DETERMINANTS AND CONSEQUENCES OF CORPORATE COMMUNICATION MANAGEMENT: REVIEW OF THE CURRENT LITERATURE AND A CONCEPTUAL MODEL

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Abstract: This paper is a literature review which analyses the influences of managerial communication, marketing communication and organizational communication on corporate communication. In addition, this paper shows how corporate communication management influences organizational performance. The paper also investigates the role of corporate leadership in moderating the relationship between corporate communication and organizational performance. An integrative framework and a detailed summary table are provided. Three categories of determinants, namely, management communication, marketing communication and organizational communication are gathered from the literature. Direct consequences and indirect consequences through relevant mediators are identified. Future research directions are also offered. The compendium of determinants and consequences of Corporate Communication Management can be used by corporate communication practitioners to segment and target stakeholders.

Keywords: Communication, marketing communication, Corporate Communication

INTRODUCTION

In recent years, researchers and practitioners have become increasingly interested in Corporate Communication Management (CCM). Corporate communication is a management tool which has arisen in response to increasing concern about the communication in complex and sophisticated corporate organizations. Since corporate communication entails selectively communicating the organization’s views and objectives to those stakeholders whom it regards as important, it can therefore be described as a key management strategy (Yamauchi, 2001; Goodman, 2000).

For two decades, and particularly during the 1990s, academics and practitioners have engaged in a lengthy attempt to define and develop a method to measure corporate communication. Nonetheless, just what the term means and how it informs assessment methods remains unclear (van Riel, 1995). Although most corporate communication researchers and executives could benefit from using an integrated and more systematic framework, the academic field of corporate communication is scattered, divergent, lacks coherence (Belasen, 2008) and ‘has no universal meaning among various professional groups’ (Melewar, 2003, p.199). This confusion concerning the central concept of corporate communication has not been resolved (van Riel, 1997).

Despite the increasing quantity of research in this area, the knowledge about this phenomenon is still limited at best. For example, within the corporate communication literature, there are only a few studies that are related to corporate communication such as identity and image (Karaosmanoglu and Melewar, 2006), productivity and performance (Stainer and Stainer, 1997), innovation and change (Hargie and Tourish, 1996), merger and acquisitions (Balmer and Dinnie, 1999), competitive advantage (Balmer and Gray, 1999), values (Wanguri, 2003), professionalism (Steiner, 2001), corporate citizenship (Sabeh et al., 2000) and strategic function (Dolphin and Fan, 2000). In addition, the literature suggests that until now, there have been few empirical studies (e.g. Wright, 1995; Dolphin and Fan, 2000) exploring managerial perception of corporate communication in organizations but corporate communication managers play a vital role in corporate communication management strategic planning (Dolphin and Fan, 2000). Therefore, there is lack of understanding of corporate communication management in organizations. In addition, most of this research tends to focuses on theoretical issues of corporate communication rather than empirical studies. Therefore, a broader view of corporate communication is needed.

The objective of this paper is to review the determinants and consequences of CCM by providing an integrative framework and to suggest directions for future research. The rest of the paper is organized as follows. First, corporate communications are defined and their properties are discussed. Second, the determinants of CCM are explored. Third, the relationships between CCM and its consequences are examined along with the roles of relevant mediating variables. Finally, recommendations are made.
Yamauchi (2001) believes the term ‘corporate communication’ came to the attention of the general public more than 30 years ago when the US business magazine Fortune held its first annual Corporate Communication seminar in 1972. However, throughout the 20th century, the field of corporate communication has been developed in schools of communication and journalism under areas called public relations or public affairs (van Riel, 1995). In the early years, corporate communication practitioners work more on tactical communications with the media for the good image of organizations. In the early 1970’s, the corporate world changed and demand from internal and external stakeholders of companies became more sophisticated and complex. The organizations required more than the simple internal public relations (PR) function supplemented by PR consultant firm. For example, public relations practitioners faced great challenges to deal with a ‘new generation’ of stakeholders. Consequently, the top management of many organizations started looking at communication as more than just a ‘communication’ to the stakeholder. According to Argenti (1996) and Cornelissen (2008), this is the commencement of the new corporate communication function and practice.

Currently, many managers in multinational companies come from very traditional oriented backgrounds, such as engineering, accounting, finance, production, sales or marketing (Argenti, 1996). Their communication skills depend on abilities that they might have gained from tertiary education, school or years of experience. These old-style managers welcomed a professional communicator to help and guide them to communicate better in their organization. Therefore, these situations make the field of corporate communication become vital for the organizations (van Riel, 1995).

The definition of corporate communication is discussed by many scholars and can be seen from different perspectives. A comparison, below is a definition offered by scholars in corporate communication (see Table 1).

Table 1. Multiple definitions of corporate communication

<table>
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<tr>
<th>Related References</th>
<th>Definitions</th>
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<tr>
<td>Jackson, 1987</td>
<td>Corporate communication is the total communication activity generated by the company to achieve its planned objectives.</td>
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<tr>
<td>Shelby, 1993</td>
<td>Corporate communication locus is collectivities that exist inside and outside organizations. Its focus is intervention, based on both analysis (environmental scanning, for example) and synthesis (comprehensive issues management plans). Its practical grounding is skills and method.</td>
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<tr>
<td>Blauw, 1994</td>
<td>Corporate communication as an integrated approach to all communication produced by an organisation, directed at all relevant target groups. Each item of communication must convey and emphasise the corporate identity.</td>
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<td>van Riel, 1995</td>
<td>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 to create a favourable basis for relationships with groups upon which the company is dependent.</td>
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<tr>
<td>Gray, 1995</td>
<td>Corporate communication as an aggregate of sources, messages and media by which the corporation conveys its unique or brand to its various audiences</td>
</tr>
<tr>
<td>Schmidt, 1995</td>
<td>Corporate communication as an internal and external information means and measures that aim to influence perceptions.</td>
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<tr>
<td>Goodman, 2000</td>
<td>Corporate communication is a strategic action practiced by professionals within an organization or on behalf of a client. It is the creation and maintenance of strong internal and external relationships.</td>
</tr>
<tr>
<td>Van Riel and Fombrun, 2007</td>
<td>Corporate communication can be defined as the set of activities involved in managing and orchestrating all internal and external communications aimed at creating favourable starting points with stakeholders who the company depends.</td>
</tr>
<tr>
<td>Cornelissen, 2008</td>
<td>Corporate communication 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 favourable reputations with stakeholder groups upon which the organization is dependent.</td>
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terms of planning, controlling, organizing and coordinating the communication’s message to internal and external stakeholders of the organizations.

Internal and external communication: The medium of communication in the corporate communication process will depend on who is their receiver (stakeholder), and media or channel of communication used by the organization to transfer organizational messages to the stakeholder might be varied: internal mail, intranet, face to face, circular or bulletin widely used by organizations to communicate to their internal stakeholder. However, for the huge number of external stakeholder, mass communications instruments such as electronic media (television and radio), print media (newspaper and magazine) and new media (internet) is the most influential channel to persuade their stakeholders.

Stakeholders or audiences: The receiver of the communication’s message in a corporate organization is their stakeholders. In corporate communication, stakeholders can be divided into two: internal or external stakeholders. Employees and the top management of the organization can be considered as internal stakeholders, while external stakeholders may include media, non governmental organizations (NGO), government agencies, customers and competitors.

In this paper, corporate communication management (CCM) can be defined as a management of the perceptions of an organization (Chaloner, 1990); therefore the perception of audiences or stakeholder can be influenced from all internal and external information (message of communication) means and measures (Schmidt, 1995; Cornelissen, 2008). The collective message from both sources through every form, manner and medium of communications (Haynes, 1990) will convey organizations identity (Gray, 1995; Gray and Balmer, 1998) to its stakeholder. A stakeholder is anyone who has a stake in the organization’s success such as vendors, customers, employees and executives (Goodman, 2000).

DETERMINANTS OF CORPORATE COMMUNICATION MANAGEMENT

This section summarizes the determinants of Corporate Communication Management (CCM) mentioned as empirically tested in previous research. There are three categories of determinants which include management communication, organizational communication and marketing communication. Management communication includes traditional aspects of supervision; administration, such as planning, organizing, coordinating, and controlling as well as leadership, such as developing a shared vision and mobilizing support for that vision through trust and empowerment. Organizational communication has a much broader appeal that includes public relations, public affairs, investor relations, employee relations, corporate advertising, and scanning. Marketing communication covers a wide range of external communication including advertising, sales promotion, direct mail and sponsorship. Figure 1 provides a summary of previous work on the determinants and consequences of CCM.

Management communications

Management communication is determined by efforts to accomplish work through other people (van Riel and Fombrum, 2007). The four basic functions of management comprise of planning, organizing, coordinating and controlling. Smeltzer et. al., (1983) on the other hand looks at the functional of management communication, ‘viewing communication as a means to an end, something to be exploited in the service of organizational objectives after weighing the cost-benefit considering’ (p. 74). In fact, management communication is communication intended to affect a manager’s decisions and the foundation for guiding the organization’s internal actions.

The influence is obvious between corporate and management communication (Argenti, 1996). He claims “management communication focuses on communication strategy; skills, including writing and speaking; process, including teamwork and interpersonal behavior; the global environment, which focuses on cross cultural communications; and function, which gets us to the connection with corporate communication” (p. 83). According to Pincus et al. (1991), management communication is evident in all level of organization. Van Riel (1995) summarized this to four functions which include: developing organizational vision, organizational leadership, managing process of change and motivating employee.

Developing organizational vision, mission and philosophies are important for the corporate organizations. Goodman (2000) and Yamauchi (2001) agreed that with clear statements of what the corporation stands for, its goals and its practices will create the positive image in the mind of internal and external public.

Secondly, a salient of organizational leadership in management communication has been studied by Kouzes and Posner, (1995) and Takala (1997). The
charismatic leader would influence the effectiveness of the organization as well as the performance by giving a clear direction to achievement.

Third function of management communication is managing the process of change. A management communication is most strongly correlated to responses to the managing process of change in organizations (Nelissen and van Selin, 2008). In the process of change, management communication will influence the objective and consequences of the process. Based on the research conducted by Nelissen and van Selin (2008), employees who are satisfied with management communication score high on positive responses and low on negative responses. That means the process of change in organizations will affect management communication and corporate communication.

Finally, motivating employees is one of the corporate communication functions under management communication taken from a human resource function (Goodman, 2001). However, the communication practitioner needs to consider the styles of adult learners in an effort to motivate this group of people.

All the above elements which are influenced by management communication affect corporate communication management. Van Riel (1995) strongly argued that management communication will effect the corporate communication management. Therefore, corporate communication in organizations should positively correlate with management communication. Therefore, this study proposes that:

P1: Management communication is related positively to corporate communication.

Organizational communication

Organizational communication is broadly defined as more concern on the system (Smeltzer et al., 1996). In the early years, scholars try to establish the parameters of the field (Shelby, 1993). For example, Reading and Sanborn (1964) embraced internal communication; human relations; management-union relations; downward, upward, and horizontal communication, skills of speaking, listening, and writing as well as communication program evaluate-on.

In 1981, however, the Organizational Communication Division of the International Communication Association (ICA) revised the definition bylaws and took a broad view as well: ‘The particular domain of organizational communication centre upon messages, message flow, interpersonal interaction, interaction patterns, information processing, and symbolization in organizations’ (cited in Leipziq and More, 1982). By implementing an effective organizational communication, Young and Poost, (1993) believe it can influence the capability of organization in attaining their goals.

Shelby (1993) believes that organizational communications set its sights on corporate audiences, such as shareholders, financial journalists, investment analysts, regulators and legislators. It has a long-term perspective and is generally initiated by external parties. In organizational communications, stakeholders generally decide whether the organization should communicate with them (Grunig, 1992). External pressures generally compel the company to reveal information that would not have been shared otherwise. For example, executives’ statements in annual reports are an important medium by which companies communicate with their shareholders, the stock market, and society at large. Numerous researchers have used such statements as sources of data on the cognitive aspect of management (Bettman and Weitz, 1983; Salancik and Meindl, 1984; Staw et al., 1983).

The idea of drawing the link between organizational communication and corporate communication has been done by Argenti (1996). He believes study of communication within organizations fits better as a subset of corporate communication under the sub function of employee communication. This allows organizations to approach employees as one of many stakeholders (both internal and external) rather than as a part of human resource management, which is a much narrower approach. In addition, Shelby (1993) pointed out, in its narrower definition, organizational communication is a discipline discrete from, but complementary to corporate communication.

On the other hand, van Riel and Fombrum (2007) denote a heterogeneous group of communication activities under organizational communications have four characteristic in common and encompass seven functions: public relations, public affairs, investor relations, labour market communication, corporate advertising, environmental communication and internal communication. These seven functions will help corporate communication activities in the organizations. Therefore, it is proposed that:

P2: Organizational communication is related positively to corporate communication.

Marketing communication

Marketing communication has a relationship with corporate communication in specific areas. It is an umbrella for a wide range of external communication
which includes five functions that can affect corporate communication i.e. advertising, sales promotion, direct mail, sponsorship and personal sales. These five functions help the organization to communicate effectively to their external stakeholder (van Riel, 1995). For example, marketing communication is used as a strategic tools used by companies and organisations to inform, persuade and remind consumers about what they offer (Holm, 2006).

However, ideas that organisations should promote and hence persuade customers to think and behave in particular ways have changed (Hughes and Fill, 2007). Persuasion is now regarded as one of a number of tasks that an organisation needs to accomplish through its communication activities. For example, providing information, listening, informing and reminding customers are just some of the complexities associated with contemporary interpretations and usage of marketing communications. The emphasis has shifted from a 'promoting to' to a 'communicating with' focus. While the origins of the promotional mix may have provided a basis for firms and their representatives, today’s complex communications environment suggests that consumers and other stakeholders care little as to what terms are used to describe the forms through which they receive communications.

According to Anderson (2001), marketing communications was viewed primarily as a one-way information mechanism in the 'traditional' marketing mix by which the firm attempted to persuade the target consumer audience of the benefits of the firm's products. Traditionally, decisions regarding communication messages were the responsibility of 'in-house' or 'external agencies', and dissemination of these messages was the role of sales personnel (Anderson 2001; Kim et al., 2004). However, the world today have witnessed a decrease in the effectiveness of the traditional methods of marketing communications, largely due to the increased sophistication of consumers and advancements in communications technology (Holm 2006; Kim et al., 2004; Pitta et al., 2006). These factors have necessitated corporate communication for the organization, as well as providing the ability for the organization to develop a more intimate relationship with its target stakeholder.

In recent years, the concept of integrated marketing communication (IMC) is widely discussed by scholars in marketing and communication. It is proposed, therefore, that the integrated approach to marketing communications emerged from a recognition that firms must use an array of communications messages and channels in order to manage stakeholder relations effectively. Thus, IMC can be seen as a natural evolution in marketing communications as opposed to a transformation in marketing thought (Kliatchko, 2005).

Many practitioners on the subject regard advertising as a vital and salient component of the communication mix. Franzen (1994) describes advertising as a process of relatively indirect persuasion, based on information about product benefits, designed to create favourable impressions that 'turn the mind toward' purchase. Moreover, sales promotion is often regarded as ‘additional activities to above the line media advertising, which support sales representatives and distributors’ (Jefkins, 1993). Marketing communications consist mainly of those forms of communication that support sales of products, services, and brands. In marketing communications, a distinction is often made between the promotional mix and the public relations mix (Rossiter and Percy, 2000; Kitchen, 1999). Gusseklo (1985) similarly distinguishes between the corporate communication mix and the marketing communication mix.

Although the literature rarely considers the deeper implications for the marketing communication relationship with corporate communication, some researchers have concluded that the more marketing communication is applied by management, the higher opportunity their employees’ behaviour would incorporate communication management (e.g. van Riel, 1997). Therefore it is proposed that:

P3: Marketing communication is related positively to corporate communication.

CONSEQUENCES OF CORPORATE COMMUNICATION MANAGEMENT

In this section, the relationship between CCM and organizational performance variables are examined along with the effects of relevant mediator variables.

Organizational performance

According to Nickson and Siddons (1996), poor communication is the cause of practically all breakdowns in business relationships. Therefore, communication plays an important role in the success of corporate organizations (Makovský, 1992). Improved corporate communications affect an organizational performance positively, and a number of studies explain this effect. For example, research reported by Schuler and Blank (1976), Tubbs and Hain (1979), Huseman et al., (1980), and Lewis et al., (1982) address the indirect effects of communication
on performance, even though some empirical studies show the direct effect between communications and performance.

Research focusing on the general impact of communication on performance has tended to measure a global indicator of communication effectiveness and satisfaction in terms of perceived impact on either organizational or individual performance. Lull et al., (1955) found a definite relationship between communication and corporate productivity; Tubbs and Hain (1979) found communication effectiveness to be related to variables such as absenteeism, grievances, and efficiency while, Pincus (1986) found satisfaction with organization’s communication, as measured on a satisfaction scale to be related to job performance. In general study, Campbell (1993) found that public relations as a general communication, as measured on a satisfaction scale to be related to job performance. In general study, Campbell (1993) found that public relations as a predominantly external form of communication had significant effect on the bottom line. Pincus (1986) and Campbell (1993) assumed the impact of communication on financial performance but had no specific data by which to judge its impact.

Although research on communication’s direct influence on organizational performance has focused on a wide range of communication variables (Downs et al., 1988), most studies focused on assessing general communication effectiveness and the effect of specific communication behaviour. Furthermore, Proctor and Kitchen (2002) added a more important issue concerning the ability of corporate communications to interface effectively, not only with current and prospective customers, but also with key stakeholders who could impact on organizational performance. Hence, effective corporate communications should be perceived more as a valuable asset to be sustained (Stainer and Stainer, 1997). After all, every organization is interested in finding out how it is doing. This implies, therefore, that performance measurement should be the first step in any continuous control cycle leading on to evaluation, planning and then improvement.

Based on the above, one of the general assumptions in the literature is that there is a positive relationship between corporate communication management and performance, be it individual, group or organizational. One basis for this assumption stems from the widely-held belief that the corporate communication leads to improved performance (Cornelissen and Lock, 2001).

As Van Riel (1997) points out, the interactions among the three clusters (organizational communication, marketing communication and managerial communication) has a mutual impact on organizational performance. Therefore, it is proposed that:

P4: Corporate communication is related positively to organizational performance.

Corporate Leadership

Several studies reveal that leadership can strengthen the relationship between corporate communication management and organizational performance. Therefore, corporate organizations need a good leader to communicate their visions in various ways including written statements and personal communication (Kouzes and Posner, 1987). Weber (1947) used the term ‘charisma’ to define an extraordinary characteristic of leaders. A charismatic leader uses many mechanisms and tools appealing to senses and emotions when communicating to subordinates (Takala, 1997). In leadership research, communication can be defined as a process of sharing information, ideas, or attitudes, resulting in a degree of understanding between a sender and a receiver (Lewis, 1980). Communication involves more than just giving correct information. That information must reach the right decision makers, be clearly understood and believed, and be weighted correctly (Takala, 1997).

Within an organization, for example, the leader plays a monumental role as information provider to his or her subordinates at various levels (Andrews and Kacmar, 2001; Miles et al., 1996; Schnake et al., 1996; Varona, 1996). For example, Allert and Chatterjee (1997) notes the role of a leader as a “listener, communicator and educator is imperative in formulating and facilitating a positive organizational culture” (p. 14). A leader’s most important role is to take responsibility for making sure the overall vision of an organization is achieved, and that leader can create the prerequisites for making the vision a reality; a reality initially brought about by the leader’s communication skills in building a vision of trust and enthusiasm for organization’s future.

A number of studies provide useful insights into the relationship between leadership and organizational performance to various organizational outcomes. Mulford et al., (2008) found that there is a relationship between leadership and the performance of organizations. Leadership is one of the most significant research which correlate effective and improving schools in Tasmania (Fullan, 2001; Townsend, 2007). Another strain of scholarship within organizational communication has a focus on specific communication competencies or behaviour among the corporate leaders. A competent leader when communicating a message to their subordinate, results in better individual and organizational performance.
(Garnett et al., 2008). While this concept has been defined and treated differently (Jablin and Sias, 2000), the notion that communication competence leads to goal achievement, performance and effectiveness is most relevant. Lewis et al., (1982), for example, linked emphasis on primarily downward task communication with productivity in a military unit, but person communication was a better predictor of productivity in a church setting. In other areas of communication competence, O’Reilly and Roberts (1977) observed that perceptions of individual performance were related to the skill of coping with information overload.

Another competency of a leader is trust. The trust builds initially via the leaders’ ability to communicate in such a manner that enhances trust in interpersonal relationships, team building and organizational culture, internally and externally. The culture of trust is built, maintained and entrenched through an appropriately positive climate of corporate communication (Pincus and DeBonis, 1994).

More specifically, this research proposes that leadership plays a mediating role between corporate communication and organizational performance to the corporate organization. Therefore, it is proposes that: P5: Corporate leadership is related positively to organizational performance.

A further analysis of the relationship between organizational performance and leadership is thus needed. In particular, an explicit consideration of how and why leadership affects organizational performance would seem relevant to an understanding of the role of leadership in affecting corporate organizations. Further, how this relationship is related to objective, financial performance is important.

CONCLUSION

The conceptual model (see Figure 1) is based on a review of existing research in the fields of corporate communication, public relations, marketing communication, management communication and organizational communication, corporate leadership and organizational performance. A corporate company with good corporate communication management is able to persuade their stakeholder and to increase the organizational performance. Although corporate organisations are controlled by professional people with high qualifications and experience in management, communications are vital elements for performance of organizations. So, CCM also play an important role in order to make stakeholders understand about the organization and communicated organizations identity. In corporate organization, a strong leadership is required. One suggestion from all literature that has been reviewed is that the corporate organizations need to be more concerned with the corporate communication management and quality of leadership. Since corporate communication management is still neglected in many corporate organizations, it is hoped that this research draws management attention to the relevance of the subject, and gives valuable suggestions towards its implementation. The challenge for future researchers is to identify the construct of corporate communication both as an interdisciplinary academic field of study that draws on a broader range of specialties bound by principles and theoretical and methodological issues and as a community of practice in which individuals and groups with similar occupational skills share common goals and interests associated with corporate communication.

![Figure 1: Determinants and Consequences of corporate communication management](image-url)
REFERENCES


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