

The Great Wall within Companies

Why general managers and communication responsables in business life often do not understand each other

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Introduction: Why a mental wall between management and communication is not suitable at all for companies in China and abroad

Many practitioners and scientists in the fields of communications studies and business administration agree: (corporate) communication is a part of (corporate) management, at least in theory; and in turn, management cannot work without communication.

Since private enterprises in China are heading for global competition the meaning of corporate communications is at a constant rise. Traditionally, Chinese companies, especially state-owned enterprises, have not been enthusiastic in terms of exploring corporate communications. But the challenges of internationalization lead Chinese enterprises into new communication dimensions. This evidence turns out to be crucial, when Chinese companies take over or invest in foreign companies. Cultural barriers and the all-over acceptance in the public opinion bear deal-breaking risks.

This happened to Huizhou-based TCL Corporation. TCL had pushed early for internationalization. In June 2004 TCL and French-based Alcatel Company invested 45 million euros in a phone venture. TCL's low-cost manufacturing base in China and Alcatel's new mobile phone technology set out to conquer the markets. Eight months later Alcatel walked away from the venture. The cultural differences between the companies had been huge and thus the venture failed in the end - and the planned change process didn't work out, especially from a communication perspective.

One reason for the fact that cultural differences are not bridged successfully in comparable situations is seen in the lack of intercultural communication capabilities. It is the Communication's task to bring together the management teams of both parties and empower them to communicate and cooperate successfully. Failures like these in the cross-cultural context increase the need for professional communication functions. Building such functions will change the relationship between PR professionals and the president or the general manager of the Chinese company in the near future.

If you look at foreign companies in China, the communications function plays a key role. Product communications for example successfully changes habits in China. Just remember the launch of Nestlé's Nescafe, Coke or McDonald's. Whereas Corporate Communications helps to anchor foreign companies in the public opinion. For example the German Bayer AG engages successfully in corporate social responsibility activities (Promoting public health; youth environmental programs; education and research initiatives etc), and thus enlarges its room for maneuver within the Chinese public. However, even inside these Western based companies, the mutual understanding of general management and communication people is often quite limited.

The following article is based on the findings of an empirical study conducted in the summer of 2004, which queried communications managers and managers in other fields. In the study, their answers were compared and analyzed, with a particular focus on their perception of the subjects of "change" and "qualification." The conclusion outlines possible consequences for training and continuing education for managers based on study findings. The study was realized in Germany, but, however, most of the results should be valid for most WTO member countries, including China.

The "Great Wall" within Companies

The 2004 attempt by the French pharmaceutical company Sanofi-Synthélabo to acquire its direct German-French competitor Aventis (which was twice as large based on sales) offers an excellent example of the importance of communication for reaching management goals. After Aventis rejected Sanofi-Synthélabo's offer, a fierce takeover battle began. Each competitor tried to convince its stakeholders of its point of view. Finally, Sanofi-Synthélabo succeeded - and one reason was its management of public opinion and its stakeholders' outlook. "Whereas communicating a proposed governance or management solution (such as a recommended merger) is important, these communications are, at the same time, difficult and complex management tasks. Communication about the proposed governance or management solutions is particularly crucial in the case of controversial measures, whose effectiveness is not straightforward." This comment by two authors some time after the merger shows how important communication is as a management tool and how difficult it can be to draw a clear line between a company's general management and its corporate communication. In order to achieve value maximation, a company cannot only

concentrate on the direct economic aspect; it also has to take into account the expectations and opinions of its publics.

This counts not only in the case of a planned merger but also for share price in general. Samuel C. Weaver and J. Fred Weston, two experts on strategic financial management, stated at the beginning of this century: "Maximization of share prices requires well-managed operations. But in recent years, *externalities* (such as pollution, product safety, and job safety) have attained increased importance. Business firms must take into account the effects of their policies and actions on society as a whole." A company cannot succeed without the support of its stakeholders. This makes communication between management and stakeholders crucial if a company is to stay competitive.

But despite the fact that this relationship between management and communication is generally known and - at least on paper - accepted, a mutual, aligned understanding of it often proves difficult in practice. You find much more often a kind of "great wall" between communication and management people in companies than a real close cooperation. One reason for this lies in the differences in educational backgrounds and experience: A study recently conducted by the authors has shown that about two thirds (66%) of communications professionals have studied communication or social sciences/liberal arts, while only one third (33%) of general managers have studied these subjects. As far as they are concerned, economics, law and the natural sciences or engineering clearly dominate (61%). But what is the effect of this fact, which has been demonstrated in other studies as well? Business administration programs attach only secondary importance to the in-depth understanding of social and interpersonal communication processes as well as the strategic significance of communication for businesses, even though these are accepted in principle. And from the other perspective, classically trained journalists and communications science professionals often know precious little about corporate management, marketing or controlling. Thus, the knowledge background of communications professionals and traditional managers is totally different.

Overall, little research has been done on the relationship between communications professionals and other managers. Although many studies - mostly case studies - have been conducted on job profiles and professional identity in public relations, and a large number of empirical studies have investigated general managers, comparative studies from both perspectives are rare. One of the few exceptions is a survey of 388 decision-makers from the sectors of marketing, public relations and integrated communication conducted at the Professional School of Mainz in Germany. A study that was carried out in the summer of

2004 took a new approach in this direction. The authors of this article played a leading role in conceiving and carrying out the study, as well as evaluating the results; the study queried 265 communications managers and 235 managers in other fields.¹

A wall on the verge of change

Those who have witnessed large M&A-transactions have most certainly shared the following experience: A key M&A decision is made by the management board and of course the decision-making process is being kept covert. Only few managers participate. These include most frequently strategic and financial functions, but in many cases do not include the communications functions. In this case oftentimes one of the most disturbing facts for the following integration process comes into play: The M&A story is told from the management board's point of view. It is hardly necessary to mention here that the board's point of view rarely matches the customers' and even less the employees' points of view. Putting first financials and efficiency gains never won over the hearts and minds of those who will have to make the merger come to life. Change communications now must undo the damage that has been done in an early stage of the transaction process. Why, you may ask, does the management board not involve communications right from the beginning of such changes? The answer to this lies in a different pattern of thinking, deeply rooted in their personal backgrounds.

What are the actual discrepancies between the perceptions held by general managers and PR managers in such instances? The findings reveal vast differences, starting with individual experiences in change processes and cumulating when it comes to assessing the importance of PR and corporate communications for the success of change processes and the role the communication or PR department should play in such processes.

How have the experiences of communications professionals and general managers differed? Whereas more than half (52 percent; cf. figure 1) of the general managers surveyed had experienced change processes as members of a project team with a steering function, only 41 percent of the communication professionals had participated in a comparable way. On the

¹ The study was conducted by the communications agency komm.passion GmbH in cooperation with the Bertelsmann Foundation and the TU Munich. It was commissioned by the Bertelsmann Stiftung, the Heinz Nixdorf Foundation and the DaimlerChrysler Fund for the ;communicate! qualification program. To equally cover the German-speaking PR field and the general management field as comprehensively as possible, the research team decided to use the data collected by various service providers in the professional address management field (Kroll-Verlag, Schober) as the basis for the study. The persons identified in this way were then contacted by e-mail; a total of 500 persons participated in the study between June 24 and August 31, 2004. A volume containing the complete findings including comprehensive expert commentary was published in autumn 2006 (cf. Langen/Sievert 2006). The special evaluation conducted for this article is published here for the first time; the editors would like to thank Dr. Joachim Klewes, Dr. Claudia Langen and Michael Thomann for their fine collaboration in preparing both the study and this article.

other hand, almost one in five (19 percent) communications professionals had gone through a change process without any active role, while only 12 percent of the general managers had been in that situation. Although the differences are not statistically significant, one can assume on the basis of these results that in many cases, communication departments have not played a major role in change processes - and that in some cases they did not participate at all.

But does this different level of experience lead to a different way of assessing the future importance of change? Not at all. When asked whether organizational change would become more important for one's own organization and for the economy in general, the response patterns were almost exactly equal: The differences remain within a range of three percent (cf. figure 2).

Additional differences can be discerned when it comes to the question of which specific economic situations make change processes necessary (cf. figure 3): Though the responses are on an equal overall level, one can see clearly that general managers especially emphasize the importance of organizational change when the company is conquering new markets and thus needs to adapt to new sorts of customers (for example), while the communications professionals stress the importance of change during mergers and acquisitions more than the general managers do.

Slight differences could also be identified when the respondents were presented various statements regarding the nature of change (cf. figure 4). Several economic theories regard organizational change as a continuous process with no real start or end, for an organization must constantly adapt to an economic world of accelerating change. The general managers surveyed clearly showed stronger agreement with this viewpoint than the communication professionals.

Another statement the authors presented to respondents was "Organizational change is a means for the company's top management to implement planned alterations exactly as wished." General managers, it turned out, were somewhat more skeptical than communication managers that change processes could really achieve this; while only 76 percent of general managers agreed with this statement, 82 percent of communication managers did. Despite these differences, both groups agreed on most other characteristic features of change processes (cf. figures 5 and 6).

But apart from the characteristic features, what advantages do change processes convey for the organizations? During the study, the authors also presented the respondents with statements regarding the possible benefits of change. Again, the views of both groups were not far apart, with one exception: 48 percent (cf. figure 7) of the general managers were

of the opinion that change processes might contribute to more motivation among employees and to greater productivity. The communications professionals were a little more skeptical about this: Only 40 percent of them agreed with this statement.

But what are the criteria for the success of a change process? At this point, the views of the two groups begin to differ more. Both agreed that acceptance by employees is important. However, the communications professionals gave greater weight than the general managers to economic indicators, and they also ranked external stakeholders very high: 83 percent (cf. figure 8) of the communication professionals were convinced that the external perception of change processes is an important criterion for their success, while only two thirds of the general managers shared this point of view.

The disparity between this odd couple really shows up when it comes to the importance of communication during change processes (cf. figure 9). According to the communications professionals, the strategic internal communication of the change process is the most important precondition for its success - even more important than its support by top management, which the general managers ranked highest.

Finally, the most important differences between the odd couple became apparent when they were asked about the role of the communications department during change processes and their contribution to success. When success was measured in terms of employee acceptance, 68 percent (cf. figure 10) of communications professionals surveyed considered the importance of their work to be “very high.” Only 57 percent of managers from other departments shared this view.

The opinion gap grows even wider when the perspective of external stakeholders on change projects is added to the criteria for success. Taking this criterion into account, only about one third of general managers (34 percent) ranked the role of PR and/or corporate communications at “very high,” and almost one in five (19 percent) ranked it at “low” or “very low.” In contrast to this, the communications professionals’ perception was remarkably different: 56 percent claimed their share in success to be “very high.” Fewer than one in ten (9 percent) viewed their own role here with more skepticism.

Clear differences likewise emerged when the two groups were asked which department should coordinate a change process within an organization and what role PR and corporate communications should play in that process. While almost one quarter (23 percent; cf. figure 11) of the communications professionals felt that corporate communications should manage change processes, only one in ten (11 percent) from general management shared this view.

The discrepancy became even greater when the question referred directly to the role and function of communications. Only 16 percent (cf. figure 12) of the other managers assigned communications a leading role, in contrast to one in four communications professionals (25 percent). Conversely, only 18 percent of PR people wanted to settle for the support function assigned to them by one third of the managers (34 percent). But what are the consequences of these different views and assessments when real change processes are taken into consideration?

A wall intending to be a bridge

The differences between communications managers and other managers go beyond their divergent perceptions of the role of PR and corporate communications in change processes. Corporate communications professionals and other managers also differ in their expectations regarding the qualifications of communications managers. Over the last years management complexity has increased tremendously: Communications needs to handle quite a large number of projects simultaneously with a huge number of internal and external stakeholders. Especially internationalizing the business imposes new challenges on the PR professionals. They have to deal with foreign communication markets and have to increase their intercultural knowledge at the same time. Thus the well known profile of a communications manager has changed largely over the years. But has the majority of the communications managers themselves adjusted their own profiles as well?

When asked which dimensions should be particularly emphasized in training and continuing education for communications professions, PR professionals put the greatest emphasis on PR techniques; 64 percent (cf. figure 13) considered those to be “very important.”² Business administration and communications science skills lagged far behind, ranked as “very important” by 29 percent and 21 percent respectively. So when painting an ideal profile, communications professionals themselves tend to be more application-oriented.

In contrast, the expectations of general managers toward communications professionals yield quite a different profile. When assessing the importance of the various dimensions mentioned above, they saw much less difference: PR techniques ranked as “very important” for 37 percent, communications science for 28 percent and business administration for 26 percent. This suggests that managers expect a much more balanced - and thereby

² Here too, it was possible to make an estimate based on a four-scale model with the categories “very important,” “quite important,” “quite unimportant” and “totally unimportant.”

management-oriented - qualification profile from communications professionals, although applications skills are certainly still important.

The desire for greater management orientation becomes even more obvious when the questions go beyond the general level to a more detailed review of the individual qualifications required. With regard to PR techniques, almost three quarters of managers (71 percent; cf. figure 14) counted public speaking among the three most important skills that PR professionals should master. Less than half of PR professionals (44 percent) shared this opinion. In the area of business administration, controlling (53 percent) and management (68 percent) were deemed necessary by general managers far more often than by the communications professionals themselves (41 percent and 52 percent respectively). On the other hand, the PR professionals placed marketing (71 percent) and market research (33 percent) among the three individual subjects most relevant from the field of business administration, while only 50 percent of the general managers listed marketing and just 17 percent listed market research in the top three.

General managers and PR practitioners still have quite different opinions when it comes to defining the ideal mix between management disciplines and communication disciplines during their education. And yet, education constitutes the foundation of any attempt to revamp those disciplines and to change the attitudes of both general managers and PR practitioners. If future managers and PR professionals can learn the right balance of management and communication during the educational process, this attempt will have very good prospects for success.

Conclusion: Why the wall between communication and management is being more and more broken down

The few findings presented here suffice to demonstrate that general managers and PR professionals still have very different attitudes toward corporate management through communication. While general managers have not yet fully recognized the importance of communication in change processes, their PR colleagues are well aware of this dimension. Conversely, communications professionals might still view themselves too much as specialists in their discipline, whereas general managers have a more realistic picture of the skills and abilities that will be required of their PR colleagues in the future.

But even if general managers and communications professionals take somewhat varying approaches to reconciling their differences, both groups increasingly recognize that communication is a strategic management function. The key to aligning their different perspectives is to promote mutual understanding. This in turn requires adjustments in training and continuing education, bringing better management skills into the PR field and integrating communications subjects more heavily into business administration studies.³ So this “odd couple” is on its way—but both communications professionals and general managers have a long road ahead of them.

What does this mean for the daily work of communications professionals and general managers in companies and other organizations? What can be done to improve their interaction? The findings suggest three recommendations:

- **“De-mystify” communications**

Communications is probably the organizational discipline surrounded by more “myths” than any other: Some general managers either do not really see the benefits and see it as a kind of add on (“*We have a financial problem and have to cut the budgets? Let’s start with communications.*”) – or they regard it as a kind of magic skill able to cure every problem (“*We have a major problem with the acceptance of the new organizational structure among the employees? Let Communications solve it!*”). Almost every communications professional can tell one of these stories – or even both! Still general managers often know precious little about what communications can achieve and what it cannot. Thus it is the job of communication professionals to “de-mystify” their own profession and explain the benefit of their work and show at the same time the limits of it. Internal “road shows” through different units and regular presentations of the communications department can contribute to both: Explaining the value of communications and at the same time get rid of unrealistic expectations.

- **Words should be followed by deeds**

Even if the importance of communication in general is more and more accepted, there still are lots of companies with an organizational structure which does not really pay tribute to this

³ The ;communicate! qualification program is one step in this direction, and it was in this context that this article was written. The ;communicate! qualification program was designed to unite communication and leadership in the workplace, in training and in research. Its goal is to raise the professionalism of both internal and external corporate as well as organizational communications, while also contributing to an efficient civil society. ;communicate! is a joint project of Bertelsmann Stiftung, Heinz Nixdorf Foundation, DaimlerChrysler Fund and the Technical University of Munich. The Foundations are sponsoring and developing the project until 2007. The university will maintain the program thereafter (cf. www.communicate-program.de/english as well as Sievert 2004).

importance: Either can communication tasks be found in almost every department (e.g. Internal Communications as a part of HR, Financial Communications as part of the Financial Department, Media Relations as part of Marketing etc.) or Communications can be found on a lower hierarchic level, e.g. attached to the marketing function. If general management is convinced of the importance of communications there is just one way to react: Concentrate all communication tasks in one single department and place it on the second hierarchy level under the board as a functional unit equal to Marketing, Finance, Law and other “classic” functions. Only then communications can be managed strategically and contribute fully to the success of the organization.

▪ **Accept your management role**

Most of the general managers have started as specialists once: They started their career as engineers, in the Law Department or in other specialized areas. They have developed and acquired the skills needed for not just executing specialists’ tasks but for managing projects, teams, departments or even whole companies. If communication professionals want to be accepted among general managers they have to go the same way: They have to learn about general management skills like project management and controlling, about guiding people and about the measurement of success – and they have to get rid of their specialists’ point of view and replace it with a more general perspective on organizational topics. This may sound trivial in theory – but still lots of communication professionals cling too much to their specialist role.

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