6th edition

Corporate Communication

A Guide to Theory & Practice

Joep Cornelissen

online resources

Corporate Communication

Sara Miller McCune founded SAGE Publishing in 1965 to support the dissemination of usable knowledge and educate a global community. SAGE publishes more than 1000 journals and over 800 new books each year, spanning a wide range of subject areas. Our growing selection of library products includes archives, data, case studies and video. SAGE remains majority owned by our founder and after her lifetime will become owned by a charitable trust that secures the company's continued independence.

Los Angeles | London | New Delhi | Singapore | Washington DC | Melbourne

6th edition

Corporate Communication

A Guide to Theory & Practice

Joep Cornelissen

SAGE

Los Angeles | London | New Delhi
Singapore | Washington DC | Melbourne

SAGE

Los Angeles | London | New Delhi
Singapore | Washington DC | Melbourne

SAGE Publications Ltd
1 Oliver's Yard
55 City Road
London EC1Y 1SP

SAGE Publications Inc.
2455 Teller Road
Thousand Oaks, California 91320

SAGE Publications India Pvt Ltd
B 1/I 1 Mohan Cooperative Industrial Area
Mathura Road
New Delhi 110 044

SAGE Publications Asia-Pacific Pte Ltd
3 Church Street
#10-04 Samsung Hub
Singapore 049483

Editor: Matthew Waters
Assistant editor: Jasleen Kaur
Production editor: Sarah Cooke
Copyeditor: Sharon Cawood
Proofreader: Tom Hickman
Indexer: Silvia Benvenuto
Marketing manager: Lucia Sweet
Cover design: Francis Kenney
Typeset by: C&M Digitals (P) Ltd, Chennai, India
Printed in the UK

© Joep Cornelissen 2020

First edition published 2004
Second edition 2008
Third edition 2011
Fourth edition 2014
Fifth edition 2017
This sixth edition published 2020

Apart from any fair dealing for the purposes of research or private study, or criticism or review, as permitted under the Copyright, Designs and Patents Act, 1988, this publication may be reproduced, stored or transmitted in any form, or by any means, only with the prior permission in writing of the publishers, or in the case of reprographic reproduction, in accordance with the terms of licences issued by the Copyright Licensing Agency. Enquiries concerning reproduction outside those terms should be sent to the publishers.

Library of Congress Control Number: 2019955358

British Library Cataloguing in Publication data

A catalogue record for this book is available from the British Library

ISBN 978-1-52649-198-5
ISBN 978-1-52649-197-8 (pbk)

At SAGE we take sustainability seriously. Most of our products are printed in the UK using responsibly sourced papers and boards. When we print overseas we ensure sustainable papers are used as measured by the PREPS grading system. We undertake an annual audit to monitor our sustainability.

Summary of Contents

Contents

List of Figures

List of Tables

List of Case Studies

List of Case Examples

About the Author

Joep Cornelissen is a Professor in Corporate Communication and Management at the Rotterdam School of Management, Erasmus University. In his day job, he teaches corporate communication and change management on executive and MBA programmes and actively writes on these topics for leading academic journals such as the *Academy of Management Review*, *Academy of Management Journal*, *Organization Science* and the *Journal of Management Studies*. He also frequently speaks at conferences and draws on his management and communication expertise to work with entrepreneurs and managers in private and public sector organizations.

Preface to the Sixth Edition

The world of business is constantly changing. Since the previous editions of the book, there have been a number of high-profile scandals in the corporate world and we have been through an economic downturn in most parts of the globe. These conditions have created a very difficult trading environment for many companies, and, equally, many organizations have had a rough time in communication and reputation terms. Companies that previously were the darling of the stock market or the preferred choice of customers may have seen the tables turned on them and may no longer enjoy strong reputations.

Stakeholders, for their part, increasingly demand insight and information from companies in a quest for greater transparency. The new media landscape has added further pressures in this respect, with citizens and customers blogging and tweeting about companies, and with critical journalists zealously looking for gaps, contradictions and discrepancies in corporate messages. The decisions and actions of companies are increasingly put under the microscope.

Whilst the environment for companies is constantly changing and has perhaps become more challenging in recent years, the central message across these trends is clear: executives and practitioners within organizations need to be empowered with a way of thinking and with tools that can help them navigate the current corporate landscape in which reputations have become more fragile and stakeholders have become more demanding. The basic idea underlying the book, therefore, is to equip the reader with an understanding of the concepts and tools of corporate communication.

PURPOSE OF THE BOOK

This book is about corporate communication. Its chief aim is to provide a comprehensive and up-to-date treatment of the subject of corporate communication. The book incorporates current thinking and developments on the topic from both the academic and practitioner worlds, combining a comprehensive theoretical foundation with numerous practical guidelines and insights to assist managers in their day-to-day work and in their strategic and tactical communication decisions. Illustrative examples and case studies are based on companies in the USA, the UK, continental Europe, South-East Asia and elsewhere.

In other words, in a comprehensive and practical manner, the book aims to provide insights into the nature of corporate communication, the issues that define this critical area of practice, the strategies and activities that fall within its remit, and the ways in which it can be managed in companies. Specifically, the reader will learn about the following:

- the nature of corporate communication, its historical emergence and its role in contemporary companies
- the critical role of corporate communication in building and maintaining relationships with the stakeholders of a company
- the key issues – corporate social responsibility, reputation management, corporate branding, corporate identity, integrated communication – that define this area of practice and how to deal with them
- different approaches to developing corporate communication strategies and to implementing communication programmes and campaigns
- different approaches to measuring and monitoring the impact of communication on stakeholders' opinions and on the company's reputation
- the key activities and skills in specific disciplines and emerging areas of practice, including change communication, social media, issues management, crisis communication, employee communication and community relations.

APPROACH OF THE BOOK

For the sixth edition of the book, my aim again was to satisfy three key criteria by which any management text can be judged:

- Depth: the material in the book needs to be comprehensive in covering both the academic and practitioner literatures and the knowledge base of corporate communication.
- Breadth: the book covers the range of topics that define the field of corporate communication and that practising managers and students of corporate communication find important or interesting.
- Relevance: the book has to be well grounded in practice and easily relatable to practical examples and case studies.

Although a number of books on corporate communication exist in the market, it has been my belief that no book has really maximized these three dimensions to the best possible extent. Accordingly, this book sets out to fill that gap by accomplishing three things.

First, instead of being only based on practitioner experiences and anecdotes or case-based learning, the book provides an evidence-based account of corporate communication by drawing on theories, models and concepts from academic research.

Second, all the contemporary and important themes and topics within the remit of corporate communication, including 'corporate social responsibility', 'social media' and 'stakeholder management', are discussed in detail. Particular attention is paid to central topics such as the structuring of the communication function within organizations and the development of communication strategies and programmes – these have received little attention in other books.

Third, the book not only presents the latest academic thinking and research on the subject, but also features case studies and shorter case examples to illustrate the concepts and themes of the book and to meet the ‘double hurdle’ of academic rigour and practical relevance.

For the sixth edition, all the case studies and topics have been updated with more cases from the USA and South-East Asia added to the text. The text itself has also been revised and updated, and I have added new material on social media, online communications and data analytics.

In summary, by combining theory with practical cases and examples, the sixth edition of the book provides a comprehensive, practically grounded and up-to-date overview of the state and playing field of corporate communication. All the major critical issues in managing communications are discussed, providing practising managers with appropriate concepts, theories and tools to enable them to make better management and communication decisions. And thus, after reading the book, readers will, I hope, have gained a greater appreciation and a more in-depth understanding of the range of topics covered in corporate communication, as well as a means to organize their thoughts on those topics.

READERSHIP OF THE BOOK

A wide range of people can benefit from reading this book, including the following groups:

- students at the graduate level enrolled on a business, management, marketing, corporate communication, public relations or business communication course, who are interested in increasing their understanding of the theory and practice of corporate communication
- managers and marketing and communication professionals with an interest in aspects of corporate communication (such as change or leadership communication), who are concerned with making informed decisions that will maximize their day-to-day performance
- senior executives looking for an understanding of corporate communication and what it can do for their business
- academics researching and reading in the areas of corporate communication, public relations, marketing and strategic management who are looking for a resource guide that contains all the major topics in corporate communication in a single volume.

ORGANIZATION OF THE BOOK

As mentioned, the aim of this book is to present an overview of the theory and practice of corporate communication. The distinction between the ‘theory’ and ‘practice’ of corporate communications is intentional and implies that the book aims to integrate theoretical concepts and frameworks on corporate communication with more hands-on, practice-based insights and skills from the profession. In the book, I also take the view that corporate communication is a field of management within organizations, where not only our understanding of it but also the development of the field, are best served by adopting a management perspective. This means that alternative sociological and critical perspectives on corporate communication are included in the book's ruminations on the field, yet are considered of secondary importance in view of the core management perspective of the book.

Adopting this management perspective, the book is laid out in five parts:

Part 1, Introduction to Corporate Communication, provides a characterization of the historical and practical roots of the field of corporate communication and defines the role and use of corporate communication in contemporary organizations and in a changing media environment.

Part 2, Conceptual Foundations, includes two chapters on key concepts such as stakeholders and corporate reputation and on communication models that provide the theoretical background to the practice of corporate communication.

Part 3, Corporate Communication in Practice, includes two chapters that focus on the development of a communication strategy, the planning and execution of communication programmes and campaigns, and on research and measurement of communication effects.

Part 4, Specialist Areas in Corporate Communication, covers important specialist areas within corporate communication: media relations, employee communication, issues management and crisis communication.

Part 5, New Developments in Corporate Communication, has chapters on important emerging areas of practice within corporate communication: change and leadership communication and corporate social responsibility (CSR) and community relations.

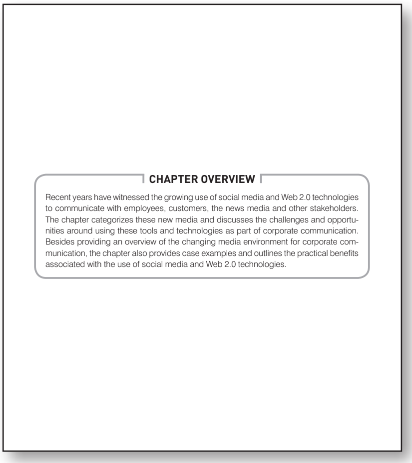
The chapters in each part include case studies and case examples and a list of sources for further reading. At the tail end of the book, the reader will find a glossary of key communication terminology that may be useful as a quick reference to the key concepts in corporate communication.

Joep Cornelissen, Amsterdam, June 2019

Acknowledgements

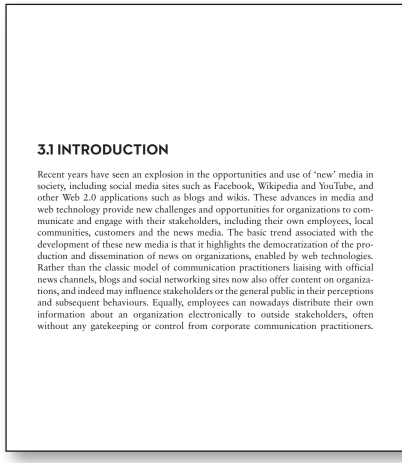
In writing, revising and editing this book, I have had a lot of help and encouragement from corporate communication colleagues and practitioners around Europe. I have also benefited from the wisdom of colleagues and graduate students at the various institutions with which I have been associated. I would also like to thank my reviewers as well as Michael Etter (Copenhagen Business School), Tamara Witschge (University of Groningen) and Jos Bartels (University of Tilburg) for useful suggestions. At Sage Publishing, Delia Martínez Alfonso has been a friend and supporter for years, and without her this book would never have been written. Thanks also go to Matthew Waters and Jasleen Kaur at Sage who have offered me a lot of support for this sixth edition, and to William Tiner who helped with developing case material for this edition. Finally, Mirjam, Siri and Freya, as always, have offered me lots of cheerful respite from working on this latest edition of the book and have been really patient with me over the past couple of months as I put the finishing touches to the text.

Guided Tour


CHAPTER OVERVIEW

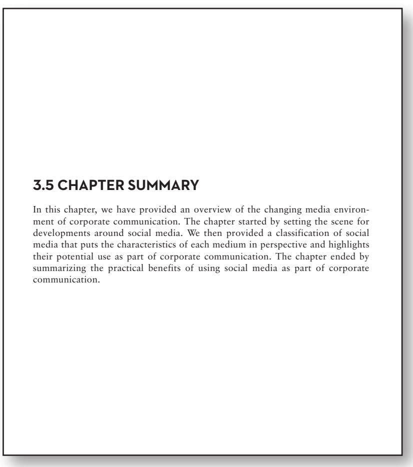
Recent years have witnessed the growing use of social media and Web 2.0 technologies to communicate with employees, customers, the news media and other stakeholders. The chapter categorizes these new media and discusses the challenges and opportunities around using these tools and technologies as part of corporate communication. Besides providing an overview of the changing media environment for corporate communication, the chapter also provides case examples and outlines the practical benefits associated with the use of social media and Web 2.0 technologies.

Chapter overview: a brief synopsis of each chapter is provided.


3.1 INTRODUCTION

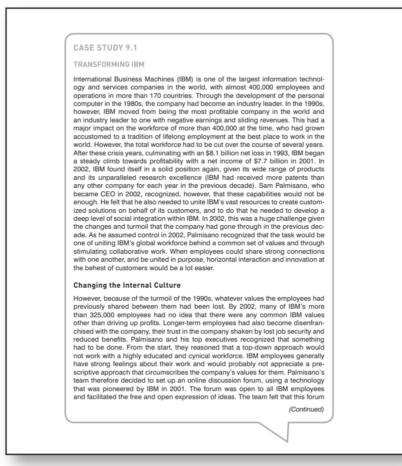
Recent years have seen an explosion in the opportunities and use of 'new' media in society, including social media sites such as Facebook, Wikipedia and YouTube, and other Web 2.0 applications such as blogs and wikis. These advances in media and web technology provide new challenges and opportunities for organizations to communicate and engage with their stakeholders, including their own employees, local communities, customers and the news media. The basic trend associated with the development of these new media is that it highlights the democratization of the production and dissemination of news on organizations, enabled by web technologies. Rather than the classic model of communication practitioners liaising with official news channels, blogs and social networking sites now also offer content on organizations, and indeed may influence stakeholders or the general public in their perceptions and subsequent behaviours. Equally, employees can nowadays distribute their own information about an organization electronically to outside stakeholders, often without any gatekeeping or control from corporate communication practitioners.

Introduction: the introduction provides the overall framework of each chapter.


3.5 CHAPTER SUMMARY

In this chapter, we have provided an overview of the changing media environment of corporate communication. The chapter started by setting the scene for developments around social media. We then provided a classification of social media that puts the characteristics of each medium in perspective and highlights their potential use as part of corporate communication. The chapter ended by summarizing the practical benefits of using social media as part of corporate communication.

Chapter summary: we review the main concepts and issues to be sure that you are clear on what was covered, and why.


CASE STUDY 9.1

TRANSFORMING IBM

International Business Machines (IBM) is one of the largest information technology and services companies in the world, with almost 400,000 employees and operations in more than 170 countries. Through the development of the personal computer in the 1980s, the company had become an industry leader. In the 1990s, however, IBM moved from being the most profitable company in the world and an industry leader to one with negative earnings and sliding revenues. This had a major impact on the workforce of more than 400,000 at the time, who had grown accustomed to a tradition of lifelong employment at the best place to work in the world. However, the total workforce had to be cut over the course of several years. After these crisis years, culminating with an $8.1 billion net loss in 1993, IBM began a steady climb towards profitability with a net income of $7.7 billion in 2001. In 2002, IBM found itself in a solid position again, given its wide range of products and its unparalleled research excellence (IBM had received more patents than any other company for each year in the previous decade). Sam Palmisano, who became CEO in 2002, recognized, however, that these capabilities would not be enough. He felt that he also needed to unite IBM's vast resources to create customized solutions on behalf of its customers, and to do that he needed to develop a deep level of social integration within IBM. In 2002, this was a huge challenge given the changes and turmoil that the company had gone through in the previous decade. As he assumed control in 2002, Palmisano recognized that the task would be one of uniting IBM's global workforce behind a common set of values and through stimulating collaborative work. When employees could share strong connections with one another, and be united in purpose, horizontal interaction and innovation at the behest of customers would be a lot easier.

Changing the Internal Culture

However, because of the turmoil of the 1990s, whatever values the employees had previously shared between them had been lost. By 2002, many of IBM's more than 325,000 employees had no idea that there were any common IBM values other than driving up profits. Longer-term employees had also become disenfranchised with the company, their trust in the company shaken by lost job security and reduced benefits. Palmisano and his top executives recognized that something had to be done. From the start, they reasoned that a top-down approach would not work with a highly educated and cynical workforce. IBM employees generally have strong feelings about their work and would probably not appreciate a prescriptive approach that circumscribes the company's values for them. Palmisano's team therefore decided to set up an online discussion forum, using a technology that was pioneered by IBM in 2001. The forum was open to all IBM employees and facilitated the free and open expression of ideas. The team felt that this forum

(Continued)

Case study: each chapter contains an international case study, accompanied by questions designed for reflective learning and the reinforcement of key concepts.

CASE EXAMPLE 3.1

SPOTIFY'S 2018 GOALS CAMPAIGN

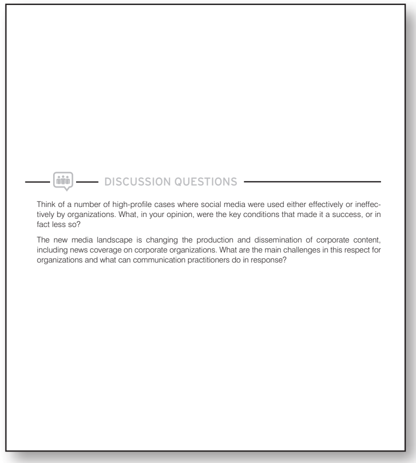
At the end of 2017, Spotify, the music streaming service, ran a humorous campaign to encourage its users to share their data on what they listened to. The campaign was created entirely in-house, with marketing and communication professionals building it around a basic content-related idea: that music tastes are uniquely and even idiosyncratically personal, yet worth celebrating and sharing. The overall idea was that the campaign would celebrate this in a quirky and positive manner, in order to raise awareness of Spotify's superior personalization algorithm (compared to Apple's) and help draw more users to its service. By drawing in more users, Spotify was hoping to raise more investment when it would float on the stock market later that year.

The starting point for the campaign was the use of traditional off-line billboards in major cities around the world, as a traditional paid medium. The billboard adverts revealed the weird and wonderful playlists of their users, but in an anonymous way. The strapline to each advert encouraged viewers to listen to these songs, all the while celebrating diversity in personal tastes in music. The billboards not only gave people on the streets something to smile about, but more importantly were instantly shareable. The billboards furthermore reflected variations in user trends and tastes based on their country location. This was done to encourage the target audience to take pictures and share them on social media, connecting people around the world through shared tastes and guilty pleasures in music. Spotify then also contracted over 70 artists from around the world (including Sam Smith, Ed Sheeran, Kendrick Lamar and Bruno Mars) as paid 'media' to share pictures of themselves in front of these billboards and to release stats and graphics with their fanbase on the number of people listening to their music. The coverage created by these paid media opportunities connected on Twitter, Facebook and Instagram with the buzz and coverage that Spotify had itself earned through individual users creating content and sharing positive sentiments online. With owned, earned and paid media complementing one another in this manner, the campaign boosted the image of Spotify and managed to draw huge numbers of new users to the service. Spotify's revenues tripled in the quarter after the campaign, and pushed up its share price on the New York Stock Exchange (NYSE) once the company got listed.

Question for reflection

Reflect on the linkages between earned, owned and paid media in this particular campaign. Could the same results have been achieved without the leveraging of content across these media platforms?

Case example: corporate communication topics are illustrated with full, real-life examples supported by useful reflective questions.

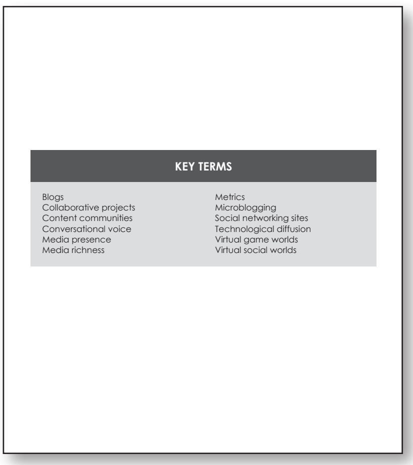


DISCUSSION QUESTIONS

Think of a number of high-profile cases where social media were used either effectively or ineffectively by organizations. What, in your opinion, were the key conditions that made it a success, or in fact less so?

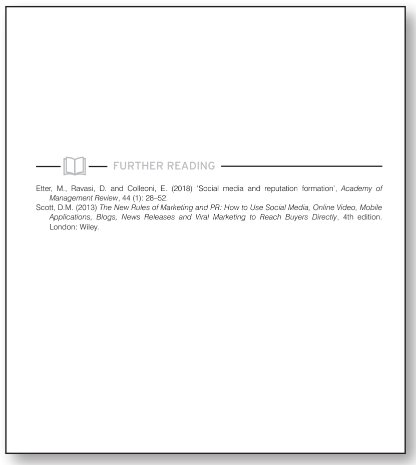
The new media landscape is changing the production and dissemination of corporate content, including news coverage on corporate organizations. What are the main challenges in this respect for organizations and what can communication practitioners do in response?

Discussion questions: questions are provided at the end of each chapter to encourage you to explore what you have learnt.



KEY TERMS	
Blogs	Metrics
Collaborative projects	Microblogging
Content communities	Social networking sites
Conversational voice	Technological diffusion
Media presence	Virtual game worlds
Media richness	Virtual social worlds

Key terms: each chapter's key terms are listed here and in the glossary at the end of the book, which covers all of the book's key concepts.



FURTHER READING

Etter, M., Ravasi, D. and Colleoni, E. (2018) 'Social media and reputation formation', *Academy of Management Review*, 44 (1): 28–52.
Scott, D.M. (2013) *The New Rules of Marketing and PR: How to Use Social Media, Online Video, Mobile Applications, Blogs, News Releases and Viral Marketing to Reach Buyers Directly*, 4th edition. London: Wiley.

Further reading: relevant articles and book chapters will enhance your understanding of each chapter.

Online Resources

Corporate Communication, **6th edition** is supported by a wealth of online resources for both students and lecturers to help support learning and teaching. These resources are available at: https://study.sagepub.com/cc6e.

For Lecturers

- **Save time** and **support** your teaching each week by using **PowerPoint slides** prepared by the author for each chapter.
- **Encourage engagement** with the case studies within each chapter by working through the **case study answers** provided.

For Students

- **Expand** on what you learn in the textbook by watching the **videos** and exploring the **websites** provided to support each chapter.
- **Develop further knowledge** by reading the author-selected **academic journal articles** that will help you to achieve high grades in your assessments.
- **Revise key terms** for your assignments and exams by using the **definition flashcards.**

1

Introduction to Corporate Communication

In Part 1, we explore the historical development of communication within organizations, describe why corporate communication emerged and demonstrate the importance of corporate communication to contemporary organizations. The basic characteristics of corporate communication are described compared to related concepts such as marketing communication and public relations.

After reading Part 1, the reader should be familiar with the basic characteristics of corporate communication, its historical emergence and its relevance to contemporary organizations.

Defining Corporate Communication

1

CHAPTER OVERVIEW

This introductory chapter provides a definition of corporate communication and lays out the themes for the remainder of the book. The chapter starts with a brief discussion of the importance of corporate communication, defines key concepts and spotlights a number of important trends and developments in corporate communication.

1.1 INTRODUCTION

There is a widespread belief in the management world that in today's society the future of any company critically depends on how it is viewed by key stakeholders such as shareholders and investors, customers and consumers, employees, and members of the community in which the company operates. Globalization, corporate crises and the recent financial crisis have strengthened this belief even further. CEOs and senior executives of many large organizations and multinationals nowadays consider protecting their company's reputation to be 'critical' and as one of their most important strategic objectives.[1] This objective of building, maintaining and protecting the company's reputation is the core task of corporate communication practitioners. However, despite the importance attributed to a company's reputation, the role and contribution of corporate communication is still far from being fully understood in many companies. In such companies, communication practitioners feel undervalued, their strategic input into decision-making is compromised and senior managers and CEOs feel powerless because they simply do not understand the events that are taking place in the company's environment and how these events may affect the company's operations and profits. There is therefore a lot to gain when communication practitioners and senior managers are able to recognize and diagnose communication-related management problems and know about the appropriate strategies and courses of action. Such an understanding is not only essential to an effective use of corporate communication, but it is also empowering. It allows communication practitioners and managers to understand and take charge of events that fall within the remit of corporate communication, to determine which events are outside their control and to identify opportunities for communicating and engaging with stakeholders of the organization.

The primary goal of this book, therefore, is to give readers a sense of how corporate communication is used and managed *strategically* as a way of guiding how organizations may communicate with their stakeholders. The book combines reflections and insights from academic research and professional practice in order to provide a comprehensive overview of strategies and tactics in corporate communication. In doing so, the book aims to provide a range of concepts, insights and tools to communication practitioners and senior managers to be used in their day-to-day practice.

This introductory chapter will start by describing corporate communication and will introduce the strategic management perspective that underlies the rest of the book. This perspective suggests a particular way of looking at corporate communication and indicates a number of management areas and concerns that will be covered in the remaining chapters. As the book progresses, each of these areas will be explained in detail and the strategic management perspective as a whole will become clearer.

1.2 SCOPE AND DEFINITIONS

Perhaps the best way to define corporate communication is to look at the way in which the function has developed in companies. Until the 1970s, practitioners had used the term 'public relations' to describe communication with stakeholders. This 'public relations' function, which was tactical in most companies, largely consisted of communication with the press. When other stakeholders, internal and external to the company, started to demand more information from the company, practitioners subsequently started to look at communication as being more than just 'public relations'. This is when the roots of the new corporate communication function started to take hold. This new function came to incorporate a whole range of specialized disciplines, including corporate design, corporate advertising, internal communication to employees, issues and crisis management, media relations, investor relations, change communication and public affairs.[2] An important characteristic of the new function is that it focuses on the organization as a whole and on the important task of how an organization presents itself to all its key stakeholders, both internal and external.

This broad focus is also reflected in the word 'corporate' in *corporate communication*. The word, of course, refers to the business setting in which corporate communication emerged as a separate function (alongside other functions such as human resources and finance). There is also an important second sense with which the word is being used. 'Corporate' originally stems from the Latin words for 'body' (corpus) and for 'forming into a body' (corporare) which emphasize a unified way of looking at 'internal' and 'external' communication disciplines. That is, instead of looking at specialized disciplines or stakeholder groups separately, the corporate communication function starts from the perspective of the organization as a single embodied entity when communicating with internal and external stakeholders.[3]

Corporate communication, in other words, can be characterized as a management function that is responsible for overseeing and coordinating the work done by communication practitioners in different specialist disciplines such as media relations, public affairs and internal communication. Van Riel defines corporate communication as 'an instrument of management by means of which all consciously used forms of internal and external communication are harmonized as effectively and efficiently as possible', with the overall objective of creating 'a favorable basis for relationships with groups upon which the company is dependent'.[4] Defined in this way, corporate communication obviously involves a whole range of 'managerial' activities such as planning, coordinating and counselling the CEO and senior managers in the organization, as well as the 'tactical' skills involved in producing and disseminating content and messages to relevant stakeholder groups. Overall, if a definition of corporate communication is required, the following characteristics can provide a basis for one:

> Corporate communication is a management function that offers a framework for the effective coordination of all internal and external communication with the overall purpose of establishing and maintaining favourable reputations with stakeholder groups upon which the organization is dependent.

One consequence of these characteristics of corporate communication is that it is likely to be *complex in nature*. This is especially so in organizations with a wide geographical range, such as multinational corporations, or with a wide range of products or services, where the coordination of communication is often a balancing act between corporate headquarters and the various divisions and business units involved. However, there are other significant challenges in developing effective corporate communication strategies and programmes. Corporate communication demands an *integrated approach* to managing communication. Unlike a specialist frame of reference, corporate communication transcends the specialties of individual communication practitioners (e.g. branding, media relations, investor relations, public affairs, employee communication) and crosses these specialist boundaries to harness the *strategic interests of the organization at large*. Richard Edelman, CEO of Edelman, the world's largest independent PR agency, highlights the strategic role of corporate communication as follows: 'we used to be the tail on the dog, but now communication is the organizing principle behind many business decisions'.[5] The general idea is that the sustainability and success of a company depends on how it is viewed by key stakeholders, and communication is a critical part of building, maintaining and protecting such reputations.

A variety of concepts and terms is used in relation to corporate communication and reflects these characteristics. Here, the chapter briefly introduces these concepts but they will be discussed in more detail in the remainder of the book. Table 1.1 lists the key concepts that readers will come across in this and other books on corporate communication and that form the vocabulary of the corporate communication practitioner. Table 1.1 briefly defines the concepts and also shows how they relate to a specific organization – in this case, British Airways.

Not all of these concepts are always used in corporate communication books. Moreover, it may or may not be that mission, objectives, strategies, and so on, are written down precisely and formally laid down within an organization. As will be shown in Chapter 5, a mission or corporate identity, for instance, might sometimes more sensibly be conceived as that which is implicit or can be deduced about an organization from what it is doing and communicating. However, as a general guideline, the following concepts are often used in combination with one another.

TABLE 1.1 Key concepts in corporate communication

Concept	Definition	Example: British Airways*
Mission	Overriding purpose in line with the values and expectations of stakeholders	'British Airways is aiming to set new industry standards in customer service and innovation, deliver the best financial performance and evolve from being an airline to a world travel business with the flexibility to stretch its brand into new business areas'
Vision	Desired future state: the aspiration of the organization	'To become the undisputed leader in world travel by ensuring that BA is the customer's first choice through the delivery of an unbeatable travel experience'
Corporate objectives	Statement of overall aims in line with the overall purpose	'To be a good neighbour, concerned for the community and the environment', 'to provide overall superior service and good value for money in every market segment in which we compete', 'to excel in anticipating and quickly responding to customer needs and competitor activity'
Strategy	The ways or means in which the corporate objectives are to be achieved and put into effect	'Continuing emphasis on consistent quality of customer service and the delivery to the marketplace of value for money through customer-oriented initiatives (online booking service, strategic alliances) and to arrange all the elements of our service so that they collectively generate a particular experience ... building trust with our shareholders, employees, customers, neighbours and with our critics, through commitment to good practice and societal reporting'

Concept	Definition	Example: British Airways*
Corporate identity	The profile and values communicated by an organization	'The world's favourite airline' (this corporate identity with its associated brand values of service, quality, innovation, cosmopolitanism and Britishness is carried through in positioning, design, livery and communications)
Corporate image	The immediate set of associations of an individual in response to one or more signals or messages from or about a particular organization at a single point in time	'Very recently I got a ticket booked to London, and when reporting at the airport I was shown the door by BA staff. I was flatly told that the said flight in which I was to travel was already full so my ticket was not valid and the airline would try to arrange for a seat on some other flight. You can just imagine how embarrassed I felt at that moment of time. To make matters worse, the concerned official of BA had not even a single word of apology to say' (customer of BA)
Corporate reputation	An individual's collective representation of past images of an organization (induced through either communication or past experiences) established over time	'Through the Executive Club programme, British Airways has developed a reputation as an innovator in developing direct relationships with its customers and in tailoring its services to enhance these relationships' (longstanding supplier of BA)
Stakeholder	Any group or individual who can affect or is affected by the achievement of the organization's objectives	'Employees, consumers, investors and shareholders, community, aviation business and suppliers, government, trade unions, NGOs, and society at large'
Market	A defined group for whom a product is or may be in demand (and for whom an organization creates and maintains products and services)	'The market for British Airways flights consists of passengers who search for a superior service over and beyond the basic transportation involved'
Communication	The tactics and media that are used to communicate with internal and external groups	'Newsletters, promotion packages, Facebook site, consultation forums, advertising campaigns, free publicity'
Integration	The act of coordinating all communication so that the corporate identity is effectively and consistently communicated to internal and external groups	'British Airways aims to communicate its brand values of service, quality, innovation, cosmopolitanism and Britishness through all its communications in a consistent and effective manner'

Note: *Extracted from British Airways annual reports and the web

A *mission* is a general expression of the overriding purpose of the organization, which, ideally, is in line with the values and expectations of major stakeholders and concerned with the scope and boundaries of the organization. It is often referred to with the simple question, 'What business are we in?'. A *vision* is the desired future state of the organization. It is an aspirational view of the general direction that the organization wants to go in, as formulated by senior management, and that requires the energies and commitment of members of the organization. *Objectives* are the more precise (short-term) statements of direction – in line with the formulated vision – which are to be achieved by strategic initiatives or strategies. A *strategy* involves actions and communications that are linked to objectives and are often specified in terms of specific organizational functions (e.g. finance, operations, human resources). Operations strategies for streamlining operations and human resource strategies for staff support and development are common to every organization as well as, increasingly, full-scale corporate communication strategies.

Key to having a corporate communication strategy is the notion of a *corporate identity*: the basic profile that an organization wants to project to all its important stakeholder groups and how it aims to be known by these various groups in terms of its *corporate image* and *reputation*. To ensure that different stakeholders indeed conceive of an organization in a favourable and broadly consistent manner, and also in line with the projected corporate identity, organizations need to go to great lengths to *integrate* all their *communication*, from brochures and advertising campaigns to websites, in tone, themes, visuals and logos.

The *stakeholder* concept takes centre stage within corporate communication rather than considering the organizational environment simply in terms of markets or the general public. Organizations are increasingly recognizing the need for an 'inclusive' and 'balanced' stakeholder management approach that involves actively communicating with *all* stakeholder groups on which the organization depends, and not just shareholders or customers. Such awareness stems from high-profile cases where undue attention to certain stakeholder groups has led to crises for and severe damage to the organizations concerned.

All these concepts will be discussed in detail in the remainder of the book, but it is worthwhile to emphasize already how some of them hang together. The essence of what matters in Table 1.1 is that corporate communication is geared towards establishing favourable corporate images and reputations with all of an organization's stakeholder groups, so that these groups act in a way that is conducive to the success of the organization. In other words, because of favourable images and reputations, customers and prospects will purchase products and services, members of the community will appreciate the organization in its environment, investors will grant financial resources, and so on. It is the spectre of a damaged reputation – of having to make costly reversals in policies or practices as a result of stakeholder pressure, or, worse, as a consequence of self-inflicted wounds – that lies behind the urgency with which integrated stakeholder management now needs to be treated. The recent case example (1.1) of Verizon illustrates this importance of managing communications with stakeholders in an integrated manner.

CASE EXAMPLE 1.1

VERIZON: HOW (NOT) TO COMMUNICATE WITH STAKEHOLDERS

In 2017, reports began surfacing on how Verizon, one of the largest internet service providers in the USA, began throttling internet speeds for video streaming in a revamp of its unlimited data payment plans for its customers. The throttling of internet speeds involves the intentional slowing down of user downloads by an internet service provider to regulate traffic and reduce a user's usage of bandwidth that is supplied to the local network. In this instance, it soon became clear that Verizon was throttling speeds to incentivize users to upgrade to a more expensively priced scheme, where bandwidth is not throttled. Initially, Verizon's throttling affected downloads on Netflix and YouTube. However, in 2018 Verizon's throttling also affected downloads and communications for essential public and emergency services. Most dramatically, firefighters combatting the raging wildfires in Northern California (specifically around Santa Clara, Mendocino and Paradise) found that they were unable to communicate amongst each other because they had reached the threshold for Verizon to begin throttling and Verizon then cut off most of their service.

Even after the firefighters petitioned the company and met a customer representative soon after the incident, Verizon advised them to purchase a more robust plan or upgrade their current one. Once this response from the company made the news, Verizon's stance caused outrage amongst the government and general public alike. The firefighters petitioned a second time and still Verizon decided to continue throttling the service, affecting the firefighters' operations and their ability to effectively fight fires. In one e-mail, an exasperated firefighter said to his Verizon account manager, 'Please work with us; all we need is a plan that does not offer throttling or caps of any kind.' The account manager staunchly replied what the going rate was: 'It's $99.99 for the first 20GB and $8/GB thereafter. To get the plan changed immediately, I would suggest calling in the plan change to our customer service team.'

It was only after the news about Verizon's unresponsiveness came out and public backlash grew more intense that Verizon stopped its throttling tactics. The company's corporate communication team then immediately released a statement claiming that this was primarily a customer service issue, citing the company's policy to immediately grant access to its service when first responders and emergency services petition. This statement, however, raised questions in the public's mind about why the firefighters' reasonable demands were not met, in line with its corporate policy. Furthermore, framing the issue in this manner and by portraying its hard-nosed commercial edge, Verizon's individual customers were actively reflecting on the service they themselves were getting from Verizon. With this initial crisis still lingering in the public's mind, Verizon encountered further controversy in September 2018 when unconfirmed news reports broke that victims of Hurricane Florence in North Carolina were also experiencing throttling issues.

In an attempt to address the negative impact of these events on the company's reputation, the communication and marketing teams of Verizon released an advert expressing the company's dedication to supporting first responders and emergency aid. The advert was, however, poorly received due to Verizon's perceived mistreatment of the Santa Clara firefighters and the resulting court case that was going on at the time and that was receiving a lot of public attention. Overall, these public controversies highlight a major issue in Verizon's

(Continued)

corporate communication, with the company being taken off guard and with its reputation being damaged because of its words and actions not being consistent with one another.

Questions for reflection

What are the main reasons for why Verizon ended up in a reputational crisis and what could the company have done to avoid the crisis? In your view, what broader lessons does the case imply for corporate communication?

Source: Knutson, R. (2017) 'Verizon to throttle video quality, revamp unlimited data plans', *Wall Street Journal*, 22 August; Stevens, M. (2018) 'Verizon throttled California firefighters' internet speeds amid blaze (they were out of data)', *The New York Times*, 23 August; Brodkin, J. (2018) 'Fire dept. rejects Verizon's "customer support mistake" excuse for throttling', 22 August (retrieved from https://arstechnica.com/tech-policy/2018/08/fire-dept-rejects-verizons-customer-support-mistake-excuse-for-throttling, accessed 2 October 2019).

These concepts together also mark the difference between corporate communication and other professional forms of communications within organizations, including business communications and management communications. Corporate communication focuses on the organization as a whole and the important task of how an organization is presented to all of its key stakeholders, both internal and external. Business communications and management communications are more technical and applied[6] – focusing on writing, presentational and other communication skills – and their focus is largely restricted to interpersonal situations such as dyads and small groups *within* the organization. Business communication, for its part, tends to focus almost exclusively on skills, especially writing, and looks towards the individual manager or professional, whilst corporate communication focuses on the entire company and the entire function of management.[7]

With its focus on the entire organization, and broader corporate interests, it is perhaps not surprising that corporate communication is typically researched and taught in a business school environment, although study programmes also exist in schools of communication and journalism. What this signifies is that corporate communication, as an area of study and practice, benefits from direct access to research and ideas from areas such as strategy, management and organizational theory.[8] Many concepts and frameworks that are now commonplace, such as stakeholder management or corporate reputation management, have in fact sprung from this connection. The advantage, as confirmed by many practitioners, is that this linkage invigorates corporate communication not only with new ideas but also with concepts and principles that are business-relevant. This does not mean, however, that corporate communication should exclusively rely on business school knowledge. There is in fact much to be gained from embedding a much greater understanding of subjects such as framing, rhetoric and psychological processes of reputation formation into the discipline, with most of those ideas and concepts stemming from fields such as communication science, psychology and the broader humanities. Therefore, whilst the book draws primarily on the existing knowledge base on corporate communication, ideas and principles from these other fields will also be brought in where doing so will benefit the practice of corporate communication.

1.3 TRENDS IN CORPORATE COMMUNICATION

To appreciate recent developments in corporate communication, it is useful to take a look back at the period of the 1980s. That period saw a powerful restructuring trend in many corporate organizations where every function in the organization was assessed based on its accountability and contribution to the organization. This led many organizations to restructure separate communication disciplines such as media relations, advertising, sales promotions and product publicity, and bring these together into more integrated departments or into specific working practices. At the time, this proved productive in that it offered direct organizational and managerial benefits. The consolidation of communication disciplines into one or a few departments enabled organizations, for example, to provide strategic direction to all of their communication with different stakeholder groups and to derive guidance for communication efforts from the strategic interests of the organization as a whole. Many organizations also recognized that the previous fragmentation of communication in terms of separate disciplines and the spreading out of communication responsibilities across the organization had often proved counterproductive. Fragmentation, it was realized, is likely to lead to a process of sub-optimization where each department optimizes its own performance 'instead of working for the organization as a whole'.[9] Many organizations therefore instead developed procedures (e.g. communication guidelines, house-style manuals) and implemented coordination mechanisms (e.g. council meetings, networking platforms) to overcome this kind of fragmentation and coordinate their communication on an organization-wide basis.

A further driver for integrating communication at the organizational level was the realization that communication generally had to be used more strategically to 'position' the organization in the minds of important stakeholder groups. Since the early 1990s and right up until the early 2000s, organizations became primarily concerned with ideas such as 'corporate identity', 'corporate reputation' and 'corporate branding', which emphasize the importance of this positioning. This primary focus, as already mentioned, was also created by the fact that it is a key outcome. A favourable reputational position in the minds of stakeholders drives whether stakeholders want to transact with an organization and effectively choose the organization over other, rival firms.

Perhaps the key downside of this view was that, at times, it reinforced an assumption that the minds of stakeholders can, in a sense, be managed, and even controlled. Models of reputation management, for example, often link corporate messages to direct outcomes in terms of stakeholder awareness and attitude as well as broader reputational change. In other words, the assumption is that corporate communicators can strategically plan and design their messaging in order to, in effect, 'take up' a reputational 'position' in the minds of stakeholders. This obviously implies a somewhat linear model of communication that assumes a relatively uncomplicated process of sending and receiving messages, where any outcomes are already largely predetermined or given. This assumption also effectively starts with the communicator's intentions and their skill in framing a message but it neglects stakeholders as active agents. Instead, they are cast as a passive agent whose basic role is to respond (or not) to the communicator's message.[10] In other words, it suggests a linear, or what is sometimes labelled as a 'conduit', model of communication, as opposed to seeing communication as *a joint activity*.[11]

This view, in its strong form, has, to some extent, been overtaken by current events. Stakeholders have, in recent years, become much more active in voicing their expectations towards organizations and, empowered by new media technologies, have also started to expect more interactive and dialogue-based forms of communication. This in turn has led to some in the industry proclaiming that the old models of corporate communication are obsolete or 'dead', and that we are seeing a wholesale change towards interactive models of communication. A recent business book, for example, proclaims the virtues of interactive, conversational forms of corporate communication as, in effect, replacing 'the traditional one-way structure of corporate communication with a dynamic process in which leaders talk with employees and not just to them'.[12] It is no doubt true that more interactive forms of communication are enabled by new technologies and social media (in comparison to broadcast media), and such forms of communication are also increasingly expected by stakeholders. But proclaiming that there is a paradigm shift may be a rushed judgement, or it may at least be too early to tell. Others in the industry have taken a more moderate view in suggesting that what we are seeing is a gradual change, in that individual stakeholders can now share experiences, opinions and ideas about organizations, and organize for action, at scale. Again, new media technologies are the enabling factor in this process. This situation offers challenges but also opportunities to organizations in terms of word-of-mouth and peer-to-peer influence when individuals self-organize and may become advocates for the organization. In other words, whilst the mechanics in a sense might have changed, the overriding principle is, to some extent, still the same – that is, when individuals hold an organization in esteem, value its reputation and decide to buy from, work for, invest in or otherwise decide in favour of that organization, they are more likely to become genuine advocates and supporters.[13]

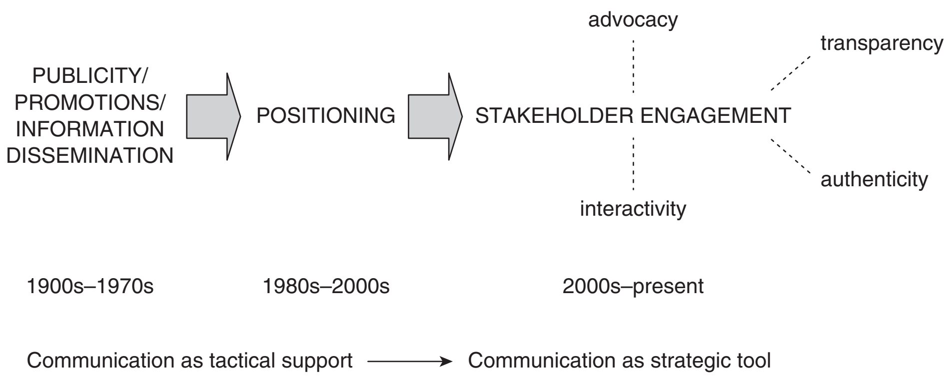


FIGURE 1.1 Trends and developments in corporate communication

In this view, the current state of corporate communication is one of gradual change, where there is change in terms of *how* organizations communicate with stakeholders, but also continuity in that the old principles of strategic messaging and reputation management still apply. Where the difference lies is in the outright dismissal of the view that stakeholders can be managed and controlled in their views – if there ever was such a thing. Another break with the 'positioning' model lies in the principle that organizations need to 'engage' individual stakeholders through different platforms, in addition to addressing broader audiences, publics or entire stakeholder groups. The focus with 'engagement' is not merely on shaping opinions or perceptions, but on the organization being 'transparent' and acting in character in order to bring across its distinctive identity and in a way that fosters individuals to become genuine advocates and act in their favour. The implication for corporate communicators is that they have an important organizational role to play in having the company consistently 'think like' and 'perform like' its character, or overall identity. If there are any outright discrepancies, or concerns about the organization not being true to its values, or not acting in character, this is picked up by the media and individual stakeholders, who will quickly organize for action and point out the lack of 'authenticity'.

Figure 1.1 displays these changes and sets them in a historical context. Communication was, up until the 1970s, largely used in a tactical support role for other functions such as finance and marketing in the organization, where its role was to announce corporate decisions, publicize corporate events or promote products and services. The 1980s, as mentioned, saw a real shift in that communication became used in a more strategic sense to realize the organization's objectives and to build reputational capital with stakeholders upon whom the organization depends for its continued success and survival. The 'positioning' paradigm that emerged at that time is, however, gradually evolving into a new era of 'stakeholder engagement' which brings with it new points of emphasis around interactivity, authenticity, transparency and advocacy. One of the best cases to demonstrate the overall change in corporate communication that we are witnessing in recent years is Apple Inc. (Case Study 1.1).

CASE STUDY 1.1

APPLE INC: ACTING IN CHARACTER

The story of Apple and its phenomenal success since the early 2000s is intertwined with the visionary ability, determination and marketing acumen of one its co-founders, Steve Jobs. Jobs instilled a culture in the company that reflected Jobs' own entrepreneurial values. He fostered individuality and excellence, and combined this with a focus on perfectionism and accountability. This combination of entrepreneurial values and the workplace that it created was perhaps not for everyone, but it created a particular ethos in Apple that has spawned such great, innovative products as the iPhone, the iPad and the iPod. One particularly strong asset of the company,

(Continued)

particularly during Jobs' tenure, was its ability to come up with innovations that, in effect, created entirely new markets and cemented Apple's reputational position as operating at the cutting edge of innovations in consumer technology.

The development of the iPod perhaps best illustrates the entrepreneurial character that Jobs cultivated and that the company is now broadly known and appreciated for by its customers. In January 2001, Jobs unveiled iTunes, in a two-pronged response to the changing business model of the music industry and to meet the demand for Apple users to integrate their video and music devices as part of a single digital hub at work or at home. The rationale for the iPod, as a portable music player, pretty much grew out of the development of iTunes, the connection being that storing your music would naturally lead Apple to develop a playing device. But it also came about because of Jobs' fanatical love of music. This fanaticism suggested to Jobs that he needed to develop a portable music player, so that you could take your personal music collection with you wherever you went.

One would have thought that this path would pit the iPod directly against MP3 players. But Jobs judged that the music players that were already on the market 'truly sucked'. In a crucial internal meeting within the company in April 2001, Jobs also waved away the threat of other players in the market. 'Don't worry about Sony', he said, 'We know what we're doing, and they don't'. At that meeting, Jobs and his colleagues instead focused on the design and functionality of the iPod device, trying to think of how they could do something different from, and better than, their competitors. One outcome of this thought process was the famous trackwheel on the original iPod, which allows users to scroll through a collection of songs as opposed to repeatedly having to press the same button. And, as Jobs' biographer suggests, the 'most Zen of all simplicities was Jobs' decree, which astonished his colleagues, that the iPod would not have an on-off switch'.

Besides its design, the other element that determined the iPod's success was Jobs' rhetorical skill in framing the device as something completely 'new' that defied the logic of existing market categories, and essentially as a must-have product for customers. He positioned the iPod in such a way that, even if the device was similar in some respects to the MP3 player, it was considered by technology critics and customers alike as unique and starkly different from (and thus allegedly superior to) competing products. The subsequent launch of the iPhone and the iPad by Apple followed the same script and helped reinforce the claimed position of Apple's 'cool' superiority over its competitors, which is a remarkable feat given that, previous to its launch, the company did not have a track record to speak of in mobile communications or handheld devices. Other technology companies have since tried to follow the same communication principles and grand rhetoric – most notably Microsoft, in claiming at the launch of Xbox One that it 'changes everything' – in positioning their technological products and firms, but in many cases with much less success. A key issue for Apple, however, is that the new CEO, Tim Cook, is a far less skilled communicator than Jobs and he may not embody Apple's corporate image the way Jobs, the quintessential entrepreneur and an obsessed perfectionist, did.

Its phenomenal success in recent years also means that Apple has been struggling to uphold its image of being the entrepreneurial outsider, who rails against the established powers in the industry. In many ways, the company is itself an industry giant and stakeholders increasingly expect the company to behave that way. Where Apple has often been secretive and not very open about many of its operations – a trait stemming from Jobs' focus on developing great new products in secret which then surprise everyone and break new ground – this level of openness and transparency is increasingly expected of Apple as a large corporate firm and as a 'corporate citizen' with social and environmental responsibilities. In 2011, for example, the company was accused by environmental groups in China of environmental pollution in its supply chain operations. The company has also now – post the Steve Jobs era – started to disclose information on the environmental performance of its products, something which customers had been requesting for ages. The risk that the company faces is that a continuing lack of transparency and engagement with customers and, indeed, other stakeholders in a number of areas may come to cost the company dearly.

An example of this involves the tax returns of the company and the lack of transparency over its financial affairs. In May 2013, US senators questioned the CEO, Tim Cook, over this issue and described a 'highly questionable' web of offshore entities that Apple uses to claim 'non-resident' status in the USA, and indeed elsewhere, which, in effect, exempts the company from paying its fair share of corporation tax. Another more recent case, in 2016, involves the public fight between Apple and the FBI. The FBI had asked Apple, through a court order, to assist in retrieving information from an iPhone that was used by one of the alleged terrorists in the San Bernardino shootings. In this instance, Apple realized that, rather than letting the conversation about the issue be controlled by others, it has proactively entered the fray. CEO Tim Cook wrote an open letter to customers, explaining why the case has wider repercussions for the safety and security of storing private information on iPhones. In the letter, Cook explains in detail the company's stance to its customers. He also made the case in a video and in an interview on national TV in the USA.

In this particular case, Apple has the difficult challenge of explaining its pro-privacy stance in the balance between privacy and national security without appearing uncooperative with law enforcement or unsympathetic to the San Bernardino victims and their families. However, by employing Tim Cook as its spokesperson and through using open, transparent communication that educates its customers and the general public about why it is unwilling to do what the FBI asks, the company is actively trying to manage and protect its reputation.

Questions for Reflection

Discuss the communication challenges for Apple: will the company be able to ride out the recent storm of criticism and requests for more transparency on the back of its strong reputational position, or do you think it now needs to engage more systematically with its stakeholders on various issues and talking points?

Source: Cornelissen, J.P. (2013) 'Portrait of an entrepreneur: Vincent van Gogh, Steve Jobs and the entrepreneurial imagination', *Academy of Management Review*, 38 (4): 700–9; Gardise, J. (2013) 'Tim Cook defends Apple's use of tax loopholes', *The Guardian*, 29 May; and Vanian, J. (2016) 'Cracked Apple iPhone by FBI puts spotlight on Apple security', *Fortune*, 28 March.

1.4 CHAPTER SUMMARY

All organizations, of all sizes and operating in different sectors and societies, must find ways to successfully establish and nurture relationships with the stakeholders on which they are economically and socially dependent. The management function that has emerged to deal with this task is corporate communication, and this chapter has made a start by outlining its importance and key characteristics. The next chapter describes in more detail how and why corporate communication historically emerged and how it has grown into the management function that it is today in many organizations.

DISCUSSION QUESTIONS

Pick a company with which you are familiar or that you may have worked for in the past. Describe the company's corporate communication in terms of its reputation management and stakeholder engagement.

In your experience, how good is this company at communicating and engaging with its stakeholders? And how does the company compare on this with its direct competitors?

KEY TERMS

Advocacy
Authenticity
Corporate communication
Corporate identity
Corporate image
Corporate reputation
Integration Market
Mission
Stakeholder engagement
Transparency
Vision

FURTHER READING

Arthur W. Page Society (2012) *Building Belief: A New Model for Activating Corporate Character and Authentic Advocacy* [report]. http://knowledge.page.org/wp-content/uploads/2019/02/Full_Report.pdf (accessed 2 October 2019).

Groysberg, B. and Slind, M. (2012) *Talk, Inc.: How Trusted Leaders Use Conversation to Power their Organizations*. Boston, MA: Harvard Business School Press.

Want to know more about this chapter? Visit the online resources site at: www.sagepub.co.uk/cornelissen6e to access videos, web links, a glossary and selected journal articles to further enhance your study.

NOTES

1. See, for example, PWC's 18th CEO survey (2015) and the Conference Board CEO Challenge 2016.
2. Argenti, P.A. (1996) 'Corporate communication as a discipline: Toward a definition', *Management Communication Quarterly*, 10 (1): 73–97.
3. See, for example, Christensen, L.T., Morsing, M. and Cheney, G. (2008) *Corporate Communications: Convention, Complexity and Critique*. London: Sage.
4. Van Riel, C.B.M. (1995) *Principles of Corporate Communication*. London: Prentice Hall, p. 26.
5. *The Economist* (2010) 'Public relations in the recession: Good news', *The Economist*, 14 January, p. 59.
6. Shelby, A.N. (1993) 'Organizational, business, management and corporate communication: An analysis of boundaries and relationships', *Journal of Business Communication*, 30 (3): 241–67.
7. Argenti, P.A. (1996) 'Corporate communication as a discipline: Toward a definition', *Management Communications Quarterly*, 10 (1): 73–97.
8. Argenti, P.A. (1996).
9. Gronstedt, A. (1996) 'Integrated communications at America's leading total quality management corporations', *Public Relations Review,* 22 (1): 25–42, quote on p. 26.
10. To illustrate this point, see, for example, Bavelas, J.B., Coates, L. and Johnson, T. (2000) 'Listeners as co-narrators', *Journal of Personality and Social Psychology*, 79: 941–52.
11. The classic reference on conduit models of communication is: Reddy, M.J. (1979) 'The conduit metaphor: A case of frame conflict in our language about language', in Ortony, A. (ed.), *Metaphor and Thought*. Cambridge: Cambridge University Press, pp. 284–97.
12. Groysberg, B. and Slind, M. (2012) *Talk, Inc.: How Trusted Leaders Use Conversation to Power their Organizations*. Boston, MA: Harvard Business School Press.
13. Arthur W. Page Society (2012) 'Building Belief: a New Model for Activating Corporate Character and Authentic Advocacy [report]' (www.awpagesociety.com/insights/building-belief); Scott, D.M. (2013) *The New Rules of Marketing & PR: How to Use Social Media, Online Video, Mobile Applications, Blogs, News Releases and Viral Marketing to Reach Buyers Directly*, 4th edition. London: Wiley.

Corporate Communication in Contemporary Organizations

2

CHAPTER OVERVIEW

This chapter describes the development of the professional discipline of communication within organizations and the emergence of corporate communication. It starts with a brief discussion of the development of marketing communication and public relations, and moves on to explain why organizations have increasingly drawn these two disciplines together under the umbrella of corporate communication. The chapter concludes by discussing the ways in which contemporary organizations organize communication activities in order to strategically plan and coordinate the release of content and messages to different stakeholder groups.

2.1 INTRODUCTION

This chapter is about the changing definition, scope and organization of the professional discipline of communication in organizations, and about the societal and market dynamics that have shaped the evolution of this communication. A brief sketch will be provided of the development of the two main individual communication disciplines in each organization: marketing and public relations. The chapter will describe the development of both disciplines and will then move on to discuss why organizations have increasingly started to see these disciplines not in isolation but as part of an integrated effort to communicate with stakeholders. This integrated effort is directed and coordinated by the management function of corporate communication. As a result of this development, managers in most corporate organizations have realized that the most effective way of organizing communication consists in 'integrating' most, if not all, of an organization's communication disciplines and related activities such as media relations, issues management, advertising and direct marketing. The basic idea is that whereas communication had previously been organized and managed in a rather fragmented manner, a more effective organizational form is one that integrates or coordinates the work of various communication practitioners. At the same time, when communication practitioners are pulled together, the communication function as a whole is more likely to have an input into strategic decision-making at the highest corporate level of an organization. By the end of the chapter, the reader will have an overview of the historical development of corporate communication, of its strategic role and of the various ways in which communication is organized across organizations.

2.2 INTEGRATED COMMUNICATION

Both marketing and public relations emerged as separate 'external' communication disciplines in the twentieth century when organizations realized that in order to prosper they needed to concern themselves with issues of public concern (i.e. public relations) as well as with ways of effectively bringing products to market (i.e. marketing). Since those early days, both the marketing and public relations disciplines have gone through considerable professional development, yet largely in their own separate ways. Since the 1980s, however, organizations have increasingly started to bring these two disciplines together again under the umbrella of a new management function that we now know as corporate communication. This trend towards 'integrating' marketing and public relations was noted by many in the field, including Philip Kotler, one of the most influential marketing figures of modern times. Kotler commented in the early 1990s that 'there is a genuine need to develop a new paradigm in which these two subcultures [marketing and public relations] work most effectively in the best interest of the organization and the publics it serves'.[1]

In 1978, Kotler, together with William Mindak, highlighted the different ways of looking at the relationship between marketing and public relations. In their article, they had emphasized that the view of marketing and public relations as distinct disciplines had characterized much of the twentieth century, but they predicted that a view of an integrated paradigm would dominate the 1980s and beyond as 'new patterns of operation and interrelation can be expected to appear in these functions'.[2] Figure 2.1 outlines the different models that Kotler and Mindak described to characterize the relationship between marketing and public relations, including the integrated paradigm (model (e)) where marketing and public relations have merged into a single external communication function.

Until the 1980s, marketing and public relations were considered as rather distinct in their objectives and activities, with each discipline going through its own trajectory of professional development.[3] Central to this traditional view (model (a) in Figure 2.1) was the simple point that marketing deals with markets, whilst public relations deals with all the publics (excluding customers and consumers) of an organization. Markets, from this perspective, are created by the identification of a segment of the population for which a product or service is or could be in demand, and involves product or service-related communication. Publics, on the other hand, are seen as *actively* creating and mobilizing themselves whenever companies make decisions that affect a group of people adversely. These publics are also seen to concern themselves with more general news related to the entire organization, rather than specific product-related information. Kotler and Mindak articulated this traditional position (model (a)) by saying that 'marketing exists to sense, serve, and satisfy customer needs at a profit', whilst 'public relations exists to produce goodwill with the company's various publics so that these publics do not interfere in the firm's profit-making ability'.[4]

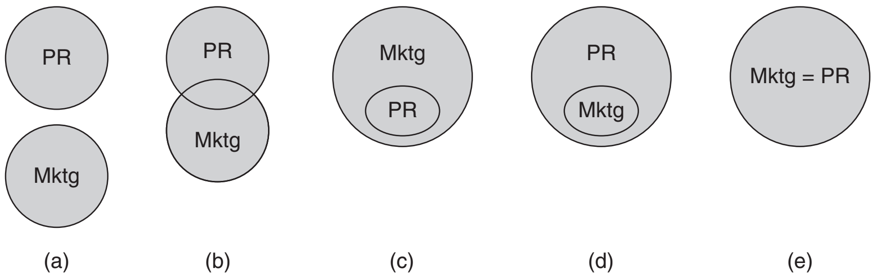


FIGURE 2.1 Models for the relationship between marketing and public relations

Source: Reprinted with permission from *Journal of Marketing*, published by the American Marketing Association, Kotler, P. and Mindak, W., 1978, 42 (10): 13–20.

Over time, however, cracks appeared in this view of marketing and public relations as two disciplines that are completely distinct in their objectives and tactics. Rather than seeing them as separate, it was recognized that marketing and public relations actually shared some common ground (model (b) in Figure 2.1). Already in the 1980s, for instance, concern over the rising costs and decreasing impact of mass media advertising encouraged many companies to examine different means of promoting customer loyalty and of building brand awareness to increase sales. Companies started to make greater use of 'marketing public relations': the publicizing of news and events related to the launch and promotion of products or services. 'Marketing public relations' (MPR) involves the use of public relations techniques for marketing purposes which was found to be a cost-effective tool for generating awareness and brand favourability and to imbue communication about the organization's brands with credibility.[5] Companies such as Starbucks and The Body Shop have consistently used public relations techniques such as free publicity, features in general interest magazines and grassroots campaigning to attract attention and to establish a brand experience that is backed up by each of the Starbucks and The Body Shop stores.

In the 2010s, the emergence of 'branded content' drove a further wedge between marketing and public relations. The generation of 'content' for a corporation or a brand in the form of a press release, an opinion article, a keynote or a video has always been a part of public relations. The rise of social media and the desire to feed all those channels with marketing content, have, however, also made content generation a clear marketing prerogative. 'Branded content' is, in effect, a bit of both; it involves the generation of content on an online marketed platform that features both product-related content as well as general interest content that speaks favourably to the corporation or brand in question. An example is the LEGO YouTube channel which involves content that features Lego products but is, first and foremost, focused on engaging children in play and building, rather than simply advertising its products in a direct manner to their parents. Fun videos, webisodes and movie tie-ins appear on the channel. The videos offer tips and tricks for building with LEGO, informing and educating children on play as well as keeping them engaged with the product. Because of the quality of the content, the channel receives more than 1 billion visits every month. Another example of branded content is L'Oréal's ownership of the popular website makeup.com (Case Example 2.1).

CASE EXAMPLE 2.1

MAKEUP.COM: AN ONLINE PLATFORM FOR BRANDED CONTENT FROM L'ORÉAL

The popular website makeup.com provides visitors with features and videos that provide beauty tips, make-up tricks and advertised products. The site sources content from an editorial staff and a network of vloggers. YouTube vloggers share the branded content on their own channel, resulting in an even broader reach for the site's content. But the website also has a sizeable fan base of its own, with, for example, 781,000 fans on Facebook. With almost daily updates, the site caters for an engaged and captive audience of women who are interested in finding educational and fun content that is useful to them. Features involve spotlighting particular beauty products or interviews with beauty experts and industry insiders giving tips on beauty treatments and their favourite products.

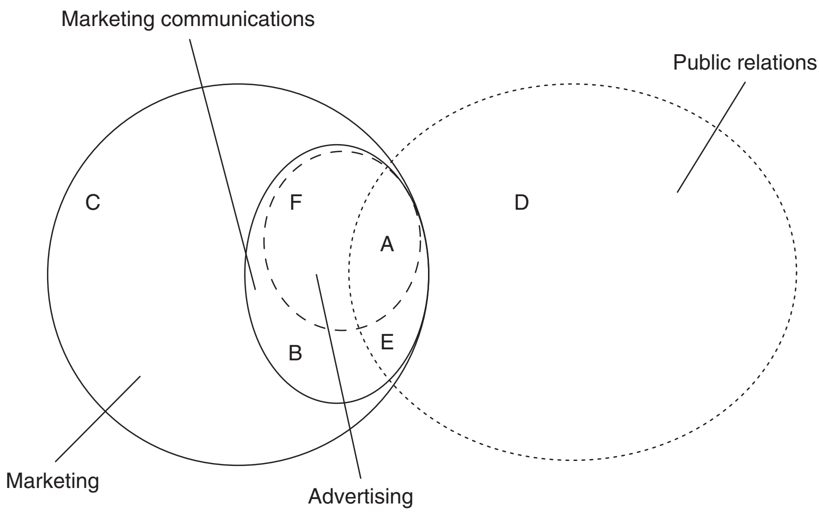
L'Oréal realized that many potential consumers nowadays rely on social media influencers and mobile apps to make their purchase decisions. The company recognized the real potential of a platform for branded content that does more than simply push or promote its products. The website is accordingly designed to offer targeted and interactive content that can be matched to the interests of the visitor, complementing L'Oréal's more generic and one-way inspirational adverts. It is in fact not immediately obvious to visitors that the website is run by L'Oréal; visitors often only realize the ownership when they scroll to the bottom of the site and see the brands from the L'Oréal family listed. But in this way, the website, as a non-explicitly branded content hub, gives L'Oreal the opportunity to show its products in videos and blogs without making it appear to be an overt advertisement.

Question for reflection

What role do you think the makeup.com website plays in promoting L'Oréal products and in influencing the purchase decisions of potential consumers?

'Marketing public relations' (MPR) and 'branded content' use public relations techniques but are directly or indirectly focused on the marketing of a company's products and services. As such, these forms of communication are distinct from 'corporate' activities within public relations. These corporate activities, which are sometimes labelled 'corporate public relations' (CPR), involve communication with investors, communities, employees, the media and government. Figure 2.2 displays a number of core activities of both the public relations and marketing disciplines, and outlines a set of activities (including specific tools and techniques) that are shared, indicating the overlap between the two functions.[6]

Starting on the left of the figure, marketing of course involves a range of activities such as distribution, logistics, pricing and new product development (area 'C' in Figure 2.2) besides marketing communications. Marketing communications, in the middle of the figure, involve corporate advertising ('A') and mass media advertising ('F'), direct marketing and sales promotions ('B'), and product publicity and sponsorship ('E'). Two of these activities – corporate advertising ('A') and marketing public relations (product publicity and sponsorship) and branded content ('E') – overlap with public relations. Corporate advertising involves the use of radio, TV, cinema, poster or internet advertising to create or maintain a favourable image of the company and its management. Although it is a form of advertising, it deals with the 'corporate' image of the company and is as such distinct from mass media advertising ('F'), which is focused on the company's products or services to increase awareness or sales. Product publicity



Key:

A = corporate advertising (advertising by a firm where the company, rather than its products or services, is emphasized).
B = direct marketing (direct communication via post, telephone, online or e-mail to customers and prospects) and sales promotions (tactics to engage the customer including discounting, coupons, guarantees, free gifts, competitions, vouchers, demonstrations and bonus commission).
C = distribution and logistics, pricing and development of products.
D = 'corporate' public relations (public relations activities towards 'corporate' stakeholders, which excludes customers and prospects in a market); includes issues management, community relations, investor relations, media relations, internal communication and public affairs.
E = 'marketing' public relations and 'branded content' (the use of what are traditionally seen as public relations tools for marketing purposes); includes product publicity and sponsorship.
F = mass media advertising (advertising aimed at increasing awareness, favour or sales of a company's products or services).

FIGURE 2.2 Marketing and public relations activities and their overlap and sponsorship, as part of marketing public relations, involve activities that aim to promote and market the company's products and services. Both sets of activities draw on techniques and expertise from public relations. Publicity in particular is often achieved through coverage in the news media. Sponsorship of a cause or an event may also serve both marketing and corporate objectives. It can be tied into promotional programmes around products and services but can also be used to improve the company's image as a whole. In addition, branded content, as mentioned, involves the use of traditional public relations techniques (e.g. editorials, features, informational videos) for marketing purposes such as brand image management and the showcasing of products.

Besides the direct sharing of activities such as branded content and sponsorship, there are also a number of ways in which marketing and public relations activities can complement one another. For example, there is evidence that a company's image, created through public relations programmes, can positively reflect on its product brands, thereby increasing the awareness of the product brand as well as enhancing consumers' favourable impression of the brand. Another complementary relationship that exists is the guardian role of public relations as a 'watchdog' or 'corrective' for marketing in bringing other viewpoints and the expectations of other stakeholders besides customers to bear on strategic decision-making.

This overlap and complementarity between marketing and public relations suggested to organizations that it is useful to align both disciplines more closely or at least manage them in a more integrated manner. Not surprisingly, a lot of discussion and debate during the 1990s and 2000s took place on the importance of 'integration' and what such integration should look like within organizations. Back in 1978, Kotler and Mindak articulated three models of integration (models (c), (d) and (e) in Figure 2.1). Each of these models articulates a different view of the most effective form of integration.

Model (c) involves a view of marketing as the dominant function which subsumes public relations. In this model, 'public relations' essentially becomes part of a wider marketing function for satisfying customers. An example of this perspective involves the notion of integrated marketing communications (IMC), which is defined as a concept of marketing communication planning that recognizes the 'added value' of a comprehensive plan that evaluates the strategic role of a variety of disciplines (advertising, direct marketing, sales promotions and public relations) and combines these disciplines to provide clarity, consistency and maximum communication impact.[7]

Within IMC, public relations is reduced to activities of product publicity and sponsorship, ignoring its wider remit in communicating to employees, investors, communities, the media and government.

Model (d) suggests the alternative view that 'marketing should be put under public relations to make sure that the goodwill of all key publics is maintained'.[8] In this model, marketing's role of satisfying customers is seen as only part of a wider public relations effort to satisfy the multiple publics and stakeholders of an organization. An example of this perspective involves the notion of 'strategic public relations' which assumes that all 'communication programmes should be integrated or coordinated by a public relations department', including 'integrated marketing communication, advertising and marketing public relations' which should 'be coordinated through the broader public relations function'.[9]

Model (e), finally, favours a view of marketing and public relations as merged into one and the same 'external communication' function. In the view of Kotler and Mindak, 'the two functions might be easily merged under a Vice President of Marketing and Public Relations' who 'is in charge of planning and managing the external affairs of the company'.[10] Despite Kotler and Mindak's preference for this model, it is not a form of integration that is that common within organizations. Instead of merging the two disciplines into one and the same department, organizations often still want to keep them separate but then actively coordinate public relations and marketing communication programmes. In other words, most organizations appear to practise model (b) to coordinate marketing communications and public relations, although there is some emerging evidence of a number of organizations that are starting to embrace model (e).[11]

2.3 DRIVERS FOR INTEGRATED COMMUNICATION

In short, in most organizations the marketing and public relations disciplines are still not merged or reduced within those organizations to one and the same function. This may not be feasible in practice given the important differences in activities and audiences addressed by each (see Figure 2.1). However, both disciplines, whilst existing separately, are balanced against each other and managed together from within the overarching management framework of corporate communication. This management framework suggests a holistic way of viewing and practising communication management that cuts across the marketing and public relations disciplines (and activities such as advertising and media relations within them). According to Anders Gronstedt, a communication consultant, corporate communication 'inserts the various communication disciplines into a holistic perspective, drawing from the concepts, methodologies, crafts, experiences, and artistries of marketing communication and public relations'.[12]

The importance of integrating marketing communications and public relations in this way has resulted from a variety of factors, or 'drivers' as these can be more aptly called. Generally, these 'drivers' can be grouped into three main categories: those drivers that are market- and environment-based; those that arise from the communication mix and communication technologies; and those that are driven by opportunities, changes and needs from within the organization itself. All these drivers are set out in Table 2.1.

TABLE 2.1 Drivers for integration

Market- and environment-based drivers
Stakeholder roles overlap
Internal communication *is* inseparable from external communication
Demands for greater transparency

Communication-based drivers
Greater amounts of message clutter
Increased message effectiveness through consistency and reinforcement of core messages
Complementarity of media and media cost inflation
Media multiplication requires control of communication channels
Organizational drivers
Improved efficiency
Increased accountability
Provision of strategic direction and purpose through consolidation
Commonalities and overlap between communication disciplines

Market- and environment-based drivers

The environment in which organizations operate has changed considerably over the past two decades. The demands of different stakeholders such as customers, investors, employees and activist groups have forced organizations to put considerable effort into integrating all their marketing and public relations efforts. This integration is also important when one considers the multiple stakeholder roles that any one individual may have, and the potential pitfalls that may occur when conflicting messages are sent out. Individuals may be employees of an organization, but also, at the same time, its customers or members of the local community in which the organization resides. As a result, *internal communication to employees cannot be divorced from external communication*, and vice versa. New technologies have also erased the dividing line between internal and external communication; smartphone and BlackBerry-wielding workers, for example, can broadcast corporate information in real time, with much corporate news nowadays coming from Twitter feeds. Organizations are also facing increased demands for *transparency* about their operations. In their efforts to respond to these social expectations and to present themselves as coherent, reliable and trustworthy institutions with nothing to hide, organizations across industries and sectors increasingly embrace measures of integration. Organizations often adapt to the growing demand for information and stakeholder insight through policies of consistency, that is, by formalizing all communications and pursuing uniformity in everything they say and do.

Communication-based drivers

In today's environment, it is also much more difficult for an organization to be heard and to stand out from its rivals. Media and communication experts have estimated that, on average, a person is hit by 13,000 commercial messages (including being exposed to company logos) a day. Integrated communication strategies are more likely to break through this *communication clutter* and make the company name or product brand heard and remembered than ill-coordinated attempts would. Through *consistent messages*, an organization is more likely to be known and remembered by key stakeholder groups. Organizations have therefore increasingly put considerable effort into managing their corporate image by rigorously aligning and controlling all communication campaigns and all other contact points with stakeholders.

Organizations also realized that *messages in various media can complement one another*, leading to a greater communication impact than any one single message can achieve. Because of the increasing costs of traditional mass media advertising and the opportunities afforded by the internet and social media, many organizations have therefore re-examined their *media presence and how to control it*. As a result of these two developments, organizations now tend to look at media in a much broader sense (see Chapter 3) and across the disciplines of marketing and public relations. Organizations have also become more creative in looking beyond corporate and product advertising to other media to communicate with stakeholders.[13] Many organizations today, for example, use a whole range of online media including corporate blogs, websites, banners and sponsored online communities (see Chapter 3).

Organizational drivers

One of the main organizational drivers for integration has been the need to *become more efficient*. By using management time more productively and by driving down the cost base (for example, as research and communication materials are more widely shared and used for more than one communication campaign), organizations have been able to substantially improve the productivity of their communications.

There is, in other words, an economic rationale behind bringing activities and disciplines together into consolidated departments. It is relatively expensive to have stand-alone units for different communication disciplines, as it raises the costs of coordinating tasks and responsibilities. In contrast, when disciplines are taken together into one or a few departments, it may not only enhance the functional expertise and skills base of communication professionals within those departments, but it may also ease coordination and minimize the necessity and cost associated with cross-department or cross-unit interaction. Greater integration, in other words, increases the *accountability* of the communication function in many organizations. An added organizational benefit is that with easier coordination across communication practitioners and disciplines, organizations were better able to *provide strategic direction* to all of their communication with different stakeholder groups and to guide communication efforts from the strategic interests of the organization as a whole.

A further driver for integration at the organizational level was the increasing realization that various communication disciplines, regardless of their internal or external focus, shared many *commonalities in expertise and tools*, and also overlapped to a large extent. Often, PR, marketing and internal communication professionals *share similar goals, skills or tasks*, or indeed are actively dependent on each other to realize their own objectives. As such, it made sense to organize these professionals in ways that bring together their joint expertise and harness the ability to channel their efforts into building strong reputations with stakeholders. The new digital age has even further eroded whatever boundaries one may have thought existed between these disciplines, with online PR tools serving marketing objectives and messages meant for an internal audience often quickly finding their way to external audiences.

2.4 THE ORGANIZATION OF CORPORATE COMMUNICATION

This chapter began with a description of the historical context of communication in organizations and reviewed different perspectives on the relationship between two main disciplines of communication: marketing and public relations. These different perspectives on the relationship between marketing and public relations each present different views of how communication in organizations is managed and organized. The historical developments which led to a view of these two disciplines first as distinct then as complementary, and finally to a view that sees them as integrated, provide a stepping stone for understanding the emergence of corporate communication. Corporate communication is a management framework to guide and coordinate marketing communication and public relations. Figure 2.3 displays this integrated framework of corporate communication.

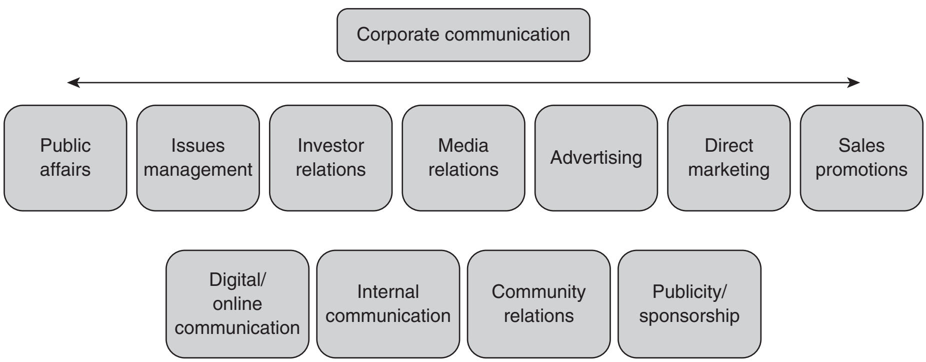


FIGURE 2.3 Corporate communication as an integrated framework for managing communication

Within this framework, coordination and decision-making take place between practitioners from various public relations and marketing communication disciplines. The public relations disciplines are displayed towards the left in Figure 2.3, whereas marketing communication disciplines are aligned towards the right. Whilst each of these disciplines may be used separately and on their own for public relations or marketing purposes, organizations increasingly view and manage them together from a holistic organizational or corporate perspective with the company's reputation in mind. Many organizations have therefore promoted corporate communication practitioners to higher positions in the organization's hierarchical structure. In a growing number of organizations, senior communication practitioners are even members of their organization's management team (or support this management team in a direct reporting or advisory capacity). These higher positions in the organization's hierarchy enable corporate communication practitioners to coordinate communication from a strategic level in the organization in order to build, maintain and protect the company's reputation with its stakeholders.

Many organizations have also started to bring the range of communication disciplines together into a single department so that the knowledge and skills of practitioners are shared and corporate communication is seen as an autonomous and significant function within the organization. Some communication disciplines might still be organized as separate units or devolved to other functional areas (e.g. finance, human resources), but the general idea here is to consolidate most communication disciplines into a single department so that communication can be strategically managed from a central corporate perspective. Figure 2.4 illustrates this greater consolidation of communication disciplines in Siemens, one of the world's largest electrical engineering and electronics companies. The figure highlights the different disciplines within the central corporate communication department, including media relations, corporate responsibility and employee communication. In addition, there are specific project teams for mergers and acquisitions (M&A) and crises, incorporating staff from these different areas within corporate communication. Interestingly, Siemens has organized market communications as part of the wider corporate communication function rather than as a separate department. The explanation for this may be that Siemens is mainly a business-to-business organization and does not market itself to end-consumers or end-users of its technology.

Larger organizations, such as multi-divisional companies and multinational corporations, often locate the corporate communication department at a high level, vertically, within the organization. The *vertical structure* refers to the way in which tasks and activities (and the disciplines that they represent) are divided and arranged into departments (defined as the departmental arrangement) and located in the hierarchy of authority within an organization. The solid vertical lines that connect the boxes on an organization chart depict this vertical structure and the authority relationships involved (see Figure 2.4). Within such vertical lines, the occupant of the higher position has the authority to direct and control the activities of the occupant of the lower position. A major role of the vertical lines of authority on the organization chart is thus to depict the way in which the work and output of specialized departments or units are coordinated *vertically*, that is by authority in reporting relationships. The location of the communication department close to senior management also means that staff of this department directly report to the CEO and executive team. Most multi-divisional and multinational corporations have a communication department linked to the CEO and executive team in an advisory capacity. In practice, this typically means that the communication department is a staff function at corporate headquarters from where it can advise the senior decision-making team, and that the most senior communication practitioner has a direct reporting or advisory relationship to the CEO or even a seat on the executive board or senior management team.