavioural patterns, which can be used in future studies under the nomothetic theory.

The nomothetic approach is concerned with finding universal laws about human behaviour and generalising this to other humans in order to make predictions about their behaviour in given circumstances (International School of Prague, 2005). Although this study's theoretical ideal falls within the practical theory, the KPIs developed for corporate communication may be statistically researched in future studies, under the nomothetic meta-theory, to test for variations.

Relating to the worldview of this study, the practical theory can also be compared to the Human Scholarship process of inquiry, and the nomothetic to the Scientific Scholarship process of inquiry. Developing a result that practically captures the value of communication, and has the ability to be represented in a nomothetic outcome, might convince organisational leaders to adopt the proposal.

1.4.5   The domains and descriptive sub-domains of the study

Three domains are evident throughout this study. The first is the general business management science, otherwise referred to as the organisational context. This domain sets the scene for the type of communication conducted, namely organisational communication in the form of corporate communication. This domain also forms the larger system with regards to the Cybernetic Tradition, in this study. Within the communication theory, Littlejohn and Foss (2005:61-68) categorise the sub-domains (or communication

contexts) to assist in narrowing the focus of the communication. The organisational context has several sub-domains in the communication arena. Firstly, to achieve the purpose of the organisation, the vision and strategy of the organisation has to be communicated. Secondly various legal and legislative aspects need to be adhered to whilst conducting business, and these have to be communicated. Thirdly employees need to be informed and listened to. Fourthly external stakeholders such as investors, partners, and the community form part of the communication context. Each sub-domain of this domain has a complex communication pattern which has to work together to achieve the organisation's goals.

The communication management science is the second domain. Represented as corporate communication in this study, this domain is a system that is interdependent on other systems (or functions of the organisation) to achieve the goals of the organisation. The sub-domains for this study include stakeholder communication, stakeholder relationships, external communication, and internal communication, communication management science and the performance management domain.

The last domain considers performance measurement. In organisations where there is a performance measurement system, this domain becomes a system with complex communication in its own right. Data has to be obtained and shared to produce information that is useful for basing decisions on. This system interacts with the organisational domain as well as the corporate communication domain. The sub-domains in this domain of this study include organisational measurement, departmental of functional measurement, corporate communication measurement, and individual employee measurement.

1.4.6 **The grand theory of the study**

To expand the conception of the worldview, Merrigan and Huston (2004:5-10) explain that the process of inquiring knowledge can be attained in three ways:

- **Knowing by Discovery** is where knowledge is discovered by making precise, systematic and repetitive observations of some event or thing. This knowledge concentrates on the ability to generalise information and can be equated to the Scientific Scholarship.

- **Knowing by Interpretation** is a paradigm that suggests, there is more than one reality that can be known, and therefore generalising information may omit the different realities of different people. For this reason, subjectivity is embraced in this paradigm, and emphasis is placed on how people construct their meaning in their environment. Lastly, research in this paradigm is rich in description and can be compared to the Humanistic Scholarship.

- **Knowing by Criticism** is a paradigm that believes in multiple realities, but suggests that these realities are shaped by history and culture. Critical researchers therefore work to reveal the existing social structures and provide insights into areas that might have been overlooked. The researcher has to reveal the existing social hierarchal structures and will often have to focus on historical, political and economical contexts. This can be related to the Social-Scientific Scholarship.

In presenting these paradigms, Merrigan and Huston (2004:6) explain that there are various movements (otherwise known as traditions or grand theories), which can be categorised into these three paradigms, these are listed in Table 1.2.

Table 1.2: The communication knowledge paradigms with their respective movements

Knowledge by Discovery	Knowledge by Interpretation	Knowledge by Criticism
Rationalism	Hermeneutics	**Critical theory**
Empiricism	Phenomenology	Semiotics
Logical Positivism	Symbolic interaction	Late structuralism
Behaviourism	Constructivism	Post-modernism

Realism	Naturalism	Post-structuralism
Early modernism	Early structuralism	Deconstructivism
	Late modernism	

Adapted from: Merrigan and Huston (2004:6)

The reason for presenting this explanation is to indicate where the grand theory of this study resides. As this study attempts to address the challenge discussed in the worldview, by approaching the process of inquiry with the Social-Scientific Scholarship, Knowledge by Criticism forms the premise of this study. The theories related to these are indicated in Table 1.2; however, it is the critical tradition that forms the underlying foundation of this study. The critical tradition stands in opposition to many of the basic assumptions that are featured in other communication traditions (Littlejohn & Foss, 2005:46). Firstly it seeks to understand the taken-for-granted systems, power structures and beliefs that dominate society (Littlejohn & Foss, 2005:47). In this study's context, the dominating structures are the positivistic performance measurement models, which organisations utilise today. Secondly, critical theorists are interested in uncovering the oppression, by understanding it and taking action against it (Littlejohn & Foss, 2005:4). In this study, the oppression is related to corporate communication and the fact that the intangible contributions of the discipline are not recognised. Lastly, critical social science makes a conscious attempt to fuse theory and action (Littlejohn & Foss, 2005:4). This study attempts to address the oppression, by developing a theoretical proposal, which can be practically implemented to address the issue. For this reason, the literature consulted and the research conducted in industry are fused in a theoretical solution.

As an exponent of the critical tradition, this study applies post-structuralism. Post-structuralism is a philosophy which developed from questioning the premises of structuralism (Stevens, 2003:35). Structuralists believe in formation, and are constantly searching for a structure in which people were told how to function. A performance measurement model is a form of structure that attempts to guide employees in their efforts to perform their jobs. Conner (1990:736) elucidates that post-structuralists moved away from the emphasis

of centred structures to decentred structures. Their goal was to illustrate how basic structures could be broken down, until no final structure could be envisioned (Stevens, 2003:36). Although this study does not attempt to disintegrate the performance measurement models, it does attempt to fracture it until a new structure, that addresses the above-stated oppression, is derived.

Performance measurement is currently a quantitative focus that is utilised for management purposes, with the 'management by numbers' approach (Bitpipe, 2005). Until today, the organisational context has structuralised the area encompassing performance measurement and has employed quantitative approaches / methods. Every possible aspect in the organisation is measured with numbers, in pursuit of simplifying comparisons and creating generalisations. The unfortunate aspect of this structure is that it neglects areas, which cannot be measured quantitatively. For this reason, this study draws on post-structuralism, in an attempt to break down the current quantitative structure, dominating organisational performance measurement. The result of the study suggests guidelines to encompassing qualitative aspects in measuring corporate communication.

Apart from the critical tradition, another tradition referred to as the cybernetic tradition (Littlejohn & Foss, 2005:34), also forms a foundation for this study. This tradition is also found within the Organisational Theory and known as the Systems Theory. In this theory, a system is a set of interrelated and interdependent parts, arranged in a manner that produces a unified whole (Robbins, 1987:10). Littlejohn and Foss (2005:40) describes a system is an interacting component that, together with another system, achieves synergy. These systems take inputs, transform it, and produce outputs (Robbins, 1987:10). Systems are classified as closed or open systems, which either interact with their surroundings or are in a position of doing so (Robbins, 1987:11). The characteristic is the interrelationship of parts that have two diverse forces: differentiation and integration. Robbins (1987:11-16) expands that the characteristics are:

- There is an awareness of the environment and the boundary that separates the systems;
- Feedback is considered essential, especially for responding to problems;
- Input, transformation and output processes are cyclical in nature;
- There is consistent new energy flowing into the system, to avoid entropy (the propensity of a system to run down or disintegrate);
- The flow of new energy is steady;
- The steady state ensures that there is a movement towards growth and expansion;
- Open systems need to balance maintenance activities (to ensure the various subsystems are in balance), as well as the adaptive activities (ensuring system adjustment over time); and,
- Equifinality, a concept which explains that open systems may follow various paths, or use a combination of different inputs to get to the same final state.

As briefly mentioned above, the organisation can be considered to be a system, but it also consists of many sub-systems that have to work together to achieve synergy. There are extreme complexities surrounding the communication of these systems, especially when considering the Organisation Theory's characteristics of an open system. It becomes clear that to keep boundaries permeable and to be adaptive, constant communication is essential. The communication should also retrieve information, pertaining to the performance of the systems, and the means by which to correct the performance or to adapt. The performance measurement system, therefore, has to remain permeable in the ability to input information in all forms (quantitative and qualitative), and to transform it into workable material that all the other systems can use to transform their outputs.

1.4.7 <u>Theories from the respective domains incorporated in the study</u>

Initiating with the organisational domain, Organisation Theory is embraced throughout this study. Additionally, the Life-cycle Perspective provides a motivation for, and reason why, organisations need to be able to communicate, measure their communication by means of a performance

measurement system, and make adjustments accordingly. The Life-cycle Perspective indicates that there is a predictable pattern of change that organisations follow throughout their life as a system (Robbins, 1987:16). Marketing has extensively used this concept for the predictions of a product in the Product Life-cycle. The Life-cycle concept initiates with the *entrepreneurial stage,* and then organisations move to a *collective stage,* where the innovation (a typical characteristic of a young organisation) continues but the mission, communication and structure becomes clarified. The *formalisation-and-control stage* is where the structure of the organisation stabilises and rules as well as procedures are imposed. The organisation then moves on to diversify its products or services and begins to look for more opportunities; this is the *elaboration-of-structure stage*. Finally the *decline stage* begins as a result of competition, which shrinks the market and creates a smaller demand for the products and services. At this stage employee turnover is large and new leaderships normally centralises decision-making. Not all organisations proceed through all five stages, and these stages do not necessarily correlate with the chronological age of the organisation. In addition, the five stage model can be reconciled with the four stage model of formation, growth, maturity and decline. The importance of this theory, in this study, is that organisations attempt to increase their life-cycle to such a degree, that it avoids reaching the decline stage. In order to do so, the organisation must remain creative in its approach to 'life lines', such as the ability to manage employees, the ability to read and produce for the market needs, and the ability to remain attractive to the market. All these 'life lines' require communication and performance measurement, therefore, an organisation that is in the position to master these to concepts, will lengthen its life-cycle (Robbins, 1987:16).

In Communication Theory, additional theories, which are utilised throughout this study, include the Theories of experience and interpretation (specifically the phenomenological and ethnography concepts, incorporated in the methodology of the study). As mentioned earlier, post-structuralism, as an exponent of the critical tradition, is one of the underlying theories of this study. Discussed in Chapter 2 and 3, the following theories provide insight into the

understanding of corporate communication and the measurement thereof: Hierarchy of Effects Model, Theory of Cognitive Dissonance, Hedging and Wedging Theory, Situational Theory, Social Exchange Theory, Resource Dependency Theory, and the Customer Relationship Theory (Littlejohn & Foss, 2005:34-54; Macnamara, 2002:9-11).

In the performance measurement domain, the critical tradition and the systems approach are also the underlying theories, as explained in the grand theory section of this chapter. Furthermore, the Goal attainment Approach, Strategic-Constituencies Approach and Competing-Values Approach are discussed in Chapter 4 of this study that theorises the means by which the measurement of an organisation may take place.

1.4.8   The concepts of the study

Three concepts feature predominantly throughout the chapters of this study, as described below:

- **General business management:**

   General business management, otherwise referred to in this study, as the organisational context, provides the foundation for structuring and managing an organisation. It is derived from the Organisational theory, which is the discipline that studies the structure and design of organisations (Robbins, 1987:6). An organisation can be defined as a consciously co-ordinated (managed) social entity (composed of people or groups of people, who interact with each other), with a reasonably identifiable boundary (which may change over time), that functions on a relatively continuous basis, to achieve a common goal or set of goals (Robbins, 1987:7). The organisational structure stipulates how tasks are to be allocated, who reports to whom, and the formal co-ordinating mechanisms and interaction patterns that are permitted (Robbins, 1987:7). The organisational design is concerned with constructing and changing an organisation's structure to achieve the organisation's goals. This concept focuses on the organisational vision and mission clarity, corporate values, departments / functions, measuring tools, leadership style, the quality of management, sustainability of strategy, core competencies, corporate management process alignment,

deliver on promise, innovativeness of the organisation in terms of intellectual property, corporate benchmarking, globalisation, business ethics, and trustworthiness (Le Roux, 2003:7). Profit and not-for-profit organisations do exist; however, due to the context of this study, a focus is placed on organisations, which exist to make profit. An organisation is sectioned into functions whose role it is to help the organisation achieve the above-mentioned constructs, through the completion of specialised tasks. Corporate communication is one such function.

- **Corporate communication:**

Corporate communication is managed communication on behalf of an organisation by creating and maintaining relationships with stakeholders (Steyn & Puth, 2000:3). There are various views describing the origins of corporate communication, including that it has evolved from the PR, journalism and corporate marketing (Le Roux, 2003:7). In this study, corporate communication encompasses relationship development and maintenance, methods of communication, reputation management, stakeholder perception and mutual trust.

- **Performance measurement:**

In this study, performance measurement is defined as the process of developing measurable indicators that can be systematically tracked to assess progress made in achieving predetermined goals, and using such indicators to assess progress in achieving these goals. This concept includes organisational performance measurement, communication performance measurement, quantitative techniques, qualitative techniques and KPIs (which specific attention is awarded to).

1.5   DELIMITATION OF THE STUDY

This study explores corporate communication as a strategic, managerial and operational function within an organisational domain. The measurement of communication thus relates to communication performance, surrounding an organisation on an organisational, departmental and individual level. This study approaches the measurement of communication from an internal

perspective, thus the results and findings will make recommendations for business managers or leaders and internal communication practitioners.

Furthermore, the focus of the study has remained in the IT industry within the borders of South Africa. Although the research gathered for this study broadened this scope slightly, the IT industry is considered to be the area where the results of the study will be the most advantageous.

While the study has ventured into the Organisation Theory and the field of performance measurement, it has not explored in depth Human Resources (HR) aspects, such as performance appraisal and 360Degree appraisal methods. The reasoning behind this is due to the length and depth of the study's focus, in the area of understanding the role and purpose of corporate communication as well as performance measurement.

1.6   DEMARCATION OF THE STUDY

This study's core focus is to examine the development of a performance measurement tool for corporate communication, within the IT industry, which will capture the intangible value, contributed by the communication in general, and be represented in the form of KPIs. There are various parameters that define a successful measurement tool for an organisation, its corporate communication department and its communication in general.

Chapter 2 discusses the constructs of corporate communication. From a theoretical perspective, Chapter 2 attempts to understand what the purpose of corporate communication is, within an organisation. The definition, goals, roles, functions and place or levels of corporate communication in the organisation is investigated. Additionally, attention is awarded to challenges that this young discipline faces.

Chapter 3 explores the means of measuring or evaluating corporate communication. Attention is awarded to understanding the output and outcome measures of communication. Furthermore, a number of research techniques are briefly discussed. Interest is then drawn to the best practice models of communication evaluation, and these are discussed in detail.

Successively, strategic evaluation measurement systems are then examined in depth, to determine the theoretical recommendations of evaluating strategic corporate communication.

Chapter 4 focuses on performance measurement. The terms performance measurement and evaluation are distinguished, and performance measurement is examined in terms of its changing role in the organisational context, line and staff functions, culture as well as intangible asset. The following section of Chapter 4 is awarded to studying four different organisational performance measurement models, including the Balanced Scorecard. The final section determines what KPIs are, how they are constructed and then provides realistic examples of KPIs employed in organisations.

Chapter 5 outlines the research methodology utilised in this study. Initiating with the research strategy, the research design, sampling design, data collection method, data analysis method as well as the validity and reliability of the research is provided.

Chapter 6 reports on the data collected after categorising the themes as they emerged from the data.

Chapter 7 brings this study to a close, by discussing as well as comparing the findings from literature and research according to each theme. Recommendations are then presented based on the findings of the analysis. In conclusion, the study provides implications to communication and business managers, highlights the limitations of the study, and makes suggestions for future research.

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 (Olkkonen, 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 <u>Corporate communication and public relations</u>

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 Agentry 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 mislead 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 agentry 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 <u>Defining corporate communication</u>

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 lead 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
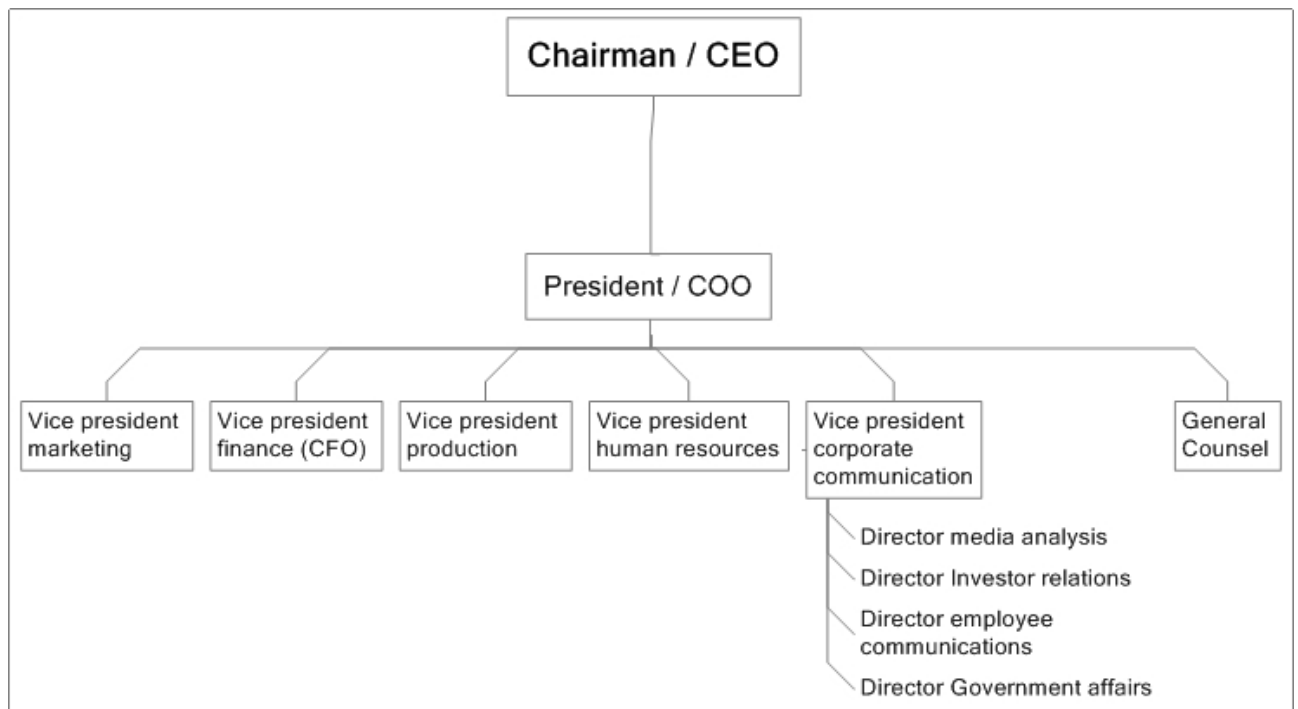
Adapted from: Argenti (1998:54)

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 <u>The top management level of corporate communication contributions</u>

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 <u>Goals and roles of corporate communication</u>

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 <u>Functions of corporate communication</u>

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 effects 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
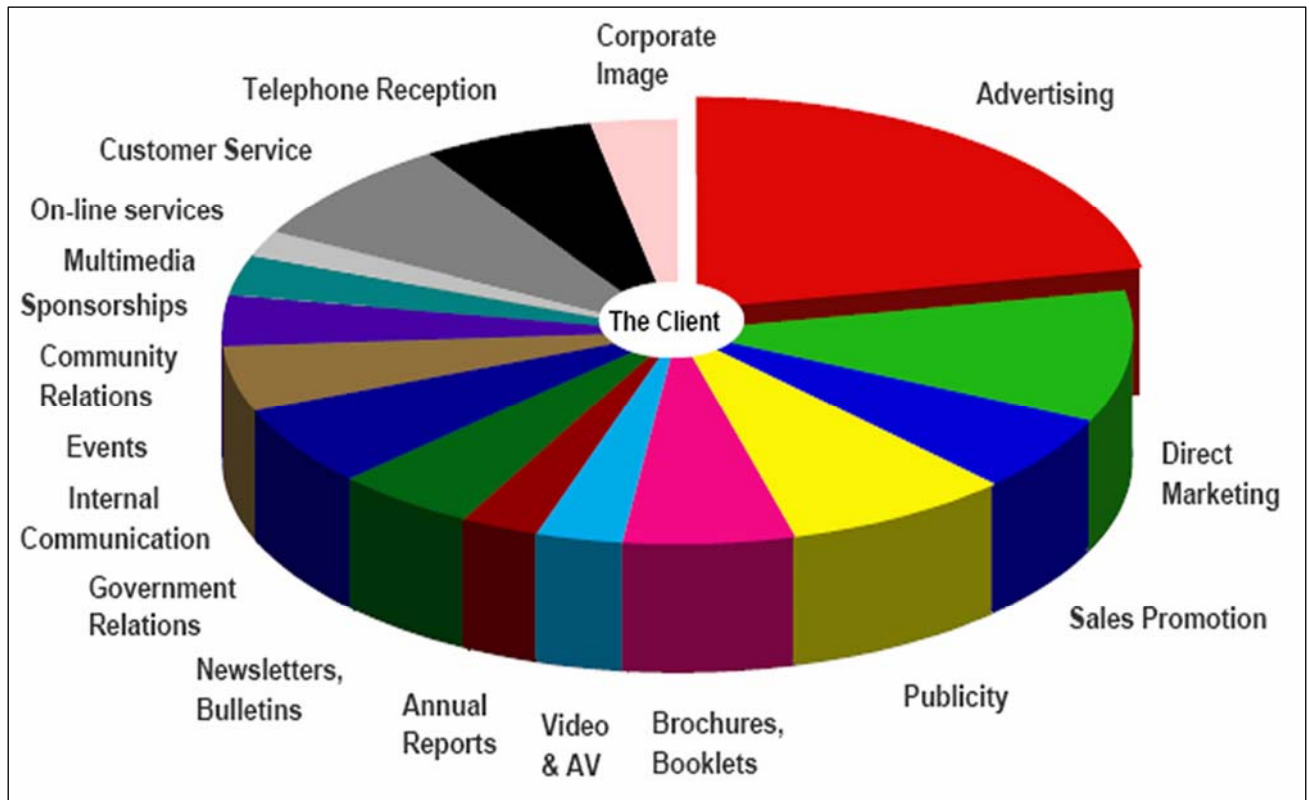
Source: Macnamara (2002:12)

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 it's 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 <u>Challenges related to the position of corporate communication</u>

- 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:

  o Fail to assume a broad decision-making role;

  o Adopt a role of policy implementers rather than 'moulders';

  o Lack a comprehensive macro-environmental understanding;

  o Are unable to see the big picture;

  o Fail to address strategic issues;

  o Lack management, business and planning skills;

  o Do not do research, or measure outputs rather than outcomes;

  o Do not integrate strategic information into the organisation;

  o Do not integrate the function into its larger organisational domain; and

  o 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).

CHAPTER 3: CORPORATE COMMUNICATION MEASUREMENT TOOLS

3.1 INTRODUCTION

The Process of Inquiry describes a systematic study of experience (direct / indirect) that leads to understanding and knowledge (Littlejohn & Foss, 2005:4-5). In an organisational context, as mentioned in Chapter 1, knowledge and understanding is acquired through an objectivity quantitative process, otherwise known as the Scientific Scholarship. Corporate communication, however, makes use of the Humanistic Scholarship, which seeks to understand individual subjective responses (Littlejohn & Foss, 2005:7-8), as a means to build relationships and appreciate stakeholder expectations.

Chapter 2 illustrated the complexity surrounding the communication between an organisation and its stakeholders, and provided insight into the vast scope of corporate communication functions. For corporate communication to be effective and accountable in all these functions, while truly understanding their stakeholders and their relationships, as well as being able to function alongside executives in an objective scientific context; a measurement tool, that captures this intangible value, has to be employed (cf Cornelissen, 2000:123; Lindenmann, 1993:7; Macnamara, 2002:8-9; Ritter, 2003:59). No doubt, both academia and industry has created and engaged various measurement and evaluation models in attempt to do so.

Gorpe and Saran (2005:1) as well as Phillips (2001:227) both highlight the variety of measurement and evaluation models that exist for corporate communication today. These authors claim that the variety has resulted from a need to justify practitioner and agency existence, and to provide that 'differentiating factor' for competitive reasons between agencies. Unfortunately, because of this, Phillips (2001:227) expands the debate insisting that a lot of the models are " … voodoo, make-believe, and inventive nonsense", which has not only confused practitioners, but also worsened the situation. Macnamara (2002:2) states that communication evaluation has had a patchy track record throughout its history, because practitioners have been slow in accepting and using measurement tools; because their focus was primarily on measuring media clippings or relying on their 'gut feel' when making decisions (Gorpe & Saran, 2005:11-17; Phillips, 2001:227).

Macnamara (2002:2-5) refers to several surveys where practitioners across the world agree on the importance of evaluation and measurement, but highlights that the practitioners do very little about actually conducting measurement and evaluation, let alone budget for it. Authors agree that executives hold low levels of satisfaction with the communication evaluation provided by practitioners, because in the past, Public Relations Institutes have provided very little training in this subject (Gorpe & Saran 2005:4; Macnamara, 2002:5,14; Phillips, 2001:227; Steyn & Puth, 2000:6).

3.1   OUTPUT VERSUS OUTCOME MEASUREMENT

It would seem that communication departments are still stuck in the Press Agentry tradition, where very little research is conducted (Macnamara, 2002:6). If evaluation and measurement does occur, Macnamara (2002:7) categorises it as part of the Public Information tradition, where the number of media articles, columns centimetres, and publications are counted. In other words, evaluation and measurement is completely *output* orientated as opposed to *outcome* orientated. The Institute of Public Relations Commission for Public Relations Measurement and Evaluation differentiates between communication outputs and outcomes (Gorpe & Saran, 2005:5).

Outputs are concerned with short term deliverables and can be extensively analysed by means of media content analyses; cyberspace / new media analyses; trade shows and event measurements; as well as public opinion polls (Gorpe & Saran, 2005:9). Macnamara (2002:8-9) explains that outputs are concerned with *micro-measuring* and determines the results of a specific activity such as an event, product launch, media publicity, analyst briefing, and other communication activities. Questions asked at this level include the number of media impressions gained; the activity's attendance rate; the ratio of acceptances to total invitations; the acceptance rate by the type of invitee; and the cost per attendee (PR Influences, 2003a; PR Influences, 2003c). Micro-measuring must therefore take place, to track the success of communication activities and this will ultimately contribute to the overall outcome (Macnamara, 2002:8-9).

Outcomes, on the other hand, determine whether the target audience received, paid attention to, understood, and retained the messages sent to them (Gorpe & Saran, 2005:5). Additionally, outcomes measure whether the efforts of the communication campaign resulted in opinion, attitude or behavioural change. Macnamara (2002:8-9)

refs to the overall determination of outcomes for the organisation as *macro-measuring*; it is also considered more difficult and more expensive than measuring outputs. This is due to the use of sophisticated measurement techniques such as awareness and comprehension, recall and retention, attitude and preference, as well as behavioural measurements (Gorpe & Saran, 2005:9). In the ideal model of Two-way Symmetrical communication, the feedback component of this model would require outcome measures to determine whether or not effective communication took place. Additionally, qualitative measurement techniques would be used to gain in-depth insight into stakeholder perceptions.

Preferably, communication research should find a balance between measuring both output and outcome communication of both quantitative and qualitative nature (Macnamara, 2002:8-9). This would capture the intangible value added by corporate communication, and allow the results to be generalised across an entire stakeholder group.

Cornelissen (2000:122-123) identifies and categorises four paradigms of organisational communication research. Each perspective differs with regards to the central location where communication may take place. In other words, different elements of the Information Processing Model (i.e., message, channel, sender / receiver, transmission, encoding / decoding, noise, feedback) are considered individually for measuring purposes.

- The Mechanistic Perspective sees communication as a transmission process in which a message travels across a space from one point to another (Cornelissen, 2000:122). This author explains that the *channel* is the locus of communication, where research measures the actual channel and transmission effectiveness. An example of this would be conducting a media analysis. Most practitioners would view this perspective as a means to measure the outputs generated (or news releases obtained). However, the outcome of the communication should also be measured in this perspective, to ensure that awareness, attitude or behavioural change did take place while communicating through the chosen channel. A financial magazine (as a channel) would, for example, not effectively reach or communicate with a teenager, let alone produce the desired change. Merely measuring the number of news releases (outputs) obtained, does not accurately reflect the channel's effectiveness.

- The System-Interaction Perspective concentrates on external behaviours as fundamental units of analysis. The point of communication is *patterned sequential behaviour*, determined by the overall communication system as opposed to an individual's conceptual filters or interpretations of events and activities (Cornelissen, 2000:122-123). This perspective coincides with the Situational Theory, stating that external forces (sometimes referred to as *noise*) have an effect on the meaning of the communication received (Olkkonen *et al.,* 2000:405). This perceptive is critical to measuring outcomes, as outputs do not accurately provide information regarding situational factors that could greatly limit or hamper communication sent to the receiver. Preliminary research (research conducted before a campaign, otherwise known as formative or exploratory research), would fall into this category and serve the purpose of providing macro information that affects stakeholders' perceptions. Simply measuring outputs does not provide insight into external behaviours or situational factors and often results in unnecessary or incorrect communication campaigns.

- The Psychological Perspective focuses on the influence that individuals have on communication. This perspective seeks to explain the informational environments in which individuals are located, and the range of stimuli to which they respond, using a variety of conceptual filters (Cornelissen, 2000:122-123). Studying the *receiver or intra-individual orientation* places emphasis on the encoding and decoding processes of the Information Processes Model. Once again, outcome communication evaluation will reflect the internal thinking of a receiver. More often than not, stakeholders do not verbally communicate their perceptions regarding an organisation or its offerings. These perceptions manifest either in the way stakeholders behave, or through their word-of-mouth communication to other stakeholders. Qualitative research would be required to uncover these emotions, feelings and perceptions.

- The Interpretive-Symbolic Perspective views an individual as being capable of creating and shaping his or her own social reality. The position of communication is role taking and shared meaning; where the emphasis is placed on *meaning* rather than *accuracy* in message transmission (Cornelissen, 2000:122-123). Cultural backgrounds, symbols and other intrinsic meaning, play an important role here. In this perspective the actual message along with non-verbal cues, provide meaning to the stakeholder. Both outputs

and outcomes are an important measure to determine whether the message was constructed in a way that the receiver could receive, understand and retain.

Understanding that communication measurement can focus on various elements of the Information Processing Model, while simultaneously measuring the effects of communication on an output and outcome level, allows this discussion to examine some of the research methodologies or techniques that corporate communication practitioners have at their disposal, to collect data. When deciding on the research technique, practitioners need to consider the purpose of the research (Grunig & Grunig, 2001:14) as well as the role it will play in decision-making for the future.

3.2   RESEARCH METHODOLOGIES

Cooper and Schindler (2003:12-13) explain that research in business is typically conducted to respond to a problem that has been identified by management; this is known as applied research and pure or basic research. Even though both are problem solving based; applied research is directed at making immediate managerial decisions, whereas pure or basic research builds knowledge. Both categories can employ quantitative or qualitative approaches to data collection and analysis; however, for reporting purposes the first is preferred in business. Naturally, there are numerous data collection methodologies, to this end, Cooper and Schindler (2003:15) provide a set of research categorisations based on the approach used to gather data:

Exploratory research expands the understanding of a dilemma, and provides background information to the problem and situation (Cooper & Schindler, 2003:281). This research normally occurs in the 'planning phase', and incorporates the use of primary, secondary and tertiary data, from internal and external sources of information. Primary, secondary and tertiary data are discussed later in this chapter.

Communication approach is a second research category referred to by Cooper and Schindler (2003:317,319). This approach involves communicating with people to obtain their responses (as data) for analysis purposes. Personal, telephonic and self-administered interviewing are the most common techniques used in this approach (Cooper & Schindler, 2003:320-348).

From a Communication Theory perspective, Cornelissen (2000:123) recommends ethnomethodological and phenomenological methodologies to obtain a *receiver* perspective, within this approach. The Ethnography of communication is concerned with the application of ethnographic methods to understand the behaviour, inter-relation and communicative patterns of a group (Littlejohn & Foss, 2005:212; Macnamara, 2002:32). Lindlof and Taylor (2002:16) express the term ethnography by its root, *ethno-* (means people) and -*graphy* (means describing). Littlejohn and Foss (2005:4-5) define ethnomethodology to be the detailed study of the way people organise their everyday lives. It involves a set of methods that carefully investigate the way people work together to create a social organisation (Littlejohn & Foss, 2005:88). They explain that an example of such a method is a *conversation analysis*, which attempts to discover in detail, what is viewed as a social achievement. It is concerned with *sequential organisation*, or the way that speakers organise their conversational turn taking. Phenomenology is the study of knowledge that comes from consciousness, or the understanding of an object or event through consciously experiencing it. Phenomenology does not force, but examines actual lived experiences and follows three basic principles: knowledge is conscious; the meanings of things come as a result of a direct experience; and language is the vehicle of meaning (Littlejohn & Foss, 2005:199-200).

Commonly found in the Humanistic Scholarship, these methodologies are as a means to enquire information, and are concerned with the individual (or in communication's case, the receiver) (Littlejohn & Foss, 2005:7-8). The conventional surveys are a popular means of data collection (Cornelissen, 2000:123); however, Littlejohn and Foss (2005:24) mention that there are other techniques used to derive meaning from direct experiences. These include content analyses (through *hermeneutic phenomenology*), focus groups, and quasi-experiments. The purpose of these is to uncover perceptions of and reactions to the various facets of communication activities, thereby enabling a deeper understanding of the totality of the communication process between organisations and their stakeholders (Cornelissen, 2000:123). These methods are able to uncover the intangible value derived from certain organisational communication activities.

Observation approach is a third research category of data collection according to Cooper and Schindler (2003:399-401). Observation qualifies as scientific inquiry, when conducted

specifically to answer a research question. According to these authors, it should be planned with proper control and consideration to the reliability and validity of the methods used. This approach is further divided into *behavioural and non-behavioural observation*. The first focuses on non-verbal behaviour (body movements); linguistic behaviour; extra-linguistic behaviour (vocal, temporal, interaction, verbal stylistic); and spatial analysis (proxemics). Non-behavioural observation comprises record analysis (historic and current records); physical condition analysis (physical relationships); and physical process analysis (analysis of activities / processes) (Cooper & Schindler, 2003:403-405). Grunig and Grunig (2001:15) suggest that practitioners can apply this research in a practical way, by attending meetings that incorporate community groups. At these meetings, practitioners can both observe and capture the verbal and non-verbal communication and perceptions of attendees and community members.

Experimentation approach is a fourth research category and is worth mentioning here (Cooper & Schindler, 2003:423). This approach involves a researcher intervening, beyond that which is required for measurement, by manipulating a variable as well as observing the effects on another variable. This method is also referred to as *causal research methods* (Cooper & Schindler, 2003:425), but is not common in the communication discipline, and will therefore not be elaborated on in this study.

By categorising research, its approach and purpose becomes clear. It can then assist practitioners in identifying when and how to implement a specific research method – based on the information required. Cooper and Schindler (2003:278-455); Cutlip, Center, Broom and Du Plessis (2002:110-124); Grunig and Grunig (2001:15-16) as well as Macnamara (2002:25-33) supply descriptions for some of the various research techniques available to corporate communication practitioners who wish to collect data and use it for measurement purposes.

3.3.1 Primary, secondary and tertiary data

Primary data refers to works of research or raw data that has not been interpreted (Cooper & Schindler, 2003:282). These authors explain that primary data can be acquired through internal and external sources of information, which include inventory records, personnel records, purchasing requisition forms, statistical data, memos, letters, complete interviews

or speech (in audio, video or written transcript formats), laws, regulations, court decisions or standards, government data, economic and labour data.

Secondary data refers to information gained from sources other than primary research and are an interpretation of primary data. Almost all reference material falls into this category and prove very valuable to practitioners especially when trying to save costs. Some examples include market research and customer satisfaction research; online research services; research undertaken by professional organisations, advertising or marketing bodies; publicly released polls; subscription services; investor annual reports and various forms of literature (Cooper & Schindler, 2003:282; Grunig & Grunig, 2001:5; Macnamara, 2002:26). Macnamara (2002:26) explains that this form of research has been revolutionised by the internet, and claims that various organisations such as; the Institute of Public Relations in the UK (IPR), the Public Relations Society of America (PRSA), the Public Relations Institute of Australia (PRIA), the International Public Relations Association (IPRA) and the Public Relations Institute of South Africa (PRISA) advise their members to make use of these research studies.

Tertiary data is an interpretation of a secondary source and normally represented by references, bibliographies and indexes (Cooper & Schindler, 2003:282). According to these authors, different interpretations result in secondary data having more value than tertiary data, and primary data more value than secondary data. Cooper and Schindler (2003:282) further advise that primary data should be collected and analysed rather than utilising and relying on a third party interpretation, should practitioners have an essential problem to solve.

3.3.2 Pre-testing

Macnamara (2002:26-27) includes pre-testing as a research technique to prevent practitioners from relying on their intuition or 'gut feel' when planning communication activities, ideas and even designs. Pre-testing is a technique that can also be used in formative or exploratory research (Cooper & Schindler, 2003:390-391). Macnamara (2002:26-27) explains that it can be conducted through e-mailing, faxing or personally meeting a sample of the target audience to test ideas, programmes, or concepts in general. This author elaborates stating that pre-testing is widely used in advertising, and can play a crucial role in the planning campaigns.

3.3.3 Case studies

Sometimes referred to as secondary or tertiary data, case studies are excellent practical sources of information to refer to when experiencing problems. Macnamara (2002:26) explains that collecting and studying case studies, assists with identifying best practice approaches to certain problems. Additionally, this research can form part of exploratory or formative research. This author provides an example of an organisation that underwent a name change and lacked the budget to commission research to identify the target audience's attitudes and needs. As a result, case studies about organisations that had undergone name changes were collected, and strategies were then emulated on strength of the lessons learnt from those events. The author highlights that case studies are readily and usually freely available on public relations institutions' websites, commercial public relations' websites, as well as in books, award compendia, and university libraries.

3.3.4 Focus groups

Focus groups consist of 6-12 participants, who discuss a topic in depth, guided by a trained facilitator (Grunig & Grunig, 2001:16). Sessions are video taped and the recordings are carefully analysed for comments, non-verbal as well as other forms of communication (Cutlip *et al.,* 2002:113). Macnamara (2002:32) explains that the facilitator is the most important consideration in this technique and must be trained in psychology and focus group discussion techniques. Focus groups / community forums are successful qualitative research methods to discover attitudes, perceptions and pre-test ideas or strategies (Macnamara, 2002:32).

3.3.5 Personal interviews

A personal interview is a two-way conversation initiated by an interviewer to obtain information from a participant on a face-to-face basis (Cooper & Schindler, 2003:323). The authors also state that the interviewer generally controls the topics and patterns of discussion and probes the participant for information. The questions asked may be *structured* (consisting of predetermined choices called close-ended questions) or *unstructured* (where responses are not limited to choices, called open-ended questions) (Macnamara, 2002:17). Questions are created to appeal to various levels of the respondent's consciousness to tap into information that is willingly, reluctantly, knowingly or subconsciously shared. The latter may use *projective techniques* (such as sentence completion tests, cartoon or balloon tests, and word associate tests) to disguise the

study's objective (Cooper & Schindler, 2003:363-364). Typically, opinion leaders or key informants would be interviewed, because they are believed to hold leadership roles in their groups (Cutlip *et al.,* 2002:112). Cooper and Schindler (2003:324) provide a list of advantages and limitations to this method, but the most important advantage is the depth of the information received. Unfortunately, personal interviews are a lot more costly and time consuming than other methods in the communication approach.

3.3.6 Telephone interviews

Cooper and Schindler (2003:335) explain that the telephone, as a medium, can be highly effective for arranging interviews and screening large populations. These authors mention that it is also a medium to obtain receiver perspectives or feedback. Call centres have taken advantage of telephonic interviewing due to cost and time saving. The authors stress that this is especially the case with the widespread Computer Assisted Telephone Interviewing (CATI) and other computer-administered telephone survey methods. In South Africa, certain organisations such as Outsurance and DialDirect only make use of this medium to handle all client related communications. Once again, the advantages are evident, but the richness of information does not equate to the personal interview methodology (Cooper & Schindler, 2003:338).

3.3.7 Surveys / questionnaires

Surveys are one of the most commonly used research instruments, employed for market research, customer satisfaction studies and social research (Macnamara, 2002:31). This is because of the coverage, sample accessibility and costs advantages (Cooper & Schindler, 2003:341). Surveys can be used in corporate communication to gain feedback, and can appear in the following forms, publications (reader surveys); events (event surveys); presentations (audience surveys); employee communication (employee surveys); shareholder communication (shareholder surveys); member communication in organisations (member surveys); media communication (media surveys); community relations programs (local community surveys); and intranet, extranet or websites (online surveys). Online / E-surveys are affordable as printing and postage costs are eliminated, and data entry is automatically done (Macnamara, 2002:31-32). A recent alternative to conducting an online survey is to encourage surveying by means of new media, such as *blogs* (PR Influences, 2005c). Blog (an acronym for 'web log') describes a website that contains an online personal journal with comments about anything the writer wishes to

include (PR Influences, 2004d). Despite the obvious advantage of cost saving, Cooper and Schindler (2003:342) highlight the high non-response rate that this methodology experiences.

3.3.8 Response mechanisms

Macnamara (2002:27) includes response mechanisms such as toll-free numbers, coupons and competitions as a research technique. Furthermore the author explains that these methods can be used to track audience receipt, acceptance and, to some extent, understanding as well as consideration of messages. Additionally, this author also mentions that an analysis of website visits and downloads can be used to track and demonstrate *out-takes* and sometimes *outcomes*.

3.3.9 Readability and listenability tests

Readability tests estimate the number of years of education that a reader requires to understand the text read (Macnamara, 2002:26). The PII Model by Cutlip *et al.* (2002:209-212) makes use of the three readability measures:

The Flesch Readability test calculates a readability score with the following formula:

Readability Score = 206.835 - [(average sentence length x 1.015) + (average word length x 84.6)]

The closer the score is to a 100, the easier the readability and the lower the level of education needed to understand the writing. A score of 100 would only require a Grade 5 (primary) education level; while a score of 60 / 70 needs a Grade 8 / 9 (secondary) education level. The closer the score is to zero, the more difficult the readability becomes and ultimately this requires the receiver's education to be at tertiary level.

The Gunning Fox Index considers the sentence length and words, with three or more syllables, by using the following formula:

Fog Index = 0.04 x (ave number of words per sentence + number of long words per 100 words)

In this formula, the higher the score, the more difficult the comprehensibility, and the higher the level of education required. A score of six indicates easy reading and a Grade 6 (primary) level of education. The maximum score achievable score for this index is 17.

The Fry Readability Formula produces results similar to the Flesch Formula, but considers the sentence length and number of syllables, and represented schematically on a graph. Two additional readability methods included by Macnamara (2002:26) are the Dale-Chall method, and the Cloze Procedure or Signalled Stopping Techniques (SST). These are very simple and can be self-administered by practitioners with no training and at no cost. The Easy Listening Formula (ELF), by Irving Fang (in Cutlip *et al.,* 2002:212) works on the same principle as the readability tests, but provides a means to measure the listenability of aired broadcasts and speeches. These methods follow an Interpretive-Symbolic Perspective (Cornelissen, 2000:122), measuring percentage message intake and extent of meaning derived, determined by level of education.

3.3.10 <u>Naturally occurring information</u>

Grunig and Grunig (2001:16) highlight another research technique that is cost effective and accurate. Stakeholders often provide voluntary information to the organisation, without any effort from the corporate communication department in obtaining this data. This type of information may take the form of telephone calls, letters, e-mail messages, and conversations with employees (Grunig & Grunig, 2001:16). Cutlip *et al.* (2002:116) include call-in telephone lines (or toll-free numbers) to this list as it provides instant feedback and has the ability to monitor concerns and interests. Grunig and Grunig (2001:16) indicate that by exploring naturally occurring data, practitioners are able to identify stakeholders, their issues, the consequences of these problems, and be in a position to respond to these issues timeously.

3.3.11 <u>Personal contacts</u>

Cutlip *et al.* (2002:111-112) describe personal contacts to be informal in nature, as there is no form of scientific analysis is conducted. This form of research occurs by moving freely among people and gaining insight into their opinions, attitudes and circumstances. Examples include attending trade shows, community and professional meetings as well as any other occasions that attract stakeholders and provide practitioners with opportunities to observe and understand. Grunig and Grunig (2001:15) elicit that personal contacts require practitioners to be involved by showing an interest and by listening. They also point out that this method could take the form of observation or communication approach to research. Cutlip *et al.* (2002:112) explain that by generating community events such as the annual shareholders' meetings, creates a structured approach to this form of research.

3.3.12 New media or cyber analysis

Cornelissen (2000:119) states that *new media* has revolutionised communication to stakeholders, because it has enabled interaction with stakeholders, previously not possible. Phillips (2001:234) adds that it has allowed stakeholders the opportunity to easily create and communicate their opinions of an organisation, through media such as chat rooms or blogs. Instead of feeling threatened by new media, Phillips (2001:234) explains that this form of communication can sensitise practitioners to the type of media (online and offline) that their stakeholders are attuned to. It can also assist in identifying ideas and themes that are important to stakeholders, and empower practitioners with current jargon. The IQPC (2006) index of new media includes intranets, extranets, blogs, wikis, podcasting, and online forums. Grunig and Grunig (2001:16) explain that this research methodology (otherwise known as cyber analysis) can be done quantitatively or qualitatively and provide valuable input. The use of thematic analysis is a qualitative technique that focuses on the 'nitty gritty' linguistic levels, namely phonetics, phonology, morphology, lexicon, syntax, semantics, discourse, deixis and pragmatics (Phillips, 2001:230-233). By doing this, it becomes possible to understand how stakeholders use their language, because words are loaded with connotations and therefore influence opinions, attitudes and behaviours (Phillips, 2001:233).

PR Influences (2003c) includes another dimension in this category, explaining that a simple website analysis can provide valuable primary data. Outsourcing this analysis is unnecessary, because Webmasters of the organisation's websites can simply build this functionality into the website, or practitioners can utilise the numerous computer aided programmes that can make this information available. Google Analytics (2006) is one of many computer aided programmes that provide website analysis. This free service not only determines the amount of hits on one page, but also provides strategic information such as:

- The geographical location from which the user accessed the site (illustrating global awareness and effectiveness);
- How long the user spent on each page (demonstrating whether the user actually read information or skimmed over it);
- What time of day the user accessed the site (to understand when to launch promotions like competitions);
- What pages the user went to (illustrating what page headings interested the user); and,

- The search engine that the user got the website from (indicating if online advertising and publicity is effective or not).

Figures, provided in percentages, assist practitioners in making informed website decisions and design improvements. It also provides the quantitative statistics that measure website communication effectiveness. The information is electronically collected, analysed and the report is sent to the site, generally on a monthly basis. In addition, the information is available online, accessible when needed. Ritter (2003:54-55) lists additional service providers that provide a similar service and are readily available on the internet; Webtrends, Hitbox from Websidestory, and Nedstat.

3.3.13 <u>Media analysis for editorial coverage</u>

Macnamara (2002:27) claims that most communication measurement focuses around its media generation role. Ritter (2003:50) explains this phenomenon by the direct impact that media has on the image of organisations. Measuring what the news says about a product or organisation is crucial for the evaluation and strategic planning of the organisation's institutional communication. Additionally, editorial coverage correlates with public opinion and impact perceptions and ultimately builds the brand. The problems associated with this Mechanistic Perspective are the incoherent practices of media analysis, the concern for outputs rather than outcomes and disproportionate emphasis on achieving publicity rather than using integrated media in communication campaigns (cf Cornelissen, 2000:122; Gorpe & Saran, 2005:11; PR Influences, 2004d; Sandin & Simolin, 2006:3; VMS, 2006c).

Media are categorised according to their degree of control. These are divided into controlled, semi-controlled and uncontrolled forms. Sandin and Simolin (2006:3) explain that all categories need to be allocated, created, budgeted for, implemented and measured.

- Controlled media allows practitioners the ability to control how and when a message is delivered. Some examples include speeches, corporate advertising, in-house publications, visual presentations, newsletters and notice boards.

- Semi-controlled media include media where some sections of the message delivery are controlled by the organisation, while other sections are influenced by third parties. Examples include sponsorships, electronic media such as blogs, other websites, forums and chat rooms, and finally word of mouth.

- Uncontrolled media happen when and where the time and place of messages rely on third party decisions. This category mostly includes news releases, press conferences as well as media tours. This category (known as publicity) often forms the bulk of communication's media function.

Understanding the degree of control over the media used greatly influences decisions regarding the target audience and message creation. As mentioned earlier, most practitioners have devised numerous methods to measuring uncontrolled media.

Wells, Burnett and Moriarty (in Sandin & Simolin, 2006:15), Macnamara (2002:30) as well as PR Influences (2003c) provide guidelines about what practitioners should consider when measuring uncontrolled media. These include the output production, distribution, coverage, impressions, advertising value and systematic content analysis.

- Output production is the number of products or outputs created, such as news releases. VMS (2006c) reveals that output production is fast and relatively easy to measure, but provides no information about an article's size (i.e., a one-inch appearance counts the same as a feature story), slant (e.g., the positive or negative tones), and audience messages (e.g., whether the output conveyed what it was supposed). This measure is the least effective and Macnamara (2002:30) advises that, as a measurement technique, it should be avoided.

- Distribution is the number of media outlets receiving the products / outputs, and measures how and where the coverage occurred within specific media (PR Influences, 2003c). Distribution questions whether the correct media is being utilised (PR Influences, 2001b). Both Macnamara (2002:30) and PR Influences (2003c) explain that the credibility, circulation figures as well as target audience reach and relevance, should be evaluated annually, to determine whether the best media is being utilised for delivering core messages.

- Coverage is the number and size of clips, as is measured in column inches, seconds, and minutes of time or space, sometimes referred to as Share of Ink (PR Influences, 2003c). A column inch is the number of columns in an article multiplied by the number of inches or centimetres of text, including the headings (VMS, 2006c). PR Influences (2005b) explain that television and radio broadcasts incorporate minutes / seconds, and internet coverage bandwidth. In the internet coverage, one bandwidth equates to 50

words. PR Influences (2003c) draws attention to a coverage measure, currently used and called the Share of Voice. This refers to the percentage of free editorial coverage devoted to an organisation or product compared to that of their competitors. This method is significant in the ability to make competitor comparisons, but does not indicate the tone or content of the article (PR Influences, 2001b). Share of Voice is akin to measuring perceptions and should not be substituted for tone measurements (PR Influences, 2005e).

- Impression is the media placements, multiplied by circulation or broadcast reach. It assesses the potential reach of a story placement or activity (VMS, 2006c). In this category, terms such as circulation or readership (for print); gross impressions (for broadcasts); and daily average visitors (for internet / new age media) indicate how many people read, hear or see the publication (PR Influences, 2003c). VMS (2006c) mentions that frequency, which indicates the number of times exposure was obtained for a specific message, is included in this measure.

- Advertising value, otherwise known as the advertising value equivalents (AVE), assesses the market or advertising value of the particular space or time occupied by a story placement (VMS, 2006c). Harrison (2006b) explains that AVE are calculated by measuring the coverage in a publication and multiplying the publication's advertising rate per column centimetre (or column inch) to reach a monetary figure. VMS (2006c) explains that some AVE do calculate the tone of the article as well. Harrison (2006b) elucidates that measurements are similar for television, radio broadcasts as well as new media publications, and that a total media coverage figure is calculated by adding the AVE for the entire media coverage in a campaign. This figure is compared to the cost of the actual communication campaign, to show its apparent effectiveness. PR Influences (2005a) explains that AVE have acquired a negative association, and have been heavily criticised for comparing and equating the impact, that editorial and advertising communication has on audiences. Table 3.1 depicts the differences between advertising and editorial content (Harrison, 2006b; Macnamara, 2002:28; PR Influences, 2001b). The advantages of this method, is the fact that it captures the story's size, impression and the perceived image or credibility of the media outlet (VMS, 2006c), but the disadvantages far outweigh the advantages. The comparison between editorial and advertising impact has lead the rejection of AVE, as a means to measure publicity success, by institutions such as the Public Relations Institute of Australia (PRIA) and other advertising boards across the world (PR Influences, 2001a).

Table 3.1: A comparison between editorial and advertising coverage

Editorial	Advertising
Is not paid for. Only appears if the media considers it to be 'newsworthy' or relevant to its audience.	Is paid for and carefully placed in selectively targeted media.
The original message may be changed or added to as part of the editorial process.	Says exactly what the organisation wants to say.
Is viewed by the readers as the opinion of the media or journalist.	Is recognised by the reader as paid-for.
Appears as new and seen as factual.	Recognised separately as advertising and some people may pay less attention to advertising.
May feature in unimportant media that may not be relevant to the target audience.	Is placed in selected media strategically important to the organisation.
May be well or poorly positioned.	Positioning is controlled and repetition ensures maximum impact.
There is no control over the layout of photos or headlines, and logos are rarely used.	Layout and design is organisation determined for maximum impact, and includes headings and logos.
May be used in a wide variety of media beyond the initial media the material is sent to.	Is restricted to the media paid for.

Harrison (2006b) condemns AVE as an invalid measure of communication effectiveness and argues that it is a fatally flawed logic. VMS (2006a) concludes that practitioners have falsely claimed success by using AVE incorrectly. Many authors such as Grunig and Macnamara underwrite this point of view (in Macnamara, 2002:30).

- Systematic content analysis examines the gist of the articles (Ritter, 2003:51) in terms of tone, key messages, sources, and prominence. According to VMS (2006c) this is essential in developing communication strategies, messages and market response, because it establishes the overall meaning of the placement, and whether or not it has reached the intended objectives (PR Influences, 2001b). Grunig and Grunig (2001:16) explain that a content analysis of media can be done quantitatively, by developing categories and placing stories into those categories; and qualitatively, by looking for patterns and impressions within the clippings. The qualitative approach requires a significant amount of time and is not often practised (VMS, 2006c). The quality of the coverage can also be assessed in a number of ways by examining the tone, prominence, publication type, branding, key messages, information sources and spokespeople (PR influences, 2005c):

o *Tone* is categorised and scored according to positive, negative or neutral slants (PR Influences, 2001b). To give an accurate indication of how an organisation is perceived within the industry, an investigation into the tone of the industry itself sheds light on the organisation's tone (PR Influences, 2003b). Ritter (2003:55-56) expands, stating that the rating should also consider how the industry's image influences the organisation's image. Ritter (2003:56) uses the effective example of a garbage industry versus a fashion industry, eliciting that a successful garbage company may not get the same ratings as a successful fashion company. This is due to the glamour of the fashion industry as opposed to the necessity of the garbage industry. Tone is an extremely important media measurement, however, Macnamara (2002:27) warns against awarding arbitrary weightings, which make this approach subjective.

o *Prominence* is the extent of coverage that the organisation receives in an article (VMS, 2006a). Prominence also represents the importance and placing of the article in a publication (VMS, 2006c). PR Influences (2005c) includes the brand visibility as a factor for analysing and focuses on whether the positioning of the brand name (i.e., foregrounding / backgrounding) catches the readers' eyes (i.e., in headlines or graphics).

o *Type of publication* is another important content analysis measure for the organisation's publicity feature. This includes the publication's level of status (PR Influences, 2005c). This is an important measure because placing messages in publications that do not reach target audiences, or have little credibility, will not reflect a positive image on the organisation.

o *Spokespeople and sources quoted* often affect credibility. Practitioners increase the score allocated to the article, if the correct people were approached for information, and if quotes remained in the original format (Ritter, 2003:51).

o *Key messages* (direct or indirect) that take a clear position for or against a topic or product should also be evaluated (Ritter, 2003:51). PR Influences (2003c) explains that this is because messages are often changed when the control does not lie with the practitioner, and that this should be monitored and measured.

The advantages of conducting content analyses include the ability to gauge quantitative and qualitative measures and still be able to combine it into a single quantitative metric (VMS, 2006c). Additionally, it is a more accurate way to measure coverage, since soft and hard measures are taken into consideration (VMS, 2006c). The disadvantage of this

method, however, is the ability to let subjectivity creep in. Practitioners are warned not to assign weightings on 'gut feel' but to arrive at the correct conclusions through systematic measures (VMS, 2006c).

- Share of Discussion (SOD) is an additional uncontrolled media analysis measure identified by industry. This metric measures the quantity and quality of an organisation's unpaid media coverage, in comparison to that of its competitors. It goes one step further than Share of Voice, as it calculates the amount of coverage and favourability compared to competitors. It takes into account the story length, position and the reputation of the media outlet as well as the industry and the media environment. It can also be correlated with outcomes such as sales, store traffic, physician visits, customer preferences, and / or other business metrics. In this way, it relates to key business metrics and is said to close the loop between outputs and outcomes, by linking the discussion in the media to actual sales. Advantages of this method include the ability to capture the organisation and its competitors' media coverage; it obtains impressions for each source and applies it; it measures the tonality of each article for both the organisation and its competitors; and it indicates monthly, quarterly or annual intervals on a spreadsheet. An added benefit is that it keeps the organisation closely focused on competitor activity as well as the organisation's performance in the broader market (cf PR Influences, 2003c; PR Influences, 2005e; VMS, 2006a; VMS, 2006b; VMS, 2006c).

Ritter (2003:51) indicates that various computer aided research tools and software programmes exist that communication practitioners can use for media monitoring and evaluation. Ritter (2003:51) cites programmes such as CARMA MEDIAudit and the MASS MEDIAudit (part of the MASS COMaudit) that can assist with vast amounts of media content analyses, and measures from quantitative to qualitative, strategic to tactical. Additionally, it allows for statistical comparisons and summaries, making the whole process less time consuming and more resource intensive (Macnamara, 2002:30).

Gone are the days where media relations reside around the number of releases dispatched, without measuring the impact results (PR Influences, 2005d). Coverage itself is not the end result (Harrison, 2006a). It is vital to identify that all media coverage is not equal in importance and relevance (PR Influences, 2001c), and that the actual medium plays a significant role in getting the message out there. The goal of media analysis should

be to measure the quantitative and qualitative impact of the organisation's presence in the printed and electronic media (Ritter, 2003:51), with the ultimate end result being that of changed behaviour brought about by the analysis of media coverage (Harrison, 2006a).

3.3.14 <u>Summary of research methodologies</u>

It is clear from the above that numerous techniques are available to communication practitioners, who wish to gather information as a means of feedback. These methods range from being output orientated to outcome orientated and used at various stages of the decision-making processes.

Although it seems obvious that communication practitioners would naturally employ various research techniques for their decision-making purposes, Grunig and Grunig (2001:6) as well as Gorpe and Saran (2005:3) argue otherwise. These authors categorise communication managements' approach to measurement and evaluation into:

- No research approach: In this approach, practitioners plan, monitor and evaluate their programmes without research (Gorpe & Saran, 2005:3). As highlighted by Macnamara (2002:5) and Phillips (2001:227), the predominant goal in this approach is to generate communication outputs from the organisation to its stakeholders. Gorpe and Saran (2005:3) reveal that various studies unfortunately categorise the majority of communication departments into this category.

- Informal approach: Sometimes referred to as *exploratory* methods of research, it is an unstructured approach where explorations or pre-tests, providing tentative information, are useful but not used for managing a programme. This research is not systematically planned, and includes methods such as informally talking to the public or media, reading reports, or listening to unsolicited feedback. The *grapevine* (gossip) and the use of 'gut feel' are also extensively used sources in this category. *Environmental monitoring* or *scanning* is a possible type of informal research, where practitioners obtain information about 'what is going on' in the external environment (cf Cutlip *et al*., 2002:110; Gorpe & Saran, 2005:3; Grunig & Grunig, 2001:6; Phillips, 2001:227; Steyn & Puth, 2000:165)

- **Media event approach:** In this approach, research is conducted to generate newsworthy information that creates interest in the minds of the stakeholders (Gorpe & Saran, 2005:3). Although commonly practised by practitioners, this research has been criticised for being 'self- serving' (Grunig & Grunig, 2001:6).

- Evaluation only approach: This approach resulted from the need to be accountable, and often occurs amongst practitioners acting in the technician and manager role (Gorpe & Saran, 2005:3). Macnamara (2002:14) expresses the ineffectiveness of this approach, explaining that if evaluation is left until the end of a programme, it is often omitted due to lack of time or budget.

- Scientific management approach: Steyn and Puth (2000:16) refer to this approach as *evaluation / evaluative research*, which investigates performance control and programme adjustment. It serves both as a pre-test and post-test function of evaluation. Research is firstly conducted before a campaign (referred to as *formative research*), to define the problem for developing a communication programme as well as to accurately determine the targeted audience and establish SMART (Specific, Measurable, Achievable, Relevant and Timely) objectives for the campaign. Secondly, research is done for systematic monitoring purposes, to track programme implementation, provide accountability for the programme, and identify early strategic adjustments. Thirdly, research is done to measure programme impact with respect to goals and objectives set. This research is strategic in nature and essential for planning, as it alerts the organisations about environmental changes for survival purposes (cf Cutlip *et al.,* 2002:203; Grunig & Grunig, 2001:6&9; Macnamara, 2002:2,8; Steyn & Puth, 2000:167).

It is clear from the above that the ideal procedure to communication research is the scientific management approach, which incorporates continued research, monitoring and evaluation. It is important for practitioners to understand the purpose of their research, while simultaneously balancing output and outcome research with the correct use of research methodologies or techniques. Even more fundamental is the ability to understand how the collected data can feed into an appropriate measurement model that all decision-makers understand. An investigation into communication evaluation models that embrace the scientific management approach follows.

3.3   CORPORATE COMMUNICATION EVALUATION MODELS

The beginning of this chapter highlighted Phillips (2001:227) statement that a colossal amount of measurement and evaluation models exist for corporate communication today. Due to the scope of this dissertation, only models that contribute toward the purpose of this study are investigated. These include the scientific management approach and the incorporation of the output and outcome measurement, while considering the elements of

the Information Processing Model. Some identified models include the *best practice approaches to measuring corporate communication*, and *measurement systems with strategic intent*.

3.4.1   Best practice models for evaluating corporate communication

The corporate communication evaluation models, described in this section, have been developed over the last two decades, and have gained tremendous popularity over the years. As a result, they have been labelled as best practice approaches to measuring corporate communication (Gorpe & Saran 2005:6; Macnamara, 2002:1-35; Sandin & Simolin, 2006:17). The best practice approaches include the PII Model; the PR 'Effectiveness Yardstick' Model; the Continuing Model of Evaluation; the Unified Evaluation Model; The Pyramid Model of PR Research; and the IPR PRE Toolkit.

3.4.1.1   PII Model

Developed in 1985 by Cutlip, Center and Broom (1994:414), the PII Model derives its name from three levels or steps of research termed: *Preparation (planning), Implementation* and *Impact* (Gorpe & Saran, 2005:6; Macnamara, 2002:15). As seen in Cutlip *et al.* (2002:97-228), the PII Model finds its place in the last step of the **Four-Step Public Relations Process**, as a means to evaluate communication campaigns or programmes. The Four-Step Public Relations Process Attention is briefly examined.

The first step of the Four-Step Public Relations Process involves research and fact-finding to determine and establish the current issues or problems facing the organisation, thus questioning, "What is happening now?" (Rensburg & Cant, 2003:82). This step is called ***Defining Public Relations Problems*** and regarded as strategic in nature. It incorporates a situation analysis involving internal and external factors, as well as a SWOT analysis (Cutlip *et al.,* 2002:97,109). Cutlip *et al.* (2002:111-125) advise on, and briefly discuss the various formal and informal methods of research, which can be used during the internal and external analysis.

The second step of the Four-Step Public Relations Process, ***Planning and Programming***, is conducted to answer the question, "What should be done and why?" (Cutlip *et al.,* 2002:97-98). At this phase, strategies are created to assess the policies and programmes of the organisation (Rensburg & Cant, 2003:82). Once again, this step has a strategic

perspective, and approaches the planning phase with a Management by Objectives (MBO) methodology (Cutlip *et al.,* 2002:141,144). The MBO approach involves setting goals and objectives, which are implemented by programmes or campaigns. Cutlip *et al.* (2002:149-164) explain how to define target audiences; create programme objectives; plan for and handle crises; create and stick to a budget; pre-test programme elements; and sell the plan to top managers or clients.

The third step of the process is where programmes are implemented and the question, "How do we do it and say it?" is answered (Rensburg & Cant, 2003:82). Cutlip *et al.* (2002:99) refer to this phase as **Taking Action and Communicating.** Aspects such as message creation and framing, semantics, symbols, barriers and stereotypes as well as message dissemination are examined (Cutlip *et al.,* 2002:174-188).

The forth and final step of the Four-Step Public Relations Process (and the most relevant to this study) answers, "How did we do?" (Rensburg & Cant, 2003:82). Termed **Evaluating the Programme** (Cutlip *et al.,* 2002:99), this step can be classified as a *scientific management approach* to research. Cutlip *et al.* (2002:204-209) explain that the purpose of this step is to evaluate the implementation, progress and outcome of communication programmes, and is measured by means of the PII Model.

The PII Model, illustrated in Figure 3.1, reads from the bottom to the top and represents the necessary elements that lead to problem resolution and social change (Cutlip *et al.,* 1994:414). The model raises specific questions at each step of the communication process, which provides information for assessing, campaign / programme effectiveness and contributes to an increased overall understanding of the communication process (Macnamara, 2002:15). In campaign / programme evaluation, Cutlip *et al.* (1994:414) explain that the most common errors, made by practitioners, are the use of measurement techniques that should take place on one level, and incorrectly substituting it into a different level. An example includes counting news releases and distributed brochures as the programme's impact effectiveness. The authors explain that this merely measures the programme's implementation and not the preparation or impact.

Figure 3.1: The PII Model of Evaluation
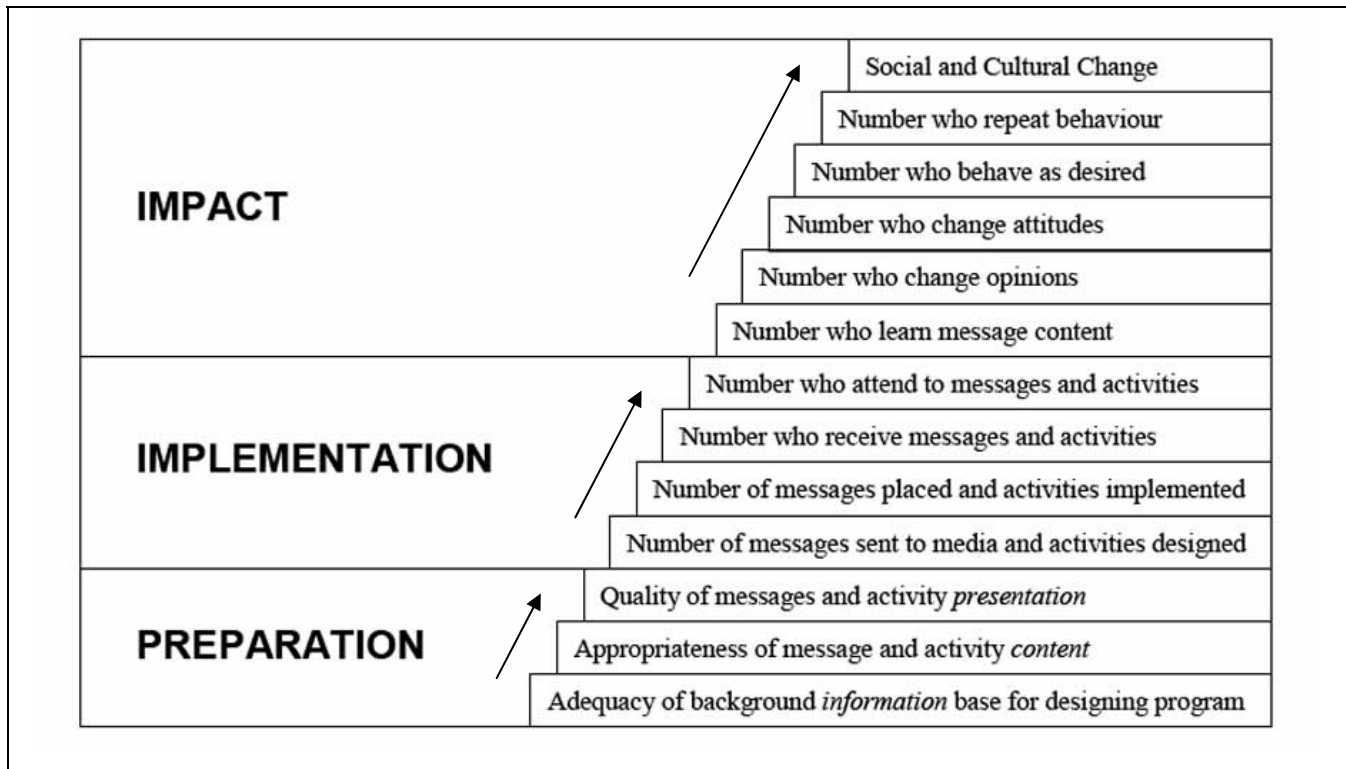
Source: Cutlip *et al.* (2002:207)

Preparation level assesses the information and strategic planning, needed to arrange the campaign (Macnamara, 2002:15). Cutlip *et al.* (1994:415) explain how practitioners often experience that the original situation analysis did not contain enough vital information for the entire communication campaign. This level, therefore, evaluates the adequacy of the background information used to plan the programme (Cutlip *et al.,* 2002:207).

Additionally, it also measures the organisation and appropriateness of programme and message strategies and tactics (Cutlip *et al.,* 1994:415). At this phase, it is imperative, that a review of how successful the programme matched the demands of the situation is evaluated (Cutlip *et al.*, 2002:210). These authors of this model suggest that practitioners perform a content analysis of the materials produced during the campaign, to determine whether the messages created actually addressed the original issues (Cutlip *et al.,* 1994:415).

The final stage of this level, measures the quality of the programme elements' presentation. Here the comprehensibility of messages is calculated (Cutlip *et al.,* 1994:416). Three *readability* and a *listenability* quantitative measures are proposed by

Cutlip *et al.* (2002:209-212), to determine how easily messages are received by audiences and what level of education the audiences have to be to receive the messages. Already discussed, the measures include the Flesch Formula, the Gunning Formula, the Fry Formula and the Easy Listening Formula (ELF).

Implementation level, deals with the programme's implementation and communication effectiveness and dissemination, by measuring tactics and efforts (Macnamara, 2002:15). This phase is mostly quantitative and mainly concerned with counting the number of communication products / outputs produced. It is here where media clippings play a role, however, Cutlip *et al.* (1994:420) warn against using this level of evaluation to determine the impact of the campaign. This level must also identify whether audiences received the messages. There are various ways to monitor what audiences are listening to on the radio or television. Audience research employs four primary methods (Cutlip *et al.,* 1994:424-426; Cutlip *et al.,* 2002:217-218):

- The *Diary method* where members of a household manually keep record of what is being watched or listened to.
- The *Meter method* electronically records radio tuning frequencies or television channels chosen by the receiver, as well as the time of day that these were watched or listened to.
- The *People meter* method monitors what each family member watches by requiring them to push a button unique to them, when watching television.
- The *Telephone interview* method involves calls either during or following a programme to determine audience size.

Impact level provides feedback on the outcome of the programme (Macnamara, 2002:15) and assesses the effectiveness of the campaign preparation and implementation. Here, the extent to which the outcome identified in the objectives for each target public, and the overall programme goal is measured (Cutlip *et al.,* 1994:426). The Benchmark Evaluation Model is a technique used to compare the results from the two preceding levels with measures achieved in the previous years. The *Intermediate* impact technique monitors progress toward the objectives and goals during the programme implementation. The *summative* impact assessments provide evidence of success or failure in reaching the planned end point (Cutlip *et al.,* 2002:219). Cutlip *et al.* (1994:426) elaborate that summative evaluations serve as formative evaluations for the next programme cycle. This phase answers the questions presented in the impact block in Figure 3.1.

Macnamara (2002:15) highlights an important theoretical contribution provided by this model. It correctly separates *outputs* from *impacts* (or *outcomes*). It also counsels against confusing measurements at different levels (Watson & Noble, 2005:79), and acts as a checklist when planning evaluation. Macnamara (2002:15) does, however, bring attention to criticism surrounding the PII model's complexity and lack of ability to incorporate the feedback element. Additionally, Macnamara (2002:15) criticises the model for not prescribing research methodologies at each of the level, despite the presentation of the *readability* and *listenability* formulas.

3.4.1.2 PR 'Effectiveness Yardstick' Model

The PR 'Effectiveness Yardstick' Model, developed by Lindenmann in 1993, presents a set of guidelines or standards that practitioners can follow when measuring communication effectiveness (Macnamara, 2002:19). Lindenmann (1993:7) describes the model as involving a two-step process of setting objectives, and then determining what level the practitioner should use to measure the communication effectiveness. In his model, Lindenmann (1993:7) explains that ultimately practitioners want to send their *messages, themes* or *ideas* to specified *target audiences* through predetermined *channels* and have *short-* or *long-term effects.* Setting objectives around these four areas is the first step of the process (Sandin & Simolin, 2006:16).

The second step of the model determines the levels that communication practitioners wish to measure (within their set of objectives). Macnamara (2002:19) explains that this approach to researching and evaluating is based on three levels of sophistication and depth, rather than the previous models suggested chronological process of communication. Macnamara (2002:19) also elaborates that these levels of effect include *outputs, outgrowths* and *outcomes.* Figure 3.2 illustrates the 'Effectiveness Yardstick' model measuring the three levels of communication effect.

Level one is the basic level and evaluates *outputs* (Gorpe & Saran, 2005:5). It focuses on what the practitioner or organisation actually did and how practitioners present and handle themselves. Evaluation and research at this level is low in cost and uncomplicated. Examples of measurement include media placements and impressions (total audience reached); the amount of exposure generated; content analyses and public opinion polls (cf Lindenmann, 1993:8; Macnamara, 2002:19; Sandin & Simolin, 2006:16).

Figure 3.2: The 'Effectiveness Yardstick' Model
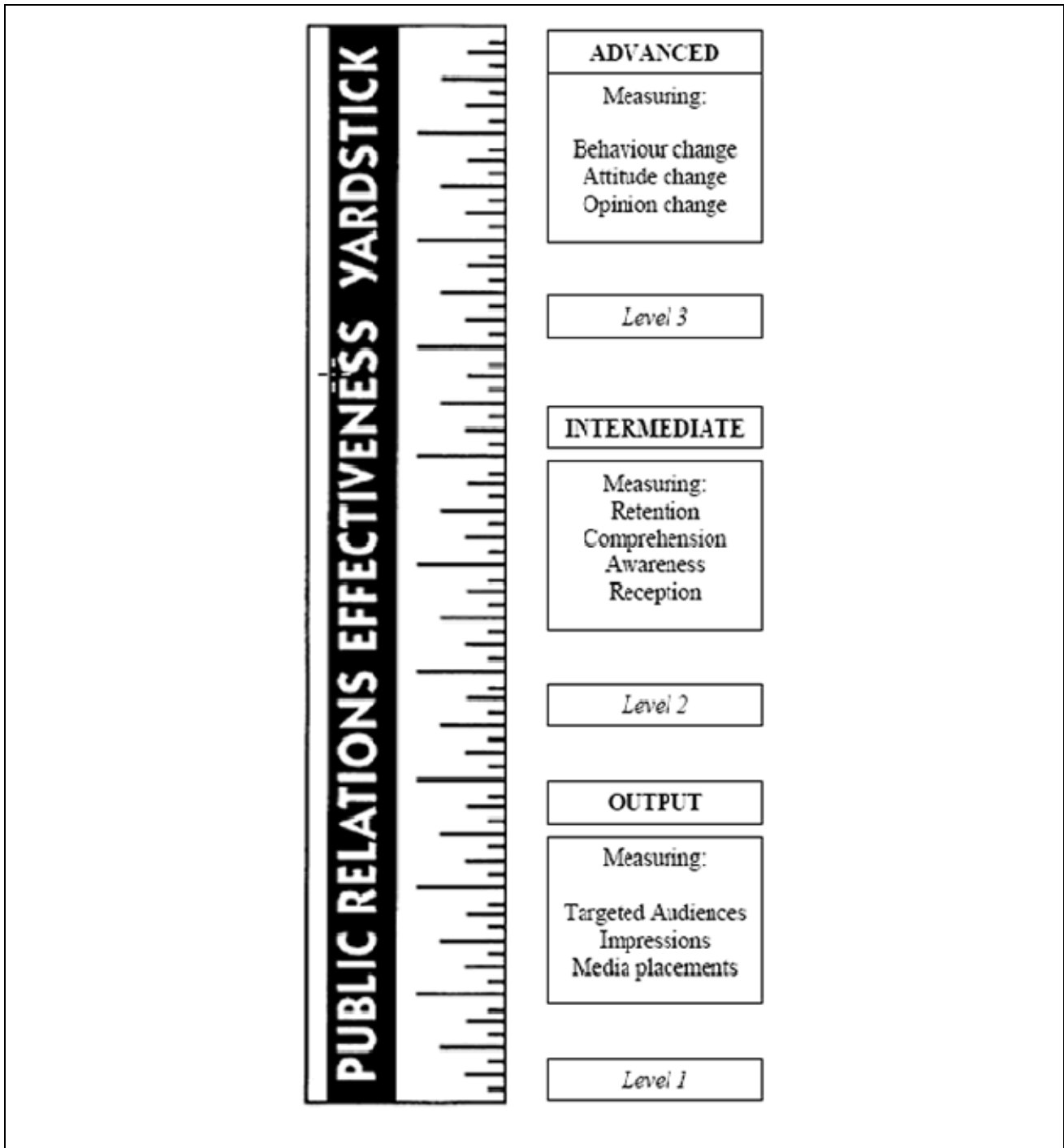
Source: Lindenmann (1993:8)

Level two is the intermediate level and measures message reception, attention, comprehension and retention (Lindenmann, 1993:8). According to Macnamara (2002:19), this level of measurement introduces a fourth stage of communication called *outgrowths*, also known as *out-takes,* and refers to what audiences receive or 'take out' of communication activities. Several academics and researchers regard *outgrowths as* an additional stage in the chronological communication process (Gorpe & Saran, 2005:5;

Macnamara, 2002:19). The reasoning is that audiences have to receive, retain and understand messages (out-takes), before they can change their opinion, attitudes or behaviour (outcomes) (Macnamara, 2002:19; Sandin & Simolin, 2006:16). At this level, practitioners usually rely on a mix of quantitative and qualitative data collection techniques such as, focus groups, in-depth interviews with opinion leaders, extensive polling of target audiences through mail, telephone or face-to-face communication (Sandin & Simolin, 2006:16).

Level three is described as the advanced level and focuses on measuring opinion change, attitude change or, at the highest level, behavioural change (Gorpe & Saran, 2005:35). This level is the most difficult to measure and is concerned with *outcomes* (Lindenmann, 1993:9). At this level, Lindenmann (1993:9) suggests utilising pre- and post-tests, experimental and quasi-experimental research designs, unobtrusive data collection methods, advanced data analysis or comprehensive and multi-faceted communication audits.

This model is not strictly comparable to the other models, as it offers a vertical progression of techniques rather than a horizontal movement from Inputs to Results (Watson & Noble, 2005:84). Macnamara (2002:19) commends it for its ability to identify that the communication process might not always appear chronologically. Watson and Noble (2005:84) mention that the model emphasises the setting of objectives, and Noble (1999:18) points out that it even separates cognitive and behavioural impact objectives, which will require different evaluative techniques. On the other hand, however, Macnamara (2002:19) criticises the model for omitting *inputs* as a stage in communication, and explains that the measurement should take into account, the amount of resources needed to achieve communication goals. Watson and Noble (2005:84) classify this model as largely educational and not necessarily practical, labelling it as an encouragement to practitioners rather than an effective evaluation technique.

3.4.1.3   *The Continuing Model of Evaluation*

Watson and Noble (2005:90) relay studies conducted in the United Kingdom, the United States of America and Australia, from 1990 to 1996. These studies proved practitioners reluctance to use the above-mentioned models. Based on this research, Watson (in Noble, 1999:18) criticises the previous models (including the Macro Model of PR Evaluation,

developed by Macnamara in 1992), for complexity and the lack of identified integral relationships with the creation of effects. By this, Watson and Noble (2005:90) imply that at every stage of the communication process, certain activities result in new *effects* that could change the desired end result. Where the previous models lacked active feedback, Watson (in Watson & Noble, 2005:92) attempted to build this element into the model and illustrate how dynamic in nature feedback is. To create this dynamic model, that considers the effects being created around communication activities, Watson (in Watson & Noble, 2005:94-95) created two models in 1997; the first being the **Short-term Model**; and the second **The Continuing Model of Evaluation** (Noble, 1999:18).

Nobel (1999:18) explains that the Short-term Model, is concerned with simple awareness objectives, and considered a linear process with no feedback mechanism. The Continuing Model of Evaluation is concerned with long-term activities and includes a feedback loop. The central element (the series of loops) reflects Van Leuven's effects-based planning approach, and emphasises that research and evaluation are continuous, and should be considered in every stage of planning a communication programme (Macnamara, 2002:21). Figure 3.3 schematically represents the model.

Figure 3.3: The Continuing Model of Evaluation
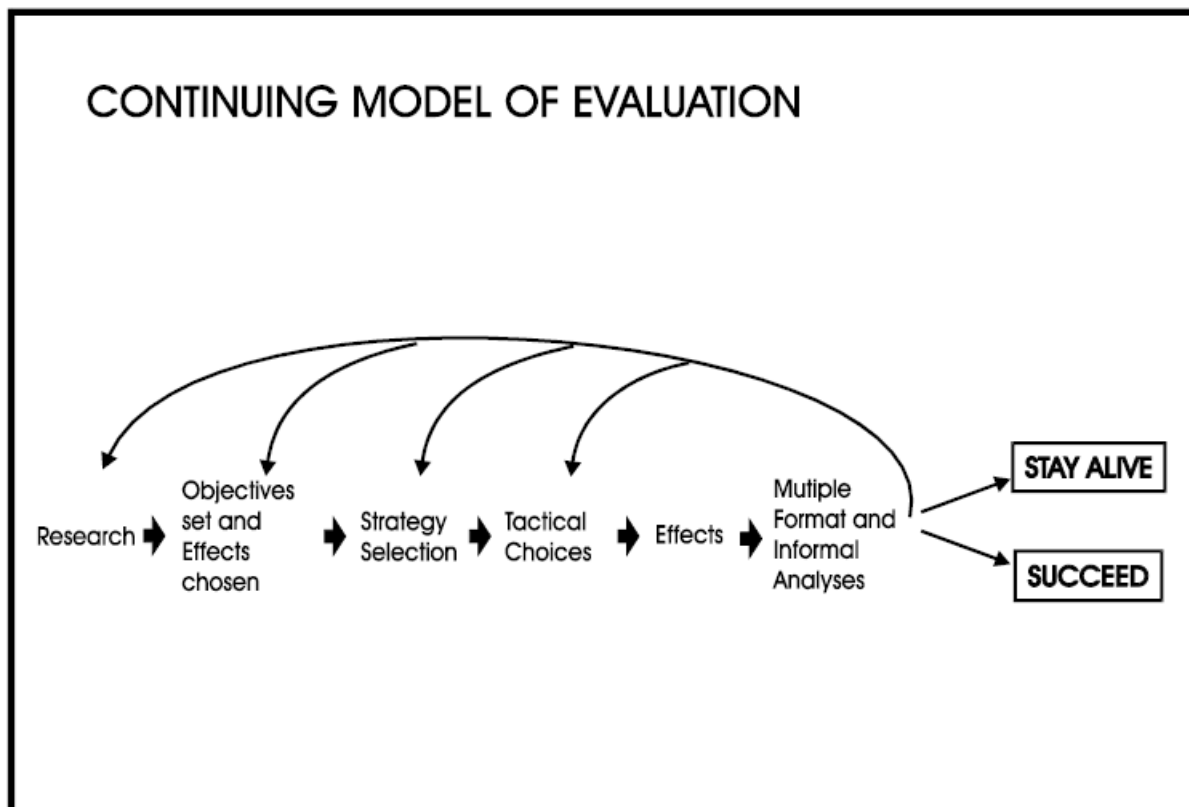
Source: Watson and Noble (2005:95)

The model features the stages of programme planning as well as the way research should be incorporated. Research is illustrated as the feedback loops and judges the progress in terms of either success or survival (Macnamara, 2002:21). This feedback assists practitioners with validating initial research and adds new data for the streamlining and adjusting of objectives, strategies and tactics (Watson & Noble, 2005:95). *Effects* refer to the desired changes that the communication activities should result in, ideally measured with both multiple levels of formal and informal analysis (Macnamara, 2002:21). Noble (1999:18) explains that this model compliments rather than replaces the previous models, and commends this model for helping practitioners think of evaluation by means of complexity and time. Additionally, this author mentions that this model reinforces both summative as well as formative evaluation and is closer to achieving the Two-way symmetrical model of communication. Macnamara (2002:21), however, criticises the model for not expanding on the research methodologies needed, especially in the formal and informal analysis.

3.4.1.4   The Unified Evaluation Model

Developed in 1999 by Noble and Watson the Unified Evaluation Model attempted to combine the best of each of the previous models (Macnamara, 2002:22). Watson and Noble (2005:87) saw that the PII Model, the 'Effectiveness Yardstick' Model, the PR Pyramid Model and the IPR PRE Toolkit all described evaluation for communication in four steps, however, each of the models did contain something of value. For this reason, the Unified Evaluation Model, illustrated in Figure 3.4, combines the stages of the 'Effectiveness Yardstick' Model with the stages from the other models and terms them as *Input*, *Output*, *Impact, Effect* and *Results* Levels.

In this way, research is encouraged during the planning phase with inputs; and depth is added to the model by separating outcomes into cognitive (impact), emotional (effect) and behavioural (result) changes. This model therefore indicates the level of change that receivers will need to go through, before results in behavioural change will become evident. Furthermore, the model also makes provision for feedback, and differentiates the types of feedback as either management or tactical feedback.

Figure 3.4: The Unified Evaluation Model
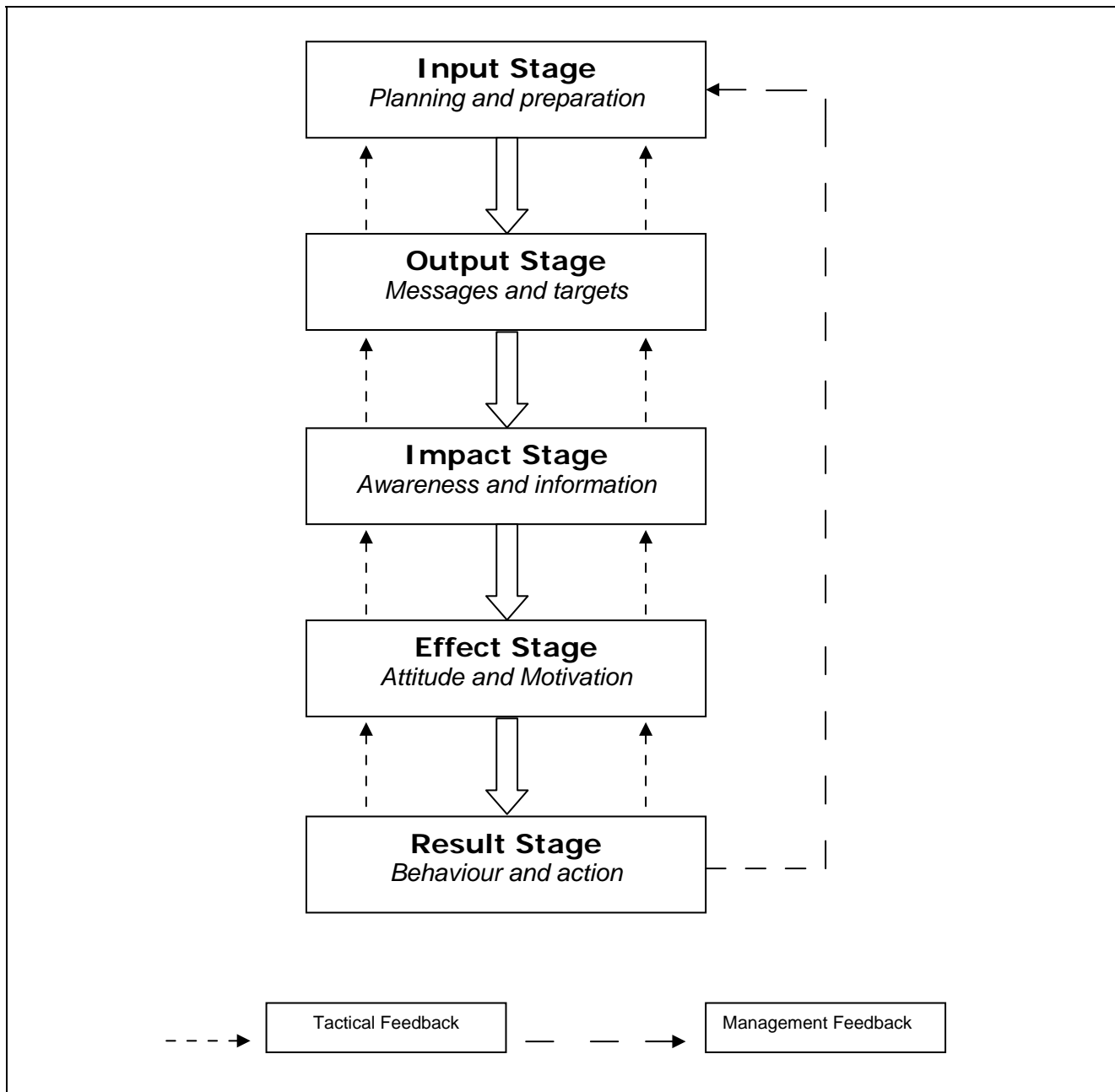
Adapted from: Watson and Noble (2005:89)

Despite the attempt to synergise all the previous models, criticism is ascribed to the concept of substituting out-takes and outcomes with impacts and effects. Critics claim that this substitution could confuse practitioners, rather than clarify the effects of their communication, resulting in further complications (Macnamara, 2002:22). These unnecessary complications may advance practitioners reluctance to conduct research, measurement and evaluation. Lastly, Macnamara (2002:22) as well as Watson and Noble (2005:90) themselves, underline the lack of suggested research methodologies or techniques at each stage of the model for data collection purposes.

3.4.1.5   The Pyramid Model of PR Research

Macnamara developed the Pyramid Model of PR Research in 1999 (Macnamara, 2002:16). This model is a revised version of his previous Macro Model of PR Evaluation, developed in 1992. It incorporates the input, output and outcome communication effects.

The model graphically illustrates the communication process in the form of a pyramid, to illustrate the large amount of information, accessible to practitioners, in the starting phase of a campaign (Watson & Noble, 2005:80). The base of the pyramid indicates the wide range of media and activities that practitioners have to consider, before decisions can be taken to narrow down the media options, based on target audiences and messages (Macnamara, 2002:16). Additionally, the model schematically signifies the amount of work that has to be done in the input phase, before sufficient outputs are created and outcomes achieved. The model makes use of the scientific management approach to research, by incorporating both formative and evaluative research throughout each phase. The middle section depicts the physical material and activities that would provide a series of outputs. Ultimately the top section indicates the achievement of a desired outcome (attitudinal or behavioural), known as the impact or outcomes (Macnamara, 2002:16-19). Figure 3.5 illustrates the Pyramid Model of PR Research.

Figure 3.5: Pyramid Model of PR Research
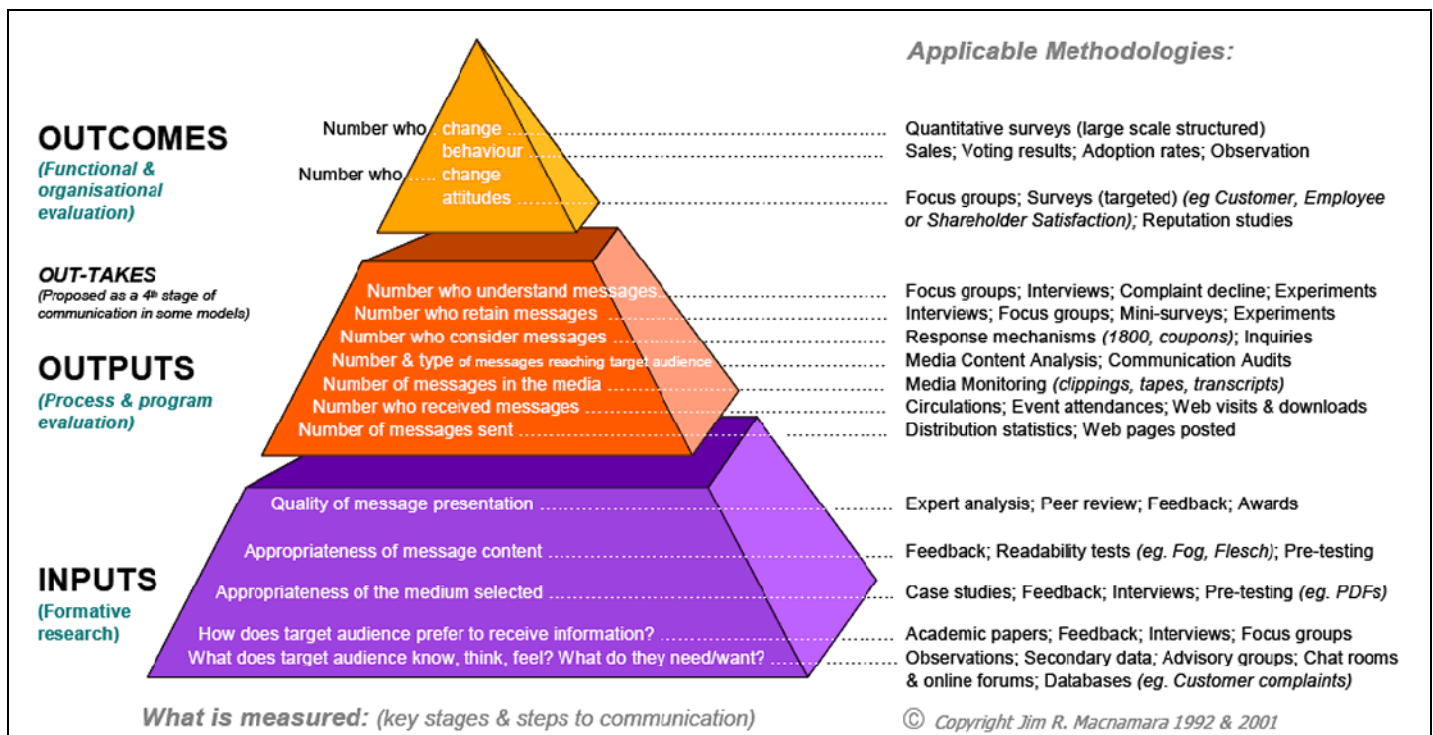
Source: Macnamara (2002:17)

The model is useful in conveying applicable methodologies that can be used at each level of the model (Watson & Noble, 2005:81). It encourages both pre-testing and post-testing campaign messages for effectiveness purposes with both quantitative (closed system evaluation) and qualitative (open system evaluation) techniques (Macnamara, 2002:16-19). It also focuses on the actual processes that practitioners need to undergo, to deliver outputs (e.g., designing a brochure or writing a media release). It can be said that the intangible value communication contributes, is captured at every step in the communication process, and translates this value into numbers and figures that portray accountability to executives.

Noble (1999:18) commends Macnamara's argument for conducting process evaluation from the early stages of a campaign, to reduce chances of failure. Additionally, Noble (1999:18) praises the model for suggesting different methodologies or research techniques at each stage of the model. This model draws on the recommendations of a number of researchers and academics listing 35 research methodologies, ranging from simple informal methods of gaining feedback to sophisticated structured surveys (Macnamara, 2002:18).

This model is comprehensive and makes a significant contribution to the concept of measuring communication activities by considering the actual business processes that occur between each phase (Macnamara, 2002:18). The model deliberately combines formative and evaluative research, in the belief that the two types of research must be integrated and work as a 'continuum' of information gathering and feedback in the communication process, rather than separate discrete functions. Watson and Noble (2005:81) do, however, criticise the model for its lack of concern with mid-campaign adjustment, and highlight its focus on media relations, which is a strategic and important part of communications, but not its only focus.

3.4.1.6 IPR PRE Toolkit

In 2001 the United Kingdom Institute of Public Relations, issued the second edition of its Public Relations Research and Evaluation Toolkit, based on the previous version, developed in collaboration with the Public Relations Consultants Association and *PR Week* (Phillips, 2001:227). The former toolkit did not offer advice as to how methodologies could be evaluated or applied, so the second edition improved on that.

The toolkit consists of a five-step approach to planning, research and evaluation. These steps give practitioners practical tools to undertake evaluation and overcome the problems that hinder them from conducting evaluation (Watson & Noble, 2005:85). Illustrated in Figure 3.6, the toolkit includes conducting an audit; setting objectives; devising the strategy and plan; conducting ongoing measurement; and finding results and evaluation (Macnamara, 2002:22-24; Phillips, 2001:227).

Figure 3.6: IPR PRE Toolkit
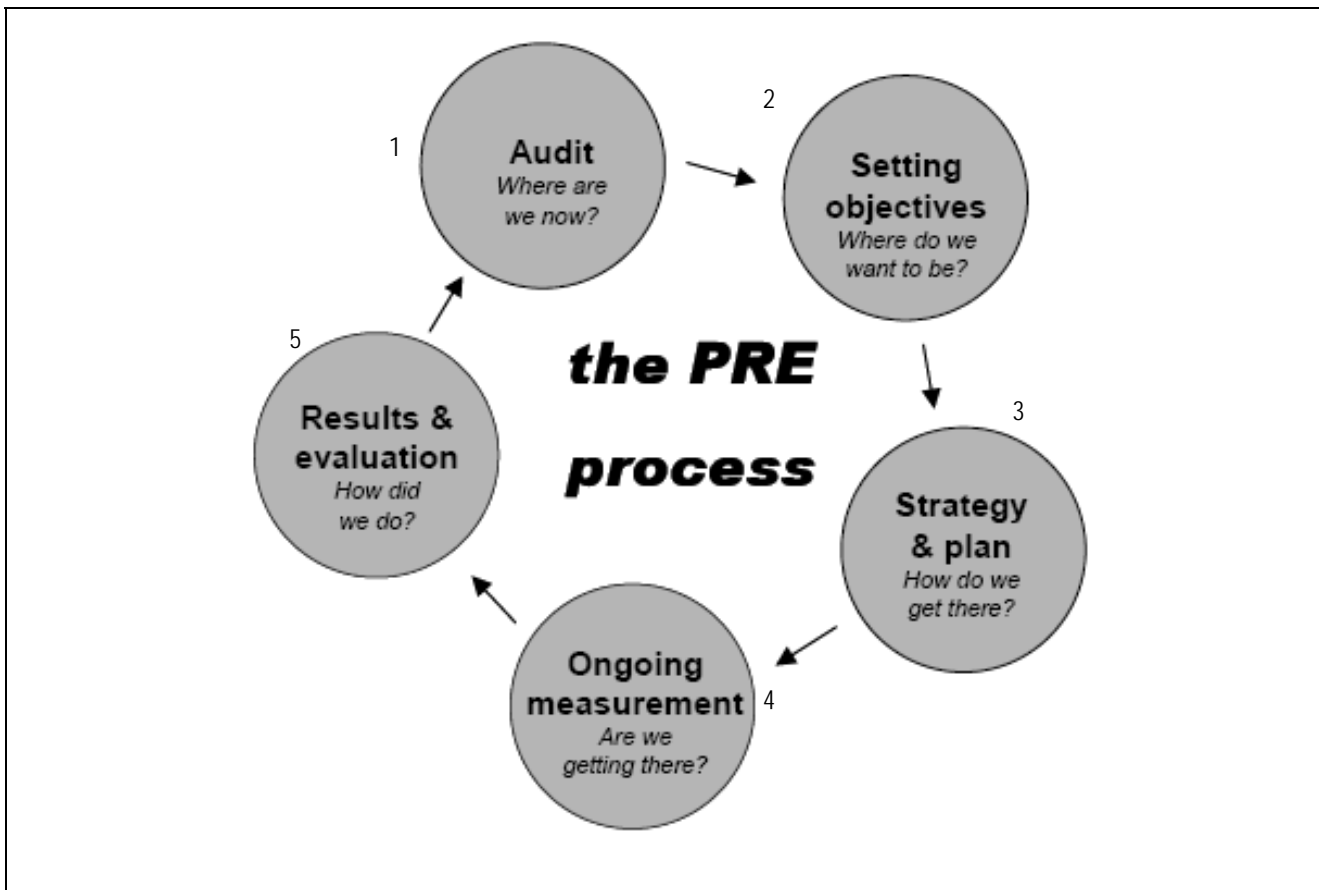
Adapted from: Macnamara (2002:24)

1. Conducting a communication audit about the organisation, products and services, as well as communications with audiences is the first step (Watson & Noble, 2005:86). This research assists in identifying the purpose of the communication. The list of research methodologies in this section include analysing existing data; auditing existing communication; attitudes and loyalty research; media audit and analysis; desk research; gathering inputs; and establishing benchmarks (Macnamara, 2002:24; Phillips, 2001:227). It is also suggested that senior management be involved at this stage, to encourage communication's strategic role (Sandin & Simolin, 2006:14).

2. The setting of objectives follows the audit, and should reflect the strategic and business goals of an organisation, answer the question, "Where do we want to be?" (Phillips, 2001:227). The model advises the department of corporate communication to align with other functions' strategic objectives; and requires detailed information on the identification of target audiences, messages, the medium, the desired response, and the timing (Macnamara, 2002:24). Pre-testing is also strongly advised (Sandin & Simolin, 2006:14).

3. Devising strategies and plans follow. Here the decision about the strategy, tactics, type and level of measurement to be utilised, is made (Sandin & Simolin, 2006:14). In this model, *outputs* measure which messages were sent out, how they were sent out, and whom they reached (e.g., media analysis and literature uptake). *Out-takes* measure the extent to which the messages were remembered and understood (e.g., focus groups and surveys). *Outcomes* measure to what degree the communication activity changed opinions, behaviour or attitudes (e.g., share price, sales, audience attitude research, and behavioural change) (Macnamara, 2002:24; Phillips, 2001:227).

4. Ongoing measurement is the first, of several periods of measurement or continuous measurement, asking, "Are we getting there?" and if so, "Did we stay on course?"; if not, "Should we adjust tactics, strategy or objectives?" (Phillips, 2001:227). The research methodologies recommended at this stage include media content analysis, audience research polls, focus groups, interviews, surveys, inquiries, and sales reports (Macnamara, 2002:24; Watson & Noble, 2005:86).

5. The last step evaluates the results and asks, "How did we do?" (Phillips, 2001:227). Here results are reviewed against the original objectives, and experiences / lessons are captured, focusing on what worked and did not work and what could be re-used in the next process (Sandin & Simolin, 2006:14; Watson & Noble, 2005:856). This is then fed back into the first step of the process again, completing the cycle and re-starting the ongoing circular process (Macnamara, 2002:25).

This model once again reinforces the ever-important theme of planning, executing and evaluating an organisation's corporate communication (Sandin & Simolin, 2006:14). It emphasises in a graphical way, how the evaluation process should remain an ongoing circular process (Macnamara, 2002:25; Watson & Noble, 2005:85).

3.4.1.7 Summary of the best practice models

Noble (1999:18) commends the above models for their contribution to understanding that corporate communication occurs as a multi-step activity and requires different evaluation methodologies at different stages. The identification of resources (inputs), the tangibles product (outputs), along with the recipient change (outcomes), is an important contribution that all these models make. However, a very alarming fact, identified by Watson and Noble (2005:84) is, that practitioners do not adopt or make use of these models.

Watson and Noble (2005:84) attribute the reason for non-acceptance to be practitioners' lack of knowledge about these models; the narrowness and academic focus of the models; and the lack of practical universal appeal. Complimenting the last point, Steyn and Bütschi (2004:4) suggest an additional reason. These authors explain that corporate communication is perceived as a set of activities that the communication department has to do for the sake of communicating on behalf of the organisation. This discipline is therefore not identified as a strategic function. Where communication research traditionally helps devise, monitor and evaluate communication activities, Steyn and Puth (2000:63) argue there should be a stronger focus on the strategic element that corporate communication has in aligning the communication strategy to the organisational strategy.

The research that takes place in the communication department should fulfil a strategic role and provide input for the organisational direction. For this reason, Steyn and Puth (2000:63) provide a framework to demonstrate how the corporate communication strategy aligns with the organisation and precedes the development of plans. The framework provides a comprehensive view of how enterprise / corporate strategies are created and how the corporate communication strategy feeds from that. After devising the communication strategies, based on prioritised stakeholders and issues, Steyn and Puth (2000:64) comprehensively discuss how communication plans and programmes are developed. There are similarities between this framework and the Four-Step Public Relations Process by Cutlip *et al.* (1994:414); however, the emphasis is placed on the strategic role of corporate communication and can be seen in Figure 3.7.

Figure 3.7: Framework for the corporate communication strategy
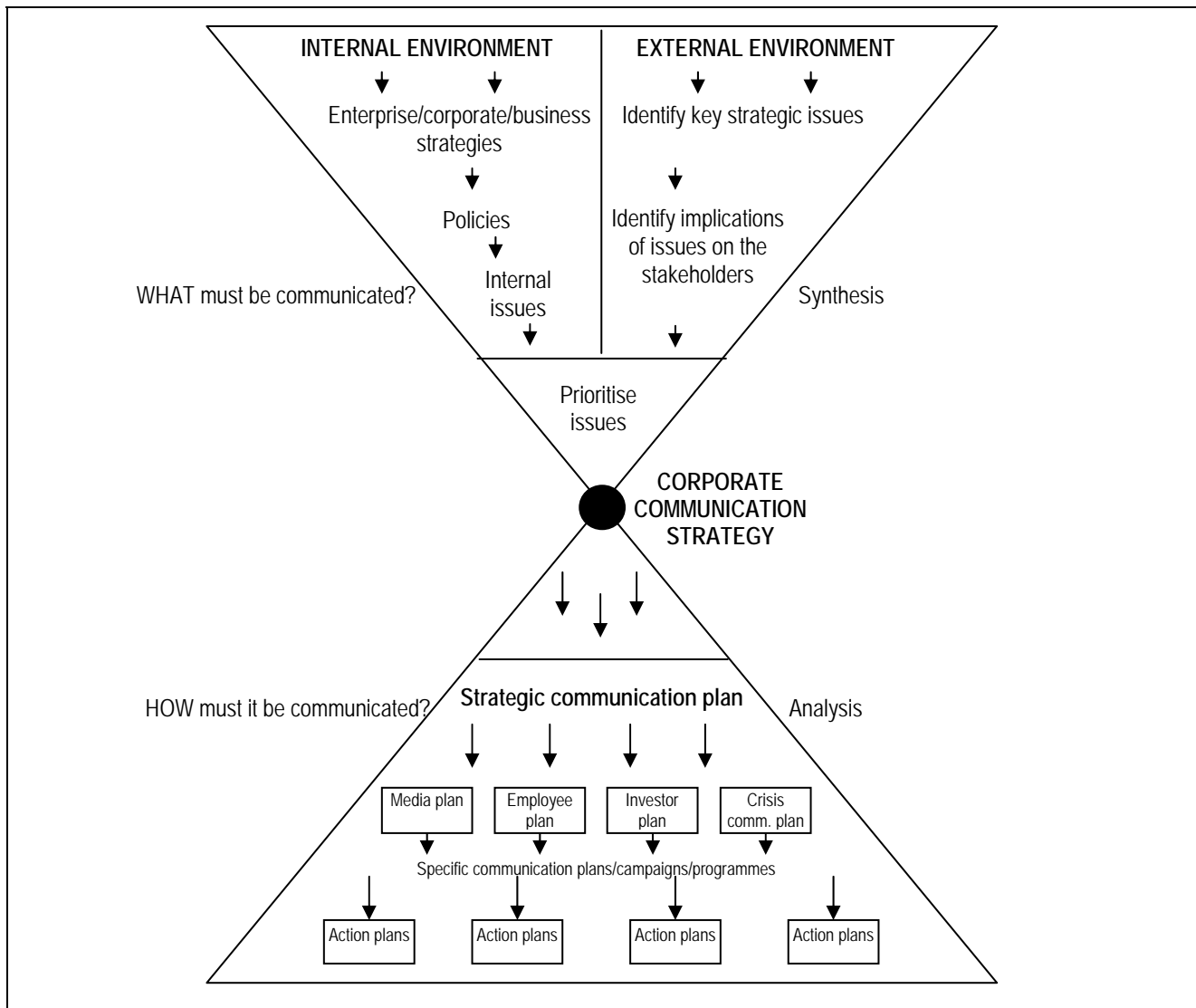
Adapted from: Steyn and Puth (2000:53)

Although the concept of integrating the communication strategy into the 'bigger picture' is relevant to this study, this framework does not incorporate a measurement model to evaluate communication activities (at any levels of the organisation). It is therefore not discussed in this study. It has been mentioned to emphasise the importance of integrating *all* communication activities with the rest of the organisation.

The Commission of PR Measurement and Evaluation Report, identify four components in communication evaluation research. The first and second have already been discussed in the beginning of the chapter and include *outputs* and *outcomes*. There are however, two more components which include *setting specific measurable communication goals and*

objectives that feed from the organisational goals and objectives (as illustrated in the corporate communication strategy framework above); and finally, *measuring business and organisational outcomes* (Gorpe & Saran, 2005:5). The Commission suggests that whatever the communication practitioners are doing in terms of evaluating the effectiveness of their efforts; they should take care to link the corporate communication accomplishments to the ultimate goals and objectives of the organisation as a whole, in order to relay its business impact (Gorpe and Saran, 2005:6).

Although the above-mentioned models make mention of communication objectives and strategies flowing from the corporate vision, goals, objectives and strategies, none of these models are able to link the measurement and evaluation component to the bigger corporate measuring and evaluation tool. If communication and its results are to be taken seriously, the results need to be reflected in the tool that measures the entire organisation's performance, for strategic decision-making purposes. Grunig and Grunig (2001:7) expand this argument, stating that most measurement efforts by academics and practitioners are concerned with the evaluation of individual communication programmes and this is too narrow. Additionally, Vos and Schoemaker (2004:1) argue that communication quality measures should not only be campaign, project or programme based, but must include all communication activities that take place. Grunig and Grunig (2001:7) reveal that the effectiveness of an organisation as a whole should be determined before the communication department can understand how to make it more effective.

Grunig and Grunig (2001:8) name four levels where corporate communication plays a role in the organisation's over-all effectiveness:

- **Programme level**, which includes individual communication functions such as media relations, internal communication, investor relations, and so on. Here the goals and objectives for each function should be achieved on a cognitive, attitudinal and behavioural level of relationship with the organisation's stakeholders.

- **Functional level**, which implies the integration of communication among the overall management processes of an organisation. Communication processes need to be investigated and measured at this level. This is an extremely important contribution, as it identifies communication as part of the business process (sometimes referred to as workflow). For communication to be effective, the actual business process through which communication takes place should be streamlined.

- **Organisational level**, which considers how the organisation's goals and expectations are aligned to the organisation's stakeholders' goals and expectations, thus focusing largely on long-term relationships.
- **Societal level**, which is concerned with the ethical behaviour and social responsibility of organisations. Once again, an organisation's communication effectiveness should be measured at this level as well.

The above suggests that the value of corporate communication can be recognised, if it is measured with the same measurement tool used to measure the entire organisation. A few authors have started investigating a means for evaluating corporate communication strategically. These strategic evaluation models are reviewed in the subsequent section.

3.4.2 Strategic evaluations measurement systems

The Balanced Scorecard was developed to create and track metrics and parameters that accounted for the performance of a process, a department, a business unit, or the entire organisation, against established targets, in an integrated image (Ritter, 2003:46). It is a successful and widely adopted measurement and improvement system (Vos & Schoemaker, 2004:1). The following two models make use of the Balanced Scorecard as a means to measure communication as well as to attribute value to it.

3.4.2.1 *Using the Balanced Scorecard for communication accountability*

Vos and Schoemaker (2004:1) contend the Balanced Scorecard to be a measure of quality control. These authors note that literature does not record the application of the Balanced Scorecard within the communication department. Literature does however, mention how functions such HR and IT have employed the Balanced Scorecard. Commended for its *action-orientated approach,* the Balanced Scorecard is more likely to be implemented and used by organisations (Vos & Schoemaker, 2004:2).

Another advantage that the Balanced Scorecard offers is the ability to measure the organisation's performance as a whole despite the numerous different departments that comprise it (Vos & Schoemaker, 2004:2-3). Vos and Schoemaker (2004:3) explain that corporate communication has developed many specialisations over the years, which has made the overall measurement of communication very difficult. The Balanced Scorecard is, therefore, a wonderful tool to measure the numerous specialisations within

communication, while maintaining an overall communication perspective. An added benefit that the Balanced Scorecard offers is the ability to measure how the organisation (as a whole) communicates, as opposed to simply measuring the departmental efforts. Lastly, the Balanced Scorecard can be employed (and is effective) in both small and large organisations at divisional or organisational level. Chapter 4 investigates the Balanced Scorecard in more detail.

Vos and Schoemaker (2004:5) explore the possibility of replicating the structure of the Balanced Scorecard, by adapting the four perspectives (finance, customers, internal processes as well as learning and growth) to four perspectives relevant to the communication environment. Illustrated in Figure 3.8, the communication perspectives are designed to address the same factors as the Balanced Scorecard perspectives:

- *Concern communication*: supporting the input structure of the financial perspective with corporate reputation and the promotion of the corporate image;
- *Internal communication*: supporting the output structure of the customer perspective, where the internal co-operation and change management are emphasised;
- *Marketing communication*: supporting the throughput structure of the internal processes perspective, where sales and distribution along with the awareness of offerings are highlighted; and finally,
- *The organisation of the communication function*: supporting the structure of the communication processes, focusing on the communication vision, the incorporation of communication as a function within the organisation, the coherence of communication activities and the innovation in communication.

Figure 3.8: The Balanced Scorecard for communication quality areas
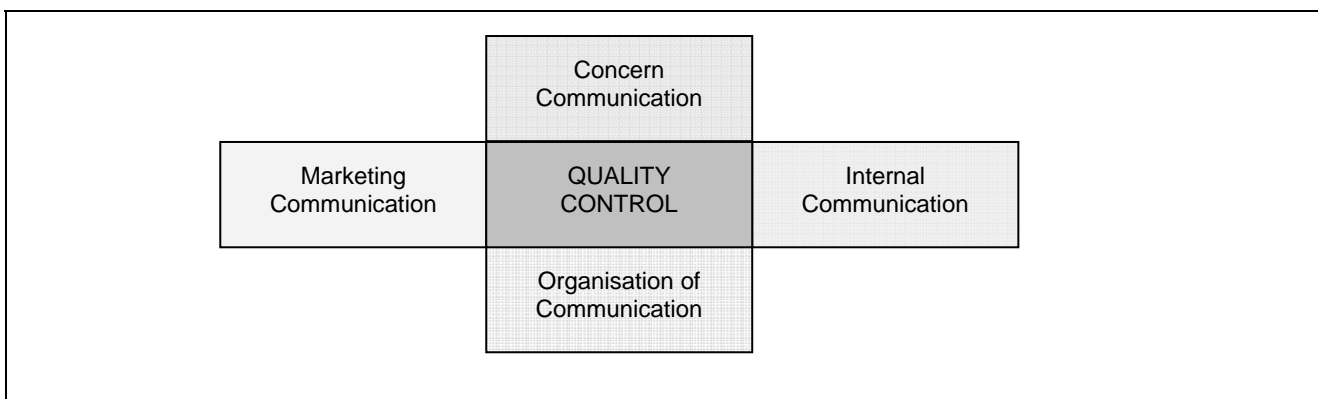
Adapted from: Vos and Schoemaker (2004:5)

Vos and Schoemaker (2004:5) then adapted Kaplan and Norton's 'performance drivers' known as key success factors (KSF) or critical success factors (CSF) to be communication 'quality indicators'. *Communication quality* is defined as the degree in which communication contributes to the effectiveness of organisational policy and strengthens relations with parties, upon which the organisation depends, in order to be able to function well.

These authors use the following dimensions: clarity (of message); environment orientated (both internal and external, networking, and media contracts); consistency (coherent over time within the organisation's policy); responsiveness (detected changes through monitoring as well as use of feedback for improvement); and lastly, effectiveness and efficiency (result and goal orientated communication using planning, research and cost-efficient operations) (Vos & Schoemaker, 2004:6). Within each communication perspective, an indicator is created for every CSF, this is illustrated in Table 3.2.

Table 3.2: Key success factors for corporate communication

	Concern communication	Marketing communication	Internal communication	Organisation of communication
Clarity	Clear positioning of the organisation	Clear position of brands	Information to staff is clear	Communication vision is clearly defined
Environment oriented	Maintain networks for the organisation's reputation	Maintain networks for distribution and sales	Communication reinforces commitment and supports change management	Communication function is well embedded in the organisation
Consistency	Coherence with other functions and with other communication domains	Coherence marketing mix, with research and development (R&D), and with other communication domains	Coherence with HR and with other communication domains	Common starting points for communication besides room for organisational units and/or communication domains
Responsiveness	Monitoring and action based on issues management	Monitoring and action based on market research, consumer trends and customer complaints	Communication contributes to internal views on external changes and communication skills encourage internal responsiveness	Feedback is used for innovation of communication
Effectiveness and efficiency	Assess corporate image, cost efficient methods	Assess brand images, cost, efficient methods	Internal communication audits, cost efficient methods	Assess communication quality, time management

Adapted from: Vos and Schoemaker (2004:6)

Indicators, when divided into distinct aspects and measured on a five-point scale, can be quantitatively measured. Although Vos and Schoemaker (2004:6) do mention that results

can be calculated and benchmarked, they do not illustrate examples on how it is supposed to be done. Additionally, they also do not prescribe the research techniques that should be employed to accumulate this information.

This tool has, however, been tested in government organisations and has proved valuable in facilitating team discussions as well as increasing communication attention in certain areas (Vos & Schoemaker, 2004:3-4). Nevertheless, Vos and Schoemaker (2004:4) do clearly state that the tool still requires additional testing, to identify long-term effects. Additionally, they also stress that the tool is not static in nature, but should be customised to suit specific organisations within specific industries.

Although this model makes significant contributions in measuring communication, in a similar structure, to the rest of the organisation, it is limited to measuring within the communication department only. An investigation into another Balanced Scorecard model follows.

3.4.2.2 *A Balanced Scorecard approach to strategic corporate communication*

Ritter (2003:48) proposes utilising the Balanced Scorecard system to monitor communications within and from the organisation. This author conducted a case study with the Corporate Relations and Communication Division in Argentina's Siemens Corporation to investigate the possibility of employing the Balanced Scorecard to monitor communications. A significant approach that the author takes, in this model, frees the communication department from being solely responsible for monitoring all organisational communication. Furthermore, unlike Vos and Shoemaker (2004:1-7), Ritter (2003:48) does not develop communication perspectives, but maintains that the perspective will be subject to the conditions and environment that the communication department is faced with. This author proposes 11 steps to develop a corporate communication scorecard that flows from the original organisational scorecard:

1. Starting with the organisation's vision and the global strategy, the following questions should be asked, "What do you attempt to achieve?" and "Which objectives are set by the management in order to meet the vision?"

2. A review of the communication programme should then be conducted asking, "How does it fit within the strategic objectives, set by the company?"

3. An evaluation and definition of the communication department's vision and mission should be visited, questioning, "How are processes developed?"; "Does it provide information?" and "Does it help overcome obstacles?"

4. The CSFs, necessary for the communication process to meet the strategic objectives of the organisation, should then be identified.

5. The CSFs should then be organised according to the four Balanced Scorecard perspectives (financial, customer, internal process as well as innovation and learning); a cause-and-effect relations should be set among these factors, to show how they impact on one another. In this way, a business model will be defined as illustrated in Figure 3.9.

6. Indicators that permit the measurement of each critical success factor should then be allocated. Ritter (2003:51-54) provides these indicators, with the measurement technique and frequency. These will be examined in more detail in Chapter 4.

7. Each critical success factor should then be matched to a parameter that efficiently defines it. This entails defining a measurement that specifies frequency, method employed as well as the measurement standard to be used.

8. The calculation of costs against the benefits of the defined measurements should then be conducted and matched with the available resources. This step provides a valuable opportunity to be creative in measurement related activities.

9. A clearly understood and agreed upon process should be developed in order to gather information, which would include involved parties' roles, responsibilities and deadlines.

10. Targets are then set in the Balanced Scorecard, and indicated as red, yellow and green lights to map progress.

11. With the Balanced Scorecard available, it is advised to carry out tests, asking, "Do measurements tell you what you need to know?" and, even more important, "Do they help you gear your organisation to meeting your strategic objectives?"

From the above 11 steps, Ritter (2003:48-59) devised a corporate communication Balanced Scorecard with indicators, for Siemens in Argentina, as a case study. These indicators will be presented in Chapter 4, where specific focus is awarded to KPIs. The Strategy map created for the company is presented in Figure 3.9.

Figure 3.9: The corporate communication business model for Siemens - Argentina
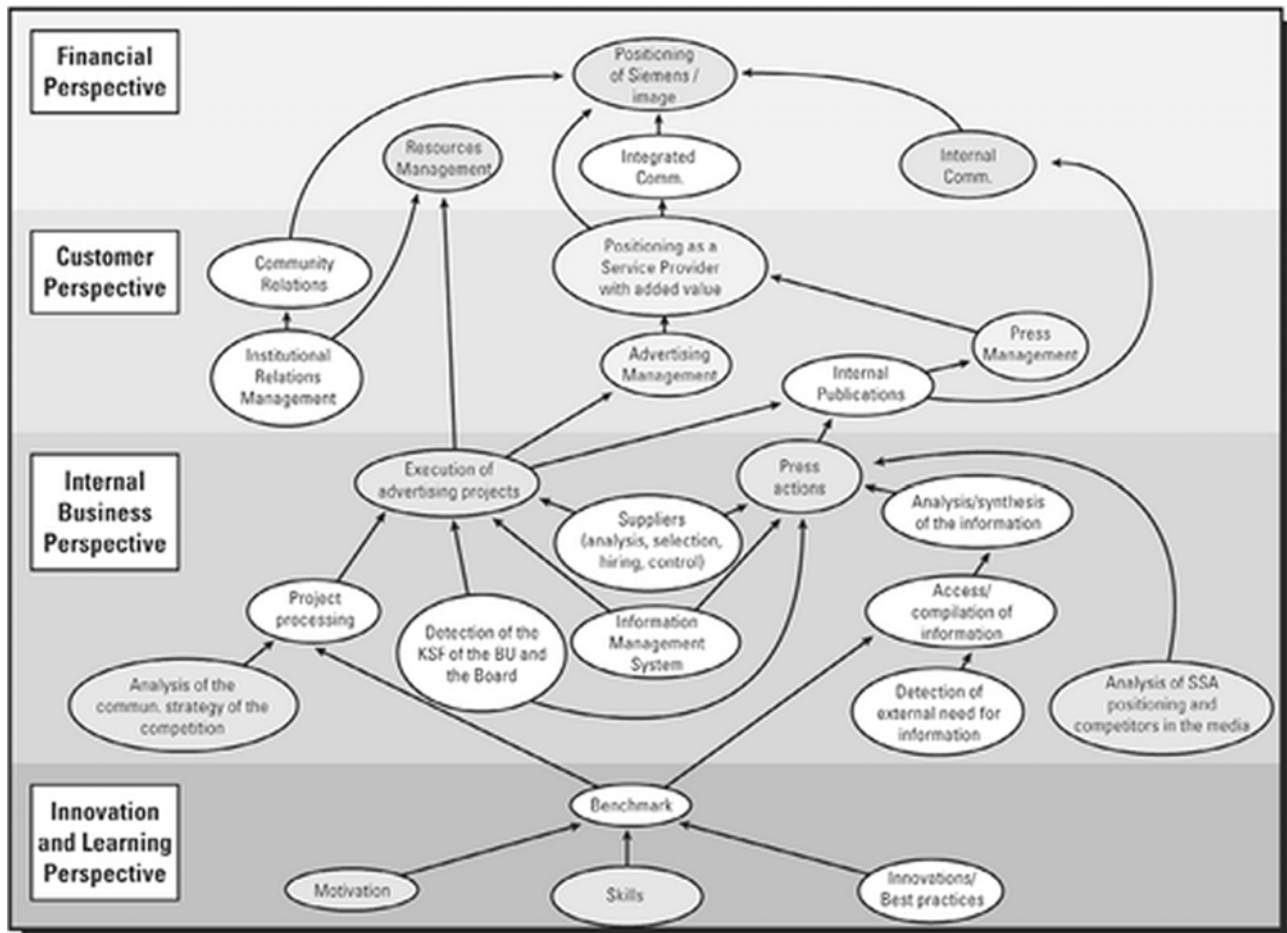
Source: Ritter (2003:51)

This model contributes significantly towards the understanding of how to integrate communication management and evaluation in an organisation. Firstly, the model identifies the need to manage *all business processes* related to organisational communication. Emphasis is drawn to the fact that these processes could occur throughout the organisation and not just within the communication department. Secondly, provision is made for the process of information gathering needed to create communication. Thirdly, the model makes provision for identifying what measurement (or research) techniques should be used for each indicator of a critical success factor; how frequently the measurement should take place; and to what standard the measurement should comply. Fourthly, provision is made for the calculation of costs and the allocation of resources, tied into to the greater communication department budget. Additionally, it is accentuated that the need to agree on the roles, responsibilities and deadlines must take place before actions are implemented. The most noteworthy contribution is, however, the ability to link communication activities and measurement, to the tool used by the

organisation. This is practical and more likely to be implemented, because top managers as well as managers from all organisational functions, can understand how communication is being measured.

Ritter (2003:48) as well as Vos and Schoemaker (2004:2) refer to the Excellence Models as being an organisational method of quality control. According to the authors, these Excellence Models are very useful in determining how to ensure the effectiveness of an organisation through quality. Additionally, many organisations have successfully implemented these models to enforce quality in every area of the business. Rensburg and Ferreira (2004:1-22) award attention to the South African excellence model and explore the possibility of including communication as a quality area.

3.4.2.3 *Aligning corporate communication and the Excellence Models*

Rensburg and Ferreira (2004:1) start by highlighting the competitive environment in which organisations operate today, and explain that this has driven the need for *excellence* and *quality*. Throughout their article, these authors emphasise the need for organisations to show continuous improvement, and for leaders to show commitment to all stakeholders. Rensburg and Ferreira (2004:11) also explain how quality / Excellence Models have helped organisations in the past, ensuring better employee relations; higher productivity; greater customer satisfaction; increased market share; improved relationship management; and improved profitability. Ironically, these are many of the end goals that the corporate communication function is tasked with.

Rensburg and Ferreira (2004:12), therefore, suggest that there should be strategic alignment between the model and corporate communication. Furthermore, the corporate communication department should assist the organisation in being more excellent, and should be able to quantify this contribution. Rensburg and Ferreira (2004:3) propose that portraying this contribution could solve the current measurement problems faced by communication practitioners, while simultaneously assisting the organisation's need for differentiation. The authors are also of the opinion that this will only be possible if corporate communication is aligned to tried and tested business models and approaches, of which the Excellence Models are one. The Excellence Models are discussed in detail in Chapter 4.

Typically Excellence Models employ a *self-assessment* component, defined by Porter and Tanner (in Rensburg & Ferreira, 2004:12) as 'health-checks', where an organisation reviews its direction and evaluates the current status of the its processes. Rensburg and Ferreira (2004:12) name five such self-assessment approaches, which include award simulations, pro forma's, workshops, questionnaires, and the matrix chart. Having gone through the self-assessment process, the organisation would then have determined what its strengths and weaknesses are, and integrate them in the SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis (Rensburg & Ferreira, 2004:15). They also explain that this stage determines the organisation's current state, where improvement should take place, and ways to ensure improvement in the future.

The key to Rensburg and Ferreira's (2004:1-21) proposal is the involvement of the corporate communication department in the execution and co-ordination of the self-assessment process. This suggestion is different to other communication models, in that it incorporates a strategic communication involvement; as early as the self-assessment and SWOT analysis phase, which assesses the organisation as a whole and not solely the communication department.

In the University of Pretoria (South Africa) case study, conducted by Rensburg and Ferreira (2004:15-19), areas of organisational improvement were identified by the corporate communication department using self-assessment tools in the form of questionnaires and workshops. Improvement areas were then prioritised and plotted in the South African Excellence Model (SAEM). During the strategic planning process, the corporate vision, mission, values, offerings, competition, target groups, technology, geographical area, competitive advantage, image, organisational structure, SWOT analysis, and priorities were considered, and the action plans linked to the Balanced Scorecard (to ensure that action plans could be monitored). All of the above were then re-plotted in the SAEM as depicted in Figure 3.10. This provides an overall picture of the strategic, tactical and operational communication involvement.

Rensburg and Ferreira (2004:19) claim that the benefit associated with this approach is the ability to clearly identify stakeholders, their needs and requirements as well as improve engagement with these stakeholders. The involvement with the self-assessment process ensures corporate communication a seat in the strategic planning and decision-making of

the organisation, and provides clear, more resourceful and strategically focused corporate communication plans. Communication activities are planned, undertaken and reviewed (through systematic gathering of data to inform internal and external quality assessments), to ensure the improvement of both internal and external corporate communication. Ultimately, the above approach leads to greater organisational efficiency and effectiveness, where good corporate communication practices are shared across and within organisations (creating benchmarks). A permanent change in corporate culture can grow to be one of openness, sharing and continuous learning, innovation and improvement (Rensburg & Ferreira, 2004:20).

Figure 3.10: Linking communication activities to the SAEM
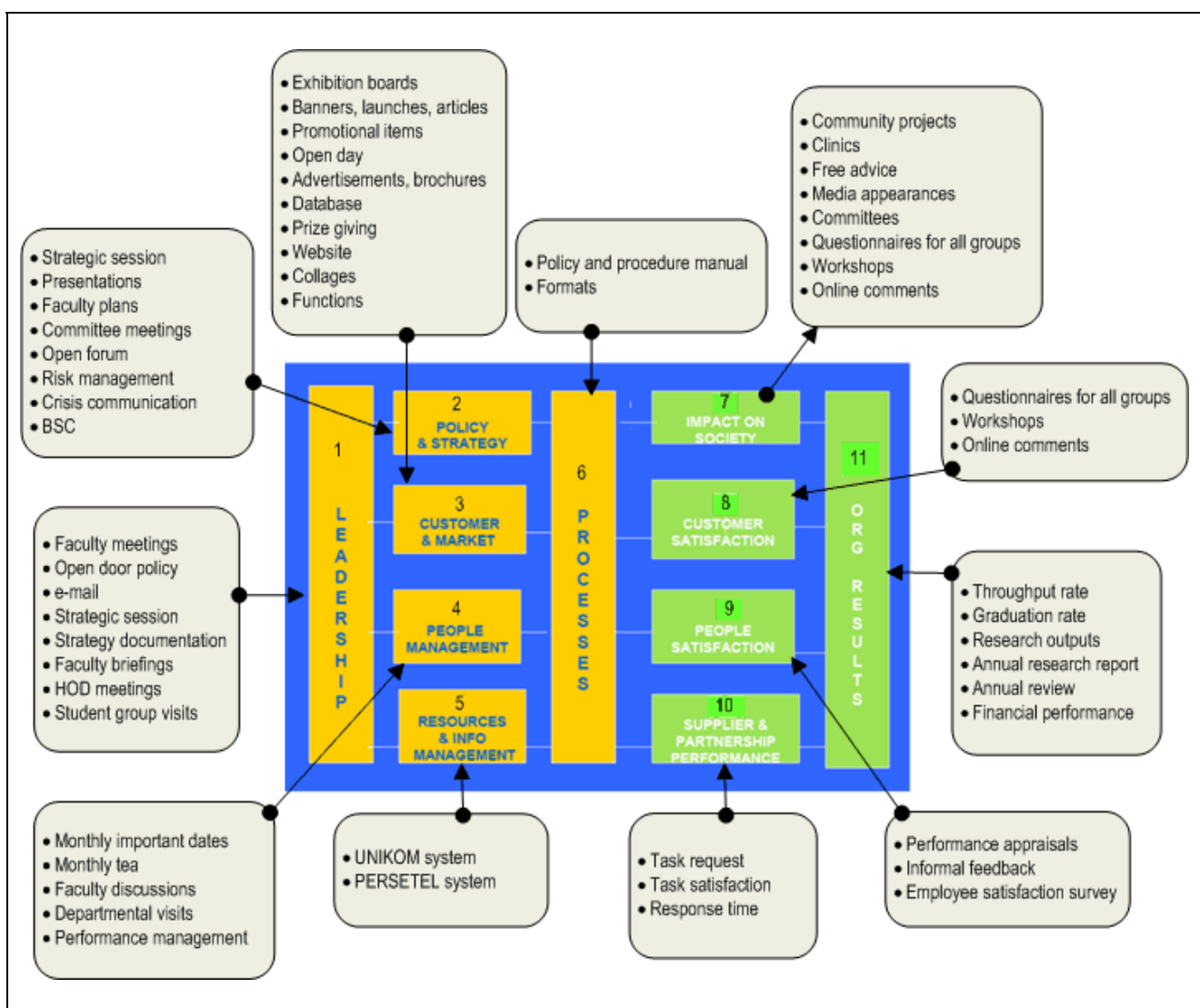
Adapted from: Rensburg and Ferreira (2004:19)

Involving corporate communication on an organisational level, and not just as a solitary department inside the organisation, is an important breakthrough in understanding the value that corporate communication brings to an organisation. Unfortunately, this model does not define indicators, despite using the Balanced Scorecard. However, this model is commended for its ability to implement strategic effectiveness, through a performance measurement model, that is intrinsically involved with corporate communication and is accepted by senior managers.

3.4.2.4 *Summary of the strategic evaluation models*

As previously mentioned, Grunig and Grunig (2001:22-23) classify measurement and evaluation to take place on a programme level, functional level, organisational level, and societal level. The best practice models typically deal with communication programme / campaign measurement and evaluation, while the strategic evaluation measurement systems include communication measurement and evaluation on a functional, and in some cases, organisational level. The strategic evaluation measurement systems, therefore, provide a renewed thinking of how practitioners and senior managers can go about measuring communication performances. These approaches are commended for their proposition of using tools that the rest of the organisation incorporate, which make sense to other decision-makers, thus speaking the language of the CEO. Additionally, working from the Excellence Models (or models that the entire organisation uses to develop its strategies), automatically aligns the communication department to the rest of the organisation. The added bonus is that the measurement criteria are taken care of, when following this approach, as they automatically flow from the strategies identified by the organisation. As mentioned earlier, Grunig and Grunig (2001:7) claim that simply measuring communication programmes or campaigns is too narrow. These strategic models realise that communication programmes or campaigns take place throughout the organisation, and that intangible value is created by the communication department in areas that fall out of planning, organisation, implementing and evaluating campaigns.

Where the best practice models focus on the actual communication process (i.e., Information Processing Model) the strategic evaluation measurement systems start to realise that the practical day-to-day activities need to be measured to illustrate the numerous 'unseen' activities that occur in the communication function. These measurement systems also identify that communication managers need to plan their

resources (e.g., researchers for audits, designers for brochures and other materials, and journalists for news releases), manage a budget and obtain accurate information. It is evident that no practitioner would have all the skills necessary to perform all input, output, outcome, and research activities. This would mean that the practitioner would have to search, select, brief and manage the people needed for these activities. In larger organisations, outsourcing and managing these activities is what keeps communication practitioners busy most of the time, leaving little time for evaluation. None of the best practice models make provision for management measurement.

Additionally, these strategic evaluation measurement systems incorporate the use of technology into the communication processes. Numerous authors agree that the use of technology to assist communication is pivotal (Macnamara, 2002:31; Phillips, 2001:234; Steyn & Bütschi, 2004:4). Fortunately, not all technological resources are costly and add tremendous value by assisting practitioners with tedious but vital activities and information. Google Analytics (2006) is an example of such technology, where detailed statistical information regarding an organisation's website, can be obtained at no cost. This tool was discussed earlier in this chapter.

Although the best practice models are commended for their contributions, it is clear that a different approach is needed to integrate the communication efforts into the organisation. Used in conjunction with the strategic evaluation measurement systems, the best practice models could provide detailed information about specific campaigns that the communication department enters into.

3.4   CONCLUSION

Lindenmann (1993:9) deduces that there is not a single simplistic method for measuring communication effectiveness. This process of inquiry is extremely complex due to the multi-faceted levels against which communication practitioners need to measure effectiveness.

Firstly, the communication department is responsible for assisting the organisation with its stakeholder relations. Often the Humanistic Scholarship approach to inquiry is followed to understand exactly how the organisation performs in these relationships. The information obtained from this approach is expected to help the organisation identify the areas where

attention is needed, and in some cases define what strategic direction the organisation should move to next. There is, however, discord in this area between the Humanistic Scholarship (needed to delve into the deep characteristics of relationships) and the Scientific Scholarship (needed to prove generalisations, make comparisons, and make accurate predictions). Attempting to bring parity to this discord, are the strategic evaluation measurement systems. By including communication research in the strategic areas of the organisation, a humanistic focus is incorporated in the issues and problems that the organisation faces within their stakeholder relationships. Softer issues such as goodwill, CSR, corporate governance and more, will benefit from this and help the organisation achieve excellence. Additionally, these systems facilitate the understanding that communication takes place throughout, and on behalf of, the entire organisation; therefore this measurement should capture the combined effort of the organisation's communication. This should be reflected in the organisation's ability to communicate and not only in its communication activities.

Secondly, the communication department is expected to conduct communication activities to disseminate organisational messages that will either improve the organisations stakeholder relationships or simply position the organisation. In a world where time is money, and money is spent cautiously, the system dominated by the Scientific Scholarship approach, is happy to receive general feedback, or in some cases, receive nothing at all. The conflict between getting in-depth feedback, essential for two-way symmetrical communication, and simply disseminating information; is addressed by the best practice models. The models justify the need for research and evaluation during various stages of the communication activities, to ensure that the messages are being sent to the correct audience, at the right time and through the best channels. Additionally, using output and outcome measurement, the models provide a platform from which the Humanistic Scholarship approach, can feed information into the Scientific Scholarship environment.

Lastly, the communication department and the individuals, that comprise the department, must hold themselves accountable and responsible for the effectiveness of the activities that they perform on a day-to-day basis, which may not be directly linked to a campaign. This entails the utilisation of performance measurement and appraisal models, typically owned by the Human Resource department. The performance measurement systems (involving job descriptions) mostly function within the Scientific Scholarship approach. For

practitioners to capture their intangible contributions; synergy, between quantitative and qualitative measures, need to be aligned at all levels.

In this chapter, the difference between output and outcome measurement was clarified in an attempt to help practitioners identify the necessity of conducting research, measurement or evaluation. To this end, different research methodologies or techniques, available to practitioners, for data collection, were identified and briefly discussed. The best practice models and strategic evaluation measurement systems were subsequently investigated as a means to structuralise communication measurement.

It is clear that measurement is extensive and requires different methodologies (both quantitative and qualitative) to capture the true value of communication. Most importantly though, is the need to make research, measurement and evaluation a culture for the practitioner, department and organisation. Furthermore, the results should be produced in a way that everyone can understand and obtain value from it. This is only possible by enforcing measurement on all levels, with a performance measurement model, that everyone is evaluated by.

The following chapter provides a closer look at the measurement models available to organisations. Appreciating how these models work, will provide insight into understanding how to create communication KPIs. If corporate communication fails to be part of the measuring system, it will continue to be seen as unimportant and not worth paying attention to. This is aptly summed up in the familiar statement, "What is not measured does not get managed" (Rensburg & Ferreira, 2004:21).

CHAPTER 4: ORGANISATIONAL PERFORMANCE MEASUREMENT

4.1   INTRODUCTION

Performance measurement is virtually always important in management, especially in highly competitive, dynamic, complex, and global environments where managers are expected to have a strong grasp on dozens of issues (Fleisher, 2003). This is particularly true in ensuring that organisations determine, implement and adapt organisational strategies successfully. An organisation's strategy is the rudder that steers the ship (Ross & Kami, in David, 2003:1). The performance measurement system is the glue that holds the strategy together by consistently evaluating the strategy's effectiveness amidst unpredictable external forces. Kaplan and Norton's (2001:2) philosophy, on creating a strategy-focused organisation, is quite simple: "*Measure the Strategy*!"

According to Kaplan and Norton (2004:10), an organisation's strategy describes how it intends to create value for its shareholders, customers, and stakeholders. Strategies are also the means by which long-term objectives are achieved (David, 2003:11). Essentially, the strategy should define a set of organisational activities / performances that have to be accomplished in order to move the organisation in the desired direction. Strategic organisational performance is thus the performance that the entire organisation endeavours into, to obtain its goal and vision. Robbins (1987:42) explains that wherever strategy changes, structure should follow and the structure should then typically encompass various organisational facets such as; the corporate vision (end goal), mission (statement of purpose), the various organisational departments or functions, the corporate culture as well as the organisational activities / performances (David, 2003:7-25). Considering the above, it would therefore only make sense to measure the impact or the success of the strategy.

By measuring the impact or success strategy, executives are able to see where the organisation is heading, how accurate the direction is and how quickly the organisation is moving towards that direction (Ritter, 2003:44). Performance measurement is like a speedometer, compass or mirror of a vehicle portraying information about past, current and expected positions of the organisation (Bititci *et al.,* 2004:28-30; Ritter, 2003:44-48;

Robson, 2005:138). Kaplan and Norton (2001:9-17) as well as Bititci *et al.* (2004:28) claim that measuring the strategy accomplishes seven fundamental principles:

- The ability to translate the strategy to operational terms;
- The ability to align and integrate the organisation to the strategy;
- The ability to make strategy everyone's daily job, increasing buy-in at all levels;
- The ability to make strategy a continual process;
- The ability to mobilise change through executive leadership;
- The ability to improve participative and consultative management styles; and,
- The ability to move the organisational culture towards an achievement culture.

The previous chapters have expanded extensively on the scientific approach to performance measurement in t*he general business management c*ontext. The age-old saying, "If you cannot measure it, you cannot manage it" (Total Quality Engineering, 2005), finds its origin and existence in the organisational context, where the Scientific Scholarship approach to inquiry, dominates. Due to this perception, society has structurally been conformed into believing that the manageability of an organisation is only achievable through the execution of quantitative performance measurement. However, if this is not achievable in a specific area of the organisation, the area in question is then typically perceived to be of lesser importance to management (Rensburg & Ferreira, 2004:21).

The meta-theoretical routes, in particular the nomothetic and practical theoretical approaches, highlight and stress this perception. Where the nomothetic theoretical approach is concerned with finding universal laws about behaviour and generalising it to make predictions, the practical theory is designed to capture the rich differences among situations and provide a set of understandings that allow alternative courses of action that can be taken (Littlejohn & Foss, 2005:19). The general and quantitative results are the tools that managers use to measure and adapt strategies. This chapter will therefore attempt to gain a deeper understanding of the scientific approach that governs the organisational context; by defining constructs related to performance measurement, investigating how intangible assets are measured, and examining scientific organisational performance measurement models and tools.

4.2   CLARIFYING THE CONCEPTS OF PERFORMANCE MEASUREMENT

Organisations across the world have realised the importance of measuring their performance, making this concept one of the most widely researched topics (Kaplan & Norton, 2001:1). Despite the increased level of interest, expressed in performance measurement and evaluation, a consensus surrounding the definitions of these terms, remains elusive (Fleisher, 2003). In addition, Watson and Noble (2005:17) indicate that the potential for confusion exists, especially because the terms are used interchangeably. The following section examines the definitions of evaluation and performance measurement in an attempt to clarify the differences.

4.2.1   <u>Defining evaluation</u>

Evaluation is the means of determining the relative effectiveness of a performance, programme / campaign, or strategy (Fleisher, 2003), normally done through measuring outputs and outcomes against a predetermined set of objectives (Macnamara, 2002:13). The most important objective of evaluation is that it should be part of a programme, which measures results and assesses its effectiveness (Watson & Noble, 2005:18). As mentioned in Chapter 3, these stages of a programme or campaign i.e. before, during or after, offer the ideal setting for evaluation research to be conducted (Grunig & Grunig, 2001:9).

The corporate communication discipline uses this term extensively to evaluate communication programmes and campaigns (Watson & Noble, 2005:17). Because the communication department does embark on various communication campaigns, evaluation can be utilised as an effective means to capture value, by determining the outcomes of the campaign. This is especially important for intangible assets and value generated over a long period. In addition, evaluation provides the ability to measure and benchmark campaigns repeated periodically, in order to make comparisons for continuous improvement. Understanding that evaluation is programme or campaign based; initiates the discussion to investigate the meaning of performance measurement.

Arguably, performance measurement should logically entail the measurement of a performance to determine its success. However, there are many different interpretations for this statement. The importance and necessity for a cohesive definition, will clarify the

purpose and nature of performance measurement. Identifying what and how something should be measured, forms an integral part of defining what performance measurement means to an organisation.

4.2.2   <u>Defining performance measurement</u>

Measurement is the process of assigning a specific quantitative or numerical indicator to an activity or process (Fleisher, 2003). Seang (2003:1) theoretically defines performance measurement as, "[t]he process of determining how successful organisations / individuals have been in attaining their objectives". This definition is an appropriate description, which most organisations could generally accept; however, a brief inspection into the understanding of this term, by industry as well as government, reflected the numerous customised definitions that do exist for performance measurement today. Comprehensive examination of all these definitions does not fall within the scope of this study; however, it will become evident how different organisations provide their own understanding of the term and reflect this in the type of performance measurement system implemented in their respective organisations.

Firstly, Interoperability Clearinghouse (2005) identifies performance measurement as the process of developing measurable / quantitative indicators tracked systematically, to assess progress made in achieving predetermined goals, and using such indicators to assess progress in achieving these goals. It is clear from the definition that this company's performance measurement system has a quantitative focus, revisited periodically over a predetermined time. This system follows the typical positivistic process of inquiry, neglecting valuable inputs otherwise captured through an interpretivistic / constructivist approach.

Secondly, Daimler Chrysler (2005) provides another industry perspective defining performance measurement to be, "[a] form of analysis that compares performance. It can be critically affected by the time period selected. Good performance measurement should include:

• An analysis of performance over a business cycle (typically 3-5 years);

• The guarantee that like is being compared with like; and,

• An analysis of the reason for any extreme out-or-under performance".

This definition highlights the importance of conducting performance measurement over a longer period for benchmarking purposes. It also warns against the tendency to compare variables that are not similar just for the sake of comparing them. Lastly and most importantly, it advises the investigation of extreme results for validation purposes.

The two definitions cited above, begin to colour the complexity of this concept. In addition, governmental views further expand performance measurement; for example, the United States Department of Transport (2005) defined it as the procedure that supports decision-making processes. This interpretation unlocks an entirely new dimension to the understanding of performance measurement. In this context, performance measurement is not only seen as the ability to determine whether tasks are being performed successfully, but also whether performance measurement contributes towards decision-making. Here performance measurement must provide valuable and insightful information that is not only universal but also comprehensive. Although governed by a nomothetic approach, this interpretation potentially reveals a gap for the practical theoretical approach, where there is a need for rich information that surpasses the need for generality.

The above differences in interpretation provide great insight into the way organisations view their performance measurement systems. However, four aspects can be deducted from these definitions:

- Performance measurement is used to provide information to decisions makers;
- Performance measurement is used to measure strategies and ensure that they remain effective;
- Performance measurement is used to measure continuous improvement; and,
- The indicators are generally quantitative or numerical in nature.

From the above it is evident that the most important function of performance measurement is to evaluate whether or not the organisational strategy is attained. It should also assist in implementing the strategy by actually measuring the strategy. This in turn fulfils other important roles of performance measurement such as providing information for decision-making purposes; creating competitive advantage; systematically integrating and aligning all levels within the organisation; enforcing continuous improvement; implementing best practices throughout the organisation as well as creating a performance culture (Robson, 2005:137-145; Seang, 2003:1-5; Zhang, 2003:613-615).

4.2.3   Differentiating between evaluation and performance measurement

The main difference between evaluation and performance measurement is their objectives. Where evaluation determines the success of a programme or campaign, performance measurement holistically guides and monitors the entire organisation's direction towards achieving the corporate strategy. Performance measurement is a daily measurement that takes place on every level of the organisation, and integrates the results to provide a bird's-eye view of what is going on. Performance measurement makes use of evaluation to contribute information, about programmes and campaigns designed, to achieve the strategy.

Where the communication discipline has extensively researched evaluation models (such as the best practice evaluation models), a need exists to integrate the information gained, from the evaluation models, into the larger organisational performance measurement model. In this way, the value generated by corporate communication can be captured and presented to the entire organisation. It is therefore necessary to investigate organisational performance measurement models in more detail. However, before attention is awarded to the various models implemented by organisations today, a discussion about how performance measurement has changed since its origin and what it should entail is provided.

4.2.4   The changing role of performance measurement

In the Traditional Management Theory, the dominant view is that all dimensions of performance can be measured, and all phenomena can be placed in numerical terms (De Waal, 2003:668; Fleisher, 2003). Fleisher (2003) explains that most measurement circles have developed from accounting systems originating a millennium ago and are, "[s]till being performed this way because it has always been done this way". Tangen (2004:726) supports this statement indicating that many companies still rely on the traditional quantitative financial performance measurement systems. Additionally the Goal-Attainment Approach (from the Organisation Theory) suggests that measuring the accomplishment of the end goal, known as the bottom line, is the only means to determining organisational effectiveness (Robbins, 1987:31). These traditional performance measurement theories have been criticised for narrowly focussing on financial figures, failing to capture organisational long-term business successes (Bititci *et al.*, 2004:29). Additionally, it has been said that these measures lack predicative power, reward the wrong behaviour, focus

on a single measure of performance, are inflexible, and do not identify key business changes until it is too late (Robson, 2005:141; Sim & Koh, 2001:18; Tangen, 2004:727). Du Plessis, Jooste and Strydom (2001:424) warn that financial measures prohibit the guidance and evaluation of an organisation's ability to create future value through investments in customers, suppliers, employees, processes, technology and innovation. Ritter (2003:45) expands that financial measures are like the rear-view mirror of a car, they reflect the impact of decisions adopted in the past, leaving the forward-looking aspect unattended.

Seang (2003:5) argues that the pressure for reporting on corporate performance today, has confronted the traditional managerial mindset of historical models for performance measurement, and has required them to be more innovative. De Waal (2003:669) supports the argument claiming that a human element should be included in performance measurement systems. This shift in mindset is illustrated in Table 4.1 where Seang (2003:5) provided a comparison between traditional and more recent performance measurement systems.

Table 4.1: The changing focus of performance measurement systems

Traditional	Innovative
Based on cost / efficiency	Value-based
Performance orientated	Performance compatibility orientated
Profit-orientated	Customer-orientated
Short-term orientation	Long-term orientation
Prevalence of individual measures	Prevalence of team measures
Prevalence of functional measures	Prevalence of transversal measures
Comparison with standard	Improvement monitoring
Aim at evaluating	Aim at evaluating and involving

Adapted from: Seang (2003:4)

Table 4.1 clearly indicates that performance measurement systems are moving towards a relationship-orientated understanding of how the organisation is performing. This view can be equated to the Systems Approach in the Organisation Theory, as a means to measuring organisational effectives. Here the end goal (financial) is not ignored, but treated as only one element in a more complex set of criteria (Robbins, 1987:31). The long-term survival of the organisation is emphasised as well as the organisation's ability to acquire resources, maintain them and interact successfully with its external environment

(Robbins, 1987:35). It can therefore be said that the means of achieving various end goals, become more important than focusing on one specific financial end goal. In the traditional performance measurement systems, the actual performance measurement system is used as a communication device, to admonish employees when financial goals are not achieved (De Waal, 2003:669). As mentioned earlier, a performance measurement system should be used to execute and monitor the corporate mission and strategy, rather than reprimand poor financial performance. There should also be a link between performance, interaction between systems, human nature, and various outcomes in the measurement system (De Waal, 2003:668), as there are after all people involved in the entire measurement process.

The move towards including innovation, relationships and the consideration of the human factor, might require the use of qualitative measures to capture in-depth information upon which to base accurate decisions. According to Henning (2004:3-4) the objectives of performance measurement can be accomplished with quantitative and qualitative means. Henning (2004:3) distinguishes the two paradigms as being the 'quest for the inquiry'. A quantitative technique centres on controlling the components (variables) of investigation. It also attempts to determine how the variables are related. Henning (2004:4) elucidates that the process of inquiry is shaped around the 'quantity of understanding' thus following a Scientific Scholarship. This technique allows researchers the ability to capture a population's characteristics and perceptions by making inferences from a sample of the population. An example of this would be investigating an entire stakeholder group's perceptions (such as clients), by drawing a smaller representation / sample from the entire client population. Generalisations are thus possible and are normally quite accurate. There are many additional benefits resulting from this nomothetic approach, which explains its popular appearance in organisational performance measurement systems.

Henning (2004:3) further clarifies that a qualitative technique usually evades controlling variables in an attempt to capture in-depth information. The term qualitative stems from the word 'quality', while Cooper and Schindler (2003:151-152) refer to quality as being the essential character or nature of something. Qualitative techniques involve the quality of the variables being investigated and can thus be equated to the Human Scholarship process of inquiry. The principal benefit to this approach lies in the depth and richness of

information collected. To continue with the above example of client perceptions, this practical approach can investigate why and how the perceptions are accruing over and above what they perceive.

Innovative performance measurement models, required to achieve competitive advantage in today's day and age, need crucial in-depth information, which can add immense value to understanding, justifying and predicting trends and behaviours. By combining quantitative and qualitative measures in the performance measurement models, further synergy is achievable.

The above discussion reveals that performance measurement systems and the corporate strategy need to be tightly interwoven. It should evaluate the progress of the strategy on a day-to-day basis, by means of financial and non-financial elements, and be measured with both a quantitative and qualitative process of inquiry. Another important element highlighted by Bititci *et al.* (2004:39) is that performance measurement systems should also assimilate cross-functional issues at all levels of the organisation.

4.2.5   Integrating staff and line functions into performance measurement models

Line functionaries are perceived as being essential to the organisation's survival and are titled 'line functions' due to their ability for influencing and making decisions that affect the organisation's bottom line (De Villiers & Crous in Marx *et al.*, 1998:347). Examples of line functions include Finance, Purchasing, Productions / Operations and Marketing and are more inclined to produce tangible outputs that are easily measured (De Villiers & Crous in Marx *et al.*, 1998:347). The tangible outputs that line functionaries produce ultimately result in what Fleisher (2003) terms *comparative economic* activities. These include market, commercial, and transaction exchange based metrics that translate into ROI, Internal Rate of Return (IRR), Product / Service Quality, Investment Intensity, Marketing Expenditures, and Economic Value Added (EVA) (Fleisher, 2003). All these measures are quantifiable and have a direct impact on the organisation's bottom line.

De Villiers and Crous (in Marx *et al.*, 1998:347) describe staff functionaries as the functions inside an organisation positioned to support the line functionaries. These

functions typically do not affect the bottom line of the organisation but provide support, in various forms, to assist line functions in achieving their tasks. Staff functionaries include functions such as HR, Corporate Communication and Information / Knowledge Management (Marx *et al.,* 1998:32). In the past, these functions were not part of strategic decision-making, presumably due to a lack of the ability to measure their performance (De Villiers & Crous in Marx *et al.*, 1998:347). Fleisher (2003), however, highlights the recent trend to report on *non-economic* perceptions placed upon organisations, by their stakeholders. These would include corporate image or reputation, community investment, CSR, and political influence (Fleisher, 2003). With the development of the triple bottom line, organisations wishing to achieve success have had to capture intangible values in their performance measurement systems. In so doing, the need to capture and integrate the contributions made by staff functionaries have become vital.

From the above, it is clear that the challenges organisations face today, call for new approaches in their performance measurement systems. However, in changing the performance measurement systems, transformations, to the business processes, management styles, and organisational structure, must also take place (Hyman, 2004:2). This is typical of the Systems Approach in the Organisation Theory, where synergy is achieved by making the boundaries of various systems permeable and interactive (Robbins, 1987:31). By allowing the staff and line functions to interact, the performance measurement model would naturally capture both the quantitative and qualitative contributions of both groups. The innovative performance measurement models have identified this need and have started including the human element, as a means to attain synergy (Sim & Koh, 2001:18). Attention is therefore awarded to way in which performance measurement systems can incorporate and influence the organisational culture to achieve competitive advantage.

4.2.6   <u>Performance measurement and organisational culture</u>

The design of performance measurement systems can either encourage a culture of high performance, or act as a barrier (Robson, 2005:145). Bititci *et al.* (2004:30) classify *drivers* of performance measurement implementations, to be the top management commitment as well as the perceived benefits arising from designing, implementing and using the performance measurement system. Sim and Koh (2001:18) state that a further driver of

the performance measurement system could also be the rewarding of behaviour that contributes to organisational success. Bititci *et al.* (2004:30) then reveal *blockers* of performance measurement implementations to be:

• The time and effort required;

• The difficulty of implementing the performance measurement systems;

• Constraints by the information available from the IT systems;

• Resistance to performance measurement systems; and,

• Whether or not it is a new parent organisational initiative.

When a performance measurement system is incorrectly designed, it can create the wrong behaviours (Tangen, 2004:728). The minute the performance measurement system makes employees feel, that they are 'being controlled' as opposed to being 'in control', rebellion takes place (Robson, 2005:141). De Waal (2003:696) builds on this, indicating that the behavioural factors employees want to see in managers, when implementing and using performance measurement systems, are those of encouragement and support rather than that of condescendence. Robson (2005:143) explains that developing a culture where performance measurement is highly regarded and well accepted requires psychological principles. Appealing to the employees' sense of pride, and encouraging everyone in the organisation to think smarter, rather than simply work harder are some examples of these principles. Bititci *et al.* (2004:28-41) discovered that implementing the correct performance management system, directly influences the management style, the buy-in from the whole organisation, and the establishment of an achievement culture.

Seang (2003:3-4) provides guidelines for best practice performance measurement systems. These guidelines created to serve specific purposes are most likely found in a high performing culture:

• Planning, control and evaluation: The process of analysing measurement in order to make decisions (evaluation) as well as making it central to the operation of an effective and efficient planning, control or evaluation systems;

• Managing change: The measures should support management initiatives, and the primary requirement should be to integrate measures vertically (across levels) and horizontally (across functions);

- Communication: The measurement system should increase constructive problem solving, increase influence, monitor progress, generate information sharing and feedback and reinforce behaviour with recognition and reward;

- Measurement and improvement: The reason for measuring should be to support improvement, and in the end provide the scorecard that reflects how well improvement efforts are working;

- Resource allocation: The measures should help an organisation to direct scarce resources towards the most attractive improvement activities;

- Measurement and motivation: The measurement systems should encourage improved performances by setting individuals achievable and challenging targets;

- Long-term focus: An appropriate performance measurement should ensure that managers adopt a long-term perspective.

Additional views on what best practice performance measures should entail are provided by Besterfield, Besterfield-Michna, Besterfield and Besterfield-Sacre (2003:169-170); Bititci, Turner and Begemann (2000:694); Sinclair and Zairi (1995:55); as well as Tangen (2004:727). Table 4.2 summarises these criteria:

Table 4.2: Views of best practice performance measurement system and model

Tangen (2004:727-728)	Besterfield *et al.* (2003:169-170) TQM Framework	Bititci *et al.* (2000:694)	Sinclair and Zairi (1995:55)
Support strategic objectives	Be simple and understood by those who use them	Should be a dynamic system	Should reflect measures of inputs, process and outputs
Have appropriate balance to measuring criteria	Be few in number (where two or three be sufficient for a work group) distinguishing between important or unimportant measures	That monitors external and internal developments and changes	Have process measures monitor the activities of a process and motivate people within a process
Guard against creating unwanted behaviours	Be developed by users to ensure ownership and buy-in	Have a review system to use information for future objectives	Have output measures to report the results of a process and to control resources
Have a limited number of measures	Have relevance to customer (either internal or external)	Should maintain integrity by being agile and responsive	Should have a performance appraisal and management facet built in
Be easily accessible	Retain and promote the focus of improvement	Have an internal deployment system to implement revised objectives	The performance appraisal should be the process by which organisations establish measures and evaluate individual employees' behaviour and accomplishments
Have comprehensible specifications	Show costs and profits and include the costs of measurement	Differentiate between improvement and control measures	The performance management should be a systematic data-oriented approach to managing people at work on an on-going basis
	Visibly post measures facility-wide where everyone can see them	Need to have an IT automated support system	Should have KPIs to quantitatively assess performance against the CSFs
	Key result measures need to be guided and balanced by the	Provides alarm signals for early warning of potential	The KPI should be developed for strategic monitoring at the

	interests of all stakeholders	performance problems	organisational level by senior managers
	Align the measures to all activities with organisational goals	Monitors that gains made are maintained	
	Ensure that measures are done timeously	Be able to quantify the results	

Organisations across the world face increasing competition; this is because of globalisation (Rensburg & Ferreira, 2004:1). To differentiate themselves, organisations are currently investigating innovative avenues that will provide them with some sort of competitive advantage over other organisations. Kaplan and Norton (2004:10) claim that organisations are currently creating sustainable value from leveraging their intangible assets. Additionally, Sim and Koh (2001:18) explain that strategically orientated organisational performance measurement models should report on resources such as intellectual capital, customer satisfaction, employee satisfaction or innovation. Marr, Schiuma and Neely (2004:551) agree, stating that the 'true' value of a organisation today can only be assessed by considering the intangible assets.

4.3 INCORPORATING INTANGIBLE ASSETS AS A MEANS FOR COMPETITIVE ADVANTAGE

Value is not tangible in nature, making it difficult to include in financial statements. Conversely, Brønn, Roberts and Breunig (2004:3) explain that when intangible assets are incorporated into financial accounting systems, competitive advantage increases. Competitive advantage provides incremental value when compared to other offerings (Dwyer & Tanner, 2002:23). This normally occurs in either one or a combination of marketing principles associated with the product, price, place or promotion (Dwyer & Tanner, 2002:23). Over the years, however, these principles have proved more difficult to differentiate, as competitors easily mimic features, price, distribution and various promotional efforts. In an attempt to gain competitive advantage, organisations are making efforts to measure these intangible assets, to provide objective information that management can use, to influence the business outcomes and behaviour of their shareholders, customers, and employees (Hartman, 2002:12).

Intangible assets include aspects such as human capital (the knowledge and expertise of employees), responsiveness, culture, customer relationships, customer loyalty, brand equity / value, quality, innovation capabilities, management capabilities, access to

networks, employee relations, environmental and community issues, databases and information systems, alliances, technology, high-quality business processes and intellectual property rights (Brønn *et al.*, 2004:3; Hartman, 2002:17; Kaplan & Norton, 2004:10). Hamrefors' (2004:1) inclusion of an organisation's ability to communicate as an intangible asset is important to this study. These aspects, known as knowledge resources of the organisation, can provide considerable competitive advantage (Brønn *et al.*, 2004:3). An organisation's intangible assets may easily represent more than 75% of its value (Kaplan & Norton, 2004:10), making the strategy formulation, execution and measurement crucial to the organisation.

When determining organisational direction, Dwyer and Tanner (2002:23) state that many organisations begin with a vision and a mission – the reason for creating the organisation. By realising the intangible value contained in these two crucial aspects, organisations are bound to achieve the quality that will ensure continuous organisation improvement (Rensburg & Ferreira, 2004:1). Developing a vision statement is the first step in strategic planning; answering the question, "What do we want to become?" (David, 2003:9). The mission statement is the enduring statement of purpose that distinguishes one business from other similar organisations (David, 2003:10), thus attempting to gain competitive advantage. The inclusion of intangible assets in this phase, simplifies the measurement of intangible assets (as well as the outcomes of staff functions) later on when organisations execute and measure their performance.

At the strategy formulation process, when the value creation from intangible assets is considered, Kaplan and Norton (2004:10) advise keeping in mind the following four principles for measuring purposes:

- Value creation is indirect: Improvements in intangible assets affect financial outcomes through chains of cause-and-effect relationships.
- Value is contextual: The value of an intangible asset depends on its alignment with the strategy. If endeavours are not aligned with the organisation's intentions, resources are wasted and top managers are frustrated with efforts.
- Value is potential: Intangible assets, like trained employees, have potential value, but not market value. Internal processes are required to transform the potential value of intangible assets into tangible value.

- Assets are bundled: The value from intangible assets arises when combined effectively with other assets, both tangible and intangible. Aligning the organisation's intangible assets with one another as well as with the organisation's tangible assets and strategy creates maximum value.

These principles have very important implications for measuring corporate communication as an intangible asset. Brønn *et al.* (2004:5-7) have explored one such example where corporate communication contributes to the intangible asset of the organisation's intellectual capital. Intellectual capital (otherwise known as 'knowledge transfer') consists of human capital, structural capital and relational capital (Brønn *et al.*, 2004:5; Hamrefors, 2004:13). These authors explain that *human capital* includes both the collective knowledge of the organisation and the individual competencies, skills, and experience of people. *Structural capital* is the only part of intellectual capital that the organisation does own and consists of the 'hard assets'. *Relational capital* is what makes human capital succeed. It combines and relates people to each other, allowing them to exchange their knowledge, skills and insights in different situations.

According to Brønn *et al.* (2004:6) corporate communication predominantly features in an organisation's relational capital, as illustrated in Figure 4.1, because it exchanges information about an organisation's reputation, image and identity, and provides the communication support needed to build relationships. The real intangible value for communication lies in the knowledge exchange process (Hamrefors, 2004:13). Corporate communication can create knowledge, by communicating it from the information or tacit knowledge state (otherwise known as liberated information), into the explicit knowledge state (which is either communicated or captured information) (Brønn *et al.*, 2004:10). This is achieved by firstly facilitating contact between the knowledge seeker and the source of knowledge and secondly, by facilitating other concerns during the transfer of perspectives between people (Hamrefors, 2004:13). This explicit knowledge is measurable, and the more knowledge an organisation has, the more intangible assets they have, resulting in increased competitive advantage (Brønn *et al.*, 2004:11).

When measuring this explicit knowledge, Brønn *et al.* (2004:13) warn against simply measuring the amount of contact / exchange sessions that take place to assign a quantitative figure to this asset (e.g., the number of events hosted for a certain stakeholder

group). These authors also suggest that the measurement system should measure the quality of the contact / exchange. To achieve this, focussing on the venue where the exchange process takes place as well as the quality of the network (parties) involved, is essential.

Figure 4.1: The composition of communications contribution to intellectual capital
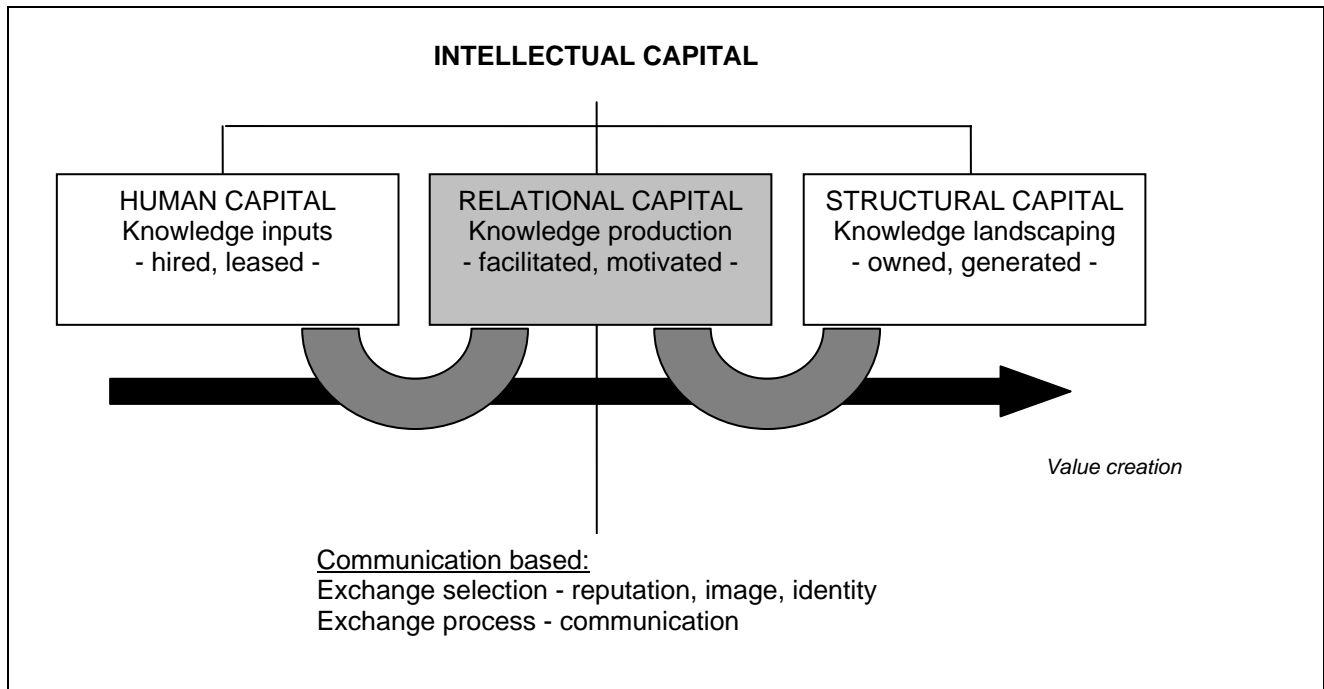
Adapted from: Brønn *et al.* (2004:12)

Apart from knowledge transfer, Hamrefors (2004:1) identifies other areas where communication strategically contributes towards intangible assets. Naturally, these need to be captured in the performance measurement system, and Hamrefors (2004:3) suggests that this measurement take place on an individual and organisational level. In measuring these intangible assets, Hamrefors (2004:9) centres on two factors namely the *focus* (clarity and penetration capability of message) and the *variability* (degree of interest) of the communication. Hamrefors (2004:9-15) mentions there are four areas where communication must be measured according to its focus and variability:

- Knowledge Transfer: The transfer of knowledge facilitated via the intranet and in meetings.

- Transparency: The use of the intranet, the organisation's policy statements, and the social climate, to provide a holistic understanding of the organisation, that will facilitate transparency.

- Motivation: Extrinsic and intrinsic motivations are the two areas where communication can facilitate the Human Resource function.

- Co-ordinating Logic: This facilitates the non-verbal communication such as processes related to how people work, and the way processes are organised in an organisation. The intranet is an extremely influential tool in this area.

Hartman (2002:12) provides another view on co-ordinating logic and proposes that an overlooked intangible asset is an organisation's physical environment. The physical environment and the messages it sends, should be measured in order to enhance and report it as an intangible asset or a contributor to social capital (employee relations). Hartman (2002:17) further recommends that the communication department should be responsible for the communication encompassing the physical environment, especially for the purposes of aligning the surroundings with the corporate culture, image, desirable behaviours, and expected outcomes. The actual measurement or data collection of this intangible asset may be done with a physical communication audit that raises awareness of how and what is communicated by the surroundings, and how these align with other perceptions of the organisation (Hartman, 2002:19).

The above-mentioned examples give an indication of the measurable intangible assets that corporate communication may bring to the organisation. It is not within the scope of this study to examine comprehensively all the communication intangible assets; however, what is of concern to this study, is identifying how these values may be captured in the greater organisational performance measurement system. This is the reason why the next section investigates various innovative performance measurement models used by organisations that incorporate KPIs.

4.4   IDENTIFYING PERFORMANCE MEASUREMENT MODELS

During the last decade, innovative organisational performance measurement models have shown a visible growth (Fleisher, 2003). Bititci *et al.* (2004:29) confirms that the past 15 years have seen significant research and development into the field of organisational performance measurement and assessment. This period saw the creation of numerous frameworks, models and tools that attempted to address all the new facets of performance measurement, but only a few of these were entirely implemented in organisations (Kaplan & Norton, 1996:2; Van Aken, Letens, Coleman, Farris & Van Goubergen, 2003:401).

Fleisher (2003) explains that these tools and models have reached varying degrees of popularity and usage. Table 4.2 presents frameworks, models, and tools identified by Bititci *et al.* (2000:693), Rensburg and Ferreira (2004:6), Seang (2003:4), Tangen (2004:729-735), Van Aken *et al.* (2003:402), as well as Wongrassamee, Gardiner and Simmons (2003:15). Important to this study, is the justification for omitting certain models from the discussion. Table 4.3 presents these motivations, which include explanations surrounding, the incapability of capturing intangible assets, the deficiency of implementation in organisations, and / or the inability to construct and utilise KPIs.

Table 4.3: Performance measurement frameworks, models and tools not included in this study

Model name	Date developed	Developed by	Reason for omission
Activity-based costing	1987	Johnson & Kaplan	Does not incorporate non-financial or intangible assets.
Theory of constraints	mid 1980's	Goldratt	Does not provide a mechanism to identify KPIs and is considered to be too complex to be practically implement.
Sink & Tuttle model	1989	Sink & Tuttle	It is not a flexibility model that incorporates feedback as an intangible asset. It also neglects measuring the customer perspective totally.
Performance Pyramid / SMART system	1992	Cross & Lynch	Does not provide a mechanism to identify Key Performance Indicators.
Hierarchical Model	1997	Bititici, Carrie & McDevitt	Does provide a mechanism to identify KPIs but focuses on financial indicators and productivity.
IPMS - Integrated performance Measurement System	1998	Bititici & Turner	Does not have the ability to incorporate a communication aspect as an intangible asset; is also a very complex model to implement practically.
Medori & Steeple's framework	2000	Medori & Steeple	Does not provide a mechanism to identify KPIs.
Performance Prism	2001	Neely & Adams	Does not explain how performance measures are to be realised and does not provide a mechanism to identify KPIs.
ISO 9000 ISO 14000	1987 1996	Various authors & institutions	Are standards and do not contain performance measurements models to measure those standards.
ISAT - Improvement System Assessment Tool	2003	Van Aken, Letens, Coleman, Farris & Van Goubergen	Does not have the ability to incorporate a communication aspect as an intangible asset; is also a very complex model to implement practically.

Understanding the above parameters allows the discussion to elaborate on pertinent performance measurement models. Commencing with a theoretical perspective, a brief investigation into the Organisation Theory reveals fascinating thoughts appropriate to this subject. The theory comprises four measurement premises to organisational effectiveness. These premises (some were mentioned earlier in this chapter), include the Goal-Attainment Approach; the Systems Approach; the Strategic-Constituencies Approach; and

the Competing-Values Approach (Robbins, 1987:31-49). The Competing-Values Approach suggests interesting concepts on balancing financial and non-financial end goals and is therefore the starting point of this discussion.

4.4.1   Examining the Competing-Values Approach

The underlying factor of this approach is that the evaluators, of an organisation's effectiveness, assess the performance according to values that are important to them (Robbins, 1987:42). This approach assumes that these diverse preferences are consolidated and organised to combine sets of competing values, against which the organisation's performance is graphically plotted (Robbins, 1987:43):

- The first set of opposing values is *flexibility* (concerned with innovation, adaptation and change) versus *control* (favouring stability, order, and predictability).

- The second set of competing values includes the development and well-being of *people* in the organisation as opposed to the development of the *organisation* itself.

- The last set relates to the *means* (stressing internal processes and long-term survival) against the *ends* (final outcomes and short-term focus).

These sets are then further divided into eight criteria (or cells) as depicted in Table 4.4.

Table 4.4: Eight cells of performance measurement in the Competing-Values Approach

Cells	Description	Definition
OFM	Flexibility	Able to adjust well to shifts in external conditions and demands.
OFE	Acquisition of resources	Able to increase external support and expand size of work force.
OCM	Planning	Goals are clear and well understood.
OCE	Productivity and efficiency	Volume of output is high; ratio of output to input is high.
PCM	Availability of information	Channels of communication facilitate informing people about things that affect their work.
PCE	Stability	Sense of order, continuity, and smooth functioning of operations.
PFM	Cohesive work force	Employees trust, respect and work well with each other.
PFE	Skilled work force	Employees have training, skills, and capacity to do their work properly.

Source: Robbins (1987:44)

The eight criteria (cells) are then plotted to create a framework as illustrated in Figure 4.2. While the X- and Y-axes represent the first two sets of values, the means and ends are

represented within the quadrants. As depicted in this framework, the four quadrants are divided to identify four models of effectiveness values (Robbins, 1987:44).

The effectiveness values of an organisation clarify what is important to that organisation and where the organisation places emphasis. The Human-Relations model defines organisational effectiveness as being accomplishing a cohesive workforce (as a means) and believes in obtaining a skilled work force (as the ends), thus encompassing the PFM and PFE cells (as depicted in Figure 4.3). The Open-Systems model includes the OFM and OFE cells and values flexibility (as a means) and ability to acquire resources (as the end). The Rational-Goal model cherishes plans and goals (as a means) and high productivity and efficiency (as the end), with cells OCM and OCE. The last quadrant is the Internal-Process model and emphasises dissemination of information (as the means) and stability and order (as the ends) including cells PCM and PCE (Robbins, 1987:45).

Figure 4.2: Four models of effectiveness values in the Competing-Values Approach
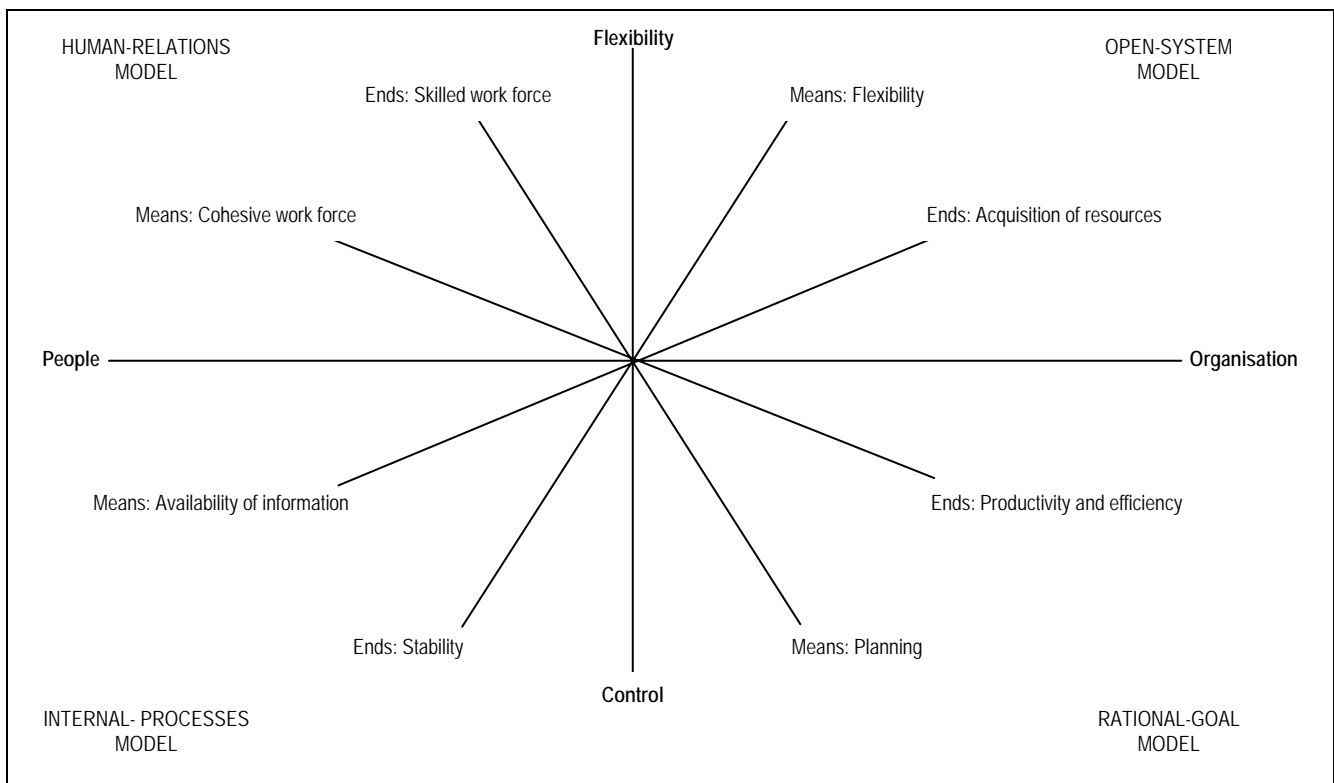
Adapted from: Robbins (1987:45)

To identify what values are important to the organisation and its strategic stakeholders, the strategic stakeholders are requested to rate the organisation's performance on a questionnaire. The eight criteria or cells (mentioned in Table 4.4) form the questions and the ratings are done on a scale of 1 to 3 where 1 is 'Do not agree', 2 is 'Somewhat agree',

and 3 is 'Strongly agree'. The answers are captured and plotted on the Four Models axis, as illustrated in Figure 4.3, this identifies graphically, where stakeholders agree or disagree and where perceptions need improvement (Robbins, 1987:46).

Figure 4.3: Comparing the effectiveness in the Competing-Values Approach
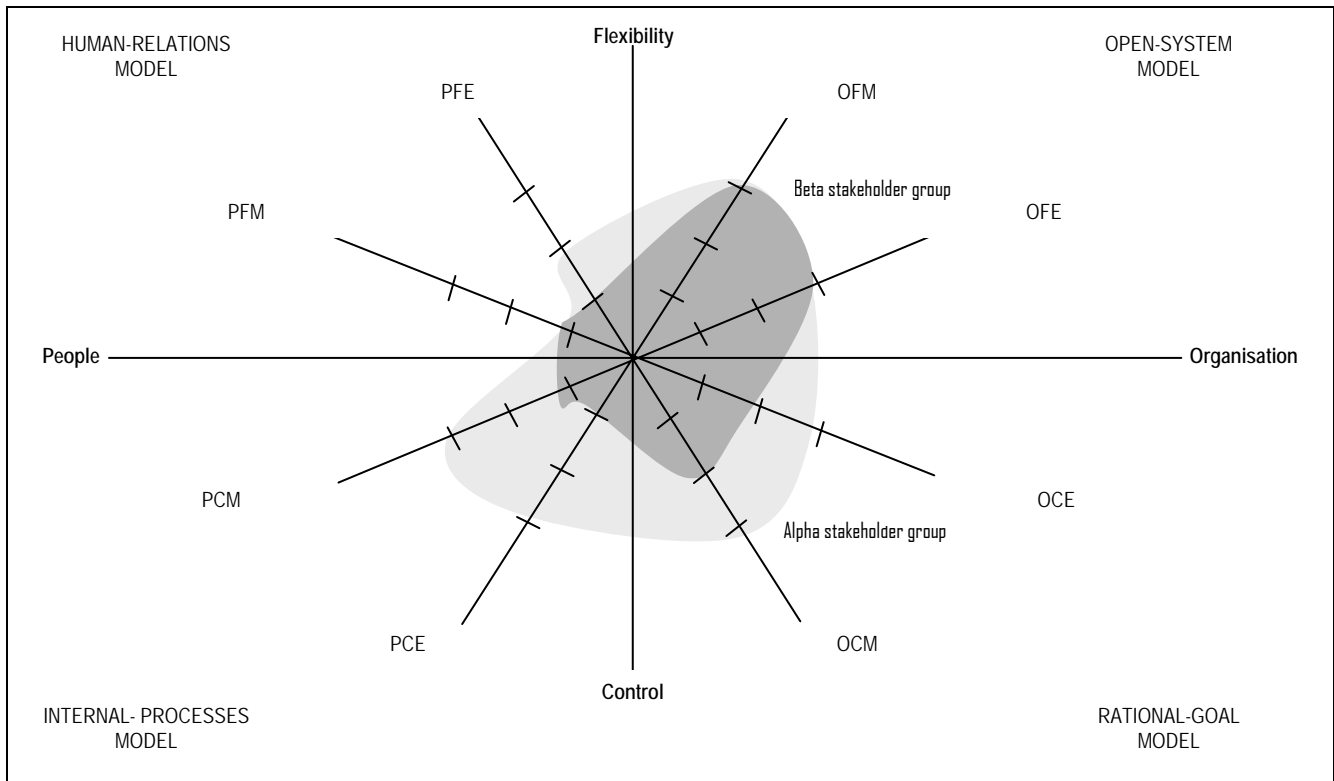
Adapted from: Robbins (1987:47)

As indicated in Figure 4.3, the two stakeholder groups (Alpha and Beta) have varying perceptions of the organisation, especially relating to the Internal-Process model concerning the sharing of information (PCM). Both stakeholder groups do, however, perceive the organisation to be flexible and in a position to acquire resources (seen in the OFM and OFE quadrant). An example will highlight the value of the above model. If the organisation's managers were group Alpha and the employees group Beta, the difference in perceived information sharing could indicate a lack of communication between managers and employees. Managers might think that employees are receiving communication, while the employees perceive it differently. The problem is compounded by the fact that both managers and employees believe that the company follows an Open-System Model, in which the company should be in a position of financial flexibility. Lastly, the low results obtained in the Human-Relations model for cohesive work forces indicate that the organisation values financial achievement over employee satisfaction. To

conclude, it would appear that this company focuses more on maintaining financial goals of acquisition and flexibility than on succeeding in other areas. This model can therefore visually portray different perceptions of stakeholders and allow comparison against internal and external perception. It is also useful for benchmarking, as a repeat of the survey would determine whether any improvement took place.

Robbins (1987:47) explains that the Competing-Values Approach overcomes the problem of being entirely goal orientated by including both the *means* and the *ends.* The author also commends it for acknowledging that there are multiple criteria (including intangible assets) and conflicting interests when measuring an organisation's performance and effectiveness. Additionally, the model has simplified many criteria into four conceptually clear organisational models. This theoretical approach provides wonderful insight into measuring balanced organisational performance, holistically. However, models of performance measurement used in industry, must receive attention.

As mentioned in Chapter 3, 'best practice' refers to executing actions that will achieve superior results or performance (Seang, 2003:1). This practice entails a belief that the management of an organisation conducts business in the best manner possible, to positively influence their shareholders, employees and other stakeholders. Hopefully continued positive influence will lead these stakeholders to demonstrate loyalty towards the organisation, thereby sustaining competitive advantage (Zhang, 2003:613-615). Although best practice is typically exercised in areas such as customer focus and service, corporate culture, structure, aligned goals and change strategies, Hyman (2004:3) emphasises the importance of also exercising best practice in performance measurement. With the notion of, "What you measure is what you get", Hyman (2004:4) explains that correctly measuring the right areas inside the organisation will provide the right information needed to make the right decisions. The concepts of *quality* and *excellence* have been a driving force from the 1980's serving as underlying factor for measuring according to best practice principles (Wongrassamee *et al.*, 2003:17). Examples of such best practice frameworks and models include the Total Quality Management; the Malcolm Baldrige National Quality Award; and the various Excellence Models (Marr *et al.,* 2004:551).

4.4.2   Examining the Total Quality Management Model

Total Quality Management (TQM) is a philosophy and set of guiding principles that represent the foundation of continuous improvement in an organisation. Besterfield *et al.* (2003:1) analyse the concept TQM as follows: *Total* stands for 'made up of the whole' implying the whole organisation; *Quality* is the degree of excellence a product or service provides; *Management* is the act, art, or manner of handling, controlling and directing. Therefore, TQM is a way of managing to improve the effectiveness, flexibility, and competitiveness of a business as a whole (Ho & Fung, 1994:24).

TQM was developed in the early 1980s, after managers, concerned with production (Ho & Fung, 1994:25), had made frequent trips to Japan to learn about the success the Japanese have in conducting business (Rensburg & Ferreira, 2004:6). At a time that only a few theoretical models had effectively been implemented, literature reveals several success cases where TQM guidelines were implemented and proved beneficial (Dayton, 2003:391; Ho & Fung, 1994:24; Zink, 1998:1). TQM requires six concepts that must be adhered to, before the approach can be implemented (Besterfield *et al.,* 2003:10); this might prove to be one of the reasons for its success:

- A committed and involved management is paramount, to provide long-term top-to-bottom organisational support;
- An unwavering focus on the customer is essential, both internally and externally;
- Effective involvement and utilisation must be obtained from the entire work force;
- A constant focus on the continuous improvement of the business and product processes, is vital;
- Suppliers must be treated as partners; and,
- Establishing performance measures for the different processes is crucial.

According to Ho and Fung (1994:25) the basic TQM principles to implementing quality, revolve around leadership, commitment, total customer satisfaction, continuous improvement, total involvement, training and education, ownership, reward and recognition, error preventions, as well as co-operation and teamwork. A study by Dayton (2003:391-396) tested the current relevance of these principles and discovered that they still hold true for professionals today. When executing TQM, each principle is looked at individually, by following a set of unique criteria specific to that principle. These criteria have to be implemented and measured in the policies and procedures. Although TQM

refers to various measurement tools and techniques for calculation purposes, the only form of organisational performance measurement model identified is the Malcolm Baldrige National Quality Award (MBNQA) (Besterfield *et al.,* 2003:191). This model as well as other Excellence Models is examined in further detail.

4.4.3   Examining the Excellence Models

As derived from the above, quality and excellence, find their roots in TQM where the MBNQA became the first means to measure the TQM guidelines (Besterfield *et al.,* 2003:10). The success of this model led to the creation of various similar models, called the Excellence Models (Rensburg & Ferreira, 2004:6). These models based on the TQM principles, vary in the criteria that are specific to the country it was designed for (Rensburg & Ferreira, 2004:7). Table 4.5 provides a summary of the different Excellence Models, the dates of creation and regions represented.

Table 4.5: The establishment of Excellence Models

Date	Model name	County or region
1951	Deming prize	Japan
1981	Malcolm Baldrige National Quality Award (MBNQA)	USA
1988	Australian Quality Award	Australia
1992	European Foundation Quality Award (EFQM)	Europe
1994	United Kingdom Quality Award (UKQA)	United Kingdom
1997	South African Excellence Model (SAEM)	South Africa

Adapted from: Rensburg and Ferreira (2004:7)

The Excellence Models help organisations to integrate key requirements, within a results-oriented, non-prescriptive framework (Rensburg & Ferreira, 2004:7; Wongrassamee *et al.,* 2003:16). The framework then creates a basis for action and feedback. The idea is to award organisations that have demonstrated excellence, in the management of quality, as the essential process for continuous improvement (Wongrassamee *et al.*, 2003:16). The models, worldwide, are based on fundamental criteria (which are embedded beliefs and behaviours found in high-performing organisations), but differ in the number of criteria suggested (Rensburg & Ferreira, 2004:7). A brief discussion of the MBNQA and EFNQA follows, due to their popularity and international acceptance and owing to the South African focus of this study, SAEM also receives referral.

The MBNQA consists of seven categories that include non-financial as well as financial facets (Wongrassamee *et al.,* 2003:16). Organisations are expected to evaluate their own performance in each criterion, and the organisations' examiners are given intense training to qualify them to conduct the evaluations (Besterfield *et al.,* 2003:196). The model is not prescriptive about the tools, techniques and systems, used to evaluate each criterion, as they are subject to the organisation's size, type, stage of development, employee capabilities and responsibilities (Besterfield *et al.,* 2003:192). The model and scoring sheet displayed in Figure 4.4 consist of the seven criteria, represented in the model, as well as its relevant sub criteria. Each criterion has a sub-total, which adds to a total score of 1000. The final figures in the scoring sheet provide benchmarks for competitive and industrial stretch goals (Edkildsen, Kristensen & Juhl, 2001:793), simultaneously and ultimately serving as improvement indicators for the organisation (Besterfield *et al.,* 2003:199).

Figure 4.4: Baldrige criteria for performance excellence framework and scoring sheet

AWARD CATEGORIES AND ITEM LISTING WITH POINT VALUES					
1. Leadership		**110**	**5. Human Resource Focus**		**100**
1.1	Leadership System……………………………....	80	5.1	Work Systems…………………………………...	40
1.2	Company Responsibility & Citizenship………........	30	5.2	Employee Education, Training, & Development…….	30
2. Strategic Planning		**80**	5.3	Employee Well-Being & Satisfaction…………………	30
2.1	Strategy Development Process………………………	40	**6. Process Management**		**100**
2.2	Company Strategy……………………………………	40	6.1	Management of Product & Service Processes………	60
3. Customer and Market Focus		**80**	6.2	Management of Support Processes…………………	20
3.1	Customer & Market Knowledge………………………	40	6.3	Management of Supplier & Partnering Processes….	20
3.2	Customer Satisfaction & Relationship Enhancement.	40	**7. Business Results**		**450**
4. Information and Analysis		**80**	7.1	Customer Satisfaction Results……………………….	125
4.1	Selection & Use of Information & Data……………….	25	7.2	Financial and Market Results…………………………	125
4.2	Selection & Use of Comparative Information & Data..	15	7.3	Human Resource Results……………………………	50
4.3	Analysis & Review of Company Performance……….	40	7.4	Supplier & Partner Results……………………………	25
			7.5	Company-Specific Results………………………….	125
TOTAL POINTS					**1000**

Adapted from: Besterfield *et al.* (2003:192,194)

The EFQM is a framework based on nine criteria for management practices, as illustrated in Figure 4.5 (Rensburg & Ferreira, 2004:7; Wongrassamee *et al.,* 2003:16). These criteria represent validated, leading-edge practices for achieving performance excellence and are divided into *enablers* (what the organisation does) and *results* (what the organisation achieves) (Rensburg & Ferreira, 2004:8; Wongrassamee *et al.*, 2003:17). The enablers therefore cause the results and are weighted against them (Vos & Schoemaker, 2004:2). Following a similar concept to the MBNQA, the criteria are weighted into percentages (as seen in Figure 4.5) and are also assessed using non-prescriptive methods, tools and

techniques. Wongrassamee *et al.* (2003:17) explains that enablers are scored, according to two factors, namely *approach* and *deployment*. The results factors are the degrees of excellence of the results, as well as the scope of the results achieved. The 'blue card' is the scoring sheet and works on a similar principle to the MBNQA.

Figure 4.5: The EFQM Excellence Model
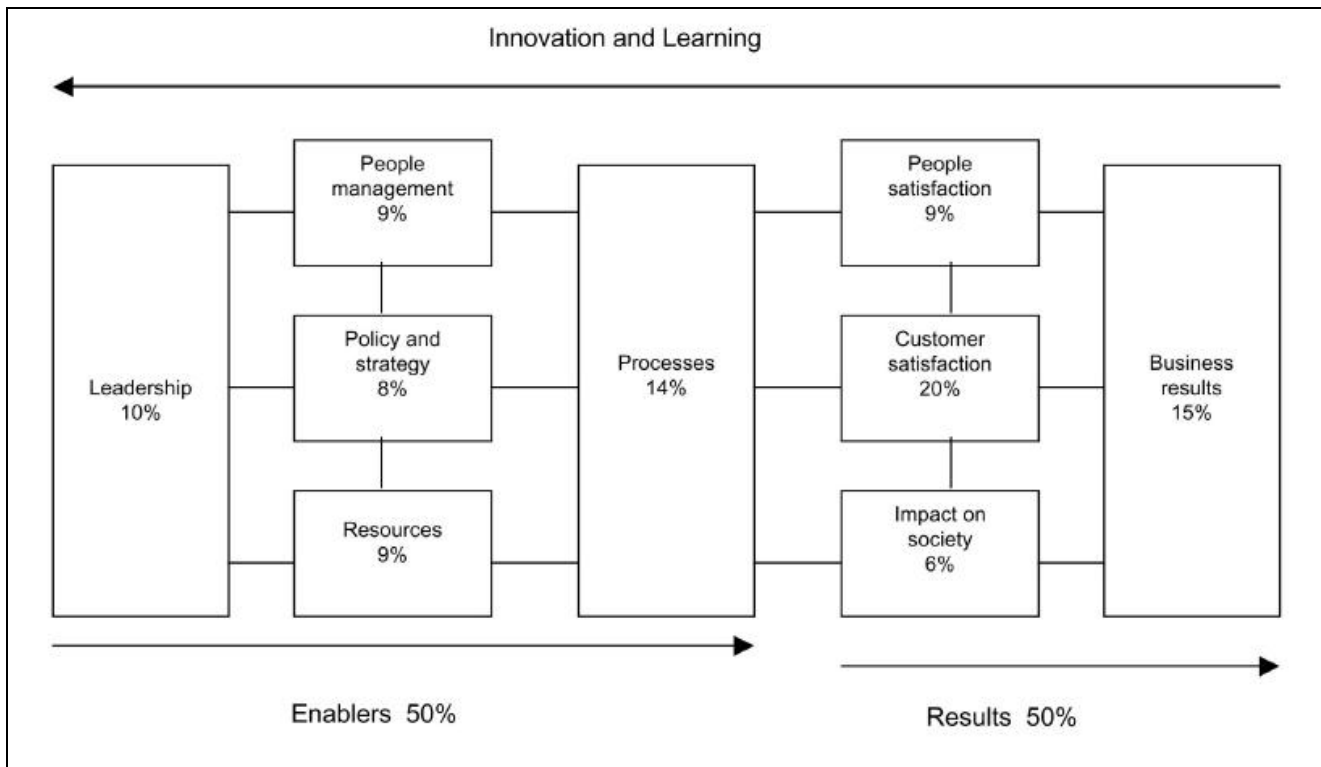
Source: Wongrassamee *et al.* (2003:16)

The SAEM, duly recognised by both the MBNQA and EFQM, incorporates, in accordance with South African priorities, eleven criteria that carry a local emphasis (Rensburg & Ferreira, 2004:11). Following the same non-predictive scoring approach as the EFQM, Figure 4.6 illustrates the criteria.

Various authors like Besterfield *et al.* (2003:199); Edkildsen *et al.* (2001:783); Rensburg and Ferreira (2004:10-11) as well as Wongrassamee *et al.* (2003:16) highly acclaim the Excellence Models. There is a range of advantages that these organisational performance measurement models present. Wongrassamee *et al.* (2003:21) shed light on some of these. Firstly, the models assist managers in making effective decisions, by indicating areas where managers should focus their change initiatives. Secondly, a further benefit is the focus on information flow. The results are direct feedback of the enablers, and are implemented in the following year's business improvement strategies and action plans.

Thirdly, an additional benefit is the non-predictive measurement tools and techniques. For organisations that already have performance measurement systems in place, this model can assist them in leveraging their prior investments.

Figure 4.6: The South African Excellence Model
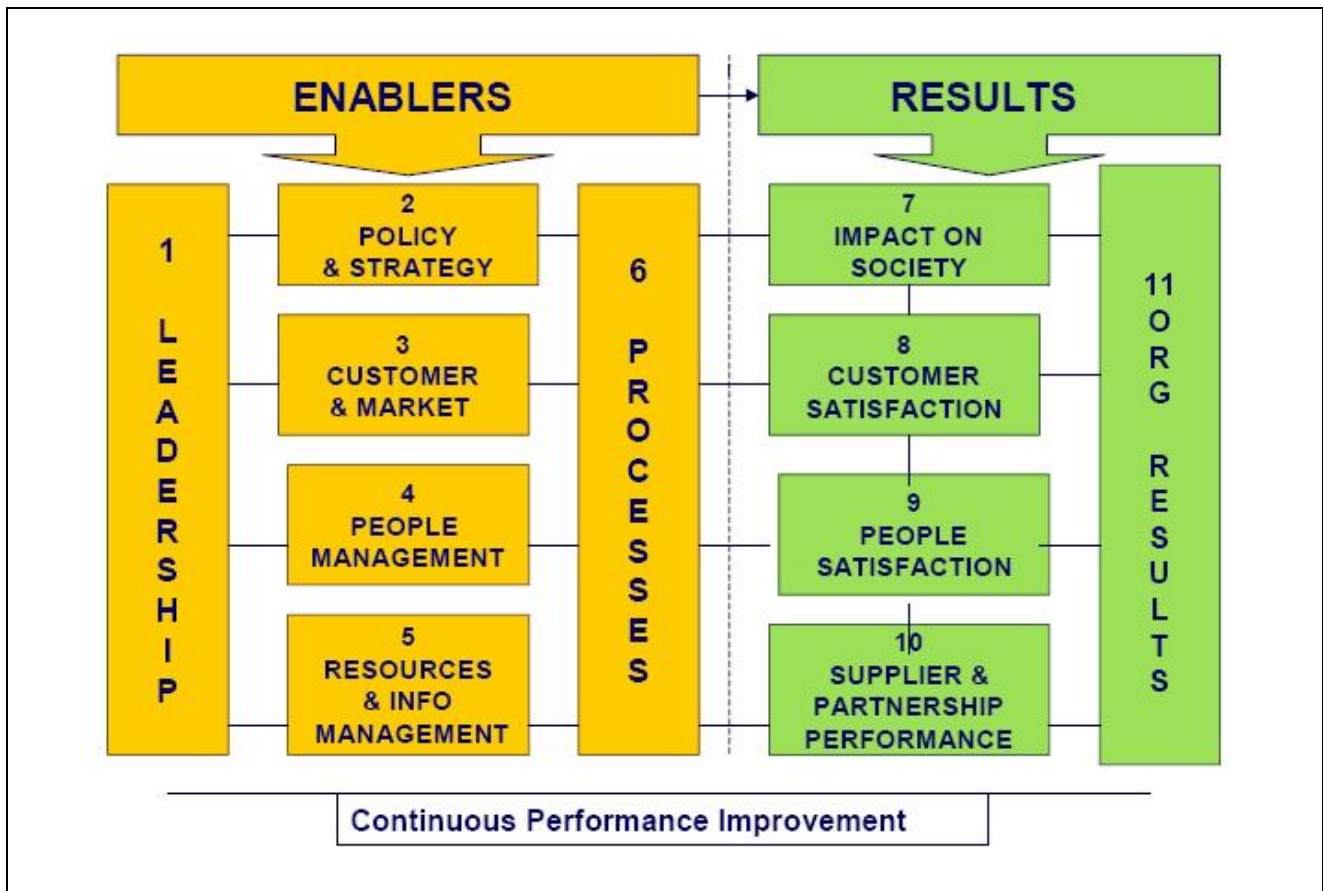
Source: Rensburg and Ferreira (2004:9)

A downside to the models is that they do not suggest which strategies or plans should be adopted to achieve continuous improvement. In addition, the models do not advise which measurement methodologies are required to enable measuring the different criteria (Wongrassamee *et al.,* 2003:21). The fact that measurement methodologies are not prescribed, can be seen as an advantage (as explained above), however, it can also be seen as a great disadvantage where organisations are not sure how to implement and apply their performance measurement models. These models are vague and do not walk organisations through this journey.

Moreover, where the TQM principles still apply universally (Dayton, 2003:391-396), Edkildsen *et al.* (2001:793) discovered that the criteria for the EFQM do not align with the beliefs of all European organisations. One example indicates that Danish companies do

not consider enablers and results to be of equal importance (as with the EFQM), but have embraced enablers such as intangible assets as being more important than results (mostly considered as financial success). Considering Seang's (2003:4) explanation of evolving performance measurement systems (presented earlier in the chapter), it seems as if the Excellence Models have failed to adjust accordingly.

From a communication's perspective, the models do not refer to any form of communication. As a result, the need to communicate is not identified and the ownership of communication strategies and activities are not assigned. The measurement of communication therefore does not feature in these models.

The TQM and Excellence Model movement led to the development of the ISO 9000 and the ISO 14000 standards, where the ISO 9000 became the worldwide standard for a quality management system (Ho & Fung, 1994:25). The ISO 14000 later usurped this position as the worldwide standard for environmental management systems (Besterfield *et al.,* 2003:10). This study does not discuss these standards, as they merely prescribe a standard and do not actually measure the performance of the standard. Although authors like Ho and Fung (1994:28-30) make reference to the LETQMEX Model, that was developed by the Leicester Business School, to assist organisations with the implementation of the ISO 9000 standards, no mention is made of actually measuring performance in general in the model. Furthermore, Seang (2003:2) argues that developing KPIs from the ISO standards alone are not sufficient, because the ISO standards focus only on customer satisfaction.

Due to the non-prescriptive approach, adopted in the Excellence Models, organisations make use of an assortment of models to evaluate the organisation's progress towards excellence. Zink (1998:93-206) presents cases where organisations, entering the EFQM awards, make use of their own customised models to measure their performance in each criterion. Alternatively, Ritter (2003:48) explains that the Balanced Scorecard can be utilised as both a means to evaluate the EFQM and to convert strategy into action.

4.4.4   Examining the Balanced Scorecard

Kaplan and Norton introduced the Balanced Scorecard in 1992 as an organisational performance measurement model that links with the organisational strategy, by

communicating, implementing and measuring it (Du Plessis *et al.,* 2001:424; Wongrassamee *et al.,* 2003:19). The Balanced Scorecard is one of the most popular and widely used strategy implementation and measurement models globally (Hasan & Tibbits, 2000:440; Ritter, 2003:45; Seang, 2003:6). It aims to give managers a comprehensive view of the business and allows them to focus on the critical areas that drive the organisation's strategy forward (Wongrassamee *et al.,* 2003:18). It speaks a language that executives can apply to direct and prioritise their organisations. It is also a system of quality control that allows strategic measures to be viewed, not only as performance indicators in the four independent perspectives, but also as a series of cause-and-effect linkages among the objectives in the four Balanced Scorecard perspectives (Vos & Schoemaker, 2004:1). Seang (2003:8) explains that without a comprehensive description of a strategy, executives are unable to communicate the strategy amongst themselves as well as towards their employees. Without a shared understanding of the strategy, executives cannot create alignment around it. In addition, without alignment, neither can executives implement their new strategies for the changed environment, caused by global competition, deregulation, customer sovereignty, and advanced technology, nor can they determine the competitive advantage their company has derived from intangible assets as well as the human and information capital.

Kaplan and Norton (1996:7) identified two essential flaws in the Balanced Scorecard, which affect many measurement systems. The first is the failure to measure intangible assets, and the second, the inability to measure performance on all levels of the organisation, because the process of strategy and measurement starts at the most senior level of the organisation and cascades through all the business units and groups in an integrated fashion (Hasan & Tibbits, 2000:440). The Balanced Scorecard calls on managers to make a commitment, to introduce an array of financial as well as non-financial measures and to aid organisations, in obtaining its vision and strategy (Du Plessis *et al.*, 2001:425; Sim & Koh, 2001:18). Financial measures that indicate past performance are complemented by non-financial measures that drive future performance (Ritter, 2003:44-45). The model, depicted in Figure 4.7, links existing visions and strategies with the financial and non-financial measures, and implements them throughout the organisation, to extend to each employee's performance measurement model (Cullen, John, Hassall, & Broadbent, 2003:6).

Figure 4.7: The different levels of the Balanced Scorecard
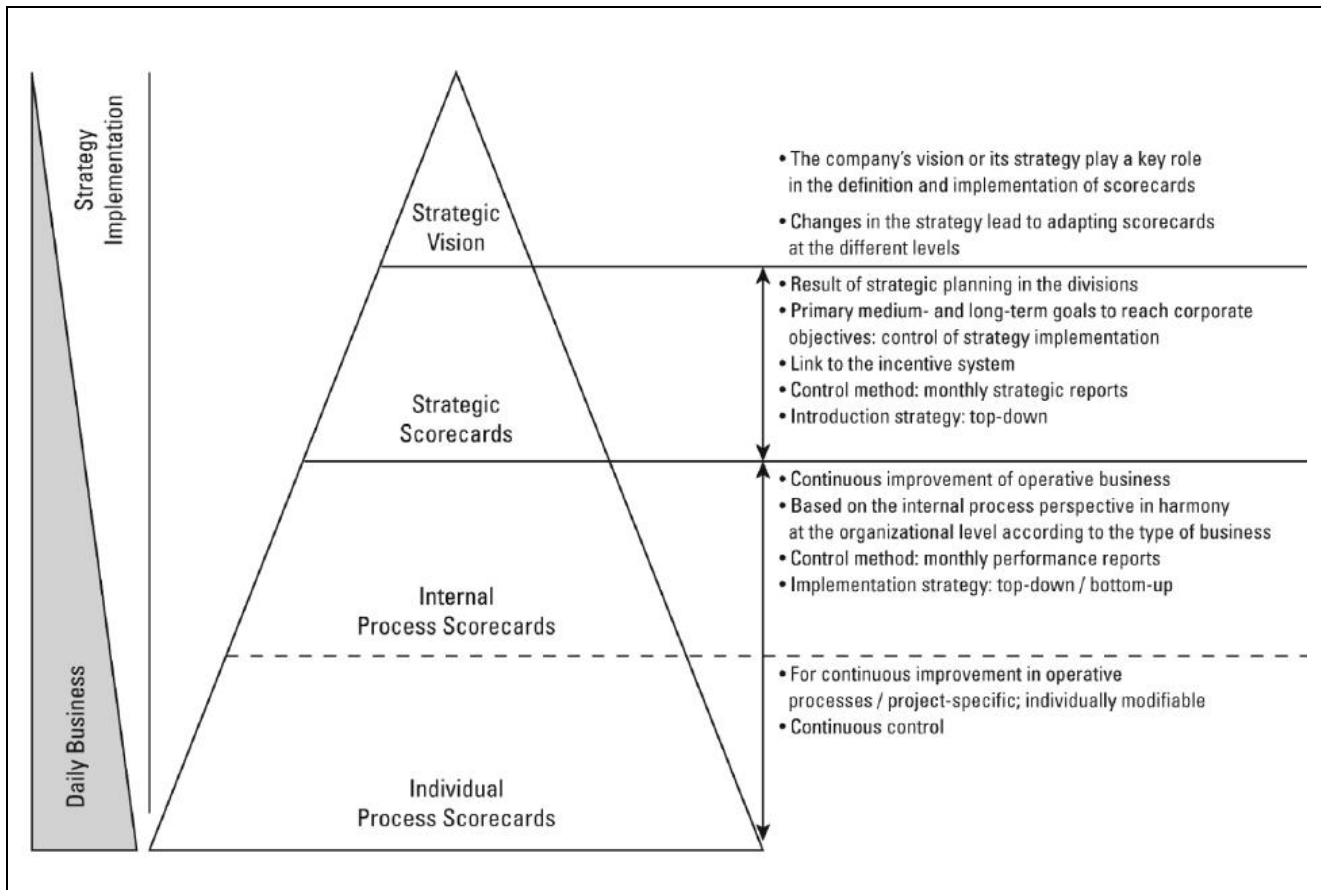
Source: Ritter (2003:46)

Furthermore, the Balanced Scorecard is set up to focus attention on matters of both internal and external concern to the organisation (Ritter, 2003:45). Bititci *et al.* (2004:28) note that organisations perform better if managed through formalised, balanced and integrated performance measures. The Balanced Scorecard therefore attracts managers because of its ability to balance measures between short-term and long-terms objectives; financial and non-financial measures; as well as lagging and leading indicators, and does so throughout the entire organisation (Hasan & Tibbits, 2000:440). Moreover, it is concerned with and about the organisation's internal and external performance and stakeholder perceptions.

The Balanced Scorecard addresses four areas where stakeholders' perceptions may take shape (Rensburg & Ferreira, 2003:5). These four areas, known as perspectives, are depicted in Figure 4.8 alongside the questions the organisation should ask itself in each of the four perspectives. These questions help identify KSFs or CSFs that the organisation should address, to achieve its vision and strategy (Ritter, 2003:47). CSFs are defined by Howe (2004:30-33) as those factors, if removed, or not done, that would inhibit the

achievement of the organisation's vision. Kaplan and Norton (2004:10) explain that the business strategies as well as its objectives, targets initiatives and measures flow from the CSF.

Figure 4.8: The Balanced Scorecard
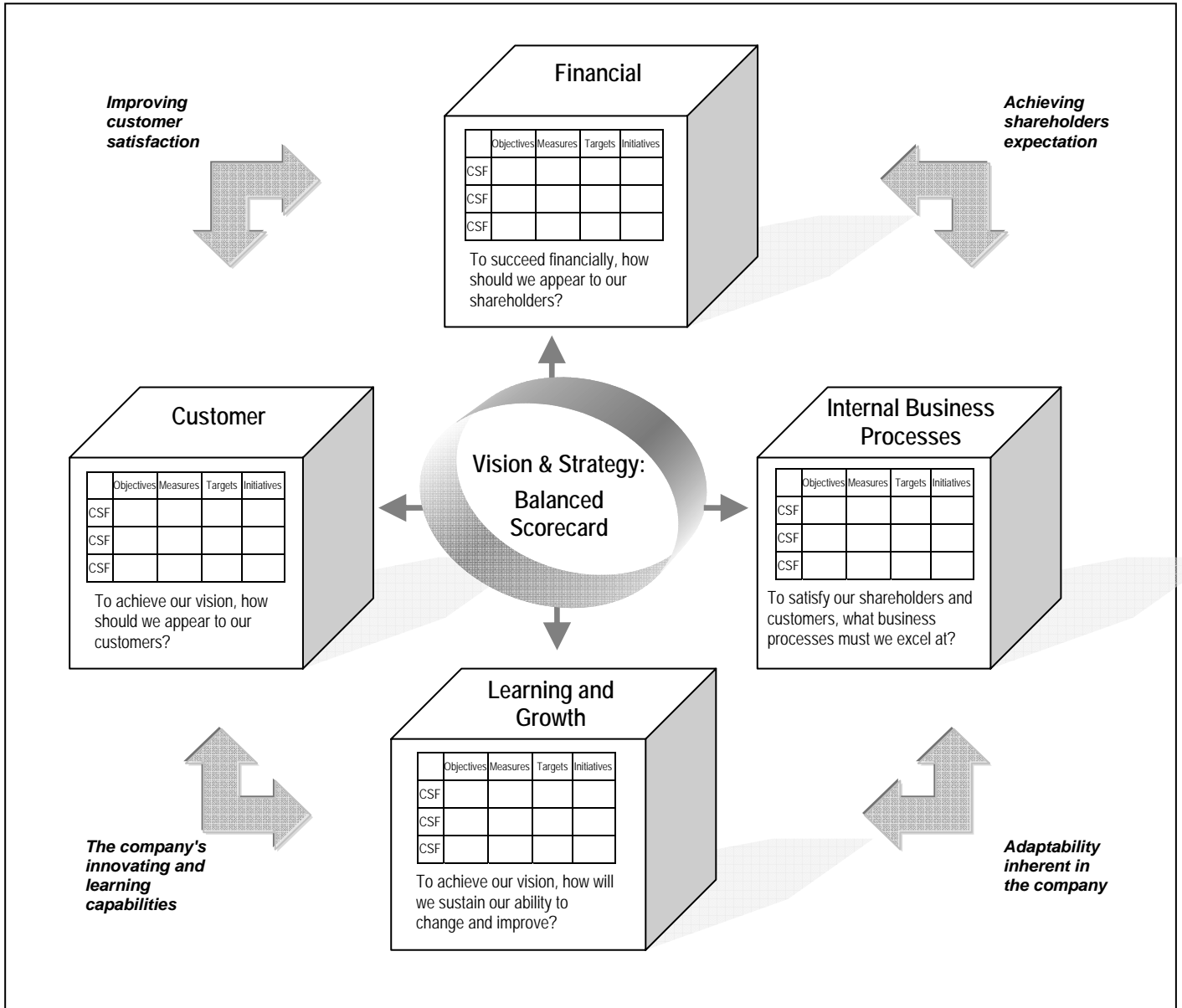
Adapted from: Kaplan and Norton (1996:9)

Kaplan and Norton (2004:10) draw attention to the financial perspective and explain that the financial performance serves as a lag indicator that provides the ultimate definition of an organisation's success. The strategy surrounding this area would typically describe how an organisation intends to create sustainable growth, profitability and risk in shareholder value (Kaplan & Norton, 2001:23). This single measure captures the primary reason for the organisation's existence, as most profit organisations' visions and goals are to create,

sustain and develop profit. This perspective typically asks, "How do our shareholders view us?" and links the corporate strategy to their financial objectives (Du Plessis *et al.*, 2001:424-427).

Success with customers is a principal component for improved financial performance (Kaplan & Norton, 2004:10). In addition to measuring the lagging indicators, Kaplan and Norton (2004:10) explain that the customer perspective should also measure customer success areas, such as satisfaction, retention, and growth. This perspective defines the value proposition for customer segments; therefore, choosing the customer value proposition as the central element of this strategy, it questions, "How should our customers see us?" (Du Plessis *et al.*, 2001:424; Kaplan & Norton, 2004:10). Where a non-profit organisation employs the Balanced Scorecard, then this perspective becomes the primary driving force of the organisation (Kaplan & Norton, 2001:134-139).

The internal business processes perspective creates and delivers the value proposition for customers (Kaplan & Norton, 2004:10). Here managers can identify the CSFs within processes (such as innovation, operations and after-sales service) that they should excel at (Du Plessis *et al.*, 2001:428). According to Kaplan and Norton (2004:10), the performance of internal processes is a leading indicator of subsequent improvements in customer and financial outcomes.

In the last perspective, intangible assets are the ultimate source of sustainable value creation (Kaplan & Norton, 2004:10). Learning and growth objectives describe how the people, technology, and organisational climate combine to support the strategy. Improvements in 'learning and growth' measures are lead indicators for internal processes, customer, and financial performance. It thus identifies the importance of investing, for the future, in areas that are not traditional areas of investment (Du Plessis *et al.*, 2001:429; Kaplan & Norton, 2004:10). This perspective typically questions, "Can we improve what we do?" (Du Plessis *et al.*, 2001:428).

The Balanced Scorecard is concerned with balancing the four perspectives to achieve all-round success. Nevertheless, an additional weighting may be allocated to these perspectives, to address areas of the business that need greater improvement (Brackertz & Kenley, 2002:133). Senior management usually conduct this process of weighting, with

reference to strategic goals, which can be normalised to any figure ranging from 10-100. Hasan and Tibbits (2000:441) however caution against making one perspective more important than another. These authors name cases where organisations have made the financial perspective more prominent, because it is the easiest to measure. Moreover, Hasan and Tibbits (2000:441) argue that the whole point of the Balanced Scorecard is not to measure what is easy, but what really matters. The weighting should therefore be reflective of the importance of each of the four perspectives, in relation to the organisation's business aims (Brackertz & Kenley, 2002:134).

The criteria for the divisions may not always adhere to the above-mentioned four perspectives due to the role they play in the organisation, allowing them to adjust their own scorecard accordingly. In some cases, even the role of the organisation has resulted in the adaptation of the corporate scorecard. Ahn (2005:5) describes that a reasonable percentage of companies have faced problems with the restriction of the four perspectives and have had to derive their own perspectives, based on their mission and circumstances. Ahn (2005:7) provides a framework for developing perspectives based on the mission and strategies of the organisation. A case study of a pharmaceutical company is cited, where the four perspectives were expanded to five. These were an environmental perspective (that addressed their environmental responsibility); a quality perspective (that raised the level of quality); a HR perspective (that had to improve the skills of the employee); a financial perspective (that would raise contributions); and the customer perspective (that would increase customer satisfaction) (Ahn, 2005:9-10).

Another example is provided, as a case study, by Brackertz and Kenley (2002:127-135) where the Balanced Scorecard had been modified to measure a service delivery approach for an Australian local government authority. This scorecard reflected that facilities of the building proved a significant contribution to the service experience and thus became a perspective. The scorecard included the use of the usual financial perspective; a building perspective (the building perspective brought together several tangible aspects of facility performance); a services perspective (how well the facility delivered services to the community in line with the objectives); and a community / customer perspective (the accessibility to customers).

Apart from defining the correct perspectives, Kaplan and Norton (1996:333) also agree that many factors could prohibit the successful implementation of the Balanced Scorecard, and these normally relate to the lack of executive interest and support. Hasan and Tibbits (2000:442) therefore state that leaders often make use of IT software, to ease in the implementation of the Balanced Scorecard, because the process of performance measurement is captured, stored and automated in the IT system, which ensures that measures remain current, accurate and relevant. Not only is the sustainability of the Balanced Scorecard then increased, but the running of the scorecard is also kept up to date. Each scorecard on the organisational and departmental level includes an indication as to whether or not the objectives are achieved. A green, amber or red light, positioned with high visibility, portrays the progress (Kaplan & Norton, 1996:50).

A major strength of the Balanced Scorecard is the emphasis it places on linking performance measures with business strategies (Wongrassamee *et al.,* 2003:10). Capitalising on this strength, Kaplan and Norton (2001:70) introduced the Strategy Map, as a framework, to link the Balanced Scorecard with the management of the various corporate strategies. Motivation for the introduction of the Strategy Map is the fact that measurement itself creates the focus for the future, and this focus should be integrated into the management system. Kaplan and Norton (2001:9-60) further explain that the Strategy Map consists of five specific processes, referred to as the principles of a Strategy-Focused Organisation, and include:

- Principle 1: Clarifying and translating the strategy in operational terms: initiated by building a Balanced Scorecard that communicates the corporate strategy in all four perspectives.
- Principle 2: Aligning the organisation to the strategy: especially important for large organisations that have multiple divisions and business units; accomplished by transmitting strategic objectives in the scorecards of the divisions and business units.
- Principle 3: Making strategy everyone's day-to-day job: the scorecard is the bridge that translates the strategy at the top, into operational actions at the bottom: emphasis is placed on the fact that everyone in the organisation must understand the strategy and ensure their actions are in alignment with the strategy.
- Principle 4: Making strategy a continual process: entails reviewing the strategy at least once a year, for updates, to reflect new opportunities and competitive conditions.

- Principle 5: Mobilising change through executive leadership: in many cases, the Balanced Scorecard initiative is implemented with a lot of energy, but not sustained. Kaplan and Norton (2001:59) explain that non-involvement from the executive causes this subsidence.

The power of the Balanced Scorecard is the ability to link the performance measures to the strategic intent of the organisation. The process of strategy mapping clarifies the relationships of the four perspectives in a strategic manner (Seang, 2003:6). Figure 4.9 depicts an example of a 'Value for Money' Strategy Map, and reflects the integration of vertical linkages from operational measures through to financial measures. The corporate objective is to increase the shareholders' value in the company. Revenue growth and productivity is of importance to shareholders. The customer wishes to obtain products / services of the highest quality at the lowest cost. The ability to satisfy the customers must result in the shareholders' value. The organisation needs an internal capability, to achieve the outcome perceived by customers as their value-for-money requirement. The development of this internal capability must be able to support the customer-related strategy. As the market is dynamic, the company must be able to maintain its ability to meet both future challenges as well as growth. Strategies to develop new internal competencies are necessary, for the continuing survival of the enterprise.

In the Strategy Map, of Figure 4.9, the circles represent the CSFs for each of the four perspectives. The arrows represent the strategic linkages between the CSFs (Kaplan & Norton, 2001:72). Each CSF needs at least a key performance measure to monitor and control the business. The process of strategy mapping, when adequately executed, will deliver KPIs, which are relevant, purposeful and useful for strategic monitoring as well as the management control of the business (Seang, 2003:6). The KPIs will in turn facilitate useful and crucial inputs for the strategic and management reviews of the business.

Sim and Koh (2001:19) determined that the Balanced Scorecard and Strategy Map were well accepted, because many big corporations implemented the Balanced Scorecard with varying levels of satisfaction. These authors' research into 83 North American companies proved that these companies' investment into the Balanced Scorecard, correlated directly with the phenomenal results they obtained after implementing the performance measurement model. Sim and Koh (2001:24) cite cases where results ranged from

financial and market share growth, to employee and stakeholder satisfaction, to name but a few.

Figure 4.9: The Balanced Scorecard's Strategy Map
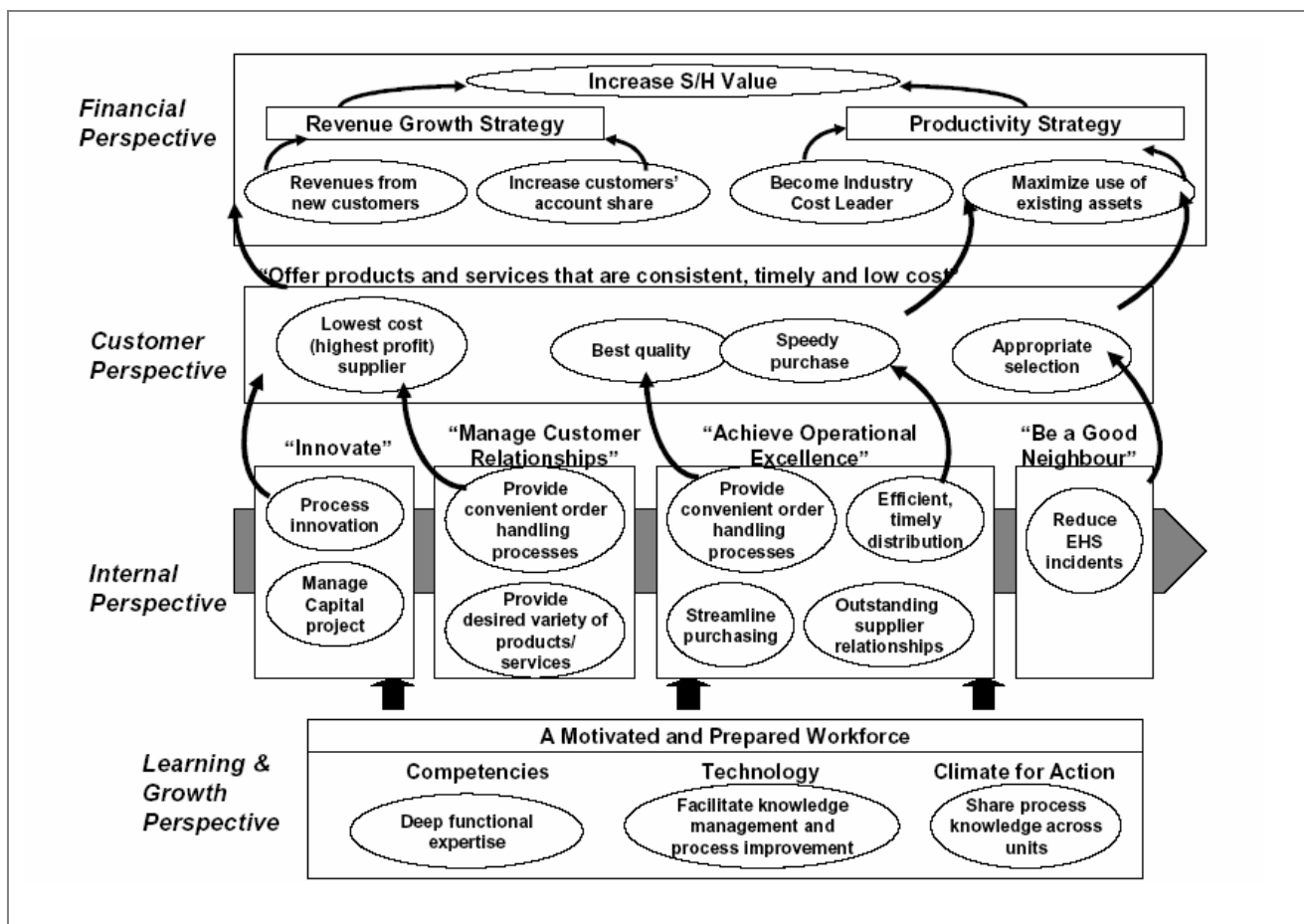
Source: Seang (2003:6)

Nonetheless, the popularity of the Balanced Scorecard has also led to critique from various authors (Rensburg & Ferreira, 2004:17). Table 4.6 presents a synopsis for both positive and negative critique, received from the following authors: Active Management (2004); Du Plessis *et al.* (2001:429-430); Kaplan and Norton (2004:10); Ritter (2003:46-47); Hasan and Tibbits (2000:442); Seang (2003:8); Tangen (2004:731); Van Aken *et al.* (2003:402); as well as Wongrassamee *et al.* (2003:21).

Despite the varying opinions, this study incorporates the Balanced Scorecard because it forms a basis for the development of KPIs and is able to measure intangible assets (Seang, 2003:5-6). In addition, from a practical point of view, if corporate communication wishes to become part of an organisational performance measurement system, then models, that have successfully been implemented and maintained, are vitally important.

Table 4.6: Benefits and shortcomings of the Balanced Scorecard

Benefits of the Balanced Scorecard	Shortcomings of the Balanced Scorecard
Translates strategic objectives into tangible goals and actions.	Time-consuming.
Places strategy and vision at the centre, not control.	Expensive to implement.
Measures designed to pull employees towards the overall vision.	Requires additional administrative workload.
Long-term objectives are made measurable.	Potentially complex.
Communicates and commits to organisational strategy.	Requires the participation and commitment of employees to succeed.
Facilitates effective management and focuses on improvement.	The four perspectives are not comprehensive enough.
Can integrate with existing management processes.	Considered too subjective.
Is applicable to not-for-profit as well as small, medium or large organisations.	Reward structures are not mentioned in detail.
Simple to understand and has a visual impact.	It has not always been implemented successfully in companies.
Increases transparency, being visible to all.	Implementation into divisions has not always been done successfully.
Provides timely and accurate feedback.	Change of top management greatly limits the effectiveness of the model.
Uses data, which is automatically collected as part of a process whenever possible.	Does not consider a competitor perspective.
It minimises information overload, by limiting the number of measurements considered.	Provides little guidance on how the appropriate measures can be identified.
Recognise the cause-and-effect relationships, identifying all activities that act as a trigger to reach established goals to correctly allocate resources.	The scorecard is a non-prescriptive template leaving companies to design their own models.
They facilitate top-down communication of objectives and the alignment of key processes to the strategy.	
Measurement parameters verify the success or failure of certain strategies.	
Has IT software to facilitate the automation of the measurement process.	

The above section has examined influential organisational performance measurement models that incorporate intangible assets and form the basis for developing KPIs. This permits the discussion to investigate KPIs.

4.5   DEFINING KEY PERFORMANCE INDICATORS

Naturally, the act of simply measuring performance would not provide a proactive perception of goal and strategy achievement. Likewise, KPIs do not have meaning, unless they are linked to an evaluation system (Seang, 2003:1). An organisation's performance should be systematically tracked and interpreted through performance indicators (Bauer, 2004). These indicators need to assess the progress of performance, and provide reliable

information to decision makers. Furthermore, Hyman (2004:4) firmly links KPIs to effective performance management systems, arguing that by measuring correctly, managers will obtain the right information.

Most authors agree that KPIs are quantifiable measurements that gauge the outcome of a CSF, goal, objective or performance (Bauer, 2004; Eastern Kentucky University, 2003; Reh, 2005; University of Cape Town, 2001). Authors highlight that KPIs must also track and benchmark outcomes at all levels of the organisation over time, and that they become the focal point for organisation-wide standardisation, collaboration and co-ordination on a daily / weekly / monthly basis (Bauer, 2004; Howe, 2004:46). KPIs have long-term considerations and implications and should therefore not be subject to frequent change of definition and measurement (Reh, 2005).

Bauer (2004) and Reh (2005) expand that KPIs have to be developed and agreed upon, before activities are undertaken, because they reflect strategic value, rather than business activities and processes. Following the development and negotiations, KPIs are cascaded through all levels of the organisation, to create accountability (Bauer, 2004). It is important to take note that, as in the case of implementing an incorrect performance measurement system, the selection of wrong KPIs, could result in counterproductive behaviour and sub-optimised metrics (Bauer, 2004).

4.5.1 <u>The purpose of Key Performance Indicators</u>

As explained by the definition of KPIs, its main role is to measure outcomes. Harrison (2006a) simplifies this concept by explaining that KPIs describe the events if and when an employee, department or organisation fulfilled a particular role. Harrison (2006a) elicits that KPIs are therefore not an activity, but an outcome that needs to be measured, and that the outcome, irrespective of the level, should be business related. In other words, there must be a holistic set of integrated measures that are linked to the mission, objectives, vision and strategies (Seang, 2003:5-6).

Reh (2005) also refers to KPIs as Key Success Indicators (KSIs) which help an organisation define and measure progress towards organisational goals. Once the mission has been analysed, stakeholders identified, and goals defined, KPIs are set in place to

measure progress towards goals. KPIs will therefore differ, depending on the nature and requirements of the organisation.

4.5.2 Incorporating Key Performance Indicators into performance measurement models

Kaplan and Norton (2001:103) explain that KPI scorecards were founded when IT departments in organisations developed databases that supported the strategy; or when consulting organisations installed large IT systems. Therefore, Bauer (2004) explains that most software applications, such as Enterprise Resource Planning (ERP), Supply Chain Management (SCM), Business Intelligence (BI), Customer Relationship Management (CRM) and Business Process Management (BPM), offer standard KPIs built into their packages. Conversely, these KPIs might not truly represent the critical business drivers (Kaplan & Norton, 2004:10). According to Seang (2003:2) there are three distinct models for the creation of best practice KPIs. The first is the Hierarchical Model, which this study did not discuss, due to its lack of intangible asset focus. The second is the Balanced Scorecard and the third model is the value chain. Despite this, Seang (2003:2) does explain that KPIs may be incorporated in any structure as long as it was created on an effective performance measurement system or model, such as the Excellence Models or the aforementioned three models.

At this point in this discussion, the question arises, as to the necessity of KPIs for the measurement of corporate communication. Seang (2003:7-8) explains that it is not sufficient to know where you are headed (vision), but that the direction should be supported by the how (strategy), the what (objectives), the focus areas (CSFs), the action (key action initiatives), as well as the metrics (KPIs) to realise full actuation. Comprehensive and consistent alignment up and down the pyramid is essential. As previously stated, KPIs are known to feed directly from the vision and the strategy, measure various organisational levels and departments, and can be easily constructed to fit into the organisation's current performance measurement systems. By determining KPIs for corporate communication, the function's alignment to the corporate vision, objectives, strategies, and CSFs are guaranteed.

4.5.3 Requirements for constructing Key Performance Indicators

According to Seang (2003:2) management must take into consideration three important aspects in the construction of KPIs:

- Productivity: Monitors the enterprise's performance in its resource utilisation to create values;

- Total quality: To monitor the organisation's continual self-improvement and ability to adjust to the changing environment; and,

- Competitiveness: To monitor the organisation's long-term attractiveness to its customers and its shareholders.

In addition, Bauer (2004) explains that KPIs should reflect the strategic drivers and question what should be measured to achieve this. The number of metrics and the frequency of measurement should be considered. Accountability has to be assigned and figures that can be benchmarked need to be allocated. It is important to establish the means of measurement (or collecting data), to determine if the outcome was actually achieved.

The most important criterion for developing KPIs, as mentioned before, is the need to be created from an effective performance measurement system or model. From their research, Kaplan and Norton (2001:103), highlight that those organisations, which failed to link KPIs to strategies, were unsuccessful, because the KPIs became a 'dangerous illusion' as CSF, linking to overall business objectives, which were not being appropriately measured. Cullen *et al.* (2003:7) agree, emphasising the importance of recognising that KPIs on their own can be dysfunctional, unless they are grounded within the culture of a strategy-focused organisation, which is maintained by an effective performance measurement system. Seang (2003:1) explains that best practice in KPIs, refers to the process of developing useful performance measures for an organisation. The process is good if it integrates the entire organisation. A given, is the fact that a performance measurement model provides the framework for strategy measurement and is refined by the KPIs. Useful and effective KPIs therefore have to come from a well-formalised performance measurement system or model. Kaplan and Norton (2001:103) as well as Seang (2003:1) emphasise that KPIs cannot be created, unless they are developed from an effective performance measurement system or model.

The second vital criterion for developing KPIs is that it should represent all levels of the organisation including individuals, teams, processes, departments and the organisation as a whole (Seang, 2003:2). In so doing, it should maintain a view of continuous improvement against organisational objectives. The KPIs are therefore outcomes that provide evidence about how successfully the organisation's objectives are being met. In this way, individuals understand what they need to do, to contribute to the higher-level goals of the organisation.

Apart from the above criterion, authors Harrison (2006a); Howe (2004:46); Neely, Richards, Mills, Platts and Bourne (1997:1140); Ritter (2003:45); Seang (2003:9); as well as Sinclair and Zairi (1995:55) provide requirements that KPIs should address:

• KPIs should have a title that explains what the measure is and why it is important.

• KPIs are developed from the strategy and are related to specific goals or targets.

• KPIs should have a purpose; therefore, the rationale underlying the measure has to be specified.

• KPIs are outcomes or will produce outcomes.

• KPIs should be limited to a maximum of five per level (or individual), otherwise it becomes impossible to fulfil. Should there be a requirement for additional KPIs, these are likely to be subsets of the 'larger KPI'.

• There should be at least one KPI for each CSF.

• Each department and individual; should set KPIs that are aligned with the organisation's KPIs.

• KPIs should stretch the organisation or department, but remain realistic and achievable.

• KPIs should be clear, concise and simple to understand.

• KPIs should be easily measured by an explicitly defined formula. The formula is important because the way performance is measured, affects how people behave. The right formula ensures the right behaviour.

• KPIs should provide timely and accurate feedback.

• KPIs can be weighted to prioritise importance and relevance for an organisational, departmental and individual level.

- KPIs should be a repeated activity for benchmarking purposes.

- KPIs should be measured from one period to the next.

- KPIs should have a predefined frequency of measurement and review.

- KPIs should define whom and by what means performance is going to be measured (the person who is to collect and report the data should be identified).

- KPIs should define who should take responsibility to act on the data received.

- KPIs should define what these individuals should do when taking responsibility for actions.

- KPIs should not be copied; they are dependant on the organisational context. However, the process of developing the KPIs may remain the same.

This development process of creating KPIs can be approached by focusing on three characteristics namely, formalisation, integration and utilisation. Figure 4.10 provides a graphical illustration.

Figure 4.10: Constructing Key Performance Indicators
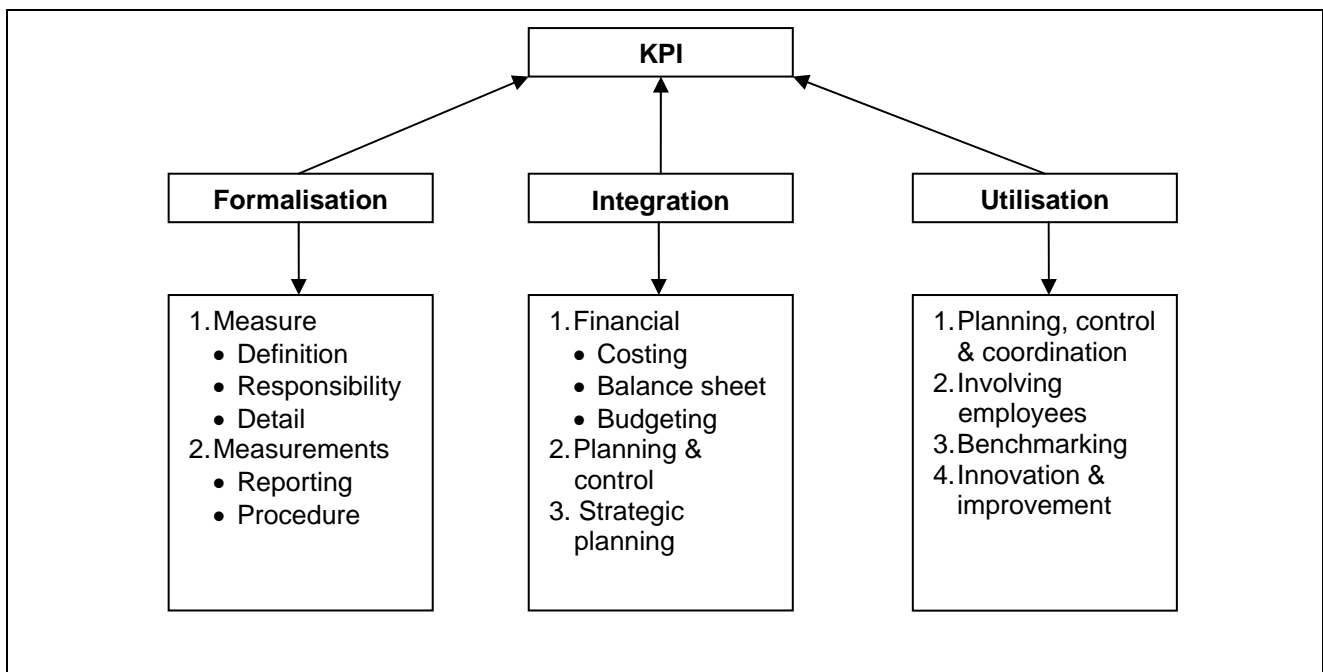
Adapted from: Seang (2003:10)

According to Seang (2003:9), formalisation addresses the planning phase of KPIs, answering the questions, "What will be measured?" and "How will it be measured?" The

second characteristic refers to the ability that KPIs have to integrate various areas of the business (substantially elaborated on earlier in this chapter). In this context, the integration is expanded to include the planning, budgeting and controlling of KPIs. This not only ensures that each KPI integrates seamlessly with the rest of the organisation, but guarantees that KPIs obtain the relevant resources to be practically implemented. The third characteristic deals with the purpose of KPIs. KPIs should always be formulated for a specific reason. The most widespread intention is the ability to benchmark the organisation's own performance and to compare competitors' performance.

4.5.4   Practical examples of Key Performance Indicators

In providing examples of KPIs featuring in a performance measurement model, the following hypothetical simplistic scenario is described. Company XYZ employs the Balanced Scorecard, and has a corporate strategy, to increase and sustain high levels of awareness amongst prospective and current stakeholders. The strategic objective is, 'To generate positive awareness about the company and its brands', and the target is set for the following year (2008). The CSF for each perspective (that would contribute to the attainment of the strategic objective) is defined in its relevant perspective. At this stage the organisational KPIs (which is the ultimate outcome) is determined, which could be, 'To be the country's most talked about company of the year 2008'. This goal requires both the internal and external stakeholders to be measured, as both sides are affected. An external company, that does annual research in naming the countries' most talked about company for that year, can do the external measurement of this KPI. The internal measurement is made part of the performance appraisal process, or measured via an internal audit.

The achievement of this strategic objective has been identified as crucial to realising the vision of growth; therefore, senior managers have decided to assign a higher weighting than the other strategic objectives. Consequently, the CSF and KPIs, representing this strategic objective, will be weighted accordingly.

The next step is that the divisions / departments affected by the strategic objective and the organisational KPI, will have their own scorecards representing this. In the HR departmental scorecard, the CSF would generate internal excitement surrounding this strategic objective. A KPI could increase employee satisfaction that will generate positive 'Word of Mouth'. Various action plans are then established to ensure that this is achieved

(Harrison, 2006a). The communication department's CSF could be to assist the HR department in generating internal satisfaction, by improving internal communication. A KPI would be the generated positive communication amongst employees. Action plans could be the creation of blogs or cafeteria campaigns, aimed at stimulating positive communication or 'Word of Mouth'. In this way, the strategic objective will cascade through other departments and the KPIs weighted accordingly.

On an individual level, satisfaction is determined by growth, remuneration and other variables. Therefore, the individual's KPIs could be, 'To ensure that skills are developed to remain competent'. An activity could be, to attend regular training that is relevant to the skills needed to perform the relevant job. A practitioner, who is responsible for sending newsletters to all stakeholders, might have to manage the database. An individual KPI would then be 'to learn how to operate Microsoft Access up to a competent level by 30th September 2008'. In the performance appraisal, the employee, his / her peers and manager rate the employee's skills on Microsoft Access. The total score is averaged and multiplied by the weighting. The weighted figures are extremely important, especially if the performance appraisal model is pay related. This score could contribute heavily toward the individual's bonus and thus provide a large incentive to achieve the KPIs.

This process continues for every employee in every department and the total score is then brought back to organisational level. As this KPI had a target of a year, the monitoring / tracking figures would occur every quarter when 'mini performance appraisals' are conducted. These tracking figures provide the data for the green, amber or red lights. By the end of the year, the internal and external KPI score, for the employer of choice, is reviewed. Depending on the results, new strategies might be developed to maintain or improve the KPIs and the weightings of those KPIs might be adjusted.

A schematic representation of Balanced Scorecard matrix has been created and is depicted in Figure 4.11. This matrix relays what the scorecard (known as a dashboard) may look like and ultimately presents the 'bird's eye view' of either the organisation or its divisions. This is a simplistic, framework of a department's scorecard and illustrates where KPIs feature and how the Balanced Scorecard is operated. This is where everything is represented from the four perspectives, to their CSF to the KPIs as well as the means of measurement.

Figure 4.11: A framework for the Balanced Scorecard

Considering Figure 4.11, the first column contains perspectives. The second column specifies the strategic objectives or CSF as defined in the corporate Balanced Scorecard or Strategy Map. The next column (Objective Weightage) defines the relative weightage of each CSF. This column is further divided to represent three years of weighting (useful for benchmarking and planning purposes). Depending on the organisation, the weighted score would be normalised to 100 to derive the performance metric. The following column indicates the role / person who will be responsible for monitoring and ensuring that the CSF is achieved. In most cases, this will be a senior manager. The next section represents how the strategic objectives will be measured. The first column represents the KPIs where the outcome is defined. The rational column presents reasons for the importance of the measure. This classifies the measure as a lead or lag indicator (where lag indicators inform of a past result, and lead indicators signify an emerging trend and serve as early indicators / warnings). There should be a mix of both. The frequency at which the review will be measured is then decided, followed by the calculation method. This column determines whether the measure will be a formula or a quantitative / qualitative measure. Once again, it is advised to make use of quantitative measures. To be able to determine the measure, the data source and quantity will also be specified. Next, the actual metrics occur, initiated with normalised, average and quantified weightings for year one, two and three. The targets are specified, followed by the green, amber and red indicators. The last section enumerates the initiatives or action plan that will contribute to the corresponding

strategic objectives. In addition, the owner of each task will subsequently follow up with the activity.

The above is merely one practical example of how KPIs might be constructed from the vision and strategy stage to the individual level of the organisation. Ritter (2003:44-59) provides another example in the development of the corporate communication scorecard. As discussed in Chapter 3, Ritter (2003:44-56) explained how to create a corporate communication scorecard and in so doing, determine the KPIs relevant to the scorecard. This chapter therefore awards attention to Ritter's (2003:48-59) actual KPIs created for the case study of Siemens in Argentina. These were developed from the company's EFQM model (completing steps of 1-5), the corporate communication Balanced Scorecard and strategy map.

From this point, Ritter (2003:44-59) explains how each perspective of the communication strategy map then incorporated a CSF and KPIs with defined measurement standards, methods and frequencies. These are listed in Table 4.7 where the financial perspective is listed first, then the customer perspective, followed by the innovation and learning perspective and lastly the internal processes perspective. What Ritter (2003:56-58) identified, is that there were KPIs for communication in every perspective which contributed to the overall vision and strategy of Siemens Argentina. Ritter (2003:56-58) provided the following guidelines:

- Construct the graphical scorecard or matrix to resemble the organisation's scorecard;

- Encourage simplicity and allow the scorecards to effortlessly indicate the current position, the trend predicted, and the target;

- Automate the creation of the scorecards; and,

- Ensure that it is easily maintained with user-friendly software applications throughout the entire organisation (e.g., Microsoft Office Excel).

Table 4.7: Key Performance Indicators for corporate communication

KPI	Measurement standard	Measurement method	Updating frequency	Target
SSA image and reputation for stakeholders	Brand awareness Attributes	Image research	Every four years	
Ranking and prestige position	Ranking and scoring position	Publishing in the *Clarin* newspaper and *Negocios* ('Business') Magazine	Annual	
Resource management	R&CC express	SAP	Monthly	
	Advertising Investment	SAP	Annual	
	Billing / total advertising Investment rate	Company-owned	Annual	
	Negotiations of media fees	Company-owned	Monthly	
	Internal publication costs	SAP	In every issue	
Internal Communication	Relevance, credibility and timeliness of communication Staff	Working climate survey	Every 18 months	
	Communication attitude and behaviour towards third parties	"Mystery shopper" telephone survey	Every two years	
R&CC reputation as centralised sector that adds value to the business	Internal customers' satisfaction rate	Internal survey on satisfaction	Annual	
Efficiency and relevance of the management of institutional and community relations	Relative attributes	Image research	Every four years	
	SSA and community media impact	Management press report	Monthly	
Advertising management efficiency	Satisfaction rate	Internal survey on satisfaction	Annual	
Press management efficiency	Internal customers' satisfaction rate	Internal survey on satisfaction	Annual	
	Journalists' satisfaction rate	Survey on external customers' satisfaction (Journalists)	Every two years	
Efficiency of the internal publications *Nosotros* ("We") and *Liderando* ("Leading")	Reader's satisfaction rate	Readers' survey	Every three years	
Benchmark with LA branches	Staff / advertising budget rate	Statistics	Every three years	
	Staff / structure expenses rate	Statistics	Every three years	
Motivation	Satisfaction rate	Working climate survey	Every 18 months	
Skills / competencies	Requested / existing competencies rate	PAMD (planning, analysis and improvement programme for staff performance)	Every two years	
	Compensation / job responsibility rate, within the framework of the compensation overall policy	HAY level	Annual	

KPI	Measurement standard	Measurement method	Updating frequency	Target
Innovation/best practices	R&CC as benchmark/best in class	Awards and prizes, articles published EFQM programme	Annual	
	Productivity	Productivity rate per employee, according to advertising, press, PR and R&CC management	Annual	
Efficiency in the execution of large advertising projects	Project's satisfaction rate	After-project survey	After each case	
	Overall satisfaction rate	Internal survey on customers' satisfaction	Annual	
Efficiency when undertaking press activities	Number of lost opportunities to have articles written	Statistics	Annual	
	Reaction against urgent request and crisis events	Response time statistics	Annual	
	Overall satisfaction rate	Internal survey on customers' satisfaction	Annual	
Information management	Number of press releases sent and co-ordinated press interviews	Statistics	Annual	
	Number of advertising, promotion and PR projects undertaken	Statistics	Annual	
	Number of orders and invoices processed	Statistics	Annual	
Assessment of external need for information about Siemens	Qualitative	Image research (opinion leader segment)	Annual	
	Qualitative	Survey on external customers' satisfaction (Journalists)	Every four years	
Media positioning of SSA and its competitors	IMA and VAP index media portfolio	Management press report	Every two years	
Strategic positioning of competitors' advertising investment	Advertising portfolio	Olivera Bureau Report	Monthly	
Visits to the company's internet portal	Statistics on number of "unique users", most visited sites and length of visit	Comsat Report	Monthly	

Adapted from: Ritter (2003:51-56)

The previous section has provided insight into what KPIs are and how they should be constructed, and examples of corporate communication KPIs were provided. Although the examples differ in operation, it is clear from the above discussion that literature recommends KPIs to be constructed from the vision and strategy phase, and be created within a performance measurement model that measures and monitors this strategy. It is also clear from the above discussion that every organisation should have a unique set of

KPIs that is relevant to their context and vision. It is important to understand that a set of KPIs cannot be prescribed to an organisation, as the process of creating KPIs should align all levels of the organisation. This unity is the reason for why performance measurements are successful. Additionally, it should involve individuals from senior management through to employees on all levels.

4.6   CONCLUSION

Although this chapter is by no means a comprehensive exploration into the field of organisational performance measurement and employee performance appraisal, the content does provide valuable insight into the requirements of a measurement system that measures the effectiveness of the entire organisation's abilities.

Understanding the difference between evaluation and performance measurement, and the way this has always been applied to the communication discipline, is important to this study. The discussion up-and-until now, sheds light on the problems faced by corporate communication and rationalises why frustration exists between CEOs and practitioners. The discussion identifies that when integrating corporate communication's contribution into the performance measurement model of the organisation, synergy is achieved amongst all the divisions of the organisation and corporate communication practitioners are able to 'speak the language of the CEO'.

A conclusion can be made that the evaluation techniques and models identified in Chapter 3, are essential in determining the success of various communication campaigns. However, where the evaluation techniques are narrowly focused on the activities of the campaign, the performance measurement model integrates the efforts of all the departments and provides a holistic picture. If corporate communication departments really wish to illustrate the intangible value they contribute, it must be built into the organisational performance measurement model. This is the reason why communication should be represented at a top management level, to ensure that the communication strategies, target, objectives, activities, KPIs and performance measurements are aligned to those of the organisation.

Furthermore, the discussion surrounding the changing role of performance measurement models, has illustrated the move to include non-financial measures. It is clear from the

various sources consulted that best practice performance measurement models need to be quantitative in nature for comparison and benchmarking purposes. The investigation into various performance measurement models, that capture intangible assets, has provided insight into identifying ways of capturing non-financial measures, and reporting them in quantitative means. It can therefore be concluded that the intangible value created by corporate communication can be captured and reported in quantitative ways.

CHAPTER 5: RESEARCH METHODOLOGY

5.1   INTRODUCTION

The previous chapters have provided considerable information into understanding what corporate communication is and how it has been measured in the past. As seen in Chapter 2, literature claims that corporate communication does have a strategic role to play in an organisational context, and identifies numerous functions and roles that corporate communication should fulfil. Of concern is that corporate communication, practised in industry, does not necessarily mirror literature, and battles to maintain its worth. The explanation for this is provided by numerous academics, claiming that corporate communication, as a function, should be accountable and illustrate its worth, by measuring its performance.

Consequently, Chapter 3 provided ample literature on how to measure corporate communication activities. The chapter clearly demonstrated that most academics have approached the measurement of communication from an evaluation perspective, and that these evaluation models and measurement techniques are adequately comprehensive. However, very little literature indicated how to practically tie the results from these evaluation models back into the quantitative, positivistic organisational performance measurement model, and in so doing, 'make known' corporate communication's value and contribution. Literature that did provide this sort of perspective was not able to capture the intangible value that corporate communication provides to the organisation as a whole. It appears that literature, on corporate communication measurement, tends to view the function as a silo and not as a part of a synergistic whole.

Chapter 4 continued by investigating the possibility of incorporating intangible assets into currently used organisational performance measurement models. These models were then examined and it was concluded that despite these models' ability to measure intangible assets, the identification of communication, its role, significance and purpose as part of the organisation's intangible assets, was deficient.

This gap in literature has strategic implications. From Chapter 1, a conclusion was derived that corporate communication (as a function of the organisation), forms part of the ship's rudder (strategy). In addition, the organisation's performance measurement model / system should measure and monitor this strategy on a continual basis. As determined in the following chapters, simply measuring what and how many activities corporate communication endeavours into will not truly reflect its contributions. The true results of corporate communication's intangible value will only be seen in the organisation's *ability* to communicate as a whole. The necessity to explore how this is being done in practice will provide the insight to determine how communication is best measured practically. It will also offer knowledge into understanding how to accomplish communication measurement with KPIs.

This chapter describes the selection and implications of the research method used to approach industry, in exploring and understanding the possibility of adapting performance measurement models, to capture the intangible nature of corporate communication. In this exploration, the focus of this study has been to produce depth as opposed to breadth, where future studies may test the generality of the concept.

5.2   RESEARCH STRATEGY

Research is the process in which scientific methods are used to expand knowledge in a particular field of study (Welman & Kruger, 2002:2). Sandin and Simolin (2006:2) distinguish between three types of research: exploratory, descriptive and explanatory. Exploratory research is applied when a problem is complex and little knowledge exists to address that area of study. It is typically seen in a pilot study, where the purpose is to collect as much information as possible about a specific subject. This will then generate a basis of understanding for further studies to formulate and test (Patton, 2001:227).

5.2.1   An exploratory study

This study is exploratory in nature, investigating the possibility of developing KPIs for corporate communication, designed to capture intangible contributions quantitatively, and have the ability to slot these KPIs into an organisational performance measurement model. Babbie and Mouton (2002:80) explain that exploratory studies attempt to better understand

a phenomenon and provide a platform for future research. This study's purpose is, firstly, to provide a better understanding of how to measure corporate communication intangibly within an organisational context, and secondly, that the results of this study may hopefully facilitate future research, that can expand on its findings. Babbie and Mouton (2002:80) elaborate that exploratory studies typically review relevant literature and then turn to research, to obtain additional information. The research requires people, who have practical experience of the concept, to be contacted, to search for this value. This study has reviewed literature relating to corporate communication and the measurement thereof, organisational performance measurement models, and KPIs. People with relevant knowledge and experience were then approached to gain a practical understanding of the concepts.

5.2.2 <u>A qualitative inquiry</u>

This study pursued a qualitative inquiry, due to the depth of information required for exploration purposes. This was accomplished by conducting in-depth personal interviews, where the actual meaning of the information obtained, was more valuable than being able to generalise it (Lindlof & Taylor, 2002:18). Embracing an interpretive worldview, as opposed to a realist worldview, this study explored the way that people make sense of their social worlds, as well as the way in which they express these understandings (Davmon & Holloway, 2002:5). This was accomplished by identifying how communication practitioners demonstrate their worth in positivistically dominated measurement environments. This required a degree of phenomenology, where Welman and Kruger (2002:181-182) explain that phenomenologists attempt to experience phenomena as the people involved experience them. The length of the interviews afforded the researcher the opportunity to attempt to understand how these respondents experienced their environments. Rather than subjecting and limiting respondents to a positivistic approach to inquiry, in the form of a quantitative survey, this study wished to preserve and analyse the situation and content, and experience the social action that practitioners go through on a daily basis, by conducting in-depth interviews (Lindlof & Taylor, 2002:18). The qualitative inquiry allowed respondents to speak freely about their experiences and helped identify how performance measurement in general, could be adjusted in the future to facilitate their daily efforts as communicators.

For the above reasons this study chose words over numbers; researcher involvement over mere observation; in-depth understanding over generalisations; and a small-scale study over population representation (Merrigan & Huston, 2004:5-6). Babbie and Mouton (2002:80) explain that a study following a qualitative inquiry will be open and flexible. The design strategy for this study followed an *emergent design*, where the study was open to adapting the instrument of inquiry as understanding deepened and / or situations changed (Patton, 2001:40). The emergent design will be discussed later in this chapter.

5.3   RESEARCH DESIGN

The research design created for this study was based on two components. The first was an exploratory literary review, designed to gain an understanding of the concepts, incorporated in this study. This was conducted in Chapters 2, 3 and 4. The second element consisted of the exploratory qualitative inquiry, approaching experts in industry to gain insight into the way corporate communication is practised and measured in organisations. The categorisation discussed in the subsequent section is adapted from Cooper and Schindler (2003:12-15,146-151) as well as Welman and Kruger (2002:83-94).

5.3.1   <u>Contributing to the body of knowledge with basic research</u>

Research in business is typically conducted to respond to a problem that has been identified by management. This is known as applied research and pure / basic research (Cooper & Schindler, 2003:12-13). Despite the fact that both these categories relate to solving problems, applied research is directed at making immediate managerial decisions, where pure or basic research builds knowledge.

According to Patton (2001:217), applied research may study problems or issues in an attempt to address or solve them. As identified in Chapter 1, there is a work related problem, associated with communication practitioners, who do not measure their performance. Notwithstanding the fact that this study does attempt to address and solve this business problem, it mainly resides as basic research, because it is focused on exploration and the ability to contribute towards the body of knowledge (Patton, 2001:215).

5.3.2   Pursuing an *ex post facto* design

Due to the qualitative nature of this study, it does not contain hypotheses and does not attempt to manipulate and control any variables (Cooper & Schindler, 2003:148). The findings of this study attempt to direct future research to test quantitatively, the results of this study. Consequently, the *ex post facto* design is applied.

5.3.3   Defining the research environment of the study

A characteristic of phenomenological inquiry is that research is conducted in the respondent's natural settings (Davmon & Holloway, 2002:5-6). As a result, the interviews of this study were conducted in the respondents' environments (i.e., such as their offices) for the following reasons:

- Firstly, to make the respondent feel more comfortable and open to relating to the interviewer;
- Secondly, to enable the researcher to gain additional insight into the respondent's environment (Lindlof & Taylor, 2002:121); and,
- Thirdly, for practical and logistical purposes, it made it more convenient for the respondents to avoid spending additional time, travelling to the interview location.

Lindlof and Taylor (2002:82) indicate that *time* can become a limiting factor, in the intensity of information gathered, during an in-depth interview. By minimising the travelling time, more time could be spent on creating rapport with the respondent and gathering detailed information.

5.3.4   Defining the time dimension of the study

Babbie and Mouton (2002:93) explain that exploratory research typically follows a cross-sectional approach, where information is gathered on one occasion and not over an extended period. Typically, longitudinal studies attempt to make comparisons from the information collected over a lengthy period. This study can be termed 'cross-sectional', because it did not follow the longitudinal approach.

5.4   SAMPLING DESIGN

In a qualitative inquiry, the sampling strategy is not based on procedures of random probability, where every element of the population has an equally and independent chance of being selected (Lindlof & Taylor, 2002:122). As a result, qualitative research cannot legitimately be extrapolated to the population, from which they were drawn. Patton (2001:230) explains that *purposeful sampling* centrals around the importance of purposing the inquiry. In other words, researchers rely on their experience, ingenuity, and / or previous research findings to deliberately obtain units of analysis, which will add value to their study and represent the target population (Welman & Kruger, 2002:63). This study's target population was purposed, after investigating the literature, as well as identifying the people who would afford value to the concepts of this study.

5.4.1   <u>Defining the target population of the study</u>

Lindlof and Taylor (2002:121) explain that qualitative interview-based studies recruit persons, based on their value. This is because they have had experience, or possess knowledge and / or expertise, that are important to the research problem (Welman & Kruger, 2002:188-191). The ideal target population for this study would include individuals that contain experience, knowledge and / or expertise of all three underlying constructs namely, corporate communication, performance measurement, and KPIs. Lindlof and Taylor (2002:179) note that these people often share the same activity, status or attribute. In this study's case, it can be argued that there are very few eligible people in South Africa (especially in the IT industry), who meet the requirements of this target population, simply because the rationale of this is study is conceptual. It is estimated that the target population confirming to these requirements, status or attributes, consists of less than 30 individuals, because there are very few people with corporate communication, performance measurement and KPI knowledge.

The limited target population resulted in an extensive literature review, which attempted to generate sufficient information, where limited industry knowledge was available. For this reason, Chapters 2, 3, and 4 are lengthy chapters that attempt to address each construct comprehensively. Additionally, interviews that were done with suitable respondents were extensive and lengthy, in an attempt to draw as much information as possible. Lastly, the target population was grouped into subsections, to represent each of the constructs of the

study. For this reason, the target population of this study centres around corporate communication practitioners, corporate communication consultants, and finally members of management, who are required to implement and manage performance measurement models, and had KPI knowledge.

- The first subpopulation comprising corporate communication practitioners mainly resided in corporate communication departments of organisations. For the purposes of this study, these respondents were required to have senior positions within their communication department (either as managers or executives), to shed light on the strategic influence of corporate communication within their organisation. Initially (due to the topic of this study) only IT organisations were approached. However, the shortage of communication practitioners residing in these organisations opened this subgroup to communication practitioners from organisations in various industries. As a result, four communication practitioners were interviewed from the communication departments of IT organisations, and an additional four were interviewed from organisations in other industries.

- The second subpopulation contained corporate communication consultants. These respondents were approached for their rich experience in providing and measuring various communication services, to numerous organisations. These consultants' clients, varied in industry and size, and often included IT organisations. Their communication services also varied from corporate communication strategies, to campaigns, to media placements and publicity, and lastly, communication research. There were five respondents in this category, who had gained substantial experience in working with organisations that employed performance measurement models and KPIs. These consultancies were in a position to share knowledge about the way they were measured as well as how these organisations measured communication efforts internally.

- The last subpopulation included respondents with performance measurement system and / or KPI experience, knowledge and / or expertise. These respondents were related in their positions representing executives, business managers, or HR managers. Although the majority of the respondents in the previous subgroups had experience and

knowledge regarding KPIs, these respondents were responsible for creating and implementing KPIs. There were two respondents in this category.

5.4.2 Identifying the sampling methods

In qualitative research, there are numerous sampling methods that may be employed simultaneously (Lindlof & Taylor, 2002:124). Consequently, it is acceptable to implement a combination of methods, especially when following an emergent research design (Welman & Kruger, 2002:191). An amalgamation of the sampling methods incorporated in this study, included homogeneous sampling, opportunistic / emergent sampling, snowball sampling, maximum variation sampling, and intensity sampling.

Initially this study made use of *homogeneous samples* of people who worked in, or consulted to, IT organisations as corporate communication practitioners (Patton, 2001:235). The motivation behind using this approach was to obtain in-depth information into the daily activities of corporate communication practitioners in IT organisations, as well as the way performance measurement was conducted. This sampling method was successful in providing for four of the fifteen respondents. Having not gathered enough information to continue with data analysis, an *opportunistic / emergent sampling* method was followed to identify new leads, during the actual fieldwork. Patton (2001:244) explains that this approach takes advantage of the 'unexpected' and allows for a degree of flexibility. This sampling method led to the *snowball sampling* method, otherwise known as chain sampling (Patton, 2001:237).

Snowball sampling acquires respondents from referrals made by already sampled respondents, who are acquainted with individuals who posses the same characteristics, that are of research interest (Lindlof & Taylor, 2002:124). Patton (2001:237) explains that this method proves beneficial in gaining contact to near inaccessible respondents. This proved true, as far as this study was concerned, because referrals from certain respondents persuaded other very busy, time-strapped practitioners to be interviewed. These respondents would not have agreed to participate, if they had directly been approached by the researcher. Lindlof and Taylor (2002:124) explain that these referrals can continue over a series of cycles, where one respondent refers another, and that

respondent refers another *etcetera*. Patton (2001:23), however, warns that following this approach could lead to stale information, as respondents from the same circles of acquaintances are continuously interviewed.

In this study, snowball sampling occurred twice. In the one case, a respondent referred one additional prospect, who then agreed to participate, and was interviewed. In the second case, a respondent referred eight additional leads of which only three agreed to be interviewed. From this latter circle, an additional respondent was referred (forming the second cycle). As only five of the fifteen respondents emerged from the snowball sampling method, a conclusion could be drawn that the respondents were not generic enough to result in stale information, because they represented a variety of subpopulations of the specific target group.

By embracing the opportunistic / emergent and snowball sampling methods, the sample became increasingly heterogeneous with regards to organisational industry focus. Patton (2001:235) explains that *maximum variation sampling* captures and describes central themes that cut across a great deal of variation. In this study's case, respondents were interviewed from a variety of industries, and provided insight into determining whether corporate communication had the same function in all these industries, as well as whether they were measured similarly. According to Patton (2001:235), if any common patterns emerge in the data analysis from this sampling method, these should be of particular interest and value to the research. Patton (2001:235) further elaborates that a small diverse sample (as in the case of this study), typically yields two types of findings. The first is the high-quality, detailed descriptions of each case, which is useful for documenting uniqueness. The second is important shared / similar patterns that cut across the different cases, and derive their significance from having emerged out of heterogeneity (Lindlof & Taylor, 2002:123). For this reason, detailed descriptions of specific cases, such as an executive's perspective, on the role and measurement of corporate communication, in the function of investor relations, provides indispensable depth to the study. Additionally, comparable patterns that emerged in this study's data analysis, may suggest that the results of this study, can be transferred to organisations and corporate communication departments in diverse industries and organisational size.

Despite the numerous sampling methods embraced in this study, the dominant sampling method that was threaded throughout the entire sampling process was *intensity sampling*. According to Patton (2001:234), this technique selects cases that are information rich, because they are intensely valuable in the manifestation of the phenomenon of interest. In this study, respondents were only interviewed if they were intensely experienced or knowledgeable about the constructs of this study. An example from this study's sampling pool is a respondent who have had extensive experience in conducting a communication strategy and campaign, in a large multinational corporation. The communication effort took years to implement, but eventually delivered incredible results to the overall performance of the organisation. The respondent was in a position, to relay the difficulties of implementing a communication effort of this size, in an organisation that had previously not valued communication at all. The respondent was able to recall how accountability had to be proved, by measuring communication results, and feeding the results back into the organisation's performance measurement model. Through following intensity sampling, all the respondents interviewed for this study had rich information and insight that they could provide to this study.

Furthermore, the above sampling methods proved valuable, in providing respondents, who had insight into the measurement of the array of corporate communication functions. Chapter 2 extensively clarified that corporate communication is expected to cover a variety of responsibilities and stakeholder groups in the assortment of communication functions. The respondents interviewed in this study represented these communication functions, and were able to contribute important information about the daily activities and measurements for each of these functions.

5.4.3   Specifying the sample size of the study

Patton (2001:244) explains that no rules exist for determining sample sizes in qualitative inquiry. The sample size is dependant on what the researcher wishes to know; the purpose of the inquiry; the usefulness of the information; the credibility of the information; and what is possible with the available time and resources (Patton, 2001:245). Lindlof and Taylor (2002:129) further clarify that qualitative studies typically do not consider the sample size, until much later in the course of the study, where respondents are sampled until a critical threshold of interpretive competence has been reached. An example of this

nature occurred in the study, when respondents were no longer revealing previously unspecified daily activities of corporate communication practitioners, nor were they disclosing ways of measuring communication any longer. In addition, Lindlof and Taylor (2002:129) explicate that disconfirmation, is another indication of when the threshold is reached. Fortunately, despite the variety of subjects interviewed in the sample of this study, the explanations did not reach a disproportionate, disconfirming stage.

The validity, meaningfulness, and insights generated from a qualitative inquiry have more to do with the information richness than the sample size (Patton, 2001:244). Considering that the ideal target population was considerably small, this study conducted 15 in-depth personal interviews averaging around two hours each. The extensive sources, consulates in the literature review, and the length of the interviews conducted in the research, provided the breadth and depth, needed for this study. The phenomenon, under study, was sufficiently covered in the lengthy interviews, which did not require a larger sample size. Incorporating *thick description* (discussed later in this chapter), accounted for the above-mentioned depth.

5.5   DATA COLLECTION

The data collection method used in this study was *in-depth personal interviews.* In-depth personal interviews are a commonly employed method of data collection for qualitative research, and are known by several names including unstructured / semi-structured interviews, intensive interviews, collaborative interviews, and face-to-face interviews (Babbie & Mouton, 2002:249; Lindlof & Taylor, 2002:4). According to Cooper and Schindler (2003:325) it is a two-way conversation, initiated by an interviewer, to obtain information from a participant. This method encourages participants to share as much information as possible in an unconstrained environment, and resembles a form of conversation that systematically explores topics of interest (Lindlof & Taylor, 2002:4). The researcher provides guidelines by using a set of questions, to promote discussion and elaboration by the participant (Cooper & Schindler, 2003:362). The questions asked may be *structured* (consisting of predetermined choices, called close-ended questions) or *unstructured* (where responses are not limited to choices, called open-ended questions) (Lindlof & Taylor, 2002:178). To achieve detailed information, this study incorporated open-ended questions, and encouraged participants through probing.

Furthermore, the interviews in this study were recorded, by tape recorder, for accuracy purposes. The information, therefore, did not rely on the memory of the researcher. An additional reason for employing this recording method was to enable the interviewer to be in a position to participate appropriately during the entire interview (Lindlof & Taylor, 2002:187). There are a few disadvantages, to using the tape recorder. These are mainly attributed to the uncomfortable and compromised behaviour, which the respondent might adopt, when informed of the recording. (Lindlof & Taylor, 2002:187). These disadvantages can be overcome, by creating rapport with the respondent (Patton, 2001:14).

5.5.1   Motivating the use of personal interviews as a data collection method

The purpose of conducting these interviews was to understand the respondents' perspectives, on the subjects of corporate communication activities, within an organisation, the measurement thereof, and the development of KPIs for communication. Where respondents were knowledgeable on these topics, the personal interviews were able to retrieve the respondents' experiences from the past, to gain expert insight or information that would not have been attainable through observation alone. (Lindlof & Taylor, 2002:4). Known as *empathetic interaction* (Lindlof & Taylor, 2002:4), the researcher in this study fostered trust and understanding with the respondents, who then felt at ease to disclose experiences they have had in being measured.

Considering the characteristics of the target population, the best and appropriate means of obtaining information from the respondents, was in-depth, personal interview. Cooper and Schindler (2003:326) comment that the depth of information and detail gained from this data collection method is far greater than other forms of questioning, especially when limited for time.

5.5.2   Considering the researcher of the study

Only one interviewer was employed to conduct all interviews, due to the intended, required, depth, therefore the author of this study, assumed said role. Babbie and Mouton (2002:273) explain that qualitative inquiries rely heavily on the researcher. They become the important instrument in the research process, that 'gets close to the subject', to gain insight into the respondent's perceptions. Moreover, the interviewer must be disciplined in

knowing when to watch, listen, go with the action, reflect or intervene tactfully (Lindlof & Taylor, 2002:66).

A second reason for utilising one interviewer only, was to assert control over the sampling process. Lindlof and Taylor (2002:126) clarify that this is especially important, in order to manage the snowball sampling process; as it has been known to decrease the quality of the respondents produced. By ensuring that one researcher approved every respondent, the snowball sampling method was managed successfully, and the respondent pool was kept dynamic.

The last reason for persevering with single interviewer status, was attributed to the fact that the questionnaire remained unstructured. This study therefore relied heavily on the interviewer to probe and uncover detailed information. By maintaining one interviewer, the information obtained in terms of depth, became consistent in purpose, especially as the researcher was knowledgeable about how to direct the questions, which would elicit the additional information needed. Lindlof and Taylor (2002:193) also elucidate that *active listening* becomes easier for a researcher who is familiar with previous interviews, and is able to adjust and probe aspects with greater ease.

5.5.3   <u>Examining the interview protocol of the study</u>

As previously mentioned, this study made use of an unstructured questionnaire design. Lindlof and Taylor (2002:195) expound that the format of an unstructured questionnaire normally appears as an *interview guide,* which follows an informal and flexible approach. The interview guide clusters topics and questions in different ways for different respondents, depending on how the conversation evolves during the interview (Lindlof & Taylor, 2002:195). Patton (2001:349) stipulates these topics and issues should be specified as an outline, in advance, and furthermore, the interview guide should not dictate how and when questions should be asked.

In this study, the interview guide consisted of three major themes, including questions related to the organisational performance measurement model; the corporate communication activities and means of measurement; as well as KPIs. The questions

within these themes were expected to evolve, as the respondents' answers unfolded with the conversation (Lindlof & Taylor, 2002:172). This method was adopted, because respondents varied in their experiences and areas of specialities. In addition, Patton (2001:349) motivates that this approach increases the comprehensiveness of the data, and makes data collection somewhat systematic for each respondent. Patton (2001:350) does, on the other hand, warn that this could lead to different responses from different perspectives, thus reducing the comparability of the responses. In this study, however, the three major themes were reinforced, throughout all the interviews (including those with the subpopulations), allowing similarity to be underpinned in the structure of the interviews. The frame for the interview guide is presented in Table 5.1.

Table 5.1: The framework for the interview guide of the study

Theme 1:
Corporate Communication
This theme focused on understanding the corporate communication situation in these organisations. Aspects such as the presence of corporate communication departments, and whether these departments were represented on a strategic, managerial and technical level, were considered. The size and structure of the department, as well as the roles and functions of these departments were investigated. The daily activities conducted by the departments and the practitioners were explored, as well as whether these activities were linked to the strategic goals of the organisation. The corporate communication's intangible value and the role of building and maintaining stakeholder relations were examined, as well as the organisation's ability to communicate.
Theme 2:
Performance Measurement
The second theme related to the way performance was measured on an organisational level, communication departmental level, and individual level. The organisation's approach to research, as well as the organisational performance measurement models, was investigated. Focus was placed on understanding how each of the performance measurement models or systems operated practically, and whether they followed a positivistic process of enquiry. The representation of corporate communication was particularly important, as well as any models or techniques used to measure communication. A major focus, was determining if corporate communication was being measured appropriately.
Theme 3:
Key Performance Indicators
Respondents' familiarity with KPIs was established, especially concerning corporate communication. Where KPIs were known, aspects such as the structure, composition, and link to performance measurement system, were examined. In so doing, understanding into whether KPIs represented quantitative or qualitative aspects, was gathered. Additionally, where applicable, practical examples of communication KPIs were obtained, for all the levels of the organisation.

The above explanation is typical of the *emergent design*, which entails that the entire approach to inquiry is adapted throughout the research process, even to the point of the questionnaire. According to Welman and Kruger (2002:181-192) this happens, because data collecting procedures benefit from data, which has only just emerged during the research process itself. Lindlof and Taylor (2002:172) warn that for various reasons, respondents might not report information accurately. They might inflate their role or minimise it, tell stories from other people's perspectives, ignore or forget certain factors or even chose to lie about certain things. This motivated the incorporation of the emergent design, allowing the interviewer to establish rapport and question the respondent according to the respondent's development. Welman and Kruger (2002:188) refer to this as *spontaneous development*.

Lindlof and Taylor (2002:188-189) mention that it is the researcher's responsibility to put respondents at ease, as early as possible. In this study, rapport was accomplished by initiating 'easy-to-answer' questions (Patton, 2001:351). The questionnaire, therefore, initiated with demographical questions, and continued with difficult questions, as the respondents became more comfortable. In addition, affinity was created at the start of the interview, by assuring the respondent that there were no right or wrong answers. This is typical of a *non-directive questionnaire format,* which avoids pushing the respondent into a direction, that they think the interviewer wishes to hear (Lindlof & Taylor, 2002:196; Welman & Kruger, 2002:187-188). Another technique integrated, for rapport and probing purposes, was the inclusion of sections, where the interviewer entered into *self-disclosure,* questions to encourage the respondent to reveal personal experiences (Lindlof & Taylor, 2002:190). The reactionary chain was facilitated with open-ended questions, which allowed respondents the opportunity to provide their own answers to the questions (Babbie & Mouton, 2002:233). Patton (2001:351) explicates that respondents frequently have aspects / information they might wish to elaborate on or question, and very often, these specific areas, yield rich information. This motivated the study, to incorporate a final or closing question, at the end of the questionnaire, which provided enough time for the respondents, to add anything that they had not mentioned during the interview.

5.6   DATA ANALYSIS

The data analysis phase of research attempts to manage data, reduce it and develop it conceptually. Lindlof and Taylor (2002:211) clarify that there are three major stages, which include the data management, data reduction, and conceptual development phase. During data management, tools are used to categorise, sort or retrieve data. Data reduction then prioritises the 'use-value' of the data, according to emerging schemes of interpretation. The conceptual development grows from an early stage in the project and ultimately shapes the data. The following section discusses the process followed to manage, reduce and conceptualise the data obtained during the interviews.

5.6.1   The data analysis process of the study

An *inductive analysis and creative synthesis* provided the framework for analysis in this study. According to Patton (2002:41), the researcher becomes immersed in the details and specifics of the data, to discover important patterns, themes, and interrelationships. The process begins with the researcher, exploring and then confirming themes, being guided by analytical principles rather than rules, ending up with a creative synthesis (Patton, 2002:42).

Strictly speaking, data analysis initiates with the categorisation by means of a thematic content analysis, however, in order to engage in a critical analysis and to propose instructive communication, extensive data reduction processes had to be followed. This data reduction process is schematically represented in Figure 5.1 and initiates with the first phase of documenting the raw data. This data was acquired from the audio tapes that contained the recorded interviews. These interviews were then precisely transcribed (word-for-word) from audio format into readable Microsoft Office Word documents.

The next phase entailed re-writing each interview into the third person, at which the transcriptions were approximately 20 pages in length. This increased the data's manageability and readability, and contributed towards reducing the data. This process was selected, since the managed data, could still directly be correlated to the raw data, to prove credibility and dependability.

Figure 5.1: The data preparation process of the study
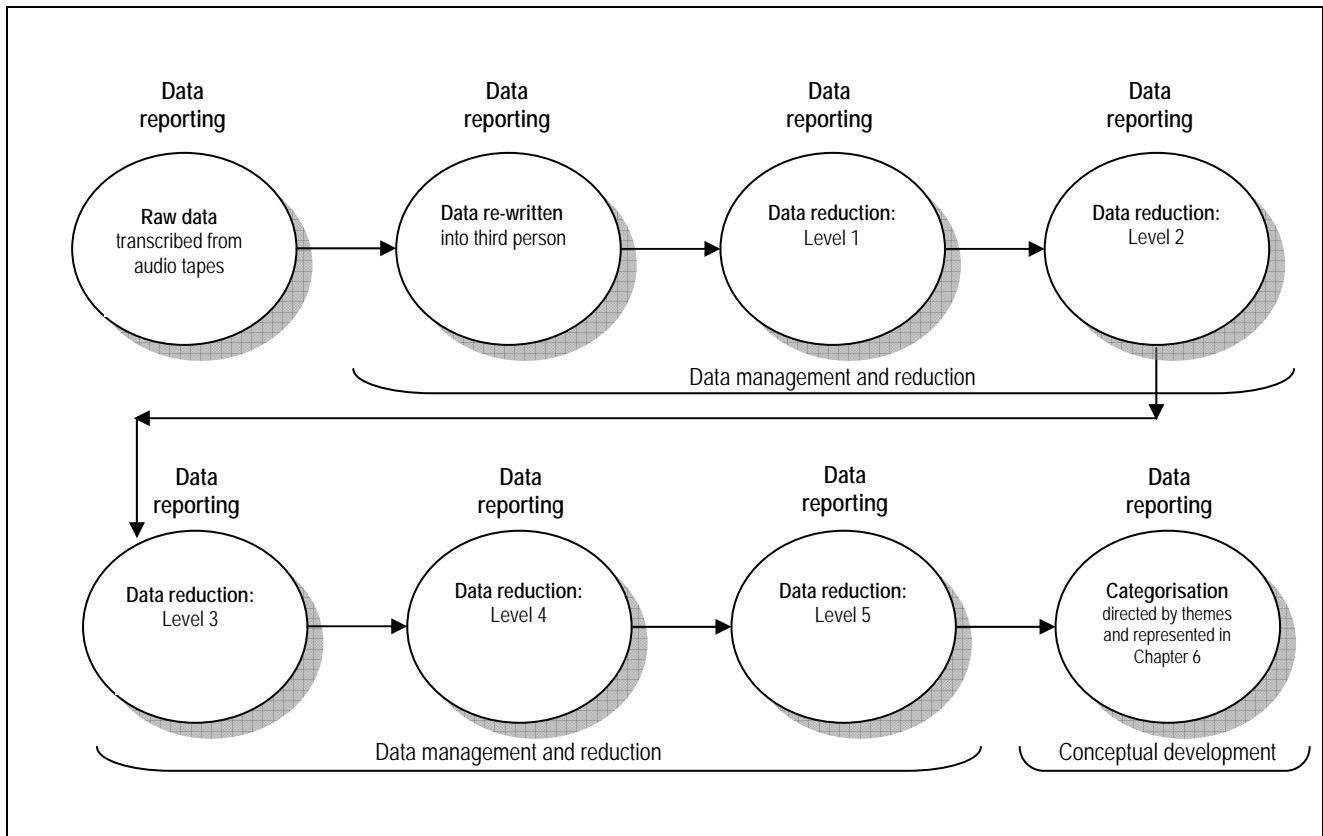
Subsequently a series of data reduction activities followed, while entering what Lindlof and Taylor (2002:214) refer to as the *process of categorisation*. This was done by means of a thematic content analysis, where a unit of data of any length, otherwise known as a 'chunk', is identified as belonging to, representing, or being an example of some general phenomenon (Babbie & Mouton, 2002:272). In this study, the three main themes were derived from the literature review represented in Chapter 2, 3 and 4. Additional themes / categories were induced from the data collected (Lindlof & Taylor, 2002:215). During this phase, themes and sub-themes were identified by re-reading the third person data, as numerously as required. In this study's case, this review / re-reading process occurred several times, as depicted in Figure 5.1, before the data was in a format that could be categorised. These themes were then reviewed and verified, by the supervisor of this study, to confirm credibility and dependability. The data was conceptualised, during this stage, by consolidating the relevant sections of the interviews, into one document, below the relevant theme. Data that did not provide relevance to any theme was excluded. Additionally, data was not considered mutually exclusive, and could have been represented in two or more themes, depending on its relevance (Babbie & Mouton, 2002:272).

The last phase synthesised the data by summarising and condensing the data into an academic report. Once again, this process was lengthy, where the synthesised data were reviewed several times, to ensure that the meaning of the data was unaltered. This summary can be considered a credible representation of the data, because the researcher's subjective interpretations only occurred during the theme identification and reduction phase. The data represented in this report is not subjected to additional analysis, but merely summarised, ensuring that the depth of the information is not lost. This re-conceptualisation is presented in Chapter 6, which reflects the interviews and data collected, in a thematic representation.

As mentioned before, the data analysis process incorporated the use of a thematic content analysis, as the analysis tool. Welman and Kruger (2002:195) clarify that content analyses have been associated with both quantitative and qualitative approaches and been used in communication research for various purposes, mostly concerning the analysis of media material. Content analyses may also be applied in unstructured interviews, in order to report the essence of the contents (Welman & Kruger, 2002:195). Du Plooy (2002:191) notes that this tool analyses repeating patterns of ideas related to the issues of the study. As previously indicated, this study identified the three themes from literature, which were based on the constructs of this study, and focused on understanding**:**

- What the manifestation of corporate communication is, in organisations today (focusing on the functions, roles, activities, value add and structure);

- What methods of organisational performance measurement are being utilised, to measure the organisation, and how does corporate communication integrate with these; and,

- What KPIs are being used for corporate communication, and how they are displayed.

The content analysis was used to identify additional themes as they emerged, placing emphasis on obtaining *thick descriptions*. Babbie and Mouton (2002:272) describe 'thick description' to be a rich, detailed and lengthy description of specifics. The notion is maintained that the more detail that goes into the description, the richer the understanding, and the more value the account holds for the reader. Lindlof and Taylor (2002:16) indicate that thick description has immense contextual significance, which is especially important to

this study, as only the content of the interviews were examined, as opposed to the other aspects of phenomenological studies. This decision is motivated by the purpose of the study, and did not delve into sensitive topics, where non-verbal language, hesitation and other aspects of the respondent, would contribute towards the findings of this study. Interviews were conducted to obtain a deep understanding of the way corporate communication operates, and is measured in organisations, for creating KPIs. This was sufficiently analysed by means of a thematic content analysis.

5.6.2   The use of computer aided software in the study

This study did not make use of content analysis software applications. The manual process did, however, employ Mind Manager 6, to organise the data, according to the themes, in the form of a mind map.   The process was, to transfer the transcribed interviews from Word documents, into visible themes, depicted in the Mind Manager 6 software application. A graphical illustration of this mind map is presented in Figure 5.2.

Figure 5.2: The use of Mind Manager 6 for the manual categorisation of themes
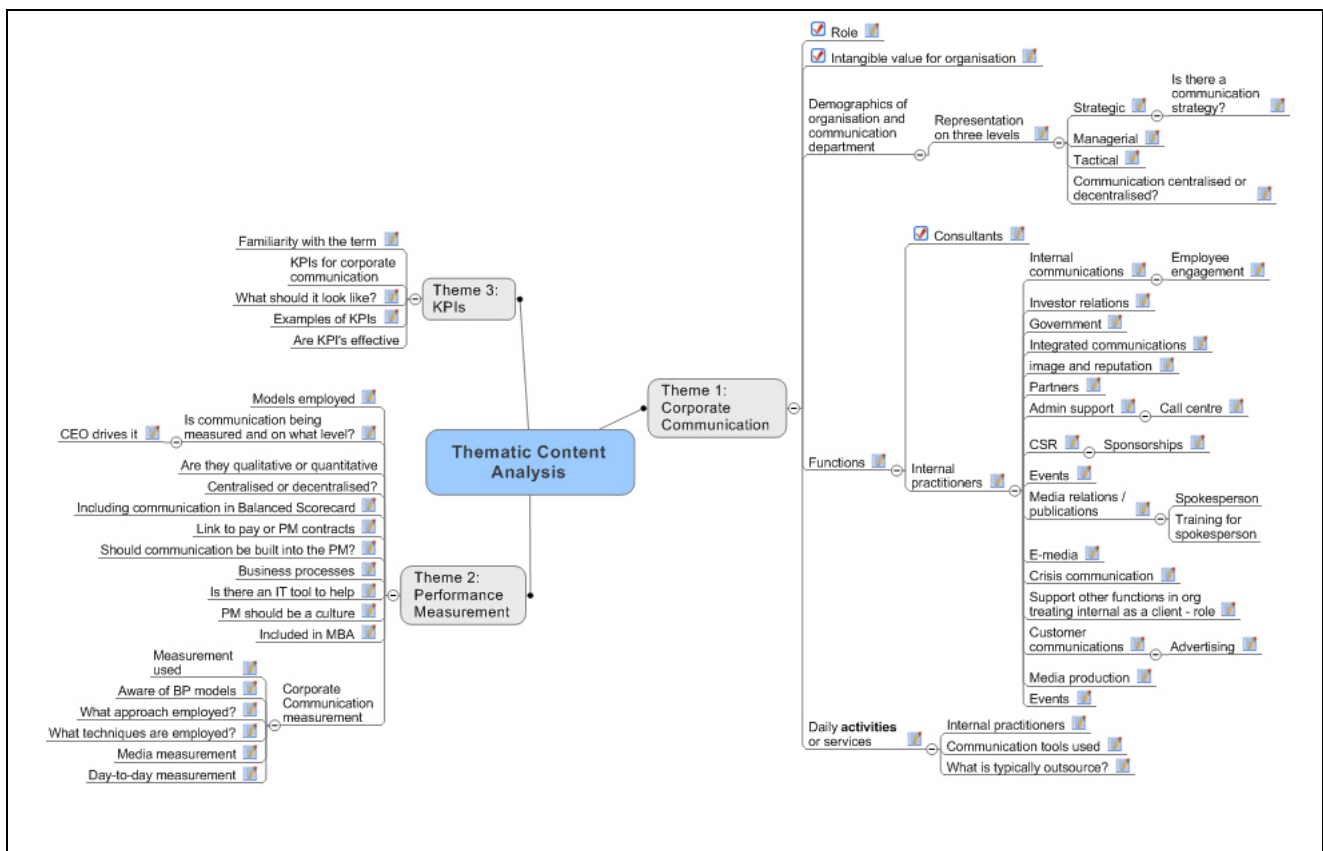
5.7 THE VALIDITY AND RELIABILITY OF THE STUDY

Validity has to do with the *truth value of observations*, in other words, whether the research instrument is being accurately reporting the nature of the object (Davmon & Holloway 2002:89). Reliability has to do with the *consistency of observations* and whether the results can be reproduced consistently, every time it is applied (Davmon & Holloway 2002:80; Lindlof & Taylor, 2002:238). Lindlof and Taylor (2002:239) clarify that validity and reliability, as understood in quantitative research, is not possible with qualitative inquiry, as the questionnaire does not remain the same throughout the entire process. Additionally, the research relies on the interpretivistic assumption of multiple changing realities, not statistical processes.

For the above reasons, Davmon and Holloway (2002:92-95) suggest alternative ways that qualitative inquiries can justify their validity and reliability. According to these authors, validity can be demonstrated, by showing relevance or authenticity and trustworthiness. Therefore, research should be meaningful and useful to the reader who reads it (relevance), and the authenticity is acknowledged when the strategies used, are appropriate for the true reporting of participants' ideas. A study is fair when it helps readers to understand the world of the respondents, and identify how they can improve it (Davmon & Holloway, 2002:94). Additionally, Davmon and Holloway (2002:89-90) consider qualitative studies to be reliable, when an audit trail or decision trail is presented, that documents the decisions and steps, that the researcher took during the project. This allows future researchers the ability to follow the same process, as the original researcher, and helps readers to understand the decisions made. The validity and reliability of this study according to Davmon and Holloway (2002:89-95) is provided throughout this section.

Babbie and Mouton (2002:276-278) reveal an additional means of justifying the qualitative research conducted. These authors explain that qualitative studies need to focus on being objective through credibility, transferability, dependability, and confirmability (Babbie & Mouton, 2002:276). These are applied to this study:

- Credibility asks whether what is being represented, is true and is achieved by obtaining a sufficient sample size, and attaining peer briefing for verification purposes. Due to the small target population, the sample size adequately represented the target population. In addition, data saturation was guaranteed by the prolonged interview engagement, and

the extended literature review provided the credibility. This study then relied on peer debriefing, from colleagues and the supervisor of this study, to review perceptions, insights and analysis, and assist with identifying the phases of the data analysis process.

- Transferability refers to the extent that the findings can be applied to other contexts, or with other respondents. In quantitative research, sampling is based on a statistically representative sample, to account for generality. In qualitative research, this is not possible; however, theoretical ideas may be applied to wider contexts. Littlejohn and Foss (2005:29) refer to this as the comprehensiveness or inclusiveness of the theoretical scope, where the theoretical explanation should go beyond a single instance and cover a range of events. In this study, the length and depth of the interviews, as well as the subpopulations included in the target population, allow for transferability. The *thick description* aids readers, in making judgements about the transferability, and the *purposive sampling* ensured that respondents from different industries were included, to allow similarities in the findings, to be transferred to various organisational contexts other than IT.

- Dependability provides the evidence to illustrate, that if the study were to be repeated with the same respondents, in the same contexts, its findings would be similar. By allowing the supervisor of this study to review the transcribed interviews, and *inquiry audit* was conducted, confirming the dependability of the research.

- Confirmability is the degree to which the findings are the product of focus in the inquiry. A confirmability audit trail should enable conclusions, interpretations and recommendations to be traced to their sources, to see if they are supported by the inquiry. In this study, the confirmability of the study is maintained by the thematic content analysis, where the report can be traced back to the raw data. Furthermore, during each phase of the data analysis process (the data reduction, analysis, reconstruction and synthesis), the supervisor of this study was required to review the data for accuracy and dependability purposes, warranting the entire process as credible and confirmable.

Furthermore, Davmon and Holloway (2002:95-100) make a case for ensuring *quality* in qualitative research. Davmon and Holloway (2002:99) explain that the quality of research is increased, and proves credibility, when the following is conducting:

- Longitudinal research;

- Member checking;

- Peer debriefing;

- The demonstration of an audit trail; and,

- Thick description.

True to the phenomenological approach, the researcher of this gained experience of this subject, by working for a year and a half as a corporate communication practitioner in the IT industry. This experience was obtained prior to the commencement of this study. Although the cross sectional interviews were conducted, the understanding obtained by the researcher during the field experience, increased the quality of the information obtained from the respondents. This was because the researcher was familiar with the topic at hand, and knew how to approach the respondents to encourage in-depth responses. An additional quality check incorporated in this study, was member checking. This was done during the interview by paraphrasing, summarising, and repeating the respondent's comments, to ensure that the researcher verified her understanding of the data. Peer debriefing was then incorporated, to identify inappropriate subjectivity or explanations of data. Furthermore, the research analysis process, depicted graphically in Figure 5.1, as well the contents of this chapter, provide an audit trail of the research process. Finally, the thick description, reflected in Chapter 6, ensures that the responses of the respondents reflect their circumstances.

Qualitative research seeks to produce and demonstrate credible data. The above methods have been integrated into this study, to assist researchers in evaluating the trustworthiness and credibility of this study's interpretations.

5.8   CONCLUSION

After investigating Chapters 2, 3, and 4, it has become evident that a gap in literature exists, in scientifically determining how to measure the performance of corporate communication and communication (in general), in an organisational context, on a daily basis. This chapter describes how this study conducted scientific research, to explore this gap. The chapter functions as an audit trail that illustrates the decisions made with regard to the research strategy, design, sampling methods, data collection, data analysis process, and validity and reliability concerns.

Figure 5.2 provides a summary of the entire chapter and indicates the research strategy, research design, sampling method, data collection, data analysis and results of the findings. The heading of the figure indicates the research strategy of exploratory research and qualitative inquiry.

Figure 5.3: A summation of the research methodology incorporated in this study

Research strategy	Exploratory research conducted with a qualitative phenomological inquiry
Sampling Design	Corporate communication practitioners / Corporate communication consultants / Performance measurement and KPI specialists
Data collection	Emergent Design — Unstructured in-depth personal interview
Data analysis	Data management / Data reduction / Conceptual development
Findings and conclusions	Implications and recommendations discussed in Chapter 7

After discovering that the target population was considerably small, the population was divided into three subpopulations based on the respondents' focus of expertise. This was strategically chosen, after considering the target population, the purpose of this study, and the type of information needed, to achieve this purpose. The data collection method, chosen to obtain data, was by means of an unstructured in-depth personal interview. Fifteen lengthy interviews were conducted, each averaging around two hours. The in-depth interview practised an emergent design, in an attempt to obtain as much in-depth

information for the thematic content analysis as possible. The data analysis process was inductive and incorporated three major phases, data management, data reduction and re-conceptualisation. Incorporating a thematic content analysis allowed the data to be reported without excessive interpretation from the researcher. The reconstructed information from the interviews is reported as Chapter 6 of this document, and the findings and conclusions are elaborated on in Chapter 7 of this study.

CHAPTER 6: DATA REPORTING

6.1   INTRODUCTION

This chapter reports on the information collected during the in-depth interviews. True to the qualitative inquiry, a broad description of each theme is provided, which extends the accounts into various sub-themes that emerged from the data set. Understanding how corporate communication is perceived and measured in industry, is important towards the creation of KPIs for this discipline. In addition, noteworthy comments, about the way the IT industry responds to corporate communication, provides valuable insight into the exploratory nature of this study.

6.2   THEME 1: CORPORATE COMMUNICATION

The first and most prominent theme, evident from the dataset, pertained what respondents understood by corporate communication, and what it symbolised in their situations. Various facets were highlighted in the descriptions of corporate communication, which evolved into sub-themes. The first sub-theme related to the way respondents, and their organisations, perceived the role of corporate communication in their organisation. Descriptions are synthesised to form the various groups within the sub-theme.

6.2.1   The role of corporate communication

This sub-theme is clustered in groups for comprehensibility, although the respondents did not necessarily categorise their views on the roles of corporate communication:

- A role that appeared strongly was the **advisory role**. Here the corporate communication department was described as the organisation's conscience, internally, externally, and amongst key interest groups (including government, environmentalists and other stakeholders). In one case, the label 'devil's advocate' was utilised to describe this role. In a personal experience recalled, conflict arose between the senior management and staff members. Forced to become the 'middle man', this respondent assisted in resolving the conflict by lobbying the different viewpoints. This example correlated with another depiction of the communication practitioners' role, describing it to, "Facilitate the communication between two parties, to make both parties aware of things that might

have been overlooked". Extending this view, another respondent claimed that communication practitioners needed to be, "Emotionally intelligent and in tune with the business and the various environments", to be able to perform the above advisory role. Related to the advisory role, was the function of translating the business strategy to employees, and the corporate messages to other stakeholders, consequently fulfilling a linking role. In so doing, practitioners described themselves as needing to, "Understand and support business objectives and needs" and, "Having the ability to think about the people we are communicating to and be sensitive to them, and then remember how and what we need to say to that group for them to understand". The effectiveness of this linking role calls for a corresponding change in the approach utilised to communicate to different stakeholders. Furthermore, communication practitioners were described as the instrument or telephone between two groups of people, requiring them absorb, understand and convey both points of view.

- Another chief role that appeared evident was the **service provision role**. One respondent explained:

  "You see, I think people miss the purpose, because communication is not supposed to be an activity or a something that communications is supposed to do. They are supposed to assist everybody to be able to communicate. That is their job, and they need to be measured on whether they are actually doing that or not. So they are 100% a support function that provides the support needed to communicate, whether that is through training, or whether that is through tangibles, or managing the processes through which communications takes place".

A similar viewpoint illuminated that other functions should, "Make use of the communication department to assist them to do their job. And it should be written into their performance measurement". Similar descriptions reoccurred, agreeing that the role of internal communication practitioners should be the provision of communication services to the different divisions within the organisation.

- Linked to the above role is the **relationship building and maintenance role**. Deduced from theory, this role was questioned amongst the respondents. The answers varied widely, from acknowledging the relationship-building role with all stakeholders to disagreeing with it totally. Arguing the latter point, a respondent exclaimed:

"Oh please, let us not be that! That is a responsibility that is so big! We have a role to play, but we are not the owners of those relationships. We never can be. Those relationships are owned functionally, we can provide support for those relationships. Some of them we own, media and maybe even employees. Not even government or investors, no".

Another response was, "35 people cannot build and maintain all the relationships for an organisation the size of 6500 people". Expanding this argument also indicated that it is too difficult to build relationships with people that are barely in contact with the practitioners. These respondents declined the relationship-building role, explaining that communication practitioners only connect with stakeholders on a face-to-face level at events, but are not in the position to play golf and drink coffee with the stakeholders.

Referring to the definition of communication, a respondent explained that it is, "The creation of understanding" where corporate communication's role, to create understanding, opens the way to relationships that can be built. Corporate communication, therefore, creates the platform of understanding, and the rest of the organisation becomes responsible for building those relationships. Despite this, the building of internal relationships was repeatedly highlighted, as important for various reasons. A respondent explained that the relationship with finance was for budget purposes, with HR for general employee support, with top management for buy-in and approval, and the IT department for IT support.

Revisiting the support role, explanations were offered that internal relations should be treated like client relationships, where the communication department is the service provider to the rest of the organisation. This mindset was a common theme and practitioners often, interestingly, referred to other employees as clients. A respondent indicated how building relationships with internal employees creates trust. This trust then makes the communication to the employees credible and effective.

Media as a stakeholder group was another relationship identified as being owned by the communication division. An example was given of how a successful relationship with a media partner, resulted in the guaranteed publicity of an article once a month. This window of opportunity was a direct result, of understanding what the media required, in terms of the quality of the articles. Another viewpoint explained that the strength of the relationship with the media should be visible in areas such as journalists contacting the correct spokespeople for information, and their subsequent attendance at events. A

respondent, employed as a communication manager, emphasised the importance of building relationships with the communication practitioners in the department (or in some cases, those spread across the country). Naturally, this would encourage teamwork and co-operation.

The last relationship identified was that of outsourcing companies or suppliers. This relationship is vital, because this stakeholder group must understand the organisation and its positioning, to ensure that services are provided effectively.

- Related to the above perceptions of communication roles, the communication department was responsible for identifying five key leaders from the strategic stakeholders, within the company's business space. A campaign was then developed for each of the designated five people. The company termed this the **influencer role** and the job description included building strong relations with very prominent and high-powered people. A senior manager was assigned to take ownership of one of those relationships. The communication team then identified which communication preferences the targeted person favoured, and furthermore ensured that the communication took place. The respondent recalled a book created to communicate the way the company had helped several underdeveloped communities during the year. Written in story format and containing real life cases, it was sent to an identified key leader, being a minister in parliament. The communication department received a letter from the minister describing how reading the book inspired her. Ultimately, a relationship was fostered with this key leader.

- The last role induced from the data was the **custodian role**, where the communication department was responsible for the organisation's communication. In these cases, respondents explained how the organisation's policy insisted that communication to various stakeholders had to be approved by the communication department, before being disseminated. In some cases, only the communication department was allowed to distribute certain forms of communication, such as company-wide e-mails. Being custodians of communication, the responsibility of each practitioner is to enhance the communication from, to and within the organisation.

6.2.2   The intangible value of corporate communication

The perceptions surrounding the intangible values that the communication department, and practitioners, bring to the organisation lie at the centre to understanding which

components should be measured, when measuring communication. An important premise surrounding this sub-theme is that intangible value / assets only develop over a long period and take a while before they become evident.

- A perception, that leaders do not notice the intangible value of communication until it is absent, was highlighted. Despite this opinion, several respondents identified numerous different forms of intangible value. The communication department's **support function** to the rest of the organisation is a contribution of this nature. According to this notion, the communication department should treat the organisation as a client. One respondent elucidated, "The crux of making sure that your intangible value is captured is by extracting exactly what your client wants, and delivering on that, otherwise your intangible value is misdirected and wasted and you will not see it in the end result". This respondent further explained that standardising the customer experience is what adds value; this is what the communication department should do when supporting the organisation. Painting this picture with an example, another respondent reflected on a communication standardisation project that enhanced the communication in a large division of a company. Intangible value became evident as the communication effort helped to increase employee morale and confidence, ensured that meetings no longer wasted time, disseminated the right messages at the right time, guaranteed that feedback was obtained and reacted upon timeously, which in turn resulted in fewer misunderstandings. Intangible value was summarised as, "Good communication companies are those that believe in it".

- The roles of communication also revealed that another intangible value identified, is the creation of relationships. In this case, the communication department assists the organisation in building and maintaining **relationships** with key stakeholders. As identified by the 'influencer role', strong relationships may have a huge impact on the end goals of a business. Significantly, the intangible value can be traced back to the efforts of the communication department.

- Respondents also indicated that communication's ability to provide **feedback** was another form of intangible value. "We did our homework and we found that people get tired of surveys, and they are sick of filling in forms and never getting feedback". Respondents explained that communication practitioners are the few individuals that understand the value of feedback and should therefore, encourage or provide feedback, whether good or bad, to various stakeholders. An incident was recalled where research

findings had to be reported to a management team. The results were extremely poor and embarrassing and had to be reported to the employees in the presence of management. Although not a pleasant experience, immense value was created through the credibility that management gained, by providing the feedback and acknowledging their failure. The immediate response was a willingness, displayed by employees, to assist management in working through the problems. In another case, feedback aided many issues, including racism. An employee 'Hotline', for anonymous phone calls, created an opportunity to communicate problems. Apparently, it was a very successful exercise; not only was the work climate determined, but fears that employees had about losing their jobs were also brought to the fore. Another respondent indicated the immense value lie behind **listening** to stakeholders, especially when it came to community groups. In this case, the communication department had listened to a particular stakeholder group and relayed that information back to senior management. Management made changes accordingly, that ultimately resulted in obtaining both the satisfaction of the community group as well as avoiding a chaotic situation.

- Although branding could typically be seen as a marketing function, communication practitioners provide intangible value by **building the company brand**. The value of building the company brand was described as, "Ensuring the company has a positive presence in the market", through constant communication in the external environment, (where competition is tough, especially in the IT industry), is where intangible value is contributed. A company must never be 'out-of-sight' and therefore 'out-of-mind'. Another view highlighted the importance of building the brand by consistent, holistic communication. "Good communication in an organisation tends to be far more integrated and focused, whereas if you have bad communication, it tends to fall apart", was also raised. This view also maintained that communication is effective when the message is co-ordinated and reinforced by everyone in the organisation, and no mixed-messages occur.

- The ability to analyse and condense vast amounts information, especially from mass media, is another area where communication provides intangible value. The benefits associated with this value is that it decreases the time that other employees would spend to work through publications that provide them with the information they need to be able to perform their jobs. An example of this **knowledge management** is when practitioners work through newspapers and websites, to filter through important information and assimilate it, into a central hub, where the entire organisation can access it. In some

cases, respondents indicated that they would have to take this a step further than simply disseminating the information; they would actually have to analyse and identify gaps, problems or issues. A communication strategy or plan would then have to be created to close those gaps, and the strategy would have to be implemented. Seeing that these gaps are mostly communication orientated, this area remains a risk to organisations that do not have a communication department to fulfil this task.

- A respondent, with over ten years consulting experience, indicated that a common problem, most organisations face, is caused by **poor communication**. This occurs in organisations ranging from small family-owned businesses to large corporate companies. An effectively operating communication department plays a major role in correcting this problem, and in so doing, offers one of the most important intangible values to the organisation. Poor communication can be resolved by determining communication processes and establishing tools to facilitate communication. A scientific quote (obtained from the International Association of Business Communicators' conference) was provided, stating that a 15% increase, in communication effectiveness, resulted in a 29% increase in the overall effectiveness of the organisation.

- Handling and preparing for **crises** was another major intangible contribution, because corporate communication provides credibility through proactive and reactive communication. Performing anticipatory (proactive) communication over many years makes it much easier for senior management to successfully confront crises on a reactive basis. Pick 'n Pay's food poisoning crisis was recalled as an example, "It was a lot easier for Sean to be good, because Raymond Ackerman had been the master at positioning Pick 'n Pay as 'I care' ... it's a much easier job than if you're trying to do communication for somebody who's said nothing for a long time".

- An interesting area identified as intangible value was highlighted by a respondent that worked in an IT firm. Apparently, one of the senior managers, based in the communication department, in the United Kingdom, was responsible for the **competitive strategy**. If a relative competitive issue arose, this employee would be aware of it and be designated to disseminate information regarding the issue; in some cases, the information would have been presented in person (via video conferencing or event presentations). The information would pertain to what is happening and how to handle it from a best practice point of view. This 'competitive information engine' was on-line 24 hours a day, constantly monitoring the market and the competitor activities. The

intangible value, resulting from this, supported the company vision, of being a leader in the industry. Therefore, by staying alert of competitor initiatives, it is easier to maintain the market leader position.

- Intangible value is also contributed when stakeholders **change behaviour** to such a degree that it is beneficial to the organisation. Understanding the current behaviour (by obtaining feedback), addressing it (through communication), and encouraging a behavioural change (through constant integrated communication) that benefits both parties, is the ultimate value. Emphasis was placed on the fact that behavioural change involves dealing with the complexities of people and therefore takes time to cultivate; no shortcuts, to achieve this value, exist.

Perceptions relating the size of the organisation, or the communication department in relation to corporate communication's effectiveness, also surrounded the intangible value topic. A view was that smaller organisations tended to be extremely reliant on the visions of one or two leaders, who might not be concerned with communication. In that case, communication is not effectively managed. For this reason, the views were that smaller organisations, in general, did not value communication and did not communicate effectively. On the other hand, another view argued that communication tended to be easier in smaller organisations, because there is less structure and red tape, however, it was agreed that standardising the communication became more difficult. An extremely different viewpoint highlighted that the effectiveness of communication is not dependent on company or departmental size, but rather on resources available; the reason being, the organisation could outsource and manage the majority of the communication activities, if the budget allowed. Supporting this statement, another viewpoint indicated that the ability to work electronically has made smaller communication departments a possibility. In spite of this comment, another respondent, representing a large organisation explained, that their department more than doubled in a year, because they were not coping with the workload, despite having outsourced and acquired tools to communicate. The recurring view claimed that larger (especially global) organisations, have the resources to perfect communication, and are often forced to realise the value behind communication due to global competition and legislation.

6.2.3   The strategic, managerial and technical representation

This sub-theme exemplified whether communication functioned at a strategic, managerial or technical level. Necessary insight into determining the way in which communication should ultimately be measured was provided, as each level is responsible for different functions and activities. Respondents based internally in an organisation indicated that these levels were represented in their organisations. Consultants gave insight into the organisations to which they provided services. A forceful theme, emphasised by virtually all the respondents, was that the communication representation largely depended on the buy-in of the CEO, and that it could change when the leadership of the organisation changed. This subjectivity resulted in immense frustration for many of the respondents, and they stressed that MBA students (who often become leaders of these organisations) need to be taught, about the value of, communication in their curriculum.

6.2.3.1   Strategic representation

"There is a very high regard for communications people", was a statement uttered, where respondents mentioned the strategic involvement of corporate communication. Further expostulations were, "The communication department does not reside in HR or Marketing, making it in its own right a whole division that reports directly to the chairman and has representation on the executive board, where it sits on all the board meetings". Where this did occur, following the adjournment of a board meeting (where for argument's sake a new business strategy was developed), the corresponding communication strategy would immediately be developed, based on the corporate strategy. This required the co-operation of the HR, Marketing and Communication directors. At these meetings, the allocation of responsibilities would be decided and each director would return to their department, to ensure that the strategy was implemented. This approach was extremely beneficial in environments that change quickly, as a rigid communication strategy becomes obsolete. For that reason, communication strategies are created, as the business strategies are developed, by the board of directors, in response to the changing macro environment.

Explications were made that the maturity of the organisation plays a major role in whether or not communication is represented on a strategic level. This is especially true when it comes to CSI, which requires the executive leadership team to meet once a month to

determine where money would be invested. This was enforced after many years of, "Throwing away money" had wasted CSI efforts. In these meetings, the communication would be identified and relayed to the communication managers who would then ensure implementation.

There are advantages to having representation on the senior management level. One advantage concerned the provision of feedback. When a communication representative featured on the executive board, it was much easier to provide feedback and to be heard. This was especially significant when the news was not positive. In addition, the internal processes of receiving information for the creation of communication materials were enforced by the communication executive. This had solved many communication difficulties experienced within the organisation. Although the ideal is to have communication representation at top level, the effectiveness of communication would be guaranteed if any senior manager bought into the concept of communication and enforced it. The following case in point was recalled; a HR senior manager had the power, especially through the performance measurement system, to prioritise communication throughout an entire business unit. Although the communication department played no role in this project, the insight of the HR director ensured the necessary buy-in. Whoever led the communication teams significantly influenced the focus of the communication. In other words, a marketing director compelled a 'sales focus' and a financial director drove a 'share focus'.

6.2.3.2 *Managerial representation*

Where the communication department was represented on an executive level, the process of conducting tasks would typically flow from the communication strategy (devised by the communication executive) to the heads of each communication function (the communication managers). They would then develop and manage the implementation of their communication plans. These managers are in other words strategists (in their own right) and people managers, because their jobs entail it. These people were seen as project managers whose expertise, knowledge and experiential ground is founded in communication.

In cases where communication was not represented on a senior management level, the highest representation for communication occurred at a management level. In some views, there were 'blockages' between the two levels. An example was cited where the communication manager had to become, "Red headed and strong-willed" to ensure that communication was considered at a strategic level. A communication manager explained that she had reported to several different directors (including HR, marketing, finance and the CEO) over a period of eight years. This respondent described how the communication budget and resources were a constant predicament, and the value of communication efforts were only realised after it had been removed. Another respondent, also a communication manager, explained how she defended her position for years and fought to gain credibility with senior management. These respondents revealed that only through company crises were they provided the opportunity to illustrate the value of communication. They indicated that communication was something that these companies were forced to do, and instead of embracing it they, "Did it with a grudge". The discerning factor, to take note of here, is that in these situations, the internal communications suffered severely. This often resulted in communication managers either being, "Too scared to make decisions on their own", or never obtained approval, because it either took too long or they seldom received feedback. A consultant recalled how a project for an organisation was blocked by the communication manager's fear of the other managers, and it eventually prohibited them from implementing the communication plan. In these cases, many of the projects entered into by communication managers were not noticed by top management or they were not completed at all.

6.2.3.3   Technical representation

The technical level, known as the tactical level, was described as being 'operations'. This level (often incorporating the services of the communication managers as well) implements the communication plans. The tactical level was considered highly important, especially where the communication department maintained the service provision role to the rest of the organisation. As indicated, this level often incorporated specialists such as graphic designers and journalists; or formed the entry level for future communication managers and executives. Mention was also made to the fact that the tactical level included receptionists and call centres. Where some communication departments created materials in-house, others outsourced these activities and were responsible for briefing and managing the process with the supplier. Outsourced activities included media publicity,

research or environmental scanning (otherwise known as business intelligence), media production, and advertisements. The vital importance of finding a good outsource partner was stressed, but this often proved to be a lengthy time consuming process.

6.2.4 The functions and activities of corporate communication

This sub-theme presents a detailed description of the communication department functions, and the activities that communication practitioners conduct on a day-to-day basis. This information is crucial when daily communication measurement is to be successfully executed. This section is divided into the functions and activities of consultants, and the functions and activities of internal communication practitioners as these differ considerably. An additional reason is that internal communication practitioners, wishing to measure the performance of their partners, must understand what their partners' functions and activities are and how the measurements of these, can incorporate into practitioners' own performance measurements.

6.2.4.1 Communication consultants' functions and activities

- **Communication Research** involves contracting consultants to conduct research on behalf of the communication department or organisation. Activities in this function include determining the research strategy, collecting the data, analysing the data and reporting the findings. Many respondents (including internal practitioners), indicated that recruiting an external consultant for research purposes is advantageous, because of the neutral status and credibility of the consultant. Research is conducted to measure networks, media effectiveness, stakeholder satisfaction, communication climate, trust with supervisors and / or trust with senior management. This may take place over a predetermined period, and make use of 'interventions' and 'dipsticks' to address, monitor, test or adapt communication messages. Interventions are activities addressing problem areas, and could be anything from, "Creating a website, changing your website, throwing out your newsletters, starting a newsletter, optimising your notice board, looking at your meetings, looking at your meetings in this group only, and more". This research also becomes the basis to develop further offerings, such as communication strategies, plans and the implementations thereof.

- **Communication strategies and programmes** are ideas and plans regarding how and what to communicate to whom. Although this function would typically be conducted by an

internal communication practitioner, the indication was clear that clients, who employ these services, do not always have communication departments nor do they actively participate in communication activities. In many cases, the implementation for these plans was provided to organisations (and communication managers) who did not have the resources to implement the plan themselves. When these strategies and plans were to be evaluated, execution thereof hardly ever happened because clients either did not request or budget for it. The types of organisations contracting these services varied in size; however, it did include medium and large organisations.

- **Communication training** is provided to any employees, and the subject may vary from written to oral communication. The following case was cited; research had identified communication training as a necessary intervention in a company. The levels of education of the communication champions (people elected at different levels of the organisation to monitor communication effectiveness), were very low and said champions had to be schooled on how to conduct meetings and maintain effective notice boards.

- **Financial reporting** includes the creation of annual reports, shareholder letters and other forms of financial communication. Approaching this financial communication from a 'marketing' point of view, ensures that the documents look professional, integrated with the company's look and feel, use communication messages wisely, and incorporate graphics and illustrations. This approach utilises tangible communication as a means to sell the organisation to those reading the information. Once again, smaller companies where said to make use of this function.

- **Media production** is the development of the actual media used to communicate in communication programmes. This entailed producing anything from printed media (such as brochures, posters and banners), to electronic media (such as websites), to multi-media (such as corporate videos), and promotional items (such as corporate gifts).

- **Media management**, otherwise known as publicity or PR, involves establishing relations with mass media organisations. The goal is to obtain publicity in various media, including print, radio and electronic. Besides writing for and obtaining publicity, an additional service included media clippings, where various publications were monitored to see if the publicity was achieved. To manage unrealistic expectations, clients are taught to understand the media environment. As an apt example, referral was made to clients being enlightened about the difference between an editorial and an advertorial. The

provision of this service is not always guaranteed, as the relevant control lies with the journalists or media companies. However, an alternate perspective to this statement was proffered. A respondent claimed that virtually all publications could be guaranteed when planning and predicting a clients' media activity over a predetermined period (such as a year), with the help of a comprehensive strategy, process and planning tool. By doing this, two goals are achieved. Firstly, publicity is frequent and closely aligned to the business requirements, and secondly the degree, to which articles are changed, by the journalists, is minimised. The following process for establishing media presence was revealed. The initial stage is approaching the client for detailed business information; then the consultants brainstorm a media strategy based on the client's information; to be followed by the strategy being presented to the client, simultaneously posing seven questions to the client to clarify the purpose of each message:

o Why is the client doing PR? This question identifies the ultimate purpose of the PR. This could vary from increasing sales, educating stakeholders, attracting shareholders or potential employees, to positioning the company.

o Who do they want to reach? This defines the target audiences.

o What outcomes do they seek? This determines a number of media outcomes to be achieved. An example would be to obtain five publications with the Business Day.

o With what messages?

o Over what period of time?

o With what frequency?

o Through which vehicles? This is the method of reaching target audiences (newspapers, magazines or e-media).

o And at what cost? This is often the determining factor for the entire media strategy.

The process then involves mapping the outcomes to a plan and timeline; and finally updating the plan as the outcomes are achieved.

When addressing the target audience, a respondent categorised it into business-to-business (B2B) and business-to-consumer (B2C). In attending to B2B audiences, the respondent described a model called, "Sphere of influence", used to identify important audiences that need to be reached in order to achieve outcomes. The logic behind the model is that Decision-Makers (typically CEOs and MDs) do not have time to read

articles, and therefore articles should appeal to different groupings of people, who influence the Decision-Makers. Illustrated as a diamond shape, the model has a horizontal line running through the middle of the diamond. The bottom tip of the diamond represents a small number of people including peers, competitors, and existing or prospective partners. The area above the tip, and below the horizontal line, represents government, "Who are also an influence sphere, especially in South Africa, because they are a little bit like analysts". These groups are known as the Influencers. According to this respondent, the people residing in the bottom half of the diamond have an enormous impact, because they reach the multitude of Decision Influencers, who are represented in the top half of the diamond, just above the horizontal line. These audiences could be managers, supervisors, personal assistants and more. In the top tip of the diamond, resides the Decision-Makers and there are very few of them. These people experience information overload and need reliable people to influence them. The reliable people are the Decision Influencers who are in turn, influenced by the Influencers (represented in the bottom half of the diamond). Accordingly, the filtering process implies that communication should be targeted at the Influencers and the Decision Influencers, to ultimately reach the Decision-Makers. Another opinion saw the role of media, as communication's largest function, because key stakeholders are reached and influenced by messages in the media. In one case, the media liaison role was so important to the client organisation, that the company employed an on-site service level agreement. In this scenario, the consultant would permanently be contracted to the client organisation and work on the business premises, to ensure that the consultant remains aware of happenings on a daily basis.

6.2.4.2 Internal communication practitioners' functions and activities

Having clarified what services consultants offer to organisations as well as internal communication practitioners, allows the focus of this discussion to investigate the daily duties of the internal practitioners. A considerable amount of attention is awarded this section, because understanding the practitioners' duties forms a crucial basis in determining how their performance as well as the role of communication, in general, should be measured, in an organisation.

The size of the represented communication departments ranged from three to 35 members respectively. These departments were allocated budgets that had to be

managed. There were various terms used as an alternative to corporate communication, although it referred to the same thing. The term 'Corporate Affairs' was used persistently, as an equal substitute to corporate communication, while in actual fact, describing an entire stakeholder communication approach. Another term referring to corporate communication was 'marketing'. This term was continuously used, despite the fact that the full spectrum of the marketing mix (product, price, promotion and distribution) was not represented as the responsibility of the communication department. A perspective on this was; written communication was seen as communication, and marketing was perceived as integrated communication. Another viewpoint argued that the term 'marketing', was applied, because the communication efforts attempt to sell the company and its products to various stakeholders for various reasons. Other organisations combined the two functions into one department and called it the Business Marketing Organisation. This department dealt with the four 'P's' as well as corporate communication functions. Practitioners in this group were called 'audience managers'. Another term proffered to describe a similar set-up, was 'Integrated communication services', where corporate communication and marketing were fused. Despite this collaboration, the department maintained a communication focus, which assisted the flow and integration of messages. This respondent claimed that it was the ideal set-up as marketing (entailing the promotion 'P') then fell under communication.

In cases of large organisations, consisting of many geographically dispersed business units, the communication department resided in head office, and additional practitioners were positioned in each business unit, to ensure that communication flowed through to the regional divisions. The sizes of the organisations varied from 250 to 45 000 employees, and represented the industry categories of IT, petroleum, mining, retail, government services, automobile manufacturing, broadcasting, and franchising. These organisations' communication departments were described as consisting of different sub-divisions or teams, which are responsible for different communication functions:

- **Internal communications** sometimes referred to as employee communications, implies the managing of communication that takes place internally within the organisation. The notion was, "Unless you are going to manage the interpersonal communication that takes place, it is going to be haywire". A respondent referred to this chaos as the "party system" or "broken telephone", when management's messages changed or were

misinterpreted. In one case, the internal communication function was sub-divided, according to the audience and message content.

Group wide communication entails messages sent to all business units comprised in the organisation. The content would mainly be employee related issues, such as benefits, changing product offerings, changing medical schemes or provident funds, and annual results. Communication practitioners are the custodians of this communication, and are required to verify that the messages meet standards concerning accuracy, tone, target audience jargon and adherence to company rules and regulations.

The next level is *interest,* focused where the content of the communication is relevant to a few business units. Communication would be sent directly to those business units or divisions employing the tools used by those audiences. Depending on the message, this information would also be accessible on the Intranet (available to the entire organisation).

The last level of communication is *functional* communication where only a small group of people are affected by the content of the message. Communication practitioners would assist the functional owner of that content with that communication, thus becoming the 'facilitator' and not the 'owner' of that communication. A responsibility of this function would be to enhance communication by collecting information from relevant sections of the business, improving it and then disseminating it to the broader organisation. Further responsibility would be to encourage employees to feel free to express their opinions. A respondent recalled how he had sat in on exit interviews, and was shocked at what people were saying. The respondent explained that employees are often too afraid to tell their bosses what they really think or believe. In addition, corporate environments tend to get bureaucratic and do not encourage *realistic* feedback. This type of feedback encourages the truth regardless of whether it is bad or good. The respondent further clarified that getting the wrong feedback was more destructive than not getting feedback at all.

Another view regarding the internal communication function was that it provides the 'link' to the business units and departments. In this situation, the internal communication activities revolved around the provision of services to the executive board (assisting them with their external and internal communication), and the HR function's communication. The activities also included providing communication for issues and change management, values role-out, company wide e-mails, and company notices. In some cases, the activities even included a language service.

A subject that surfaced during the interviews related to managing diversity (especially in South Africa where there are eleven official languages and numerous cultures and religions). Communication had fostered a culture in their organisation where everyone was respectful of the diversity and capitalised on it. Apparently, the ultimate result of internal communication could be seen in the organisational culture, where effective communication would be embraced. In such a case the use of cross-functional teams were very effective tools, in breaking down communication silos between functions. Two examples were provided:

> "It has been quite a problem where people operate in silos quite a lot here, it is quite sad. More and more, what is happening is when there is a project going on, the project team is made up of cross-departmental individuals, so there is that sharing going on, there is that constant discussion going on. People from different departments have been having an input into the project. So it has been working over the past year. The silos have been coming down".

> "One of decoder projects that came out in the beginning of last year was probably the breakthrough for this organisation, where people had to pull together from all over the organisation to make that project work. And it worked like an absolute bomb. It was so successful. And it was successful because of the co-operation from all the departments or all the teams who were involved in that project team. So people saw the success from this project and started incorporating people from across the organisation. The silos are breaking down, but unfortunately they do exist and it takes a mind shift change to get people away from thinking that".

Working with the HR department often appeared to be problematic, as the distinction between the two functions in practice is not clear. A perception maintained that internal communication was historically owned by HR, and has now shifted to focus on organisational development. "They are not communication experts and need communication's assistance". An example was cited of a certain communication department that had worked exceptionally hard at building a relationship with the HR department, and succeeded, after a long time, to create synergy. A firm warning was furnished about planning and budgeting for internal communication, "Otherwise you end up doing a newsletter only", because very few organisations pay attention to this aspect. A very difficult function to establish is a two-way stream of internal communication, which both pushes information to employees, but at the same time, also requires a factor

where the employees demonstrate a demand to receive information. To complicate this concept, internal communication has to compete with numerous other messages, bombarding employees on a daily basis, which calls for the communication tools to be creatively used, to cut through this clutter. Apart from being creative in disseminating the messages, they also have to ensure that messages are as inclusive as possible, but minimalist in terms of quantity. Furthermore, the concept of internal marketing was also highlighted, where the same messages going to the external stakeholders, were aligned to messages going to the internal stakeholders. This ensures that employees are not the last to receive knowledge about matters concerning their company, by learning of it in the newspapers.

A final matter related to internal communication was the need for organisations to empower their employees to be able to do their daily jobs. Internal communication is said to facilitate this process by 'employee engagement'. This movement maintains that by empowering employees, it encourages them to take responsibility for their own roles and relationships. This is done by equipping employees with skills and support material needed to build a relationship with a stakeholder.

> "If employees are engaged, they will venture, they will talk about the company and support the company, otherwise they are just involved, where they get a salary and that is all".

This employee engagement is driven by understanding, commitment, trust and leverage. Communication's role is to facilitate, with tangible support (such as documentation) as well as intangible support (such as training), the provision of confidence. Another description indicated that, "It's a good term for actually talking to your staff, helping them to understand what's going on, and what their rules are, why they are important, and why, what they do is important". In this way, meaning is provided to the mission and vision statement, because it shows how employees are involved. A respondent described a model they created around employee engagement. It consisted of four quadrants regarding what people and employees want in an organisation. The first quadrant comprised the 'I' factor, the second, the 'us' factor, the third, the 'purpose' factor and the last, the 'growth' factor. By addressing these four areas, engagement occurs. The 'purpose' factor would require organisations to give employees direction, through vehicles such as the vision, and then excite them about the vision. The 'I' factor entails that employees wish to understand exactly what is expected of them, and what

the compensation would be. It also includes the employees' feelings and experiences. The 'growth' factor provides the opportunities and training within the company to grow as individuals. In addition, the "us" factor offers the culture, where employees feel part of a family in a safe working environment (this even includes the look-and-feel of the physical environment). Employee engagement can be measured with an engagement survey, which is often conducted by the HR department.

- **Investor relations** and the activities within this sphere were described as being dependant on the needs of the organisation. In some cases, the organisation was not a listed company and did not have shareholders. In other cases active communication had to be maintained with shareholders at all times. Where the communication department did own the relationship, the target audience included shareholders, institutions, government, as well as the regional, provincial and local municipalities. Messages that had to be delivered revolved around peer group analyses, consistent performance, and the motivation that the company is worth investing in. This communication is especially important in South Africa, where the market is perceived as a higher risk.

  In other cases, communication practitioners did not take ownership of the relationship, but facilitated where necessary. In addition, the communication department managed the financial media, on behalf of the finance or treasury division. In such cases, the financial departments became the communication departments' clients, where the latter received briefs on what was expected of them. When these scenarios exist, the communication practitioners' expertise in this field need not be extensive; however, the basic principles and terminology have to be understood. Obviously, in these situations, the communication practitioners work very closely with the finance team.

- **Government relations** also varied depending on the organisation. In some cases, these relationships belonged to the communication departments, but the communication executives owned them, the reason being that South Africa's legislation regarding Affirmative Action and the Black Economic Empowerment initiatives are strategic issues that have to be communicated to both government and other stakeholders. Where the communication departments were not required to lobby with government, relationships with ports, for imports and exports purposes were established. This communication was labelled as important for suppliers and logistic houses. Another communication activity identified within this function was, once again, to stimulate the conversations between the government and the owners of the relationships. In these cases, the organisations

had regulatory departments that lobbied with the government and ensured that the laws and regulations were adhered to and kept up-to-date.

- **Integrated communications** did not feature as a sub-group or team, within the structure of the communication department, however, the opinion was voiced that this is one of the most critical functions of communication. The goal is to ensure that the whole communication system is integrated. This initiates with the oral network, which is reinforced by using various tools, such as road shows, golf games, print media, electronic media, and social events. All these means of communication should be used together to create impact. Communication practitioners are expected to advise other staff members how to integrate their communication to their stakeholders. Moreover, integrated communication from the whole organisation is just as important. This is done by centralising all the dissemination of all communication to the communication department. Furthermore, standardising certain communication media such as document templates, e-mail signatures, logo's and facsimile cover sheets, provide this integration. In organisations where this approach was not entrenched, messages from different sections of the business were known to be contradictory. Another case was mentioned where an organisation had suffered from a poor reputation and through, "Ensuring that there's one voice to communicate the message and this message is consistent throughout", the reputation improved significantly. A respondent, however, proffered caution that the communication department often operated in the silos. A suggestion was made that by integrating advertising, PR, investor relations, and branding messages, the end result could be a strongly positioned brand.

- **Image and reputation** was considered a strategic function. A respondent recalled how their company had just experienced an image crisis, where stakeholders were confusing the umbrella brand with the brands underneath it. The communication department had to manage this identity crisis strategically, with a series of strong messages (initiating from the internal stakeholders). An interesting concept highlighted in this function was that the communication department was responsible for the look and feel of the company's stores, point-of-sales and promotional displays. This was termed 'merchandising', where the merchandising team physically went to stores to collect and gather information. The information included competitive information (such as shelf space, pricing, packaging, promotions, shelf displays, and messages) to monitor competitor activities.

- **Managing partners and suppliers** as a function, was relevant to the communication departments, where organisations relied heavily on a partner network to survive. This

was especially significant in the IT organisations, where the IT products and solutions were sold through a partner network. This communication function is very important to these organisations, because the partners become the 'face to the clients'. Accordingly, the communication to this group does not necessarily fall into the marketing category, and even though the ownership of the relationship does not lie with the communication department, the support provided to the departments (or channel managers), responsible for the relationship, is very important. One respondent described how an entire IT system was implemented to assist with partner communication. The most common communication tool utilised in this function, is called the Extranet, which is a combination of the internet (for external stakeholders) and the intranet (for internal stakeholders). Another area where the communication department became involved in is in corporate hospitality for these partners.

- **Administrational support** also termed 'admin support group', is a very interesting communication function, identified during the interviews. The practitioners residing in this function provide administrative support to the entire communication function. Activities include typing, posting notice boards, acquiring quotes, arranging purchases, making payments to suppliers, and in certain cases, doing very specific tasks that are related to the nature of the business. In one case, the organisation's receptionists and telephony (switchboard) were part of the communication department, and they fell under this communication function. In another case, the 'admin support staff' was responsible for the corporate site image. They would have to walk around the company premises and examine the physical look and standard of the building. Where there were problems, they were required to report it to the maintenance department, and ensure that the problem was rectified. In organisations where the responsibility of the call centre resided with the communication department, the support team would be responsible for scripting the message, the telephone operators needed to read. The call centre would be kept up to date with new products or services, any problem or issues, and frequently asked questions.

- **Corporate Social Responsibility (CSR)** depicts the organisation's personality as a good social citizen and responsible leader. These messages can be sent by investing socially towards education, skills development and capacity building. The communication executive's strategic decisions can be CSR projects. In this case, the communication team would ensure the management and publicity exposure of the projects. Part of these activities include speech writing, letters to government, organising executive visits and

making sure that briefing documents are prepared correctly. CSR projects were occasionally opened, to all employees, on a voluntary basis. In many cases, project teams (sometimes consisting of cross-functional teams), would be formulated to manage the project, and the project's communication would be handled by the communication department. In some cases, CSR and sponsorships had to be linked. A good example provided, is golf and cricket sponsorships, relating to golf and cricket development programmes in the rural areas. Another example also advised that sponsorships should only be undertaken, if it supported the brand or image of the company. In certain industries such as mining, the CSR component was especially important. The legal mining charter required the company to supply housing to the community, surrounding the mining site. An important factor to consider (especially from a communication's perspective), is the sustainable development of the community, to be able to function, after the mine had been moved.

- **Events** formed another sub-group or function of the communication department. The team is responsible for co-ordinating events, be they internal or large-scale events such as product launches, road shows and annual year-end staff functions. The cut of point to event ownership ensured that the smaller internal events were organised by the division responsible for the event. Importantly, regardless of the event, the event's team had to ensure that the publication team were informed of events taking place, for publicity purposes. At this point practitioners could assist on various levels of communication service support, including a *reporting level* (where publicity is ensured)*, or *support and advice level* (where assistance is provided to the owners of the event)*, or *service provision level* (where the event's team become the owner of the event).

- **Media relations** have two functions that are not mutually exclusive. The first is to build and maintain relations with the media as a stakeholder group. This is complex because the media, as a stakeholder group, are a conduit of the audience trying to be reached. They are the medium *and* they are an audience. What they understand and perceive is what they push out to the public. The second part of the function is to reach external audiences, through the media, by obtaining publicity. It involves getting the message out there. A respondent indicated how difficult this was, because of information overload that audiences experience on a daily basis. Activities in this part of the function included writing news releases, setting up interviews, attending interviews to ensure that things run smoothly, delivering material to the media, briefing the media, organising and managing media launches, handling media queries, ensuring that information publicised

externally, is also publicised internally, while concurrently acting as spokespeople. Regarding spokespeople, only the media relations team or assigned people, who had received media training, were allowed to speak to the media. These people would typically include the CEO, heads of departments, or people who were credible and could face the media, comfortably. A multi-national IT company receives a lot of media attention, and the respondent explained that it had to be managed on a daily basis. They have a matrix of 12 spokespeople who are all experts in their field of business. There are strict rules regarding media interaction, and interviews with these spokespeople can only be arranged via the communication department. Each of the 12 spokespeople is profiled to portray a persona of the company. The CEO, for instance, represents the company's public face. He is portrayed as a responsible citizen, leading a responsible company, who really understands the needs of the country (South Africa). Positioned as visionary, he would typically deal with the 'softer issues', such as skills development, capacity building, education, citizenship initiatives and product launches for the emerging markets. Additionally, the CEO also has a natural strength to talk about business, so he would be used to relay business messages as well. Where messages leaned towards technical aspects, the technical heads were utilised. In this way, different focus areas and personality types were incorporate for different messages. In another case, publications, that did not make use of the mainstream media, were also part of this function's responsibility. This would include customer publications such as magazines, books or coffee-table information booklets. These projects were managed by the media relation's team, but were outsourced to big publication houses, for design and printing. The responsibilities included co-ordinating, project managing, and affirming the correct news was forwarded to the publication houses.

- **E-media** was another unusual function identified in the interviews. This function is responsible for maintaining the internet, extranet and intranet; furthermore, chat rooms and discussion forums are created and maintained. In other cases, the website would also form part of this function, where the communication department re-designs pages that need updating and sent these off to the IT division for uploading. In another case, the look-and-feel as well as website design was also the responsibility of the communication department. This particular communication department's practitioners also had to update and manage the stakeholder databases.

- **Crisis communication** was sometimes referred to as 'external communications', and its concerns are issues. Depending on the industry, respondents indicated that they had

been involved in issues such as bribery and corruption, strikes, environmental damage, security problems, computer viruses or crashes, collapsing share prices, and major employee turnover. A large percentage of the communication, in this function, focuses on media communications and is normally reactive in nature. Where communication was not represented on a strategic level, communication managers became involved strategically. As previously mentioned, respondents indicated how their, "Big break through was the almost downfall of the company". These respondents explained the visibly valued prominence of communication during times of crises. They recalled how the natural reaction of their senior managers was to have 'no comment' or to threaten the media if they went public. The result was a plummeting share price, because, due to lack of communication, stakeholders did not know what was happening. Every speech was scripted for every spokesperson; at every presentation frequently asked questions were written to ensure the staff and senior managers could cope with everything that was thrown at them. Moreover, the team had to ensure that only relevant people were quoted in the media. The positive side to crises is that important people are often profiled in the company (the exact people whom the communication team had been trying to profile). This success was largely dependent on the degree to which communication with the media, prior to the crisis, was proactive.

- **Media production** is the provision of tangible forms of communication. This includes the creation of brochures, posters, white papers, leadership pieces, invitations, letters, speeches, e-mails, invitations, newsletters, briefing documents, magazines, newspapers, books, and in some cases, other marketing materials such as sales packs, corporate gifts and signage. Cases did occur where these tangibles were created in-house. In the quoted case, graphic designers were employed, and the equipment needed to print the material was acquired. A respondent from an IT organisation explained that it made sense to do this, because the pace at which the products were developed, increased the rate of producing communication tangibles. In this case, outsourcing the task did not make financial sense.

6.2.4.3 *Additional daily activities of corporate communication practitioners*

The above functions and activities mostly formed part of the communication department's structure. There were, however, additional activities, performed on a daily basis, that were identified during the interviews. Attention was continuously drawn to the fact that these activities consumed vast amounts of time and this justifies the inclusion of this section in

this chapter. In developing KPIs for corporate communication, that measure intangible contributions, it is important to realise, which activities consume practitioners' time. Insight into this issue, may lead to these activities being altered or minimised in order to achieve ultimate efficiency; otherwise, they need to be included in the performance matrixes, to show where intangible value has been created:

- **Meetings** consumed a colossal portion of the respondents' daily activities. Mention was often made of meetings that could easily take up to three whole days, leaving very little time to attend to performance tasks. The frequency and range of these meetings, which were identified as ways to process information, depended on the reasons as well as the people involved. These types of meetings included structured divisional meetings for all communication employees; formal weekly meetings for the entire communication department (a respondent mentioned that in their case a four hour, compulsory meeting, was at the order of every Monday morning); and informal daily meetings for project management purposes (decided if and when needed). These meetings would take place with, either, other members of the organisation (requesting the assistance of the communication department), or between communication team members to co-ordinate their efforts. In addition, meetings were also conducted with the media or consultants to whom activities where outsourced. A different view on meetings was presented by a communication manager. The communication department had three practitioners, and the entire organisation had been divided into three groups, where each practitioner was assigned responsibility for serving one of those divisions. The practitioners had to attend meetings that occurred in their sections of the business, to identify the type of communication they could offer as assistance to those divisions. These meetings were also assigned and attended to find out what was happening in the rest of the business. Furthermore, these duties were also written into their performance criteria.

- **Environmental scanning** was another day-to-day activity, identified as being of great importance. Called a 'media watch', this activity normally occurs first thing in the morning (in some cases before 09:00) and in this case, media information is summarised and disseminated via tools, such as the daily e-mail newsletter or the intranet. "The important thing is for the communication department to be keeping very closely in touch with what is happening in the organisation, what issues there are and communicating those to [whomever] they should be communicating them to". This activity is normally divided between all the members of the communication department, and one person is responsible for uploading and disseminating the information. Where news is critical, it is

sent via e-mail, SMS or phone to the relevant person. One respondent spoke of a "Hot Line" which was a SMS, sent directly to the senior managers, to notify them of emergencies.

- **Managing people** was another daily activity that emerged strongly. Respondents managed consultants to whom activities are outsourced, employees from the communication department, and employees from the organisation (such as the IT, marketing or HR team). In these cases, practitioners were project managers, and had to perform the daily activities of monitoring and managing the progress of the various projects. When managing consultants, the practitioner would be responsible for providing a detailed brief with objectives, guidelines and standards. Additionally, depending on the outsourced activity, the practitioner would also provide the consultant with information such as the copy for a brochure. Respondents indicated that this formed a major part of their daily activities on all three levels of strategy, management and operations.

- **Obtaining information** was related to the previous activity. The frustration of having to wait for other employees, to provide the information, was a major theme, and proved especially problematic when the other members did not consider their task a priority. In one case, this problem led to the practitioner creating the document, without any input from the other person, then physically going to the person (for whom the information was needed) and threatening to publish the information, as it was written, unless the necessary information was provided immediately. Although effective, this scenario was not conducive. Various similar frustrations were mentioned, in organisations that had not identified communication processes for information retrieval. Unfortunately, a respondent indicated that more than 80% of disseminated information was written, without receiving information from the source. The following quote serves as proof that this was a frequent problem in IT organisations:

> "Yes it's very difficult. It is a challenge for a communicator to create. And the big thing is getting it across to management. The value of being open with you and providing you with information so that you can communicate is essential. It relies heavily on an internal structured approach for it to be successful."

Where obtaining information is supported by leadership, practitioners are fed with information. Although not always perfect, these organisations, at least, make information provision part of a process, where practitioners are given a lead (concise document). This is then transformed into a formal brief (with budget, expectations, deliverables and

post-project evaluation). The next step is the creation of a communication plan with deliverables, and verified by the 'client'.

- **Budget control** was an area important to communication managers and senior managers, because both the timeline and budget are crucial elements that these practitioners, as project managers, are evaluated on. This is extremely complex when dealing with different departmental budgets (which is the case when providing services to another function). Practitioners, also, often need to indicate the ROI. A case was mentioned where an entire week was dedicated to financial admin. Understanding, from a practical point of view what communication practitioners are responsible for, and what they do on a day-to-day basis, has moved the discussion towards identifying the means by which these efforts were measured in their respective environments.

6.3   THEME 2: PERFORMANCE MEASUREMENT MODELS AND SYSTEMS

This theme directly relates to the performance measurement models or systems employed in organisation. Respondents, based internally, gave accounts of the methods they were measured by, while consultants offered insight into the performance measurement systems of the organisations that were provided with services. Discussions are provided, about consultants who employed a specific measurement model to measure their business. This theme is categorised into six sub-themes, focussing on the awareness of the best practice communication evaluation models. The sub-themes are:

- Identifying the organisation's approach to research;
- Identifying the performance measurement models, utilised in the organisations; Investigating how corporate communication is integrated into these models;
- Determining what measurement techniques are used to measure communication; and finally,
- Exploring the association with performance measurement models and reward systems.

6.3.1   Awareness of best practice communication evaluation models

Most respondents explained that they did not actively use any model to evaluate. There was one case, where a model was described for the use of developing communication campaigns. The model graphically resembled the Steyn and Puth (2000:53) communication strategy framework, explained in Chapter 3, but this was referred to as the "Butterfly model". The majority of the respondents were not familiar with the best practice

communication evaluation models. Only one respondent knew of the best practice communication evaluation models and described them to be, "Like Einstein's relativity theory, developed many moons ago, but useful in their contribution". The respondent commended the models for providing theory behind the logic, but explained that the use of the models would depend on circumstances, such as available resources, in terms of budget and people, as well as the literacy levels of the audience. The respondent also indicated that, "One size doesn't fit all" and that the benefits of each model have aided various situations. This respondent further mentioned that the key issue is what happens with the results.

6.3.2   Organisational approach towards research

A common theme among respondents, representing smaller organisations and IT organisations, was that their approach to research could be categorised into either *no research* or *informal research*. Comments elicited that the organisations felt it, "A waste of time"; "That they know it all"; "That they can ask three times and that they'll know it all"; "They guessed it"; "They asked the people that they know and their friends"; and that "There are a lot of organisations that feel the need to measure, but they don't". A respondent indicated that the last notion was common amongst universities. In the consultants' case, where research was not requested by the client, it did not even recommend any research, simply because of a limited budget.

Where the approach to research was one of *evaluation only,* respondents explained that it was executed to prove accountability. A communication manager indicated that research was done simply to:

> "Prove my existence, to prove that I needed to be there. Most of the time, I already knew what the outcome was going to be, because I started picking up on that. But I did it, because it was showed that we were adding value, and to show that, this is what the people are saying".

In other cases similar to this, research was always done at the end of a campaign to determine its success. The survey tool was a quick quantitative questionnaire, containing three questions, and sampled less than 10 participants.

There were also cases that resembled the *scientific management approach,* but they featured in the larger organisations, where research was an outsourced activity. This observation was motivated, in that larger global organisations are often forced to conduct research, because foreign legislation requires a communication audit once a year, to monitor the organisational climate and transparency in financial statements. A specific case indicated that their organisation had been conducting a communication audit successfully for more than four years, and the impact was significant. The importance of conducting research, on a continual basis, was signified. A few cases were also mentioned, where the organisations participate in research conducted by other organisations. One such example is an annual survey called 'Employer of choice', which measures internal climate. Another example was conducting a 'brand audit', which tracks brand awareness amongst the target group, brand preference, understanding of technology, understanding of product design, and whether key messages are being received. From these research results, areas in need of improvement were identified and addressed with strategies and plans. Success is determined the following year when the survey is conducted again. Once again, the results identify areas that need to be maintained or improved.

6.3.3   Types of performance measurement models employed at organisations

In describing the performance measurement models used by the organisations, attributes were allocated to the definition of an effective performance measurement system. The model's sustainability was the most important attribute, as organisations did not wish to invest into something that would become obsolete after a short period. The second attribute was surrounding the ability to measure both quantitatively and qualitatively. Suggestions were put forward that the performance measurement system be quantitative, to highlight the organisation's performance on the profitability of the business, and that qualitative measures be used to determine the quality of the work produced. An example of the qualitative measure would include:

> "Somebody will produce a document and they will give it to one of their peers or a senior person to review. That review process, I would say, is the measurement of the quality".

Furthermore, the performance measurement model should be accepted and used by *everyone* in the organisation. A respondent described their performance measurement

system as a, "Perfectly good system", but it was never used or enforced by the senior managers.

The most cited performance measurement model or system was the Balanced Scorecard. Turning attention towards descriptions of the Balanced Scorecard, its popularity was noted, because of its ability to ensure implementation. Another description was, "It is not this airy fairy model that nobody can actually put into practice". Despite the positive outlook, a contradicting viewpoint described the model as, "A lot of work", and mentioned that smaller organisations did not make use of it, because their measuring systems tended to be informal, and their goals were inclined to be financially based.

Regarding the operations of their Balanced Scorecards, respondents mentioned that their scorecards are tabulated on a continual basis and make use of a simplistic system of colours, to indicate the progress towards the achievement of goals.

> "Red means 'big problem, big problem, big problem, this is not working'. Orange or amber is 'oh this is okay, we're not too phased', and green is 'this is going well we are chilled, so, so happy' ".

The scorecards provided an overview of the entire business and / or department, and were viewable by everyone in public areas, such as the intranet or in cafeterias. In spite of this, one respondent claimed that she had never seen the scorecard and was not sure how it worked.

Respondents continued that on their individual scorecards, the KPIs and PBRs (performance-based reward) are linked to operation plans, and focus on achieving the target areas in the division's Balanced Scorecard. The division's scorecard is designed to achieve the corporate scorecard. An illustration of this was provided, explaining that the company had a KPI, within the Learning and Growth perspective of the Balanced Scorecard, to be 'Employer of choice'. The department most effected by this was the HR department, who then also had 'Employer of choice' as a KPI. With the communication department fulfilling a support function, this KPI was also relevant to the communication department, especially in terms of communication. Many communication practitioners were therefore, linked to this KPI and this was reflected in their performance indicators and

PBR. Additionally, the KPI for the communication practitioner was specific to the role of that practitioner, for example, the internal communication's manager would have a higher weighting and more activities surrounding this KPI, than the publication's manager. Furthermore, the 'Employer of choice' surveys and awards (conducted on an annual basis) would provide the results, to evaluate the individuals and the departments involved.

In another case, the company had implemented the Balanced Scorecard two years ago, and were only achieving success after implementing an electronic system, to aid the process. The respondent explained that the system had made it a lot easier, because without it, "It is just like a poster on the wall, then people don't really take notice". Furthermore, the Balanced Scorecard methodology was embedded in their Performance Discussion management meetings, held on a quarterly basis. In those meetings the four quadrants of the Balanced Scorecard, became the agenda of the meeting, where each department discussed and realigned its activities to the corporate scorecard. In this case, the departmental scorecards kept the same perspectives as the corporate scorecard.

Variations of the Balanced Scorecard were incorporated. One example was the franchise audit (a Balanced Scorecard developed for existing franchisors), that retained the four perspectives, but altered them to suit the franchising focus:

- Financial: Franchisors are concerned with the financial performance of the franchisee, and vice versa.

- Customer: Franchisees are classified as 'customers' of the franchisor. They often make purchases from the franchisor and relationship marketing is important.

- Internal: Internal processes and the standardisation of these processes are critical to the operation of a franchise. The franchisees' business system consists of a formula for internal operations, devised by the franchisor. Adherence to internal performance standards is crucial to the performance of the franchise as an organisation.

- Innovation: This is mostly the responsibility of the franchisor, although franchisee input must be facilitated.

Another company that altered the Balanced Scorecard, managed to embed the concept of measurement into their culture. This was not achieved by changing the perspectives but by enforcing bi-monthly reviews, for every level of the organisation in every department. Before these reviews take place, detailed information is collected from each employee. In

some cases, employees are required to obtain this information from their partners (such as, sales figures for certain products). The collected information is reviewed by the management teams at a large management meeting. This review includes planning, budgeting, reviewing and rewarding. The success of the information collection process is a result of its entrenchment throughout the entire organisation, because it is written into every employee's performance measures and reward structures.

Where the Balanced Scorecard was not successful in sufficiently catering for an organisation's need, the organisation created tailored models. In one example the company had tried both the Excellence Models and the Balanced Scorecard, and explained that, "We've tried to customise it to something that we find applies, or is a lot easier to apply, especially in our industry". Their personalised performance measurement model contains a KPI scorecard initiating with the strategic objectives and ending with individual employee objectives. With an operational focus, the measures are output orientated and take into consideration longer and shorter term areas. Long-term issues include compliance, the legal environment, socio-economic factors and 'regionality' (graphical locations), where short-term areas revolve around everyday activities. The longer-term areas were described as being difficult, but possible to measure with progress benchmarks, public perception, and feedback. Another organisation, also making use of a customised performance measurement system, focused particularly on assessing people. With the notion, "You can't manage what you can't measure", this consultancy attempted to measure everything and everyone with various feedback mechanisms. The model is based on the Managing Director's Master's dissertation, and evaluates employees on a number of criteria. These include their ability to execute clerical and administration duties, ability to manage statistical reports, ability to provide feedback to the client, ability to engage with colleagues, ability to engage with the media, and the ability to understand their client's business. The measurement is done bi-annually by peers, managers and other employees, and is integrated with a reward process.

Another organisation made use of a completely different model that originated in North America, referred to as, "The Drotter model". It is a leadership development tool and contains four perspectives, namely operational, financial, technical, and business. Additional areas appear underneath those four perspectives, termed leadership and

growth, management results, relationship results, and finally innovation and improvement results. The model also has a dashboard (scorecard) and KPIs, which are visually displayed at monthly departmental gatherings.

6.3.4   Representation of communication in the performance measurement models

Communication was not always incorporated in the performance measurement model, but when it was, it was represented in one of three ways. The first was by featuring KPIs in various employees' performance indicators. The second was when communication had been identified as an area in need of improvement. This is where the performance measurement model became the tool used to enforce co-operation. The third was when the communication department was integrated into the performance measurement model, in the same way that other departments, within the organisation, were incorporated. The approach to communication measurement was largely dependent on the leadership style.

According to the first case, communication could become very successful when each person in the organisation is made aware of it. Although extremely difficult to achieve, it was indicated that each employee (including senior managers), should have a communication KPI, related to what they do. Enforcing managers to communicate to their employees (through a formalised system such as meetings), could be an example of a KPI. This status is beneficial, in cases where the manager does not have the natural ability to communicate with employees. Another example is ensuring that employees approach the communication team for assistance in certain communication areas. This is valuable in cases where an employee's writing skills is poor and the employee is required to communicate regularly, in written format, with influential stakeholders.

In the second case where research had indicated that communication was a problem area, communication was built into the performance measurement model, and given a weighting to increase its value. In one case, an organisation allocated an astounding weighting to the communication component in their performance measurement system. Where each component obtained a score, the communication component's mark was to be multiplied by 12 and the rest of the components by two. This meant that even if targets were achieved in the other areas of the business, the total score would be significantly lower,

because the weighting of the communication component was so extremely high. The score determined whether bonuses and increases would be paid out as well as the amount. This project significantly influenced the importance of communication in that organisation, where employee satisfaction improved from 40% to 70% in a year. For the following years, the communication component was not removed, but weighted equally to the rest of the components, to maintain the results. After two years, the satisfaction score still measured as high as 80%. Notable though, was the fact that the managers were also assessed by these weightings.

In the last case, the day-to-day measurement for support functions (such as the communication department) maintained a 'client perspective' where the support function treated the different business units and departments as clients. The performance measurement of these support functions revolved around the service provided to the clients, and the clients evaluated the performance of the communication practitioners. This method worked well from a process point of view as it became clear where practitioners were concentrating their efforts, especially if it was intangible in nature, such as offering advice. For every project or activity that was tangible in nature, there was a quantitative measure called a 'tick sheet'. The client was required to state their level of satisfaction by completing a detailed questionnaire, after each project. The questionnaire included a quantitative scale ranging from 'did not meet requirements', 'met requirements', 'was satisfactory', or 'exceeded requirements'. Aspects such as objective and goal achievement, timeline (deadlines), and budget were listed on this sheet for review. The qualitative measure was done quarterly in the client review meeting. Practitioners updated a client list on a regular basis by the practitioners, and thus, the clients and the communication department knew, which services were provided, at all times. At that meeting the head of communications, all the team leaders, the communication practitioners, and the clients (who service was provided to, in that quarter) came together. The aim of the meeting was to capture the qualitative aspects of the practitioner's service, where the 'tick sheet' was unable to do so. The clients reviewed the practitioners' service, while the practitioners were not allowed to respond to their comments. The divisional communication meeting occurred, just after the client review meeting, and awarded an opportunity to discuss the results, provide feedback and plan for the future. In this forum, questions such as "How do we improve?", "Where are we falling flat?", "Where are we losing focus?", and "Where have we done exceptionally well" were addressed.

Another well-entrenched form of day-to-day measurement concerns events. It normally focuses on determining whether the outcomes of communication events were achieved or not. This is accomplished, by requiring the attendants, to complete evaluation forms at the end of the event. This is ensured, by making the evaluation process the last activity of the event agenda, before the events are adjourned. Prizes are then drawn from the completed evaluation forms and the doors of the venue are not opened, until the prizes are handed out. The information obtained from these evaluation forms, is captured and reviewed during management meetings. This procedure is also directly linked to the performance measurement system, and made policy, to conduct evaluations after each event, regardless of the nature of the event.

Where communication departments were measured with the performance measurement model, respondents indicated that it worked well. They also explained that they were not required to do more or less, than what was written in their performance indicators. This prohibited them from focusing attention in the wrong direction, as well as being misused by other departments.

An interesting concept was presented by a respondent who measures the communication effectiveness between a franchisor and franchisees. In terms of providing supportive franchising, franchisors need to focus on various elements, such as operational support, training support, marketing support, administrational support, and communication support. In each of these elements, points are awarded, which is then used as a benchmark the following year. Communication is measured and monitored in terms of obtaining and maintaining the correct details of the franchisees. Then ensuring that communication takes place (by e-mail, facsimile, or telephone) is the next section where points are awarded. Certain media score higher points than others do. Further points are awarded, if there are additional elements of communication, such as a newsletter. The frequency of the communication is also allocated points. In this way, organisations that do not have communication departments are encouraged to communicate and can, therefore, still measure their communication functions, by following a similar, uncomplicated method of measurement.

Another unusual angle, regarding communication processes, was contributed to this theme. In order for the processes to be measured, a respondent had to map the

communication processes, relating to the company's ISO 9000 compliancy, in a workflow diagram. The respondent claimed that it made a significant difference to think of communication in that way, because each step of the communication process had to be identified and defined. This also assisted in determining measuring criteria for communication, at each step of the process. The suggestion was made that mapping out communication processes and then measuring them accordingly, is an important tool for performance measurement. This is especially significant, if the communication processes occur throughout the entire organisation.

6.3.5 Techniques employed for measuring corporate communication

During conversations, a few examples, regarding the techniques used to measure communication efforts, were mentioned. Even if the organisation's approach to research was not scientific, some respondents still measured certain activities for their own management purposes. A combination of quantitative and qualitative research techniques were employed and a recommendation made that research had to be done before an activity to determine where problems could occur, during the communication efforts to monitor, and afterwards to determine results.

Explanations proffered, revealed that communication managers would look at their package of communication tools, and through measurement decide where the best effects and impacts as opposed to costs were achieved. Costs included real material costs, resources such as people and time, and equipment such as software programmes, photocopier machines etcetera. A different measure was described by a respondent who represented a strategic role within the company. This respondent explained that the ultimate measure was the company's stock price, relative to the inherent value. This reflected the success of the market, the perception in the market, the perception in delivery, and the perception of value (both current and future value). Having reported (to the rest of the board), on marketing and communication for three years, it became evident that the most effective measure was the performance against their peer group analysis, in terms of stock, stock price relative to South African and international prices, to the rest of the industry, and then in some cases, to other industries.

Considering the above measurement scenarios, Table 6.1 provides a list of measurement techniques mentioned by respondents and used to measure the effectiveness of their communication. As these techniques have been discussed in the above conversations, the table is not elaborated on in detail. This list also does not include methods used to measure the media for publicity purposes, as this section is discussed subsequently.

Table 6.1: Measurement techniques used by respondents to measure communication effectiveness

Individual interviews / In-depth interviews	Focus group discussions	Communication audits
Communication champs (employees based at various sites who monitor and provide feedback regarding the communication effectiveness)	Dipsticks (this is a research technique used for specific problem areas to monitor results)	Structured questionnaires (handrolic or electronic)
Telephone interviews	Call centre feedback	Sales measures
Reputation management audits	Post-project evaluation	Internal audits
Webpage analytical data regarding website usage	Perception surveys or audits	Stock price analysis

Considering media measurement, there were various views on measuring publicity as well as determining the value thereof. Apparently, this is one of the easiest measures for communication, which explains why practitioners are keen to make use of it. In addition, its popularity is noteworthy, because of the quantitative representation, creating accountability for communication. However, the fact that the achievement of publicity seldom relied on the efforts of the practitioner, is important. Publicity is often achieved, because of the situation in the publication house, where an available slot, had to be filled, just before the publishing deadline. Apart from this, respondents indicated how they went about measuring their media publicity. The universal method of measuring was with column centimetres, multiplied by the applicable weighting (ranging from 1-5), for the publication type featured. In some cases, this was multiplied by an additional weighting of six, because the impact of publicity (known as PR), is considered higher than advertising. The clippings were done manually, either in-house or by the media consultancy, and were regarded as expensive and labour intensive. An impact analysis was usually conducted by a consultancy, to measure favourability, spread, reach and other variables. Another respondent explained that their monthly media report was a 'running scorecard model', also conducted by the media partners. This indicated the number of media placements

that were received, the tonality, the kind of topics that where covered, the angles, and the ratio of what was provided, by the practitioners, in relation to what was actually printed.

There were respondents who criticised the above methods of media analysis. One argued that they are misleading, because advertising prices can be significantly reduced when bought in bulk, or when negotiated down. The publicity is then calculated at the original price of the advertising, despite the fact that the organisation may receive discounts for their advertising. Another respondent felt very strongly about the true measurement of the value of publicity, and maintained that by effective planning, PR did not have to be given a value in terms of costs or centimetres (in Rand amounts). The intangible value would be visible in outcomes such as employee morale, share price, shortened sales cycles, confident salespeople, stimulated sales pipelines, market awareness, increased needs identification, better quality of partners and employees, as well as better turnover. These statements were based on debates facilitated by PRISA and BizCommunity. Another respondent intimated that their communication team had made the decision not to utilise any media measurement, and to only monitor results in outcomes such as share prices and peer group analysis. The former respondent believed that PR could not be measured in centimetres and presented an argument with the following key reasons:

- PR practitioners need to ask themselves whether they would have advertised in the publications where they obtained publicity, because only a few people actually target the correct publications.

- The concept of cognitive dissonance implies that no amount of PR can undo a negative perception; it can only reinforce feelings, not create new ones.

- That PR affects the business, especially when well managed. An example was provided where a start-up company was acquired for R14 million, within eight months of opening its doors. This was the goal of the company all along, and through correctly positioning it with PR, the goal was achieved.

- The last reason was against the remuneration system to PR consultants. The respondent explained that they determine their fees, based on the client's calculated ROI. This ROI (calculated by measuring column centimetres), was often an inflated figure and normally premeditated, by the consultants themselves. An example where publicity was valued up to R70 thousand, for containing the company logo in a sports

article, was presented. The logo was barely visible, but the calculations included weightings for the publication type, the size of the entire article (even though nothing was mentioned about the organisation), the fact that the logo featured in the picture, and the fact that the picture was in colour. This disproportionate equation did not give justice to a smaller well-written article, focused on building the corporate reputation. For this reason, ROI should be based on outcomes, which is far more effective than on column centimetres.

Finally, only one respondent mentioned that they made use of a media audit, to discover, what the media understood about their company. Information is acquired, regarding who the media perceive the market leaders to be, and what the positioning of each market leader is. This information is then used to create effective messages, that would filter through this media (as a stakeholder group), before it entered the public arena. This aspect was indicated as especially important for the IT industry. A practical example was provided by another respondent, who explained that he hosted a radio talk show, and he was tremendously disappointed with the performance of PR practitioners. According to this respondent, they did not cultivate a relationship with him, but were narrowly concerned about obtaining publicity on his radio show. Not once did they provide him with questions that he might ask during an interview with their clients, neither did they define the objectives of the interview. This left the interviewee vulnerable and unprepared for the interview. Additionally, he claimed that he had never met the practitioners, nor had they ever thanked him afterwards for the coverage.

6.3.6   <u>Rewards and performance measures</u>

Performance assessments occur at pre-determined periods and provide the opportunity to review and rate the employees' performance. Issues, areas of improvement, and areas of success are highlighted during these meetings. The manager and the employee revise what needs to be done, how it needs to be done (by placing a standard against it), whether it was achieved, and whether more was done than required of the employee. Depending on how the employees achieved their KPIs, their rewards are calculated accordingly.

Concerning rewards and motivation, mention was made several times that the assessment should be linked to the remuneration. Responsible for performance measurement, a

respondent explained, "I cannot emphasise it enough. It is the only way that you will have success with it". Another said, "You know people are driven by money. This whole organisation is driven on their bonuses". This strongly indicates performance measurement models are credible when linked to compensation. In another case, attention was drawn to the fact that despite having a performance measurement system, which was linked to payment, the company in question did not disburse the bonuses, which immediately discredited the entire system and made it worthless.

An alternative to providing monitory rewards was an informal psychological reward system. An example of this is where an employee worked long hours, to ensure that certain outcomes where achieved. The employee would then be rewarded with time off or some other incentive. Accordingly, time is one of the most convenient rewards to dispense, because there is no paper work involved and it is appreciated by the receiver. Caution was however issued, not to abuse this privilege, as it would lose its effect. Additionally, another form of recognition appeared in the form of accolades at departmental meetings, where this verbal acknowledgment, awarded to someone who had performed particularly well, was documented in the minutes.

6.4   THEME 3: KEY PERFORMANCE INDICATORS

The last theme that emerged from the data pertained to KPIs. This theme focuses on the way KPIs are produced and employed. Furthermore, because most of the respondents were either aware of or knowledgeable about KPIs, they could supply the necessary examples.

6.4.1   The construction of Key Performance Indicators

From the respondents' descriptions, it became clear that KPIs are used differently in every organisation, and depend largely on the performance measurement systems as well as the leadership style of the organisation. KPIs are mostly outcome based and can be quantitative and / or qualitative in nature. Advice was proffered, that KPIs remain quantitative, especially in the business environment, for measurability purposes. In addition, another respondent also recommended not using the formula of inputs over outputs, when determining KPIs, especially on a strategic level, because the complexity of inputs, needed to ensure an outcome, becomes too difficult to track. An example of this

respondent's strategic KPI, on an executive level, was to ensure that the company had all its mining licenses. This was constituted as a qualitative KPI, because it would require a series of inputs, to achieve the outcome. Attention was therefore awarded to outcomes and not the importance of the inputs. The respondent equated this concept to a sales person. The outcome is to achieve a sale, regardless of the inputs, required to obtain the sale. However, in certain cases, where the process of achieving the sale is ineffective, the KPI would be constructed around streamlining the sales process, or providing the sales person with additional tools, to enhance performance. Another case also made mention of tools, and indicated that the set of KPIs (for the position of internal communication manager), described what needed to be done and how. Failure to achieve those results, led to an investigation into, either the tools made available to perform the tasks, or the skills of the employee, able to perform the tasks. Depending on the result, new KPIs would be constructed to address the problem, such as going on training, or making use of alternative tools.

KPIs are based on an employee's job specification or job description. It describers what the employee should be doing, and how the employee is performing, within that particular role. An important difference between targets and KPIs are that targets indicate the ideal or what would liked to be achieved, while KPIs indicate what has to be achieved. Additionally, KPIs are the indicators that rewards are calculated on. It is a standard and describes what is expected from each employee, team, department or division. Several respondents indicated that they were not required to do anything more or less, than what was written in their KPIs. Furthermore, benchmarking is critical for the measurement of KPIs. It should allow for comparisons against the previous year's performance, against best practice as well as industry performance. An example of KPIs, where comparisons against best practice and industry performance are evident, is the 'Employer of Choice' annual survey, where many organisations are entered into and compared to each other.

From an executive perspective, the KPI has tended towards the qualitative plane, and represented the division or department's KPIs. These could be gradually broken down into quantitative KPIs and allocated to the employees in the department. This is because their KPIs have an operational focus. In other words, the KPIs from the organisation are broken down and represented in the division's or department's KPIs, where it becomes the

responsibility of the executive of that department. Next, these KPIs are further broken down and owned by each manager and employee in the department. This ensures that there is strategic alignment and no duplication of tasks. The senior managers develop KPIs for the organisation, and then converse with their management teams, to develop KPIs for the department and each manager. After this step, the managers meet with employees and determine their individual KPIs (based on the objectives of the department and their individual focus area). The KPIs are sometimes broken down into months, weeks or days, depending on the situation, and this entire reviewing process, occurs over a long period. By following this method, valued aspects of the organisation, could be entrenched throughout the whole organisation. As an example, the strategic issue was to become the employer of the year. This was a similar corporate KPI to the 'Employer of Choice', mentioned earlier in this chapter. The respondent described that this KPI was driven into every employee's KPIs, making everyone intensely aware of the issue, and motivating employees to contribute to this KPI. Although this concept seems flawless, another respondent cautioned that as soon as an indicator becomes foreign to employees, they become scared of it and then opt to rather lose that percentage of the reward (bonus / pay), and ensure that every other KPI is performed successfully. For this reason, employees need to understand what is required of them in their KPIs. If it entails unfamiliar aspects, thorough training, linked to sufficient compensation for their effort, should be provided. A case in point was mentioned, where Engineers were forced to have a communication related KPI. They chose to ignore it, because the contribution towards their bonus was only 2%, and they did not judge this reward, worth the extra effort. The notion was that they were Engineers and not Communicators, and therefore did not deem the exercise to be of any value.

Each KPI should be measurable and this measurement can take place on a quantitative or qualitative basis. More often than not, the quantitative measures are concerned with measuring outputs, while outcomes are measured qualitatively. Attention was drawn to the fact that performance review questionnaires contained both a quantitative section with KPIs, as well as a qualitative section. The qualitative section provided opportunity for comments, made during the performance review meeting, and focuses on behaviour, attitude and skills. Another example of measuring an outcome would be to perform an in-depth interview, to discover if a relationship has fostered with a specific stakeholder group.

The important thing is that the KPIs should assess, which factors contributed to the performance of the organisation as a whole.

A further characteristic of KPIs is that they are supposed to challenge individuals. Flexibility is built into the KPIs, to allow the employee to grow and avoid frustration from being rigidly constrained. A respondent explained that a:

> "Bright guy got a performance appraisal of 65% for all the years that he worked at a company, because that was the standard; that was the mean. That was the same [reason why] I left my previous company".

By creating opportunity to grow and rewarding the growth, employee stagnation and boredom, can be avoided.

The scoring of each KPI is weighted according to its relevance and importance in the specific category. The weighting is normally kept between 1–10. For example, an internal communication manager's KPI for employee education (derived from the departmental KPI of employee engagement), will far outweigh a KPI for assisting marketing managers with client education. Operationally, the activities of sharing knowledge to employees through newsletters, intranet and other media, will weigh more than the activities conducted in creating a client brochure. Clarification was provided, explaining that the KPI of employee education, received a rating of four (out of 16), which was the highest weightings of the five KPIs.

6.4.2   Examples of Key Performance Indicators

During the interviews, respondents mentioned various KPIs, that were either applicable to their organisation, department, or themselves. In some cases, KPIs that should become applicable were also suggested. With the focus on communication, the following section presents a synopsis of the KPIs mentioned for organisations (senior managers), departments (managers), and individuals (employees). Where these KPIs were provided, they are displayed within quotation marks. Where the KPIs were not proffered but explained, these are also included and displayed below without quotation marks.

6.4.2.1 Organisational Key Performance Indicators

- "To be 'The employer of choice'."

- "An initial KPI was to identify a suitable target market. The result was that we started with 19 institutions on our register, we now have 385 in North America alone."

- "A KPI was to identify the communication systems for the entire organisation. This would include: how would it report to head office, how would it facilitate communication and how would it facilitate the actual running of the business, including everything from ordering the stock to selling it?"

- The KPI should be creating business processes that allow for information to flow, that allow for communication to get the information that they need, so that they are able to communicate it to whoever they need to communicate it to.

- "If you are just communicating, because you have to communicate, you are not giving yourself a [value. You] have got no way of measuring it, you have no way of knowing whether you are being effective, and you've got no way of knowing where you are sitting at, because you do not have a KPI saying 'What are we doing around communication and what we are supposed to be doing?'."

- "They [employees] must make use of the communication department to assist them to do their job. And it should be written into their performance measurement."

- Conduct a communication audit once a year measuring trust, image, reputation, communication effectiveness.

6.4.2.2 Departmental Key Performance Indicators

- "Improve the quality of interpersonal communication."

- In one case, a consultancy insisted that an organisation develop KPIs for their communication practitioners, because they were not building relations with the media. Their KPIs entailed spending time with the journalists, to compiling a minimum amount of articles and news releases in a pre-determined period, and attending a minimum amount of media interventions. The results of these KPIs were measured with ROI figures, derived from media calculations, and these figures improved from a 20% to a 150% ROI, on media.

- Provide feedback after research activities have been done, and specify a period that the research will be taking place. An example that a respondent quoted was, " 'For the next 6 months we are going to work on improving the trust levels in this organisation, and we are going to do this and that'. And after 6 months, you tell them, 'You know, 6 months ago, when we started, this is where we were and we measured it, and this is where we are now, and this is the end of the project' ".

- "Effective budget control has become more and more important on KPI measures."

- The manager is responsible for client and budget management. "Within that KPI, there are two or more specific things such as, the marketing budget will not overstep a certain range for the year, and then the manager is measured on whether this was achieved not."

- "If the manager is not communicating well to his staff, then he would get a KPI that he must meet with his staff and cover the following sections every week - to encourage information flow from his higher meetings. Then it is a formal process, which must take place because it affects his performance criteria, and then the employees should be allowed to have input into that process as well."

- Create an understanding of what the business is striving for, and what the strategic intent is.

- Plan and manage employees' career paths.

- Ensure that administration is up-to-date and can be executed effectively through information systems and control.

- Ensure employees attend communication skills training programmes and received manuals that are regularly updated.

- Ensure that all communication material created follows the predetermined corporate standards and includes intellectual property rights such as trademarks and copyright.

6.4.2.3 Individual Key Performance Indicators

- "Proactively find opportunities to create awareness and education across the entire organisation around the IT Solutions [products]. Use existing and new communications vehicles to execute."

- "Become familiar with the various knowledge management tools (communities, portals and other collaboration / communication activities) to ensure consistent communication happens with all stakeholders."

- "Publish community satisfaction surveys for each division in order to gather feedback on the effectiveness of each. Incorporate the results and feedback for improvement into the plans."

- "Create comprehensive [communication] plans for each community (keeping in mind that communities are not homogenous and have multiple stakeholder types) with the following objectives:

  o Tailoring and improving communication based on stakeholder requirements;

  o Improving community portal usage (more users and increased usage by existing users) by tracking usage statistics;

  o Creating platforms for regular community- based interaction;

  o Increasing participation in community-based activities;

  o Improving the quality of content on and structure of communities."

- "Create regular community-based newsletters targeted at driving and improving community usage. Work with global and regional Solution leads [managers] to gather relevant, timely content. Newsletters to be distributed electronically."

- "Assist Marketing Managers in gathering and publishing sanitised solution-based materials to the Solutions pages [product pages] on the intranet, assuming that many of these materials are generated by the community."

- "Implement cross-linkage between communities and portals [intranets] to ensure ease of access to information."

- "Work with IT to gather statistics on the use of intranet pages and measure on a monthly basis. Make recommendations to improve use based on results."

- "Create understanding in the organisation."

- Assist in developing the branding strategy.

- Assist with the development of the annual report.

- Direct publicity towards a lead generation purpose.

- Develop 10 new releases every month.

- Ensure strong media relations measurable by the journalists contacting the correct people for information, and the journalists attending the events they were invited to.

- "Every person in an organisation is a brand ambassador, and as such has to take all the responsibility for doing so. They need to be measured on the push information flow and what they are pushing at us. They have indicators that when you launch your product, or even before launching a product, then this is the information that you are supposed to communicate, so many days before and it needs to go there, there and there. A service centre agent has another form of responsibility of being a brand ambassador. A switchboard would be a different form. Financial people have a number of suppliers and clients that they deal with. And the impact that it has on your brand is massive."

6.5   CONCLUSION

This chapter provided insight into the way in which organisations currently measure themselves, along with their communication departments. Surprising to note, was the depth, at which communication is embraced, in these South African organisations. It is clear that some of them have come to realise the importance of incorporating communication measurement into the performance measurement system. A respondent indicated that the corporate communication industry is still very young (around 10 years old), which signifies the growth that has taken place in organisational maturity, regarding this issue.

In addition, for practical purposes, this study's exploration has identified several facets that organisations have incorporated into the measurement of communication. Each organisation has customised the communication role, to suit their circumstances and created KPIs to support these customisations. By incorporating new concepts into the definition of corporate communication, organisations have illustrated how adaptive and creative they have become, in ensuring that communication does make a difference. Concepts such as the use of technology, adopting a service provision role, acquiring an administrative support function to facilitate the communication team, incorporating communication on a strategic level, and making communication the custodian of the site image and telephony, are just a few of these examples. Additionally, senior level buy-in

has significantly changed the tune of corporate communication practitioners, failing to prove their worth. It is evident that performance measurement system is a tool used to accomplish buy-in for the softer issues.

Despite this growth, it is still evident that many organisations (especially smaller and IT organisations) have a long way to go. As indicated, the leaders and entrepreneurs of this country need to be schooled (in qualifications such as MBAs), that softer issues are not less important that the other issues. Furthermore, softer issues can be creatively measured and incorporated to confirm to the quantitative dominance of the scientific inquiry.

As one respondent stated:

"It's proving its worth here, thank heavens, but it is never a done deal, and maybe somewhere somebody must say that! It is never a done deal. In other words, there is no room for complacency in championing the role of communications. You actually need people to do it constantly".

CHAPTER 7: FINDINGS AND CONCLUSION

7.1   INTRODUCTION

Throughout this study, the Process of Inquiry has been described as a systematic study of experience that leads to understanding and knowledge (Littlejohn & Foss, 2005:4-5). Furthermore, this knowledge and understanding is acquired through an objective quantitative process in the organisational domain, otherwise known as the Scientific Scholarship, and in the communication domain, by means of individual subjective responses, referred to as the Humanistic Scholarship (Littlejohn & Foss, 2005:7-8). These two approaches, as previously explained, are in conflict with each other, and as a result, the corporate communication discipline, has been subjected to the challenges mentioned in Chapter 2. In an attempt to address some of these challenges, authors have addressed certain areas, which include helping communication practitioner's to develop communication strategies, as well as identifying various ways in which to measure their communication efforts. Nonetheless, the research conducted in this study, continues to reflect that these challenges still exist in practice, while the literature attempting to create synergy between the two approaches, in an organisational context, is limited.

In an attempt to uncover these challenges, the problem statement in Chapter 1 describes that the purpose of this study, is to explore how performance measurement tools, in the form of KPIs, can be developed for corporate communication, in order to align its strategic significance with the rest of the organisation. Additionally, these tools have to be able to capture the intangible value created by corporate communication quantitatively, and in so doing, still represent the tacit contributions of the discipline. The IT industry was selected due to its negative reputation (Melendez, 2004:05), which might be addressed by effective communication. To focus on the problem statement, this study extensively explored literature and turned to industry as well, to discover how this could be done.

To initiate the findings of this study, it is imperative to understand what the purpose of corporate communication is in an organisation, before determining the measurement thereof. Without understanding 'what' to measure, the 'how' will not become perceptible and measurement efforts will be wasted.

7.2 REVISITING CORPORATE COMMUNICATION

From the previous chapters important similarities have been established, between what theory perceives corporate communication to be, and what industry perceives corporate communication to be. Despite this, small but vital gaps do exist, between the ideals of theory and the ideals of industry. These vague differences could be an additional reason why corporate communication has struggled with the identity crisis mentioned in Chapter 2 (Hutton *et al.,* 2001:248; Steyn & Bütschi, 2004:5; Steyn & Puth, 2000:3). For measurement purposes, this difference in focus implies, that because the 'what' has remained uncertain, the 'how' has naturally been difficult to determine. This clarifies why there has been such a struggle in understanding how to measure corporate communication. Pinpointing some of the gaps is deemed necessary, before the process of determining corporate communication measurement, can take place.

7.2.1 <u>Defining the purpose of corporate communication</u>

Returning to the definition of communication, theory states that it is the exchange of meaning between a sender and receiver, which may produce feedback (Argenti, 1998:3; O'Rourke IV, 2004:22; Steyn & Bütschi, 2004:3). In an organisational context, this transactional process occurs at various levels in an organisation, including the intrapersonal, interpersonal, organisational, as well as a mass or public level, and it takes place between numerous stakeholders (O'Rourke IV, 2004:24-25). Literature expands that the sharing of meaning should ideally occur in the form of two-way symmetrical communication, where both the organisation and stakeholders are in a position to send and receive information equally (Grunig & Grunig, 2001:14).

Moving to the definition of corporate communication, theory clearly indicates that the discipline cannot be equated to marketing. This is because marketing is concerned with sending and receiving messages to only one stakeholder group, namely customers, and furthermore, it is concerned with areas broader than communication, such as product designs, the price of the product, and the distribution of the product (Du Plessis *et al.*, 2003:3; Marx *et al.,* 1998:514). Literature does equate corporate communication to PR but prefers the term corporate communication, due to the stereotyped association with the expression PR (Argenti, 1998:47; Hutton *et al.,* 2001:248; Steyn & Puth, 2000:2-3). Lastly, literature defines corporate communication as being the management function of strategic

mutually beneficial relationships, between an organisation and all the stakeholders on whom its success or failure depends (Marx *et al.,* 1998:4; Rensburg & Ferreira, 2004:11; Sandin & Simolin, 2006:6). To summarise, the essence of literature's understanding, is that corporate communication is seen to manage the exchange of meaning, between the organisation and all its stakeholders.

Turning to the ideas of industry, communication was defined as 'creating understanding'. Although confusion existed in the actual term, corporate communication was clearly described as being the custodian of communication between an organisation and its stakeholders. In being the custodian, it was understood that the corporate communication department was responsible for the 'ownership' of *certain* areas of communication, while it supported the rest of the organisation in the remaining areas of communication, where it was not the responsibility of the communication department to communicate.

Elaboration on these differences is important. Although somewhat similar in the approach to understanding corporate communication, the purpose of corporate communication is different. The term *manage* is defined as 'controlling or being in charge of', whereas the term *custodian* is defined as 'a person who takes care of or looks after' (Cowie, 1998:756,294). In terms of organisational communication, the corporate communication department, according to theory, is supposed to control and be in charge of the organisation's communication. Practically, where communication departments consist of 3-35 employees in an organisation the size of up to 45 000 employees, it is not possible for the communication practitioners to control the communication at every level (ranging from interpersonal to mass / public communication), that takes place between each employee and the stakeholders encountered on a daily basis. The majority of the time the practitioners are not even aware that the communication is taking place. For this reason, identifying areas of communication that the communication department should 'take care of', and supporting the rest of the areas, appears to be more logical and realistic, than attempting to manage all the communication that takes place in the entire organisation.

Certainly, communication has to be managed. However, should this management be the responsibility of the communication department? Arguably, literature has categorised the corporate communication department as a support function, but explained that the

management of communication should still be conducted by the communication function. Literature expands that in order for this management to take place, communication must be represented on the strategic level in the organisation (cf De Villiers & Crous in Marx *et al.*, 1998:347; Hamrefors 2004:1; Rensburg & Cant 2003:61; Steyn & Bütschi, 2004:7; Steyn & Puth, 2000:19). Although this standpoint seems logical, it is not reflected in the research conducted in this study. Only a small number of organisations had strategic representation, and this occurred in larger organisations. Moreover, where there is strategic representation, the communication department's purpose is that of the custodian of communication, and not the managers of communication. The viewpoint of these organisations is that the people who are communicating, should also own the management of the communication. This is where the concept of employee engagement surfaced. An example of a manager communicating to his / her staff would remain his / her responsibility. In addition, a financial person would be responsible for communicating with the creditors or debtors. Where the communication department would take ownership of certain types of communication, such as mass communication or communication disseminated through specified media, the responsibility of communication in general, still remained with each employee.

The communication department simply cannot control all the communication, which takes place simultaneously on a daily basis. This is especially true when the communication department is not represented on a strategic level, to enforce the management of the communication. The above symposium ushers the discussion to the second important gap between the theorised and practised forms of corporate communication.

7.2.2   <u>Defining the place of corporate communication</u>

Literature encourages corporate communication to maintain a presence on the technician, management and strategic levels of the organisation (Argenti, 1998:54). In motivating the strategic focus of corporate communication, literature explains that the support nature of corporate communication has resulted in it being subjected to the chain of command from various other disciplines. This ultimately effects and misdirects the focus of the communication conducted (Rensburg & Cant, 2003:58; Steyn & Puth, 2000:228). Industry reflected similar arguments describing how corporate communication's focus changed when reporting to HR, financial or marketing directors. Moreover, respondents explained

how this affected the resource availability, which became problematic to the communication department.

In spite of this notion, few IT, as well as medium to small sized organisations, in the research of this study, embraced the viewpoint of conducting communication on a strategic level. Where the place of corporate communication was not perceived as being strategic, communication was seen as output-orientated activities, where publicity had to be attained for awareness purposes, or tangible forms of communication had to be created for sales purposes. The reason for this perception is simple; the leaders of the organisation did not see the value of spending time and money championing the role of communication within their organisation. From industry, it was evident that, whether there were communication executives or not, if the CEO bought into the concept of communication, then communication was regarded highly. Where this did not happen, communication was seen as something that had to be done, rather than something that could provide intangible value. Additionally, it was mentioned how the role of communication would change as new leaders were appointed. This suggests that simply representing communication on a strategic level is not going to solve the challenges that face the discipline today. Something else clearly has to be done to campaign communication on every level of the organisation; the solution might lie with the performance measurement model of the organisation.

A final difference worth noting, relates to the technician level of the practitioners. The research conducted in this study, indicated that corporate communication departments (with strategic representation) outsourced the majority of the technician activities to consultancies. In some cases, even writing was outsourced, leaving only the material for internal communication to be developed by the communication practitioners. The role of the communication practitioners was therefore to project-manage these activities. This put the communication department in the position to manage the communication they were responsible for, and to provide the communication support to the other areas of the business where it was needed. Once again, from a practical point of view, this approach is realistic, especially as communication practitioners are often not trained, during their schooling, how to be specialists in the development of art works for various forms of tangible communication.

7.2.3   Revisiting the goals, functions and activities of corporate communication

Where literature highlighted several goals, including sales, new business, image enhancement, and the dissemination of positive messages (Sandin & Simolin, 2006:8); the fundamental goal of corporate communication was to manage the multitude of stakeholder relationships, to achieve mutual benefit for both parties (Hallahan, 2000:503). Industry on the other hand, indicated that different organisations had diverse goals for corporate communication. Reported in Chapter 6, the intangible value created by corporate communication, ranged from minimising poor organisational communication to assisting with stakeholder behaviour change; however, the underpinning goal of corporate communication was to be an effective support function. Returning to the concept of performance measurement, logically the performance measurement tool should be able to determine whether these goals have been achieved or not.

Furthermore, depending on the goals for corporate communication, the functions of corporate communication as a department would become apparent. In both theory and practice, media relations were pertinently evident as a major function of the communication department. Other functions that were concurred by both theory and practice, included internal communication, CSR, crisis communication, image and reputation, as well as industry relations with concern to partners and suppliers (Argenti, 1998:1-244). Functions, named by literature, that did not feature in industry, but that were considered part of the communication department's support role, included corporate advertising and advocacy, marketing communication (promotion), assistance with investor relations, assistance with government relations, and integrated stakeholder communication (Argenti, 1998:1-244). From the research conducted in this study, it was evident that the communication departments had varying degrees of responsibility and ownership in latter functions, which was dependant on the organisational context and leadership style.

A function mentioned by Rensburg and Ferreira (2004:21) that featured in the research of this study, as a goal rather than a function of the corporate communication department, was to obtain feedback. Where Rensburg and Ferreira (2004:21) elucidate that the perceptions and expectations of various stakeholders should be researched by the communication department, industry explained how external companies or consultants conducted research on behalf of the organisation, and that the communication department was only responsible for improving the provision of feedback. The only form of

environmental scanning identified by the respondents of this study included the 'media watch', where practitioners worked through various media on a daily basis, and summarised information that was relevant to their organisation in their daily communication.

Additional functions identified in industry, but not elaborated on in literature, were e-media (termed as multimedia by Macnamara (2002:12)), events, media production, reception, telephony and administrational support. Daily activities identified by industry included meetings, managing people, obtaining information, budget control, and environmental scanning in media. The reason for stating these viewpoints is to illustrate that literature might have an inflated or idealistic view of what corporate communication should be doing in an organisation. From a practical point of view, practitioners are occupied with the daily activities that most managers would have to work through, to survive in the organisation. In coping with meetings, budgets, 'red-tape' and other additional challenges, practitioners have had to be creative in their approach to what is expected of them, and what they are capable of doing. An example of this is the appearance of the administrational support function, where practitioners have a team, based in the communication department that provides administrational support to all the practitioners, in an attempt to minimise the administrational load that the practitioners have.

Regarding reception and telephony, the research conducted in this study, highlighted the importance of including first line communicators into the communication function. This interesting perception maintained that receptionists, call centre operators, and switchboard operators are people that stakeholders would communicate to on a regular basis, and that they would most likely be one of the first employees that the stakeholders encountered, when contacting the organisation. For this reason, these employees were either categorised into the communication department or worked closely with them, especially for messaging purposes. Incidentally, Cutlip *et al.* (1994:80) as well as Rensburg and Cant (2003:62) recognise the position of secretaries as having a 'frontline' function in influencing an organisation's image. This is also associated with the fact that they are the first point of contact. Although the inclusion of secretaries in literature has to do with the hierarchy of the communication department, industry has embraced and expanded this concept and built communication functions around it. As highlighted in Chapter 6, an organisation made

it the responsibility of the receptionists (considered as part of the communication's team), to do site inspections to ensure that the image of the physical building was maintained. Moreover, call centres were given messages from the communication department to use in there telephone conversations. It is important to emphasise that despite the fact that Cutlip *et al.* (1994:80) as well as Rensburg and Cant (2003:62) made mention of these frontline employee positions, other authors have not encapsulated this notion at all.

According to the perceptions of literature and industry, there are clearly, to some extent, discrepancies regarding the goals, functions and activities of corporate communication. Markedly, although basic guidelines are adhered to, different organisations make use of corporate communication for different purposes, and the intangible value created as a result, would differ for each. Imperative to the discussion of performance measurement, the tool that measures corporate communication, should address its goals, functions and activities relevant to the organisation, and that these should be determined by the purpose of corporate communication in that organisation. Evidently, it becomes clear that the performance measurement tool for corporate communication would need to be customised for each organisation. Consequently, in order for the measurement to be accurate, the organisation would need to determine what the purpose and role of the corporate communication function serves in that organisation. The measurement tool would then need to measure whether this is being achieved, and that would determine the intangible value contributed by the corporate communication department. This realisation guides the discussion towards the findings of performance measurement in literature and industry.

7.3 PERFORMANCE MEASUREMENT

Literature claims that performance measurement assesses the organisation's strategy by monitoring the achievement of objectives and activities (Kaplan & Norton, 2004:10; Ritter, 2003:44-48; Robson, 2005:138). Industry does not differ in this outlook and also concurred that performance measurement should remain quantitative for reporting and benchmarking purposes. Although both literature and industry identify the need to measure qualitatively, it would appear that some organisations (especially smaller organisations), still struggle with the qualitative concept. Despite this, it can be assumed that considerable growth has already taken place in the area of performance measurement and that senior managers are realising the need to measure other areas of the business, apart from the financial

component. In organisations where performance measurement models were customised, the presence of multiple criteria, including intangible assets, were guaranteed.

7.3.1   Organisational performance measurement models

The types of organisational performance measurement models employed in industry, appeared to resemble that of the Balanced Scorecard. It was explained that the Balanced Scorecard was found to be easier to implement than other performance measurement models. Additionally, where the Balanced Scorecard was not employed in its original form, in an organisation, personalised renditions following the same concepts were incorporated.

Both literature and industry highlight important aspects about performance measurement models, and these viewpoints are in agreement with each other. Amongst other things, the success of performance measurement systems and models, require the support and buy-in of the senior managers. The notions continue that performance measurement systems and models should flow from the vision and strategy of the organisation, measure all levels of the organisation, provide information on which to base decisions, and attempt to establish continual improvement (Kaplan & Norton 2004:10, Robson, 2005:141; Sim & Koh, 2001:18; Tangen, 2004:727). Respondents in this study explained that the performance measurement model or system should be as uncomplicated as possible to ensure that implementation is successful. For this reason, the assistance of computer-aided software applications was recommended by both literature and industry in aiding the employment of the model (Hasan & Tibbits, 2000:442).

Importantly, both literature and industry validate that the performance measurement system or model does foster a culture, and is effective when implemented with a credible reward initiative (Robson, 2005:145). Industry emphasises the importance of a credible reward system. If rewards are not allocated as originally expected, employees become de-motivated and their performance becomes minimal. Emphasis needs to be placed on this comment, especially as literature does not elaborate on it. Where comments made by respondents, in this study, highlighted how employees were driven by bonuses and monetary incentives, it seems logical that inconsistencies in providing these incentives would alter the expectations of the employees. In other words, as seen from industry, the success of the performance measurement systems relies heavily on the ability to reward the employees. Rewards that are not provided create gaps in the employees'

expectations, this disconfirms trust levels, and it ultimately results in a lack of employee drive. There are of course other means with which to reward employees, which do not rely on monetary compensation. Industry mentioned employee recognition as well as receiving remunerated time away from work, in the form of an afternoon off. These methods are also recommended, but the emphasis is on the fact that the reward system should be consistent, and deliver when promised.

It has become evident, from the above, that performance measurement models and systems have started incorporating HR concepts, such as performance appraisals, reward systems, training and skills development programmes, self-evaluation and peer-evaluation systems, promotions, transfer programmes and more (Seang, 2003:4). This is an important development as the intangible value of people in an organisation has been realised.

Noted in both literature and industry, is that IT organisations as well as smaller originations typically do not utilise performance measurement models or systems (T-Systems, 2004:5). Both sources do advise, however, that organisations begin to establish a measurement model in the early stages of the development, especially in an IT organisation where change occurs rapidly (Robbins, 1987:11). The performance measurement model should be able to adapt to the changes, and benefit the organisation during insecure macro economical forces.

From the above discussion, it appears that organisations employing performance measurement systems or models are following the recommendations of literature. The notion, however, remains, "What gets measured gets managed" (Puth, 2002:92).

7.3.2   <u>Corporate communication measurement</u>

The belief in literature is that practitioners and executives deem it impossible to measure the real impact of corporate communication, due to its intangible nature (Macnamara 2002:5; Ritter, 2003:44; Simmons & Watson, 2006:1-14). From industry, it is clear that consultants do not conduct research, unless the client has requested it or unless there is sufficient budget and planning done. Macnamara (2005:5) warns about this approach and teaches practitioners about employing the best practice models of evaluation to assist in evaluating their communication efforts. Despite this, the consultants interviewed in this

study, as well as the internal communication practitioners, were not aware of these best practice models, and commented that they did not believe in using a model that is designed to suit all circumstances. According to the respondents, measurement was conducted as needed and according to the purpose of the measurement.

Additionally, literature highlights that measuring tools used by the market, in the communication industry, are focused on measuring tangible outputs (such as media analysis), which undermines the intangible value that corporate communication brings to an organisation (Gorpe & Saran, 2005:3; Macnamara, 2002:5; Phillips, 2001:227; PR Influences, 2003c; Watson, 2005:1). For this reason, Hallahan (2000:509) observes that communication is becoming increasingly asymmetric. In the organisations where communication is a fully functional department, represented on all three levels (strategic, managerial, and technical), and has buy-in from the CEO or board of directors, these statements do not hold true. The findings from research indicated that communication was measured according to the outcomes required for both the department and individuals. In some cases, these were tangible outputs and in other cases, these were intangible outcomes. The example of the intangible value, namely offering advice to other divisions, was measured by a client review meeting. What is fundamentally evident from this situation is that these organisations embedded communication into the daily performance measurement system used by the organisation. These systems ensured that unique 'evaluation models' were developed to evaluate every communication campaign endeavoured into. An example of this was the 'tick sheet' mentioned by and respondent in this study. Importantly, the results of the evaluation tools were integrated into the performance measurement system, and formed part of the performance measurement process for the individual, the department, and the organisation.

From the above, it would seem that the best practice evaluation models are appropriately suited for consultants (Macnamara 2002:5). The results of the best practice models may be utilised as a form of accountability, and enable the consultants to achieve competitive advantage. This is especially influential if the results can be integrated into the performance measurement models of the internal communication practitioners. This approach would be beneficial to both parties, in organisations where the function of corporate communication is to project-manage their suppliers and consultants.

Alternatively, in situations where the organisational performance measurement model does not integrate corporate communication as a function, and does not specify methods of evaluation for communication campaigns, the best practice models may be employed, to obtain the evaluation results, required for each communication campaign. Once again, the underlying point here is that the results must be fed back into the measurement tool, used by the rest of the organisation, otherwise the results will not make sense to the decision makers, and the efforts of communication people will not be realised.

7.3.3   Integrating communication in performance measurement models

Considering that the above section, communication measurement, has discussed industry's ability to integrate corporate communication in the performance measurement model, a discussion surrounding this may be elaborated on.

Highlighted in Chapter 1, the Organisation Theory attributes the survival of organisations with their capacity to remain open systems (Robbins, 1987:11). In addition, an open system approach extends the life-cycle of the organisation (Robbins, 1987:16). The life-cycle is influenced by the organisation's ability to communicate, and the ability to measure its performance (Robbins, 1987:16). Industry corresponded in its comments about an organisation's success and its ability to communicate. Comments were also made about the need to measure and reward any important endeavour, with which the organisation wished to have success. Considering both viewpoints as well as the aforementioned statements of the corporate communication's support function, it can be deduced that a goal of an organisation could be to gain the ability to communicate, and that the corporate communication department's outcome should assist with this. Additionally, these exercises should be measured in the performance measurement model and rewarded accordingly.

Something worth considering at this point in the discussion is whether the measurement of communication should cease at the communication department. Grunig and Grunig (2001:22-23) established that communication should be measured on a programme level, a functional level, an organisational level and a societal level. This implies that the measurement of communication should extend from the communication department to the entire organisation. Industry's explanation of corporate communication's custodian role, is

in line with this concept, especially as the communication practitioners cannot control all the communication that occurs throughout the organisation all the time. For this reason, it would make sense for the performance measurement model to measure the communication efforts of the corporate communication department, as well as the communication efforts of the organisation. In this way, the intangible value of communication may be captured, as well as the ability for the corporate communication department to facilitate the organisation in its ability to communicate.

In literature, Ritter (2003:48) as well as Vos and Schoemaker (2004:2) have ventured down the road of developing evaluation models that align corporate communication and the organisation with an organisational performance measurement model. Both these models are based on the Balanced Scorecard and contribute significantly to the situation corporate communication faces today. Where Ritter (2003:48) provides guidelines as to developing a corporate communication scorecard, Vos and Schoemaker (2004:2) have set communication perspectives. Although these models award the communication department the opportunity to measure their efforts with the same tool that the rest of the organisation, the fundamental gap involves the inability to measure the organisation's ability to communicate.

Hamrefors (2004:16) explains that an outcome of the organisation should be to obtain the ability to communicate. It is for this reason that the entire organisation, including each employee, should be measured according to his or her ability to communicate. Measuring the communication department alone, will not provide the organisation with the information needed to determine whether the organisation has attained the ability to communicate. These notions imply that communication (in general) may be able to be ingrained into a performance measurement model. Considering this assumption from a KPI perspective, it could be said that the organisation should have a communication KPI, as should each department and individual in the organisation. This coincides with literature's expectation that KPIs should be reinforced on every level of the organisation (Seang, 2003:9).

Another underlying principle, that motivates the concept of measuring communication throughout the entire organisation, is presented in the Organisation Theory's Strategic-Constituencies Approach (Robbins, 1987:31-49). This theory states that the organisation

should identify strategic relationships that can assist the organisation in its performance and survival. This theory proposes that a successful organisation is one that satisfies the demands of those constituencies (or stakeholders) who support the organisation's continued existence (Robbins, 1987:38). The research conducted for this study also presented a situation where the communication department assisted senior managers in identifying five key leaders as strategic stakeholders. Relationships were developed with these strategic stakeholders in an attempt to benefit the organisation. Robbins (1987:42) explains how operationalising this theory decreases the chance that the organisation ignores, or severely upsets, a stakeholder group, whose power could significantly hinder the organisation's operations. By integrating communication in the performance measurement model, that measures the communication throughout the organisation, the strategic stakeholders for each success area of the organisation, can be identified and ownership of the communication for that relationship, can be assigned. In this way, the organisation would be in a position to identify strategic stakeholders at all levels of the organisation, and would be able to be proactive in the dealings with the communication to each stakeholder group. This theory is significant in the notion of measuring the organisation's ability to communicate, because it attempts to measure the most important areas of communication or presents a platform from which to initiate the measurement of communication in the most fundamental areas of the organisation.

In creating a communication culture, it was stated by both literature and industry, that a culture can be fostered by the performance measurement model of the organisation (Robson, 2005:145). By formalising the communication, and reinforcing it with the performance measurement system, each executive, manager and employee is sensitised to the need to communicate. In integrating communication into the performance measurement system, a culture can be established, where communication is embraced and valued. From the research conducted in this study, a respondent employed in a large IT organisation, stated that the culture was one of communication, because of the pace at which things changed, and since everything was measured. Developing a communication culture, according to literature and industry, encouraged communication and led to less of a centralised approach to communication (Robson, 2005:140). The result of a communicating culture builds top-down communication as well as bottom-up communication (Hartman, 2002:19). Examples of this are situations where ideas, developed by senior managers, are implemented, due to effective communication.

Conversely, ideas conceptualised by employees are communicated to top management and in so doing, reach the decision making table.

Another aspect that fosters culture is the leadership of the organisation (Robson, 2005:145). Where communication is embedded in a performance measurement model that evaluates the senior managers as well, it may encourage communication awareness to initiate from a board level. From there communication awareness could be driven, by the senior managers, to every division, as the performance measurement model cascades through to every person in the organisation.

From the above, it can be stated that developing key performance indicators for corporate communication should not only focus on measuring the communication efforts of the communication department, but also measure the communication efforts of the organisation, departments and individuals. This will provide the organisation with the correct information in determining whether the ability to communicate is being achieved. This can be done by creating KPIs, on every level of the organisation, for communication to strategise constituencies. Furthermore, linking the KPIs to the performance measurement model may reinforce a communication culture, which will ultimately encourage the organisation to communicate.

7.3.4   Drawing communication measurement ideas from IT related movements

Ironically, the IT industry, known for its lack of effective communication (Melendez, 2004:5), has some advanced ideas of measuring communication. From the research conducted in this study, a respondent mentioned how the communication department had become responsible for mapping the communication workflow for business processes related to the ISO 9000 standards. The respondent explained how beneficial it was to identify each step of the communication process, because it specified who had to be communicated to, with what it was in connection with, and where the communication would follow. Additionally, the respondent commented how this procedure broke down complicated processes, allowing everyone involved to understand what was expected from them, especially from a communication point of view. This exemplar brings an entirely different perspective into the idea of measuring communication, which has not been

elaborated on in literature. Approaching the measurement of communication from this point of view, applies post-structuralism in the way that the structure of each business process is broken down, to make sense of it and define it positivistically. In the IT world, this is known as Business Process Management (BPM), where the business processes of an organisation are precisely defined, streamlined, automated and measured with the use of KPIs (FlowCentric, 2005).

An example of a simple process is schematically provided in Figure 7.1, to illustrate hypothetically, how this study's respondent would have broken down the business processes, pertaining to the ISO 9000 standard. Notice must be taken that this workflow diagram incorporates an alternate business process that is a lot less complex than the ISO 9000 standard; however, the same principle is applied (FlowCentric, 2005).

In this example, the entire process relating to the approval of a client's credit application is broken down. The purpose is to ensure that credit, awarded to clients is controlled throughout the organisation. This will validate whether the organisation is in a financial position to allow clients to pay on credit, and verify whether the clients have a proven credit reference. Moreover, the process ensures that each person who should be notified is communicated to timeously, and that the software applications are updated simultaneously. This process pursues the following steps:

1. The process initiates with the sales clerk (referred to as the sales rep in the diagram) who inputs the details of the new client into the software application. In this way, client information is available to the rest of the organisation.

2. From here, the sales clerk completes a 'request for new debtor' form and sends it to the sales manager for approval. This serves as the communication to the manager informing him that a client wishes to purchase on credit.

3. The sales manager either approves or declines the application, or sends it back to the sales clerk, if the information is not complete or up to standard. This is an extremely important step as the quality of the communication is determined here. As mentioned by a respondent in Chapter 6, a qualitative means of measuring communication could be done through 'quality checks' performed by managers. This step of the process has been an example of that. To continue with the process, if the request is approved by the manager, it is sent to financial department (credit group) for additional information

to be encapsulated. If rejected, the information is inputted into the IT system with the client details, where all sales clerks will be informed about the rejected client, who may not apply for credit purchases with the organisation.

4. At the credit group, the client is verified by means of references, and a credit limit is determined, which is then communicated to the financial manager.

5. The last step is where the financial manager either approves or declines the credit limit, which in both cases is inputted in the IT system, notifying the relevant people. Alternatively, the credit limit can be adjusted, in which case the sales clerk is notified to tell the client.

Figure 7.1: A workflow example highlighting the communication process of a business process
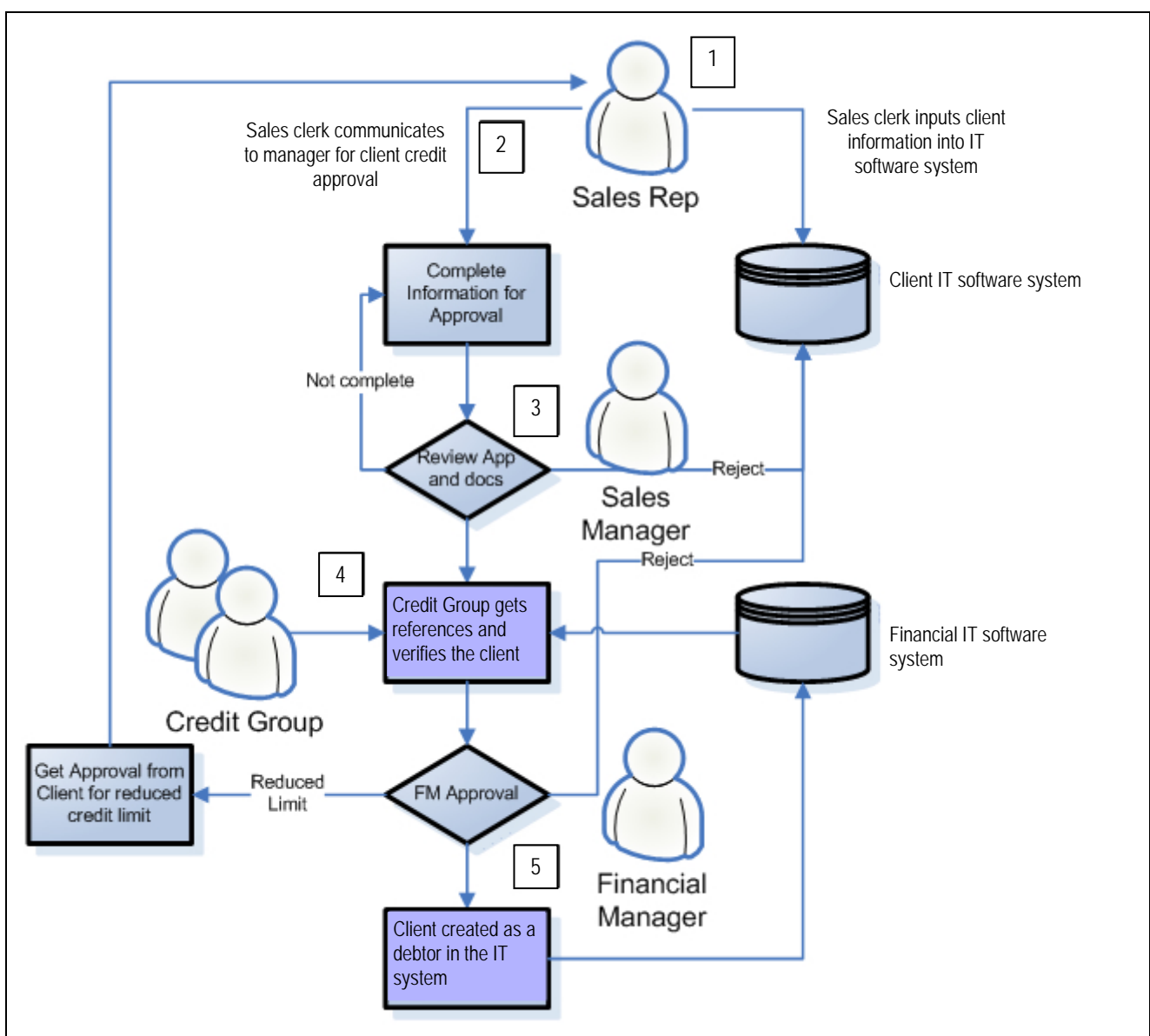
Adapted from: FlowCentric Solutions (2005)

Flow diagrams graphically depict the process from the start to the end, and in doing so, the communication responsibilities become apparent. This is because every activity would typically need some form of communication, while moving from one person to the next for approval or modification. Additionally, FlowCentric (2005) explains that the concept of BPM is to provide an IT solution that automates the entire process (and the communication thereof), to ensure that the relevant people and software applications are communicated to, where and whenever needed. More importantly, KPIs can be created for each step of the process so that a KPI dashboard may be calculated continuously, in order for managers to see where bottlenecks in the process occur (Bauer, 2004).

The reason for including this workflow aspect into this discussion is to highlight how the value of effective communication has already been identified in movements such as BPM. Furthermore, linking communication KPIs to KPIs identified in these processes will greatly enhance the ability to measure communication on every level of the organisation. For this reason, it can safely be said that it is possible to measure the value of communication, especially when broken down into separate business processes. The value of communication may be seen in the way it assists with optimising each activity, for example, the person responsible had taken ownership and ensured that communication (with the correct message to the correct people) occurred timeously, and that duplication of communication was avoided. This decreases the time that the entire process took to complete, and as a result, the cost of the entire process was minimised. These outcomes ultimately result in ROI, which is what most senior managers desire to see (FlowCentric, 2005). Moreover, if the communication department approached communication processes in the same way as BPM addresses business processes, areas where communication may be lacking can be identified, allocated a KPI and measured. In this way, communication can be entrenched into every process of the organisation.

Incorporating the above in the development of KPIs for communication employs the notion of employee engagement, mentioned by industry in the research of this study. By identifying who would take ownership of what communication, elements of communication relating to a staff member will be assigned and other elements will be assigned to the communication department. Both groups will then be measured accordingly. By empowering employees to communicate, the goal of developing an organisation, that has

the ability to communicate, may be realised. This supports the argument presented in the research of this study that the communication department cannot possibly take the responsibility for the entire organisation's communication.

7.3.5   <u>Measuring communication with or without a communication department</u>

The Organisation Theory, as discussed in Chapter 1, explains that organisations go through patterns of predictable change as they grow. This is referred to as the organisational life-cycle. Relevant to this study is the type of communication conducted at each stage of the life-cycle. Initially in the entrepreneurial stage, communication is not formalised and is seldom actively managed (Robbins, 1987:16). Ironically, as resources are stretched to cope with the growth, little attention is awarded to communication, especially internally. As the organisations evolve, the communication becomes increasingly difficult to control and standardise, and in an attempt to do so, communication is suddenly centralised (Robbins, 1987:17). Robbins (1987:73-75) explains that while centralised structures attempt to increase the control over activities, it limits the ability to be adaptive, which threatens the organisation's ability to remain an open system.

A number of IT organisations in South Africa are entrepreneurial organisations that provide services to niche market segments (T-Systems, 2004:5). These organisations are typically small to medium in size, because most of the larger IT organisations are owned internationally. It is common to find that the smaller IT organisations are stretched in their resource capabilities (T-Systems, 2004:5), and industry revealed that they do not have communication departments to assist in their communication to strategic stakeholders. Additionally, respondents interviewed in this study, indicated that the internal communication, in the smaller IT organisations, is considered ineffective and problematic.

The Balanced Scorecard is known for its adaptability and flexibility in adjusting to any industry or organisational size and structure. As mentioned in Chapter 4, where the Balanced Scorecard does not sufficiently contend with the organisational environment, it is customised to suit the organisational context, keeping the principles of the performance model the same (Ahn, 2005:9-10; Kaplan & Norton, 1996:333). Despite the fact that small IT organisations may not have corporate communication departments, they still need to

focus actively on their communication, to grow and survive (Robbins, 1987:16). For this reason, development of KPIs that integrate communication, into the performance measurement model on every level, should be endeavoured, regardless of whether the organisation has a communication department or not. As the organisation matures and is in a position to employ a communication department, the systems and procedures will be in place to ensure effective communication, and the communication department can step into the position of a support function from the start. The organisation can then also obtain and maintain the ability to communicate from an early stage of development. In addition, the culture will have cultivated where communication is formalised, decreasing the need for a centralised structure in the later years (Robbins, 1987:16).

7.4   DEVELOPING KEY PERFORMANCE INDICATORS FOR COMMUNICATION

It is clear from the above, that KPIs can be created for the corporate communication department and practitioners, as well as communication in general. This is an important concept to embrace when developing KPIs. Understanding this allows the discussion to award attention to the development of KPIs.

Theory and practice corresponded in their viewpoints on developing KPIs, however, Chapters 4 and 6 presented KPIs that differed considerably in their appearance. Both literature and industry preserve that KPIs are rationalised, and result in an outcome. In other words, the KPIs should indicate what an organisation, division, team or individual should achieve, after a given period (with the sufficient resources), that adds to the development of the organisation as a whole. Besides, KPIs could follow a quantitative or qualitative approach, depending on the outcome to be achieved (Howe, 2004:46; Ritter, 2003:45; Seang, 2003:9). From the research conducted in this study, it was noted that qualitative KPIs were inclined to feature in the senior levels of the organisation, and the quantitative KPIs had the propensity to be operationally focused, featuring in the employees' scorecards.

Furthermore, KPIs are to be presented on all levels of the organisation, and these are to be limited to approximately five per level to ensure successful achievement. Moreover, KPIs have to be measurable and allocated a time-period, additionally KPIs may be weighted according to importance (cf Harrison, 2006a; Howe, 2004:46; Neely *et al.,* 1997:1140; Ritter, 2003:45; Seang, 2003:9; Sinclair & Zairi, 1995:55). Over and above

these aforementioned guidelines, industry referred to the fact that KPIs should stretch the organisation, division or individual but remain reachable. This ensures that growth takes place, and that employees are challenged but not overworked. In addition, on an individual level, industry linked KPIs to the job specifications or descriptions of the employees, to ensure they spent their efforts in the areas where they were supposed to do so.

From the above guidelines, it appears relatively simple to develop KPIs, however examples featured in Chapters 4 and 6, illustrate how that KPIs of organisations differ considerably. The reason for this is that KPIs are dependant on the organisational context, the strategic objectives of the organisation, the purpose for which they were written, as well as the leadership style of the organisation (Ritter, 2003:56-58). Fundamentally, authors agreed that KPIs have to be compiled from a performance measurement model or system that is strategically aligned to the vision and goals of the organisation (Cullen *et al.,* 2003:7; Kaplan & Norton, 2004:10; Seang, 2003:2). Consequently, a set of KPIs cannot be created and simply implemented in an organisation. For this reason, this study cannot develop a set of corporate communication KPIs, which can be slotted into the performance measurement model of different IT organisations. The most prominent reason is that IT organisations employ different models or systems of performance measurement, and would have different strategic goals and contexts. The process of developing KPIs, however, remains the same, and this is where this study suggests a means, by which IT organisations can develop their own corporate communication KPIs that are, customised to suit their environment and has the impact needed.

As established, the two most important criteria for conceptualising KPIs are the fact that it has to be custom-developed for every organisation, and that it needs to be grounded in an organisational performance measurement model or system. Seang (2003:2) explains that not just any performance measurement model or system will be adequate for the development of KPIs. The first reason is highlighted in Chapter 4, where it is argued that performance measurement models need to be able to measure intangible assets. The second reason is noted from the research conducted in this study, where industry declares that the performance measurement model has to include a credible reward system, in order for it to be effective. For this reason, models such as the Balanced Scorecard are ideal for developing KPIs.

By utilising the Balanced Scorecard as an example, it is recommended that communication be entrenched in the performance measurement model and reinforced with communication KPIs.

7.5   THE INTEGRATED COMMUNICATION BALANCED SCORECARD

Having taken the above analysis into consideration, recommendations surrounding corporate communication's issues of measurement (concerning strategic alignment and intangible value), might be addressed, by entrenching communication into the actual performance measurement model of the organisation.


Due to the popularity of the Balanced Scorecard, it has been used in this study to demonstrate how integrating communication in the performance measurement model might be accomplished. The concept is to take a performance measurement model, such as the Balanced Scorecard, and introduce a communication aspect that is embedded into the corporate, divisional, and individual scorecards. As described in Chapter 4, the Balanced Scorecard consists of four perspectives, and each of those perspectives has a CSF that would determine the strategic objectives of that area of the business. Within each CSF the Balanced Scorecard ascertains what objectives, measures, targets and initiatives will be needed for each CSF. Ownership is awarded, and the strategic objective along with its activities and measurement, is cascaded through all the divisions down to each employee, and reinforced with KPIs.

In the Balanced Scorecard, communication can be entrenched by inserting a communication column in between the target and initiative columns represented in each perspective. An illustration of this is provided in Figure 7.2.

In this study, this proposal is referred to as the Integrated Communication Balanced Scorecard or the ICBS recommendation, because communication is integrated into the Balanced Scorecard in all perspectives and on all levels of the organisation. By doing this, the question surrounding the communication for that specific CSF, within that specific perspective is, "What communication should take place within this objective, around the specified activities, to be able to reach that target, and how will it be measured?" In this

way, the communication surrounding that specific CSF is determined. The communication column should address who needs to be communicated to (target audience), what must be communicated (message), how frequently must the communication take place, what media or processes need to be employed, and who is going to take responsibility for the communication. The role of the KPIs is to measure the outcome of the communication surrounding that specific CSF, and should be included as one of the set of KPIs surrounding the achievement of the CSF. As the CSF is cascaded down the different levels of the organisation, so the KPIs (in terms of determining the outcome) will be created specifically for each department or employee's role.

Figure 7.2: The Integrated Communication Balanced Scorecard
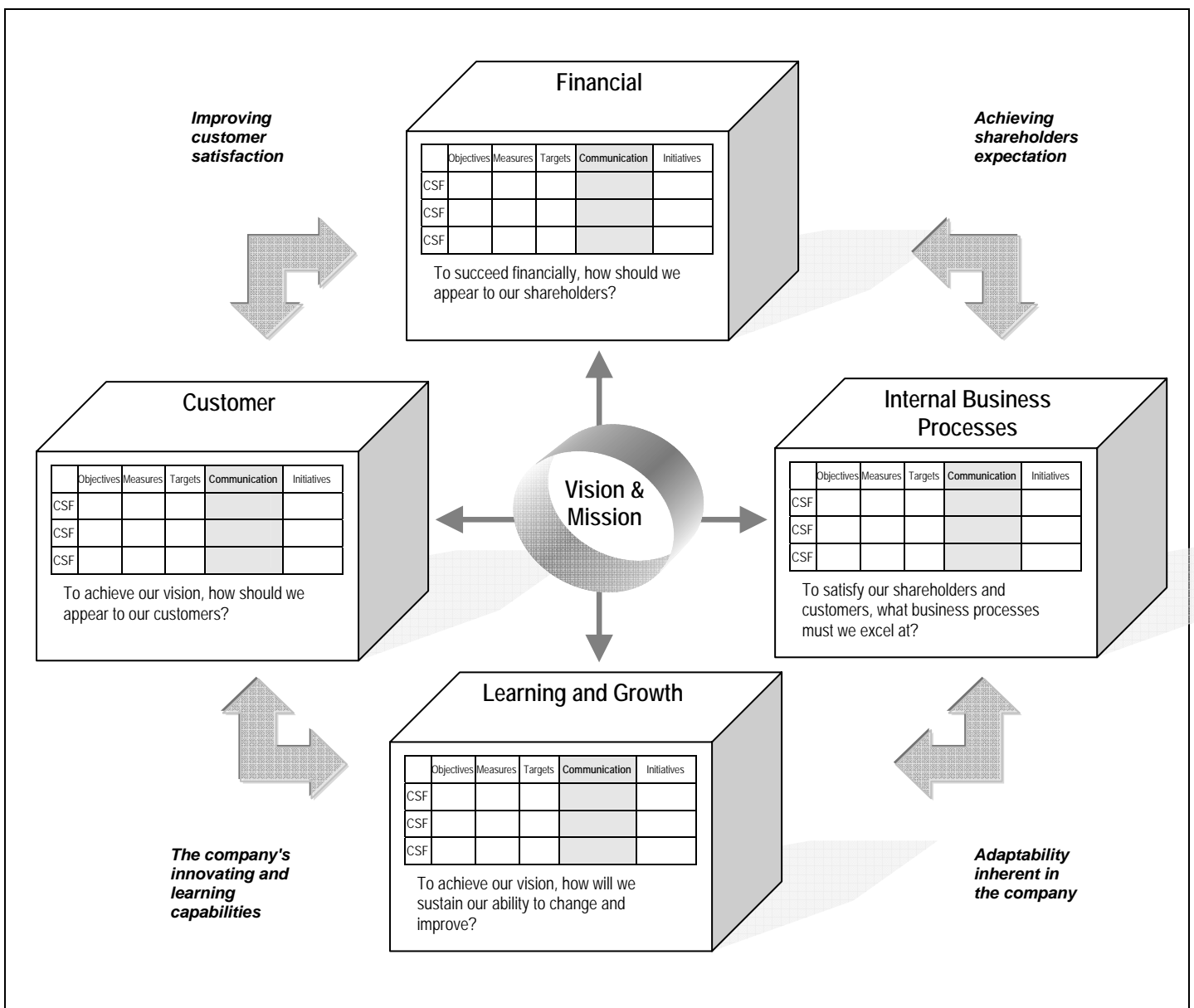
Adapted from: Kaplan and Norton (1996:9)

7.5.1 <u>Practical examples of the Integrated Communication Balanced Scorecard</u>

A hypothetical example in the financial perspective of an IT organisation could be that the strategic objective of the organisation is to strengthen its financial position by 20% in the following year. The corporate CSF factors surrounding this strategic objective have been identified as the need to increase share sales by 10%, and the need to increase market share by 10%. Each of these CSFs would have their own objectives, targets, initiatives (or activities) and means of measurement. The communication column would therefore address the communication surrounding each CSF. Firstly, it would determine who would need to receive the communication. In the both the CSF of increasing share sales and market share, the target audience would be potential investors and customers respectively. As a result, the senior manager of the department responsible for investor relations would take ownership of the communication to the potential investors, and the senior manager of the marketing department would take ownership of the communication to potential customers. The senior manager of the communication department would take ownership of ensuring that the support needed to assist both departments, in communicating to these stakeholders groups, occurs. Additionally, the senior manager of communication will be in the position to provide advice to the other departments. The communication KPIs surrounding each CSF would relate to the communication outcome wished to be achieved. In both CSFs of each department, the change of behaviour will be the ultimate outcome of the communication, where potential investors buy shares, and potential clients buy products or services.

Continuing with this example, logically, the departmental scorecards would reflect these CSFs and further define in greater detail, who should receive this communication. In the CSF for increased market share, the obvious target audience would be potential clients; an IT organisation may identify their partners as a target audience in this CSF, because sales are typically made through partners. Partners would need to be reached to encourage repeat purchases in new solutions with existing clients or to penetrate new markets by the attraction of new clients. Although marketing officially owns the communication in this CSF, the channel managers need to become involved as well. The communication department would therefore assist the marketing department as well as the channel managers in sending messages about initiatives aimed at increasing market share. Newsletters, for example, can be written by the communication department, but the information required for writing the newsletters need to come from the marketing

department and channel managers. The channel managers will also be responsible for sending the newsletter to each of their partners, and obtaining feedback from them. In terms of KPIs, the marketing department will have the overall KPI of change in behaviour, and this is measurable by sales. It is for this reason that initiatives to obtain sales should be created and managed by the marketing department. The same principle applies for increasing share sales.

On a lower level, the channel managers will have a KPI dealing with the outcome of the communication to partners. This KPI could be linked to a specific KPI in the job description of each channel manager. For example, a communication outcome could be the partners' awareness of activities and happenings in the organisation. This ties in with the channel manager's normal KPI (specified by the job description), revolving around disseminating information and receiving feedback from partners, so that they are knowledgeable on the available training, new products / solutions, partner meetings, and company events throughout the year. The measurement of this KPI is conducted by a partner audit, where partners rate the performance of the channel manager, in information dissemination. In the case of the communication KPI, partners can rate the degree, to which the communication efforts from the channel manager helped the partner attain more sales. Additionally, feedback should be measured, where the communication KPI measurement would test how the partners' feedback was communicated back to the organisation. In doing this, the communication aspect does not deviate from the channel manager's job specification to keep partners informed, importantly however, it ties the communication surrounding this aspect, back to the strategic objective of increasing the financial position of the company. In this way, the channel managers become sensitised to his / her communication role in the bigger picture, and the addition of unnecessary KPIs are minimised.

The communication representative at each level will be able to advise the organisation or division on what should be communicated, how frequently, through what media, and how the measurement of it could take place. Where applicable, the communication department may even take ownership of an initiative, such as a partner event, aimed at disseminating the messages. Once again, communication practitioners employed to organise and manage events are simply performing the activities identified in their normal KPIs; however, the partner event and the messaging to the partner event will be tied to the

strategic objective of attaining market share. The same measures used to evaluate the effectiveness of any event can be used to evaluate the effectiveness of the partner event.

Where this integrated communication approach makes a difference, is in the thinking of communication. This thinking is drilled down to every individual, in the same way that the channel manager had to focus on the communication conducted with each partner. Similarly, every employee would have to have some type of stakeholder relationship, where the communication thereof, becomes the responsibility of the individual. These could range from internal to external stakeholders and vary in the degree of importance. Encouraging communication sensitivity like this will sensitise people who are not inclined to communicate effectively (such as some engineers, financiers, IT practitioners and managers, who stereotypically regard communication as irrelevant to their fields of expertise). Where this sort of formalised communication becomes extremely beneficial is when communication to stakeholders, that seem insignificant, is identified and improved. Where a financial manager is responsible for debt collection, the financial manager frequently communicates with debtors and in most cases, the communication is unpleasant and unrewarding for both parties. This financial manager needs to understand his / her role in the CFS of this strategic objective, aimed at increasing the financial performance of the company, to ensure that the image built up by the other departments is reinforced, even to this end. For this reason, the entire communication process surrounding the acquirement of new clients, the provision of IT solutions or services, the retrieval of payment, and the follow-up communication, should be mapped out, to ensure that every person understands their role in the process.

By integrating communication in every perspective of the performance measurement model, communication will be addressed in different areas of the business. This will result in a strategic objective with CSFs for each perspective, and consideration will be awarded to the communication surrounding it. If the Learning and Growth perspective encourages employees to obtain qualifications, a communication consideration would be whether the managers of those employees report on the qualifications obtained, and whether these people were formally congratulated for their efforts. In this way morale is increased by public recognition and the efforts of employees are communicated and noted throughout the organisation. In this case, a hypothetical example would be that the manager would

take ownership of communicating the names and qualifications of the employees to the communication department. The communication department would be responsible for project managing the creation of a coffee table 'brag book', containing the company's intangible achievements for the year. The employees who achieved qualifications would be recognised in this booklet, which is disseminated to various stakeholders. Once again, the communication KPI of ensuring that the qualifications of the company are communicated (for credibility purposes) would link up with the manager's KPI of needing to encourage employees to obtain qualifications.

In implementing the Balanced Scorecard for each division, a matrix is created illustrating the four perspectives, the CSFs, the objectives, the measures, targets and initiatives (as depicted in Chapter 4). Figure 7.3 schematically illustrates where the communication column (highlighted in black) would feature in a hypothetical framework for the Balanced Scorecard matrix. Attention needs to be drawn to the fact that this image merely serves as an illustration of the framework.

Figure 7.3: A framework for the Integrated Communication Balanced Scorecard matrix

7.6   MANAGEMENT IMPLICATIONS

This study presents various implications, especially to managers in the communication discipline as well as managers in the business management discipline. Considering the implications for communication managers, this study provides evidence that the intangible value of communication can be measured. Additionally, the study provides practical examples of how this can be done.

7.6.1   Management implications to communication managers

From a communication manager's perspective, it is evident that all the communication practitioners should be aware of what the organisation expects of the communication department, whether a performance measurement model exists in the organisation or not. This is because, determining the purpose of the communication department (e.g., support function), reveal what value or outcomes will be created from fulfilling the purpose. Communication managers should ensure that they establish a means to measure the outcome (or value) created, and this can be done by breaking up the outcome into various forms of evaluation, which should relate to the functions and activities identified to achieve the purpose of the department. For this reason, every tangible contribution should be recorded such as event evaluation, newsletter evaluation, and intranet evaluation. In addition, every intangible contribution should be noted and measured qualitatively, by the stakeholder group to whom the intangible contribution was provided. For example, media relationships should be measured in terms of the expectation of the journalists. Similarly, this will apply to 'internal clients' to whom support and advice was provided, and this should continue with other stakeholders, of whom the communication department has been awarded ownership.

The most crucial managerial implication for corporate communication managers is that the results of every form of evaluation must be integrated into the performance measurement system, or communicated to the senior managers. KPIs are the most likely form of result to attract the attention of leaders. Where organisations do not have a performance measurement system, these results should be communicated in weekly or monthly management meetings, where the communication manager will need to take the initiative to integrate the happenings with the rest of the organisation. Where a communication budget is not awarded for research and measurement, communication managers will once

again have to utilise their own initiative, in finding creative ways by which to evaluate. This could even be conducted informally, where stakeholders are casually questioned about their satisfaction levels.

The final message to communication managers is that in the role of championing this young discipline, the only way in which corporate communication will be noticed, is by measuring its success. Where this is not being done by the leaders of the organisation, it is up to the communication managers to manage and measure communication efforts.

7.6.2 <u>Management implications to business managers</u>

The implications to business managers concern the fact that leaders will need to change their mindsets considerably, concerning corporate communication and the competitive pressures of today's macro-economical forces. This study has repeatedly highlighted how the importance of 'soft / tacit' aspects, in organisational performance, has surfaced (Seang, 2003:4). Leaders that are aware of these changes, and have spotted the trend, may be in a better position to adjust to the aforementioned pressures. In an attempt to become an open system organisation, leaders and practitioners will have to test whether they communicate effectively, rather than use their 'gut feel' (Gorpe & Saran, 2005:11-17; Phillips, 2001:227). This study provides a platform, from which leaders can determine whether their communication, as well as the organisations communication, is optimised. In addition, business managers will also be able to determine if the corporate communication department is aiding the organisation with its ability to communicate.

Another managerial implication is that organisations that do not have corporate communication departments, can begin the process of effective communication, by following the principles associated with developing communication KPIs, as a means to integrate communication into the performance measurement system of the organisation. Moreover, this can be conducted in an organisation of any size or structure.

It is imperative that the communication component be in a position where it will encourage co-operation. Recalling the example provided by a respondent from this study, the leaders of an organisation had identified that communication was a problem area in the

organisation. Research then confirmed the results and highlighted the areas that needed to be addresses. Communication was, accordingly disproportionately weighted in the performance measurement system to ensure results. The weighting of 12 out of 20 ensured that it had a strong enough impact to be taken seriously by everyone on every level of the organisation. It is evident that for something as tacit as communication in the workplace, drastic measures have to be taken, before it is deemed important enough to receive attention. The elevation of communication to the level where it is noticeable by everyone might be the only way in which the importance of communication and successively the importance of corporate communication will be understood.

7.7   LIMITATIONS OF THE STUDY

As explained in Chapter 5, a limited number of respondents were interviewed in this study due to the restricted target population. Although the length of the interviews did provide the depth needed for the study, a larger sample size could have been beneficial to the study. Furthermore, findings illustrated how corporate communication was greatly influenced by the size of the organisation. It might have been beneficial to include internal practitioners from small, medium and large organisations in the sample size.

Continuing with the sample size, the target audience for the subgroup internal communication practitioners had to be opened to practitioners that were not employed in an IT organisation. While the information gathered from these respondents was helpful for the provision of examples where successful communication departments operate and are measured, greater insight into the workings of more IT organisations could have been advantageous. Additionally, the samples were only collected from the geographical region of Gauteng. Although the majority of the head offices reside in this area, the cultures and operations of South African organisations based in different regions could have added further depth to the results of the study.

Although the qualitative exploratory approach was extensive and informative, in a field where limited literature exists, a quantitative component, extending the findings of the research would have been beneficial, and is a limitation to the study.

In the data analysis process, the use of a thematic content analysis could have limited the data interpretations, as non-verbal cues, such as body language and hesitations were not incorporated in the analysis.

Subjectivity could also have limited the study, especially concerning the generality of the results. In this study's qualitative exploration, the transferability accounted for the generality (Babbie & Mouton, 2002:276). Theoretical ideas were researched in contexts wider than the IT industry, and the findings relating to the Balanced Scorecard, allow the results to be transferred to other contexts.

7.8   RECOMMENDATIONS FOR FUTURE RESEARCH

As indicated above, this study was limited to a qualitative inquiry. Future research could test and expand the findings of this study by conducting quantitative research. Quantitative research testing with the incorporation of communication KPIs in the performance measurement model, such as the Balanced Scorecard, would be profitable to the body of knowledge. Alternatively, even more performance measurement models can be investigated, to determine how to encompass a communication component that will lead to the development of KPIs. Furthermore, the research could be expanded to other industries and organisational sizes.

Hypotheses that could be considered during the research could include whether the communication component of the performance measurement model correlated with the end goals of the organisations, especially goals such as the organisation's ability to communicate. Additionally, it could be determined whether the communication component in the performance measurement model, caused or correlated with the increased performance of the communication department. Another aspect for correspondence could be related to determining whether the communication KPIs integrated with the performance measurement system assisted in minimising the challenges addressed in Chapter 2. Specific reference should be made to the problem associated with the lack of measurement from communication practitioners' and consultants. It would also be advantageous to determine whether the communication component cultivated a culture of effective communication.

Future research concerning corporate communication measurement should integrate aspects such as organisational, employee, and management communication into the bigger picture, by drawing from disciplines such as HR and strategy management, or general business management. Moreover, the concept of employee engagement may be explored in a communication context. This will assist communication practitioners to think broader, and help them to see the bigger picture.

A further consideration would be around the training of business management schools. Students should be taught about the organisation's ability to communication, in courses such as MBAs. The notion of measuring this communication by means of incorporating communication into performance measurement models should be encouraged, and this will ensure that managers will begin to manage communication actively. This will empower future leaders to value communication and the role that corporate communication plays, and teach them how to employ the concept to benefit their organisation. The South African environment will especially find this beneficial, because multitudes of cultures are required to work together in one organisation.

7.9   CONCLUSION

The world of performance measurement has changed significantly, especially concerning incorporating intangible assets, becoming innovative, being dynamic and attending to the 'softer / tacit' issues of an organisation (De Waal, 2003:669; Seang, 2003:5). Additionally, the world of communication in an organisational context has been encouraged to become objective in its approach to measurement, and strategic in its purpose (Steyn & Puth, 2000:6). Drawing from the premise of the Social-Scientific Scholarship, as a process of inquiry (Littlejohn & Foss, 2005:8), organisations will need to observe and interpret the communication patterns of their stakeholders. Simply using financial and qualitative means to interpret the performance of an organisation is not enough. Furthermore, corporate communication, as a subsystem of the organisation, has to adjust to the objective approach, to be able to interact with the network of interdependent systems comprised in the organisation (Robbins, 1987:10).

Communication forms the basis of the relationships, especially in terms of trust (Sandin & Simolin, 2006:4). If there is no communication, a relationship cannot transfer meaning, and cannot create benefits for the relationship. According to the Social Exchange Theory,

when the costs become greater than the benefits, the relationship will not be pursued by the parties involved (Hallahan, 2000:503). This implies that organisations wishing to survive in a world may have to focus on developing strong and loyal relationships through effective honest communication.

To conclude, developing KPIs for communication that can integrate into the performance measurement model or the organisation might seem idealistic and unattainable to the businessperson, especially as the focus is to ensure that the organisation survives and makes a profit. A person who manages what they eat can lead a more fulfilling and successful life, because meals are planned and consist of the correct nutrients, which keep the body in a healthy physical condition that will be able to cope with the stresses of the day. As essential as eating is, it can be taken for granted and junk food can be administered in the place of nutritious food. In the same way, communication in an organisation is just as essential and needs to be planned and managed on a continual basis. Where the effects of bad eating habits are only visible over a long period; so are the effects of mismanaged communication only visible in the long term, when this continued mismanagement, leads to the downfall of the organisation. Remaining with the notion that, "What is not measured does not get managed", measuring and managing the communication of the organisation will lead to a more effective communication department, and the strategy (rudder) that steers the ship will be strong enough, to withstand the external forces.

In 1987, Robbins (1987:398-406) correctly predicted that organisations of the future would have increased technology, be in the position to simultaneously centralise and decentralise their structure, have flatter structures, allow people to work from home, find larger and innovative organisations, see them expand to international contexts, and merge with other business disciplines. Just as these predictions seemed unlikely, the forecast that communicating organisations will succeed above those who do not have the ability to communicate seems improbable. However, should Robbins' (1987:398-406) predictions continue to materialise; the communication in organisations will continue to become more complex, forcing leaders to evaluate their communication effectiveness. Measuring communication by means of the performance measurement model is a means by which the leaders of an organisation can face the communication challenge, and hopefully,

embrace the ability to communicate and ensure that when the entire organisation communicates, it does so with excellence.

LIST OF REFERENCES

Active Management. 2004. *Frequently Asked Questions: Balanced Scorecard Basics.* [Online] Available from: http://www.2gc.co.uk/resources-faqs.asp [Accessed: 2005-04-05].

Adams, C.A. 2004. The ethical, social, and environmental reporting performance portrayal gap. *Accounting, Auditing & Accountability Journal,* 17(5):731 (26). [Online] Available from: Emerald: http://www.emeraldinsight.com/ [Accessed: 2006-06-12].

Ahn, H. 2005. Insight from research: How to individualise your Balanced Scorecard. *Measuring business excellence,* 9(1):5-12. [Online] Available from: Emerald: http://www.emeraldinsight.com/ [Accessed: 2006-05-30].

Argenti, P.A. 1998. *Corporate Communication.* 2nd ed. United States of America: Irwin McGraw-Hill.

Babbie, E. & Mouton, J. 2002. *The practice of social research.* Cape Town: Oxford University Press.

Bauer, K. 2004. *The Power of Metrics: KPI's – The Metrics that Drive Performance Management.* [Online] Available from: http://www.dmreview.com/articles_sub.cfm?articleId=1009207 [Accessed: 2005-02-04].

Beilby. 2004. *Stakeholder Communication Analysis.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/Survey_confirms_public relations_role_within_Australian_ESuite/489.5.1 [Accessed: 2006-06-13].

Besterfield, D.H., Besterfield-Michna, C., Besterfield, G.H. & Besterfield-Sacre, M. 2003. *Total Quality Management.* 3rd ed. Upper River Saddle, New Jersey: Prentice Hall.

Bititci, U.S., Mendibil, K., Nudurupati, S., Turner, T. & Garengo, P. 2004. The interplay between performance measurement, organizational culture and management styles. *Measuring Business Excellence,* 8(3):28-41. Available from: Emerald: http://www.emeraldinsight.com/ [Accessed: 2005-04-08].

Bititci, U.S., Turner, T. & Begemann, C. 2000. Dynamics of performance measurement systems. *International Journal of Productivity and Performance Management, 20*(6):692-704. [Online] Available from: Emerald: http://www.emeraldinsight.com/ [Accessed: 2006-10-10].

Bitpipe. 2005. *Corporate Performance Management: Improve Business Acumen, Ensure Accountability and Raise Investor Confidence.* [Online] Available from: http://www.bitpipe.com/detail/RES/1066238613_95.html [Accessed: 2005-04-07].

Brackertz, N. & Kenley, R. 2002. A service delivery approach to measuring facility performance in local government. *Facilities,* 20(3/4):127-135. [Online] Available from: Emerald: http://www.emeraldinsight.com/ [Accessed: 2006-04-26].

Brønn, P.S., Roberts, H. & Breunig, J. 2004. *Intangible Assets, Communication and Relationships.* Paper presented at Eleventh BledCom International Public Relations Symposium, Bled, Slovenia, 2-4 July. [Online] Available from: http://www.bledcom.com/uploads/documents/Bled_Bronn.pdf [Accessed: 2005-04-26].

Connor, S. 1990. Structuralism and post-structuralism. In Coyle, M. (ed). *Encyclopaedia of literature and criticism*. London: Routledge: 736-763.

Cooper, D.R. & Schindler, P.S. 2003. *Business Research Methods*. 8th ed. New York: McGraw-Hill.

Cornelissen, J. 2000. Reputation Management, Corporate image: an audience centred model. *Corporate Communications: An International Journal,* 5(2):119-125.

Cowie, A.P. 1998. *Oxford Advanced Learner's Dictionary.* 4th ed. Great Britain: Oxford University Press.

Cronen, V.E. 2005. *Practical Theory and a Naturalistic Account of Inquiry.* [Online] Available from: http://www3.baylor.edu/communication_conference/vernonpaper.doc [Accessed: 2005-04-07].

Cullen, J., John, J., Hassall, T. & Broadbent, M. 2003. Quality in higher education: from monitoring to management. *Quality Assurance in Education,* 11(1):5-14. [Online] Available from: Emerald: http://www.emeraldinsight.com/ [Accessed: 2006-04-26].

Cutlip, S.M., Center, A.H. & Broom, G.M. 1994. *Effective Public Relations.* 11th ed. Upper River Saddle, New Jersey: Prentice-Hall.

Cutlip, S.M., Center, A.H., Broom, G.M. & Du Plessis, D.F. 2002. *Essentials for Sub-Saharan Africa of Effective Public Relations.* Forest Drive, Pinelands, Cape Town: Pearson Education South Africa.

Daimler Chrysler. 2005. *IR Glossary.* [Online] Available from: http://www2.daimlerchrysler.com/investor/glossary/glossaryp_e.htm [Accessed: 2005-04-07].

David, F.R. 2003. *Strategic Management: Concepts.* 9th ed. Upper Saddle River, New Jersey: Prentice Hall.

Davmon, C. & Holloway, I. 2002. *Qualitative research methods in Public relations and Marketing Communications.* London: Routledge.

Dayton, N.A. 2003. The demise of total quality management (TQM). *The TQM Magazine,* 15(6):391-396. [Online] Available from: Emerald: http://www.emeraldinsight.com/ [Accessed: 2006-10-10].

De Waal, A. 2003. Behavioral factors important for the successful implementation and use of performance management systems. *Management Decision,* 41(8):688-697. [Online] Available from: Emerald: http://www.emeraldinsight.com/ [Accessed: 2006-04-26].

DM Productions. 2005. *Corporate Communication.* [Online] Available from: http://www.dm-productions.com/corprelations.htm/ [Accessed: 2006-06-11].

Du Plessis, F., Bothma, N., Jordaan, Y. & Van Heerden, N. 2003. *Integrated Marketing Communication.* Claremont, South Africa: New Africa Education.

Du Plessis, F., Jooste, C. & Strydom, J. 2001. *Applied Strategic Marketing*. Sandown: Heinemann.

Du Plooy, G.M. 2002. *Communication Research: Techniques, methods and applications.* Landsowne: Juta.

Dwyer, F.R. & Tanner, J.F. 2002. *Business Marketing: Connecting Strategy, Relationships and Learning.* 2nd ed. New York: McGraw-Hill.

Eastern Kentucky University. 2003. *Strategic Plan.* [Online] Available from: http://www.academicaffairs.eku.edu/planning/strategic/appendixf.php [Accessed: 2005-02-04].

Edkildsen, J.K., Kristensen, K. & Juhl, H.J. 2001. The criterion weights of the EFQM excellence model. *International Journal of Quality & Reliability Management,* 18(8):783-795. [Online] Available from: Emerald: http://www.emeraldinsight.com/ [Accessed: 2006-10-10].

Farnham, D. 2002. *Managing in a Business Context.* London: Cipd.

Fleisher, C.S. 2003. *Assessing the Value of Corporate Public Affairs Management: A Reassessment After More than a Decade's Passing*. Paper presented at Tenth BledCom

International Public Relations Symposium, Bled, Slovenia, 5 July. [Online] Available from: http://www.bledcom.com/uploads/documents/craig_fleisher.pdf [Accessed: 2005-04-26].

FlowCentric Solutions. 2005. *How to increase control over business processes.* [Online] Available from: http://www.flowcentric.net/ [Downloaded: 2005-02-04].

Google Analytics. 2006. *Introducing Google Analytics. Sophisticated. Easy. Free.* [Online] Available from: www.google.com/analytics [Accessed: 2006-09-19].

Gorpe, S. & Saran, M. 2005. *How Public Relations Measurement and Evaluation are done? An Analysis of Entries of the Public Relations Awards Organized by Public Relations Association of Turkey.* [Online] Available from: http://cim.anadolu.edu.tr/pdf/2005/Gorpe_Saran.pdf [Downloaded: 2006-08-23].

Grunig, J.E. & Grunig, L.A. 2001. *Guidelines for Formative and Evaluative Research in Public Affairs: A report for the Department of Energy Office of Science.* Gainesville, FL: Institute for Public Relations. Department of Communication. University of Maryland. [Online] Available from: http://www.instituteforpr.org/index.php/IPR/research_single/guidelines_for_research/ [Downloaded: 2006-08-29].

Grunig, J.E. & Hunt, T. 1984. *Managing Public Relations.* Holt, Rinehart and Winston: New York

Guffey, M.E. 2001. *Essentials of Business Communication.* 5th ed. Ohio: Thomson Learning.

Hallahan, K. 2000. Inactive Publics: The Forgotten Publics in Public Relations. *Publics Relations Review,* 26(4):499-515.

Hamrefors, S. 2004. *Management of Attention - Responsibility for the Communication Department?* [Online] Available from: http://www.bledcom.com/uploads/documents/Hamrefors.pdf [Accessed: 2005-04-13].

Harrison, K. 2006a. *Managing the performance of PR staff.* [Online] Available from: http://www.cuttingedgepr.com/articles/prmanage_performance.asp [Accessed: 2006-07-07].

Harrison, K. 2006b. *Why AVEs are a fatally flawed measure of PR effectiveness.* [Online] Available from: http://www.cuttingedgepr.com/articles/commmeasure_aves.asp [Accessed: 2006-07-07].

Hartman, J.L. 2002. Physical communication: An organisational asset. *Measuring Business Excellence,* 6(4):12-19. [Online] Available from: Emerald: http://www.emeraldinsight.com [Accessed: 2006-05-23].

Hasan, H. & Tibbits, H. 2000. Strategic management of electronic commerce: an adaptation of the Balanced Scorecard. *Internet research: Electronic Networking Applications and Policy,* 10(5):439-450. [Online] Available from: Emerald: http://www.emeraldinsight.com [Accessed: 2006-05-23].

Henning, E. 2004. *Finding your way in qualitative research.* Pretoria: Van Schaik.

Ho, S.K.M. & Fung, K.H. 1994. Developing a TQM Excellence Model. *The TQM Magazine,* 6(6):24-30. [Online] Available from: Emerald: http://www.emeraldinsight.com/ [Accessed: 2006-10-10].

Howe, C. 2004. *Simple Solutions to Strategic Success: The one-page c@ps planning process.* Randburg: Knowres.

Hutton, J.G., Goodman, M.B., Alexander J.B. & Genest, C.M. 2001. Reputation management: the new face of corporate publics relations? *Public Relations Review*, 27:247-261.

Hyman, G. 2004. What makes a successful business process enterprise? *BusinessIT Africa*, August: 2-4.

International School of Prague. 2005. *About psychology and methodology.* [Online] Available from: http://web.isp.cz/jcrane/IB/Big_Four.html [Accessed: 2005-04-06].

Interoperability Clearinghouse. 2005. *Glossary of Terms.* [Online] Available from: http://www.ichnet.org/glossary.html [Accessed: 2005-04-07].

IQPC. 2006. *Training Course - Performance Measurement for Corporate Communications.* [Online] Available from: http://www.iqpc.com.sg/cgi-bin/templates/document.html?topic=661&event=10571&document=76773/ [Accessed: 2006-06-13].

Kaplan, R.S. & Norton, D.P. 1996. *Translating strategy into action: The Balanced Scorecard.* Boston, Massachusetts: Harvard Business School.

Kaplan, R.S. & Norton, D.P. 2001. *The Strategy Focused Organisation: How Balanced Scorecards companies thrive in the new business environment.* Boston, Massachusetts: Harvard Business School.

Kaplan, R.S. & Norton, D.P. 2004. The Strategy Map: guide to aligning intangible assets. *Strategy & Leadership, 32*(5):10-17. [Online] Available from: Emerald: http://www.emeraldinsight.com [Accessed: 2004-05-02].

Kelly, C., Kocourek, P., McGaw, N. & Samuelson, J. 2005. *Deriving value from Corporate Values.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/Corporate_Communication_New_research_shows_value_of_Corporate_Citizenship_and_CSR/569.6.1 [Downloaded: 2006-06-21].

Le Roux, J.R.J. 2003. *Corporate reputation in the information technology industry: a South African case study.* Unpublished masteral thesis. Pretoria: University of Pretoria.

Liamputtong, P. & Douglas, E. 2005. *Qualitative research methods*. Oxford University Press, Australia: Victoria.

Lindenmann, W.K. 1993. An 'Effectiveness Yardstick' to Measure Public Relations Success. *Public Relations Quarterly,* Spring 1993:7-9. [Online] Available from: http://www.instituteforpr.com/index.php/IPR/research_single/relations_research_planning/ [Downloaded: 2006-08-29].

Lindlof, T.R. & Taylor, B.C. 2002. *Qualitative communication Research Methods.* 2nd ed. United States of America: Sage.

Littlejohn, S.W. & Foss, K.A. 2005. *Theories of Human Communication.* 8th ed. Belmont, USA: Wadsworth.

Macnamara, J.R. 2002. *PR Metrics - Research for Planning & Evaluation of Public Relations & Corporate Communication.* [Online] Available from: http://www.google.com/search?hl=en&dr=&q+%22MacNamara%22Evaluation+*+public+relations%22 [Downloaded: 2006-07-31].

Marr, B., Schiuma, G. & Neely, A. 2004. Intellectual capital - defining key performance indicators for organisational knowledge assets. *Business Process Management,* 10(5): 551-569. [Online] Available from: Emerald: http://www.emeraldinsight.com [Accessed: 2004-02-20].

Marx, S., Bosch, J.K., Du Plessis, A.P., De Villiers, J.A. & Crous, M.J. 1998. In: Marx, S., Van Rooyen, D.C. & Reynders, H.J.J. (eds) *Business Management.* 2nd ed. Pretoria: Van Schaik.

Melendez, R. 2004. ROI: The New IT Selling and Buying Process: The impact of the Business Case in IT investment - Essential reading for IT buyers and sellers. *Glomark Corporation whitepaper.* [Online] Available from: www.glomark.com [Accessed: 2004-06-13].

Merrigan, G. & Huston, C.L. 2004. *Communication Research Methods.* Belmont, United States of America: Wadsworth.

Neely, A., Richards, H., Mills, J., Platts, K. & Bourne, M. 1997. Designing performance measures: a structured approach, *International Journal of Operations & Production Management*, 17(11):1131-1152. [Online] Available from: Emerald: http://www.emeraldinsight.com [Accessed: 2004-10-05].

Noble, P. 1999. Toward an inclusive evaluation methodology. *Corporate Communications: An International Journal,* 4(1):14-23. [Online] Available from: Emerald: http://www.emeraldinsight.com/ [Accessed: 2006-08-23].

Olkkonen, R., Tikkanen, H. & Alajoutsijarvi, K. 2000. The role of communication in business relationships and networks. *Management decision,* 38(6):403-409. Available from: Emerald: http://www.emeraldinsight.com/ [Accessed: 2004-07-29].

O'Rourke IV, J.S. 2004. *Management Communication: A case-analysis approach.* 2nd ed. Upper Saddle River: New Jersey.

Patton, M.Q. 2001. *Qualitative Research & Evaluation Methods.* 3rd ed. London: Sage.

Phillips, D. 2001. The public relations evaluationists. *Corporate Communications: An International Journal, 6(4):225-237.*

PR Influences. 2001a. *Measuring PR success - AVE's rejected.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/Measuring_PR_success__AVEs_rejected/196.5.1 [Accessed: 2006-06-13].

PR Influences. 2001b. *Media coverage: forget about the quantity - measure the quality.* [Online]   Available   from:

http://www.compad.com.au/cms/prinfluences/articles/Media_coverage_forget_about_the_ quantity__measure_the_quality/198.5.1 [Accessed: 2006-06-13].

PR Influences. 2001c. *ROI link between public relations and corporate reputation established.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/ROI_link_between_public_relations_ and_corporate_reputation_established/228.6.1 [Accessed: 2006-06-13].

PR Influences. 2002a. *Internal communication departments: 10 reasons why communication effectiveness is often impeded.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/Internal_communication_department s__reasons_why_communication_effectiveness_is_often_impeded/167.6.1 [Accessed: 2006-06-13].

PR Influences. 2002b. *What does 2003 have in store for your communication function?* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/What_does__have_in_store_for_you r_communication_function/259.6.1 [Accessed: 2006-06-13].

PR Influences. 2003a. *Consumer communication goals - without them you're just making noise.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/Consumer_communication_goals__ without_them_you're_just_making_noise/197.5.1 [Accessed: 2006-06-13].

PR Influences. 2003b. *Gain the most from your clipping service expenditure.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/Gain_the_most_from_your_clipping_ service_expenditure/367.5.1 [Accessed: 2006-06-13].

PR Influences. 2003c. *Measuring PR: Outputs - the first essential step.* [Online] Available from:

http://www.compad.com.au/cms/prinfluences/articles/Measuring_public_relations_Outputs_the_first_essential_step/304.5.1 [Accessed: 2006-06-13].

PR Influences. 2004a. *Corporate Reputation and the CEO.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/Corporate_Reputation_and_The_CEO/393 [Accessed: 2006-06-13].

PR Influences. 2004b. *Corporate Social Responsibility - an important tool for most businesses.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/Corporate_Social_Responsibility_-_an_important_tool_for_most_businesses/503 [Accessed: 2006-06-13].

PR Influences. 2004c. *Introducing Blogs.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/Introducing_Blogs/506.40.1 [Accessed: 2006-06-13].

PR Influences. 2004d. *Measuring PR: Outcomes - what impact is the communication having?* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/Measuring_PR_Outcomes__what_impact_is_the_communication_having/428.5.1 [Accessed: 2006-06-13].

PR Influences. 2004e. *Survey Confirms PR Role Within Australian E-Suite.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/Survey_confirms_public_relations_role_within_Australian_ESuite/489.5.1 [Accessed: 2006-06-13].

PR Influences. 2005a. *Corporate Communication: New research shows value of Corporate Citizenship and CSR.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/Corporate_Communication_New_research_shows_value_of_Corporate_Citizenship_and_CSR/569.6.1 [Accessed: 2006-06-03].

PR Influences. 2005b. *New measurement techniques link sales directly to PR.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/New_measurement_techniques_link_sales_directly_to_PR/517 [Accessed: 2005-06-13].

PR Influences. 2005c. *New Media: Importance of blogs for marketers and communicators.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/New_Media_Importance_of_blogs_for_marketers_and_communicators/575.40.1 [Accessed: 2006-06-13].

PR Influences. 2005d. *PR Measurement: Assessing media coverage.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/PR_measurement_Assessing_media_coverage/570.5.1 [Accessed: 2006-06-13].

PR Influences. 2005e. *PR Measurement: 10 things you need to know about Share of Discussion.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/PR_Measurement__things_you_should_know_about_Share_of_Discussion/609.5.1 [Accessed: 2006-06-13].

PR Influences. 2006. *PR Measurement: We answer the most common questions.* [Online] Available from: http://www.compad.com.au/cms/prinfluences/articles/Measurement_We_answer_the_most_common_questions/692.5.1 [Accessed: 2005-06-13].

Puth, G. 2002. *The Communicating Leader: the key to strategic alignment.* 2nd ed. Pretoria: Van Schaik.

Reh, J. 2005. *Your Guide to Management: Key Performance Indicators.* [Online] Available from: http://www.management.about.com/cs/generalmanagment/a/keyperfindic.htm [Accessed: 2005-02-04].

Rensburg, C. & Cant, M. 2003. *Public Relations: South African Perspectives.* Sandown: Heinemann.

Rensburg, R. & Ferreira, M. 2004. *New Concepts and Technologies for Public Relations, Public Affairs and Corporate Communication: Aligning corporate communication and Excellence Models to ensure continuous improvement in organisations.* Paper presented at Eleventh BledCom International Public Relations Symposium, Bled, Slovenia, 2-4 July:1-22. [Online] Available from: http://www.bledcom.com/uploads/documents/Rensburg-Ferreira.pdf [Accessed: 2005-04-13].

Reznick, M. 2004. *Implementing innovative stakeholder relations.* [Online] Available from: http://www.onphilanthropy.com/tren_comm/tc2004-03-26.html [Accessed: 2004-08-06].

Ritter, M. 2003. The use of Balanced Scorecards in the strategic management of corporate communication. *Corporate Communications: An International Journal,* 8(1):44-59. Available from: Emerald: http://www.emeraldinsight.com [Accessed: 2005-04-08].

Robbins, S.P. 1987. *Organisation Theory: Structure, design and applications.* 2nd ed. Englewood Cliffs, New Jersey: Prentice Hall.

Robson, I. 2005. Professional Practice: Implementing a performance measurement system capable of creating a culture of high performance. *International Journal of Productivity and Performance Management,* 54(2):137-145. [Online] Available from: Emerald: http://www.emeraldinsight.com [Accessed: 2004-04-10].

Sandin, D. & Simolin, T. 2006. *Public Relations: As Perceived and Practiced by Commercial Banks.* [Online] Available from: http://epubl.ltu.se/1402- 1552/2006/008/index-en.html [Accessed: 2006-07-02].

Seang. 2003. *Best Practices in KPI.* Paper presented at the National Conference of Key Performance Indicators, Pan Pacific Hotel, Kuala Lumpur, 21-23 October:1-11 [Online] Available from:

http://dominoapp.npc.org.my/publications.nsf/0/4CEC8E267211881B48256DC7002C719F/$file/BPKPI's221003.pdf [Accessed: 2005-05-03].

Sim, K.L. & Koh, H.C. 2001. Balanced Scorecard: A rising trend in strategic performance measurement. *Measuring Business Excellence*, 5(2):18-26. [Online] Available from: Emerald: http://www.emeraldinsight.com [Accessed: 2006-05-23].

Simmons, P. & Watson, T. 2006. Public relations evaluation in Australia - practices and attitudes across sectors and employment status. *Asia Pacific Public Relations Journal,* 6(2):1-14.

Sinclair, D. & Zairi, M. 1995. Effective process management through performance measurement. *Business Process Re-engineering & Management Journal*, 1(3):50-65. [Online] Available from: Emerald: http://www.emeraldinsight.com [Accessed: 2006-10-05].

Stevens, I. 2003. *Postmodernism, structuralism, post-structuralism, deconstruction and art criticism.* [Online] Available from: http://www.unisa.ac.za/default.asp?Cmd+ViewContent&ContentID+7267 [Accessed: 2005-04-07].

Steyn, B. & Bütschi, G. 2004. *A Model for Developing Corporate Communication / Public Relations Strategy.* Paper presented at Eleventh BledCom International Public Relations Research Symposium, Lake Bled, 2-4 July. [Online] Available from: http://www.bledcom.com/uploads/documents/Steyn-Butschi_Bled_Linked_corrected_final_18- 6- 04.pdf [Accessed: 2005-04-13].

Steyn, B. & Puth, G. 2000. *Corporate communication strategy.* Sandown: Heinemann.

Tangen, S. 2004. Performance measurement: from philosophy to practice. *International Journal of Productivity and Performance Management,* 53(8):726-737. [Online] Available from: Emerald: http://www.emeraldinsight.com/ [Accessed: 2006-10-10].

Total Quality Engineering. 2005. *Balanced Scorecard: Instrumentation for competitive success.* [Online] Available from: http://www.tqe.com/bsc.html [Accessed: 2005-04-06].

T-Systems. 2004. *Campaign Brief utilised in Strategic Communication (SKO780).* Pretoria: Department of Marketing and Communication Management, University of Pretoria.

United States Department of Transport. 2005. *Planning for Transportation System Management & Operations.* [Online] Available from: http://www.plan4operations.dot.gov/Glossary.asp [Accessed: 2005-04-07].

University of Cape Town. 2001. *Glossary of Terms and Acronyms.* [Online] Available from: http://www.web.uct.ac.za/depts/aims2/Glossary.htm [Accessed: 2005-02-04].

Van Aken, E.M., Letens, G., Coleman, G.D., Farris, J. & Van Goubergen, D. 2003. Assessing maturity and effectiveness of enterprise performance measurement systems. *International Journal of Productivity and Performance Management,* 54(5/6):400-418. [Online] Available from: Emerald: http://www.emeraldinsight.com/ [Accessed: 2006-10-10].

Vos, M. & Schoemaker, H. 2004. *Accountability of communication policy.* Paper presented at Eleventh BledCom International Public Relations Symposium, Bled, Slovenia, July:1-7. [Online] Available from: http://www.bledcom.com/uploads/documents/Vos-Schoemaker.pdf [Accessed: 2005-04-13].

VMS. 2006a. *Standardized Output Metrics for the PR industry.* [Online] Available from: http://www.vmsinfo.com/1_1_3_prtral.html [Accessed: 2006-06-21].

VMS. 2006b. *White Paper: Measuring Effectively.* [Online] Available from: http://www.vmsinfo.com/1_1_3_prtral.html [Accessed: 2006-06-21].

VMS. 2006c. *White Paper: Measuring Effectively.* [Online] Available from: http://www.vmsinfo.com/1_1_3_prtral.html [Accessed: 2006-06-21].

Watson, T. 2005. *ROI or evidence-based PR: The language of public relations evaluation.* [Online] Available from: http://praxis.massey.ac.nz/fileadmin/Praxis/Files/Journal_Files/Issue3/Watson.pdf [Downloaded: 2006-08-23].

Watson, N. & Noble, P. 2005. *Evaluating Public Relations: A Best Practice Guide to Public Relations Planning, Research & Evaluation*. London: Kogan Page.

Welman, J.C. & Kruger, S.J. 2002. *Research Methodology.* 2nd ed. Cape Town: Oxford University Press.

Wongrassamee, S., Gardiner P.D. & Simmons, J.E.L. 2003. Performance measurement tools: the Balanced Scorecard and the EFQM Excellence Model. *Measuring Business Excellence,* 7(1):14-29. [Online] Available from: Emerald: http://www.emeraldinsight.com [Accessed: 2006-10-10].

Zhang, M. 2003. Transferring human resource management across national boundaries. *Employee Relations,* 25(6):613-626. [Online] Available from: Emerald: http://www.emeraldinsight.com [Accessed: 2004-05-10].

Zink, K.J. 1998. *Total Quality Management as a Holistic Management Concept: The European Model for Business Excellence*. Berlin: Springer-Verlag.