

Corporate communication strategy



**ASSIGN
BUSTER**

1 INTRODUCTION

According to Cornelissen Joep(2008 p. 5), a likely characteristic of corporate communication is that it can turn out to be complex in nature. For small-medium firms, communication complexity is quite minimal but with large corporations, if due care is not taken, communication can turn out to be cumbersome. Cornelissen J.(2008, p. 95) also states that “ managing corporate communication requires a communication strategy that describes the general image that an organisation aims to project through themed messaging to stakeholders”. As a result of this complexity, this report will aim to provide insights and explore the corporate communication strategy of Next Plc.

A Proquest(2011) report tells of challenges faced by Next in the four year period to 2009 as a result of laxity over its positioning and recession. By the time it realized that trends were changing, it had lost grounds. The targeted young customers were maturing and reduced their spending due to additional responsibilities. Erosion of its brand due to over-diversification was another issue. Next has lost ground since 2005 but seems to be emerging now from the underperformance period according to the graph below:

An industry expert, Raoul Shah, CEO of Exposure evoked that Next should develop a higher brand profile and image and senior executives need to plan new communication strategies, be more visible in the media, give more interviews and build deeper relationships with customers and stakeholders. (Proquest, n. d). Essentially there has to be a corporate identity management in place.

This report will seek to investigate the corporate communication strategy of NEXT Plc with regards to its stakeholder management, Corporate image and identity, its Human resource management among others. These will be achieved through research, recommendations and conclusions will be made based on findings from the company website, articles on the company and its industry, journals, their annual reports and other relevant materials.

2 FINDINGS

2.1 What is Corporate Communications?

Corporate communication is the ability of an organisation to effectively communicate to its stakeholders. This definition gives a general overview or understanding of what corporate communication is about. Looking into a more complex and detailed definition, corporate communications would then be defined as:

“ an instrument of management by means of which all consciously used forms of internal and external communication are harmonised as effectively and efficiently as possible, so as to create a favourable basis for relationships with groups upon which the company is dependent ” . (Van Riel, 1995, p. 26)

Van Riel(1995) supports Aberg (1990) that all communication activities within an organisation must be integrated so as to support the achievement of the organisation's aims and goals. This is where care must be taken so to address communication complexity effectively and efficiently. It is about the reputation of the organisation, people being able to identify with the organisation and about the formal systems of communication at the highest level.

<https://assignbuster.com/corporate-communication-strategy/>

Please see Appendix 1 and 2 for a history and timeline of Next Plc.

2. 2 Image Identity and Reputation

Image is the picture of an organisation as perceived by target groups while identity is associated with the way in which a company presents itself to the target groups, by the use of symbols, communication and behaviour (van Riel, 1992). Argenti (2007) also states that image is a reflection of an organisation's identity. These definitions shed light on the fact that there is but a thin line between image and identity as the former sees from the outside while the latter projects from the inside. It was reported that Next was breaching regulations by billing customers for delivery costs even if they return goods within seven working days. This would have damaged Next's corporate image, but the company's executives were quick to offer apologies to redeem its image. (BBC Business News, July 2010). According to Richard R. Dolphin (1999), people learn to identify with a company by noting everything it does.

In terms of image, whether a customer chooses to visit a Next retail store, use the Next Directory or visit the Next website, the strength of the brand continues to be the most powerful attraction and a consistency of design, quality and value their customers know they can trust. To support this, Richard R. Dolphin (1999) says organizations communicate with those that they perceive as stakeholders because they desire an enhanced awareness, understanding and appreciation of their identity and their core beliefs as well as of their products and their services. Next has an outstanding record of achievement as a result of continued success of innovative shopping

concept. Next's distinctive styling and exclusive designs have given it a strong brand image which remains their greatest asset.

George Davies, a retail entrepreneur, believed in the 80s that tailored jacket could establish Next, as long as it represented fantastic value for the price and high quality (identity). This was their brand positioning at the time. In February 1982 Next opened its first seven shops and the sales were two and-a-half times what the company had originally estimated. Davies found a ready market for his merchandise (as customers were able to identify with the positioning) providing what he called "affordable collectables", which represented good design at reasonable prices (image). (Fashion encyclopedia)

Next was able to give the public a better product in terms of their expectation of quality at the price point.

Also, Next logo has been changed from time to time in terms of the use of upper and lower case letters and also background colour probably as a brand repositioning strategy. Even the name 'Next' suggests something to look forward to which essentially says a lot about how the company wants to be perceived or positioned in the minds of its customers hence translating into the image as conceived in the minds of its various stakeholders which over a period of consistency earns the company a reputation. This relationship is supported with Argenti's Reputation framework (figure 1. 2).

2. 3 Management of stakeholders

Cornelissen J. (2008, p. 42) defines a stakeholder as "any group or individual who can affect or is affected by the achievement of the organisation's

purpose and objectives". Next addresses environmental, social, ethical and business related impacts on its stakeholders as a way of managing and bringing value to them. (Next website)

NEXT has a strategy of addressing the issue of the organisation's reputation as there are different expectations from different stakeholders. The Board at Next represents and promotes its shareholders' interests. The Board gives account of the performance and activities of the Group and then communicates this with its shareholders with respect to the business activities.(Ezine Articles 2009). The company recognizes a need to address every kind of stakeholder it has.

Next adopts and implements a code of conduct that delivers benefits for its workers across the globe by which means it fulfils its responsibility to uphold international labour laws with its suppliers. The company sources the products it sells from many countries around the world. It recognizes the responsibility it has to work closely with its global suppliers, and is committed to ensuring its products are made in a clean and safe environment, in accordance with all relevant local and national laws and legislation, and by workers who are treated with respect and paid fairly for the work they do.(Nextplc. co. uk).

Every company has got its own reasons for being in business. For whatever reason for which a business might be in existence, it must take into consideration its responsibility to the environment in which it trades which includes its stakeholders (Government, shareholders/investors, suppliers, customers, etc) and the world at large.

Please refer to the bibliography for a full statement of Corporate responsibility from Next and how it relates with each group of stakeholders.

2. 4 Role of Culture

According to Tourish and Hargie (2004), culture can be defined as “ a collective (for example society, organisation, group or sub-group) interpreted for its sense of social integration, differentiation, and fragmentation”. It is the culture of Next to have the interest of its people(including stakeholders) at the centre of its business.

As a result, the company had its business strategy implemented within a genuine organisational culture and continuous investment in its employees. This in essence gives employees a sense of security and loyalty towards the organisation and in essence help to relax the power distance(Hofstede’s power distance) between employees and their bosses. A multi-national organisation such as Next, by reasons of its geographical dispersion will work with and employ people from diverse cultures, hence the need to possess a sensitive communication strategy. Cornelissen J.(2008, p. 71) describes an organisation’s culture as “ *the values as felt and shared by all employees of the organisation* ” . For instance, to contain the situation of cultural differences and language in its countries of operation, Next has a multi-lingual website for its online home-shopping, Next Directory. This is a good step in the right direction in terms of communication strategy.

With regards to Hofstede’s concept of individualism, Next plc supports collectivism rather than individualism. It encourages employees to be integrated to a single corporate group rather than individual groups. It has in

place a training and development team which designs and implements interventions to drive forward the fun, fair and rewarding culture of working together.

2. 5 Role of Technology

According to Tourish and Hargie (2004), a torrent in recent years resulting from the surging river of technology is a key feature of the organisational landscape. Technology has proven to be very dynamic in nature and for an organisation that wants to reach and connect with a vast majority of its stakeholders or even expand its customer base in a competitive world, it must also be technologically pro-active. Tourish and Hargie (2004, p. 74) supports the views of Clampitt and Downs(1993) and Hargie and Tourish(2000), that communication has been at the centre of successful organisations, causing a challenge to create a communication system that is efficient and effective when it comes to addressing the needs of its customers and external and internal stakeholders.

Internet popularity and new media reception offers enormous opportunities for NEXT to improve its communication strategy. According to Tourish and Hargie (2004, p. 74), technology alone does not solve problems, it only offers opportunities so it must fit into already existing communication strategy. Next increased its customer base to over 2 million with the launch of the Next Directory internet shopping in 1999. The website also has multi-lingual features which helps to translate to other languages to aid user friendliness. This strategy will help Next to influence its customer behaviour. Next is a people oriented organization. Even employees may have instant access to

senior managers via their e-mail address, which in essence reduces power distance as Hofstede's cultural dimension illustrates.

2. 6 Human Resource Management

Beardwell et al (2004, p. 6) supports Legge(1995) that " the analysis of HRM in terms of style has revolved around whether it can be regarded as hard or soft". Soft HRM according to him is often viewed as ' developmental humanism' in which the individual integrates into a process of work that values trust, communication and commitment while Hard HRM emphasizes cost minimization strategies. With regard to the Soft HRM, NEXT employs over 58000 people and sees its employees as valuable assets to the organization and is committed to their development by providing a working environment in which they can to achieve their full potential and accessing opportunities for both personal and professional development.(Nextplc. co. uk). Next's recruitment is done online via the HR department.

Next's human resource approach is a mixture of both the Hard and Soft approaches in line with McKinsey's 7S model(pictured above). Employees enjoy an environment of support and respect, fair treatment, listened to, welfare and motivated to achieve their full potential, which is the core of its human resource management. Next applies the soft approach of recruitment policies, development and training of employees and is also committed to investment of time and resource for support, engagement and motivation of employees to feel valued, developing rewarding careers and want to stay with the company. There are reward systems for employee motivation as a hard approach. As the business continues to develop, Next understands that effective and committed employees will help to continue delivering excellent

quality products and services to its customers. This suggests an 'output-based' HRM. Ulrich's model of HRM can be substantiated with Next in that, most of its top people (executives and non-executives alike) have been with the company for many years and this is because Next makes its employees feel valued thereby gaining their loyalty and they, over the years, work through the four roles till they become strategic partners.

The Harvard HRM framework as developed by Beer et al(1984) explains that every organization must recognise all groups of stakeholders. Most of Next's success can be attributed to its business strategy infused with stakeholder centred HRM strategy which can be confirmed with its statement of social responsibility. (Appendix 3)

2.7 Corporate Governance

An enforced and well defined corporate governance provides a structure that works for the benefit of everyone concerned(at least in theory), by ensuring that the enterprise adheres to formal laws, best practices and to accepted ethical standards.

Next has got various committees and officers overseeing its many business units in order to ensure smooth running and effective corporate communication flow. Figure 1.3 below further explains the general order or structure of corporate governance which also explains that of Next Plc. Next has a four-member audit committee which reviews the risk management process thereby referring significant risk issues to the Board for consideration. Next Board is responsible for major policy decisions whilst delegating more detailed matters to its committees and officers including the

Chief Executive. (Next Plc, Corporate Governance). The Board at Next represents and promotes the interests of shareholders (Ezine Articles, n. d) and also other arms including the HR and PR departments are there to help ensure communication strategies are effectively implemented.

3 Conclusions and Recommendations

In conclusion, the organization has to be sustained and successful so effective corporate communication strategy is very essential in tackling its communication challenges. As a result of the unpredictable nature and diversity of stakeholders, drawing up a corporate communication strategy can in fact be very challenging. Sometimes stakeholders still lack commitment to an organization no matter how the organization tries to keep them informed or involved. The management of Next Plc had trivialised this important fact and went on playing on their customers intelligence by breaking consumer law in failing to refund delivery charges on goods bought online even when returned within seven days. The media got a hold of this activity and then made it public. This singular act could make it difficult for Next to achieve its own objectives with its stakeholders. The effect of it was damaging on the company's image and reputation but the management was quick to offer apologies to their customers before any further damages could be made..

Also with the concept of cultural division, Next as a multi-national organization employs and works with people of diverse cultural orientations and backgrounds who sometimes may see different meanings to the same words or statements. Multi-national companies may not always be able to adapt to all the cultural differences and at the same time maintain

consistency in portraying their corporate culture but they would have to make strategies that inculcate cultural common grounds. It is sometimes difficult selecting the appropriate channels as well. For instance, Next plc has a multilingual website, though not all languages are included. This also poses a challenge as some cultures might feel left out. Next Plc is committed to abiding by rules and regulations in countries where it operates. Changes in laws and regulations of different countries are also unpredictable as most of the times they may run counter to an organization's strategic interest. These changes sometimes create difficulty in maintaining its performance culture; for this reason it is confident but cautious at the same time.

Against all odds of adverse circumstances and social rethinking, Next has continually moved forward the high standards of quality and processes of improvement using its keen minds. Thereby managing communication complexities arising in relation to its stakeholders. Hence, its ability to synchronise image, identity, reputation and human resource management.