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Purdue University
underwritten by
Prudential Financial, Inc.

www.corporatecomm.org
Topics

- Project Overview
- Roles and Functions of Corporate Communication
- Corporate Communication Management
- Corporate Social Responsibility Beliefs and Practices
- Summary and Implications
Project Background and Objectives

Background

- The market landscape, and media and information environment in China have undergone dramatic transformation, and are increasingly dynamic and competitive.

- Corporate communication – corporate voice and image – are assuming growing importance among Chinese companies in creating and maintaining competitive advantages.

- This project expands on an earlier study in 2006 by including more Chinese companies.

Three Main Questions

- What are the roles and functions of corporate communication in Chinese companies?

- How is corporate communication managed among Chinese companies?

- What are their beliefs, principles, and actions concerning Corporate Social Responsibility?
About the Project

- Study sponsored by Corporate Communication International (CCI) and underwritten by Prudential Financial, Inc., with Dr. Jay Wang of Purdue University serving as Principal Investigator (PI)

- Survey instrument comprised of two parts – 1st part on corporate communication based on prior CCI U.S. surveys and 2nd part on CSR developed specifically for this project

- 60 Shanghai-based Chinese companies, members of the Federation of Industry and Commerce, a leading trade group in China, took part in the survey

- Survey was administered by mail/fax in October-November 2007
Key Findings (1)

- The role and function of corporate communication among Chinese companies are primarily driven by marketing and publicity needs rather than based on a broad and comprehensive understanding of their internal and external stakeholders.

- Despite the perceived importance of the role of corporate communication in managing corporate image and reputation, there is a woeful lack of attention paid to crisis communication and its implications to corporate reputation management.

- With top executive involvement and increasing resource allocation, the function of corporate communication seems to be widely recognized within the Chinese corporate structure.

- A “typical” corporate communication manager appears to be someone who is in his/her late 30s/early 40s, with a bachelor’s degree or some college education while without study/training abroad experience, and making less than $15K a year.

- Chinese companies seek third-party communication service providers to support branding and marketing-related activities within corporate communication.
Key Findings (2)

- Chinese companies overwhelmingly embrace the idea of corporate social responsibility, and their CSR engagement is motivated by both internal (e.g., building corporate culture) and external (e.g., managing corporate image) concerns.

- There is disparity between what CSR areas companies have engaged in and what respondents believe their companies should be pursuing. Companies have done the most in disaster relief efforts and in programs that aim to help children and youth; whereas workplace health and safety, consumer rights, and environmental and energy conservation issues top their desired CSR agenda.

- Respondents seem to agree on the necessity and importance of communicating about their CSR actions both internally and externally. Their choice of media tactics focuses on corporate and Internet media, with some consideration of local mass media.

- Overall, as Chinese companies compete in a increasingly market-driven environment, the role of the Communist Party and government in corporate communication and CSR appears minimal. This represents a fundamental shift away from the propaganda model of communication that used to dominate and dictate all aspects of Chinese society, including companies and work units.
Respondents Representing Companies from a Mix of Industries/Sectors

- Industrial/machinery/auto: 26.7%
- Telecom: 16.7%
- Hospitality: 15.0%
- Retail: 11.7%
- Business services: 5.0%
- Pharmaceutical: 5.0%
- Real estate: 3.3%
- Chemical: 3.3%
- Hi-tech: 3.3%
- Logistics: 1.7%
- N/A: 5.0%
- Telecom: 16.7%
- Industrial/machinery/auto: 26.7%
- Hospitality: 15.0%
- Retail: 11.7%
- Business services: 5.0%
- Pharmaceutical: 5.0%
- Real estate: 3.3%
- Chemical: 3.3%
- Hi-tech: 3.3%
- Logistics: 1.7%
- N/A: 5.0%
Most Are Mid-Size Companies with Some Large Enterprises

Companies defined by 2006 total sales (RMB, millions)

- < 100 m: 23.3 (30%)
- 100m – 999m: 26.7 (20%)

Companies defined by total number of employees

- < 1000: 83.3% (1.7)
- 1000 – 4999: 15
- 5000 and plus: 5
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Beliefs about Role of Corporate Communication

More popular beliefs (mean*) ...

1. Driver of company publicity (1.58)
2. Support marketing and sales (1.63)
3. Branding and brand perception steward (1.64)
4. Manager of company’s reputation (1.72)
5. Manager of the company’s image (1.73)
6. Source of public information about the company (1.81)
7. Manager of employee relations/internal communication (1.86)

Less popular beliefs (mean*) ...

8. Advocator or “engineering of public opinion” in support of company policies (1.92)
9. Manager of relationships between the company and all of its key constituents (1.94)
10. Manager of relationships between the company and all of its key non-customers constituents (2.06)
11. Promoter of Corporate citizenship (2.14)
12. Counsel to the CEO and the corporation (2.18)
13. Corporate philanthropy champion (2.22)

* Mean scores on a 1-5 scale, with 1 being strongly agree and 5 strongly disagree
** Excludes respondents answering “don’t know” or “other”
Functions of Corporate Communication

Functions Most Practiced (top six)

% of respondents

1. Brand management (73.3%)
2. Corporate mission statement (73.3%)
3. Marketing communication (53.3%)
   Internet communication (53.3%)
4. Corporate advertising (51.7%)
   Corporate identity (51.7%)

Functions Least Practiced

% of respondents

1. Issue management (3.3%)
2. Crisis communication (15%)
3. Investor relations (25%)
   Corporate citizenship (25%)
4. Corporate reputation (28.3%)
   Labor relations (28.3%)
Inadequately Prepared for Crisis Management

Crisis comm. and management set up

Not yet set up

26.7%

73.3%
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Four Aspects of Corporate Communication Management

- Top Management Involvement
- Budget and Staff Allocation
- Corporate Communication Managers
- 3rd-party Provider for Communication Services
Q In your organization, the top person responsible for corporate communication reports to ...

<table>
<thead>
<tr>
<th>Role</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>76.7</td>
</tr>
<tr>
<td>COO</td>
<td>15</td>
</tr>
<tr>
<td>Other</td>
<td>3.3</td>
</tr>
<tr>
<td>CIO</td>
<td>1.7</td>
</tr>
<tr>
<td>N/A</td>
<td>3.3</td>
</tr>
</tbody>
</table>
Confidence About Corporate Communication Function

Q: If your company had to reduce overall costs, would cuts to your department budget be …

- Among the first to go: 1.7%
- Among the last to be cut: 25%
- Neither sooner nor later than other department cuts: 65%
- N/A: 8.3%

% of respondents
Increasing Resources for Corporate Communication

How did the Corporate Communication budget and staff at your company for fiscal year 2007 change compared with 2006?

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Increase</th>
<th>Decrease</th>
<th>Increase up to 5%</th>
<th>Increase up to 15%</th>
<th>Increase more than 15%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget</strong></td>
<td>48.3</td>
<td>3.3</td>
<td>28.3</td>
<td>15</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Staff</strong></td>
<td>40</td>
<td>5</td>
<td>28.3</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

* Respondents who answered “no change” or “don’t know” are not shown.
Profiles of Corporate Communication Managers

**Gender**
- Male: 51.7%
- Female: 48.3%

**Age**
- 20-34: 34.5%
- 35-39: 22.4%
- 40-44: 22.4%
- 45-49: 12.1%
- 50-54: 5.2%
- 55-59: 3.4%

**Education**
- MBA: 15%
- MA degrees: 8.3%
- BA degrees: 28.3%
- Some college: 36.7%
- No college: 6.7%
- Other: 5%

**Study abroad**
- Yes: 12.1%
- No: 87.9%

* % of respondents; excluding “don’t know” or “N/A” answers
Annual Salary for Corporate Communication Managers

% of respondents, RMB ($1≈7.5 RMB)

- 50K -99.9K: 34.8%
- 100K -149K: 26.1%
- 150K -199K: 23.3%
- 200K -299K: 3.3%
- 300K +: 5%
- Decline to answer: 6.7%
Use of 3rd-party Communication Service Providers

Most-mentioned vendor-supported services

% of respondents

- Brand strategy: 45%
- Corporate advertising: 31.7%
- Communication strategy: 31.7%
- Corporate identity: 30%
- Marketing communication: 26.7%
- Internet communication: 26.7%
- Corporate mission statement: 26.7%
- Communication policy: 26.7%
- Media relations: 25%

No mention
- Issue management

1 mention
- Ethics code
- Corporate citizenship
- Internal communication
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Overwhelmingly Embrace Corporation’s Social Role

% of respondents

Strongly agree 36.7%
Agree 51.7%
Neutral 6.7%
Disagree 3.3%
Strongly disagree 1.7%

Q To what extent, do you agree to this statement:

*It is important that your company contribute resources to benefit the society and community at large.*
## Rationale for CSR Engagement

<table>
<thead>
<tr>
<th>Motivations</th>
<th>Mean*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Improve corporate image/reputation</td>
<td>1.58</td>
</tr>
<tr>
<td>2. Create corporate culture and value</td>
<td>1.67</td>
</tr>
<tr>
<td>3. Realize business strategy</td>
<td>1.90</td>
</tr>
<tr>
<td>4. Meet the expectations of their customers</td>
<td>1.92</td>
</tr>
<tr>
<td>Meet the expectations of the general public</td>
<td>1.92</td>
</tr>
<tr>
<td>6. Purely make contributions to social development</td>
<td>2.11</td>
</tr>
<tr>
<td>7. Respond to competition</td>
<td>2.50</td>
</tr>
<tr>
<td>8. Adhere to government policy and advice</td>
<td>3.02</td>
</tr>
</tbody>
</table>

*Mean scores on a 1-5 scale, with 1 being strongly agree and 5 strongly disagree*
## Disparity between CSR Practice Beliefs and Actions

### Rank Beliefs (mean)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Belief</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Workplace health and safety</td>
<td>1.56</td>
</tr>
<tr>
<td>2</td>
<td>Consumer rights</td>
<td>1.58</td>
</tr>
<tr>
<td>3</td>
<td>Environmental protection</td>
<td>1.61</td>
</tr>
<tr>
<td>4</td>
<td>Energy conservation</td>
<td>1.61</td>
</tr>
<tr>
<td>5</td>
<td>Disaster relief</td>
<td>1.63</td>
</tr>
<tr>
<td>6</td>
<td>Patriotism promotion</td>
<td>1.73</td>
</tr>
<tr>
<td>7</td>
<td>Helping elderly</td>
<td>1.92</td>
</tr>
<tr>
<td>8</td>
<td>Helping youth and children</td>
<td>1.93</td>
</tr>
<tr>
<td>9</td>
<td>Civil rights advocacy</td>
<td>2.04</td>
</tr>
<tr>
<td>10</td>
<td>Community development</td>
<td>2.10</td>
</tr>
<tr>
<td>11</td>
<td>Fighting poverty</td>
<td>2.12</td>
</tr>
<tr>
<td>12</td>
<td>Arts and culture promotion</td>
<td>2.17</td>
</tr>
<tr>
<td>13</td>
<td>Primary/secondary education support</td>
<td>2.29</td>
</tr>
<tr>
<td>14</td>
<td>International relations engagement</td>
<td>2.31</td>
</tr>
<tr>
<td>15</td>
<td>Higher education support</td>
<td>2.39</td>
</tr>
</tbody>
</table>

### Actions (% of respondents)

<table>
<thead>
<tr>
<th>Action</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace health and safety</td>
<td>55</td>
</tr>
<tr>
<td>Consumer rights</td>
<td>63.3</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>60</td>
</tr>
<tr>
<td>Energy conservation</td>
<td>68.3</td>
</tr>
<tr>
<td>Disaster relief</td>
<td>91.7</td>
</tr>
<tr>
<td>Patriotism promotion</td>
<td>45</td>
</tr>
<tr>
<td>Helping elderly</td>
<td>85</td>
</tr>
<tr>
<td>Helping youth and children</td>
<td>70</td>
</tr>
<tr>
<td>Civil rights advocacy</td>
<td>38.3</td>
</tr>
<tr>
<td>Community development</td>
<td>35</td>
</tr>
<tr>
<td>Fighting poverty</td>
<td>45</td>
</tr>
<tr>
<td>Arts and culture promotion</td>
<td>38.3</td>
</tr>
<tr>
<td>Primary/secondary education support</td>
<td>31.7</td>
</tr>
<tr>
<td>International relations engagement</td>
<td>26.7</td>
</tr>
<tr>
<td>Higher education support</td>
<td>23.3</td>
</tr>
</tbody>
</table>

* Mean scores on a 1-5 scale, with 1 being strongly agree and 5 strongly disagree

** Excludes respondents answering “don’t know” or “other”
Importance of CSR Communication

**Q**: To what extent, should companies promote their CSR programs, *internally* and *externally*?

<table>
<thead>
<tr>
<th>Promotion Level</th>
<th>Internally</th>
<th>Externally</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote a great deal</td>
<td>51.7%</td>
<td>48.3%</td>
</tr>
<tr>
<td>Some promotion</td>
<td>45.8%</td>
<td>46.7%</td>
</tr>
<tr>
<td>Little promotion</td>
<td>1.7%</td>
<td>3.3%</td>
</tr>
<tr>
<td>No promotion</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

% of respondents
### Choice of media Tactics for CSR Communication

<table>
<thead>
<tr>
<th>Media vehicles</th>
<th>Mean*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company brochures &amp; other print publications</td>
<td>1.63</td>
</tr>
<tr>
<td>Company websites</td>
<td>1.70</td>
</tr>
<tr>
<td>Company intranet</td>
<td>1.77</td>
</tr>
<tr>
<td>Internet news media</td>
<td>2.02</td>
</tr>
<tr>
<td>Other internal corporate media</td>
<td>2.05</td>
</tr>
<tr>
<td>Trade magazines</td>
<td>2.22</td>
</tr>
<tr>
<td>Billboards &amp; other out-of-home media</td>
<td>2.23</td>
</tr>
<tr>
<td>Local television</td>
<td>2.25</td>
</tr>
<tr>
<td>Local newspaper</td>
<td>2.26</td>
</tr>
<tr>
<td>Local radio</td>
<td>2.47</td>
</tr>
<tr>
<td>General interest magazines</td>
<td>2.66</td>
</tr>
<tr>
<td>National newspaper</td>
<td>2.90</td>
</tr>
<tr>
<td>National television</td>
<td>3.00</td>
</tr>
<tr>
<td>National radio</td>
<td>3.10</td>
</tr>
</tbody>
</table>

* Mean scores on a 1-5 scale, with 1 being very likely and 5 very unlikely

- **Prominence of corporate and Internet media**
- **Relative importance of local media**
- **Shying away from traditional national mass media**
Opportunities for Training in CSR

Necessity of executive training in CSR

<table>
<thead>
<tr>
<th>Necessity</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very necessary</td>
<td>23.3</td>
</tr>
<tr>
<td>Somewhat necessary</td>
<td>58.3</td>
</tr>
<tr>
<td>Neutral</td>
<td>11.7</td>
</tr>
<tr>
<td>Somewhat unnecessary</td>
<td>5.0</td>
</tr>
<tr>
<td>Very unnecessary</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Level of interest in participating in CSR training

<table>
<thead>
<tr>
<th>Interest</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very interested</td>
<td>51.7</td>
</tr>
<tr>
<td>Somewhat interested</td>
<td>20.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>21.7</td>
</tr>
<tr>
<td>Somewhat uninterested</td>
<td>5.0</td>
</tr>
<tr>
<td>Very uninterested</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>1.7</td>
</tr>
</tbody>
</table>
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• Corporate Social Responsibility Beliefs and Practices

• Summary and Implications
## Corporate Communication as Compared with 2006 Study

<table>
<thead>
<tr>
<th>Aspects</th>
<th>Explanation</th>
</tr>
</thead>
</table>
| Role and function of corporate communication | • Both studies reveal strong consensus on the major roles corporate communication plays in a company, with little agreement on some of the least important roles.  
• Brand strategy viewed as most central to corporate communication, while scant attention paid to issue management, investor relations, and labor relations in both studies.  
• Overall, role and function are driven by marketing and publicity than a strategic understanding of both internal and external stakeholders.  
• Crisis communication remains one of the weakest links in Chinese corporate communication. It was not embraced as an important part of corporate communications work in either of the studies.  
• There is a considerable amount of confidence in corporate communication as an integral part of the company, with direct involvement by top management. While the overall trend in resource allocation for corporate communication was positive in both studies, the 2006 study seems to show a brighter outlook than does the 2008 study. |
| Crisis communication                         |                                                                                                                                                                                                                                                                                                                                          |
| Corporate communication within corporate structure |                                                                                                                                                                                                                                                                                                                                        |
### CSR Beliefs and Actions as Compared with 2006 Study

<table>
<thead>
<tr>
<th>Aspects</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Importance of CSR</td>
<td>• In both studies, majority of the companies embraced the social role of the company in society.</td>
</tr>
<tr>
<td></td>
<td>• There was agreement on the top two motivations for companies to be engaged in CSR (i.e., to improve corporate image/reputation and to create corporate culture and value.) as well as consensus on the least important factors (i.e., adhere to government policy and advice, respond to competition, and purely make contributions social development).</td>
</tr>
<tr>
<td></td>
<td>• Both studies demonstrate incongruence between desired CSR actions and current practices. Companies agreed on the top five most important domains of CSR activities. In reality, they have done the most in disaster relief efforts.</td>
</tr>
<tr>
<td></td>
<td>• While there was broad agreement in both studies on the importance of communication (both internal and external) of CSR activities and the role of the Internet and company publications in CSR communication, the 2008 study found that local media were favored over national media as CSR communication platforms.</td>
</tr>
</tbody>
</table>
Five Tips for Multinational Companies in China

1. Avoid being viewed as insensitive to different practices of corporate communication among Chinese companies

   In working and partnering with Chinese companies, MNCs must be aware that some critical components of corporate communication in their home market, such as issue management, crisis communication, investor relations and labor relations, are either little developed or differently structured within Chinese companies.

2. Assist Chinese companies in building capability in crisis communication

   In light of the ever more dynamic marketplace and media environment in China and globally, MNCs (and in particular industry leaders) need to stand ready to counsel Chinese partners on crisis communication and to assist them in developing capability in pro-actively managing crisis and corporate reputation.
Five Tips for Multinational Companies in China

3. **Stress corporate communication as a critical component in brand-building and management**
   The current fervent pursuit of branding among Chinese companies makes it important for MNCs in China to not only effectively define the role of corporate communication in the brand-building stage but, more importantly, in brand maintenance going forward.

4. **Seize the opportunity to champion corporate communication education and training in China**
   MNCs should support educational programs to help broaden the discussion of corporate communication and develop the next generation of corporate communication talents as well as providing opportunities for Chinese corporate communication executives to receive training.

5. **Localize CSR strategies and actions to reflect social agendas in Chinese society, while embracing common, global challenges**