

# Modern model of integrated corporate communication

ass. prof. dr. Milica Slijepčević (a), prof. dr. Milica Kostić (b), ass. Ivana Radojević (a)

(a) Metropolitan University Belgrade, Faculty of Management, Serbia; (b) University of Belgrade, Faculty of Organizational Sciences, Serbia

## Sodobni model integriranega korporativnega komuniciranja

### ABSTRACT

The main purpose of this paper is to present the modern model of integrated corporate communication. Beside this, the authors will describe the changes occurring in the corporate environment and importance of changing the model of corporate communication. This paper also discusses the importance of implementation of the suggested model, the use of new media and effects of these changes on corporations. The approach used in this paper is the literature review. The authors explore the importance of implementation of the suggested model and the new media in corporate communication, both internal and external, addressing all the stakeholders and communication contents. The paper recommends implementation of a modern model of integrated corporate communication as a response to constant development of the new media and generation changes taking place. Practical implications: the modern model of integrated corporate communication can be used as an upgrade of the conventional communication models. This modern model empowers companies to sustain and build up the existing relationships with stakeholders, and to find out and create new relationships with stakeholders who were previously inaccessible and invisible.

Keywords: Integrated Corporate Communication, Social Media, Millennials

JEL classification code: D83, M14, M31

### POVZETEK

Glavni namen tega prispevka je predstaviti sodoben model integriranega korporativnega komuniciranja. Ob tem avtorice v članku opišejo spremembe, ki se pojavljajo v poslovnem okolju, in pomen spremembe modela korporativnega komuniciranja. V članku je predstavljen tudi pomen izvajanja predlaganega modela integriranega korporativnega komuniciranja, uporabe novih medijev in učinkov teh sprememb na podjetja. Uporabljen metodološki pristop je pregled in kritična analiza literature. Avtorice preučujejo pomen izvajanja predlaganega modela in novih medijev v korporativnem komuniciranju, tako notranjem kot zunanjem, usmerjenem na vse deležnike in komunikacijske vsebine. Prispevek priporoča izvedbo sodobnega modela integriranega korporativnega komuniciranja kot odziva na nenehen razvoj novih medijev in spremembe v proizvodnji. Praktične posledice: sodobni model integriranega

korporativnega komuniciranja se lahko uporabi kot nadgradnja konvencionalnih komunikacijskih modelov. Ta sodoben model opolnomoča podjetja, da vzdržujejo in gradijo obstoječe odnose z deležniki ter najdejo in ustvarjajo nove odnose z deležniki, ki so bili prej nedostopni in nevidni.

Ključne besede: integrirano korporativno komuniciranje, družbeni mediji, Milenijci

JEL klasifikacija: D83, M14, M31

## **1. Introduction**

The production of products and services, or their quality, is no longer the burning issue today. The communication thereof is the predominant problem.

The turbulent environment, carrying many intense changes, puts new demands on the companies and the need for constant investment in innovation. The new technological achievements, occurring on almost daily basis, as well as the generation change and an extremely high speed of information exchange, have an undeniable impact on the companies that have to adapt to said and monitor it closely. Modern companies are daily faced with numerous issues: How to position itself in relation to the environment? What attitude to take towards the employees, business partners, customers? What is the best way to create views and convey the messages used by the company to present what it is and what it wishes to become? All the above necessarily affects the changes reflected in corporate communication, on both external and internal levels.

The Internet and new media gave additional value to communication. As we live in an economy of attention, the companies must find the way to attract the attention of their stakeholders and to involve them in spreading good vibes about companies.

Different stakeholders (the public) have largely become interested and involved in the very functioning of organizations (companies, government agencies or non-profit organizations). They can be said to accordingly becoming all the more aware of the enormous difference between "ordinary citizens" and the leadership of the organizations observed (Perić et al., 2007). Companies must be aware of the role and importance of the very function of integrated corporate communication, which necessarily has to include all stakeholders of the company itself - employees, customers, business partners, local communities, shareholders, etc. The rapid development of different models of communication through social media, help change the direction and channels used in corporate communication. Implementation of social media into the system of integrated corporate communication today is not an option, but a necessity. In addition, companies are facing new challenges that lie ahead - the change of workforce generations. New generations of employees have completely different habits, expectations and behavior compared to previous generations.

It is therefore necessary, through the unique model of integrated corporate communication, to include all the messages and all the stakeholders the company wants and needs to communicate with, while setting the ultimate goal of achieving different benefits. The implementation of the modern model of integrated corporate communication is one of the

important determinants, if not the most important one, for the companies to fulfill set goals and achieve desired results.

## **2. Literature review**

Today, information moves faster, further, and reaches many more people than 5 years ago. The paper can be said to have few, some would say none, advantages over electronic information formats. It can also be said that digital communication, compared to traditional one, is much faster, cheaper, and more efficient way to reach a global audience (Willis et al. 2002).

The author Corrado (2006) states that effective communications strategy and tactics can make important contributions in:

- helping value the firm correctly in the marketplace (to maximize shareholder value and lessen chances of unfriendly takeover);
- building employee morale and effectiveness in difficult economic times (thus increasing productivity and profitability);
- improving the marketing of products by lending credibility to their efficacy and value;
- managing crises;
- effectively communicating with the public via the media; and
- enabling a company to transform itself into more agile and flexible company to compete more effectively in a changing business environment.

Through their work and communication, employees and other company members influence corporate reputation. It can be said that employees are the first ambassadors of their companies. Responsible communication, used as a tool, can create better conditions for working, and can also maintain and strengthen the community as well as promote individual and common learning (Pyöriä et al. 2005). It can therefore be concluded that internal communication is extremely important and is also a "powerful instrument of socialization on the one hand, and the driving force in creating a positive working environment on the other hand" (Filipović, Kostić-Stanković, 2008).

As a generation taking primacy as labor force, Millennials are setting up new standards in the communication process. This generation is the first one growing up online, and this is why Millennials will be the main initiators for and the power of changing the online world (Radojević, 2014). Millennials expect nomadic, anytime, anywhere communications. They enjoy the most interactive full motion multimedia, colour images, and audio (Sweeney, 2005). In addition to the observation of generational belonging to the public addressed by the company, there are also numerous theoretical observations pertaining to the impact of external elements, such as the cultural milieu and behavioral characteristics (Hofstede 1994, Francesco & Gold 2004) to the satisfaction of communication and commitment to the organization. The very transfer of information within the companies and the internal communications programme should be created and implemented by using the new media. In this way, employee morale can be built and raised "in an organizational spirit", and a high level of corporate culture can thus be achieved (Filipović, Kostić-Stanković, 2008).

Another change, with enormous possibilities that dramatically influence corporate communication, is social media development. New generation of digital natives made social media an integral part of their lives. They trust friends over the corporations. The extent and

accessibility of social network emphasizes the voice of an individual consumer. Anyone can become an expert because messages with the consumer personal experience spread fast and carry greater weight as they are being reviewed by other users online (Radojević, 2014; Barton et al. 2012). Social media has forced corporate communications to shift to a dialogue in which the stakeholders have opportunity to ask questions and have those questions answered directly by corporate executives. On the other hand, social media offers completely new opportunities to corporate communications, ones that a decade ago would not have been plausible (Owyang, 2007). Today, not just the companies but the stakeholders as well have power over the message. Companies must follow the feed about their brand, and they need to participate in the discussion.

### **3. Modern model of integrated corporate communication**

Corporate communication interactivity can be explained as the ratio of different information to knowledge exchange between the company and its internal and external audiences. In this case, the internal and external audiences of the company can be presented as specific stakeholders and individuals. Through bidirectional exchange, the company strengthens its position and is perceived as a reliable source of information. Communication characteristics cover the following: reciprocity, transparency, mutual trust, open and ongoing information flow, as well as discussion of significant issues in internal and external communities, without the exclusion of emotions (Pyöriä et al. 2005).

The starting point for defining a modern model of integrated corporate communication were two studies involving 1200 respondents from all over Serbia and 250 respondents employed in different organizational units of an insurance company. Research results have confirmed that internal and external communication contributes to increasing the performance of the company, as well as that internal communication is clearly directed towards the company objectives (Slijepčević, 2012).

Integrated corporate communication exercises its influence on all stakeholders in a unified and harmonized manner, by using various communication channels. Through an open flow of information and mutual interaction, it creates and strengthens the degree of connection and trust between the company and stakeholders, highlighting the responsibility of all participants.

Specific impact of corporate communication on different target audience is presented through the projection of corporate social responsibility, marketing communications and public relations. The remainder of this paper will present a modern model of integrated corporate

communication (Slijepčević, 2012).

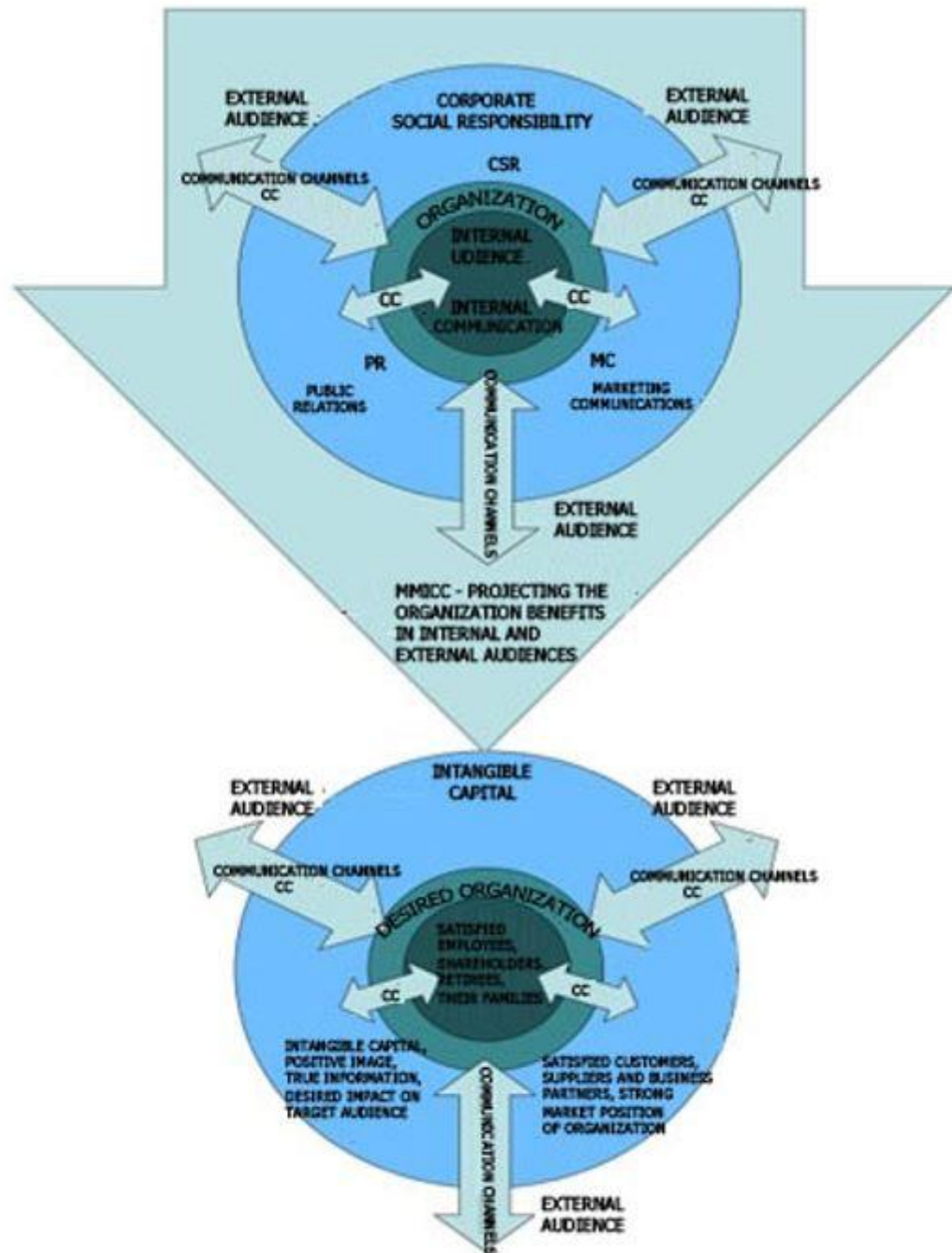


Figure 1: Model for managing corporate social responsibility. Source: Slijepčević, 2012.

1. The first (upper) part of Figure 1 shows the functional unit of the contemporary model of integrated corporate communication, i.e. the conditional selection and the role of modern corporate communication aimed at achieving the benefits and acquiring intangible capital. The functional entirety of integrated corporate communication is also made of internal and external public relations, marketing communications and

corporate social responsibility. Good internal communication is the basis for good relations in every organization.

External public relations promote and reinforce the principles of value (reliability of an organization, the authenticity of information, integrity and credibility), they place corporate goals within the organization, in the environment, in the existing and new markets according to various stakeholders and generate flows of all changes.

Marketing communications are functional as part of an integrated corporate communication, or as part of a communication network responsible for corporate marketing strategies, for impact on customer loyalty and brand value, and for designing and coordinating communication activities towards the media and customers.

Corporate Social Responsibility (CSR) represents a part of the business concept of integrated corporate communication, which has direct impact on the sustainable development of the corporation and society as a whole, works through the impact on employees and the level of their training and competence, then through the impact on the business environment by means of establishing good reputation and solid relations with customers of both local and wider communities. By integrating the interests of the local and wider communities into its business strategy, the organization positions itself in its immediate environment as a reliable entity, but also as an important factor in solving the problems of the wider community on the global level. According to the authors Filipović and Kostić-Stanković, the corporate social responsibility definition, most commonly cited by the World Business Council for Sustainable Development, reads that CSR is "constant commitment of the business world to behave ethically and contribute to economic growth, while improving the quality of life, of both the employees and their families, as well as of local communities and the society as a whole" (Filipović, Kostić-Stanković, 2008).

As a projection of the organization's benefits in internal and external audiences, the modern model of integrated corporate communication (MMICC) is the desired model of integrated corporate communication in which the unity is achieved, and the smooth flow is ensured between the unique data base, markets and marketing activities, i.e. which achieves and ensures a complete strategic integration and control of information (Slijepčević, 2012).

2. The second part of the Figure represents the preferred organization, or a desirable level of integrated corporate communication which aims at evidently acquiring intangible capital (positive image, true information, the desired impact on the target audience) and which results in the satisfaction of employees, shareholders, retirees and their families, the satisfaction of interests of the local and wider communities, in satisfied customers, suppliers and business partners and in strong market position of a socially responsible company (Slijepčević, 2012).

The modern model of integrated corporate communication (MMICC) is continuous and circular process with a constant flow of data from the organization towards users, and from users towards the organization, which is strategically designed, consistent and committed to achieving customer satisfaction.

Implementing the principle of the modern model of integrated corporate communication brings profit to the organization by focusing on good communication relations that enhance its reputation, ensure that all messages are conveyed and that all employees are working for the same goal and speaking "the same language", thus neutralizing every specific occurrence of discontinuity between what the organization actually is and how it is presented to the public.

There is no doubt that trust is one of the most important benefits resulting from the modern model of integrated corporate communication. "External" and "internal" trust means that employees who nurture internal mutual trust within the organization inevitably transfer that trust externally through direct contacts with customers, business partners, suppliers, but also through indirect contacts with people they communicate with on a daily basis, in informal socializing. This is a process in which all participants are equally important on their level at which they communicate, where the communication flow (in all directions) is continuous.

The modern model of integrated corporate communication (MMICC) graphically represents the structure and interactive relationship between the organization and the target audience, which make a unique functional entirety through communication activities.

The modern model of integrated corporate communication is aimed at highlighting and demonstrating the importance of all the communication aspects of an organization, as well as their internal and external connection and interdependence. It is therefore necessary to monitor the indicators that can be used to identify the following:

- In which way the organization observed is presented to the public and what makes it recognizable;
- What is the corporate image and reputation;
- What are the points of possible improvement in communicating with target groups;
- To what extent are the employees familiar with business objectives of the organization and what is the level of their willingness to change;
- Are the decisions and assignments effectively managed;
- What is the degree of employee satisfaction with working environment;
- What is the level of sustainability of the established communication channels;
- To what extent is it possible to integrate different channels, as well as the participants of communication, when there are conflicting goals;
- What is the possible level of establishing synergies in the integration of communications activities;
- What is the optimal level of engaging the organization resources in the function of its intangible capital, through contributions and satisfaction of interests of the local and broader community of said organization;
- What is the optimal level of engaging the organization resources and the purpose thereof;
- To what extent does a positive image, as an intangible capital, have the potential to ensure the willingness of target groups to deepen communication and provide loyalty;
- Whether and to what extent is it possible to communicate by using other marketing instruments (product/services quality, distribution, sales and/or the manner of providing services and the price), integrated with the promotion, as a basic instrument of marketing communications;
- To what extent do marketing communications result in loyalty and repeated purchase of products, i.e. the long-term consumption of services;

- To what extent is it possible to set up a causal link between employee satisfaction, customer/user satisfaction and satisfaction of the wider community (Slijepčević, 2012).

The modern model of integrated business communication deals with all aspects of managing communication activities as communication goals.

#### **4. Conclusion**

Before the advent of the Internet, companies had much more time to systematically and methodologically observe different community activities and respond to their demands. With the advent of social media, this "luxury" has disappeared, leaving behind a vacuum, demanding new skills, adaptive tactics and the coherent strategy (Perić et al. 2011). Numerous and rapid changes are shaking up the companies on almost daily basis. The globalization of the economy, accelerated pace of doing business, rapid obsolescence of technology, global communication, new generations of employees and consumers, meeting different requirements of both employees and consumers, inevitably impose the need to develop new models of communication.

The company success is not only measured by profitability, but also by quality, creation of intangible values, contribution to the development of society through corporate social responsibility and the company responsibility towards its employees. The company success is becoming increasingly dependent on the pace of its success in establishing communication with external audience and the extent to which it manages to gather all the employees around a single goal, as well as on swift and effective implementation of the decisions and implementation of business strategy. Today, more than ever before, communication is the key to all aspects of change. The personal level is aligned with the global level, thus equaling the process of personal, internal development of every individual, the internal and external relations within every organization, company and global social advancement.

The modern model of integrated corporate communication is developed in this respect, enabling fast and efficient transmission of messages through communication channels on internal and external levels. The studies conducted in 2012 confirm the importance of the process of communicating with employees within the company, as well as the process of communicating with the environment, especially with users of company services. The above highlight further directions of communication development that have to be introduced in the company in order to further develop and upgrade the modern model of integrated corporate communication (MMICC).

Based on the foregoing it can be concluded that successful communication involves the presence and importance of all forms of communication, communication channels and target audiences, both internal and external ones. Therefore, based on the results achieved it is necessary to direct all communication flows towards creating the benefits for the company, with the unique aim of doing business in a better way and more successfully.

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Korespondenca/Correspondence: [milica.slijepcevic@metropolitan.ac.rs](mailto:milica.slijepcevic@metropolitan.ac.rs)