CHAPTER - I

INTRODUCTION

1.1 Prologue

Corporate communication has become an important component of organizational management in modern society. Corporate communication is the process of facilitating exchange of information and ideas between the internal and external groups and individuals that have a direct relationship with an enterprise. It is concerned with communication management of the modern corporate houses from the stand point of sharing knowledge and decisions from the enterprise with investors, employees, suppliers, dealers, customers, media professionals, government officials, members of the community and other stakeholders of the organization.

In the age of globalization, corporate communication serves as the conscience of the corporation and is responsible for the establishment and maintenance of the reputation of modern organizations. Previously called ‘public relations’ or ‘public affairs’, corporate communication has assumed great significance in the 21st century as a result of corporate scandals or crises at modern companies. Public and private undertakings have established corporate communication departments, which usually oversee communication strategy, media relations, crisis communication, internal communication, reputation management, corporate responsibility, investor relations, government affairs and sometimes marketing communication in the present times.

As competition increases, within and across genres, modern corporate houses are experimenting with new methods and media to create their brands and enhance the institutional reputation. The concept of corporate communication has been widened to include the cultivation of mutually beneficial relationships between the organization and various stakeholders who matter most from the point of view of business management. The corporate communicators are using both traditional and modern media of communication in order to reach out to various publics and enlist their active participation in the affairs of the modern public and private undertakings.

The present study evaluates the corporate communication system, process and practices of leading public and private undertakings with special reference to Karnataka State. The salient features of the study namely - historical context of corporate communication, salient features of corporate communication, corporate communication in India, role of corporate communication in modern society,
corporate communication in the age of globalization, corporate communication and organizational development, role of corporate communication in corporate reputation management, significance of the study, statement of the problem and objectives of the study are furnished in this chapter.

1.2 Salient Features of Corporate Communication

1.2.1 Concept of Corporate Communication

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

The word ‘corporate’ originally stems from the Latin words for ‘body’ (corpus) and for ‘forming into a body’ (corporare), which emphasize a unified way of looking at ‘internal’ and ‘external’ communication disciplines. That is, instead of looking at specialized disciplines or stakeholder groups separately, the corporate communication function starts from the perspective of the ‘bodily’ organization as a whole when communicating with internal and external stakeholders, according to Christensen et.al. (2001:95).

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

Scholars have noted that corporate communication is a management function that offers a framework for effective coordination of all internal and external means of communications with the overall purpose of establishing and maintaining a favorable reputation with stakeholder groups upon which the organization is dependent. Corporate communication is also an instrument of management by means of which all consciously used forms of internal and external communication are harmonized as effectively and efficiently as possible, so as to create a favorable basis for relationships with groups upon which the company is dependent.

Cees van Riel and Charles Fombrun (2006:321) define: “The term corporate communication can be defined as the set of activities involved in managing and orchestrating all internal and external communication aimed at creating favorable starting points with stakeholders on whom the company depends. Corporate communication consists of the dissemination of information by a variety of specialists and generalists in an organization, with the common goal of enhancing the organization’s ability to retain its license to operate”.

Van Riel (1995:322) defines corporate communication as “an instrument of management by means of which all consciously used forms of internal and external communication are harmonized as effectively and efficiently as possible with the overall objective of creating a favorable basis for relationships with groups upon which the company is dependent”. The concept of corporate communication could be seen as an integrative communication structure linking stakeholders to the organization. A corporate communication structure is a system which enables organizations to strategically orchestrate all types of communication within and outside the organization. The term ‘corporate communication’ is widely used in practice to describe the management function which is vital for the peaceful co-existence and development of the organization in the competitive business world.

Sardana (1995:326) states: “We used to be the tail on the dog, but now communication is the organizing principle behind many business decisions”. The general idea is that the sustainability and success of a company depends on how it is viewed by key stakeholders and communication is a critical part of building, maintaining and protecting such reputations.
Corporate communication is defined as the method in which a corporation uses to communicate with staff. This system of relaying information is also the bridge between the corporation and the public. The traditional ways that companies have communicated with the consumer public include public relations and advertising. Therefore, in modern corporate houses it is important to work with various stakeholders and earn their active support for the enhancement of the status of organization. The corporate houses are required to use the more cutting edge methods available within the realm of corporate communication in order to facilitate effective communication between the organization and other stakeholders. In the age of globalization, corporate houses are also required to expand their business operations beyond the state or nation. Every corporation seeks to have a global presence at some point invariably in the new millennium.

Corporate communication, in other words, can be characterized as a management function that is responsible for overseeing and coordinating the work done by communication practitioners in different specialist disciplines, such as media relations, public affairs, internal communication, image building, event management, reputation building, customer relations, community relations, government relations, dealer relations and so on. Corporate communication obviously involves a whole range of ‘managerial’ activities, such as planning, coordinating and counseling the CEO and senior managers in the organization as well as ‘tactical’ skills involved in producing and disseminating messages to relevant stakeholder groups. Broadly speaking, corporate communication can be termed as a management function that offers a framework for the effective coordination of all internal and external communication with the overall purpose of establishing and maintaining favorable reputations with stakeholder groups upon which the organization is dependent.

Modern corporate houses brought the range of communication disciplines together into a single department so that knowledge and skills of practitioners are shared and corporate communication is seen as an autonomous and significant function within the organization. The corporate communication was consolidated under a common umbrella in order to manage the organizational communication activities from a central corporate perspective. The big organizations such as multidivisional companies and multinational corporations also located the corporate communication department at a high level vertically within the organization under the leadership of a CEO and executive team in an advisory capacity.
The term ‘corporate communication’ means differently to everyone but it is used as a prominent tool of organizational management in modern corporate environment. Studies have revealed that corporate communication has led to good relationship management in modern society between the corporate houses and other publics. It opens up the lines of communication between the management and internal employees in general and between the organization and external publics in particular.

Practically, corporate communication department is situated in the corporate headquarters, from where it can advise the board of management and divisional heads about the activities. The multi-functional teams are an important mechanism in the coordination and integration of work of different communication disciplines within the organization concerned. Thus, corporate communication encompasses all organizational communication activities directed at different stakeholders of organizational development.

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

1.2.2 Goals of Corporate Communication

Scholars have identified the goals of corporate communication, which are as follows in their writings. They include – establishment of rapport, building strong corporate culture, facilitating coherent corporate identity, promoting corporate philanthropy, generating genuine sense of corporate citizenship, maintaining good media relations, winning over the confidence of customers, motivating investors for adequate capital investment, enriching corporate reputation, developing grievances
redressal mechanism, facilitating participatory communication, enhancing active stakeholders’ participation in the affairs of the organization and so on. The present generation of corporate communicators is required to gain mastery over the art and craft of corporate communication and bring the management and various stakeholders together.

The goals of corporate communication include – to allocate the tasks of organizational communication to various corporate communicators, to formulate the organizational communication policy, to execute the decisions on communication matters, to facilitate brand management, to bridge the gap between the desired identity and brand features, to mobilize internal and external support for corporate objectives, to coordinate the functions of various departments and to manage the crises and disasters in times of need.

The corporate communication is required to build corporate identity which is integrally related to its external and internal image and reputation through corporate communication. The organizational identity includes the belief of various stakeholders as central, distinctive and enduring. The perceived identity includes the continuity, centrality and uniqueness of the organization in the eyes of its members.

The projected identity involves the self presentation of the organization’s attributes. The desired identity includes the top managers’ hold of what the organization could evolve into under their leadership. The applied identity includes the signals that an organization broadcasts both consciously and unconsciously through behaviors and initiatives at all levels within the organization. Corporate communication is responsible for building and sustaining the identity, credibility, reputation, loyalty and other essentials of sound organizational communication management.

The corporate communication department is required to sensitize the management about its social and developmental obligations with due respect for public interest. The communicators should also facilitate interactive communication between the management and various stakeholders constantly and consistently in order to build reputation and win the trust and loyalty of constituents. The Corporate Social Responsibility (CSR) prompts a corporate house to look beyond its traditional bottom line and live up to the expectations of the various stakeholders on the basis of the systematic evaluation of the social implications of business management.
1.2.3 Types of Corporate Communication

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

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

1.2.4 Process of Corporate Communication

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

1.2.5 Drivers of Corporate Communication

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

In the present times, corporate communication is practiced vigorously all over the world by public and private undertakings in order to enhance the reputation of the organization and improve the sales and marketing opportunities of the goods and services. In some organizations, the corporate communication department manages all the activities while in other organizations marketing and communication disciplines
are not merged or reduced. However, both disciplines, while existing separately, are balanced against each other and managed together from within the overarching management framework of corporate communication. This management framework suggests a holistic way of viewing and practicing communication management that cuts across the marketing and corporate communication disciplines.

According to Anders Gronstedt, a communication consultant, corporate communication inserts the various communication disciplines into a holistic perspective, drawing from the concepts, methodologies, crafts, experiences and artistry of marketing communication and corporate communication. The importance of ‘integrating’ marketing communication and corporate communication in this way has resulted from a variety of factors or ‘drivers’, which have made considerable impact on the practice of corporate communication. Generally, these ‘drivers’ can be grouped into three main categories which are as follows.

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

1.2.6 Organizing Corporate Communication

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

Within this framework, coordination and decision-making take place between practitioners from various corporate communication and marketing communication disciplines. The corporate communication and marketing communication disciplines are systematically developed in modern organizations. Many organizations have therefore promoted corporate communication practitioners to higher positions in the organization’s hierarchical structure. In some organizations, senior communication practitioners are even members of their organization’s management team in Indian and foreign public and private undertakings. These higher positions in the organization’s hierarchy enable corporate communication practitioners to coordinate communication from a strategic level in the organization in order to build, maintain and protect the company’s reputation with its stakeholders.

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

In some organizations, the policy makers have organized marketing communication as part of the wider corporate communication function rather than as a separate department. Larger organizations, such as multi-divisional companies and multi-national corporations, often locate the corporate communication department at a high-level, vertically, within the organization. The vertical structure refers to the way in which tasks and activities (and the disciplines that they represent) are divided and arranged into departments (defined as the departmental arrangement) and located in the hierarchy of authority within an organization.

The location of the communication department close to senior management also means that staff of this department directly report to the CEO and executive team. Most multi-divisional and multi-national corporations have a communication department linked to the CEO and executive team in an advisory capacity. In practice, this typically means that the communication department is a staff function at
corporate headquarters, from where it can advise the senior decision-making team and that the most senior communication practitioner has a direct reporting or advisory relationship to the CEO or even a seat on the executive board or senior management team.

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

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

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

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

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

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

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

1.3 Role of Corporate Communication in Reputation Management

Good corporate reputations are critical because of their potential for value creation, but also because their intangible character makes replication by competing firms considerably more difficult. Existing empirical research confirms that there is a positive relationship between reputation management and development of corporate houses. Modern corporations have realized the importance of managing the reputation which sustains their progress in the age of competitive business management. People share different perceptions about what constitutes a corporate reputation. In reality, corporate reputation management is a challenging business since it is dynamic process in corporations.

Furman (2010:149) identifies three elements to reputation namely – a) brand reputation (perception of people about a brand), b) organizational reputation (perception of people about an organization) and c) stakeholder reputation (the reputation that stakeholders have of the brand or the company that they are dealing with). Thus, corporate reputation is a multi – dimensional process which has attracted the attention of scholars over a period of time.

According to Nancy Diana Davis (2007:109) observes: “Reputation is the sum values that stakeholders attribute to a company, based on their perception and interpretation of the image that the company communicates over time”. Karen Johnson (2005:206) defines: “Reputation is the principal means through which a market economy deals with consumer ignorance”. Charles Fombrun (1996:146) observes: “Reputations are overall assessments of organizations by their stakeholders. They are aggregate perceptions by stakeholders of an organization’s ability to fulfill their expectations, whether these stakeholders are interested in buying the company’s products, working for the company, or investing in the company’s shares.”

Peter Jackson (1987:202) states that it is more important than ever those companies maintain good reputations. He offers a practical guide to taking the high road (the only road to continuing success) and reveals basic principles of integrity and fairness which companies can use to build enduring reputations. He suggests that,
more so than ‘image’, a firm’s reputation is a form of capital often neglected at CEO level and overlooked in conventional analyses of finance. Jackson couples each of his ‘principles’ with clear actions that drive management systems. He provides tested strategies (e.g. downsizing techniques & tips on e-commerce) that ‘cultivate the hidden power of a good reputation.’ He outlines obvious advantages of great reputation (people want to work for, invest in, and do business with companies with integrity), describes the role of the firm’s top man/woman has to play, offers ways to build and protect reputation on the Internet (from defusing Internet rumors to creating online communities), and how to rescue reputation if disaster strikes. Jackson has provided a new dimension to the concept of corporate reputation management in his work.

Lines (2004:239) considers corporate reputation management as a major concern for the CEOs globally. The scholar states that Asian executives are more focused on using corporate reputation to drive business benefits than their North American and European counterparts. However, evidence suggests that CSR and the range of stakeholders beyond customers and shareholders do not feature strongly on the corporate reputation agenda of Asian executives.

Doorley (2010:124) argues that most CEOs don’t pay much heed to reputation – to their peril. The scholar strongly advocates that top management should motivate the executives, professionals and other workers to maintain corporate reputation on the basis of corporate social responsibility, professional ethics and standardization of the quality of services in the age of competitiveness.

Griffin (2008:170) cautions: “A damaged reputation can severely hurt the bottom line”. The scholar attempts to show executives how to take the initiative in strategically managing a reputation. He argues that standard thinking on reputation management is often inadequate for today’s information age and describes the new methods to protect a reputation and withstand major crises and unforeseen events. He also describes what strategies can build a company’s good reputation with international case studies and a genuinely huge number of examples.

Zulhamri (2009:386) builds a theoretical approach to international reputation management from the perspective of strategic management and multiculturalism. He undertakes collective ideas and arguments based on literature reviews of public relations, corporate communication, strategic management and cultural diversity. He proposes an “adaptive model of international reputation management” based on
realistic communication practice in a transitional country. The model seems unique in terms of localization; it is focused on showing the ‘international’ perspective, beyond ‘Western’ philosophy. He notes that, in the 21st century, the world has changed tremendously and so has the way global corporations operate in fast-developing countries. Image alone is not enough to build a favorable reputation. He suggests his paper may benefit global corporations operating in a transitional country in how they may foster and maintain their business by focusing on ‘glocalization’ instead of infusing pure Western philosophy.

Corporate communication is essential to the functionality of modern corporate houses which face series of challenges in the new millennium. Modern corporate communicators need to know how to apply different communication skills in corporate situations in order to establish rapport between the organization and other publics. They should also know how to communicate with clients to project a professional corporate image since there are many different communication channels available in the corporate environment. The present generation of corporate communicators should also know how to overcome communication barriers and avoid pitfalls.

Corporate communication is practiced primarily on the basis of technological applications and innovative strategies. The advanced communication technologies have replaced the traditional interpersonal communication channels in the corporate houses. In the age of globalization, modern corporations often encounter problems with language and cultural barriers. Multilingualism in an organization naturally causes serious problems if the corporate communicators struggle to communicate due to language or cultural differences. The big and complex corporations also pose certain threats to communication and the messages get altered as they are passed down the chain of command from one level to another. The salient facts might be left out and the messages might be totally misunderstood by the receivers of communication.

Experts have also pointed out that corporate communication is the key vehicle to setting the tone and messages for corporations through several channels of communication. The selection of media and development of contents are undertaken by the corporate communicators on the basis of systematic assessment and consultation with experts in the subjects concerned. In the age of globalization, corporate communication assumes great communication which is the cornerstone
function of every organization to build up its status in the corporate world as well as its stakeholders.

Corporate communication is one of the most important links between an organization and various publics. Corporate communication is the key factor in the creation, implementation, monitoring and reporting on all corporate activities. It also provides opportunities to feel the pulse of various stakeholders and bring about suitable changes and modifications in the business and communication approaches. The field of corporate communication has undergone radical developments over the years and has become a full-fledged career option in the new millennium. Modern corporate houses have undoubtedly accorded highest importance to corporate communication in order to achieve their business objectives.

Corporate communication experts are the advocates for organizations in managing the complex communication that take places between organizations and their external and internal audiences. There is enormous scope for corporate communication in the world. Modern business houses and industrial organizations are expanding their networks and operations. They have also recognized the importance of establishing rapport with various stakeholders who matter most from business management point of view. The corporate communication is managed through various media and mechanisms to build and sustain the reputation of modern corporations according to the experts concerned. The corporate communicators are primarily responsible for the enhancement of brand knowledge and maximization of the brand performance within a marketing environment which is practically beyond their control. The corporate communication is a substantial organizational activity which enables the corporate leaders to establish sound identity and reputation in the society.

In reality, corporate communication is a challenging task which is responsible for influencing the behaviors of the consumers and other stakeholders in favor of the corporate house, goods and services especially in a competitive business environment. Scholars have also examined the role of corporate communication in the enhancement of corporate image and reputation over a period of time. Other studies have also primarily dealt with the investment made by the corporate houses on corporate communication management. The corporate communicators are also required to treat the corporate business environment as an exogenous factor on the basis of certain models which are related to conceptualization and practical implementation of corporate communication. These models also enable the corporate communicators to
integrate relevant research concepts taken from the marketing, psychology, and consumer behavior literatures and derive several testable propositions which practically benefit the corporate houses. Experts have suggested certain norms and guidelines which enhance the success of corporate communication. They have suggested that corporate houses should develop the communication system and organize suitable campaigns to build reputation consciously.

Reputation management has become a new way of life especially in the age of economic liberalization. Modern corporations have to reach out to the people through various communication campaigns in order to enhance the status and reputation of the corporate houses. Corporate communication has also become a prominent instrument of corporate reputation management over a period of time. Corporate communicators primarily seek to generate increased public recognition, co-operation and support in favor of the organizational policies, goods and services through systematic branding which involves the repetition of an image or product name in an effort to associate related qualities with the brand in the minds of consumers.

Corporate reputation building is indeed a challenging task. According to Roger Haywood (2005:183), it takes a long time to build a reputation, but it can be destroyed overnight in a single event. Riccarda Duemke (2007:130) states that reputation acts as a gauge, defining and giving an organization its sense of identity. Richard Higgins (1996:189) concurs that corporate reputations once created are relatively steadfast. Of all bases of differentiation, none is more difficult to duplicate than an organization’s reputation.

Kerstin et.al. (2011:214) have identified four business parameters that influence corporate reputation namely - general business management, financial management, corporate marketing and corporate communication. These parameters are widely discussed since they primarily include leadership and management qualities, organizational ethics, shareholder value, organizational sustainability, corporate branding, the marketing mix, corporate communication and relationships with stakeholders. This is in line with Schultz and Boeg (2004:329) who consider that these variables are similar to those used in the yearly Fortune magazine rankings of ‘America’s Most Admired Corporations’.

Corporate reputation is created by a combination of elements within the organization such as general business management, financial management, corporate marketing and corporate communication, as defined by Chris Fill and
The general business management has a major impact on corporate reputation, namely leadership and management quality as well as organizational ethics. It is, however, critical to understand that these elements can only be successful in building corporate reputation if they are supported and related to the other general business management issues concerning the reputation of corporate houses.

Philip Kitchen and Don Schultz (2001:218) have noted that the reputation of the leader of the organization is integral to the organization’s reputation and overall success. Studies have also revealed that the leader’s reputation needs to be invested in, managed and leveraged over the long-term to reap enduring benefits, which include attracting more investors, partners, clients, work applicants and trust in corporate decisions. Key elements of the leader’s reputation are credibility, integrity and high-quality communication to internal stakeholders about the direction of the organization.

Traditional and modern communication media are used to deliver the messages in order to invite the attention of the consumers and persuade them to accept the goods and services manufactured by various public and private corporations. The money spent on corporate communication has increased considerably over a period of time. Corporate communication is indeed a beneficial exercise in the new business environment. It has become a prominent vehicle for establishing brands and enhancing the reputation of modern corporations. Effective corporate communication strategies also help modern organizations build relationships with prospects and customers, strengthen company culture and establish leadership in their industry.

The corporate houses also make use of corporate communication to build their brands through various campaigns and strategies. They make use of media organizations and personnel to reach the target audiences who are spread across the length and breadth of the world. The media professionals are also persuaded by the corporations to build sound image and enhance the reputation of corporate houses. Corporate leaders have also considered corporate communication as an effective tool to intensifying the scope and rationalizing the services of corporations. Leading corporations have also developed infrastructural facilities and human resources in order to interact with various publics since corporate communication plays a critical role in building and maintaining relationships with the stakeholders in order to manage their reputation.
Corporate communication is effective in the successful business management and its effects are understood by the corporate leaders in enhancing the reputation of corporations. In the present times, the base of corporate communication is also enlarged on the basis of communication technological application. Studies have also rightly revealed that corporate communication promotes a strong corporate culture, a coherent corporate identity, an appropriate and professional relationship with the media, and quick, responsible ways of communicating in a crisis. It also defines how an organization communicates with its stakeholders and how that brings a company’s values to life.

Schultz and Boege (2004:329) maintain that successful global leaders earn a reputation for credibility among investors by showing profitability to individual and institutional shareholders, maintaining a stable return on investment and nurturing financial growth prospects. Stevina Evuleocha (2005:137) suggests that intelligent organizations make perception management part of their senior executive training regime, enabling a greater understanding of corporate branding and resultant corporate reputation. Andrew Griffin (2008:170) argues that executives often misunderstand how reputations are achieved and maintained. As a result, they rely too heavily on corporate communication, while at the same time not doing enough about reputation-building activities with stakeholders.

Gray and Balmer (1998:168) assert that to gain a good corporate reputation, one must not only have integrity at the top, but also be ruthlessly intolerant of those who undermine the integrity and values of the organization. In a cynical age CEOs should do more than merely ‘walk-the-talk’ and insist on ethical behavior. Communicating the organization’s message to the public and most importantly, repeating the message to employees, is seen as critical. In reality, the price of a good corporate reputation is eternal vigilance. Patrick (2005:293) adds that commitment to ethical practices would enable the corporations attract and retain star employees, reduce hostility toward the organization and help employees make critical business decisions.

Finn Peter (1982:299) advocates that a corporate house should also build a reservoir of credibility and integrity in order to sustain corporate reputation in the midst of challenges and opportunities. Bernhard Ollefs (2007:286) emphasizes that codes of ethics do not merely help employees to do what is right; research has shown that organizations with an ethical decision-maker are more effective and more
productive under normal circumstances. Hamed Shamma (2012:332) has noted that reputed corporate organizations protect their corporate images by maintaining high standards of practice regardless of other factors. The most admired organizations use a combination of transparency, strong ethics and commitment to quality products and services to build and maintain their reputations.

Siano et.al. (2010:337) observe that corporate reputations are built, maintained and enhanced by several elements, such as being part of the corporate strategy, not merely a public relations or advertising slogan. Corporate houses often fail to achieve their desired reputations because of two primary factors, firstly the failure to identify a clear core competency, relying instead on claims of superiority that have little value to the intended audience and secondly continuing to do the same things that made the organization successful, despite the fact that these things are no longer relevant to the current situation.

Hatch, Mary Jo (2001:181) have pointed out that corporate houses are required to sustain the institutional reputation since it is the foundation upon which the prosperity of corporate houses is cherished. He has also noted that delivery of people-friendly goods and services and sustenance of public good would constantly safeguard the reputation of corporate houses. Orme and Berndt (2007:287) concur that a key reason to set metrics for reputation management is to meet today’s demand for transparency and governance structures. In this context, reputation, of which the corporate communication practitioner is custodian, is now an organization’s most valuable and fragile asset.

The corporate houses are also required to identify and incorporate certain healthy elements of financial managements since it is vital for the progress of organizations. Kitchen and Schultz (2001:218) assert that the motivation to rush to reputation management and measurement is evidence that a good reputation can dramatically affect an organization’s results. Psychologically, an organization with a solid reputation earns the benefit of the doubt in times of crisis. Good corporate communication professionals know that a lot is at stake in their work of protecting and enhancing corporate reputation, especially in terms of building and maintaining relationships with stakeholders.

Financial management elements are acknowledged to form a major portion of the aspects that influence investment decisions and corporate reputation. Gotsi and Wilson (2001:162) have stated that a favorable reputation is regarded as a prerequisite
to success in the global financial marketplace. Shareholders can ultimately give or withhold their approval of management through their votes based on their perception of an organization’s corporate reputation. The shareholder value has commendable influence on corporate reputation. Gunter Silberer (2005:339) observes that corporate reputation is a very important asset for an organization in the present age of competitive business management.

According to John Doorley (2010:124), people sometimes confuse financial performance and reputation. Financial performance is very important, but so are values and the manner in which stakeholders are dealt with and communicated to. Corporate image is particularly valuable in terms of an organization’s ability to raise debt and equity capital. Coombs et.al. (2011:100) have rightly pointed out that an organization’s share price could be ascribed to corporate reputation maintained by the corporate houses. Susanne Arvidson (2012:27) concurs that the relationship between corporate reputation and share returns suggests that reputation plays an important long-term role in shaping investment results.

Studies have also primarily dealt with the fundamental relationship between organizational sustainability and corporate reputation. Jay Wang (2005:366) has highlighted the fact that modern corporate houses must have competitive advantages over competitors. In today’s interlinked world as described by McCoy and Novelli (2002:252), corporate reputation, which is the cumulative perceptions of an organization by its key stakeholders, is increasingly recognized for its bottom-line impact.

In reality, empirical studies have revealed that corporate houses with good reputations achieve higher-than-average profitability compared with their peer groups. Gray and Balmer (1998:168) have also pointed out that corporate reputation matters most in the present competitive business environment not only from income generating point of view but also from the sustainable development of corporate houses point of view. Experience has also revealed that corporate reputation becomes increasingly dependent on an organization’s ability to execute an organizational model. Therefore a favourable organization reputation delivers financial payoffs.

The corporate reputation building has tremendous economic value according to Sweety Law (2008:230). They have observed that the rivals of the corporate house simply cannot replicate the unique features and intricate processes that produced those reputations. Reputations are therefore a source of competitive advantage. Sustaining
that relative advantage requires commitment to the ongoing management of an organization’s reputation. Davis (2002:110) note that many existing approaches to the measurement of corporate reputation have been criticized as being overly focused on the financial performance of organizations and on the views of external stakeholders.

There are certain marketing elements which influence corporate reputation according to Alan Belasen (2007:52). They have pointed out that reputation is an overall cognitive impression of an organization based on its corporate branding and various marketing communication tools. A favorable reputation creates expectations of the organization in terms of promises that are made to stakeholders and confers a competitive advantage in that it can help the organization to survive occasional adverse publicity.

Melewar and Karaosmanoglu (2006:209) have commented that the corporate brand must be viewed as both an organizing proposition that helps to shape an organization’s values and culture. As a strategic tool of management it can guide the organizational processes that generate and support value creation which abundantly contributes to corporate reputation. Gray and Balmer (1998:168) suggest that corporate branding requires a holistic approach to brand management, in which all members of an organization behave in accordance with the desired brand image collectively.

Riel and Fombrun (2006:321) have noted that reputable organizations protect their corporate images by maintaining high standards of practice no matter what the circumstances. The most admired organizations use commitment to quality products and services to build and maintain their reputations. Trayner and Research (2012:356) have noted that the price is the only element which produces income to the corporate house since it has the most immediate and direct impact on an organization’s profitability, which has an influence on corporate reputation.

Marketing communication has become an important tool of projecting the positive and beneficial effects of the goods and services offered by the corporate houses. Anand and Kumar (2008:12) have interpreted the marketing communication as an attempt made by the corporate houses to project their ‘ideal self-image’ to both internal and external stakeholders, which will have an impact on corporate reputation. Balmer (1997:36) notes that corporate reputation emanates from all the business activities and communication it undertakes intentionally and unintentionally.
in the marketplace, such as advertising, promotion, direct marketing, personal selling, trade relations, public relations and community relations. Different stakeholders view a corporation differently because they focus on and look at different parts of the organization.

Balmer and Wilson (1998:41) argue that all stakeholders of corporate houses are usually affected by the brand image and ultimately the corporate reputation created through advertising and other marketing communication activities. Barksdale and Rutter (1999:45) suggest that one way to help reputation is to deal effectively with the media in regard to corporate communication management. The organization needs to respond while the news is breaking and not after there has been time to decide what is to be said. Banik (2002:44) notes that an organization’s message strategy should reflect its corporate position as well as the position it is taking on the issues. Organizations that have strong reputations generally have three or four key messages they recite over and over in all media and to all key stakeholders.

Corporate communication has considerable impact on the corporate reputation of modern organizations regardless of space and time. Gotsi and Wilson (2001:162) emphasize that corporate communicators should handle the corporate communication operations which would contribute decisively towards enhancing corporate reputation and driving market value for the goods and services.

The corporate leaders and communicators are also required to monitor and evaluate the impact of corporate communication and find out how communication of corporate and product messages are linked to a change in perceptions and behavior among their key stakeholders, as well as to financial and shareholder returns. By identifying corporate communication objectives, tools, techniques and operations should be evaluated through proper qualitative and quantitative research methods. Zulhamri (2009:386) suggests that every corporate house must be aware of the different concerns of various stakeholders when choosing a reputation-building strategy vis-a-vis corporate communication.

Tebrugge (2005:349) agrees that a good gauge of an organization’s reputation considers the views of all its different stakeholders. A good measurement of corporate reputation includes more than investors’ views. Siano et.al. (2011:336) have commonly stated that in order to implement a system of reputation management it is necessary to ensure that all stakeholders have a realistic image of what they can and cannot expect from an organization. Creating a coherent
perception of an organization in the minds of its various stakeholders is a major challenge faced by many corporate houses which function under testing and trying times. It is necessary to ensure that the organization delivers what it promises and only promises to deliver what it can realistically undertake.

The employees of the corporate houses are also required to play the role of cultural ambassadors, image builders, event managers and crisis managers in the present times. They are also responsible for the cultivation of mutually beneficial relationship between the corporate house and various stakeholders including the customers. Gotsi and Wilson (2001:162) observe that employees and their behavior represent the reality of the organization to the clients.

The scholars have also suggested that employees of every corporate house should live up to the expectations of the people who matter most in this age of competitiveness. Melewar (2008:259) notes that successful organizations with strong reputations use employees as a means of humanizing the organization and fostering public trust. Joseph Koppe (1982:219) also endorses the same view since it is especially important that employees’ beliefs and attitudes are quantified. An organization’s reputation starts within the organization.

Several scholars have systematically evaluated the relationship between corporate reputation and communication campaigns. All of them have pointed out that an organization’s reputation plays a crucial role when it comes to winning talent. What work aspirants are looking for most is a great organization that has at its core an appealing culture and inspiring values. Corporate reputation assists in attracting good people and good partners who enable an organization to remain competitive, whereas a poor reputation can undermine motivation within the organization. Siano et.al. (2011:336) have identified that employees and other stakeholders are equally important from the point of view of corporate reputation management.

The scholars have noted that corporate houses should build good reputation which attracts the attention of various clients and other stakeholders through series of effective corporate communication and advertising campaigns. They have further highlighted the need for two-way communication which builds client confidence. Mohamad et.al. (2007:264) have clearly emphasized that there is no magic formula for corporate reputation which enables the corporate houses to maintain and reinforce their credibility, popularity, status and prospects. Scholars have rightly observed that
corporate advertising campaigns should be guided by certain healthy parameters and practices which are tested and tried over a period of time.

The corporate houses should also understand the need and importance of corporate social responsibility which enables the organizations to be proactive in protecting their reputation in crisis times as well as to disseminate the organizational ‘story’ to internal and external stakeholders through constructive corporate communication and advertising services. These services should be delivered in a systematic way in order to foster the delicate alignment of strategy, communication and leadership that drives positive reputation in both good and bad times. Corporate communication services should make the organizational activities highly transparent, accountable, environment friendly and profit oriented.

Siano et.al. (2010:337) aptly conclude that modern corporate houses are required to build reputation since it plays a crucial role in enhancing the salability of the products in particular and the reputation of the corporate house in general. In today’s interlinked world as described by Silberer (2005:339) corporate reputation is the cumulative perceptions of an organization by its key audiences who are the pillars of organizational development.

1.4 Significance of the Study

Corporate communication demands an integrated approach to manage communication with various stakeholders who are the patrons of modern organizations. Unlike a specialist frame of reference, corporate communication transcends the specialties of individual communication practitioners (e.g., branding, media relations, investor relations, public affairs, internal communication, etc.) and crosses these specialist boundaries to harness the strategic interests of the organization at large. In corporate communication, the object of communication work is company/enterprise itself as opposed to marketing communication where the object of communication is product/produce or service provided by the company/enterprise. The aim of corporate communication is building company’s reputation among its stakeholders (as opposed to brand building in marketing communication).

Modern organizations use a variety of traditional and modern communication channels in order to convey information related to results, processes and relationships of the enterprise to various stakeholders. Typically, these communications occur on a regular basis. Corporations use electronic and print
newsletters to share corporate diversity hiring practices and information on new hires. Enterprises use corporate Intranets to create corporate communication platform to formalize processes around announcing requests to suppliers to submit request for proposals. The person running the department is the chief communication officer of the firm and reports directly to the CEO in many of the top global organizations due to the critical importance of the function today.

Corporate communication system involves multiple components, players and operations in public and private undertakings. The corporate communicators are required to understand the importance of strategic corporate communication management, which is an intrinsic part of modern organizations. In this age of competitive business, modern organizations are required to survive against too many odds. They are also required to feel the pulse of the various stakeholders who matter most in the present times. The corporate communicators have to increase the efficiency of their reputation management and marketing management strategies and operations by adopting appropriate corporate communication strategies. The corporate communicators are called upon to learn the art and craft of managing their brands and institutional reputation.

Corporate communication management has become an important component of organizational management in modern organizations. The ultimate goal of corporate communication is to enhance the reputation of the organization in general and multiply the profits of the organization through proper branding and marketing communication. The chief focus of corporate communication is on tactical publicity, propaganda and advertising campaigns. The crucial importance of corporate communication becomes highly relevant in the present times since the world moves towards globalization of communication and economy. In developing countries and leading public and private undertakings, corporate communication has become a thrust area from research and development point of view. It is necessary to examine the system, process and practices of corporate communication in public and private undertakings in Karnataka State.

A synthesis of the available literature suggest that corporate communication scenario of Karnataka State suffers from certain limitations. A perusal of relevant literature also reveals that the past researchers have not investigated the system, process and practices of corporate communication in public and private undertakings of Karnataka State, which is marching towards progress. Therefore, the primary tasks
of the present study are concerned with identifying reasonably representative sample of internal and external publics of these organizations so as to assess their views on the current status of corporate communication with special reference to public and private undertakings of Karnataka State.

1.5 Statement of the Problem

Corporate communication is practiced all over the world as a means of enlisting active people’s participation in the processes of institution building and nation building. Public and private organizations rely upon corporate communication in order to enter into the good books of constituent publics who matter most from the point of view of organizational development in this age of competitiveness. Today, the business conditions, both at the micro and macro levels are passing through many testing and trying times. In the recent years, the global business environment is under metamorphosis. The business organizations are shifting their priorities from focusing within the national boundaries to the borderless international communication and transactions.

Corporate communication like other professions can be improved on the basis of authentic data generated by scientific research. The managements in the present times have realized that the process and practice of corporate communication need constant enrichment. The professional leaders are aware that they must shape up or ship out especially in this age of competitiveness. The central figure in our changing environment is man. Thus, the need to understand man, his emotions, attitudes and behavioral patterns is becoming increasingly important for the modern organizations.

1.6 Objectives of the Study

- To understand the attitude of the management towards corporate communication in leading public and private undertakings.
- To study the system of corporate communication in leading public and private undertakings.
- To assess the practice of employee relations in leading public and private undertakings.
- To analyze the practice of financial relations in leading public and private undertakings.
- To examine the practice of customer relations in leading public and private undertakings.
• To evaluate the practice of government relations in leading public and private undertakings.
• To explore the practice of media relations in leading public and private undertakings.
• To appreciate the practice of community relations in leading public and private undertakings; and
• To suggest appropriate strategies of corporate communication in leading public and private undertakings.

1.7 Presentation of the Study

The first chapter deals with the introduction wherein the objectives of the study are presented. It also enumerates the salient features of corporate communication, historical context of corporate communication, corporate communication in India, corporate communication in the age of globalization, corporate communication and organizational development, role of corporate communication in reputation management, significance of the study, statement of the problem and objectives of the study.

The second chapter presents the review of literature internationally, nationally and regionally. The third chapter namely – research methodology deals with the corporate communication research, hypotheses of the study, variables of the study, study sample, research design, primary data collection, secondary data collection, computation of data, statistical analysis, period of the study and limitations of the study.

The fourth chapter presents the profiles of leading public and private undertakings which are selected for the purpose of primary data collection. The fifth chapter presents the results of the study on demographic features of the respondents, communication media association of respondents, attitude of the management towards corporate communication, tools of corporate communication, channels of corporate communication, strategies of corporate communication, impact of corporate communication and limitations of corporate communication. The sixth chapter summarizes the findings of the study with a brief resume and implications of the findings. The last chapter indicates the bibliography, questionnaires and other annexure.
1.8 Summary

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