This part of the book comprises chapters that are not conventionally included within a public relations textbook – yet their link to public relations seems too important for them to be left out. The discussions and debates contained within each chapter highlight the link to public relations, but also point out differences in worldview or approach.

Chapter 28 argues that corporate communication is often public relations with a different label, but at the same time there is a conscious effort to define corporate communication as ‘reputation management’, a term rarely found in the public relations literature, but more often found in management and marketing. Chapter 29 demonstrates that campaigning on behalf of interest or pressure groups is also public relations when viewed as a process, yet there are special characteristics that make campaigning different from conventional public relations. Chapter 30 points out that while public sector communication has special characteristics linked to the democratic context (i.e. politics), it is often public relations objectives and processes that are driving public sector campaigns. Chapter 31 identifies that while the dominant paradigm for the arts, leisure and entertainment sectors is marketing, it is public relations that is helping to move these sectors forward in reaching fragmented audiences. Finally, Chapter 32 looks to the future, addressing issues that will be of major importance to the profession.
CHAPTER 28

Corporate communication
Learning outcomes

By the end of this chapter you should be able to:

- define and describe different conceptualisations of corporate communication
- identify the influence of different conceptualisations (or mindsets) when reviewing public relations literature or practice and understand the implications of this
- identify the key objectives and principles of corporate communication
- identify and understand the impact of differing organisational corporate communication structures and functions
- evaluate the issues arising from corporate communication campaigns.

Structure

- Definition of corporate communication and key terms
- Context and principles of corporate communication
- Interface of corporate communication and overall corporate strategy
- How corporate communication influences corporate decision making
- Corporate communication objectives: stakeholders vs shareholders
- Practical application of critical reflection

Introduction

The news media and particularly business journalists often refer to ‘large corporates’, ‘corporate environments’ and worldwide ‘corporations’. So what do we mean by corporate and more importantly how do we define corporate communication?

Just as the term ‘public relations’ is used to signify anything from the antics of publicists to the maxim of mutual understanding (see Chapters 1, 2 and 3), so a debate rages about the definition of ‘corporate communication’. Some of the key perspectives in the debate define corporate communication as:

- strategic public relations
- communication with non-consumer stakeholders
- reputation or relationship management
- integration of communication with all stakeholders
- persuasion, rhetoric or spin (see later in this chapter for an explanation of the term spin).

Each of these definitions highlights important aspects of how corporate communication is organised and its impact on both internal and external stakeholders. This chapter will identify the different conceptualisations of corporate communication and highlight key issues for consideration in relation to corporate communication practice.
Defining strategic public relations

As the term public relations becomes synonymous with notions of ‘spin’, propaganda, and corporate lying, some practitioners (and academics) have aligned themselves to labels that differentiate them from the ‘press agentry’ (Grunig and Hunt 1984) antics and signify a more strategic approach to public relations. Thus, strategic practitioners use terms such as reputation and relationship management, stakeholder communications and corporate communication to disassociate themselves from spin doctors. Reflecting this is the view that there is ‘no theoretical difference between “corporate communication” and “public relations”’ (Steyn 2003: 168).

The converse is also true, and other commentators stand steadfastly by the term public relations and refuse to give houseroom to alternatives such as corporate communication. The term ‘corporate communication’ does not even merit inclusion in the index of any of the Excellence books (1992, 1995 and 2002) for example, yet there is such a clear correlation between Grunig’s concept of ‘excellent’ public relations and the concept of corporate communication (Grunig et al. 2002) that the terms could be used interchangeably. The 2003 CCI Corporate Communication Practices and Trends Study was an extensive research-based project that benchmarked or described key elements of public relations practice in the USA. It reported the most common corporate communication functions and budget responsibilities cited by participants, as shown in Table 28.1.

This usefuly describes the tasks performed by corporate communicators (although not all departments will incorporate all of these functions). However, it does not identify their purpose – what drives them, how they approach what they do and what they hope to achieve.

To determine corporate communicators’ views about their role and function, participants in the CCI study were asked to rank order a set of phrases deemed by the researchers to describe various philosophies. Table 28.2 investigates participants’ views about their purpose.

This research only includes the Fortune 1000 (America’s 1000 largest corporations ranked by Fortune magazine) and does not include the views of communicators in the public, charitable, or voluntary sectors or smaller companies. Nevertheless, it gives an indication of the disparate ways in which corporate communicators approach what they do (or conceptualise their purpose).

The only way of gaining any real insight into the meaning of corporate communication is to understand

### Definition of corporate communication and key terms

**Advertising**

**Image-building corporate culture and change**

**Media relations**

**Investor relations**

**International (global communication)**

**Communication policy**

**Internal communication**

**Communication technology (intranet and internet)**

**Crisis communication**

**Corporate citizenship and ethics**

**Executive communication issues – building a communication culture**

**Leadership and communication**

**Public relations**

### TABLE 28.1 Key corporate communication functions and budget responsibilities (Corporate Communication Institute 2004)

<table>
<thead>
<tr>
<th>Percent of respondents who ranked the following as their primary role</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager of company’s reputation</td>
<td>18.4%</td>
</tr>
<tr>
<td>Counsel to the CEO and the corporation</td>
<td>17.5%</td>
</tr>
<tr>
<td>Advocate or ‘engineer of public opinion’</td>
<td>14.6%</td>
</tr>
<tr>
<td>Manager of relationships (non-customer constituencies)</td>
<td>10.7%</td>
</tr>
<tr>
<td>Manager of the company’s image</td>
<td>9.7%</td>
</tr>
<tr>
<td>Source of public information about the company</td>
<td>8.7%</td>
</tr>
<tr>
<td>Manager of relationships (all key constituencies)</td>
<td>7.8%</td>
</tr>
<tr>
<td>Driver of company publicity</td>
<td>5.8%</td>
</tr>
<tr>
<td>Branding and brand perception steward</td>
<td>5.8%</td>
</tr>
<tr>
<td>Manager of employee relations (internal communication)</td>
<td>3.9%</td>
</tr>
<tr>
<td>Support for marketing and sales</td>
<td>1.9%</td>
</tr>
<tr>
<td>Other</td>
<td>1.9%</td>
</tr>
<tr>
<td>Corporate philanthropy (citizenship) champion</td>
<td>1%</td>
</tr>
</tbody>
</table>
the implications of these different ways of conceptualising the practice.

**Defining communication with non-consumer stakeholders**

One approach to defining corporate communication is to describe it as the communication of corporate values as opposed to the promotion of consumer products or services. According to this definition, marketing is communication aimed at consumers, and corporate communication is communication directed at other publics and stakeholders. This approach links corporate communication to concepts of managing corporate reputation, corporate image and relationship management. For example, in the case of the ethical cosmetics chain, Body Shop, its corporate communication strategy may be aimed at building the Body Shop’s reputation as an organisation committed to human and animal rights and developing strong relationships with suppliers and employees. In contrast, its consumer or marketing communication would focus on promoting the benefits of its various products to customers and potential customers.

So consumer communication is focused on selling a service or product, and contrasts with corporate communication, which is focused on a broader range of stakeholders and is aimed at building positive relationships and reputation. (See Box 28.1.)

**Box 28.1 Controversy and debate**

**Reputation or relationship management?**

Although the terms reputation and relationship management are sometimes used interchangeably, there is an important debate about which is the more appropriate conceptualisation. ‘Ultimately a good reputation matters because it is a key source of distinctiveness that produces support for the company and differentiates it from rivals’ (Fombrun and Van Riel 2004: 5). Indeed, it would seem obvious that a good reputation would be a fundamental aim of public relations. However, recent declines in public perceptions of media credibility have raised serious questions regarding that assumption (Ledingham and Bruning 2001: 530).

Reputation management is sometimes considered to be a *marketing* as opposed to *public relations* concept or more focused on spin than substance. The preferred perspective of mainstream public relations scholars is increasingly about *relationship building* ‘the concept of relationships with publics is a more fruitful way of understanding the outcome and value of communication programs than is the concept of brand or image or reputation’ (Grunig et al. 2002: 264). The key dimension for relationshipists is the presence of exchange (Ledingham and Bruning 2000) *negotiation, dialogue or symmetry* (Grunig 1992; 2002), which they deem to be lacking from concepts of image or reputation building: ‘The emergence of relationship management as a paradigm for public relations scholarship and practice calls into question the essence of public relations – what it is, what it does or should do, its function and value within the organizational structure and greater society, and the benefits generated not only for the sponsoring organisations but also for the publics those organisations serve and the communities and societies in which they exist’ (Ledingham and Bruning 2000: xiii).

Hutton et al. (2001) usefully summarise the differences: ‘Reputation is a concept far more relevant to people who have no direct ties to an organization, whereas relationships are far more relevant to people who are direct stakeholders of the organization (employees, customers, stockholders and others who usually are the organization’s most important publics). In other words, a reputation is generally something an organization has with strangers, but a relationship is generally something an organization has with friends and associates’ (Hutton et al. 2001: 258). They accommodate the co-existence of the two concepts by surmising that perhaps they are appropriate in different circumstances – reputation being the more useful concept for organisations whose publics are mainly strangers – ‘organisations that depend upon a constant stream of new customers, donors, employees or other stakeholders while reputations might be less important to organizations that have relatively few and longstanding relationships with key stakeholders’ (Hutton et al. 2001: 258). Nevertheless Hutton et al. recognise that research is needed to determine if this is the case. The CCI researchers express frustration at public relations academics’ refusal to engage with what they understand is happening in practice. Whereas the companies in the CCI survey identified reputation management as the most common role, Hutton et al. (2001: 259) make the point that ‘Not a single major textbook in the field defines public relations as reputation management. Are public relations scholars simply so out of touch with the business world that they are years behind in their thinking, or are they being inappropriately ignored by practitioners?’
In the case of the Body Shop, it is clear how its reputation and relationships facilitate more effective selling of its products. But effective corporate communication is not just linked to creating a favourable sales environment; it can contribute to business strategy in many other ways, as shown in Box 28.2.

Van Riel (2003: 53) could be said to support this view:

Corporate communication can be described as the orchestration of all the instruments in the field of organizational identity (communication, symbols and behavior of organizational members) in such an attractive and realistic manner as to create or maintain a positive reputation for groups with which the organization has an interdependent relationship (often referred to as stakeholders). This results in a competitive advantage for the organization.

However, he develops this idea by incorporating consumer communication into the remit of corporate communication: ‘Theoretically speaking, corporate

**Box 28.2** How corporate communication (conceptualised as corporate reputation or relationship management) contributes to business strategy

Anyco is a toy manufacturer with a strategic aim of expanding its factory (located in a suburb of a large city adjoining an area of natural beauty). Its reputation as a good employer and conscientious neighbour, coupled with strong relationships with a range of stakeholders, may have the following results:

- stop the local community from objecting to planning permission
- make politicians more confident in granting planning permission
- engage environmental groups in measures to protect local wildlife
- involve the media in communicating a positive case for the expansion
- encourage suppliers to supply increased orders efficiently and with care for the local community (using the roads at times that do not coincide with local children going to school, for example)
- ensure employees feel involved in the expansion and remain committed to Anyco
- attract the best prospective employees to apply for jobs
- persuade shareholders and others to invest in the project.

Although the expansion will eventually help Anyco produce and sell more products, it can clearly be seen that communication designed to build a strong reputation and relationships in this context is not aimed at persuading consumers to buy products or services. So when commentators talk about corporate communication being aimed at a broader spectrum of stakeholders than marketing or promotional communications, this is the type of approach they mean. This example also illustrates a range of corporate communication objectives (which again differ from those associated with marketing or consumer communication).

In the case of the Body Shop, it is clear how its reputation and relationships facilitate more effective selling of its products. But effective corporate communication is not just linked to creating a favourable sales environment; it can contribute to business strategy in many other ways, as shown in Box 28.2.

Typically, then, corporate communication conceptualised in this way refers to communication (or relationship building) with political, community, financial, media, competitor, supplier and internal publics (but not consumers).

The way the function could fit into an organisational structure could be represented as detailed in Figure 28.1.

**Figure 28.1** How corporate communication can fit into organisational structure
DEFINITION OF CORPORATE COMMUNICATION AND KEY TERMS

communication can be divided into three main forms of communication: management communication, marketing communication and organization communication’ (Van Riel 2003: 67).

This conceptualisation applied to practice could be represented in the organisational structure in Figure 28.2. It is often referred to as integrated communication.

Defining corporate communication as integrated communication

Much has been made in the literature of the ideas of integrated communication. The key to this is the idea that all communication functions are integrated into the same department and guided by the same strategic communication plan. ‘Numerous scholars and professionals have called for the integration of all communication activities into a single department or for communication to be co-ordinated in some way by a communication czar, pope or chief reputation officer’ (Grunig et al. 2002: 302).

Although this approach to corporate communication is often referred to as integrated communication, true integration is rare (Grunig 2002; Hutton 2001). It is far more likely that one area (corporate or consumer) has been subsumed into the other and therefore exists in a department dominated by a particular (and possibly restrictive) worldview. This process is often referred to in the literature as encroachment.

The key issue is: which paradigm (consumer or corporate) dominates the communication approach? If all communication activity is represented at board level by a single individual, like Grunig’s (2002) communication czar, otherwise known as the corporate communication director, it is likely that they are either from a marketing background or from a corporate communication/public relations background, but not both. It could be argued therefore that their mindset will frame their approach to communication. The crucial question is this: is it a marketing mindset, in which case a consumer paradigm may dominate and public relations will be confined to the rather narrow focus of consumer PR? Or is it a public relations mindset, in which case communications will encroach on marketing and a broader stakeholder perspective will direct communication activity – meaning a full range of stakeholders including employees, the local community, political publics and suppliers will be prioritised alongside consumers? (See Box 28.3 and Activity 28.1, overleaf.)

Defining corporate communication: persuasion, rhetoric or spin?

In trying to define corporate communication it would be disingenuous not to consider the view that it is all about using communication to win arguments, by persuading as many people as possible to support (or, at the very least, not object to the activities of) an organisation, to buy products, use services or support political parties and ideologies (among other things). Indeed ‘advocate’ or ‘engineer of public opinion’ was one of the top three terms identified as best describing the corporate communication function in the CCI 2003 Trends Study (see Table 28.2, earlier).

Some see corporate communication as a mechanism for negotiating with stakeholders to achieve a situation that benefits both parties, thus creating a ‘win–win zone’. These people (Grunig et al. 1995; 2002) define corporate communication as relationship management. A contrasting view sees corporate communication as a mechanism for advocating an organisation’s position and increasing its influence/power/profitability. Miller, for example, regards persuasion
Controversy and debate

Marketing encroachment of public relations vs public relations encroachment of marketing: does mindset matter?

Kitchen and Schultz (2001) seem to epitomise the marketing-centred concept of corporate communication: their perspective is informed by the idea that ‘the corporation, in our view, has become a brand that also needs to be “marketed”, or, put another way, communicated for in our view, most marketing is communication and most communication is essentially marketing’ (Kitchen and Schultz 2001: 5). This approach informs their conceptualisation of corporate communication as an umbrella ‘raised as a protective nurturing device held over the strategic business units and individual brands within its portfolio’ (Kitchen and Schultz 2001: 11) (see Figure 28.3).

‘What we mean by “raising the corporate umbrella” is that senior executives, led by the CEO, need to conceive and present the organization in such a way that it not only protects and nurtures all the individual brands and customer relationships within its portfolio, but that the organisation stands for something other than an anonymous faceless profit-taking corporate entity’ (Kitchen and Schultz 2001: 5).

There is a clear resonance here with a corporate-centric (or public relations-centric) conceptualisation of corporate communication (particularly in the aim of communicating a ‘more than profit-taking’ identity) but it is interesting to note the gaps and differences. In particular, Kitchen and Schultz specify an organisation protecting and nurturing ‘individual brands and customer relationships’. No mention of the broader range of stakeholders deemed essential by public relations. Looking at the spokes of the Kitchen and Schultz umbrella – ‘employees’ and ‘partners’ are represented, but the local community, government, suppliers, activist groups (or NGOs) are significantly absent.

Contrast this with a public relations-centred conceptualisation represented by Grunig and Hunt’s (1984) application of the Esman model of external linkages of organisations (see Chapter 2 of this book).

In what can be termed a marketing-centred approach to corporate communication, which is evident throughout much of the literature, significant stakeholders, such as politicians and local communities, are routinely absent and corporate communication (and public relations) is represented as promotion of a product or service.

This is one of the strongest reasons for public relations scholars to reject the notion of integrated communication: ‘The organization is best served by the inherent diversity of perspectives provided by marketing and public relations when those functions remain distinct, co-ordinated yet not integrated’ (Grunig et al. 2002: 264).

FIGURE 28.3 Raising the corporate umbrella (source: Kitchen and Schultz 2001: 11)
DEFINITION OF CORPORATE COMMUNICATION AND KEY TERMS

Box 28.3 (continued)

From the other side of the divide (or perhaps on the fence) some marketing academics consider the basis of public relation’s rejection of the marketing paradigm as being flawed.

Despite constantly calling itself a management function, public relations continues to suffer from a general lack of respect and a frequent lack of success in meeting organizational goals because so few of its practitioners and scholars exhibit a clear understanding of business subjects. For example Ehling et al. (1992) in describing the relationship between marketing and public relations make a number of claims that would be considered nonsense by sophisticated marketing practitioners’ (Hutton 2001: 212).

So, there are some clear distinctions to be made between marketing and public relations but there are also areas of shared ground within the separate paradigms. Cheney and Christensen note these as being primarily linked to the conception of communication as a two-way process by both disciplines ‘public relations and marketing have come to conceive of their communication with the external world as an ongoing dialogue’ (Cheney and Christensen 2001: 237) (see Table 28.3).

Clearly, then, just as approaches to public relations differ across sectors and according to practitioners’ expertise and background, so do approaches to marketing. Thus Hutton attacks public relations theorists for being inflexible in prescribing a ‘best’ structural relationship between marketing and public relations, regardless of context, an approach he deems to be ‘false and not in keeping with a true management orientation, which would argue that form should vary according to situation and objectives’ (Hutton 2001: 213).

Activity 28.1

How corporate communication departments work

Whether integrated within the organisational structure or not, corporate public relations supports or works in conjunction with other departments. List ways in which a corporate communication department could work with:

1. Marketing
2. Human resources/personnel
3. Finance

Feedback

Did you suggest the following?

1. Media relations before or during a new product launch
2. Employee newsletters or team meeting notes
3. Investor relations, annual report preparation and results announcements
4. Issues management, lobbying, community relations and crisis management.

Table 28.3 Differences and similarities between marketing and public relations (source: Cheney and Christensen 2001: 238)

<table>
<thead>
<tr>
<th>Traditional differences</th>
<th>Marketing</th>
<th>Public relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target group</td>
<td>Markets/customers/consumers</td>
<td>Politics/stakeholders</td>
</tr>
<tr>
<td>Principal goal</td>
<td>Attracting and satisfying customers through the exchange of goods and values</td>
<td>Establishing and maintaining positive and beneficial relations between various groups</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shared perspectives</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General image of organisation</td>
<td>An open and externally influenced system</td>
<td></td>
</tr>
<tr>
<td>Communication ideal</td>
<td>Communication as an ongoing dialogue with the external world</td>
<td></td>
</tr>
<tr>
<td>Prescription for management</td>
<td>Organisational flexibility and responsiveness vis-à-vis external wishes and demands</td>
<td></td>
</tr>
</tbody>
</table>
rather lies in:

- the way practitioners practise the art (do they adhere to codes of ethics or moral frameworks for example?)
- desired ends (persuading someone to donate to charity as opposed to persuading someone to take up smoking).

We could also add that context is also relevant, for example:

- the type of society in which corporate persuasion takes place (are all actors free to express ideas and influence?)
- the extent of relative power and access to resources.

Moloney shares this emphasis in his call for reasoned persuasion: ‘PR should encourage outcomes favoured by our society: outcomes such as reasoned, factually accurate, persuasive public debate amongst all individuals, groups and organisations wanting to speak and listen’ (Moloney 2000: 150).

Pertinent to this view is the conceptualisation of public relations as rhetoric – an interesting concept in relation to the role and purpose of corporate communication:

*As Aristotle conceived of it . . . rhetoric is the ability to observe in any given case the available means of persuasion – what needs to be said and how it should be said to achieve desired outcomes. It entails the ability and obligation to demonstrate to an audience facts and arguments available to bring insight to an important issue. (Heath in Toth and Heath 1992: 21)*

It should also be recognised however that: ‘Rhetoric can be thought of as a one-way flow of information, argument and influence, whereby one entity persuades and dominates another. It can be used on behalf of one interest and against others. It is sometimes used to distort and avoid truth and wise policy, rather than champion them’ (Toth and Heath 1992: xi), which usefully summarises the perspective of those that regard corporate communication as spin!

**Defining key terms: a summary of perspectives and how to use them**

Corporate communication has been defined as reputation management, relationship management, communication with non-consumer publics, communication with all stakeholders, and organisational advocacy, persuasion, rhetoric and spin. Recognition of the existence of these different ways of conceiving of the practice is important for a number of reasons. First, it acts as a filter for understanding the literature – there is no single ‘truth’, no ‘right’ way of approaching the topic. This understanding prepares the reader to identify value judgements inherent in the different perspectives and judge their usefulness more effectively.

Much of the theory is also valuable in helping to evaluate appropriate or ‘best’ ways of approaching public relations, for predicting the likely outcome or impact of different approaches and, importantly, for raising questions about appropriate ethical frameworks to guide practice.

Some perspectives – in particular, a critical perspective – facilitate the analysis of the impact of practice in the broader context of social or political structures: ‘The purpose of the critical perspective is to be confrontational. That is, rather than looking at the ways communication assists the organization’s management function, the critical scholar would be intent on learning such questions as those posed by Deetz and Kersten (1983: 155): “Whose interests are served by organizational goals? What role do they play in creating and maintaining structures of power and domination?”’ (Toth in Toth and Heath 1992: 7).

**Context and principles of corporate communication**

Having looked at theory and identified some very different ways of conceptualising corporate communication, it is now appropriate to ascertain what this means in practice. This section will consider what influences the way in which corporate communication is practised (as persuasion, relationship management or spin, for example).

Research conducted as part of the IABC ‘Excellence’ project identifies a number of variables that, according to Grunig et al. (1992; 2002), determine whether or not ‘excellent’ public relations can be practised or not (see Table 28.4).

A number of these are self-explanatory, or have already been explored in this chapter, but others will
now be analysed in further detail, including the position of corporate communication within organisational structures.

**Position of corporate communication within organisational structures**

The ‘Excellence’ team is clear and prescriptive about the principles they deem to be essential in relation to the horizontal and vertical location of the communication function within an organisational structure. These are summarised in Box 28.4.

Although not included in their list, it should be noted that the research also shows that ‘excellent communication departments’ use external consultancies: ‘All public relations departments in our sample purchased a substantial proportion of their technical publicity activities from outside firms, as well as a large

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**An ‘excellent’ corporate communication structure**

1. The public relations function should be located in the organisational structure so that it has ready access to the key decision makers of the organisation – the dominant coalition – and so that it can contribute to the strategic management process of the organisation.

2. All communication programmes should be integrated into or coordinated by the public relations department or a senior executive with a public relations title, such as senior vice-president of corporate communication.

3. Public relations should not be subordinated to other departments such as marketing, human resources or finance.

4. Public relations departments should be structured horizontally to reflect strategic publics and so that it is possible to reassign people and resources to new programmes as new strategic publics emerge and other publics cease to be strategic.

*Source: Grunig et al. 2002: 265.*

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**TABLE 28.4 Characteristics of excellent public relations programmes**

*source: Grunig 1992

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proportion of their research support’ (Grunig et al. 2002: 303). Perhaps this should be incorporated as variable 5.

The structure reflecting the ‘excellence’ characteristics can be visualised as shown in Figure 28.4.

A task-oriented structure is also common in practice and is discussed in Chapter 2. Within either of these structures, consultancies may be used to supplement or enhance internally managed practice in a number of areas (see Figure 28.5).

Both the structures outlined in the two figures represent a centralised approach to communication, where all communication is channelled through a single department. There are clear benefits here in terms of ensuring consistency in the corporate message (discussed later). However, it is interesting to note that the ‘Excellence’ team move from specifying ‘a single unitary department’ in 1992, to incorporating an alternative of ‘providing a mechanism for co-ordinating programs managed by different departments’ (Grunig et al. 2002: 15) in the final report on the findings of the project. Perhaps this better accommodates the needs of large organisations with diverse areas of activity or those that are spread over national or international geographical boundaries.

Clearly, geography and knowledge of local culture is also a significant variable related to the ideal positioning of the communication department within the organisational structure. For example, can a centralised communication department really effectively represent geographically disparate locations?

![Figure 28.4](image)

**Figure 28.4** Structure reflecting the ‘excellence’ characteristics. Note: *Member of the ‘dominant coalition’ (source: based on Grunig 1992, 2002); in this case, the board of directors

![Figure 28.5](image)

**Figure 28.5** Activities outsourced to public relations agencies/consultancies and to what extent (source: IPR/DTI 2003, Unlocking the Potential of Public Relations, CIPR, p. 33)
Even on a national scale this can be seen to be problematic. Some anecdotal evidence suggests, for example, that when the controversial decision to submerge the Brent Spar oil platform in the sea (as opposed to dismantling it on land), Scottish journalists were alienated by the fact that the Scottish-based Shell staff (with whom they were familiar) were not allowed to comment. Instead, all enquiries had to be directed through a central London press office.

The Confederation of British Industry (CBI), for example, has a press office at its London headquarters where other corporate public relations functions such as lobbying and public affairs take place. However, it also has people with responsibility for local public relations in its regional (and other national) offices (see Picture 28.1). (See Activity 28.2.)

**Activity 28.2**

**Structuring corporate communication**

List all the advantages of having a single communication department that directs communication with all stakeholders.

What are the advantages of a decentralised approach, where instead of a single department, communication specialists are employed in different divisions or units throughout the organisation, or stakeholders can contact anyone in the organisation for comment?

What are the advantages and disadvantages of using public relations and/or specialist communications consultancies instead of in-house employees?

**Feedback**

In thinking about centralisation, have you considered issues such as: having more control over information released about the organisation; being able to direct media requests to appropriate (and trained) spokespeople; being able to ensure all information is newsworthy or of value; checking consistency of corporate messages. The disadvantage of a centralised approach may well be that too much control could appear to be suspicious (trying to block free access to information), slow down the process by which stakeholders (particularly the media) can get information and negate the value of local knowledge or relationships.

Advantages of an in-house department (as opposed to an external consultant) may include: understanding the complexities of the organisation and its sector; being able to identify and easily access the most knowledgeable organisational spokespeople for particular issues; being trusted with access to high-level strategic information. Disadvantages may include lack of objectivity, inability to provide expertise in a full range of specialisms (such as event management or design, for example) and lack of innovation.

Agency advantages could include: having a wide range of specialisms within the agency team; being removed from the organisation therefore more objective about its performance and image. Disadvantages may include a lack of in-depth knowledge about the organisation and its sector; not being trusted with high-level strategic information; lack of internal contacts/networking opportunities; and conflict of interest (when managing a range of clients).

’Whether “overall success” is defined solely as profits or more broadly in terms of the organisation’s contribution to its community and diverse publics (Estes 1996; Etzioni 1998; Wilson 1996), public relations, to be strategic, must support the organization’s achievement of its mission and goals’ (Wilson in Heath 2001: 215).

One of the key dimensions of corporate communication is understanding its relationship to overall...
organisational strategy (the cornerstones of which are its mission and goals).

As corporate strategy gurus Johnson and Scholes explain: ‘Strategy is the direction and scope of an organisation over the long term: which achieves advantage for the organisation through its configuration of resources within a changing environment, to meet the needs of markets and to fulfil stakeholder expectations.’ (Johnson and Scholes 1999: 10). (See Figure 28.6.)

In simplistic terms, organisations are usually run by a chief executive and a board of directors or executive committee, depending on the type of organisation it is (whether it is in the public or private sector, etc). This dominant coalition (Grunig 1992; Grunig et al. 2002) formulates the corporate strategic plan which sets out what the organisation aims to achieve (often over a five-year period) as well as the values and philosophy to which it will adhere. This could be considered to be stage 1 of the planning process.

However, as well as being a member of the executive board, each director is also responsible for directing the management of a specific ‘division’/department/business unit (the use of alternative labels in the literature is seemingly endless, so for the purposes of this chapter the term ‘division’ will be used). The names of some typical divisions are included in the various structure diagrams elsewhere in this chapter.

The director and the management team of the division will then analyse the overall corporate strategic plan and identify ways in which their division’s activities can contribute to achieving these overarching aims. This takes us to stage 2 of the planning process when each division sets its own five-year plan. For example, the corporate communication senior management team identifies how communication can help achieve specific organisational strategic aims and objectives and sets a communication plan to direct and focus future communication effort.

And finally, stage 3 in the planning process occurs at an operational level when the management team works with the ‘technicians’, or communication team responsible for implementing the plans, to identify and schedule the activities that, it is to be hoped, will achieve the divisional and, eventually, the corporate objectives.

Clearly, this is a vastly simplified model of an approach to strategic planning. Its purpose is to demonstrate the way in which corporate communication can be tied to overall corporate strategy but in no way attempts to represent the literature in this field. It should also be noted that although this appears to be a hierarchical, ‘top-down’ and linear process, in reality it could be much more inclusive and organic. (For an effective guide to corporate strategy, see Johnson and Scholes 1999.) See Case study 28.1.

Linking communication activities to the overall organisational plan is often deemed vital in ensuring communication is taken seriously at the highest levels (i.e. viewed as strategic and central to organisational success). ‘Practitioners must not focus on pushing communication higher up senior management’s agenda, but rather connect communication to what is already at the top of that agenda’ (Quirke in Steyn 2003).

It could also be argued that really strategic communication would have already been involved in setting the senior management agenda.

**FIGURE 28.6 Three stages of strategic planning**
Correspondingly, then, one of the key aspects of the corporate communication role would be the extent to which the ‘communication czar’ (Grunig et al. 2002) is involved in influencing and shaping the overall business strategy, rather than just being involved in the ‘second layer’ of decision making (about how communication can help achieve predetermined company goals).

Commentators argue that the communication director must be able to help determine the organisational goals rather than merely being confined to setting communication goals. This is often referred to as influencing decisions before they are made (Grunig et al. 1992).

The rationale for this position is that the corporate communication director’s knowledge of the organisation’s environment (trends in public opinion, stakeholder perceptions and expectations, the news agenda and news values, employee views, and so on) enable them to predict stakeholder responses to decisions taken by the dominant coalition. According to Johnson and Scholes (1999), a significant problem in developing effective corporate strategies is that ‘strategic decisions may have to be made in situations of uncertainty: they may involve taking decisions on views of the future which it is impossible for managers to be sure about’ (1999: 11). An effective communication director can help reduce aspects of this uncertainty.

Having reduced uncertainty by mapping likely stakeholder responses to proposed future directions, depending on the way in which the director approaches (or conceptualises) corporate communication, their role in the decision making process is then:

- either to introduce symmetry into the decision-making process by ensuring the dominant coalition is willing to compromise to accommodate stakeholders’ wishes (thus entering Grunig’s (1992) ‘win–win’ zone)
- or to predict whether stakeholders could be persuaded to accommodate an organisational decision.

See Mini case study 28.1 and Activity 28.3.

**Corporate communication objectives: stakeholders vs shareholders**

In a best selling book, UK political commentator Will Hutton (1996) criticises business for being short-termist and relentless in pursuit of some of the highest financial returns in the world: ‘Companies are the fiefdoms of their Boards and sometimes just of their chairmen; and companies are run as pure trading operations rather than productive organisations which invest, innovate and develop human capital’ (1996: 21).

In contrast to this view of companies being dominated only by the idea of improving returns for shareholders, the concept of *stakeholding* advocates a sustainable approach to business that values relationships with a range of stakeholders.

Despite the fact that the use of the term ‘stakeholder’ has proliferated throughout the corporate lexicon to the extent that it has almost lost its political and social significance, Hutton, a major proponent of ‘stakeholder capitalism’, believes the arguments for
stakeholding stand (Hutton and Giddens 2000). He argues for organisations to think in terms of ‘relational capitalism’ (premised on the idea of human dynamics) instead of ‘transactional capitalism’ (a network of transactions) but recognises that one of the major obstacles to this shift is the fact that many companies are locked into structures such as the stock market, which demands high returns for shareholders.

It is often suggested that, to be taken seriously, corporate communication must contribute to ‘the bottom line’. Traditionally, the bottom line has referred to profitability in financial terms. Accordingly, some organisations measure their performance in terms of the strength of their share price and the term competitive advantage in this context would mean helping the organisation to produce more goods or services at a cheaper price.

In some organisations, however, this exclusive focus on economic success has shifted. The bottom line has been reconceptualised as a ‘triple bottom line’. The triple bottom line still measures financial performance but also measures an organisation’s environmental and social impact.

We have already discussed how corporate communication strategy sets communication objectives related to overall organisational objectives. The focus of these objectives then has a crucial effect on the way corporate communication strategy is set.

If successful performance is measured within the confined parameters of share price, for example, then the focus on shareholders will be hard to shift. However, if a focus on corporate social responsibility is emphasised, then objectives will be set according to a triple bottom line (see also Chapter 6).

In describing its credo, Johnson & Johnson is proud to assert that ‘there is no mission statement that hangs on our wall’, which would seem to reflect that this company recognises problems associated with the function of mission and value statements. (See Case study 28.2 and Box 28.5.)

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**mini case study 28.1**

**The McLibel case – the importance of influencing the decision-making process**

In 1990 McDonald’s embarked on what was to become the longest trial of any kind in English history when it sued a part-time bar worker (who earned a maximum of £65 a week), and an unemployed postman. At the time, McDonald’s economic power outstripped that of many small countries, with worldwide sales of about $30bn in 1995 (BBC News 2005).

As The Guardian explained:

*McDonald’s sued Ms Steel and Mr Morris, both from north London, in 1990 over leaflets headed What’s Wrong With McDonald’s?, which they distributed outside the burger chain’s restaurants.*

*These accused the chain of exploiting children, cruelty to animals, destroying the rainforest, paying low wages and peddling unhealthy food.*

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**activity 28.3**

**The McLibel case**

Read Mini case study 28.1. Now, imagine you are the communications director at the McDonald’s meeting called to discuss the threat posed by the distribution of the leaflets. The lawyers have just explained the basis for suing the couple. Consider how you could have influenced this decision in a way that may have avoided the public outcry.

**Feedback**

A communications director who had been monitoring the environment would be aware that issues such as obesity (particularly childhood obesity), health problems related to eating food with a high fat content and animal health were looming large in arenas such as the media and in government consultations. They would also understand news values and recognise that a story related to these issues, especially with the added ‘David and Goliath’ dimension, would make the headlines. They could have counselled McDonald’s to take a ‘symmetrical’ (Grunig 2002) approach, invited the critics in, heard their criticisms and changed the company’s products and systems to accommodate their views (an approach that analysis of the company’s latest strategy shows has now been adopted).

Despite the obstacles, the two campaigners won a ruling from the high court that some of the claims in the leaflet were true, in what was described as ‘the biggest corporate PR disaster in history’. Mr Justice Bell ruled that the leaflet was correct when it accused the company of paying low wages to its workers, being responsible for cruelty to some of the animals used in its food products, and exploiting children in advertising campaigns.’ (Dyer 2005)

The world’s biggest fast food chain spent an estimated £10m on the case.
Johnson & Johnson

Johnson & Johnson has more than 200 operating companies located in 57 countries. Its objective is ‘to achieve superior levels of capital efficient profitable growth’.

‘To this end the company participates in growth areas in human healthcare and is committed to attaining leadership positions in these growth segments through the development of innovative products and services.’

Johnson & Johnson’s ‘credo’ was developed to embody the management philosophy and guide managers and employees in how to achieve its overall corporate objective. It states:

We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services...

We are responsible to our employees, the men and women who work with us throughout the world...

We are responsible to the communities in which we live and work and to the world community as well...

Our final responsibility is to our stockholders. Business must make a sound profit...

The full credo is available on www.jnj.com/our_company/our_credo/

Johnson & Johnson state that:

The Credo, seen by business leaders and the media as being farsighted, received wide public attention and acclaim. Putting customers first, and stockholders last, was a refreshing approach to the management of a business. But it should be noted that Johnson was a practical minded businessman. He believed that by putting the customer first the business would be well served, and it was.

The Corporation has drawn heavily on the strength of the Credo for guidance through the years, and at no time was this more evident than during the TYLENOL® crises of 1982 and 1986, when the McNeil Consumer & Specialty Pharmaceuticals product was adulterated with cyanide and used as a murder weapon. With Johnson & Johnson’s good name and reputation at stake, company managers and employees made countless decisions that were inspired by the philosophy embodied in the Credo. The company’s reputation was preserved and the TYLENOL® acetaminophen business was regained.

Today the Credo lives on in Johnson & Johnson stronger than ever. Company employees now participate in a periodic survey and evaluation of just how well the company performs its Credo responsibilities. These assessments are then fed back to the senior management, and where there are shortcomings, corrective action is promptly taken.

Johnson & Johnson have now developed a credo-based model incorporating 24 value indicators, each linked to one of the four paragraphs in the credo, against which performance will be measured.

(See also Chapter 20 for more detail on how the Johnson & Johnson philosophy was applied in a crisis situation.)

Source: Johnson & Johnson 2003

Controversy and debate – mission and value statements

Some commentators argue that ‘a company’s values are encapsulated in its corporate philosophy and conveying these values is what corporate communication is all about’ (Yamauchi 2001: 131). Many organisations publish mission and value statements to encapsulate their attitude to operations and demonstrate what they want to accomplish. Toy manufacturer Klutz provides a succinct example of this: ‘Klutz is a kids’ company staffed entirely by real human beings. For those of you who collect corporate mission statements, here’s ours:

■ Create Wonderful Things
■ Be Good
■ Have Fun’. (Klutz 1998: 18)

A corporate communicator’s first job is to look at these statements to determine how communication can help to realise them. The wise communicator would do well to learn from Johnson & Johnson’s caution about mission statements, however. Most are far from being as simple and direct as the Klutz example. Indeed, Roger Bennet catalogues eight ‘problems with mission statements’, some of which are useful here, in particular his view that ‘too often the language of mission statements comprises hackneyed clichés assembled with little genuine concern for their relevance to the business in question’ (Bennett 1999: 24).
The key then is perhaps not what the organisational mission states, but how it is implemented and measured.

Ideas such as CSR and a triple bottom line must not only influence the language chosen by public relations practitioners to communicate with publics, as a way of ‘spinning’ an organisations’ activities, but must permeate thinking at all levels of strategic decision making and implementation. And the buck does not stop with organisations – government and other regulators must guarantee a regulatory framework that forces organisations to comply with these ideas. Frankental endorses the call for auditing according to a triple bottom line ‘financial, environmental and social’ (Frankental 2001: 19). Annual social reports must be more than gloss or spin. In a properly regulated world, ‘the terms of reference will be more comprehensive, standard methodologies will be developed and issues of definition, measurement, monitoring and verification will be . . . addressed’ (Frankental 2001: 20).

**Practical application of critical reflection**

Rather than just highlighting problematic aspects of the dominant corporate communication paradigms, Cheney and Christensen demonstrate the value of critical reflection through the practical application of their ideas to help improve practice (and academic approaches). They specify a ‘self-reflective’ approach to counter ‘self-referential tendencies’ (Cheney and Christensen 2001: 264). In other words, practitioners must (mentally) step outside their world and challenge the things they take for granted. They should reflect on ‘basic assumptions about relevant publics and environments, established procedures and routines involved in opinion polls and market analyses, tacit norms for interpreting data, briefing procedures and information exchange between departments, and more generally, perceptions of external information throughout the organization’ (Cheney and Christensen 2001: 264). (See Case study 28.3.)

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**Case study 28.3**

**Example of self-reflection**

An example of the way in which ‘basic assumptions’ become the norm is the way in which a public relations practitioner decides which publics are relevant to their organisation. Reflecting this is the view that: ‘Stakeholder theory has been approached from the point of view of business ethics, corporate governance and/or corporate social performance. This puts the organization at the centre of the analysis and discourages consideration of stakeholders in their own right as well as discouraging balanced viewing of the organization/stakeholder relation’ (Friedman and Miles 2002: 1).

Consulting strategic management or public relations textbooks reveals a plethora of methods for prioritising stakeholders – many depend on calculating which group of stakeholders has most power and is therefore most likely to impact on the organisation and its most important constituents. The logical conclusion of this approach is that an organisation will focus its activity on the most important stakeholders.

So does the term strategic stakeholders actually mean those that have most power and influence?

For the purposes of strategic analysis, Johnson and Scholes (1999) define power as ‘the extent to which individuals or groups are able to persuade, induce or coerce others into following certain courses of action’ (1999: 221). The question is, if power is the criterion for selecting who can become involved in dialogue, what happens to those stakeholders not deemed to be important enough to be prioritised in this way? And can corporate communication be regarded as ethical if two-way communication only takes place within corporately drawn parameters?

‘The communication systems that are being developed these days – though avowedly to satisfy the general public’s demand for insight and participation – are too closed around organisations and their active and resource-rich publics and stakeholders, each monitoring the other and themselves . . . What appear, to some observers, as symmetrical systems of communication may, in other words, turn out to be “corporatist” systems organized around specific issues with only limited access to the nonorganized (see also Christopher and Jones 1996 and Livesey 1999 in Jablin and Putnam 2001). Such a pattern of communication by and among well-established and resource-rich entities can exacerbate the problem of dominance of the “free speech” arena by corporate and other large organizational interests (Bailey 1996 in Cheney and Christensen 2001: 261).

One of the problems, then, with the ethical basis of the ‘excellent’ symmetrical model of public relations (Grunig 1992; 2002) is that some groups of stakeholders may not have the power, sophistication or resources to engage in negotiation or dialogue (L’Etang and Pieczka 1996; Cheney and Christensen 2001; Leitch and Neilson 2001).
So, if corporate communication is the area that ‘oversees’ communication, it would seem that this is the area that can balance the needs of stakeholders with those of the organisation. It is the corporate communication’s role then to determine whether most resources are shared among a broad range of stakeholders or only channelled towards the powerful (the customer, shareholder or politician).

In order to avoid being ‘self-referential,’ that is, making decisions based on the needs of the organisation or according to the way communications experts have always done things (according to dominant public relations paradigms), Cheney and Christensen (2001) recommend that: ‘Scholars and practitioners . . . need to learn to communicate consciously with themselves and their organisations about their most central meanings. These meanings include internal images and perceptions of what the organisation “is”, key symbols of pride and motivation’ (2001: 264).

Thinking now about all the issues raised in this chapter, what practical steps can practitioners take to ensure they ‘communicate consciously with themselves and their organisations about their most central meanings’? (See Case study 28.4.)

Clearly, then, this type of reflection and research is crucial to effective corporate communication planning.

However, it should not be the only research focus: a truly reflective process means asking searching questions about the moral and ethical frameworks and perspectives that guide communication approaches and practice.

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**Case Study 28.4**

**A tool to facilitate reflective practice**

One of the most positive aspects of the use of the cultural web is that it does not limit analysis to a structural perspective that is focused solely on systems and procedures. It incorporates an interpretative approach where ‘culture is viewed a guide and a filter for how organisation members understand the messages they receive and send’ (Daymon 2000: 241).

Researchers focus on organisations as cultures (their cultural patterns consisting not of a monolithic culture but of diverse subcultures) and therefore draw attention to stories, rituals and ceremonies, beliefs, values, language and behaviors in order to reveal the underlying meanings and emotions within organisations that influence why people choose to communicate (or not) as they do . . . This, in turn, influences whether members ignore or reject certain information, the significance they give to methods of communication, and the choices they make about what information should be communicated (Daymon 2000: 244).

From this perspective, culture is seen to influence ‘the way we do things round here’. For example, if stories of patients as the ‘enemy’ proliferate in a hospital or GP practice, it becomes ‘taken for granted’ and accepted that they should be treated in a hostile manner. (See Johnson and Scholes (1999: 75) for an application of the cultural web to the NHS in the UK.)
Summary

This chapter has identified some very different ways of conceptualising corporate communication – as reputation management, relationship management, communication with non-consumer publics, communication with all stakeholders, organisational advocacy, persuasion, rhetoric and spin.

It has asserted that recognition of the existence of these different ways of conceiving of the practice is important for a number of reasons. In particular, that this acts as a filter for understanding the literature – there is no single ‘truth’, no ‘right’ way of approaching the topic. This understanding prepares the reader to identify value judgements inherent in the different perspectives and judge their usefulness more effectively.

The chapter has also explored what these different ways of conceptualising corporate public relations mean for practice. In this respect, it asserts that understanding the different ways of conceptualising corporate communication and how these inform different approaches to the practice means that practitioners can make clear and informed choices about how they do their jobs and everyone else can evaluate the impact of their practice – both in terms of success and in relation to the broader society in which it takes place.

Bibliography


