

# Case study of internal communication management essay



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Internal communication means all methods (internal newsletters, intranet) used by a firm to communicate with its employees (Cornelissen, 2011, p. 259). Employee participation is defined as a general situation or communication mechanism allowing employees to participate in decision-making and operations of an organization (ibid, 256). Themed messages are messages that are identified as central to the organizations' reputation and that are designed to change or reinforce perceptions in line with a vision of how the organization wants to be known (ibid, 266). Crisis is defined as a point of great difficulty or danger to the organization, possibly threatening its existence and continuity and that requires decisive change (ibid, 255).

Tesco is the most successful retail company and a competitor to Carrefour (Fortune, 2009).

These concepts will be further developed and used under each section with an examination of the situation concerning the case company.

## 1. 2 Methodology

When conducting this study, we made a conscious decision to focus on the website to find out how Carrefour is communicating with their stakeholders with interests in the company. In order to examine how statements are perceived by the public, we reviewed different independent sources such as online articles to see possible differences. For the last question regarding crisis management, we decided to focus on issues affecting only Carrefour, nevertheless another perspective would have been to analyze the impact on the whole industry. Since we chose to give a detailed analysis of Carrefour we deliberately ignored the analysis of the retail industry. This choice was

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made in order to easily identify how the actual company handled situations independently of other companies. Our limitation in this report was the challenge of finding appropriate information and to find relevant information about communication in Carrefour to analyze. We could not find any clients' opinions on the web or within any other forum. It is unfortunate that we have not been able to talk first-hand to employees of Carrefour but instead we have relied on our own interpretations of how communication is handled within Carrefour.

Our main sources of information in this report are gathered from Corporate communication - a guide to theory and practice (Cornelissen, 2011), the articles suggested during the course, the company's website and articles found online. Regarding the geographical limitations, since Carrefour has a lot of employees in France, it was interesting to focus on their employee participation strategy in France. However, Carrefour is a multinational company so we also highlight the impact Carrefour has on the world such as the recent scandals in China.

### 1. 3 Outline of the report

This report will examine Carrefour's ability to handle business communication situations and past incidents in the company's history. We will go through each of the four questions and then give a summary and some recommendations on how to improve Carrefour's internal communication further.

## **Case company- Carrefour**

Carrefour was founded in 1959, by the Fournier and Defforey families and the first Carrefour supermarket opened the following year, in France. The company went public on the Paris Stock Exchange in 1970 and has been enjoying success through continuous expansion since then. Today, Carrefour is the world's second largest grocery group, currently number one in Europe with 15, 000 grocery stores operating in 34 countries ( Carrefour, 2011). The stores are mainly in Europe, Latin America and Asia. The group essentially operates a multi-format strategy based on four kinds of grocery stores; hypermarkets, supermarkets, convenience stores and hard discount stores.

In January 2009 Lars Olofsson was appointed CEO of the group and the same year sales numbers surpassed 107. 000 billion Euros. During the financial crisis, Carrefour responded to the increasing need for low-cost merchandise by creating their own line of low-cost products: Carrefour discounts (The Economist, 2008), a complement to their previously created lines; Carrefour Selection, Carrefour premium, etc.

## **Carrefour as a communicator**

### **3. 1 Carrefour and its internal communication**

The first step to analyze and have a better understanding of the company's internal communication is to log in on Carrefour website and compare their statements with other sources. One way to determine what the organization wants to portray to their employees is by looking at the organization's mission. " The mission is a concept created to communicate what the organization see as their purpose in line with the values or expectations of

stakeholders” (Cornelissen, 2011, p. 261). It is a tool that will help the organization succeed with their corporate communication, and is a concrete way to ensure that actors within the organization are aware of how to work in their everyday context (Cornelissen, 2011);

“ We share a dream: to make Carrefour a business that is recognized and loved for helping its customers and consumers enjoy a better quality of life, each and every day” (Carrefour, 2011).

Another way is to identify the company’s practice is by looking at their values (Cornelissen, 2011). Carrefour identifies three clear values that will assist the employees and serve as a guide in order to succeed with the above-mentioned mission statement. It is the words, committed, caring and positive that should serve as a guide in these matters and the organization’s top priority is said to exceed the customers’ expectations (ibid).

Carrefour states that they are working with their strategy by focusing on three main areas. They will be the market leader through a client-oriented culture, transformation and innovation approach. To succeed with the desired transformation, a new process will be initiated where sharing of knowledge within the organization is essential. Carrefour will try to improve the connection between their offices, the markets and the stores to create a better working place (Carrefour, 2011). Our interpretation of this is that communication as such will be of key importance in this process. When examining the style and direction of the communication, we perceive the style as very positive where Carrefour wants to be “ the obvious choice”. They also state that their daily operations will not have any negative effect

on the environment and that they see opportunities instead of challenges reading this area (Ibid.). Carrefour has a recently created intranet called “Quatre event”, which is a tool for internal communication among managers. With this new platform certain employees have the opportunity to improve their communication and share experiences and knowledge within the organization (Quatre Event, 2011). Another example is the system “Carrefour Quiz” which is used as a tool to assist in the clarification of the employees’ education level and knowledge base about the company, and how these levels might differ in different regions. Another step to get deeper into our analysis would have been to understand which employees are interlinked and which are not. However, this step could only be achieved by interviewing Carrefour’s employees, and unfortunately this assignment did not leave room for that.

Furthermore, Carrefour is using a French management style which is very top down and dependent on a high degree of control (Jacobsen et al, 2011). This form of organizational structure might affect the communication system and also the direction of communication. We argue that a horizontal structure would be good for Carrefour in order to encourage interaction and involvement of all employees in the entire organization, enabling dialogs, often called two-way communication (Cornelissen, 2011).

### 3. 2 Carrefour as an exemplary employer

With over 475, 000 employees around the world and 140, 000 of them in France (Carrefour 2011), Carrefour group belongs to the global top ten private employers. Carrefour aspires to be seen as a global role model in

human resources management and social responsibility. When it comes to stimulating employee participation and providing a voice to the workers, Carrefour seems to be an ideal employer in theory but our interest is to compare this with practice. Through their corporate website, Carrefour claims to drive “ HR policies designed to motivate everyone” (Carrefour, 2011). The Carrefour group strives to adapt its HR policy to meet the expectations of its employees and one of Carrefour’s main objectives is to be considered as an exemplary employer. To help achieve this, the company has set up feedback mechanisms that allow management to understand employees’ expectations regarding career development. But it seems that not all involved parties agree on the definition and usage of this feedback. On April 9th 2011, Carrefour’s employees throughout France went on a one-day strike against low wages, job cuts and poor working conditions. It was reported that around 150 out of 200 stores were affected by this strike. The reason for these actions was due to the fact that the majority of the employees at Carrefour earn the minimum wage, currently at 9 EUR/hour. At the same time Carrefour announced (in March 2011), an increase in profits by 11 % in 2010. This clearly upset the employees where they could not find a good explanation for these decisions. The strike originated in a rising opposition to top managements’ plans for cost-savings, targeted at 2. 1 billion (Ira, 2011). Under these circumstances it is difficult to consider Carrefour as a company which provides a voice to and partnership with its employees. Nevertheless, Carrefour was reactive to find a solution to the conflict; on April 13th 2011, after meeting the unions, HR Director Jean-Luc Masset promised to take action and the unions declared their satisfaction with the agreement (ibid.).

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On their corporate website, Carrefour claims to develop well-being in the workplace by constantly communicating with employees and their representatives. In recent years, Carrefour has developed its "Listening to Staff" survey. This initiative is protected by basic ethical standards and the idea is that groups of 12 employees are invited to express themselves anonymously on different aspects of their work and life within the company. The results are then handed out to the employees and their representatives, to identify areas for improvement. In 2008, the following weak points were identified: the work was seen as uninteresting and many do not feel proud working for the company (Carrefour, 2011). These areas for improvement were identified, and Carrefour now needs to invest time to implement certain changes to make sure that these weak points do not appear in future surveys. The gathering of work schedules in French hypermarkets in 1999, enabled check-out staff to actively participate in the planning of their working hours. The main idea was to give employees a wide choice of working hours and enabling them to balance their working lives with their personal lives. But the system was not as flexible as it may seem, according to French legislations, stores are allowed to be open on Sundays but companies cannot force people to work during weekends. So work during Sundays is instead done on a voluntary basis. However, in July 2009, three employees at the store Dia (Carrefour Discount store) got sacked for 'insubordination' and 'not respecting the working hours plan' since they had refused to work on a Sunday due to parental commitment reasons (NouvelObs, 2009). Another example of Carrefour's effort to try to create versatility concerning the working hours was the introduction in 2008 where Carrefour offered the employees an opportunity to combine the work at <https://assignbuster.com/case-study-of-internal-communication-management-essay/>



Carrefour with working at another company or in another store location (Carrefour, 2011). This initiative could be seen as an advantage for Carrefour because they can benefit from more flexibility in the organization.

Nevertheless, employees still has the choice to work on a part-time basis.

This is another example of how Carrefour wishes to be perceived as an exemplary employer to keep attracting employees who prefers to work for a high reputation organization. The company's hope is that attracted employees will work hard might also accept lower remuneration (Cornelissen, 2008). For Carrefour, just as for other companies, it is essential to have and keep a good corporate reputation due to its strategic value for the organization. This type of reputation is also very hard to imitate for competitors (ibid.).

### 3. 3 Carrefour themed message: a customer approach

Themed messages are messages that are related to specific capabilities, strengths or values of an organization. A themed message is mainly directed towards stakeholders in order to increase their knowledge about the company and create a good reputation. The company also strives towards creating a mental position in the stakeholders' minds concerning their vision, and to align stakeholder with the company's direction and future goal. A gap sometimes exists between stakeholders' own image of the company and the company's vision which shapes the basis for the formulation of a strategic intent: the intended change. An attempt to decrease this gap between the company and stakeholders' image of the company's strategic intent, is to translate communication into themed messages. These messages make it possible to align the vision, with stakeholder image and create a unified

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image of the company externally. After this step has been made, these messages are translated into different styles (Cornelissen, 2011). The Carrefour group has stated one simple ambition which can be referred as its vision: making Carrefour the preferred retailer wherever it operates (Carrefour, 2011). In 2006, Carrefour group strengthened their vision for the future and their new strategy comprises a more customer-focused approach to selling with two key words: customer and growth. According to the previous CEO of Carrefour Jose Luis Duran, there were previously too many priorities at the same time and at different markets. This led to a decrease in market shares in France for five years in a row. Nowadays, the focus is instead on basic and simple values, which Carrefour hopes will bring their previous success back (Durstun, 2006).

As a themed message, Carrefour uses their core capability; their customer's approach. An important factor in the retail industry is the customer's loyalty perspective since the customer is the main source of value and profit. To ensure that customers around the world feel appreciated, we believe that Carrefour should develop a flexible awareness of cultural adaptation while operating in different countries. We also believe that there is a need for improved communication between different levels of managers, both global and local, to be able to successfully converge into the local markets, and also encourage local staff to share their knowledge.

By looking at Carrefour Group values; committed, caring, positive (compare with question 1), we see that the company often stresses on the emotional message style. They make the customers feel safe and warm inside as they perceive the warm messages from a lower-level perspective (Cornelissen, <https://assignbuster.com/case-study-of-internal-communication-management-essay/>)

2011). Organizations using this message style aim to reach stakeholders at a visceral level to try to regulate the emotional responses of stakeholders in the corporate communication. We believe that the emotional communication choice is optimal when reaching out to customers, since retailers are highly dependent on loyalty. This message style is also useful during times without huge campaigns, such as Tesco's support of Cancer Research UK. This style makes it possible to use symbolic association which assists in the customers' psychological differentiation and an even stronger emotional link between the company and the stakeholder is created (Cornelissen, 2011). However there is a risk with this message style. Since it is so easy to use, it is also easy for competitors to copy.

After examining the Carrefour Group's website, we realized that they does not use any community values or put any significant emphasis on what the company can provide society as a whole. As an example, Carrefour's competitor Tesco is often using values such as fair, goodness, honesty and responsibility. It's clear that the two companies have made different choices concerning what values and message themes they want to transmit.

One option for Carrefour Group could be to use their present symbol to a higher extent and use this symbol at every market as well as changing its colors to match the national context. This could create a stronger link with customers that is more attached to their culture and is not easily attracted to a foreign chain (Carrefour, 2011). Furthermore, Carrefour could strive towards localized cultural values in every country of operation, and respond to local needs and customers demands in the different settings.

### 3. 4 Carrefour in a crisis context

Carrefour is a vast company and it is inevitable that they will be subject to incidents from time to time. Naturally the main indicator of success and remaining result, is the result of how management of the organization was able to handle these difficulties. A crisis can be defined as an issue that requires immediate action from the organization (Cornelissen, 2011). During the last years, the East-Asian markets, China and Japan, have provided the Carrefour management and the headquarters in France with some difficulties. In 2008, a Chinese rumor was spread nationally stating that the European giant Carrefour was for the liberation of Tibet and also against China hosting the Olympic Games later that year (New York Times, 2008). The Carrefour headquarters lacked coordination in their response to this issue and support to the local managers. Shop managers publically stated that Carrefour was not going to make any statements in political discussions. An official statement from the French headquarters was made a few days later saying that Carrefour did support the Olympic Games in Beijing and considered Tibet as a Chinese province. However, the Chinese customers became aware of these contradictive images and the boycott continued. In this case, top management was unfortunately one step behind the actual happenings in the Chinese market and they created a bigger confusion due to their inability to coordinate the public statements and their contact with local managers (EastSouthWestNorth, 2008). Earlier in 2011, both Carrefour and their American competitor Wal-Mart were involved in Chinese law suits due to incorrect pricing in the stores, confusing labeling and exaggeration of discounts. It is as if both this companies “ under-estimated” the Chinese

customers and their ability to analyze information in the stores. We can only speculate about the importance of a well-functioning Chinese market within Carrefour and which priority the region has had so far, but we believe that the Chinese market will increase its importance even further on Carrefour's agenda. Shop keepers within the Carrefour group have stated that most local activities still need to be approved by the European headquarters which can be seen as time-consuming. With the global expansion of the company, the overall structure should change to more regionally-based offices, so the focus can stay with the customers (Global Times, 2010).

Carrefour struggled for a long time in Japan, due to the very safety-conscious local customers and the unfortunate mistakes Carrefour made while mistreating certain foods, leading to national headlines. The company's strategy of rapid expansion in new markets failed in Japan due to lack of trust from the customers (BNet, 2007) and the company had to give up the Japanese market during the financial crisis. We believe that in both the Japanese and the Chinese case, Carrefour has not taken the local cultures into account while setting up their businesses and defining regional goals, something also discussed in the previous question. The customers in East-Asia might not be as cost-conscious as customers in Europe are, but instead their concerns evolve around how food is presented in the stores. This should have been discussed at an early stage and the goals should have been on a long-term basis instead of focused upon rapid expansion. It might take longer time to settle businesses in the East-Asian markets. But with patience, the long-term results would most likely be worth it. Cornelissen classifies these types of events as faux pas which often begin between an organization and a

particular external agent who starts to challenge the appropriateness of the organization's actions (Cornelissen, 2011). The way that Carrefour responded to the difficulties during the financial crisis was through hiring new top managers with large experience from crisis management within competitors (Reuters, 2010) and setting up a clear action plan for the upcoming year (LiveMint. com, 2011). It seems to have been a top priority for the Swedish CEO Lars Olofsson to make changes in the management team and to reorganize the business and become more profitable in their core brand (The Economist, 2011). In accordance with Cornelissen (2011) we suggest that Carrefour would continue focusing on their crisis contingency plans to ensure that future crisis situations do not become grave due to the personnel's inexperience. To make sure that everyone knows who to contact for assistance within the organization regarding these situations and also know how to handle the crisis from the beginning. A crisis can also be seen as an opportunity for change (Veil, 2011). A company such as Carrefour can actually benefit from crisis if it is sensitive to the differences of cultures and customer expectations when expanding into new markets.

## **Summary**

After our examination we found that there are some differences concerning the communication systems. First of all, the company states that they want a better interaction between the office, market and actual stores. However we feel that the communication is more integrated between the head office and the manager then trough out the whole organization. Therefore you get a feeling that the communication is more top-down and that the organization is quite hierarchical. When we look at their general style, Carrefour states

that they want to be loved by their consumers. However, the company has been fined for cheating the costumers regarding incorrect pricing. We have a feeling that there are differences between what the company state in theory and what they actually do in practice.

Carrefour future goal is to become the preferred retailer wherever it operates and for that they use their core capability, the customer's approach in order to get closer to the consumers of their products. At the same time they stress values as committed, caring, positive which we see as an emotional message style in communication with their clients. Hence, there could be possibilities in the future to use symbolic association message styles by responding to the direct needs of customer preference of the outlook of stores and products sold there.

Carrefour has been struggling during the last few years with a number of different incidents and crisis which has led to a public awareness of the organization's weaknesses. Due to the ongoing re-structure of the organization as well as a clear and transparent action plan, management is trying to improve the view of the organization and hopefully also becomes more sensitive to the cultural differences found in the regions of continuous expansion. By listening to local management and their experiences, Carrefour has the chance to not only continue their desired growth on existing markets but also communicate local awareness and understanding to the customers and employees. We believe that this will lead to a more sustainable growth for this global giant.

We also argue that Carrefour should consider their organizational structure and examine if other organizational structures could help the company become more successful concerning their internal and external communication. A re-organization would make it easier for employees, customers other different stakeholders to communicate their opinions to the management of the organization which should be taken seriously and can be useful in future improvement, both locally and globally.