

## What is strategic in CEOs' communication?



Up to the top floor

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## Voorwoord

Het eindartikel, het einde van mijn studietijd. Een mooie afsluiting van een mooie periode, maar tevens de start van iets nieuws. Na anderhalf jaar geleden voor de master Business Administration te zijn afgestudeerd liet mijn afstudeeronderzoek voor TCW even op zich wachten. De mogelijkheid om werkervaring op te doen bij Eaton Electric als marketingcommunicatiespecialist en het maken van een reis naar Amerika en Nieuw Zeeland liet ik niet aan mij voorbij gaan. Vervolgens moest er nog eerst verhuisd worden naar een ander deel van het land. Pas in februari van dit jaar (het is nog 2007) begon ik mij bezig te houden met het vinden van een nieuwe afstudeeropdracht. Maar niet zomaar een opdracht: het moest er één zijn van niveau, iets waar ik veel plezier aan zou gaan beleven. Na een gesprek bij HVR, communicatieadviesbureau te Den Haag, was ik eruit: ik ga onderzoeken van welke kwesties bestuurders wakker liggen. Een uitdagend onderzoek onder een uitdagende groep mensen: bestuurders. Uiteindelijk is het onderwerp veranderd in de strategische communicatie van CEOs.

Een onderzoek waarbij ik met een aantal bestuurders zou gaan meelopen, gewoon een week volgen wat ze doen, gecombineerd met interviews. Mijn eerste ingeving was: daar gaan die mensen niet aan meewerken. Toch, voor het meelopen had ik vrij snel drie bestuurders gevonden middels het netwerk van Professor Erwin Seijdel, waarvoor mijn dank. Tijdens deze weken meelopen heb ik veel gezien, voor mijn onderzoek maar ook daarbuiten veel geleerd. Mijn dank gaat dan ook uit naar de drie bestuurders die mee wilden werken aan deze methode. Voor de interviews lag de lat nog iets hoger, want ik wilde niet zomaar iedere bestuurder interviewen die mee wilde werken. Nee, de bestuurder moest minimaal 500 werknemers onder zich hebben. Uiteindelijk leverde de eerste lichte brief die ik verstuurd had al genoeg bestuurders op en kon mijn gesprekkenronde met deze mensen beginnen. Ook tijdens de interviews heb ik veel geleerd, veel gezien en veel gehoord. Deze 18 gesprekken met over het algemeen bekende bestuurders heb ik als erg aangenaam ervaren.

Uiteindelijk hebben er 21 bestuurders meegewerkt aan mijn onderzoek en zonder hen zou mijn onderzoek niet bestaan, mijn dank gaat dan ook uit naar meneer Van Woerkom (ANWB), meneer Kanen (Interpolis), meneer Jager (Provincie Flevoland), mevrouw van Ingen (Kamer van Koophandel), meneer Notten (Korein Kinderplein), meneer Scheepbouwer (KPN), meneer Schuyt (LogicaCMG), meneer de Heer (Ministerie van Buitenlandse Zaken), meneer Annink (Ministerie van Defensie), meneer de Jong (Ministerie van Financiën), meneer Ten Westeneind (Diafaan), mevrouw Thunissen (Belastingdienst), meneer Nabuurs (KEMA), meneer van Halderen (NUON), meneer Verschaeren (Océ Nederland), mevrouw Schouten – Van Hooft (Schouten & Nelissen), meneer Slippens (Sligro), meneer Witzel (Strukton Groep), meneer Schoots (Strukton Systems), meneer Smits (The Greenery) en meneer Van Aarle (VanAarleDeLaat).

Naast de mensen die hebben meegewerkt aan mijn onderzoek, zijn er nog mensen die mij geholpen hebben tijdens de uitvoering. Ten eerste gaat mijn dank uit naar Natascha Walenberg, mijn eerste begeleider bij HVR. Ik heb je begeleiding als zeer prettig ervaren, kritisch maar zeker ook opbeurend. Daarnaast wil ik Peter Knoers bedanken voor de mogelijkheid van het onderzoek binnen HVR en de ondersteuning tijdens het onderzoek. Hoewel ik niet dagelijks of soms zelfs niet wekelijks in Den Haag was, voelde ik mij snel op mijn gemak aan de Alexanderstraat. Naast de begeleiding vanuit HVR hebben Mark van Vuuren en Joris van Hoof hun uiterste best gedaan om mij vanuit de Universiteit zo goed mogelijk te begeleiden. Ik weet niet wie wie enthousiast maakte, maar mijn ervaring is dat ik altijd met een positief gevoel het Universiteitsterrein verliet. Mijn hartelijke dank voor deze bijdrage.

Als laatste wil ik graag mijn familie bedanken. In het bijzonder mijn ouders voor de morele en financiële steun. Ondanks dat ik al een fase had afgerond in mijn studie, stelden zij mij toch in staat om het geheel te voltooien. Daarnaast natuurlijk Erik, die af en toe best wat gemopper van mij heeft moeten aanhoren, maar die mij wel op mijn gemak stelde in mijn nieuwe omgeving.

Hengelo, 15 december 2007

Marijke Wiedemeijer

## Summary

This paper discusses the strategic aspect in communication from CEOs, with the research question: *What is strategic in CEOs' communication?* Strategic management is a responsibility of the CEO and his top management in which the CEO has the final responsibility. Strategic management has to do with alignment of the internal and external environment with as result a strategy which supports the organization in reaching the organization goals. Communication from CEOs in this strategic management is an activity which enables this alignment. To find out what exactly is strategic in CEOs' communication a research has been executed by using participant observation and interviews. Three CEOs co-operated in the participant observation for one complete week and 18 well known CEOs co-operated in the interviews. These interviews were based on the agenda of the CEO, to find out what communication activities a CEO has to do with and who the stakeholders are with whom the CEO communicates. The results of this research show the employee is an important stakeholder just like the customer, shareholders and politicians. The communication activities of CEOs stress mainly networking, information processing and top down communication like instructions. Last part of this research are the subjects of the communication from CEOs. These subjects all have a link with the internal or external environment and the alignment between these two. The last chapter discusses the answer to the research question: the strategic aspect in CEOs' communication are the activities from CEO which stress the influencing factor of communication. Influencing the stakeholders in such a way they will handle the way the CEO wants them to handle like in a lobby. Or the second strategic aspect in the communication is the alignment between intern and extern.

## Samenvatting

Dit artikel gaat in op het strategische aspect in de communicatie van bestuurders met als onderzoeksvraag: *Wat is strategisch in de communicatie van bestuurders?* Strategisch management is een verantwoordelijkheid van de bestuurder en zijn top management waarbij de bestuurder de eindverantwoordelijkheid heeft. Strategisch management gaat met name over de afstemming tussen intern en extern waarbij het resultaat een strategie is die het bereiken van de organisatie doelen ondersteunt. Communicatie van bestuurders binnen het strategisch management is een activiteit die het mogelijk maakt om deze afstemming te bereiken. Om te onderzoeken in hoeverre communicatie van bestuurders daadwerkelijk strategisch is, is onderzoek gedaan met behulp van participant observatie en interviews. Drie bestuurders werkten mee aan de

participant observatie die per bestuurder een complete week in beslag heeft genomen. Bij de interviews werkten 18 bekende bestuurders mee, waarbij het interview was gebaseerd op de agenda van de bestuurder om te achterhalen welke communicatie activiteiten de bestuurder onderneemt en met welke stakeholders de bestuurder te maken heeft. Het resultaat van dit onderzoek laat zien dat de werknemer een belangrijke stakeholder is van de bestuurder, gevolgd door de klant, aandeelhouders en politici. De communicatie activiteiten van bestuurders bestaan voornamelijk uit netwerken, informatie verwerken en top down communicatie van bijvoorbeeld het geven van instructies. Naast de stakeholders en de communicatie activiteiten is tevens gekeken naar de onderwerpen van de communicatie. Deze onderwerpen sluiten allemaal aan bij de verdeling die is gemaakt in intern, extern en de afstemming daartussen. In het discussiehoofdstuk is gekeken naar het antwoord op de hoofdvraag. Het strategische aspect in de communicatie van bestuurders heeft met name te maken met het beïnvloeden van stakeholders in het nemen van hun beslissingen die van invloed kunnen zijn op de organisatie van de bestuurder. Daarnaast heeft het strategische aspect betrekking op de afstemming tussen de interne en externe factoren.

## **1. Introduction**

That CEOs get high salaries is well-known, what the CEOs do to earn this salary is a mystery for a lot of people. Literature explains CEOs are responsible for strategic management. Part of this is the determination of a mission and strategy based on information from various environmental factors, intern and extern, and to implement this strategy (Broom & Dozier, 1990). Communication connects these factors: communication with the environmental factors and communication to align these factors to be able to stipulate a strategy for the organization. With as final goal organization effectiveness. The CEO plays a role in this communication because s/he is the person who communicates with the various environmental factors. But what specifically is strategic in his/her communication? What makes this communication strategic, and not just communication? The research question in this paper is:

*What is strategic in CEOs' communication?*

This paper discusses this research in which the researcher communicated with various well-known CEOs by participant observation and agenda-interviews to find out the strategic aspect in CEOs' communication.

## **2 . Theoretical background**

To be able to answer the question 'what is strategic in CEOs' communication?', first it is necessary to take a closer look at strategic management: What exactly is strategic management? Strategic management is not only a responsibility of the CEO, also top management has to do with this. But what makes the CEO an unique person in this process? The last thing to know is what role communication plays in strategic management.

### **2.1 Strategic Management**

An organization without a strategy is inconceivable. Johnson & Scholes (2002) define a strategy by elements as long term direction to achieve advantage for the organization over competition by matching resources and activities of the organization. Managing strategies within an organization is fundamental for being alive as an organization. Strategic management though has not been

defined specifically for a long time, till Nag, Hambrick and Chen (2007) came up with their definition, based on a research among strategic management scholars:

*The field of strategic management deals with the major intended and emergent initiatives taken by general managers on behalf of owners, involving utilization of resources to enhance the performance of firms in their external environments.*

This definition exists of six elements: 1) major intended and emergent initiatives, 2) taken by general managers on behalf of owners, 3) involving utilization of resources, 4) to enhance the performance, 5) of firms and 6) in their external environments. 'Major intended and emergent initiatives' strongly directs to setting strategies. The second element, 'taken by general managers on behalf of owners', refers to top, director or CEO. 'Involving utilization of resources' addresses to various factors like capability, knowledge and competency. The fourth element 'to enhance the performance' exists of notions like growth, advantage and returns. The fifth element is obvious: 'firms' refers to the organization. 'In their external environments' directs to the industry or market in which the organization is operating. Lewin & Stephens (1994) described the same kind of process (between parentheses which element of Nag, Hambrick & Chen it refers to): the top of the organization (2) gets input (1) from the external (3,6) and internal environment (3) to reach the goals (4) of the organization (5). An important difference between these authors is part three of the definition: the resources against the external and internal environment. Nag, Hambrick & Chen describe resources from both internal and external environment while the internal environment of Lewin & Stephens refers to human factors in terms of internal stakeholders like employees. Botter, Fisscher and Boer (1994) stress the importance of employees for an organization: 'employees are the organization'. The question is if Nag, Hambrick & Chen have to stress more the role of the employee in their definition.

To get input from the external and internal environment or to be able to utilize resources it is necessary to communicate. An organization communicates with the external and internal environment to get information about the SWOT (Strengths, Weaknesses, Opportunities and Threats), which is the input for a good strategy (Gelderman, 1997). A SWOT-analysis is done to reach alignment between the internal and external factors which derive from the stakeholders. The external environment exists of stakeholders like customers, politicians and suppliers. The internal environment refers to shareholders, employees and management teams. A strategy based on

SWOT though exists of internal and external elements. For this reason, strategy shaping at corporate level is subdivided in external and internal strategy (Gelderman, 1997). That these two coincide closely is explained in the resource dependency theory, which explains the importance of alignment between the internal and external environment (Pfeffer & Salancik, 1978). This theory states an organization not only depends on the environment, but that the environment is also in a certain degree dependent on the organization. The degree of dependence is established by the control the organization has concerning the sources which determine the competitive advantage, the importance of these sources for the competitive advantage and the alternatives which are available to obtain a competitive advantage. The organization can arrange this control by communicating with the environment to align the internal and external factors.

## **2.2 The CEO within strategic management**

The definition of Nag, Hambrick and Chen (2007) illustrates the role of the general manager, or CEO, in strategic management. Also Lewins & Stephens describe the CEO as linking pin between the internal and external environment. But Lewins & Stephens also mention the top management together with the CEO. What exactly gives the CEO an unique position in comparison to top management? A general manager, or CEO, has several responsibilities in his function. The most important responsibility which distinguishes the CEO from top management is the final responsibility for the whole organization. From this point, the CEO has an unique position within strategic management, as officer of the whole organization. Previous paragraph about strategic management discussed the alignment between internal and external factors. For this alignment, communication with stakeholders is an important initiative of the CEO. Communication seizes a lot of CEOs' time (Hales, 1986; Mintzberg, 1989; Kotter, 1999). Noel (1989) explored daily activities by observing three CEOs during one month. He confirmed communication seizes about 80% of CEOs' time. Communication can be mentioned as initiative of the CEO, congruent to the definition of Nag, Hambrick and Chen. This means, when communication seizes such a large amount of CEOs' time, some of this communication must have a strategic background.

## **2.3 Strategic communication**

In the light of strategic management, strategic communication is communication as enabling factor for strategic activities. The difference between strategic management definitions can also be pinpointed in the role of communication in strategic management. Strategic communication can be



translated to the definition of Nag, Hambrick & Chen (2007) in which communication is as an intended and emergent initiative or communicating intended and emergent initiatives taken by the general managers on behalf of owners involving utilization of resources to enhance the performance of firms and in their external environments.

Johnson & Scholes (2001) emphasize the influencing aspect of strategic communication: strategic communication means communicating with stakeholders to create, strengthen or preserve, among key audiences (like stakeholders), opinion favourable to the attainment of corporate goals. Reijnders (2006) emphasizes the role of strategic communication as foundation for control and coordination of the organization, it is the process of ongoing exchange of messages. This exchange is necessary to ensure that essential information is available in and through the organization to be able to reach the organization goals or performances (Poole, 2002; Newman, Alles & Noel, 1998). Communication with customers for example is important, because of an indispensable aspect: without customers the organization has no one to sell the product or service to. The difference with Nag, Hambrick & Chen can be found in the approach. These last three authors have a more unilateral approach: communication as activity of the CEO instead of communication as an activity of CEO with the environment (internal or external) also called bilateral communication.

Strategic communication is not only an external matter, also internal communication can be used in a strategic manner. For example by using a leadership style or by setting the fundamentals for the organization culture. Strategic communication in most cases is a matter of the top of the organization like the CEO and his management team. Dolphin (2005) suggests the top management communicates with employees to enable the organization to win employees' trust by supplying them with timely and reliable information, in return at times of change or stress the internal message enables the organization to get the internal audience on its side, thereby contributing towards winning and sustaining a competitive advantage. The importance of communication between employee and CEO is underlined in the Leader-Member-Exchange theory (LMX) (Graen & Uhl-Bien, 1995). Graen & Uhl-Bien (1995) assume the quality of the relation between leader (CEO) and member (employee) reflects in which extent they exchange resources and support, focused on increasing organizational success (Dansereau, Graen, & Haga, 1975). Communication between CEO and employee is necessary for this exchange. The strategic aspect becomes clear from research from Graen & Cashman (1975). This research shows the higher the score on LMX, the better the communication between leader and member, the higher the level of

work satisfaction, productivity and empowerment of the inferiors. These outcomes are the foundation for effective organization outcomes, and that is exactly what the CEO wants. Communicating with the internal audience is for this reason just as strategic as communicating with the external audience.

Preceding text attended to strategic management, the role of the CEO and the role of communication. Communication plays an important role in strategic management because it enables the alignment between internal and external factors, which are the input for organizations' strategy. The strategic aspect in communication has been explained by the objective of this communication: affecting key audiences in their opinion. These key audiences are stakeholders in the internal and external environment. To be able to answer the research question 'What is strategic in CEOs' communication' also the subject of CEOs' communication is important. Three sub questions are distinguished:

*1. With whom are CEOs communicating?*

To be able to determine if the communication of the CEO is strategic, it is important to know with whom the CEO is communicating, also called the stakeholders. An answer to this question will also give insight in the importance of employees in strategic management, which is point of discussion deducted from the theories of Nag, Hambrick & Chen and Lewin & Stephens about strategic management.

*2. What communication activities are represented by CEOs?*

After identifying the stakeholders, the communication activities of the CEO are important for the determination of the strategic aspect in his/her communication. Identifying the communication activities gives insight in why the CEO is communicating.

*3. What are the subjects the CEO is communicating about with his/her stakeholders?*

Besides the communication activities, also the subjects of the communication are important for the strategic aspect. These subjects determine if the communication activity is a strategic activity or more a tactical of operational activity.

To answer these questions a research has been conducted by communicating with the CEO, with the help of two methods: participant observation and agenda-interviews.

### **3. Method**

Research in businesses is frequently executed by methods such as questionnaires and interviews (Baarda & De Goede, 1998). The ethnographic method 'participant observation' frequently is not even considered. But for examining the behaviour of a certain population, ethnographic methods are useful (DeWalt & DeWalt, 2002; Kawulich, 2005). Although ethnography is the heart of the cultural anthropology, it is used sporadically outside this field as a method to examine organizations (Schwartzman, 1993). Noel (1989) mentions the contribution of ethnographic methods in management by for example the Hawthorne Studies by Roethlisberger and Dickson.

To conduct research on CEOs' stakeholders and communication subjects, two methods have been used: participant observation and interviews with the help of the agenda. Mintzberg (1989) and Kotter (1999) both used the participant observation among CEOs to investigate what CEOs really do. Mintzberg especially focused on the structure of an organization and the role of the CEO within this whole. Kotter focused on leadership and the effects of leadership. Here the participant observations focus on CEOs' communication and the strategic aspect in this. Although participant observation gives a good impression of the communication from the CEO, it does not give insight in the importance of communication. For this reason, besides the participant observation, also interviews are part of the research. Both methods are clarified in next paragraphs.

The heart of ethnography is participant observation. Here the passive variant has been used, activities are observed in the setting but without participation of the researcher in these activities (Spradley, 1980).

Participant observation has several advantages above other methods. One important advantage is the possibility to register the way the CEO factually acts and reacts when he communicates with others (DeWalt & DeWalt, 2002; Baarda & De Goede, 1998). It is the researcher who identifies the behaviour of the participant, not the participant himself. Participant observation also displays undesirable and unaware behaviour, interviews or other methods often lack at this point (Baarda & De Goede, 1998). One thing is very important for getting the information needed: trust (Swanborn, 1994). CEOs work with confidential material, material that often cannot be exposed to third parties. Participant observation also offers the opportunity for 'Contextual Inquiry'. Contextual

Inquiry is interviewing the CEO during daily activities, in the regular context (Beyer & Holtzblatt, 1998). Participant observation as in researching the communication activities of CEOs seems to be a useful and a contributing method.

### **3.1 Procedure**

Getting participation from CEOs in this research was not easy, but by using the network of a professor of the university, three CEOs were willing to co-operate. These CEOs were observed for a complete week each to take note of all their communication activities. The week started with a short introduction in the organization and actual activities of the CEO to get a picture of what might happen that week. Also a copy of the agenda of the CEO has been given to the researcher at this time. The observations were all conducted sitting in the same room as the CEO. To be able to memorize the observations, a narrative diary has been kept during the observations. At the end of the week the CEOs checked the diary as in the member check (Boeije, 2005).

After the three weeks of participant observations the interviews were accomplished. These interviews were set up by asking the CEO for a few important appointments in the last two or three weeks, like in the Critical Incidents Technique is asked for critical incidents (Roos, 2002; Urquhart, Light, Thomas et al, 2003). An advantage of this technique is that it is useful when it is likely that attitudes or behaviour would be less likely to be revealed using a direct approach. By using this technique the CEO mentions the appointments which were the most important ones for him/her. By asking for the most important appointment the CEO also says something about the importance of the stakeholders and the subjects of these appointments. The interviews lasted averagely one hour. The results of the interviews, a script, were also checked by the CEOs (member check).

After the execution of the participant observation and the interviews the results have been compared: what are prominent results for the participant observation, what are prominent results for the interviews and how can both methods give an answer to the research questions.

### **3.2 Instruments**

#### *3.2.1 Participant observation*

The instrument used at the participant observation is the diary. In this diary events are registered which occurred during the week of observation. Of each event the following data was collected:

- time of the day
- participants in the meeting: function, gender and intern or extern.

- length of the meeting
- subject of the meeting
- in some cases description of the office
- communication activity

### *3.2.2 Interview*

During the interviews the agenda was the starting-point for questions about stakeholders and subjects of appointments. The interview started with an introduction in the aim of this research and some general questions about gender, age and line. (Emans, 2003). The interview started with some questions about their stakeholders, like follows:

- Who are your stakeholders?
- What are the subjects you communicate about with your stakeholders?
- How important are these stakeholders to you?

To get insight in the agenda of the CEO, the CEO also had to answer questions about his working week:

- At what time do you start daily?
- At what time are you home in the evening?
- How many evening activities do you have weekly?

These questions were used as introduction to the questions about the agenda of the CEO. The CEO has been asked if s/he can mention his/her most important appointments of last two or three weeks. When they mention an appointment they had to answer the following questions:

- With whom was this appointment?
- What was the subject of this appointment?
- What was the length of the appointment?
- How often does an appointment like this occur?
- Where did the appointment take place?
- Did you have thoughts about this appointment after happening?
- How important was this appointment to you?

One additional question asked dealt with the tasks of the CEO. This question was asked to find out if CEOs recognize strategic management as their task as general manager of the organization.

### **3.3 Participants**

#### *3.3.1 Participant observation*

CEO 1 is a 43 years old man and works for 10 years in the organization as managing director. The organization offers services advisory in care accommodations for organizations. The organization exists of 80 employees. CEO 2 is a 50 year old woman, she works for 8 years in the organization and has been working in a function like this for 15 years. As CEO she is the managing director of a service organization in advisory for small businesses. CEO 3 is a 46 year old male and has been working in this function for 6 years. He is CEO of a care organization in the east of the Netherlands.

#### *3.3.2 Interview*

The CEOs for the interviews were selected ad random by a list of all Dutch CEOs with 500 employees or more. A letter has been send to 76 CEOs (public and business) and 18 CEOs were willing to co-operate, a response percentage of 23%. Besides these 18 CEOs also the CEOs of the participant observation co-operated at the end of the week of observation in the interview. This is the reason why results, in the next chapter, about the interview present N=21 instead of N=18.

Although CEOs have a busy agenda, due to the summer holiday these 21 CEOs got some time to co-operate in this research. The age of these CEOs differs from 40 to 63, with an average age of 54. The CEOs who co-operated in the participant observation and interview derived from various lines: energy sector, child care sector, telecom sector, ICT sector, food sector and also governmental sector. Averagely these CEOs are operative as general manager for ten years.

## **4. Results**

By communicating with CEOs using participant observation and interviews the following results are presented. First the specific results of the participant observation, second the specific results of the interviews and third the overall results: the results of both methods combined.

### **4.1 Participant observation**

The participant observations emphasize the CEOs' responsibility for the organization strategy by communicating with stakeholders. The strategy of the organization is an important aspect in the

communication activities of the CEO. Strategy is not a specifically task, but setting a strategy or maintaining a strategy and also translating a strategy into concrete actions are tasks of the CEO. To fulfil this task they have to communicate with the stakeholders. Communication takes up about 80% of the CEO's time. The content of these communication activities is various, deduced from the participant observation. The first is information processing. This information processing is important for the strategy of the organization. Information derives from the stakeholders and this information must be processed to ascertain whether the strategy is still correctly chosen or if the strategy should be adjusted in the future. Information processing takes place for example with the members of the management team by discussing the figures of last month (participant observation CEO 1).

A second communication activity is networking by fulfilling the responsibility of stem picture for the organization. Networking is communication with a relational aspect by building a network. This means the CEO has a representative function with respect to the organization, to the internal and external surroundings, with customers for example it has mainly a relational aspect. This also became strongly clear from the participant observation: when the CEO communicates with the customer this is done to get the confidence of the customer and invest in the relation (participant observation CEO 1). The CEO mentioned he visits customers for the relational aspect. Customers want attention, and attention of the CEO is the best attention because s/he is an important and powerful person in the organization. Sometimes external foundations also use this stem picture aspect of CEOs like good causes (participant observation CEO2). Building a network is important for CEOs because it helps them with other communication activities like processing information.

Communication with employees has a strong topdown character from which the third communication activity is giving instructions. CEOs give instructions in how employees can deal with various subjects like 'how to deal with customers' or 'how to put strategy into practice'. Participant observation showed an example of this instructive character of CEOs' communication with employees:

*[CEO] shows the manager how he could deal with the issue, what he should do to minimize the problems of this moment. (Participant observation CEO 3)*

Also informal, not work related communication with employees can be mentioned as a communication activity. This 'chitchat' communication often has nothing to do with work, but

subjects like the weekend are part of this communication (participant observation CEO 3). Also health can be a subject of these talks. One CEO in the participant observation had to deal with an employee who just had a miscarriage. Although it had nothing to do with work, it was really important for him to talk about this with his employee (participant observation CEO 1).

Another result from the participant observation is the importance of the secretary. During the participant observation it became clear the agenda of the CEO has been filled in by their secretary. Secretaries seemed to be important for the CEO when it comes to his/her agenda: they have a blind trust in their secretaries. All three CEOs had a meeting with their secretary during the participant observations.

## **4.2 Interviews**

Besides specific results from the participant observation, also the interviews presented specific results. The interviews were based on the agenda of the CEO. This agenda portrays the working week of the CEO. Averagely these CEOs work 63 hours a week. Daily the CEOs start at eight in the morning and they are back home at seven thirty. Twice a week CEOs have dinner or something else with a relational aspect.

The agenda is the directory of the CEO, they live from appointment to appointment, with little time in between. From the interview it became clear almost all appointments the CEO has, are filled with communication activities. Communication activities with stakeholders. CEO's stakeholders can be divided into internal and external. Table one presents the stakeholders of the CEO and the frequency in which they communicate with these stakeholders.



Table 1: Frequency of communication with stakeholders (N=21)

Stakeholders	Frequency contact			
	Weekly	Monthly	Quarterly	Yearly
<b>Intern</b>				
Shareholders	3	1	4	2
Employees	13	2		
Management team	7	1		
Corporation	1		1	
<b>Extern</b>				
Customers	8	5		1
Politics	4	7	1	
Society	4	3	1	2
Suppliers	1		2	
Colleague organizations	3	3		1
Partner organizations	1	2		
Media		1		

Besides the frequency of the communication with stakeholders, the CEOs have also been asked to mention how important these stakeholders are for them. Table two presents the results of this question.

Table 2: Importance of communication with stakeholders (N=21)

Stakeholders	Frequency contact				
	1. Very important	2. Important	3. Neutral	4. Not important	5. Not important at all
<b>Intern</b>					
Shareholders	6	2	2		
Employees	10	4	1		
Management team	5	3			
Corporation		2			
<b>Extern</b>					
Customers	12	1	1		
Politics	4	3	4	1	
Society	1	5	3	1	
Suppliers		1	1	1	
Colleague organizations	2	3	1	1	
Partner organizations		3			
Media		1			

The results in these tables show that the number one stakeholder with whom the CEO communicates, is the employee based on frequency and importance. The reason why employees are an important stakeholder is because they are the organization. Many CEOs mention that employees are the ones who deliver the service or who produce the product. Without the employees the organization would not exist. Some quotes:

Communication with employees is not always even simple as it seems to be. Some CEOs mention the difference in power between him/her and their employees. These CEOs mention they feel the nervousness of some employees when they are talking to them. This difference in power sometimes makes it difficult for the CEO to communicate with his/her employees, while this communication can be very interesting in getting information from the work floor.

### **4.3 Overall results**

In the end, the participant observation and the interviews served the same objectives: getting an answer to the sub questions. From this point the results stress both methods. The participant observation presented insight in the communication activities of CEOs and the interview specifically gave figures about the communication with stakeholders and the importance of this communication.

Both methods show that the stakeholders who CEOs meet for appointments are various, from politicians to employees and managers to customers. The occasions for these appointments vary from routine appointments like monthly meetings with members from the management team to customer appointments for acquisition. One of the CEOs had a meeting with a few partner CEOs. This meeting was arranged to discuss possibilities to merge. This information was confidential because even employees did not know about this merger (participant observation CEO 3). Trust seemed to be the keyword for getting access to appointments like these.

The communication activities of CEOs now are determined (sub question 2), just like the stakeholders of the CEO (sub question 1). Only sub question three has not been answered: the subjects the CEO communicates about. These subjects seemed to be various. From the interviews and the participant observations a top ten of subjects has been determined. An overview of actual subjects the CEO communicates about is listed in table 4. The subjects are divided to internal, external and alignment problems.

Table 4: Problems the CEO communicates about (N=21)

Focus	Problem	Example
Alignment	Changing market → personnel fit	Sometimes I wonder if the employees fit into the organization while the market in which we operate is changing. To be able to operate effectively in the market it is necessary the employees are capable to deal with these changes. At the end the employees are the ones who make the organization successful. (CEO 2)
Alignment	Changing market → strategic fit	The international market is fast moving and the organization must be ready to follow this movement. This also influences the product or service we deliver as organization, it must be a product or service which fits into the fast moving international market. The fast moving international market asks some strategic choices from us. (CEO 1)
Alignment	Image	As service organization credibility in the market is important. Sometimes I wonder if we still have the image of being credible. (CEO 4)
External	Governmental legislation	The regularly new legislation from governmental institutions obstruct organizations to be able to fulfil their activities in an optimum way. For example the interferences of the government in the salaries of top managers in business. The government thinks these salaries are too high. But foreign countries offer even higher salaries. It is attractive for these top managers to leave the country and go abroad for a higher salary. (CEO 18)
External	Infrastructure / accessibility	Infrastructure in the west of the Netherlands is getting worse. As building trade in the whole country we are a regular user of the infrastructure and the bad accessibility is hindering us in our work activities. (CEO 17)
Internal	Lack of control	Sometimes projects go wrong and this means we lose a lot of money. This is an example of when I have to deal with lack of control. (CEO 7)
Internal	Personnel: HRM	Right now hiring qualitative good personnel is not easy. When top managers leave the organization we have to find someone who can replace this person. (CEO 15)
Internal	ICT within the organization	ICT is really important nowadays. The whole organization uses ICT for the daily activities. When ICT fails, it will be a disaster for the organization. (CEO 6)
Internal	Large responsibility	The product we deliver is used by a lot of people. I feel responsible for these people when something goes wrong with our product. (CEO 16)
Internal	Interpersonal communication	Sometimes I see personal matters as a bottleneck. For example a conflict. Last year I had a conflict with someone from the management team about failure of one part of the organization. And this must be solved, but it ended in a conflict between us. It is not always easy to deal with those kind of things. (CEO 4)

The subjects of these problems are various. Within these problems a distinction can be made between problems related to the performances of the organization (like the changing market), but also related to the performances of the CEO him/herself (for example the interpersonal communication).

Previous results can be summarized by the stakeholders with whom CEOs communicate, Employees, Customers, Shareholders and Politicians and the communication activities which can be determined, information processing, networking and top down communication to give instructions. The subjects of these communication activities are divided in internal, external and alignment subjects.

## **5. Discussion**

The results of this research have several impacts. First the answer to the research question about the strategic aspect in CEOs communication. Second, the results implicate a theoretical adjustment. Third the shortcomings of this research and fourth the methods need a closer look: how useful are the methods in other research or specialisms.

### **5.1 What is strategic in CEOs' communication?**

Theory about strategic management showed the importance of communication with stakeholders in internal and external environments. Alignment between these two is important to direct the organization with the right strategy. The CEO as final responsible person communicates for various reasons with these stakeholders.

'What is strategic in CEOs' communication?' The research question in this paper. That CEOs communicate a lot is clear from the participant observation: almost everything they do is communication. The strategic aspect in communication of CEOs can be explained in two ways. Due to Nag, Hambrick & Chen (2007) strategic communication is communication as intended or emergent initiative or as support for communicating an intended or emergent initiative taken by general managers on behalf of owners, involving utilization of resources to enhance the performance of firms in their external environments. The communication activities and subjects of these activities do have this strategic aspect. These all have a strong link with enhancing the performances and this strategic communication is used to influence and strengthen stakeholders' opinions.

The second aspect in CEOs' communication that is strategic is keeping the strategy of the organization up-to-date and also to be linked up as organization to the needs of the stakeholders. This aspect refers to the bilateral aspect of strategic communication: aligning intern and extern for being able to set, maintain and fill in the strategy of the organization.

## **5.2 Theory in consideration**

In the paragraph about the theoretical background the definition of strategic management of Nag, Hambrick & Chen has been introduced. Also the description of Lewins & Stephens is presented. These two differ in the role of resource (non-human) and internal environment (human). A translation of both definitions to strategic communication produced a more unilateral definition (the one of Nag, Hambrick & Chen) and a more bilateral definition (e.g. Lewin & Stephens, Reijnders). The results of this research show the importance of employees. Almost all CEOs communicate weekly with their employees, and this communication is valued as very important. Also mention these CEOs that employees are the organization. Nag, Hambrick & Chen omit employees in their definition, employees also are not part of the resources. This omission is not correct, looking at the results of this research. Resources should also include employees, especially in the era of service organizations in which employees are very important for the quality of the services. The definition includes the word 'utilization', which indicates the unilateral aspect. The LMX theory underlines the impact of communication with employees and just utilization would not be enough to enhance the performances. To enhance the performances in the external environment it is necessary to communicate with the internal and external environment to be able to align these two, the bilateral aspect of strategic communication.

In the end the definition of Nag, Hambrick & Chen should be adapted by integrating the employees as resource and use a more bilateral word for utilization, a suggestion would be:

*The field of strategic management deals with the major intended or emergent initiatives taken by general managers on behalf of owners, involving co-operation of resources to enhance the performance of firms in and with their external environments.*

### **5.3 Shortcomings**

Although this research has been executed with due diligence, some shortcomings can be pinpointed. First the participant observation proved to be a useful method in studying CEOs. But one complete week is just one week. To get good insight in what they communicate and why they communicate, the participant observation should last longer. But one week was enough to get a first impression.

The second shortcoming is the number of CEOs who co-operated. 21 CEOs is a lot for qualitative research, but with these results it is not possible to say something about all CEOs. Also the represented lines, commercial and governmental, are too various to generalize the results.

### **5.4 Methods into practice**

In communicating with the CEO, both methods seemed to be useful. Participant observation is a time consuming method and one week is pretty short to be able to say something about CEOs and their communication. But one week is enough to get a good first impression. An impression about how the CEO communicates with various stakeholders and the subjects of this communication. The interview supplies this impression because CEOs could judge the importance of their communication. The use of both methods together resulted in a complete insight in the strategic aspect of CEOs' communications.

The part about field research mentioned trust as important aspect in participant observation and interviewing CEOs. Besides trust also the personality of the CEO influences his/her readiness to talk. CEOs seem to have a lot in common concerning their personality. In general a CEO has characteristics as dutifulness, extraversion, dominance, self-confidence, energy, obligingness, intelligence, open for experiments and emotional stability (Kets de Vries, 1989). Characteristics as extraversion and self-confidence can contribute to the willingness to talk during the agenda-interview. The openness for experiments contributed to the willingness to co-operate in the participant observation. The three CEOs in the participant observation mentioned they liked the refreshing methodology in researching communication activities of CEOs.

The participant observation and the interviews are executed by a female student as researcher, with the consequence of differences in business experience, age and in most cases also in gender. Specifically this difference in business experience sometimes was a bottleneck for the interpretation of the results. In some cases also the specific line in which the CEO operates was an obstructing aspect, for example the governmental sector. The governmental sector has to deal with other

stakeholders than the business sectors. Information about the sector can be very useful for interpreting results.

Although here the participant observation is used in a graduation research, the method is also useful for business consultants. Business consultants specialised in top manager's communication need information about a few certain aspects to be able to give a decent advice. Participant observation by accompanying the CEO gives the consultant insight in these aspects: who are the stakeholders the CEO communicates with intern and extern, what are topical bottlenecks in the CEO's responsibilities, how does the total picture of the organization looks like and also how is the CEO used to communicate with others. The advantage of participant observation above structured interviews is the possibility of problem recognition by the consultant. By using interviews, the CEO has to respond on questions of the consultant and sometimes people do not recognize they have a certain problem or bottleneck, so they will not mention this at the interview. Participant observation offers the possibility for the consultant to recognize the problems or bottlenecks themselves, even the problems the CEO didn't recognize himself.

At the end can be said that participant observation combined with the agenda-interview is a useful method for getting insight in the CEO and his/her strategic communication.



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