



## **CORPORATE COMMUNICATION FOR ORGANIZATIONAL MANAGEMENT: A PERSPECTIVE**

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### **Introduction**

Corporate communication has become an important component of organizational development in modern society. Corporate communication is the process of facilitating exchange of information and ideas between the internal and external groups and individuals that have a direct relationship with an enterprise. It is concerned with communication management of the modern corporate houses from the stand point of sharing knowledge and decisions from the enterprise with investors, employees, suppliers, dealers, customers, media professionals, government officials, members of the community and other stakeholders of the organization. In the age of globalization, corporate communication serves as the conscience of the corporation and is responsible for the sustainable development of modern organizations. Previously called 'public relations' or 'public affairs', corporate communication has assumed great significance in the 21<sup>st</sup> century as a result of corporate scandals or crises at modern companies. Public and private undertakings have established corporate communication departments, which usually oversee communication strategy, media relations, crisis communication, internal communication, reputation management, corporate responsibility, investor relations, government affairs and sometimes marketing communication in the present times. As competition increases, within and across genres, modern corporate houses are experimenting with new methods and media to create their brands and enhance the institutional reputation and development. The present paper precisely deals with the role of corporate communication in the process of organizational development in the new millennium.

### **Concept of Corporate Communication**

Corporate communication is the communication issued by a corporate organization, body or institute to all its stakeholders who can be both internal publics (employees and investors) and external publics (suppliers, financiers, consumers, government officials, media professionals, local community, etc). An organization needs to talk the same message to all of its stakeholders in order to transmit coherence, credibility and ethics. If one of these points is broken, the whole community can make this organization disappear. The corporate communication area will help this organization to build its message, combining its vision, mission and values and will also support the organization by communicating its message, activities and practices to all of its stakeholders.

The word '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 'bodily' organization as a whole when communicating with internal and external stakeholders, according to Christensen et.al. (2001:05).

According to Wikipedia, corporate communication is the set of activities involved in managing and orchestrating all internal and external communication aimed at creating favorable point-of-view among stakeholders on which the company depends. It is the messages issued by a corporate organization, body, or institute to its audiences, such as employees, media, channel partners and the general public. Corporate communication helps organizations explain their mission; combine its many visions and values into a cohesive message to stakeholders. The concept of corporate communication could be seen as an integrative communication structure linking stakeholders to the organization.

Argentini (2003:02) noted that corporate communication is a management function that offers a framework for effective coordination of all internal and external means of communications with the overall purpose of establishing and maintaining a favorable reputation with stakeholder groups upon which the organization is dependent. Corporate communication is also 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, so as to create a favorable basis for relationships with groups upon which the company is dependent.

Clutterbuck (2002:06) define: "The term corporate communication can be defined as the set of activities involved in managing and orchestrating all internal and external communication aimed at creating favorable starting points with

stakeholders on whom the company depends. Corporate communication consists of the dissemination of information by a variety of specialists and generalists in an organization, with the common goal of enhancing the organization's ability to retain its license to operate".

Van Riel (1995:18) 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". The concept of corporate communication could be seen as an integrative communication structure linking stakeholders to the organization. A corporate communication structure is a system which enables organizations to strategically orchestrate all types of communication within and outside the organization. The term 'corporate communication' is widely used in practice to describe the management function which is vital for the peaceful co-existence and development of the organization in the competitive business world.

Sardana (1995:19) states: "We used to be the tail on the dog, but now communication is the organizing principle behind many business decisions". 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.

Corporate communication is defined as the method in which a corporation uses to communicate with staff. This system of relaying information is also the bridge between the corporation and the public. The traditional ways that companies have communicated with the consumer public include public relations and advertising. Therefore, in modern corporate houses it is important to work with various stakeholders and earn their active support for the enhancement of the status of organization. McCoy and Novelli (2002:15) comment: "The corporate houses are required to use the more cutting edge methods available within the realm of corporate communication in order to facilitate effective communication between the organization and other stakeholders. In the age of globalization, corporate houses are also required to expand their business operations beyond the state or nation. Every corporation seeks to have a global presence at some point invariably in the new millennium".

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, internal communication, image building, event management, reputation building, customer relations, community relations, government relations, dealer relations and so on. Corporate communication obviously involves a whole range of 'managerial' activities, such as planning, coordinating and counseling the CEO and senior managers in the organization as well as 'tactical' skills involved in producing and disseminating messages to relevant stakeholder groups. Broadly speaking, corporate communication can be termed as 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 favorable reputations with stakeholder groups upon which the organization is dependent.

Lages and Simkin (2003:14) observe: "Modern corporate houses brought the range of communication disciplines together into a single department so that knowledge and skills of practitioners are shared and corporate communication is seen as an autonomous and significant function within the organization. The corporate communication was consolidated under a common umbrella in order to manage the organizational communication activities from a central corporate perspective. The big organizations such as multidivisional companies and multinational corporations also located the corporate communication department at a high level vertically within the organization under the leadership of a CEO and executive team in an advisory capacity".

The term 'corporate communication' means differently to everyone but it is used as a prominent tool of organizational management in modern corporate environment. Studies have revealed that corporate communication has led to good relationship management in modern society between the corporate houses and other publics. It opens up the lines of communication between the management and internal employees in general and between the organization and external publics in particular. Ihator (2004:11) writes: "Practically, corporate communication department is situated in the corporate headquarters, from where it can advise the board of management and divisional heads about the activities. The multi-functional teams are an important mechanism in the coordination and integration of work of different communication disciplines within the organization concerned". Thus, corporate communication encompasses all organizational communication activities directed at different stakeholders of organizational development.

The founding fathers of public relations namely Ivy Ledbetter Lee and Edward L. Bernays addressed some issues that managers still face today in corporate communication. The corporate communicators are required to sensitize the management about the large social, political, economic, and cultural climate in which corporations create their images, project their voices and build reputation. By nature, corporate communication is the process a company uses to communicate all its messages to key constituencies. It is a way of life in corporate houses since it deals with managing perceptions and creating timely dissemination of information which benefits various stakeholders. Scholars have commonly stated that corporate communication simply is the total of a corporation's efforts to communicate effectively and profitably. As a matter of fact, the action of the corporate houses primarily depends on the character of the organization and its relationship with its various stakeholders. It is a strategic tool for the modern corporate houses to gain a competitive advantage over their competitors.

## **Nature and Scope of Corporate Communication**

Goodman (2006:10) has identified the goals of corporate communication from the point of view of organizational development. They include – establishment of rapport, building strong corporate culture, facilitating coherent corporate identity, promoting corporate philanthropy, generating genuine sense of corporate citizenship, maintaining good media relations, winning over the confidence of customers, motivating investors for adequate capital investment, enriching corporate reputation, developing grievances redressal mechanism, facilitating participatory communication, enhancing active stakeholders' participation in the affairs of the organization and so on. The present generation of corporate communicators is required to gain mastery over the art and craft of corporate communication and bring the management and various stakeholders together for the achievement of the goals of organizational development.

The goals of corporate communication include – to allocate the tasks of organizational communication to various corporate communicators, to formulate the organizational communication policy, to execute the decisions on communication matters, to facilitate brand management, to bridge the gap between the desired identity and brand features, to mobilize internal and external support for corporate objectives, to coordinate the functions of various departments and to manage the crises and disasters in times of need. Zulhamri (2009:22) notes that the corporate communication is required to build corporate identity which is integrally related to its external and internal image and reputation through corporate communication. The organizational identity includes the belief of various stakeholders as central, distinctive and enduring. The perceived identity includes the continuity, centrality and uniqueness of the organization in the eyes of its members.

The projected identity involves the self presentation of the organization's attributes which matter most in the competitive business world from organizational development point of view. The desired identity includes the top managers' hold of what the organization could evolve into under their leadership. The applied identity includes the signals that an organization broadcasts both consciously and unconsciously through behaviors and initiatives at all levels within the organization. Siano et.al. (2011:20) remark: "Corporate communication is responsible for building and sustaining the identity, credibility, reputation, loyalty and other essentials of sound organizational communication management. The corporate communication department is required to sensitize the management about its social and developmental obligations with due respect for public interest. The communicators should also facilitate interactive communication between the management and various stakeholders constantly and consistently in order to build reputation and win the trust and loyalty of constituents". The Corporate Social Responsibility (CSR) prompts a corporate house to look beyond its traditional bottom line and live up to the expectations of the various stakeholders on the basis of the systematic evaluation of the social implications of business management.

### **Stakeholders of Corporate Communication**

Corporate communication is a vast area from operations management point of view. The present generation of corporate communicators is required to assume multi-faceted roles in order to do justice to their job. Corporate communication includes primarily the cultivation of mutually beneficial relationships between the organizations and various stakeholders. The major types of corporate communication include – employee relations, investor relations, supplier relations, consumer relations, distributor relations, media relations, government relations, community relations, international relations and so on.

Broadly speaking, the corporate communication can be classified into three divisions from operations management point of view, which include – management communication, marketing communication and organizational communication. Management communication is the communication that takes place between the management level of the organization and its internal and external audiences. To support management communication, organizations rely heavily on specialists in the areas of marketing communication and organizational communication. Werder (2003:21) adds: "Marketing communication gets the bulk of the budgets in most organizations and consists of product advertising, direct mail, personal selling and sponsorship activities. They are supported to a greater or lesser extent by organizational communication that generally emanate from specialists in corporate communication, public affairs, investor relations, environmental communication, corporate advertising and employee communication. Corporate communication encompasses management communication, marketing communication and organizational communication". Corporate communication means a coherent approach to the development of communication in organizations, one that communication specialist can adopt to streamline their own communication activities by working from a centrally coordinated strategic framework.

### **Corporate Communication for Organizational Development**

The process of corporate communication broadly include – assessment of communication requirements of various stakeholders, development of internal communication infrastructural facilities, recruitment of competent corporate communicators, identification of corporate communication goals, development of corporate communication strategies, selection of corporate communication media, designing corporate communication messages, facilitation of two-way communication, collection of feedback from various stakeholders and improvement of corporate communication strategies and operations. Easler and Easler (2004:08) note: "The corporate communication should also be well versed with various aspects of corporate communication management in order to successfully reach out to various stakeholders and enlist their active participation in the process of organizational development. Highly skilled, resourceful and competent corporate communicators are required to handle various communication assignments and projects, which would fetch rich dividends to the organizations in this age of competitiveness".

Devarajan (1996:07) has offered certain strategies of corporate communication in order to achieve success in terms of organizational development. The corporate communicators should define the objectives and clearly state the desired result. Internally, the objectives should aim at keeping the employee teams informed, optimize product delivery and create an efficient communication center. Externally, the objectives should facilitate increase of client base, reach government clients and create visibility within your industry. In the second stage, corporate communicators should determine their audiences who are the internal and external stakeholders. Normally these stakeholders work in different organizations which are directly associated with the corporations. In the third stage, the corporate communicators should identify the suitable tools of corporate communication which may include interpersonal channels, group discussions, written communication, electronic communication, new media of communication, social media and so on. They have to consider every possible opportunity for effective corporate communication. In the fourth stage, the corporate communicators should prepare the time table for the execution of corporate communication activities within and outside the corporation. In the fifth stage, the corporate communicators should implement the corporate communication programmes which would benefit both the parties. In the last stage, experts in evaluation should be involved for evaluating the corporate communication strategies for organizational development.

Riel (1995:18) perceives: “In the present times, corporate communication is practiced vigorously all over the world by public and private undertakings in order to enhance the reputation of the organization and improve the status of modern corporate houses. In some organizations, the corporate communication department manages all the activities while in other organizations marketing and communication disciplines are not merged or reduced. However, both disciplines, while 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 practicing communication management that cuts across the marketing and corporate communication disciplines.

According to Clutterbuck (2002:06) a communication consultant, corporate communication inserts the various communication disciplines into a holistic perspective, drawing from the concepts, methodologies, crafts, experiences and artistry of marketing communication and corporate communication. The importance of ‘integrating’ marketing communication and corporate communication in this way has resulted from a variety of factors or ‘drivers’, which have made considerable impact on the practice of corporate communication. Generally, these ‘drivers’ can be grouped into three main categories from organizational development point of view.

Market and environment-based drivers are based upon the integration of marketing and corporate communication efforts less than one banner since the business environment in which modern organizations operate has changed considerably over the past two decades. This integration is also important when one considers the multiple stakeholder roles that any individual may have and the potential pitfalls that may occur when conflicting messages are sent out. Christensen and Askegaard (2001:05) have pointed out that the communication-based drivers are dependent on the dissemination of messages, which are based on integrated communication strategies. Modern organizations have therefore increasingly put considerable effort into protecting their corporate image by rigorously aligning and controlling all communication campaigns and all other contact points with stakeholders. The organizational drivers for integration have been the need to become more efficient, which has led many organizations to restructure communication disciplines such as media relations, advertising, sales promotions and product publicity. Public and private undertakings have ensured integrated approaches to corporate communication with a view to overcome fragmentation and coordinate their communication on an organization-wide basis.

## **Organizing Corporate Communication for Reputation Management**

Several historical developments led to the development of corporate communication as an important branch of organizational management all over the world. Integrated approaches are followed to reach out to various stakeholders and enlist their active participation in the processes of business promotion and organizational development. The policy makers have rightly realized that corporate communication is a management framework to guide and coordinate marketing communication and reputation building activities of modern organizations.

Within this framework, coordination and decision-making take place between practitioners from various corporate communication and marketing communication disciplines. The corporate communication and marketing communication disciplines are systematically developed in modern organizations. Nelson (2004:16) perceived that many organizations have therefore promoted corporate communication practitioners to higher positions in the organization’s hierarchical structure. In some organizations, senior communication practitioners are even members of their organization’s management team in Indian and foreign public and private undertakings. 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.

Balmer (2001:04) has stated that many organizations have also started to bring the range of communication discipline together into a single department so that knowledge and skills of practitioners are shared and corporate communication is seen as an autonomous and significant function within the organization. Some communication discipline might still be organized as separate units or devolved to other functional areas in order to consolidate most communication discipline into a single department so that communication can be strategically managed from a central corporate perspective.

Katalin (2010:13) states: “In some organizations, the policy makers have organized marketing communication as part of the wider corporate communication function rather than as a separate department. Larger organizations, such as

multi-divisional companies and multi-national 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 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 multi-national 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.

The vertical structure divides each organization’s primary tasks into smaller tasks and activities, with each box on an organization chart representing a position assigned to undertake a unique, detailed portion of the organization’s overall mission. However, such vertical specialization and the spreading out of tasks over different departments, requires some coordination or integration of work processes. This coordination or integration is achieved through so-called horizontal structures, which ensures that tasks and activities, while spread out over departments, are combined into the basic functions (i.e., human resources, finance, operations, marketing and communication) that need to be fulfilled within the organization.

Allen (1977:01) writes: “In the area of communication, horizontal structures are important as these enable companies to respond fast to emergent issues, provide control and ensure that consistent messages are being sent out through all the various communication channels. A final point, stressing the importance of horizontal structures, is that these may offset the potential disadvantages (functional silos, compartmentalization and ‘turf wars’) of the vertical structure and allow for cross-functional teamwork and flexibility. Horizontal structures can take various forms, including multidisciplinary task or project teams, standardized work processes and council meetings, and these are not normally displayed on an organization chart”.

Multi-functional teams are an important mechanism in the coordination and integration of work of different communication discipline. Teams can be further distinguished in terms of the natural work team, permanent teams that work together on an ongoing basis (e.g., a cross-company investor relations team) and the taskforce team, created on an *ad hoc* basis for specific projects (e.g., around a crisis or a corporate restructuring). Task force teams are also assembled when an issue or crisis emerges in the company’s environment and an adequate response needs to be formulated and communicated to key stakeholders.

Organizations can also use various tools to document work processes across disciplines and departments in visual and standardized formats, such as flow charts, process maps and checklists. Jefkins (1987:12) has pointed out that such process documentation creates a shared understanding among all communication practitioners about the processes of integration, institutionalized processes of integration, thus making the organization less dependent on certain individuals, facilitates continuous improvements of the processes of integration, enables communication practitioners to benchmark their processes against other companies and creates opportunities for cycle-time reduction.

In addition to documented work processes that are explicit and formal, integration also occurs through more informal channels. Argentini (2003:02) observed that much of the interaction among communication practitioners in fact takes place informally, in the e-mail system, over the phone and in the hallways. Companies can facilitate such informal communication by placing communication professionals physically close to one another (in the same building), by reducing symbolic differences such as separate car parks and cafeterias, by establishing an infrastructure of e-mail, video conferences and other electronic communication channels and by establishing open access to senior management. In large organizations, it is also important that communication practitioners from different disciplines (e.g., marketing communication, internal communication) frequently meet at internal conferences and meetings, where they can get to know one another, network and share ideas.

Council meetings are another horizontal structure often used in multinational corporations. Generally, communication councils support coordination by providing opportunities for communicators worldwide to develop personal relationships, to coordinate communication projects, to share best practices, to learn from each other’s mistakes, to learn about the company, to provide professional training, to improve the status of communication in the company and to make communication professionals more committed to the organization as a whole. A final mechanism for horizontally integrating work processes of communication practitioners involves the use of communication guidelines. Such guidelines may range from agreed upon work procedures (whom to contact, formatting of messages, etc.) to more general design regulations on how to apply logotypes and which colors to use, according to Fernandez (2007:09).

Argentini (2009:03) remarks: “Administratively speaking, a corporate communication department is organized on the basis of the nature of operations, area of operations, type of constituent publics and other reputation building and marketing operations. The corporate communication department is usually headed by the chief human resources development executive of the organization and the general manager of corporate communication functions under the overall guidance and supervision of the head. It also consists of specialists in media management, events management, crisis management, image building, reputation management and so on”. There is several supportive staff namely sub-editor, designer, computer operator, receptionist and others who function in the corporate communication department of a public or private undertaking.

## Conclusion

Corporate communication is primarily concerned with the establishment of mutually beneficial human relations between the corporate houses and various stakeholders. Corporate communication assumes great significance in the era of globalization, liberalization, privatization and corporatization. The concept of corporate communication as a two-way persuasive communication is still used by many to define corporate communication. Of late, corporate communication scenario has changed remarkably in India consequent on the changes in the global business environment and corresponding transition in the policy locally. In today's competitive business environment, authentic facts and figures need to be generated through systematic evaluation in order to plan and activate corporate communication programmes of both public and private corporate houses to achieve the goal of organizational development. To raise the efficiency of the corporate communication system of these corporate houses, their present level of management efficiency has to be assessed and suitable methods and media should be suggested to increase the same. Against this backdrop, an attempt is made to evaluate the system, process and practices of the corporate communication with special reference to organizational development.

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