

CHAPTER 34

A VSA Communication Model for Service Systems Governance

*Alfonso Siano¹, Paolo Piciocchi², Maddalena della Volpe³,
Maria Giovanna Confetto⁴, Agostino Vollero⁵, and Mario Siglioccolo⁶*

¹ University of Salerno - Fisciano (Italy), e-mail: sianoalf@unisa.it

² University of Salerno - Fisciano (Italy), e-mail: p.piciocchi@unisa.it

³ University “Suor Orsola Benincasa” - Naples (Italy), e-mail:
maddalena.dellavolpe@unisob.na.it

⁴ University of Salerno - Fisciano (Italy), e-mail: mconfetto@unisa.it

⁵ University of Salerno - Fisciano (Italy), e-mail: avollero@unisa.it

⁶ University of Salerno - Fisciano (Italy), e-mail: msiglioccolo@unisa.it

ABSTRACT

This paper proposes a conceptual framework for governance and management of the decision making process for corporate communication. The aim is to address a gap in the literature in that to date, by adopting some basic assumptions from Viable Systems Approach, integrated with Service Science perspective, in order to identify communication resources, the nature (static and dynamic) of the corporate communication activities, and “engineering” communication process. Parsons’ sociological approach, with reference to the classification of organisational decisions (policy, allocation and coordination) results fundamental to contextualise this approach to the decision-making within corporate communication function/department.

Key words: corporate communication management, communication resources, communication decision-making, communication strategy.

1. INTRODUCTION AND LITERATURE REVIEW

In recent years, the growing significance of managing corporate communication has led both practitioners and academics to develop different conceptual models for the management of the corporate image (Dowling, 1986) and identity (Markwick and Fill, 1997). These models provide a broad variety of practices for the management of corporate communication, but do not examine corporate communication strategy, in terms of the types of decision that are entailed, and the link between the strategic and tactical decisions. Indeed, the idea that corporate communication requires strategic thinking has received very little attention in the literature (Steyn, 2003), since “communication is often still seen as a largely tactical activity” (Kitchen and Schultz, 2000) with practitioners acting as ‘technicians’ (Cornelissen, 2008: 99).

Nevertheless, it has been suggested that the management of communication needs to move from being tactical to strategic (Holm, 2006), and that communication strategy must contribute to the corporate strategy (Cornelissen, 2008). Adopting the central corporate perspective means regarding communication strategy as a functional strategy formulated by corporate communication departments that operate at the highest corporate level (van Riel and Fombrun, 2007). Corporate communication strategy is the outcome of a strategic way of thinking and of a decision-making process involving different parties (Steyn, 2003).

In an era of stakeholder management (Freeman, 1984), corporate communication strategy should be inseparable from the strategic management of a firm’s relationships with its stakeholders (Steyn, 2003), and aim to build, protect, and consolidate a favourable corporate reputation (van Riel, 1995).

As briefly described, significant contributions to the debate on communication strategy may be found in the literature, but a conceptual framework that offers a deeper perspective on communication decisions within corporate communication management still needs to be devised.

2. AIMS OF THE PAPER

Decision-making related to the use of resources is one of the main issues arising from earlier studies of corporate strategy (Ansoff, 1965), and, particularly, by the resource-based view (RBV) (Penrose, 1959; Barney, 1991), which considers resources at the general level of money, human resources, and time.

Nevertheless, resources are a key factor in corporate communication as well: a strong, well-managed corporate brand, for example, meets the criteria posited by RBV, since it is rare, imperfectly imitable (Balmer and Gray, 2003), and durable (Grant, 1991).

Apart from considerations about brand, in the literature on the management of corporate communication there is little mention of how resources are identified or of the relevant decisions required to create and use them. The present paper aims to

address this gap and to provide an in-depth examination of the issues neglected in the past. Therefore, the study presents a conceptual framework for government and management of corporate communication based on Viable Systems Approach (vSa) (Golinelli, 2010) integrated with Service Science approach (SS) (Spohrer et al., 2010; Spohrer et al., 2011; Spohrer and Kwan, 2008; Maglio et al., 2010; Vargo and Lusch 2004), short for “Service Science, Management, and Engineering” (also known as SSME), a recent stream of studies which offers the chance to develop further interesting interpretation about corporate communication management.

3. A FRAMEWORK BASED ON THE STRUCTURE-SYSTEM PARADIGM FOR GOVERNANCE AND MANAGEMENT OF CORPORATE COMMUNICATION

In line with basic assumptions made by the RBV, communication resources can be categorised as firm-specific or non-firm-specific (Siano et al., 2011).

Firm-specific communication resources express the specific capabilities, core values, and/or historical references relevant to a particular organisation, are rooted its identity, allowing it and its products to be recognised by stakeholders. Therefore, firm-specific communication resources are valuable and unique, and support the creation and maintenance of competitive advantage. They are the outcome of strategic decisions, and have long-term implications.

In contrast, non-firm-specific communication resources are typically acquired through market transactions, not based on a firm’s identity, and have short-term implications. Typical non-firm-specific communication resources are the means of communication (media) and the services/expertise of communication (copywriters, art directors, etc.).

3.1. The main firm-specific communication resources

The main firm-specific communication resources are: basic key words, such as common starting points (van Riel, 1995), themed messages (Cornelissen, 2008), and brand mantras (Keller, 1999); distinctive short messages derived from the basic key words (typically slogans/taglines); unique symbols and sounds, i.e. elements of corporate visual identity and corporate jingles (Bernstein, 1986); codices (sets of rules or heuristics) related to the management and expression of corporate brand (Tilley, 1999); organisational storytelling derived from corporate stories (Brown et al., 2004).

In order to identify a decision-making framework, Parsonsian three types of organisational decisions (1956) are applied to corporate communication management. Policy decisions are those that commit the organisation as a whole, concern the creation of the resources required by an organisation, or lead to significant changes in the resources that belong to it. Allocation decisions concern

the utilisation of the resources available to the organisation. Finally, coordination decisions are aimed at achieving the integration of the organisation as a whole system.

3.2. Policy and coordination decisions of communication at the strategic level (governance)

Policy decision-making at the strategic level concerns the firm-specific communication resources, has long-term implications, and involves a number of different parties (communication managers, CEOs, managers of other functions or departments, and practitioners). Firm-specific resources are made coherent, harmonised, and synergised by decisions related to the coordination of communication, which occurs both at a strategic and a tactical-operational level (Schultz and Kitchen, 2000).

In this respect, firm-specific communication resources should be designed via policy and coordination decisions to support the communication requirements to build a strong reputation, e.g. visibility, distinctiveness, authenticity, transparency, and consistency (Fombrun and Van Riel, 2004).

Decisions on policy and coordination are a part of the communication strategy, which is aligned with corporate strategy and corporate culture and considered to be a ‘dual’ decision, related to: (1) the strategic intent of an organisation, concerning its desired position in terms of corporate reputation (Cornelissen, 2008); and (2) the creation and coordination of firm-specific communication resources. The strategic intent involves a change or consolidation of the organisation’s reputation.

Policy decisions are governance decisions and refer to planning, organization and coordination of firm-specific communication resources, which represent communication structure. The concept of structure is derived from Viable Systems Approach (VSA) (Golinelli, 2010; Barile and Saviano, 2011) and indicates the set of communication resources that organization has got at a given time. This set of resources may undergo various types of changes and adjustments over time. VSA paradigmatic distinction between structure and system (Golinelli, 2010) enables to grasp the difference between decisions about creating communication resources and decisions of utilization of these structural elements. The integration of VSA with Service Science makes it possible to qualify viable systems in terms of “service systems”, which, according to SS view, are dynamic configurations of resources (people, technologies, organizations and shared information) that co-create and deliver value.

3.3. Allocation and coordination decisions of communication at the tactical-operational level (management)

Decisions on allocation and coordination pertain to choices on the utilisation of communication resources (firm-specific and non-firm-specific) in short-term

campaigns made to carry out the strategic intent, and concern:

- the utilisation of firm-specific communication resources for conveying messages (advertisements) ;
- the selection and utilisation of the communication mix (the techniques and means/channels of communication);
- the integration, harmonisation, and realisation of coherent, concrete messages (internal and external communications) and the combination of promotional elements of the communication mix (advertising, sales promotion, public relations, digital media, etc.) to obtain the synergistic effects of integrated communications (van Riel, 1995; Schultz and Kitchen, 2000);
- concrete formulation of short-term programmes and campaigns (annual/intra-annual communication plans) in line with the available budget.

Decisions on allocation and coordination are taken by communication managers and practitioners/consultants, and refer to the stages of planning, organisation, and coordination at the tactical-operational level.

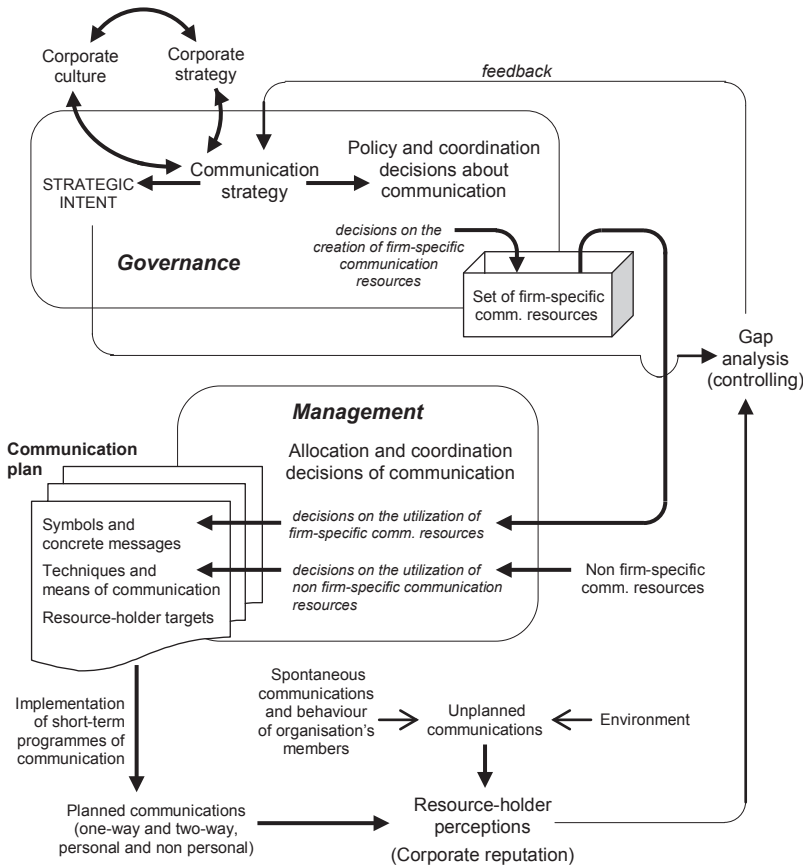
According to Viable Systems Approach, allocation decisions are management decisions, and refer to the use of firm-specific and non firm-specific communication resources. Their use enables to generate corporate communication flows, and, in this way, create a service system of corporate communication of the firm, according to the structure-system paradigm (Barile and Saviano, 2011), and the SS perspective (Maglio et al., 2010).

3.4. Policy, allocation and coordination decision-making within the circular process of corporate communication management

Following the implementation of a communication strategy, in the subsequent stage of communication control a gap analysis procedure is carried out to ascertain how the organisation is seen by different stakeholders (its corporate reputation) (van Riel and Fombrun, 2007) and its desired position (Cornelissen, 2008). This analysis provides guidance for further decision-making on policy, allocation and coordination. An overview of the process of corporate communication management is illustrated in figure 1.

The SS perspective teaches us that only the interaction between provider (in VSA, organisation) and customers (in VSA, stakeholders), makes it possible to co-create value, which is lastly represented by corporate reputation. In this sense, the allocation and coordination decisions of communication require a sense-adapt-respond approach (Schultz and Kitchen, 2004), in which communication directors and practitioners must constantly listen to the various stakeholder groups (see figure 2).

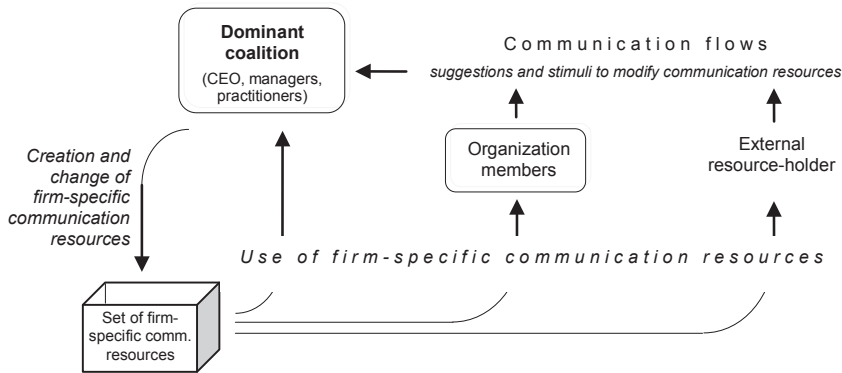
Figure 1 – The decision making process for corporate communication: a framework based on decisions on the creation and utilisation of communication resources



Source: Adapted from Siano, Vollero, Confetto, and Siglioccolo (2011).

Beyond tools provided from the web 2.0 (corporate blogs, forums, wikis, etc.) (della Volpe, 2007, 2011), many organizations are considering their stakeholders in the creation and/or change of firm-specific communication resources (eg. only to name one, think of the recent example offered by GAP: the famous US clothing retailer got back to its initial logo a few days after launching a new one, after the negative comments and reactions left by many users on GAP fan page on Facebook).

Figure 2 – The process of creation and change of firm-specific communication resources



Source: Adapted from Siano, Vollero, Confetto, and Siglioccolo (2011).

Any changes that arise from adjustments to decisions are aimed at improving planned corporate communication, at changing corporate reputation, and, lastly, to enable service system co-creating value with all parties involved in corporate communication management process.

The proposed conceptual framework focuses on planned (organisation-controlled or intentional) communications (Hartley and Pickton, 1999), implemented through corporate identity namely symbolism (corporate visual identity), planned forms of public relations and sponsorship, publicity, advertising and sales promotion and representational forms of behaviour (e.g. the behaviour of store employees or a firm's call centre staff) (van Riel and Balmer, 1997; Cornelissen and Elving, 2003). Stakeholders also perceive organisational behaviour from the point of view of organisational performance. Moreover, socially responsible behaviour can be seen as planned communications.

Nevertheless, the signals conveyed by an organisation may also be unplanned; in this category are accidental cues or unintended messages (Markwick and Fill, 1997), and a firm's environment may also be a source of uncontrolled and uncontrollable communications (e.g. comparative advertising, online/offline word-of-mouth etc.) (Grönroos, 2000).

4. PRACTICAL IMPLICATIONS

The conceptual framework represents a means of support for managers of corporate communication, with a comprehensive view of the different types of

communication decisions taken in corporate life. Policy and coordination decisions may regard, for example

- to redefine common starting points/themed messages, thereby adapting them to express core themes around which an organisation can focus its actions and distinctiveness;
- to reformulate the slogan/tagline in order to increase the consistency between an organisation's actions and brand characteristics;
- to modify one or more elements of corporate symbolism to strengthen emotional appeal and to enable the organisation to be perceived as being more transparent and coherent (via the alignment of core organisational purpose, values, and beliefs with employees, managers, and CEO behaviour);
- to rethink the means of story-telling to render the organisation's statements more credible, in situations of insufficient transparency in the conducting of its affairs.

At the same time, practitioners frequently focus on decisions of allocation and coordination in order to make the best use of a firm's communication resources. Such decisions may be useful in a variety of different ways to increase the visibility and distinctiveness of communication initiatives. A more focused and selective utilisation of a firm's means of communication can help to achieve better visibility through exposure to stakeholders. This involves a rather different use of firm-specific communication resources. For instance, an unusual or alternative way of using a corporate blog may be an appropriate sort of allocation decision.

5. CONCLUSIONS

The framework for decision-making within corporate communication management that is proposed herein has the overall aim of contributing to the further development of corporate communication as a separate area of management. To this end, we have focused on communication resources and decisions concerning the creation and utilisation of these resources, two topics that have been somewhat neglected in the existing literature.

The Parsonian view of organisational decision-making and the integration of VSA and SS approaches enables to understand the dynamic nature of corporate communication process, and the role played by all parties involved in the co-creation of value.

The setting of communication strategy as a dual decision also contributes to the view that corporate communication is a separate area of management, and encourages to suppose that any strategic intent may be pursued only if strategic communication resources are created and then managed at a tactical-operational level.

Ultimately, the insights provided by the study may be considered as elements that lend further arguments to support the consideration of corporate

communication as an autonomous area of management, and ‘stimuli’ to encourage a change in the perception of corporate communication as a management function based on professional knowledge and competencies, rather than as a peripheral area made up of the set of technical skills possessed by practitioners.

The analysis of firm-specific/identity-based communication resources represents a first attempt at addressing a topic that requires in-depth examination. Such investigation should stimulate vigorous debate among researchers from a variety of different backgrounds, for example, corporate communication, branding, and corporate reputation.

REFERENCES

- ANSOFF, H.I. 1965. *Corporate strategy: an analytic approach to business policy for growth and expansion*, New York: McGraw-Hill.
- BALMER, J.M.T., and GRAY, E.R. 2003. “Corporate brands: what are they? What of them?”, *European Journal of Marketing* 37, nos. 7/8.
- BARILE, S., and SAVIANO, M. 2011. Foundations of systems thinking: the Structure-System paradigm, in: VV. AA., *Contributions to theoretical and practical advances in management. A Viable Systems Approach (VSA)*, Avellino: International Printing Editore.
- BARNEY, J.B. 1991. “Firm resources and sustained competitive advantage”, *Journal of Management* 17.
- BERNSTEIN, D. 1986. *Company image & reality. a critique of corporate communications*, Eastbourne: Holt, Rinehart and Winston.
- BROWN, J.S., DENNING, S., GROH, K., and PRUSAK, L. 2004. *Storytelling in organizations: why storytelling is transforming 21st century organizations and management*, Boston: Butterworth Heinemann.
- CORNELISSEN, J. 2008. *Corporate communication. A guide to theory and practice*, London: Sage.
- CORNELISSEN, J.P., and ELVING, W.J.L. 2003. “Managing corporate identity: an integrative framework of dimensions and determinants”, *Corporate Communications: An International Journal* 8, no. 2.
- DELLA VOLPE M. (2007), “Nuove tecnologie e Comunicazione d’impresa”, in: ELIA, A., LANDI, A., eds., *La testualità. Testo Materia Forme*, Roma: Carocci.
- DELLA VOLPE M. (in press), “Enterprise 2.0: l’impresa senza confini”, Paper - University of Naples “Suor Orsola Benincasa” 2011.
- DOWLING, G.R. 1986. “Managing your corporate image”, *Industrial Marketing Management* 15.
- FOMBRUN, C.J., and VAN RIEL, C.B.M. 2004. *Fame & fortune. How successful companies build winning reputations*, New Jersey: Prentice-Hall.
- FREEMAN, R.E. 1984. *Strategic management: a stakeholder approach*, Boston: Pitman.
- GOLINELLI, G.M. 2010. *Viable System Approach (VSA). Governing Business Dynamics*, Padova: Cedam (Kluwer Italia).
- GRANT, R.M. 1991. “The resource-based theory of competitive advantage: implications for strategy formulation”, *California Management Review* 33, no. 3.
- GRÖNROOS, C. 2000. “Creating a relationship dialogue: communication, interaction, value”, *Marketing Review* 1, no. 1.

- HARTLEY, B., and PICKTON, D. 1999. "Integrated marketing communications requires a new way of thinking", *Journal of Marketing Communications* 5.
- HATCH, M.J., and SCHULTZ, M. 1997. "Relations between organizational culture, identity and image", *European Journal of Marketing* 31, no. 5.
- HOLM, O. 2006. "Integrated marketing communication: from tactics to strategy", *Corporate Communications: An International Journal* 11, no. 1.
- KELLER, K.L. 1999. "Brand mantras: rationale, criteria and examples", *Journal of Marketing Management* 15, nos. 1-3.
- KITCHEN, P.J., and SCHULTZ, D.E. 2000. "A response to theoretical concept or management fashion", *Journal of Advertising Research* 40, no. 5.
- MAGLIO, P., KIELISZEWSKI, C., and SPOHRER, J., eds. 2010. *Handbook of Service Science*, London: Springer.
- MARKWICK, N., and FILL, C. 1997. "Towards a framework for managing corporate identity", *European Journal of Marketing* 31, nos. 5/6.
- PARSONS, T. 1956. "Suggestions for a sociological approach to the theory of organizations", *Administrative Science Quarterly* 1, no. 1.
- PENROSE, E.T. 1959. *The theory of the growth of the firm*, New York: John Wiley & Sons.
- SCHULTZ, D.E., and KITCHEN, P.J. 2000. *Communicating globally: an integrated marketing approach*, New York: Palgrave.
- SCHULTZ, D.E., and KITCHEN, P.J. 2004. "Managing the changes in corporate branding and communication: closing and re-opening the corporate umbrella", *Corporate Reputation Review* 6, no. 4.
- SIANO, A., VOLLERO, A., CONFETTO, M.G., and SIGLIOCCOLO, M. 2011. "Corporate communication management: A framework based on decision making with reference to communication resources", *Journal of Marketing Communications*, DOI: 10.1080/13527266.2011.581301.
- SPOHRER, J., and KWAN, S.W. 2008. "Service Science, Management, Engineering and Design (SSMED): Outline and References", in: SPATH, D. and GANZ, W., eds., *The Future of Services: Trends and Perspectives*, Munich: Hanser.
- SPOHRER, J., GOLINELLI, G. M., PICIOCCHI, P., and BASSANO, C. 2010. "An integrated SS-VSA analysis of changing jobs", *Service Science* 2, no. 1/2.
- SPOHRER, J., PICOCCHI, P., BASSANO, C. 2011. "Three frameworks for service research: exploring multilevel governance in nested, networked systems", *Naples Forum on Service. Service Dominant Logic, Service Science and Network Theory: integrating three perspectives for a new service agenda*, Capri, Italy, June 14-17.
- STEYN, B. 2003. "From strategy to corporate communication strategy: a conceptualisation", *Journal of Communication Management* 8, no. 2.
- TILLEY, C. 1999. "Built-in branding: how to engineer a leadership brand", *Journal of Marketing Management* 15, nos. 1-3.
- van Riel, C.B.M. 1995. *Principles of corporate communication*, Hemel Hempstead: Prentice-Hall.
- van Riel, C.B.M., and Balmer, J.M.T. 1997. "Corporate identity: the concept, its measurement and management", *European Journal of Marketing* 31, nos. 5/6.
- van Riel, C.B.M., and Fombrun C.J. 2007. *Essentials of corporate communication*, Abingdon: Routledge.
- Vargo, S.L. and Lusch, R.F. 2004. "Evolving to a new dominant logic for marketing", *Journal of Marketing* 68.