

CHAPTER 1

DEFINING CORPORATE COMMUNICATION

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CHAPTER OVERVIEW

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

INTRODUCTION

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

communication practitioners and senior managers to be used in their day-to-day practice. In this introductory chapter, I will start by describing corporate communication and will introduce the strategic management perspective that underlies the rest of the book. This perspective suggests a particular way of looking at corporate communication and indicates a number of management areas and concerns that will be covered in the remaining chapters. As the book progresses, each of these areas will be explained in detail and the strategic management perspective as a whole will

SCOPE AND DEFINITIONS

1.2 Perhaps the best way to define corporate communication is to look at the way in which the function has developed in companies. Until the 1970s, practitioners had used the term 'public relations' to describe communication with stakeholders. This 'public relations' function, which was tactical in most companies, largely consisted of communication with the press. When other stakeholders, internal and external to the company, started to demand more information from the company, practitioners subsequently started to look at communication as being more than just 'public relations'. This is when the roots of the new corporate communication function started to take hold. This new function came to incorporate a whole range of specialized disciplines including corporate design, corporate advertising, internal communication to employees, issues and crisis management, media relations, investor relations, change communication and public affairs. 2 An important characteristic of the new function is that it focuses on the organization as a whole and on the important task of how an organization presents itself to all its key stakeholders, both internal and external. This broad focus is also reflected in the word 'corporate' in corporate communication. The word of course refers to the business setting in which corporate communication emerged as a separate function (alongside other functions such as human resources and finance). There is also an important second sense with which the word is being used. 'Corporate' originally stems from the Latin words for 'body' (corpus) and for 'forming into a body' (corporare) which emphasize a unified way of looking at 'internal' and 'external' communication disciplines. That is, instead of looking at specialized disciplines or stakeholder groups separately, the corporate communication function starts from the perspective of the organization as a body when communicating with internal and external stakeholders. 3 Corporate communication, in other words, can be characterized as a management function that is responsible for overseeing and coordinating the work done by communication practitioners in different specialist disciplines such as media relations, public affairs and internal communication. Van Riel defines corporate communication as 'an instrument of management by means of which all consciously used forms of internal and external communication are harmonized as effectively and efficiently as possible', with the overall objective of creating 'a favorable basis for relationships with groups upon which the company is dependent'. 4 Defined in this way, corporate communication obviously involves a whole range of 'managerial' activities such as planning, coordinating and counseling the CEO and senior managers in the organization as well as 'tactical' skills involved in producing and disseminating messages to relevant stakeholder groups. Overall, if a definition of corporate communication is required, these

characteristics can provide a basis for one: Corporate communication is a management function that offers a framework for the effective coordination of all internal and external communication with the overall purpose of establishing and maintaining favourable reputations with stakeholder groups upon which the organization is dependent. One consequence of these characteristics of corporate communication is that it is likely to be complex in nature. This is especially so in organizations with a wide geographical range, such as multinational corporations, or with a wide range of products or services, where the coordination of communication is often a balancing act between corporate headquarters and the various divisions and business units involved. However, there are other significant challenges in developing effective corporate communication strategies and programs. Corporate communication demands an integrated approach to managing communication. Unlike a specialist frame of reference, corporate communication transcends the specialties of individual communication practitioners (e.g., branding, media relations, investor relations, public affairs, employee communication, etc.) and crosses these specialist boundaries to harness the strategic interests of the organization at large. Richard Edelman, CEO of Edelman, the world's largest independent PR agency, highlights the strategic role of corporate communication as follows: 'we used to be the tail on the dog, but now communication is the organizing principle behind many business decisions'.⁵ The general idea is that the sustainability and success of a company depends on how it is viewed by key stakeholders, and communication is a critical part of building, maintaining and protecting such reputations. A variety of concepts and terms are used in relation to corporate communication and reflect these characteristics. Here, the chapter briefly introduces these concepts but they will be discussed in more detail in the remainder of the book. Table 1.1 lists the key concepts that readers will come across in this and other books on corporate communication and that form the vocabulary of the corporate communication practitioner. Table 1.1 briefly defines the concepts, and also shows how these relate to a specific organization – in this case, British Airways. TABLE 1.1 Key concepts in corporate communication

Table 1.1 Key concepts in corporate communication

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

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

Extracted from British Airways annual reports and the web. Not all of these concepts are always used in corporate communication books. Moreover, it may or may not be that mission, objectives, strategies and so on are written down precisely and formally laid down within an organization. As will be shown in Chapter 4, a mission or corporate identity, for instance, might sometimes more sensibly be conceived as that which is implicit or can be deduced about an organization from what it is doing and communicating. However, as a general guideline the following concepts are often used in combination with one another. A mission is a general expression of the overriding purpose of the organization, which, ideally, is in line with the values and expectations of major stakeholders and concerned with the scope and boundaries of the organization. It is often referred to with the simple question ‘What business are we in?’. A vision is the desired future state of the organization. It is an aspirational view of the general direction that the organization wants to go in, as formulated by senior management, and that requires the energies and commitment of members of the organization. Objectives are the more precise (short-term) statements of direction – in line with the formulated vision – which are to be achieved by strategic initiatives or strategies.

Strategies involve actions and communications that are linked to objectives and are often specified in terms of specific organizational functions (e.g., finance, operations, human resources, etc.). Operations strategies for streamlining operations and human resource strategies for staff support and development are common to every organization as well as, increasingly, full-scale corporate communication strategies. Key to having a corporate communication strategy is the notion of a corporate identity: the basic profile that an organization wants to project to all its important stakeholder groups and how it aims to be known by these various groups in terms of its corporate image and reputation. To ensure that different stakeholders indeed conceive of an organization in a favourable and broadly consistent manner, and also in line with the projected corporate identity, organizations need to go to great lengths to integrate all their communication from brochures and advertising campaigns to websites in tone, themes, visuals and logos. The stakeholder concept takes centre stage within corporate communication rather than considering the organizational environment simply in terms of markets or the general public. Organizations increasingly are recognizing the need for an ‘inclusive’ and ‘balanced’ stakeholder management approach that involves actively communicating with all stakeholder groups on which the organization depends, and not just shareholders or customers. Such awareness stems from high-profile cases where undue attention to certain stakeholder groups has led to crises and severe damage to the organizations concerned. All these concepts will be discussed in detail in the remainder of the book, but it is worthwhile to emphasize already how some of them hang together. The essence of what matters in Table 1.1 is that corporate communication is geared towards establishing favourable corporate images and reputations with all of an organization’s stakeholder groups, so that these groups act in a way that is conducive to the success of the organization. In other words, because of favourable images and reputations customers and prospects will purchase products and services, members of the community will appreciate the organization in its environment, investors will grant financial resources, and so on. It is the specter of a damaged reputation – of having to make costly reversals in policies or practices as a result of stakeholder pressure, or, worse, as a consequence of self-inflicted wounds – that

lies behind the urgency with which integrated stakeholder management now needs to be treated. The classic case study (1.1) of Barclays Bank illustrates this importance of managing communications with stakeholders in an integrated manner.

CASE EXAMPLE 1.1 BARCLAYS BANK: HOW (NOT) TO COMMUNICATE WITH STAKEHOLDERS

In 2003, Barclays, a UK-based bank and financial services group, appointed a new advertising agency Bartle Bogle Hegarty (BBH). BBH was hired to spearhead a 'more humane' campaign, after the bank was lambasted for its 'Big Bank' adverts in 2000 that featured the slogan 'a big world needs a big bank'. Barclays had spent £ 15 million on its 'Big' campaign, which featured celebrities such as Sir Anthony Hopkins and Tim Roth. The adverts were slick and had received good pre-publicity, but they turned into a communication disaster when they coincided with the news that Barclays was closing about 170 branches in the UK, many in rural areas. One of the earlier adverts featured Welsh-born Sir Anthony Hopkins talking from the comfort of a palatial home about the importance of chasing 'big' ideas and ambitions. The adverts provoked a national debate in the UK when a junior government minister, Chris Mullin, said that Barclays' customers should revolt and 'vote with their feet'. Barclays' image crisis worsened when communication executives announced that the new Chief Executive, Matthew Barrett, had been paid £ 1.3 million for just three months' work. At the time, competitors – including NatWest – quickly capitalized on the fall-out from the Big Bank campaign and were running adverts which triumphed the fact that it has abolished branch closures. Local communities that had lost their branch were particularly angry at the closures. The situation was further aggravated by the arrogance with which Barclays announced and justified the decision. Matthew Barrett had explained the branch closures by saying, 'We are an economic enterprise, not a government agency, and therefore have obligations to conduct our business in a way that provides a decent return to the owners of the business. We will continue to take value-maximizing decisions without sentimentality or excuses.' Barclays was openly admitting that their main focus was on shareholder returns and larger customers across their investment and retail businesses. Perhaps the most amusing story of the many that emerged during that period was of the fact that the village where Anthony Hopkins was born was one of the victims of the branch closures. He was seen as a traitor to his heritage, and the local Welsh Assembly Member wrote to him as part of her campaign about the closures. Hopkins was moved to write back to her, complaining about being used as a scapegoat when in fact he was just an actor and felt that he needed to set the record straight by pointing out that he did not run Barclays Bank. In an attempt to respond to the image crisis, Barclays extended opening hours at 84 per cent of its branches and recruited an extra 2,000 staff to service the extra hours. However, the damage to its reputation with some of its previously most loyal customers had already been done. Source: Garfield, A. (2000) 'Everything's big at Barclays. The chairman's pay has

quadrupled just as 171 branches are closing', *The Independent*, 31 March 2000; Wilson, B. (2003); 'Barclay chief's gaffe recalls Ratner howler', *BBC News*, 17 October 2003.

These concepts together also mark the difference between corporate communication and other professional forms of communications within organizations including business communications and management communications. Corporate communication focuses on the organization as a whole and the important task of how an organization is presented to all of its key stakeholders, both internal and external. Business communications and management communications are more technical and applied⁶ – focusing on writing, presentational and other communication skills – and their focus is largely restricted to inter-personal situations such as dyads and small groups within the organization. Business communications, for its part, tends to focus almost exclusively on skills, especially writing, and looks towards the individual manager or professional, while corporate communication focuses on the entire company and the entire function of management.⁷ With its focus on the entire organization, and broader corporate interests, it is perhaps not surprising that corporate communication is typically researched and taught in a business school environment, although study programs also exist in schools of communication and journalism. What this signifies is that corporate communication, as an area of study and practice, benefits from direct access to research and ideas from areas such as strategy, management and organizational theory.⁸ Many concepts and frameworks that are now commonplace, such as stakeholder management or corporate reputation management, have in fact sprung from this connection. The advantage, as confirmed by many practitioners, is that this linkage invigorates corporate communication not only with new ideas but also with concepts and principles that are business-relevant. This does not mean, however, that corporate communication should exclusively rely on business school knowledge. There is in fact much to be gained from embedding a much greater understanding of subjects such as framing, rhetoric and psychological processes of judgment formation into the discipline, with most of those ideas and concepts stemming from fields such as communication science, psychology and the broader humanities. Whilst I will draw primarily on the existing knowledge base on corporate communication in the book, I will therefore also bring in ideas and principles from these other fields and in ways that will benefit the practice of corporate communication.

TRENDS IN CORPORATE COMMUNICATION

1.3 To appreciate recent developments in corporate communication, it is useful to take a look back at the period of the 1980s. That period saw a powerful restructuring trend in many corporate organizations where every function in the organization was assessed based on its accountability and contribution to the organization. This led many organizations to restructure separate communication disciplines such as media relations, advertising, sales promotions and product publicity, and bring these together into more integrated departments or into specific working practices. At the time, this proved productive in that it offered direct organizational and managerial benefits. The consolidation of communication disciplines into one or a few departments enabled organizations, for example, to provide strategic direction to all of their communication with different stakeholder groups and to derive guidance for communication efforts from the strategic interests of the organization as a whole. Many organizations also recognized that the previous fragmentation of communication in terms of separate disciplines and the spreading out of communication responsibilities across the

organization had often proved counterproductive. Fragmentation, it was realized, is likely to lead to a process of sub-optimization where each department optimizes its own performance 'instead of working for the organization as a whole'.⁹ Many organizations therefore instead developed procedures (e.g., communication guidelines, house style manuals) and implemented coordination mechanisms (e.g., council meetings, networking platforms) to overcome this kind of fragmentation and coordinate their communication on an organization-wide basis. A further driver for integrating communication at the organizational level was the realization that communication generally had to be used more strategically to 'position' the organization in the minds of important stakeholder groups. Since the early 1990s and right up until the early 2000s, organizations became primarily concerned with ideas such as 'corporate identity', 'corporate reputation' and 'corporate branding' which emphasize the importance of this positioning. This primary focus, as already mentioned, was also created by the fact that it is a key outcome. A favourable reputational position in the minds of stakeholders drives whether stakeholders want to transact with an organization, and effectively choose the organization over other rival firms. Perhaps the key downside of this view was that at times it reinforced an assumption that the minds of stakeholders can in a sense be managed, and even controlled. Models of reputation management for example often link corporate messages to direct outcomes in terms of stakeholder awareness and attitude as well as broader reputational change. In other words, the assumption is that corporate communicators can strategically plan and design their messaging in order to, in effect, 'take up' a reputational 'position' in the minds of stakeholders. This obviously implies a somewhat linear model of communication that assumes a relatively uncomplicated process of sending and receiving messages, where any outcomes are already largely predetermined or given. This assumption also effectively starts with the communicator's intentions and his or her skill in framing a message but it neglects stakeholders as active agents. Instead they are cast as a passive agent whose basic role is to respond (or not) to the communicator's message.¹⁰ In other words, it suggests a linear, or what is sometimes labeled as a 'conduit' model of communication as opposed to seeing communication as a joint activity.¹¹ This view, in its strong form, has to some extent been overtaken by current events. Stakeholders have in recent years become much more active in voicing their expectations towards organizations and, empowered by new media technologies, have also started to expect more interactive and dialogue-based forms of communication. This in turn has led to some in the industry proclaiming that the old models of corporate communication are obsolete or 'dead', and that we are seeing a wholesale change towards interactive models of communication. A recent business book for example proclaims the virtues of interactive, conversational forms of corporate communication as in effect replacing 'the traditional one-way structure of corporate communication with a dynamic process in which leaders talk with employees and not just to them'.¹² It is no doubt true that more interactive forms of communication are enabled by new technologies and social media (in comparison to broadcast media) and such forms of communication are also increasingly expected by stakeholders. But proclaiming that there is a paradigm shift may be a rushed judgment, or at least too early to tell. Others in the industry have taken a more moderate view in suggesting that what we are seeing is a gradual change in that individual stakeholders can now share experiences, opinions and ideas about organizations, and organize for action, at scale. Again new media technologies are the enabling factor in this

process. This situation offers challenges but also opportunities to organizations in terms of word-of-mouth and peer-to-peer influence when individuals self-organize and may become advocates for the organization. In other words, whilst the mechanics in a sense might have changed the overriding principle is to some extent still the same – that is, when individuals hold an organization in esteem, value its reputation, and decide to buy from, work for, invest in, or otherwise decide in favour of the organization, they are more likely to become genuine advocates and supporters. 13 In this view, the current state of corporate communication is one of gradual change, where there is change in terms of how organizations communicate with stakeholders, but also continuity in that the old principles of strategic messaging and reputation management still apply. Where the difference lies is in the outright dismissal of the view that stakeholders can be managed and controlled in their views – if there ever was such a thing. Another break with the ‘positioning’ model lies in the principle that organizations need to ‘engage’ individual stakeholders through different platforms in addition to addressing broader audiences, publics or entire stakeholder groups. The focus with ‘engagement’ is not merely on shaping opinions or perceptions, but on the organization being ‘transparent’ and acting in character in order to bring across its distinctive identity and in a way that fosters individuals to become genuine advocates and act in their favour. The implication for corporate communicators is that they have an important organizational role to play in having the company consistently ‘think like’ and ‘perform like’ its character, or overall identity. If there are any outright discrepancies, or concerns about the organization not being true to its values, or not acting in character, this is picked up by the media and individual stakeholders, who will quickly organize for action and point out the lack of ‘authenticity’. Figure 1.1 below displays these changes, and sets them in a historical context. Communication was, up until the 1970s, largely used in a tactical support role for other functions such as finance and marketing in the organization where its role was to announce corporate decisions, publicize corporate events or promote products and services. The 1980s, as mentioned, saw a real shift in that communication became used in a more strategic sense to realize the organization’s objectives and to build reputational capital with stakeholders upon whom the organization depends for its continued success and survival. The ‘positioning’ paradigm that emerged at that time is however gradually evolving into a new era of ‘stakeholder engagement’ which brings with it new points of emphasis around interactivity, authenticity, transparency and advocacy. One of the best cases to demonstrate the overall change in corporate communication that we are witnessing in recent years is Apple Inc.



Figure 1.1 Trends and developments in corporate communication

CASE STUDY 1.1 APPLE INC: ACTING IN CHARACTER

The story of Apple and its phenomenal success since the early 2000s is intertwined with the visionary ability, determination and marketing acumen of one its co-founders, Steve Jobs. Jobs instilled a culture in the company that reflected his own entrepreneurial values. He fostered individuality and excellence, and combined this with a focus on perfectionism and accountability. This combination of entrepreneurial values, and the workplace that it created, was perhaps not for everyone, but it created a particular ethos in Apple that has spawned such great innovative products as the iPhone, iPad and iPod. One particularly strong asset of the company, particularly during Jobs' tenure, was its ability to come up with innovations that in effect created entirely new markets and cemented Apple's reputational position as operating at the cutting edge of innovations in consumer technology. The development of the iPod perhaps best illustrates the entrepreneurial character that Jobs cultivated and that the company is now broadly known and appreciated for by its customers. In January 2001 Jobs had unveiled iTunes, in a two-pronged response to the changing business model of the music industry and to meet the demand for Apple users to integrate their video and music devices as part of a single digital hub at work or at home. The rationale for the iPod, as a portable music player, pretty much grew out of the development of iTunes, the connection being that storing your music would naturally lead Apple to develop a playing device. But it also came about because of Jobs' fanatical love for music. This fanaticism suggested to Jobs that they needed to develop a portable music player, so that you could take your personal music collection with you wherever you went. One would have thought that this path would pit the iPod directly against MP3 players, as well as evoke memories of the older stalwarts in the portable music category such as the Sony Walkman and Philips CD player. But Jobs judged that the music players that were already on the market 'truly sucked'. In a crucial internal meeting within the company in April 2001, Jobs also waved away the threat of other players in the market. 'Don't worry about Sony', he said, 'We know what we're doing, and they don't'. At that meeting, Jobs and his colleagues instead focused on the design and functionality of the iPod device, trying to think of how they could do something different from, and better than, their competitors. One outcome of this thought process was the famous trackwheel on the original iPod, which allows users to scroll through a collection of songs as opposed to repeatedly having to press the same button (which would be rather irksome). And as Jobs' biographer suggests, the 'most Zen of all simplicities was Jobs' decree, which astonished his colleagues, that the iPod would not have an on-off switch'. Besides its design, the other element that determined the iPod's success was Jobs' rhetorical skill in framing the device as something completely 'new' that defied the logic of existing market categories and as essentially a must-have product for customers. He positioned the iPod in such a way that, even if the device was similar in some respects to MP3 players, it was considered by technology critics and customers alike as unique and starkly different from (and thus allegedly superior to) competing products. The subsequent launch of the iPhone and iPad by Apple followed the same script, and helped reinforce the claimed position of Apple's 'cool' superiority over their competitors, which is a remarkable feat given that previous to their

launch the company did not have a track record to speak of in mobile communications or handheld devices. Other technology companies have since tried to follow the same communication principles and grand rhetoric – most notably Microsoft claiming at the launch of Xbox One that it ‘changes everything’ – in positioning their technological products and firms, but in many cases with much less success. A key issue for Apple however is that the new CEO, Tim Cook, is a far less skilled communicator than Jobs and he may not embody Apple’s corporate image the way Jobs, the quintessential entrepreneur and an obsessed perfectionist, did. Its phenomenal success in recent years also means that Apple has been struggling to uphold its image of being the entrepreneurial outsider, who rails against the established powers in the industry. In many ways, the company is itself an industry giant, and stakeholders increasingly expect the company to behave that way. Where Apple has often been secretive and not very open about many of its operations – a trait stemming from Jobs’ focus on developing great new products in secret which then surprise everyone and break new ground – this level of openness and transparency is increasingly expected of Apple as a large corporate firm and as a ‘corporate citizen’ with social and environmental responsibilities. In 2011, for example, the company was accused by environmental groups in China of environmental pollution in its supply chain operations. The company has also now – post the Steve Jobs era – started to disclose information on the environmental performance of its products, something which customers had been requesting for ages. The risk that the company faces is that a continuing lack of transparency and engagement with customers and, indeed, other stakeholders in a number of areas may come to cost the company dearly. The most recent example of this involves the tax returns of the company, and the lack of transparency over its financial affairs. In May 2013, US senators questioned the CEO Tim Cook over this issue and described a ‘highly questionable’ web of offshore entities that Apple uses to claim ‘non-resident’ status in the US, and indeed elsewhere, which in effect exempts the company from paying their fair share of corporation tax. QUESTIONS FOR REFLECTION Discuss the communication challenges for Apple: will the company be able to ride out the recent storm of criticism and requests for more transparency on the back of its strong reputational position, or do you think it now needs to engage more systematically with its stakeholders? Source: Cornelissen, J.P., (2013), ‘Portrait of an entrepreneur: Vincent van Gogh, Steve Jobs and the entrepreneurial imagination’, *Academy of Management Review*, 38 (4), 700– 9; Gardise, Juliette (2013), ‘Tim Cook defends Apple’s use of tax loopholes’, *The Guardian*, 29 May 2013.

CHAPTER SUMMARY

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

KEY TERMS:

Corporate communication

Corporate identity

Corporate image

Corporate reputation

Integration Vision

Market Mission

Stakeholder engagement

Transparency

Authenticity

Advocacy