

Article

## The Role of Communication for Strategic Management in 21st Century

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**Abstract.** 21st century is heavily influenced by rapid development of digital technologies and the volumes of information. This brings challenges to organizations striving to acquire better position in the global marketplaces. One of the challenges is how to bring innovations in this fiercely competitive global environment that would lead companies to achieve their strategic objectives. The article implies that all employees must be involved in maintaining internal and external communication, which has to be strategically oriented. It means that communication planning and performance should be integrated in the company's business strategy and executed in all levels of management since it affects the image of an organization.

**Keywords:** internal and external communication; strategic communication; strategic management; organizations.

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### Introduction

In 21st century both organizations and users are facing challenges brought by intense globalization, information, and communication technologies (ICTs). More and more information is produced worldwide and distributed through different media channels and newly emerging platforms, which according to Manuel Castells, created "Networking Society" [1] and brought "The Information Age" and informational capitalism [2]. From the user perspective, this situation brings issues related with how to deal with such amount of information and maintain critical balance while using sources from internet. On the other hand, organizations must invent new ways of attracting user attention to sell their services and products, therefore, management would achieve its objectives and provide substantial results. According to Marin Buble, "the changes in the external environment have led to a number of changes in the internal environment, especially in the organizational structure"[3:12] also design [4] and in the communication context it is reflected in customer-driven marketing environment and "relationship-based marketing", which show the changes of marketing and communication.

This article aims to discuss the role of communication for 21st century strategic management and argue that in 21st century communication must be not only implemented in all levels of management, but also strategically oriented internally and externally to effectively maintain the image of innovative organization.

### 1. The Context

Business environment in the 21st century is constantly affected by the development of digital technologies and wider processes that are shaped by economy. According to Robert M. Grant, business strategy in the 21st century is affected in three main ways: how companies are flexible and responsive, how they develop strategies for competing in a broader market space and what are the responsibilities of corporation and role of management [5:444]. Digitally driven knowledge revolution raised the questions about new directions in strategic thinking and uniqueness of every company that must create a unique combination of strategic variables and ma-

agement practices [5:449]. This also is needed to gain competitive advantage in the marketplace, because focusing on strategy fundamentals does not necessarily lead to simple strategies and in many industries increased competition requires that established players access new sources of profitability [5]. It is relevant to raise a question how to create this new source of competitive advantage?

Since the success of any organization depends on "the effective and efficient use of communication by its workforce" [6:7], it is paramount to emphasize that without communication it would not be possible to plan, lead, organize and control the resources of organizations [7]. Consequently, communication in 21st century has faced variety of transitions influenced by rapid globalization and technological innovations that shapes how organizations plan their communication and are led, organized, and controlled by their management.

According to Kitchen and Burgmann, the multiplication of media, demassification of consumer markets, and the value of the Internet in today society are just three of the areas in which technological innovation has impacted communication [8:1]. A global marketplace became more transitory through the internet and that may have led to a customer-driven and focused marketing environment. It also means that "demassification of markets and outside-in approach most customers make their purchase decisions based on information of perceived value and not based only on the information a company chooses to present to them" [8:4].

On the other hand, organizations started to pay more attention for communication measurability rather than its planning. Moreover, it was noticed by M. Reid, S. Luxton and F. Mavondo that "in response to concerns about the impact of hostile marketing environments on brand equity and increased management expectations related to marketing performance and accountability, many organizations considered how to improve the management and integration of their marketing communication programs using integrated marketing communication (IMC)" [9:110].

Therefore, it is vital to notify that in this age of increased and fierce competition in the global marketplaces focusing only on external communication and its monitoring and measurability might

not be enough for the companies to achieve better position in the market or bring new innovations. According to Drucker, core competencies are different for every organization, but every organization—not just businesses—needs one core competence: innovation [10:119]. One of the new ways of communication management is connected not only to communication strategy and strategic communication, but additional tools such as IMC as well. Implementation of IMC in organizations needs to be taken into consideration, because it requires the involvement of the whole organization and its agents from the chief executive downward and it needs consideration from the highest corporate strategic level down to the day-to-day implementation of individual tactical activity [9:11]. Consequently, constant learning, training and adaptability to changes should be enhanced in organizational communication context.

## 2. Communication in Organizational Context

There are different descriptions of communication as a process. According to Onyesom and Onyesom, communication is "a process of generating, transmitting, receiving and interpreting messages in interpersonal, group, public and mass audience contexts through written and verbal formats" [6:8]. Another description stresses that communication is a process of information, ideas, and opinions exchange within, between or among individuals, groups, organizations, nations in a social context [11].

The latter concept leads to organizational context where more specific group of people is involved in maintaining communication. That specific group is usually employees of the organization and even though in early 2000s organizational communication was seen as internal communication which involves the transactions between individuals and groups of various levels and in different areas of specialization and those transactions which are intended to design and redesign organizations [12], later, it has been observed that most companies focus more on producing communication plans for external use, like the development of marketing strategies and often "internal communication is not addressed in the same way" [13:21].

It is also vital to mention that in the corporate setting, the communication activities are usually targeted to the company's internal and external audiences, employing various methods of communication appropriate for each, therefore, companies form specialized departments to manage their communication [13:21]. If we are taking into consideration organization's strategic objectives and how they are realized including consequences, communication "needs to strike a balance of both positive and negative consequences based on objective measures" [14:95]. It means that certain alignment and coordination between business units responsible for strategy execution is needed.

Communication becomes crucially important during changes within organization and its management and according to Voehl and Harrington, "you begin at the top, create an enrolment plan, shift people's paradigms toward alignment, and have the leadership team communicate and demonstrate what it will take for everyone (themselves included) collectively and personally to succeed" [14:95].

Moreover, there are at least 10 managerial roles [15:7] where the importance of communication for leadership and management can be recognized. There is information processing, interpersonal and decision-making roles. Looking more detailed into these roles you can find the roles of spokesperson, liaison, disturbance handler, negotiator and more [15]. These roles are attributed both to leaders and management, because "managers will need to learn how to lead while leaders have to learn how to manage" [15:8]. Consequently,

the interrelation between internal and external communication and acknowledgement and importance of both for management must be highlighted.

## 3. Importance of an Image for Company's Long-Term Communication Orientation

Specifically, Vladutescu [16] argued that communication is especially needed in enterprises to:

- a) establish and disseminate the goals of an enterprise;
- b) develop plans for their achievement;
- c) organize human and other resources in the most effective and efficient way;
- d) select, develop and appraise members of the enterprise;
- e) lead, direct, motivate and create a climate in which people want to contribute;
- f) control performance;
- g) inform management about regulatory activities of government;
- h) be aware of the concerns of the immediate community;
- i) reduce incidence of industrial unrest if properly managed;
- j) establish and disseminate the goals of an enterprise;
- k) develop plans for their achievement;
- l) organize human and other resources in the most effective and efficient way;
- m) lead, direct, motivate and create a climate in which people want to contribute;
- n) control performance.

There are more detailed factors that shape everyday communication in enterprises, but mostly they are attributed to management as their responsibility. Vitorrio Coda emphasized the role of communication that has impact for the firm's ability to generate sustainable profits, that is based on competitive success and the consensus of different stakeholders (other than customers) and maintaining competitive success and consensus that are key ingredients for fuelling, rebuilding, and growing the technological, commercial, financial, organizational, human, and social assets of the firm [17:146]. Internal and external communication plays a key role "in producing intangibles which enhance the attractiveness of the offering of goods or services to customers or the offering of collaboration to a given stakeholder; in selling these offerings to interested stakeholders; in crafting and disseminating a powerful, attractive image (for the company and/or the product). As this image paves the way for commercial and social consensus outside the firm, it fuels a positive pressure to work for the functionality and development of the firm" [17:146].

Communication and its management in the organization can be oriented towards short-term or long-term perspective and this is also crucial while bridging theoretical connection between strategy and communication.

From a short-term perspective communication is implemented and managed fragmentally and episodically without unifying goal and business strategy which links all communication activities and express companies' functionality and sustainable development. While long-term perspective is a basic strategic orientation transformed into integrated management of myriad communication activities which are mutually coherent over time and which aspire to build and enhance a powerful and attractive corporate image [17:151]. According to Coda, company's image is essential when communication is managed with a long-term orientation ([17:151].

Therefore, how the company's image is being constructed, maintained, and represented to the customers really depend on the

efficient management of internal and external communication, which should be reflected in communication strategy that later is integrated in company’s business strategy.

#### 4. Organization’s Image and Position of Brand Communication

Since the image of a company is reflected through the brand, IMC as a communication management tool can help to strategically manage all brand messages that could build its strong position in the market. IMC is also "centered on building and leveraging customer and consumer interests and relationships" [9:12]. Following Reid, Luxton and Mavondo approach [9], the strategic dimension of IMC can be grouped under five broader dimensions - see Table 1.

Customer and stakeholder connectivity already shows the importance of IMC and putting customer first that enhances customer connectivity and organizational responsiveness. While strategic consistency is more related with the brand entity that all parts would send a message to customers and other stakeholders from whatever source, and they should be consistent in order to protect the brand image [9:14].

Cross-functional integration puts attention to the internal and external integration of the organization. It means that top management needs to be involved to drive the process and at the same time internal marketing must be managed in order to provide the foundation for effective IMC planning and reporting [9:15]. If we look more into external communication and especially how the brand can help communicate the image, brand orientation "seeks to add value to an existing or new product or service to give it a competitive advantage and a reason for customers to choose it" [9:16].

Therefore, IMC can be used to form brand distinctiveness and value, which later transforms into an image that influence the consumer and the way he sees it. Nevertheless the value "is increasingly being created outside the physical product by such factors as interactions between the customer and organization, responsiveness to complaints, and customer needs and expectations" [9]. It leads to effective internal and external communication, which is important not only for marketing departments, but to all employees that represent the brand and the company.

Since more and more processes have to be integrated for consistent management and communication of company’s image, not only information, knowledge and changes should be managed and communicated internally (variety of authors have emphasized the concepts of knowledge management, learning organization, leadership communication and change management, which are connected to the strategically oriented organization – for instance, Refs. [18-20,14], but communication strategy and strategically oriented communication could help to orient organization culture, communication policy and shape everyday processes, which could bring innovations and maintain organization’s efficiency.

It is important to emphasize industry lifecycle stages that shape every organization’s management decision related to strategic goals and their implementation. Depending in which stage the company

is, whether it is pioneering (fragmentation), shakeout, maturity or decline, different strategic goals must be set. For instance, if the company is facing the pioneering stage, which is characterized by low market entry barriers when many small start-up firms start competing for the exploitation of business opportunities, it can already prepare internal and external communication strategy, which can be integrated into business strategy and start pursuing strategic goals. On the other hand, this stage is followed by a shakeout when barriers-to-entry begin to rise and "mergers and acquisitions become more common as aspiring market leaders pursue growth and fight for an increased market share by establishing larger operations that can yield scale efficiencies and increased profitability" [21:15], therefore, previous strategy has to be updated and changed according to new market situation.

#### 5. Importance of Strategic Communication

Since digital technologies are rapidly developing and user-driven marketing is still very important, there are questions how future companies would look and operate in this environment. For instance, Zanda highlights wide range of networks that future modern companies will have to focus on, because relationships create opportunities for development and economic success [22:178]. Also she emphasize how this very different environment requires new policies and marketing techniques, because fundamental orientation of marketing tends to change: "it is no longer focused on the product, market share and the need to sell a particular product to global consumers, but on the need to create a lasting commercial relationship with the single consumer, to whom various products or services must be sold over time" [22:179]. Now the fundamental objective is to develop lasting relationships with the individual consumer and encourage her/him to purchase a wide range of products or services that could be called "relationship-based marketing".

This type of commercial relationships constitutes the basis for creating value. Zanda explains more that, "according to the new orientation, it is no longer so necessary for companies to stimulate masses of consumers to purchase to increase total market share. It is more important to develop and put into practice corporate policy aimed at getting to know individual customers, binding them to the firm and its business and creating loyalty to build stable relationships that are reciprocally advantageous. In this way, the company enters the life of customers, supports them, follows them and, gradually, even becomes pervasive in their lives by sharing values and behaviours" [22]. Therefore, the brand is of paramount importance.

To coordinate communication internally and externally and make the brand stronger and maintain the image of the company it is crucial to establish a certain system where communication would be planned and strategically oriented since "organizations that have effective communication systems are known to be more effective than organizations with poor communication systems" [23:21].

For example, Barnard mention that, the organizational structure has influence for the planning process [24:59]. Moreover, "system must operate in a coordinated manner so that decisions and opera-

Table 1. Strategic and Tactical Characteristics of Integrated Marketing Communication (IMC). Adapted according to Ref. [9:14]

Strategic	Tactical
Driven by market-based assets and financial expectations	Campaign-level consistency
Customer and stakeholder Connectivity	Campaign-level clarity
Strategic consistency	Campaign-level coordination
Cross-functional integration	
Resource commitment for IMC	

tions at the various organization levels (from bottom to top) are coordinated and thus consistent with each other and directed together towards the ultimate goals of the company system" [24]. It shows that certain strategy is required and as P. Drucker would say, "every organization operates on a *Theory of the Business*, ... , that is, a set of assumptions as to what its business is, what its objectives are, how it defines results, who its customers are, what the customers value and pay for. Strategy converts this *Theory of the Business* into performance. Its purpose is to enable an organization to achieve its desired results in an unpredictable environment" [10:43].

Organization structure shapes its internal and external processes, accordingly, not only business strategy has to be established and implemented, but communication strategy as part of business strategy as well. V. Coda defines communication strategy as it "should unify and integrate customer and employee needs, the demand for profitability and environmental protection, and so on. Such a strategy translates into events and messages which combine and converge, capturing the public's attention and building consensus around the firm's strategic plan" [17:165].

Following Coda, communication strategy has certain objectives, which are: awareness (modification the attitudes of certain publics), mobilization (engagement of personnel), commercial (undertaking initiatives that target customers in some way), disseminating reputation (carrying out initiatives to increase recognition of the company or brand in new markets) [17:165-166]. These objectives and initiatives are followed by the combination of four elements that are: the messages to convey, the publics to address, the means or channels to use to reach target audience, and the timing to carry out a given initiative [17:165]. Once again, these combinations presumably lead to external communication planning, therefore, possibility to unite external and internal communication should come from the connection of explicit communication activities with the corporate/business strategy. It means that the objectives and prerequisites of communication strategy and business strategy must be properly communicated, along with the results it promises and the commitment it requires [17:174].

If the companies are trying to maintain new ways of communication and relationship with clients, the role of management in determining and integrating communication strategy into general strategy of the firm is essential. Coda offer these modes of management that can be useful while managing communication strategy [17:174]:

- 1) be more or less rooted in a solid strategy and shaped by transparency and coherence;
- 2) use communication mainly for contingent objectives and/or primarily for strategic purposes;
- 3) consume image and other intangible resources accumulated in the past or, on the contrary, strive to enhance and enrich them;

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- 4) be an expression of management aware of its role and of the professional skills necessary to play this role effectively today.

Without management being involved in all levels of maintenance of communication strategy, there would be less possibilities for the employees to understand communication policy and it would affect the organization's culture in a sense of brands and image representation to the target audience. If it is not clear, what are you representing and how should you maintain the image of the organization it sooner or later transforms into everyday communication. Since user-driven marketing environment has the influence for the company's sales and economic performance and the impact of ICT's for communication might continue to rise, strategy and communication should go along and strategic communication should not be oriented only towards external, but internal goals too. This market situation and future perspectives to develop organizations raise the role of strategic management to consider how to reach better efficiency and control rising challenges with strategic approach to communication.

## Conclusions

Information and communication technologies are shaping not only everyday communication, but the environment of organizations and markets that they operate in. The role of communication in 21st century is closely connected not only with internal and external communication, but the outcome it brings for successful networking between clients, stakeholders, and businesses. Even though networks started to be important already in the beginning of 2000s, but their relevance might be more important in future development of organizations, because relationship-based marketing brings the possibilities to engage customers and employees of the organizations in a new type of communication that can affect organization's brand and image.

Since marketing is adapting to relationship-based mode between clients and companies it brings the question about internal and external communication interrelation and its impact for the image and brand of organizations that create products and provide services. To bring innovations and maintain the image of the company it is necessary to orient both internal and external communication towards strategy and implement strategic communication within all levels of management. The task for strategic management is also related with building up strong connection between communication and strategy and later integrate it into business strategy.

## Abbreviations

ICT	-	Information and Communication Technologies
IMC	-	Integrated Marketing Communication

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