Managing Cross-Border Intern Corporate Communication of International Companies

This paper aims to share the main results of the research which intended to explore the current strategies and models on a special area of the "internal cross-border communication" of international companies, operating in different socio-cultural environments. This study was designed to examine what strategies are available for CEOs to guide the communication in different socio-cultural environments. The research aimed to investigate the theme of "standardization or differentiation". It was written on the basis of systematic expert interview made by CEOs of international companies having subsidiaries in Hungary.

**Keywords:** cross-border internal corporate communication, models of standardization/differentiation.

Introduction

A company is considered to be international if it operates subsidiaries, plants, sales divisions or representative offices across borders. The parent company’s communication with these units is intern corporate communications. However, since these units are located outside the borders of their own country, communicating with them is cross-borders in nature. The economic, political and social boundaries have expanded and become international. The framework conditions in which enterprises operate today have changed. Many companies are expanding abroad: establishing subsidiaries, plants, sales divisions or offices outside the border of their own country.

**The scientific problem** of the research. The parent organization steps into a foreign cultural context, thus its communication becomes more complex: a cross-border, international communication multiplies...
and expands with new dimensions and the tasks of communication management.

The aim of this article is to analyse the cross-border intern corporate communication in case of international companies, grounding this analysis on literature review, as well as to study the current ways, strategies and models of corporate communication practice in Hungarian branches of international companies. The research is aimed to investigate the theme of standardization or differentiation: communication systems of international companies’ entities working in Hungary with subsidiaries.

The research object: cross-border intern corporate communication of international companies crossing national borders; the interaction between the parent companies and their subsidiaries located abroad.

Research objectives: to find out if communication of entities of the international companies operating in Hungary can be described by standardization or differentiation models or by their mix; and whether these companies are model-typical or not. S. Huck’s (2005) standardization model was tested vs. differentiation model. In the frame of the research there was also examined, what strategies are available for CEOs to guide communication in different socio-cultural environment.

Research methods: literature analysis and qualitative research. This paper was written on the basis of qualitative research, based on systematic expert interviews carried out among CEOs of Hungarian branches of international companies having subsidiaries in Hungary. The expert interview was applied as a method. According to L. van Aidenhoove (2007) the expert interview’s advantage is that experts have accumulated knowledge about the research-subject, processes, strategies and team-behaviour. They are sources of special information which is not available by applying other methods. However, these experts are not neutral: they explore correlations subjectively. L. van Aidenhoove distinguishes three types of expert interview: exploratory, systematizing and theory-creating interviews. Exploratory interview is suggested to use when we aim to win first information about a new topic, if we want to structure a problem better, or if we want to create an interview-topic list, or prepare a survey. Theory-creating expert interview is applied when the interviewee is more than a source of information. The focus is on the subjective aspects of the expert knowledge (motives, routines, believes) which influence the systems’ and experts’ operation. Systematizing expert interview is used when the focus is laid on the exclusive knowledge of the expert, if we intend to get information that otherwise is not available. During our research the last type of expert interviews – the systematizing – was applied.

The interview guideline was divided into five parts, examining the communication on the global, regional and local level. The first part includes questions about the global corporation; the second one about the regional centre; the third one about the Hungarian subsidiary; the fourth one about the co-operation between the global, the regional and the national entity, and the last one about the evaluation of co-operation.

Interviews were conducted with leaders of twenty foreign corporations’ domestic subsidiaries, responsible for communication. Choosing the pattern companies, their size and sector were taken into consideration (we intended to choose
medium to large companies representing a variety of industries). An interview lasted for 1-1.5 hours on average, carried out at subsidiaries, based on the guideline.

The respondents’ positions were typically Head of Communications (11), Chief Financial Officer (3), executive assistants (2), executive (2), and HR Manager (1) Sales manager (1).

The parent company’s locations: Germany (8) UK (4), Austria (2), India (2), Sweden, Mexico, Finland, the United States (1-1), altogether 16 European, 2 Asian, 1 Central and 1 North American companies took the pattern. Table 1 presents information related to the age of investigated companies.

As far as the industrial sectors concerned, the parent companies represent several sectors, such as IT, telecommunication, electronics, logistics, food manufacturing, automobile manufacturing, construction, toy manufacturing and sales, energy industry, interior, light metal foundry, food distribution, communication service provider: in total 11 producers and 9 service providers.

The size of the global companies investigated is between 700 and 493,000 according to the number of employees. Most of them have 60,000-80,000 employees. In terms of territorial expansion they are multinational companies: operating in 2-190 countries (Table 2).

**Literature overview**

This chapter provides an overview of the literature on the research object – on communication of international companies. In particular, the chapter examines the intern communication in the context of complexity of the international companies’ communication.

**Interpretation of international communication**

One of the features of the globalization process is internationalization of companies; the other one is creation of the global information and media networking, as well as the spread of unified management, operational principles and systems. Globalisation and the revolution of computer and internet-based information are the driving forces behind the international-

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**Table 1**

<table>
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<th>Year of foundation of Hungarian subsidiaries</th>
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<td>1890s (1)</td>
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Source: according to the results of the survey carried out by the authors in 2012

**Table 2**

<table>
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<tr>
<th>The size of Hungarian subsidiaries investigated (based on the number of employees)</th>
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<td>Ten thousand (2)</td>
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<td>22,000, 12,500</td>
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Source: according to the results of the survey carried out by the authors in 2012
ization and international communication. “A new global culture is emerging parallel to a global consumer society. Interactions between cultures are significantly influenced by the globalizing cultural forces, including the international media” (Szondi, 2009, p. 123.).

The cross-border corporate communication can be targeting the company’s external stakeholders, e.g. foreign partner companies, international organizations operating abroad, financial institutions. However, the company’s internal communications also may cross national borders, as long as their branches, offices, subsidiaries operating in other countries.

These two types of international communication (intern and extern) have different criteria. Their common feature is that companies are operating in different environments, and it sets the framework for their communication activities.

“As a consequence of globalization, multinational companies are present in many national markets... the difficulties of their daily practice pointed out that during the communication with stakeholders they have to take into account their different social, political, economic and cultural particularities. The need for cultural research and application of their results has intensified” (Konczosné, Platz, Stifter, 2012, p. 181).

According to H. Sievert’s research (2007), the responsibility of international corporate communication professionals is large: a quarter of 225 PR experts are responsible for the whole international (global) communication of their companies. In order to successfully communicate in those countries one should be aware of these differences.

Scientific literature discusses the body of this knowledge under the name of “international corporate communications”. The first book dealing with international corporate communication – the “Handbook on International Public Relations” – was published in 1967. Since then books in English and German have promoted deeper knowledge on the subject, and since 2000 research on international communication topics has become a fashionable issue. Some of these most outstanding works are by H. M. Culbertson and Ni Chen (1996), and K. Shriramesh and D. Vercic (2003). Both of them evolved from the public relations’ roots. In Anglo-Saxon language countries the concepts of communication management and public relations are often used as synonyms (Tench, Yeomans, 2009), and in this paper we also follow this view. However, it is a widespread perception internationally (mostly in Hungarian literature) that public relations belong to communication management and this phenomenon is part of it.

In academic literature, the terms “international PR” and “global PR” are being used interchangeably. In our context, global PR refers to the internationalization of the profession, which is being practised in more and more countries throughout the globe, while international PR refers to the planning and implementations of programs, campaigns carried out abroad, involving two or more countries (usually referred as parent and host countries) (Szondi, 2009, p. 119).

R. Wakefield's definition also avoids these concepts and is more tangible. According to him, international PR is a multinational program that has certain co-ordination between the head-quarters and various countries where offices and/or publics are located, and that has potential consequences or results in more than one country (Wakefield, 2003).
Practical problems and interest in the topic has brought an increase in the differentiation of research issues. Most of research focus on the extern corporate communication (e.g. external PR, media relations, investor relations, marketing communications, and community relations) (Konczos, 2012; Borgulya, 2014; Ablonczyné, Tompos, 2014). Only limited literature is addressed to the company’s special internal (but cross-border) communication, when it crosses the borders due to its units operating abroad. The main players in international communication are:

- Multinational organizations (in this study this group was examined),
- Nation-states and governments,
- Intergovernmental organizations (e.g. UNESCO, WHO, EU)
- International non-governmental organizations (NGOs, e.g. Greenpeace, Oxfam, Red Cross),
- PR consultancies (e.g. Edelman, Grayling),
- Virtual communities (social media),
- Celebrities (e.g. sport, media stars) (Szondi, 2009, p. 120).

International communication of global companies

According to Gy. Szondi, international PR departments can choose to centralise or decentralise their communication policy. Centralisation (standardisation) means that the parent company’s PR team is responsible for panning campaigns and developing communication policies, procedures and strategies. The PR departments in the host countries follow these policies. It means a uniform approach in the different countries. In case of decentralisation (adaptation), policy making and planning lie with the organization’s PR department in the host countries with partial or full autonomy. It is a culture-specific approach. In reality, centralisation and decentralisation can vary to different degrees and the balance between the two approaches should be maintained... Pharmaceutical, IT and telecommunications companies are among the most common clients of international PR agencies (Szondi, 2009, p. 128).

Typologies/models

This research is regarded as testing of models. N. J. Adler (1980) distinguishes three types of the parent company’s management behaviour models related to the culture of a host country: cultural dominance, cultural compromise and cultural synergy. N. J. Adler’s models are clear, transparent, but practical reality is too simplified. In practice, there are much more complex and pre-mixed models, which are much more nuanced (Triandis, Albert, 1987, p. 274).

H. Perlmutter (1969) distinguished four types, four strategies of the parent company’s attitudes to their subsidiaries, based on standardization and differentiation dimensions: ethnocentric, polycentric, region centric and geocentric centric. In case when companies apply the ethnocentric strategy the key positions are loaded by people from the mother country, whereas decision making and power are concentrated in the headquarter. A polycentric approach characterized by the feature, that the key positions are occupied by people from the host country. In the strategy the national flexibility is dominant, and there are no strict restrictions on communications. In the case of the region entered strategy, the benefits of globalization and localization are better used. The geocentric approach means,
that the excellence and positions do not tied to a nation, and the subsidiaries consider themselves as part of a whole (Triandis, Albert, 1987, pp. 274-275; Poór, 2009, pp. 162-163)

P. A. Argenti (1994) formulated the dilemma of centralization. The advantage of centralization is that it helps to ensure consistency and to keep the communication under control by the top management. On the other hand, decentralisation gives chance for the subsidiaries to adapt their communication to their local needs, rather than keeping the whole company’s interest in mind. P. A. Argenti believes that the best creative solution for solving the problems is a special combination of centralization and local autonomy, so the local communications manager’s duty is to report to the headquarters (Argenti, 1994, pp. 56-57).

**The Huck-model**

The basic model of our research, evolved by S. Huck (2005), distinguishes three types of basic strategies: standardization (globalization), differentiation (locally oriented) and the “glocal” strategy.

The standardization (globalization) strategy aims to create a unified corporate image. For achieve the standardization of communication as much as possible, the consistent image, the “one-voice policy,” all is unified in the international communications. The advantage is that the transfer of know-how is simple, relatively high efficient. The disadvantage is that do not break the surface the synergies gaining from cultural differences.

The differentiation (local) strategy bases on the idea that the company needs to integrate into the local environment in which it operates (Corporate Citizenship). The different target groups with different cultures can be engaged through adaptation. Therefore, the principles developed by the Centre should be adapted to local peculiarities. However, in this case the transfer of know-how becomes more difficult.

The “glocal” strategy seeks to balance between the two opposite poles. This strategy combines local and global goals, attempts to combine the advantages of standardization and differentiation. The point is that the centre will develop internationally consistent framework, taking into account the local situations, for practical implementation of cross-border, internationally integrated communication.

**The internationally operating companies and the language using**

In the multi-cultural business environment, mainly the English language serves as work-language (Konczos, 2008). Using English as a working language (joint language policy) is not without problems. The documents written only in English exclude of those employees who do not speak English. For the operation of the internal multicultural communication networks, more and more companies employs a full-time communications coordinator, who will adapt the English/German, etc. documents to the local cultural requirements, taking into account the environmental characteristics (converted to local needs, “localizing”). These included translation in many cases to the local languages. It is experienced, that the internationally active, multi-cultural corporations use in their internal communication the local languages, as well.

If there is no in-house expert or capacity, these tasks must be outsourced. The external communication services can serve impeccable use of language and
design consistence with cultural expectations (Vesala-Varttala, Varttala, 2010, pp. 34-36.).

Results

In this section the authors of the paper intend to give the substantiation of the achieved research results and findings.

The research project examined the following topics:
- The importance of communication management for the top management.
- Using tools and keeping contacts.
- The degree of centralization.
- Direction of development.
- Changes in communications management at the company.
- The evaluation of communications management from the local enterprise perspective.
- Model-typicality.

The research questions were formulated as it follows:
- How significant is the communication management for the parent company’s leadership? How they position it, where is its place in the corporate hierarchy? Is there any written communication strategy? Which areas of communications are handled separately and which ones particularly?
- What skills and qualifications are expected from the communication staff? Are there any communication objectives particularly pointed out?
- What communication tools are used primarily? What is the role of social media?
- To what extent the parent company is centralised? How much autonomy is allowed for the (foreign) subsidiaries and representations in communication? In what field have the subsidiaries self-sufficiency? Which languages are used in the corporate and in the inter-corporate communications?
- What are the factors that primarily determine the corporate communication management? (Is there a noticeable role of the founding national background, of the enterprise values, sector affiliation, and environmental factors?)
- What is the development direction of corporate communication? What decisively influence the direction of change? (Territorial expansion? The growth of employees’ number? Economic circumstances?)
- How do the employees of local units evaluate the quantity and quality of communication with them? What do they suggest to change?
- The key question: based on the Huck-model is the intern communication of international companies operating in Hungary model-typical? Can we characterise them as standardised or differentiated ones?

Global parent company and its regional centres

14 out of 20 companies’ centres have a separate communication department. Their names and location in the organizational structure are different: Communications Division, Unternehmenscommunication, Corporate Communication, Communications Team, Communications Department, Konsern Kommunikation, Communication Regional Affairs, Corporate Relations and Responsibility, Global Communications.

Several companies operate more communication departments, dealing with
specialized areas of communication, such as internal and external communication; or internal communications, corporate communications and social relations (engagement department) are in the centre.

The majority of the communication departments (13) centres are independent, their leaders report to their CEO directly and they are members of the top management. However, the communication activity belongs to the marketing (five cases) and to the HR department (two cases), therefore communication experts have to report to the head of marketing and HR managers. Their number varies greatly: from one part-time staff member up to 200 workers. Their authority depends on the number of the department’s colleagues, on the degree of their independence, and on their place in the corporate hierarchy. Independent communication departments working with high reputation and great number of staff, prepare their own strategy, and their activities span all areas of communication (e.g. internal publication, sponsorship, newsletter, and government-relations).

Most of them use English as a working language (12), three of eight German companies use English as a working language as well. Characteristically, Austrian and German companies use English as a working language besides the German language. Other languages can be used as well, (e.g. Spanish), but the language of contracts by all companies is English and/or German.

Half of the global companies investigated have written communications strategy; they are made for the internal usage, and they are available in printed form or in the intranet, however this strategy is not published openly. The other half of companies also provide regulators, guidelines on communication, even though they are called not strategy. These are available in several languages (they are translated into English in 12 cases, into German in 6 cases version, and Hungarian in 3 cases.

Communication handbook is used by 5 companies, regulation used by 4 companies, in 4 cases brand identity manual is used, and in 7 cases there is not any kind of written regulation.

The most commonly used communication channels are the intranet, phone, e-mail, websites, and video conference. The parent companies have mostly English websites.

Having investigated the communication specifics of global companies, we can report in some cases the “censored”, “strictly centralized,” “centralized”, “standarized” and “mistrustful” markers. Most of them take into account the local aspects, even if the “intensive contacts”, “flexible cooperation,” the cohesive internal communication” are their characteristics.

Half of the surveyed companies (10) have regional centres, with 4-1000 employees, who help in coordination between a parent company and local companies.

Local subsidiaries

It is characteristic to half of the investigated subsidiaries working together with global partners. The others are partners of domestic companies, public institutions, private clients, European companies, and of their parent company.

At the Hungarian subsidiaries examined – except one – there is no communication department: the number of staff in charge of the communication activity is only one. They are included either into
the HR or into marketing departments, so usually they report to the HR manager or the marketing manager. The media relations are strictly ruled; these relations mostly belong to the authority of the CEO or to the colleague who is responsible for the communication, and in some cases it is regulated globally.

In all subsidiaries most of the official material is translated to Hungarian. The language of the daily communication is a mixed one. Hungarian employees talk to each other in Hungarian, but in presence of foreign colleagues they use English consistently. Most of the local companies are multicultural in nature.

The diversity is complete regarded to the social media communication. Companies are using Facebook or Twitter. However, it is differently regulated who put out these records. In some cases only the centre of the parent company is authorized or an outside agency (in cooperation with a company’s communications department), in some cases the local marketing staff. There is an example when the centre and the subsidiary have their own Facebook site. There is heterogeneity in the field of language usage with the next variations: English only, English and the local language or the language in which the request received.

We can speak about real communication management (communication strategy planning and integrated implementation, evaluation) only in a few cases. A strategic communication plan is made only in a few – mainly large companies – cases. The smaller companies are controlled by central commands; it is a rare case when a completely free hand is given in the field of local communication. There is an example when the relation can be characterized by a total lack of trust; strict control, and deprivation of all independence and initiative can be observed.

Adaptation to the local sociocultural environment is extended to “how” of communication, but the “what” is a mandatory thing (One Voice). According to the Hungarian communications staff the centralized communication is mostly effective, efficient and inexpensive.

The adaptation shall be approved by the Centre, mostly by the leaders of the communication unit of the Centre. Such approvals extend to the media appearances and statements, press conferences, VIP events, and the way of recruiting. It does not extend to the internal communication.

Several proposals were formulated to improve the local and global communication, e.g. to increase the number of personal encounters between the Centre and local employees. The popular e-mail and teleconferences cannot replace personal contacts. At least once a year local companies require personal meetings with the global communications leaders. In companies where this was achieved was positively appreciated by the local colleagues. The staff of the Centre collect various ideas arriving from local colleagues, the direction of development is discussed, everyone communicates with everyone, and the meetings are regular. Where there is no such practice, this forum is missed by the local employees. They require greater trust and greater flexibility in decisions related to local issues.

Conclusions

In this section the research questions and the conclusions are formulated. The authors also try to find out if the investi-
gated companies are model typical or not. Moreover, the authors try to estimate how these companies differ from the described Huck-model.

The communication professionals take huge responsibility. Therefore, the high level of professionalism is essential.

The most important communications tools in the company are e-mail and chat; the video-conferencing is generally used, which allows international interactivity. The video conference communication generally is not evaluated positively by the professionals because of distortion of the picture, the voice, and lack of direct personal contact.

The companies are very afraid of the media. Compared to other communications applications, media relations play a significant role and for each company it is a sensitive point. There is high priority – only the Executive is authorized to declare, there is strict licensing, etc. The companies are afraid of the negative media image. According to their justification the media is often abusing the information received. It often occurs that the only credible source is used by a number of other journalists (inaccurately) and incorrect information is disseminated.

The direction of communication management is influenced by several factors, such as:

- current effects (cost savings, reorganization);
- special purpose and value of corporate policy;
- innovation;
- industry constraints: health risk, industrial characteristics (very rapidly changing environment, very rapidly renewable products – cannot be planned for long term).

According to the analysed companies special processes play determinant roles in the management of communication, e.g.: bankrupt, expansion phase just started transforming, and etc.

The IT service providers led the way on communication, highly treated specialized units; they are good professionals with excellent technical capabilities, training, intense relationship between the Centre and the units.

There is very little personal – face to face – communication between the local and central communication professionals. Several companies miss it. There should be paid more attention to the internal organizational communication.

The geographical dimension plays a determinative role in the communication characteristics: is the activity full-European in nature or it is limited to certain countries or cross-continents?

As far as the direction and development of the intern cross-border corporate communication concerned, we can report the following features stated below.

The national origin of the founder (originally German, British, Indian, Austrian, Finnish, etc.) which was a determinative factor at the beginning of the company’s operating has any relevance to the today’s communication.

The level of trust depends on personal relations and its rate increases with time.

The central pattern is copied: the position of the communication management/department is the same as in the parent company and the subsidiary.

The cost saving caused by the crisis made the effect towards standardization and towards the elimination of professional positions.

The next crisis increased cost savings as previous corporate communications
units were merged, communication specialist positions were eliminated.

Based on S. Huck’s model we can conclude that international companies operating in Hungary are model-typical in their communication. In case of 20 investigated companies, eight of them are centralized / standardized / global companies, but overall the local needs have been taken into consideration (8+4) on varying degrees (Table 3).

The standardization and differentiation are influenced by the size of the global, international company: the larger the company the more standardized it is.

Table 3

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Standardized / globalized</th>
<th>“Glocal”</th>
<th>Differentiated / localized</th>
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<tr>
<td>Company</td>
<td>8</td>
<td>8</td>
<td>4</td>
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Source: according to the results of the survey carried out by the authors in 2012

References


The paper submitted: September 3, 2015
Prepared for publication: May 30, 2016

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Santrauka


Literatūros apžvalga. Pirmiausia buvo apžvelgta mokslinė literatūra, aptarianti tarptautinę korporatyvinę komunikaciją. Šis tyrimas vertintinas kaip modelio bandymas, todėl buvo nagrinėjamos išvados tarptautinių įmonių tipologijos ir modeliai.


Išvados. Tyrimo naujumas remiasi tuo, kad yra labai nedaug literatūros apie tarptautinę vidinę korporatyvinę komunikaciją. Krizė, prasidėjusi 2008 m., paveikė korporatyvinę komunikaciją; standartizacija tapo stipresnė įmonių veikloje, atsirado griežtesnių taisyklų bendradarbiaujant su žiniasklaidos atstovais.