

## Communications strategies: An empirical study

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This study, based on the theoretical discussion in the previous article in the series, empirically investigates the communication function in some South African business enterprises. Results indicate that the importance of this function is expected to increase considerably in South African companies in the future. Although an awareness exists of the vital importance of communication, businesses largely seem to neglect using it as a strategic or opinion-forming tool. The emphasis rather appears to be on the tactical use of communication. Furthermore, it is those communication activities directly related to the promotion of the sale of products or services which receive most attention rather than the non-commercial areas of business communication. Employees and customers have the greatest influence on the achievement of long- and short-term corporate goals. However, communication with these two stakeholder groups is the most seriously hampered by cultural, language and literacy obstacles. An analysis of stakeholders in terms of cultural factors forms the foundation for the cultivation of cultural sensitivity which is essential to a proper understanding of the nature of culture and its influence on business communication. Surprisingly, although an awareness exists of the magnitude of cultural differences as a communication obstacle, cultural factors do not receive as much attention as other aspects such as social values, goals and strategies and information required by stakeholders when the stakeholder environment is analysed.

Hierdie artikel, gebaseer op die teoretiese bespreking in die vorige artikel in die reeks, ondersoek die kommunikasiefunksie in 'n geselekteerde groep Suid-Afrikaanse sakeondernemings. Resultate dui aan dat hierdie funksie na verwagting in die toekoms in belangrikheid sal toeneem. Alhoewel daar 'n bewustheid bestaan oor die belangrikheid van kommunikasie, skyn dit asof sakeondernemings grootliks versuim om dit as 'n strategiese of meningvormende hulpmiddel te gebruik. Die klem blyk te wees op die taktiese gebruik van kommunikasie. Bowendien word meer aandag aan kommunikasie-aktiwiteite wat te make het met die bevordering van die verkoop van produkte en dienste gegee, eerder as aan die nie-kommersiële areas van sakekommunikasie. Werknemers en klante het die grootste invloed op die bereiking van lang- en korttermyn doelwitte. Kommunikasie met hierdie twee belangegroepe (deelhebbers) word egter ernstig belemmer deur kulturele, taal- en geletterdheidshindernisse. Die ontleding van belangegroepe in terme van kulturele faktore vorm die grondslag van die ontwikkeling van kulturele sensitiviteit wat noodsaaklik is vir 'n behoorlike begrip van die aard van kultuur en die invloed daarvan op sakekommunikasie. Alhoewel daar 'n bewustheid bestaan van die omvang van kultuurverskille as kommunikasiehindernis, geniet hierdie faktor relatief minder aandag as verskeie ander faktore. In die ontleding van belangegroepe word meer aandag aan aspekte soos die sosiale waardes van belangegroepe, hul doelwitte en strategieë geskenk, asook aan inligting deur hulle benodig.

### Introduction

This article reports the results of an exploratory empirical study which investigated various aspects of communication practices and strategies in some South African business enterprises. The descriptive model of communications strategies developed and discussed in the first article of this series (Hill & Archer, 1988) provides the theoretical background for this empirical investigation.

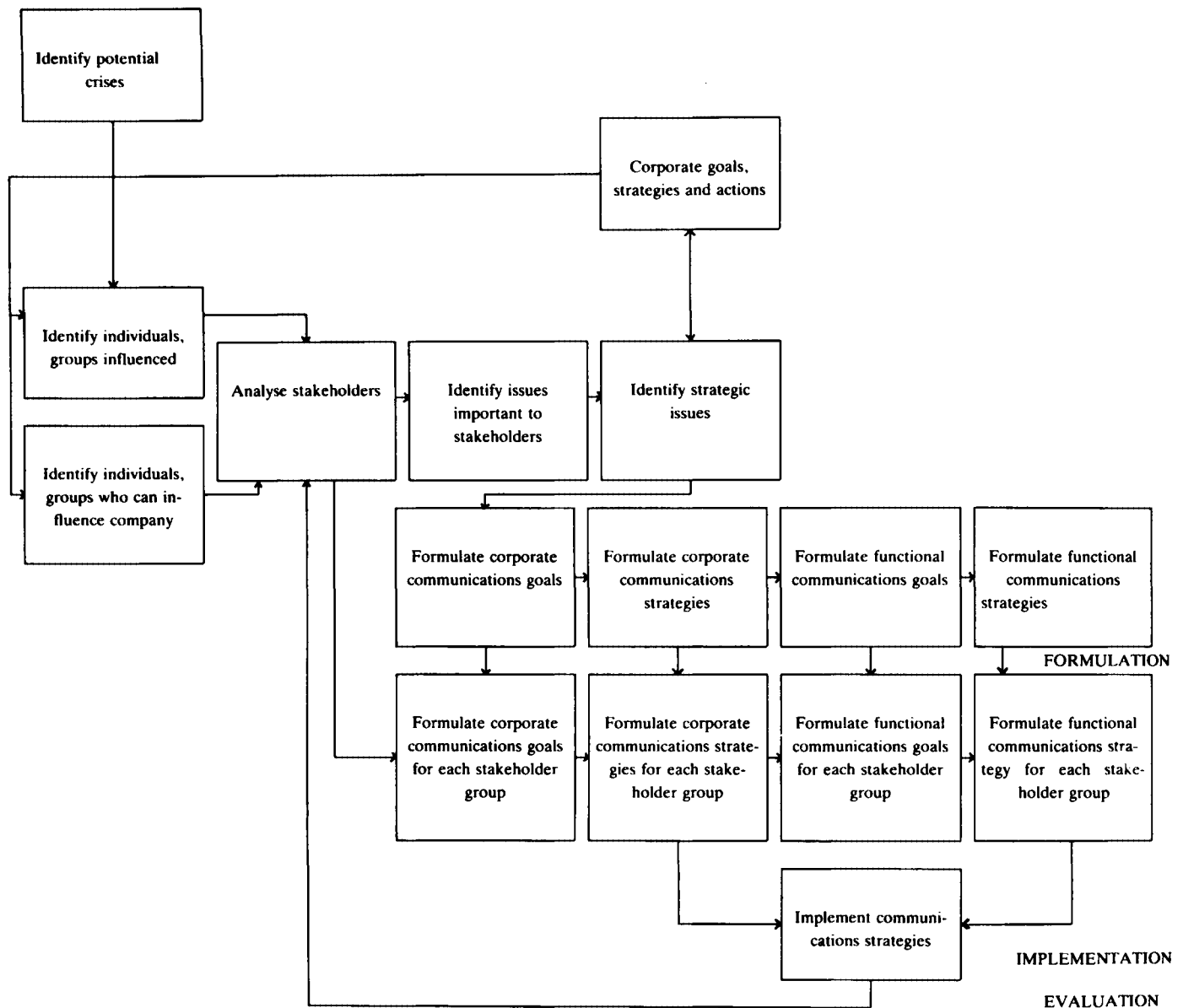
The purpose of this study was to determine management opinion as regards the following aspects of corporate communication:

- Whether the components of the communications strategy model are included in the decision-making processes of business enterprises;
- To what extent communication is used as a strategic tool, i.e. aimed at changing stakeholder attitudes;
- What proportion of business communication consists of non-commercial communication, i.e. communication not directly related to the sale of products or services;
- What benefits business enterprises expect to derive from having communications goals and strategies;

- What issues are important to various stakeholder groups;
- The importance of various communication channels in communicating with stakeholder groups;
- What communication obstacles exist and how they are dealt with;
- Which stakeholder groups have the greatest influence on business enterprises;
- Which stakeholder groups receive the most attention from business enterprises in terms of communication (at present, in future and ideally);
- The influence of culturally based attitudes on communication;
- To what extent chief executives are personally involved in communicating with stakeholders (at present, in future and ideally).

### Method

A comprehensive questionnaire consisting of 26 questions was designed and mailed to the chief executive officers of 123 listed companies and utilities. The listed companies were selected from the *Financial Mail* (24 May 1985) top 100 companies. The questionnaire was completed by various members of top management,



**Figure 1** Model of communications strategies

including chief executives, public relations/affairs managers, marketing managers/directors, group secretaries and general managers. This resulted in a response rate of 22% or 27 usable questionnaires. While it may be argued that this is a low and not representative enough response, the researchers are of the opinion that the information gathered offers a useful insight into the communications practices of some leading South African enterprises.

The information gathered in the research was analysed and the results divided into various categories which will now be discussed.

### Survey results

#### Model of communications strategies

The components of the communications strategies model (see Figure 1) developed in the first article of this series were empirically tested.

#### Identification of stakeholders

Stakeholders can be defined as groups or individuals

who influence or may be influenced by the actions of the business. Only 7,7% of companies do not formally identify their stakeholders. One of the reason for this being a lack of staff. Although some companies have no formal means of identifying their stakeholders, they take stakeholder influence into account during strategic planning.

#### Stakeholder analysis

In Table 1 seven aspects are ranked according to how often business enterprises include them when analysing their stakeholders.

The measurement of attitudes, perceptions and opinions is the aspect most frequently included in stakeholder analysis, whereas cultural factors is the aspect least often included in stakeholder analysis.

#### Identification of issues

Issues or concerns which respondents regard as important to their stakeholder groups are listed in Table 2.

**Table 1** Aspects of stakeholder analysis ranked according to frequency

1. Measurement of attitudes, perceptions and opinions of stakeholders.
2. Company information required by stakeholder group.
3. Goals and strategies of stakeholder group.
4. Social values and factors that influence stakeholder attitudes and opinions.
5. Resources and constraints within which stakeholder group operates.
6. Micropolitical environment of the stakeholder group. i.e. how decisions are made, the basis and location of power.
7. Cultural factors such as cultural composition, attitudes, behaviour patterns, habits, language.

**Table 2** Percentage of business enterprises regarding various issues as important to stakeholders

Issue	Stakeholders						
	Shareholders	Employees	Customers	Suppliers	Government	General public	Financial community
Financial performance	74	11		44			66
Management	19			26		18	24
Socio-political attitude	7		2		27	34	
Career opportunities/training		38					
Remuneration/ fringe benefits		30					
Labour relations		9					
Productivity		7					
Working environment		6					
Product/ service range			56			18	
Service			40	9			
Loyalty				9			
Technology				7			
Economic policy					40		
Fiscal/ monetary					15		
Image							13
Exports/ imports					7		7

Results indicate that the financial performance of the enterprise is the most important issue for shareholders, suppliers and the financial community. The socio-political stand of the company is the key issue for the general public, whereas economic policy, product/service range and career opportunities/training are the most important issues for the government, customers and employees respectively.

31% of the issues identified by respondents relate to the management of the business enterprise, 29% to financial performance, 16% to product/service range and 9% to socio-political stand.

Most respondents (76%) are of the opinion that their

organizations are successful at monitoring and identifying issues important to stakeholders. Only 20% indicated that they often fail to foresee important issues, while 4% indicated that they never fail.

#### *Perception of general corporate actions*

The majority of companies (84%) take active steps to control how their general actions (excluding communication) are perceived by stakeholders. The reasons given by respondents for not taking such steps include the following:

- It is difficult or impossible for companies to control how their actions are interpreted by their stakeholders;
- No formal steps are taken, but the interpretation of company actions by stakeholders is informally observed.

#### *Incorporation of stakeholder information into the decision-making process*

Most companies (88%) have a process whereby stakeholder information is included in decision-making. There are, however, some companies that do not include this information as they do not regard it as particularly significant.

#### *Communications goals and strategies*

Most companies have an overall corporate communications goal (89%) and strategy (93%). Results seem to indicate that communications goals and strategies for customers and suppliers are usually formulated at a functional level, while communications goals and strategies for shareholders, employees, government, media, the general public and financial community are usually formulated at a corporate level.

In 39% of the surveyed enterprises the public relations/affairs department is responsible for formulating communications goals and strategies for shareholders, employees, government, media, the general public and financial community are usually formulated at a corporate level.

In 39% of the surveyed enterprises the public relations/affairs department is responsible for

**Table 3** Benefits from having communications goals and strategies

Benefit expected	% Listing benefit
Facilitates achievement of corporate goals by improving understanding, acceptance, support, participation and commitment among stakeholders	27
Employee benefits (loyalty, morale, motivation)	17
Improved corporate image (reputation)	15
Improved communication	15
Improved financial performance	10
Investor confidence	7
Customer benefits (loyalty, confidence)	5

formulating communications goals and strategies. Other departments or people responsible for this function are the office of the chief executive (16%), marketing (10%), the total organization (7%), personnel (7%), corporate planning (3%) and finance (3%).

Table 3 lists the benefits that companies expect to derive from having communications goals and strategies.

Improved understanding and acceptance among stakeholders of corporate actions is the benefit that most companies (27%) expect to derive from having corporate communications goals and strategies. Companies expect this to lead to greater stakeholder support, participation and commitment and thereby facilitate the achievement of corporate goals. Employee benefits, enhanced corporate image and improved communication are also often cited as benefits.

#### Communication channels

In Table 4 various channels of communication are ranked according to how companies perceive their importance in communicating with various stakeholders.

Verbal communication (personal contact) is seen as the most important channel for communicating with employees, customers, suppliers, government, trade unions, and the media. Respondents therefore clearly regard this as the most important channel of communication in the overall corporate communications strategy. The annual report is the most important medium for communicating with shareholders and the financial community, and advertising the most important means of communicating with the general public.

#### Evaluation

Most companies (80%) evaluate the effectiveness of their communications strategies. However, some only evaluate their communications efforts with certain stakeholders while others only evaluate the effectiveness of certain elements of the communications mix, for example advertising.

**Table 4** Communication channels ranked according to importance

Channels of communication	Stakeholders									
	Shareholders	Employees	Customers	Suppliers	Government	General public	Financial community	Trade unions	Media	
Media publicity, e.g. news releases	2	4	3	4	3	2	2	2	2	2
Advertising	4	5	2	3	5	1	4	5	5	
Verbal communication (personal contact)	3	1	1	1	1	4	3	1	1	
Audio-visual presentation	5	3	4	5	4	5	5	4	4	
Annual report	1	2	5	2	2	3	1	3	3	

1 = Most important channel; 5 = Least important channel

In most cases (31%) evaluation takes place on a continuous basis, however, many companies (28%) still only evaluate their communications efforts on an infrequent, *ad hoc* basis. In 14% of companies evaluation occurs annually, in 7% it occurs every six months, quarterly and weekly, while in 4% it takes place monthly or daily.

Formal stakeholder surveys are the most frequently used method of evaluating communications strategies. Discussions, personnel and productivity records, and media evaluation are also used.

Certain companies do not evaluate communication with stakeholders as they are of the opinion that the results are immediate and obvious, or that accurate evaluation is impossible.

#### Planning for crisis communication

The majority of companies (84%) plan for crisis communication. Certain of the companies which do not plan for this form of communication regard it as an area which needs to be developed.

#### Importance of stakeholder groups

Which are the key stakeholder groups in South Africa? An attempt was made to determine which stakeholders are the most important groups in the South African business environment by examining the issue along the following dimensions:

- Which stakeholders are analysed in the greatest detail;
- Stakeholder influence on achievement of corporate goals;
- For which stakeholders are communications goals and strategies formulated;
- With which stakeholders do companies communicate most frequently;
- Amount of information released to stakeholders.

**Table 5** Stakeholder groups ranked according to their influence on business enterprises

Influence	Stakeholders							
	Shareholders	Employees	Customers	Suppliers	Government	General public	Financial community	
Short term	4	1	2	5	6	7	3	
Long term (5 – 10 years)	5	1	2	6	3	7	4	
Climate of opinion	7	4	2	5	1	6	3	
Total influence	5	1	2	6	3	7	4	

1 = Most important; 7 = Least important

### Stakeholder analysis

Stakeholder groups are *analysed* to a greater or lesser extent. Employees are analysed in the most detail, followed by customers, government, financial community, shareholders, suppliers, and the general public.

### Stakeholder influence on the achievement of corporate goals

In Table 5 stakeholder groups are ranked according to their influence on the achievement of corporate goals in the short term, long term (5–10 years) and on the climate of public opinion towards private enterprise in South Africa.

Employees clearly are seen to have the greatest influence and the general public the least influence on the achievement of short-term and long-term corporate goals. Government is seen to have the greatest influence on the climate of opinion towards private enterprise and shareholders have the least influence in this regard.

### Communications goals and strategies

Communications goals and strategies are most frequently formulated for employees, and in decreasing order of frequency for customers, government, financial community, shareholders, suppliers, and the general public.

### Frequency of communication

Companies currently communicate most frequently with employees, followed by customers, financial community, shareholders, government, suppliers, and the general public. Government is the stakeholder group with whom most companies (39%) wish to communicate more frequently. 28% of companies would like to communicate more frequently with the general public, 18% with suppliers, 13% with employees, 9% with the financial community, and 8% with customers.

**Table 6** Amount of information released to stakeholders (%)

Amount of information released	Stakeholders						
	Shareholders	Employees	Customers	Suppliers	Government	General public	Financial community
<b>At present</b>							
Considerable	55	54	35	14	36	13	41
Limited	41	38	65	71	50	75	55
None	5	8	0	14	13	5	
<b>In future (5 years)</b>							
Increase	19	33	26	14	9	28	18
Remain unchanged	81	67	74	86	82	72	77
Decrease	0	0	0	0	9	0	5

Shareholders are the only stakeholders with whom companies do not wish to communicate more frequently.

### Amount of information released

Table 6 shows the amount of information that companies currently release to their stakeholders and whether they expect this amount to decrease, increase or remain the same in future.

Companies currently release the largest amount of information to employees, customers and shareholders. They release information in decreasing amounts to the financial community, government, the general public, and suppliers. The amount of information released to employees is expected to increase the most, followed by the amount released to the general public, customers, shareholders, suppliers, financial community, and government.

### Involvement by chief executives

The amount of time spent by chief executives on communicating with stakeholders is as follows:

% of working time spent communicating	% of CEOs
Less than 20%	46%
21 – 40%	27%
41 – 60%	19%
61 – 80%	4%
More than 80%	4%

The average percentage of working time currently spent by chief executives on communicating with stakeholders is 29%.

However, 73% of companies are of the opinion that their chief executives spend too little time communicating with stakeholders. Only 9% think that their chief executives spend too much time communicating with stakeholders, while 18% think that their chief executives spend the right amount of time on this activity. The average percentage of time that chief executives should ideally spend on communicating with stakeholders is 37%.

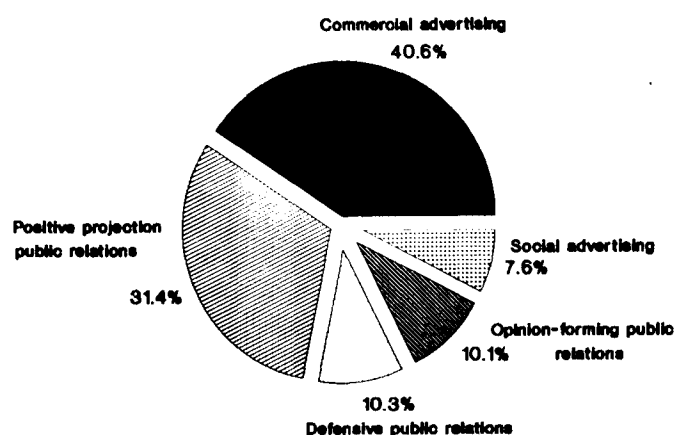
Most companies (71%) expect the amount of time spent by chief executives on this activity to increase over the next five years. No companies expect the amount of time to decrease and 29% expect it to remain the same.

### The communications mix

In an attempt to determine the emphasis of corporate communications, companies were asked to indicate what percentage of their communication effort consists of:

- social advertising
- commercial advertising
- defensive public relations, i.e. answering media enquiries about the company and its activities
- positive projection public relations, eg. issuing press releases, arranging radio broadcasts, etc.
- opinion-forming public relations which involves planning at least 2 – 3 years ahead and is aimed at changing the opinion of stakeholders.

From Figure 2 it is clear that the elements of the communications mix which receive the most attention are commercial advertising and positive projection



**Figure 2** The communication mix

**Table 7** Percentage of business enterprises regarding religion, language, culture and literacy as communication obstacles

Obstacles	Stakeholders						
	Shareholders	Employees	Customers	Suppliers	Government	General public	Financial community
Religion	10	39	18	10	15	18	5
Language and semantics	65	96	87	67	71	85	55
Cultural attitudes	45	100	87	62	67	59	53
Literacy	18	100	65	27	21	61	22

public relations, with relatively less emphasis on defensive and opinion-forming public relations. Social advertising is of minor importance.

### Communication obstacles

Respondents regard language (and semantic) differences as the major obstacle to effective business communication in South Africa (see Table 7). Cultural attitudes and literacy also seem to represent major obstacles, while religion plays a relatively minor role in this regard.

Employees are the group with whom communication is most seriously hampered by these obstacles. Communication with customers and the general public is also considerably hampered, while communication with the other stakeholders is affected to a lesser extent.

The extent of each of these obstacles on business communication is now examined in more detail.

### Language differences

The multilingual South African situation presents considerable problems for business, with language and semantic differences representing a serious obstacle to effective communication with all stakeholders, but especially with employees, customers and the general public.

**Table 8** Percentage of business enterprises using various methods for dealing with language differences

Method	Stakeholders						
	Shareholders	Employees	Customers	Suppliers	Government	General public	Financial community
Translators	64	68	56	24	40	36	52
Delegating communication function to outsiders	20	4	32	4	4	16	8
Employing multilingual managers	20	36	44	28	36	20	24
Language training	8	32	16	8	4	4	4

The use of internal and external translators is the most frequently used method for dealing with language differences (see Table 8), with the employment of multilingual managers the second most important method, followed by the delegation of the communication function to outsiders and language training.

### Cultural attitudes

Culture represents the major barrier to effective communication with employees and also seriously hampers customer communication (see Table 7).

Cultural attitudes have a pervasive influence on business enterprises and due to the multicultural nature of South Africa, management has no easy task to transcend cultural barriers. Manpower is the management function which is most sensitive to problems caused by cultural differences and influences, followed by marketing and public relations. Production and finance are less sensitive. Results indicate that cultural attitudes can be ranked as follows according to the role they play in shaping stakeholder perception of corporate actions:

Attitude towards:

1. Wealth and material gain
2. Private enterprise
3. Achievement
4. Change
5. Time

Cultural attitudes clearly affect the issues that are important to stakeholders. This is supported by the fact that all respondents are of the opinion that different issues are important to different cultural groups. Most companies (89%) take this into account when deciding on the subject matter of their communications. The reasons given by companies for not taking this into account, include the following:

- a lack of management sensitivity to cultural differences
- it does not seem to have been necessary to take this aspect into account.

Cultural characteristics are also taken into consideration in the selection of communication channels in 84% of companies.

Given the obvious magnitude of cultural barriers, it is surprising how few companies analyse the cultural attitudes of stakeholders: employees 56%, customers 33%, general public 27%, government 22%, financial community 19%, shareholders 15%, and suppliers 11%.

#### *Literacy*

Employees are the group with whom communication is most seriously impeded by literacy obstacles (see Table 7). Formal training programmes are the most frequently used method of dealing with this problem, while audio-visual presentations and educational posters are also used.

#### *Religion*

Religion is of comparatively minor importance as an obstacle to effective communication (see Table 7). The only group which is significantly affected by differences of religion is once again employees.

### **Discussion of results**

The results of this study indicate that employees and customers are seen by respondents to have the greatest influence on the achievement of long- and short-term corporate goals in South Africa. Business enterprises consequently communicate most frequently with them, release most information to them, and most frequently formulate communications goals and strategies for these two stakeholder groups. However, communication with employees and customers is most seriously hampered by cultural, language and literacy obstacles.

If these obstacles are to be overcome and effective communication achieved, it is essential that cultural sensitivity be cultivated. This must begin with an analysis of stakeholders in terms of factors such as cultural composition, attitudes, behaviour patterns, habits, and language. Without this type of analysis a proper awareness and understanding of the nature of culture and its influence on business communication is virtually impossible and communication decisions affected by cultural differences will be based on mere guesswork. However, only 56% of the companies in South Africa analyse their employees, 33% their customers, and 27% the general public in terms of these factors. More importance is attached to factors such as the social values, goals and strategies and information required by stakeholders. This suggests that many businesses do not take cognizance of the multicultural nature of their stakeholder environment. The reason for this is perhaps a natural consequence of what sociologists refer to as ethnocentrism, i.e. the tendency of people to regard their own race as the most important and largely disregard the fact that the needs of people of other races may be different from their own.

Only once the cultural factors that may influence stakeholder attitude towards the firm have been identified can steps be taken to change those attitudes

which constitute a threat to the achievement of corporate goals. However, only an average of 10% of the communication efforts of firms is reported to be aimed at changing the opinions and attitudes of stakeholders. In other words, most companies surveyed are not using communication to facilitate the achievement of corporate goals, i.e. as a strategic tool. The fact that companies regard this as the major benefit of communications goals and strategies seems to suggest that there is an awareness of the potential of communication as a strategic weapon. Unless more emphasis is placed on opinion-forming communication, it is doubtful whether this benefit will materialize.

Despite the fact that stakeholders are making considerable demands on businesses to play an active role in initiating social and political change in South Africa only an average of 8% of firms' communication efforts comprise social advertising. Furthermore, business enterprises do not regard socio-political issues as particularly important. Only 8,5% of the issues that companies address are of a socio-political nature. Clearly the emphasis of corporate communication is on the financial performance of the company and issues directly related to the sale of products and services.

Findings relating to government-business communication are particularly interesting. The government is the stakeholder group with which most businesses wish to communicate more frequently and is also the group to whom the least information is expected to be released in five years' time. Further investigation could possibly shed light on the reasons for these findings.

Results indicate that virtually all business enterprises surveyed include the components of the communications strategy model (described in the previous article in this series) in their decision-making process. Although some of these components are not formally included management seems to take them into consideration when they make decisions.

The high illiteracy rate in South Africa is a possible reason for the importance of verbal communication. The importance of personal communication skills among managers cannot therefore be over-emphasized. However, the multilingual situation in South Africa presents considerable problems in this regard. The long-term solution to the problem probably lies in multilingual education at school level.

The demands made on chief executives in terms of communication are considerable, especially in view of the importance placed on personal contact and verbal communication. These demands are expected to increase in the future which further suggests that the cultivation of communication skills among managers should receive special attention.

### **Conclusion**

This article has reported on the findings of a study of the opinions of top management on communications practices and strategies in some leading South African

enterprises. Findings reflect only the opinions of management and not of stakeholders.

A major limitation of this exploratory study is of course the small sample and low response rate. A broader study including non-listed companies would obviously yield more accurate and of course interesting results.

The companies surveyed are generally larger than the average non-listed company and market leaders in many instances. One would therefore expect them to be trend-setters in terms of communication practices. In addition, results may be biased due to the fact that companies which place importance on communicating with all their publics, including researchers, and releasing information to them may be more likely to respond to questionnaires. If this is the case, it is possible that the companies which did not respond do not have as open and positive an attitude towards communicating with stakeholders as those which did respond.

Despite these shortcomings, the researchers are of the opinion that the findings merit consideration by academics and practitioners and that the subject is deserving of further research in the future.

Most companies expect the amount of information released, frequency of communication, and the amount

of time spent by chief executives on communicating with stakeholders to increase. This suggests that the importance of the communication function will increase considerably in South African companies in the future.

The effectiveness of this function will depend to a large extent on whether companies are able to overcome the formidable cultural, language and literacy barriers which exist. Cultural factors influence not only stakeholders' interpretation of corporate communication, but also their perception of general corporate actions. Language training and the choice of appropriate media can largely aid in solving the problem of language and literacy barriers respectively. Only once businesses have developed a genuine understanding of the values, beliefs and expectations of all the different cultural groups in South Africa will they be able to use communication to bridge the vast gulf of mutual misunderstanding which exists at present.

### References

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