



STRATEGIC COMMUNICATION ENHANCES COMPETITIVE ADVANTAGE IN THE 21ST CENTURY CORPORATE BUSINESS

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ABSTRACT The 21st century technology driven global business landscape has thrown major challenges for corporate leaders to safeguard the interests of their organizations from the uncanny competitions determined to malign the brand value of the established business organizations. However, the formidable challenge lies in growing and sustaining in the volatile business environment. This paper explores how a business conglomerate can be strategically converted into a lean and profitable organization so as to survive and excel in the highly competitive environment. The paper also tries to study how corporate communication enhances competitive advantage of an organization. The paper also, briefly, presents a case study of the restructuring of Tata group in the recent past.

KEYWORDS : technology driven, business landscape, uncanny competitions, strategy, competitive advantage, restructuring, formidable challenge

Introduction

‘With the recent advent of the research driven technological innovation and the emergence of the newly industrialized’ (Rao : 2008) landscape, the Indian business organizations are ‘witnessing a convergence in terms of preferences, financial systems and organization design’ (Thakur et al : 1997). The concept of disruptive technology has significantly added to the rapidly changing business environment. Computer, internet and smart phones are the new tools of technology which initiate changes in the efficient delivery of content. However, the nuances of strategic communication in enhancing the competitive advantage of a business enterprise cannot be undermined.

Strategic Corporate Communication

Strategic communication means ‘communicating a concept, a process or information that satisfies a long term strategic goal of an organization’ (en.wikipedia.org/wiki/Strategic_communication). An important function of a communication strategy is to educate audiences to understand and use quality information. A communication strategy removes doubt, emphasizes planning and involves all the team members of a project. Successful communication strategy is essential to the success of a business endeavor (en.wikipedia.org/wiki/Strategic_communication).

Communication does not have boundaries in time or space. Knowingly or unknowingly, all the stakeholders, employees, vendors and customers are communicators. Everything, an employee says, does or fails to do has intended and unintended consequences. Every action sends a message, and every team member is a messenger. All communications can have strategic impact, and ‘unintended audiences are unavoidable in the global information environment’ (Department of Defence, USA : 2008).

Corporate communication is not simply dissemination of information, it’s about engagement as well. For example, posting a report on the web is a way of disseminating information. Corporate communication is a set of activities involved in managing and orchestrating all internal and external communications aimed at creating favourable point of view among stakeholders on which the company depends (Riel et al : 2007). However, writing and designing material specifically for the web, linking with other products or organizations, interacting and building in terms of feedback, can be called thinking strategically.

A solid corporate communication strategy helps an organization effectively communicate with internal and external stakeholders, including employees, vendors, customers and the public at large. If done effectively, it streamlines communications among business functions, helps management, human resources and marketing maintain a unified voice and consistent messages. It improves market share and reduces employee turnover. A well thought out corporate strategy enables an organization to create plans and methods so as to

continue growing despite ups and downs of the economy or changes in the market. Developing a solid corporate communication strategy helps a business thrive by preventing the costly mistakes that inevitably result from miscommunication (Laura: 2014).

Competitive Advantage

In the last two decades India has increasingly integrated itself with the global economy, and as a result, challenges and opportunities have also multiplied. As integration with the global economy gathered momentum, a visible shift has appeared in the Indian attitude and perception towards corporate business. The rapid emergence of new technology and the shrinking of the world into one global market have also created challenges that Indian companies can no longer afford to ignore (Paul : 2007).

Business leaders must be prepared not only to handle these technology based challenges, but also to proactively counter the competition which may be seeking to use today’s media environment to malign their corporate or national reputation (Jha : 2011). With deep penetration of internet connected devices and rapid technological advances in the android phones and mobile applications, it is indispensable for governments and business enterprises to prevent negative news from reaching virtually different corners of the world in a flash.

Transparency and consistency are the key stone of corporate communication. “Actions, images and words must be integrated and coordinated internally and externally with no perceived inconsistencies between words and deeds, or between policy and deeds” (Department of Defence, DISA :2008). An organization must “address specific issues with specific audiences, often at specific moments in time, by communicating to achieve the greatest effect. All communication carries inherent risk and requires a level of risk acceptance within the organization” (Alenius : 2014).

Effective communication in a business organization is a process creation. It needs to maintain balance in three factors : the message, the media channel and the audience. There should be a deep comprehension of attitudes, cultures, identities, behavior, history, perspectives and social system. “Acting without understanding audiences can lead to serious consequences. Understanding impacts of culture, language, history, religion, environment and other factors is critical when crafting communication strategy for a relevant population (Alenius : 2014).

As competition intensifies, companies must work hard to differentiate themselves from their peers. In order to maintain competitive advantage, each company must identify and consistently project the unique value it brings to the market place. If the managers want their ‘organization and its products to make a difference,’ they have to get the right information to the right people at the right time. With its intensive communication efforts, an organization must carve out a

unique position in the minds of its stakeholders. With the help of effective corporate communication, productivity and performance can be enhanced, and in due course of time, organizational objectives can be met.

Case Study

Restructuring of the Tata Group : Scale through Growth, Consolidation and Collaboration

During one of the most critical periods in the Tata Group's long and eventful history, Natarajan Chandrasekaran, the former CEO of Tata Consultancy Services (TCS), Tata group's biggest and most profitable business, was elevated as the Chairman of Tata group companies on 21 February 2017 to head the salt to software conglomerate with over USD 105 billion in revenue. N. Chandrasekaran, the first non-Parsi, and the third non-Tata to head the Tata Group, completed his first year on February 21, 2018. Chandrasekaran, fondly called Chandra, has reasons to feel satisfied that he's successfully pulled the group out of the morass that began after the sacking of Cyrus Mistry, his predecessor.

Challenges

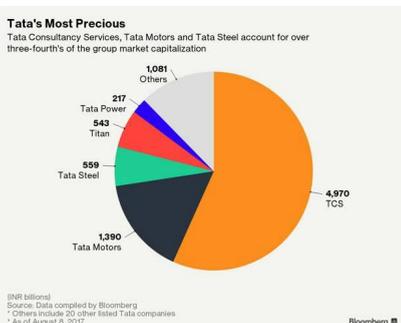
Chandra took over the reins when the group was facing a host of challenges and numerous comments in the media for the manner in which the board sacked Cyrus Mistry, the chairman, after a four-year stint. Excluding Tata Consultancy Services (TCS), the group has 25.5 billion USD in net debt. Total debt for 25 of Tata's listed companies had gone up to Rs 2.42 trillion as of March 2017, compared to Rs 1.175 trillion when Cyrus Mistry had taken over the role of Chairman from Ratan Tata in December 2012. In addition, there was a debt of Rs 350 billion of unlisted and unprofitable Tata Teleservices NSE -0.87 % Ltd, which was high on Chandra's list of urgent fixes. There were many other issues which ranged from loss making units to aftermath of the acrimonious exit of Mistry. Chandra began with a clear intent to resolve some of the issues, and bring the empire back on the track of profitability and sustainability.

Potential to Grow

One of the biggest conglomerates in India, Tata group has huge potential to grow. The group has its presence in a large number of areas. In a letter written by Chandra, the group chairman, recently said, we have presence in many sectors which have potential to scale. Each presents significant opportunity of growth. We need to scale through growth, consolidation and collaboration. These efforts must be unequivocally underpinned by a culture of high performance and accountability. As we move ahead, I am more convinced than ever before about the future power and potential of the Tata businesses. With our diversified global footprint and our presence in the lives of almost a billion consumers, we are uniquely positioned, said Chandrasekaran. The Chairman further added that unlocking the hidden productivity of the Tata ecosystem can catapult the group to a new level of sustainability and performance.

Major Achievements

One year is certainly not a long time to assess the performance and achievement of a group chairman, and that is also of a business conglomerate like that of Tata's. However, Chandra's first year in office has been marked by finding solutions to legacy issues that the Tata Teleservices- NTT Docomo dispute, revamping Tata Motor's domestic operations and also divesting Tata Steel's cash burning European operations, said a Bombay House insider. Some of the most notable resolutions that Chandra solved include, the USD 1.2 billion settlement with the Japanese telecom major Docomo, the sale of its crippled telecom business to Bharti Airtel, the resolution of Tata Steel Europe's highly loss making business with part sale and a merger with Thyssenkrupp of Germany.



Share Buyback

Chandra simplified the group holding structure, including the unwinding of crossholdings, which, according to the Bombay House insiders, has seen the group

spending around Rs 10,000 crore towards share buybacks. The effort has seen Tata Steel buying back 1.6 per cent stake Tata Motors held, Tata Global buying back 4.5 percent stake in Tata Chemicals, which, in turn, sold back its 6.9 percent in it. Tata Sons also increased their holdings in Tata Motors by 1.6 percent, and also marginally in Tata Power and Tata Communications.

Key Appointments

Another key area that Chandra stays focused is on getting fresh blood infused into the group. To expedite the process of restructuring, Tata Sons Ltd, in May 2017, hired former investment banker Saurabh Agrawal as the Chief Financial Officer of the group. Agrawal was brought to fill a role that had been vacant for five years. A key lieutenant of Kumar Managalam Birla, Agrawal had helped the billionaire merge Grasim Industries Ltd with Aditya Birla Nuvo Ltd.

Some more key strategic appointments followed : Aarthi Subramanian as the group's chief digital officer; Banmali Agrawala as the head of the newly created infra cluster; Shuva Mandal as the group's legal counsel; and Rupa Purushotham of the Goldman fame as the group's chief economist. At the companies level, key appointments include Puneet Chhatwal as the CEO of Indian Hotels replacing Rakesh Sardana who was handpicked by Mistry; Rajiv Sabharwal as CEO of Tata Capital in place of Brotin Banerjee; PB Balaji as the CFO at IHCL; Prahit Bhohe as the CEO of Tata AMC. Chandra also hired Ankur Verma, who was Bank of America Corp's head of India for deals in technology, media, telecommunications, oil and gas, and Nipun Aggarwal who specializes in metals and mining deals. Chandra's priority of restructuring Tata group of organizations is evident from the fact that the first set of core team members have been appointed from investment banking and legal background.

Structural Shift

The chairman Chandrasekaran has set his primary task to bring more focus to the conglomerate which was getting unmanageable day by day. His plan is to simplify the Tata's complex conglomerate business structure, many of which were created in an era dominated by licensing and other regulatory reasons. There are plans to merge consumer and retail businesses, bring infrastructure firms under one umbrella, club defence units together and combine technology firms, according to the people close to Bombay House. Chandra is also keen to give a boost to financial sector of the group where he observes a lot of opportunities. The chairman is hoping to increase the efficiency of the conglomerate and shelving businesses which don't have the ability to scale, said Harish H V, a partner at consultancy firm Grant Thornton India LLP.

Chandra has asked executives to stay focussed on profit and cash reserves, and not on EBITDA, a measure that doesn't include interest payments on loans and other costs, one of the people said. The group is selling non-core companies to make the loosely held conglomerate leaner and more profitable. The focus now is to strengthen balance sheets, reduce debt and develop scale under the new leadership

These steps conveyed a clear message to the world outside that the Tata Group is serious about business. It is also an obvious indication that whereas the group is ready to invest in core businesses for growth, it will not hesitate to exit non-core business that would continue to bring losses.

Globalization

The Tata Group has taken the globalization of the empire very seriously. In the process, on 23 April 2018, Tata Group announced the appointment of former Foreign Secretary S. Jaishankar as its President, Global Corporate Affairs. Jaishankar will report to the Group Chairman N Chandrasekaran, Tata Sons said in a statement. Jaishankar will be responsible for the Tata group's global corporate affairs and international strategy development, and Tata Sons' international affairs will report to him, it added. Jaishankar will work with Tata companies to help them strengthen their business presence and positioning in their respective global space.

The Growth Strategy

The key growth strategy adopted by N Chandrasekaran has been closely observed by N. Ganapathy Subramaniam, the Chief Operating

Officer of Tata Consultancy Services in the following lines. According to Subramaniam, “Chandra always believed in giving a much larger role to the people he believed had potential, and so the organizational change, we undertook, was a phenomenal move. We organized ourselves into smaller units. Each of the units was run by leaders who were told to run it the way they wanted,” Subramaniam further added, Chandra stays focussed on relentless execution and is less obsessed with marketing messages. By and large, the same philosophy has been introduced in the entire Tata Group, and this has yielded handsome results.

- This case study has been prepared on the basis of the information gathered from the various online editions of The Economic Times, Live Mint, Financial Express, Business Standard and BloombergQuint. We acknowledge the contribution of various newspapers and websites in preparing this case study. The websites have been duly mentioned under the references.

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