

Communication of company with the environment in process building reputation

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Abstract. In the age of information, the communication of companies with an environment is a very important part of building their reputation. The suitable message should be addressed to individual groups of stakeholders whose opinions and attitudes create the reputation of a company. Particular importance is proper communication in crisis situations.

Keywords: company reputation, communication, stakeholders, new forms of media

JEL classification: M 31, O 3

1. Introduction

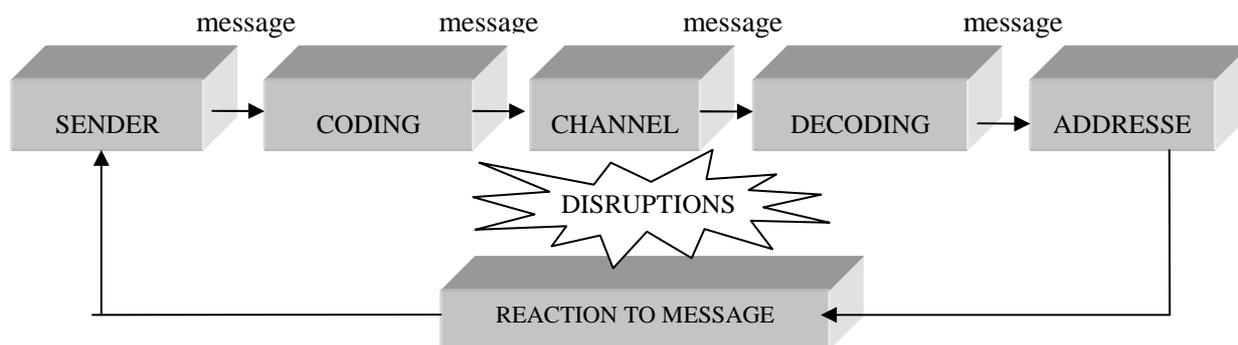
A company is an organization functioning in an environment of different business entities with which establishes specific contacts and builds a relatively stable relationship. Its activity is based on conducting the exchange of material and information with these entities, i.e. on communication. American sociologist, J. Dawey, even states that the company exists thanks to providing information and communicating, that the nature of the company, like each organization, is expressed in processes of communication and communicate with the environment. The purpose of this article is to present the role of company's communication with the environment in the process of building a reputation.

2. Channels and forms of company's communication with the environment

Communication (interpersonal) is a complex term, interdisciplinary, so it is defined at different levels: as transmission of information, perception of communication, interaction, merge, exchange, a component of social process [T. Goban-Klas, 2006, p. 42-43]. B. Dobek - Ostrowska proposes a single, universal definition, according to which the communication is a process of communication between individuals, groups or institutions that purpose is to exchange ideas, share knowledge, information and ideas [B. Dobek-Ostrowska, 2002, p. 8]. This process takes place at different levels, using different resources and produces certain effects. The essence of communication is therefore the exchange of meanings between individuals using symbols: verbal and non-verbal. The verbal symbol is language, which allows the transmission of messages in the form of words expressing certain meanings. In turn, non-verbal symbols can be expressed by eye contact, posture, gestures or way in which we use the space and time [S. P. Morreale, B. H. Spitzberg, J. K. Barge, 2007, p. 32].

A communication process, according to model of W. Schramm (Fig. 1), consists of the following elements: sender of a message - coding - a message - channel of information - interference (noise information) - decoding - addressee of a message - reaction to a message.

Fig. 1. Model of the communication process by W. Schramm



Source: Komunikacja marketingowa. (ed.) M. Rydel, ODDK, Gdańsk 2001, p. 33.

A sender, in order to convey information, makes it coding, i.e. it expresses by a set of symbols: words, pictures, colors, gestures, etc. Coded information, that is a message, is sent to an addressee via a communication channel. A channel is a way and means of transmission of information in the technical sense. The channel can be direct - a talk "face to face" or by telephone, videophone, Skype or indirect- using traditional or electronic mail, fax, newspapers, radio, television, etc. After receiving a message, an addressee decodes its , i.e. reads and interprets its content by using all their senses. During the transmission and decoding of a message, there may be disruptions in the form of various factors (technical or psychological) that hinder, prevent or distort its meaning and significance. Next is a reaction of addressee to a message of sender. Communication is effective if an addressee read and interpreted contents of message as intended by the sender.

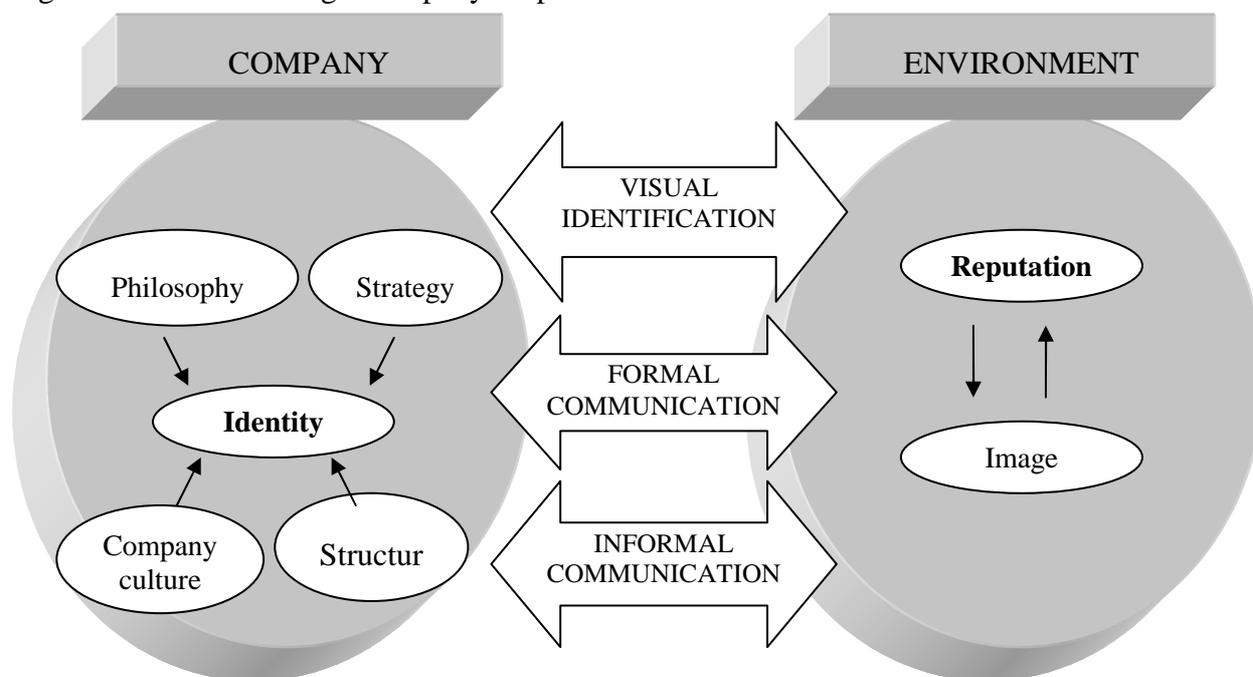
In process of establishing contacts and relationships with an environment, a company uses a variety of forms and tools, both in the framework of indirect and direct channels of communication. The most popular form of indirect communication is advertising, defined as each paid form of impersonal impact on market phenomena, including primarily on the motives, attitudes and treatment of purchasers [J. W. Wiktor, 2001, p. 148]. In an advertisement, which is a form of communication directed primarily to current and potential customers, is used means of mass communication: traditional (newspapers, radio, television, mail, posters, leaflets, etc.) and modern (Internet, email, mobile phones). Direct channel refers to such forms of promotion, such as: personal sales, trade fairs and exhibitions, where there is direct contact of company representatives with customers, contractors, business partners. The effectiveness of these forms of communication depends largely on the competence, skills, empathy and courtesy of service personnel. A form of communication, which uses both direct and indirect channels of communication, is a public relations (PR). It is the function of managing communication between an organization and its environment (both internal and external), which is intended to fill the organization's mission [B. Rozwadowska, 2002, p. 37]. PR are a planned and systematic activities involving the transmission of information adequately prepared for different target groups and making contact with them, aiming to produce confidence and favorable atmosphere around the organization and its activities. PR activities are used for creating the desired image of a company in an environment to facilitate the achievement of its business objectives [W. Budzyński, 2008, p. 11]. As part of the direct channel PR are used measures such as: conferences, seminars, meetings, interviews, events jubilee, "door open", etc. In contrast, indirect channel refers to instruments such as: publications about the company, and its activities (e.g. reports, brochures, handbooks, newsletters), videos, radio programs, congratulatory letters, elements of corporate identity (logo, flag, decoration of buildings, clothing of personnel, etc.). All forms of communication with the environment are used for shaping opinions and attitudes towards company that creates its reputation.

3. Communication as "building measures" to corporate reputation

Building a reputation is made by all areas and types of activity of the company. E. Gray and J. Balmer, in their model of creating a reputation and image of the company propose that all actions should begin from build a strong identity by means of four tools: philosophy (mission), strategy, organizational culture and the model (structure) of the organization [E. R. Grey, J. M. T. Balmer, 1998,]. This model is presented in Figure 2.

Philosophy, that is mission, justifies the need for existence of company and shows values that desire to create and represent. A strategy defines the main directions of the company's activities, its perspective objectives and ways to compete in selected market segments. Type of strategies and used tools decide about the degree of meeting the expectations of customers and their satisfaction. Organizational culture is expressed in the attitudes, beliefs and behaviors of employees, their relationship to work, the organization and each other. In turn, an organization's model describes the relationships between the individual cells, the number of management levels, degree of centralization, internal procedures and rules. These tools, properly shaped, should clearly distinguish your company from the competition.

Fig. 2. Model of building a company's reputation



Source: Sz wajca D., The Tools of Building and Measurement of Company Reputation. [w:] Mechanizmy zarządzania rozwojem systemów socjalno-ekonomicznych. (ed.) E. W. Martiakowa, Doniecki Narodowy Uniwersytet Techniczny, Donieck 2010, p. 265.

A key element in creating a reputation is proper communication with the environment. It covers not only the conscious and planned operations in the form of visual identification system and formal communications (advertising, public relations, sales promotion etc.), but also informal communication, that is: word of mouth, unofficial information generated by the media or competition. In a communication's process is more widely used so-called whisper marketing, word of mouth marketing, buzz marketing. These are special marketing efforts that are aimed to reach out to an addressee with specific message via a direct verbal communication. Apart from contact of face-to-face and verbal message, a perfect medium for whisper marketing is the Internet, and especially discussion forums, social networking, communication e-mail.

Building of the identity, and on its basis an reputation of the company, is a long and complex process that requires conduct consistent actions on many different levels. The complexity follows from the fact that reputation is the result of an assessment of business, carried out by several disparate groups "jury" that guided by different criteria. When selecting strategies and tools to build the reputation you need to determine which groups are most important from the point of view of the interests of the company, who and what can help and who most harm his reputation. It turns out that the most threatening factors for the reputation of the company are: critical evaluation of products/services in the media, questioning by the customer and/or organizations product safety testing, disclosed unethical behavior of companies, continuing or lost lawsuits, financial crisis and lack of financial transparency of the company [A. Zarębska, 2007].

4. Stakeholders as addressees of communication

Stakeholder is every business entity who has any expectations about company, and by expressing his opinion, attitude and behavior, shapes reputation. The primary stakeholder groups are: customers, business partners, investors, employees, media, government and local communities. Each of these groups has different needs and expectations about the company and evaluates it from a different perspective, hence needs information about the different content. Different are the objectives and forms of communication.

A key group of stakeholders are present and potential customers, without which a company would lose its *raison d'être* in the market [A. Gorczyńska, 2009, p. 60]. To them is directed information about offered goods and services and terms and conditions of their purchase. The main forms of communication are: advertising (using traditional and modern means of communication), personal sales and activities in the field of public relations. The purpose of communication with clients is creating the image of the company as a solid and reliable supplier.

To business partners is targeted information about scope and activity profile, possibilities and conditions for cooperation, the level of technology, production capacity etc. Establishing contacts is via indirect means of communication (such as brochures, catalogs, price lists, offers sent by mail, posted on website) and direct (trade fairs and exhibitions, conferences and specialist seminars, business meetings, joint research teams etc.). The purpose of communication is to build an opinion of a reliable and trustworthy partner.

To investors, shareholders and members are sent regular information about financial and investment plans of a company. The main means of communication are reports, newsletter, rankings delivered by traditional mail, e-mail and posted on the website, as well as reporting meetings and conferences. In communicating with investors is important to acquire their confidence that a company is a responsible and conscious of risk business entity, having opportunities and prospects for long-term development.

Messages addressed to its own employees should address issues such as: the objectives and mission of an company, its development plans, achieved results, plans for employment, forms of remuneration and motivation, working conditions etc. Communicating with employees is referred as internal public relations. There is used a variety of communication channels here:

- Indirect: bulletin boards, directories, newsletters works, radio broadcasting, electronic media (Internet, email, hotline);
- Direct: meetings, discussions, regular meetings with managers, "door open" for families of workers (so-called open home), integration events.

Contacts with employees should serve to create the company's reputation as a good and fair employer.

A very important group of stakeholders, whose influence on public opinion are media, and strictly speaking -journalists of known and reputable radio, television, newspaper editorial. Forms of communication include:

- Indirectly communication: a written statement delivered to media (i.e. messages, statements, review articles, copies of documents);
- Direct communication: press conferences, interviews, "open days" for journalists, press parties etc.

The purpose of communication is to gain the favor of journalists and opinion of open and reliable partner and interlocutor.

Administration of the State (government, its authorities and subordinate units) defines the conditions for enterprises, makes law and exercises control over their observance. For this group is transmitted information about legal and formal aspects of the company. Communicating with government agencies (defined as government public relations) may take a form of direct contacts (inviting representatives for corporate celebrations, press conferences, lectures, participation of employees in advisory bodies) or indirect (sending letters, reports, explanations, expert opinion etc.) The objective of communication is to develop an opinion of lawful and transparent business entity.

Information directed to local community relates to the impact of company on their problems, such as the state of an environment, infrastructure development etc. In the process of communication are used both indirect channels (posters, brochures, local magazines, written suggestions and comments), how and direct (invitations to visit companies, organizing demonstrations, picnics, special events). A very important sphere is actions for society in the framework of SCR (Social Corporate Responsibility). The aim of dialogue with local community is to produce an opinion of good citizen and gaining of understanding and acceptance of different decisions and projects of the company.

5. The importance of communication in crisis situations

In the process of building and maintaining a positive reputation great importance has enterprise communication with the environment in crisis situations (e.g. accident, a poisoning of product, ecological disaster). Crisis situation is accompanied (and sometimes is caused) by negative publications about company in media- each requires a response from the company, no matter whether it is based on real facts or not. If a message is true, and a fault lies with the company, it should publicly admit its mistake, apologize and present a recovery plan, otherwise (lack of a faulty) should be carefully evaluated and explain the reasons and provide evidence and expert opinion. In any case, it is necessary openness and transparency of communication. One of frequent mistakes is to avoid journalists, answers like "no comment" or denying that something was happened. As the situation developed, it should take up cooperation and maintain permanent contact with people or institutions that absolutely should be informed about the course of events. Depending on the type of crisis it may be: health institutions, environmental protection, professional associations, independent experts recognized news agencies, radio and television stations. Research conducted among Polish enterprises in 2006-2007 on the causes of crisis situations and how to deal with them, showed that over 27% of companies do not have developed procedures how to communicate with the media and other target groups in case of adverse messages [Zarządzanie..., 2007].

It should be noted that the development of new online media (blogs, social networking sites, Facebook and others) significantly influenced nature and course of crises in modern enterprises. Tabloidization, media convergence, the competition between editorial offices of newspapers, radio and television stations, speed and universality of online communication channels make that information is disseminated quickly and often exaggerated or distorted.

Lack of response from a site of company causes various speculations, which usually negatively impinges on an effectiveness of recovery from crisis.

Modern media are also an increasingly important tool for building and maintaining reputation - on the one hand very useful, but on the other - dangerous. Weber Shandwick - the global consulting company in the field of PR - in 2008 it conducted surveys among more than 700 directors of large companies from 62 countries on management of reputation online. Almost all respondents (98 %) admitted that they use the Internet to research opinion about your company and two thirds tracks information about the activities of competitors, business partners and complaints of customers. In opinion vast majority of surveyed directors (84%), the biggest threat to a reputation are negative publications about company in the media, especially through modern media [Risky Business]. In Harvard Business Review this issue sees and describes L. Gaines - Ross, who is one of managers of the agency Weber Sandwick [L. Gaines-Ross, 2010]. She shows that a particular threat to the reputation of companies and other organizations and individuals, follows from an unlimited potential of modern media, due to speed of their actions, wide availability and relative anonymity. Potentially each business entity can be affected by unsubstantiated allegations, uncorroborated information before which can not prevent or predict them to prepare for an attack. However, according to the cited research, 6 out of 10 directors believes that, taking into account the dynamic development of the modern media, the era of management reputation online is coming.

6. Conclusions

Communication of company with an environment is an important element in the process of building reputation. Suitable informational message, addressed to various groups of stakeholders, is used for creation opinions and attitudes towards companies that determine its reputation. You should pay attention to the appropriate communication of company in crisis situations, especially in the current era of using new means of communication.

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