

## THE ROLE OF PUBLIC RELATIONS STRATEGY IN CREATING CORPORATE IMAGE OF B&H CONSTRUCTION COMPANIES

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### ABSTRACT

*Corporate image is a strategic category of modern business, and the scientific and expert consensus about that exists. To become a factor of business excellence, the image has to be of a good quality, i.e. positive, stable, clear, viable and capable of generating growth and development of each construction company in B&H. Such an image is the product of a strategic rather than intuitive approach to its creation. It leads to an increase in the reputation of the construction company, affects internal and external essential groups of public, distinctiveness in the market, increasing competitiveness and other communication and business benefits. The paper focuses on the role and basic steps of public relations (PR) strategy in the creation of high-quality corporate image of the construction companies in B&H. The paper examines the awareness of managers of this group of companies in B&H of the importance of PR strategy for their corporate communications and business in general. The presented results of a study conducted in a group of managers in the construction industry indicate the need for their increasing awareness about the necessity of a strategic approach to corporate PR and image as a factor of business success.*

**Keywords:** construction, quality, strategy of public relations, corporate image

### 1. INTRODUCTION

Corporate image is a strategic category of modern business, and the scientific and expert consensus about that exists. To become a factor of business excellence, the image has to be of a good quality, i.e. positive, stable, clear, viable and capable of generating growth and development of each construction company in B&H. Trying to develop that image with intuitive approach is a risky and most certainly an unsuccessful attempt. The only right way in creating and keeping an image beneficial for business is a strategic approach to it. Strategy of public relations as a part of strategy of corporate communication needs to have an especially big role. In fact, besides all aspects of communication activities (management communication, marketing communication and different concepts of organization communications)<sup>[1]</sup>, PR strategy has the greatest influence on companies' image. Do the companies even have a PR strategy, and is it compatible with general business strategy; is it of sufficient quality and complete; is it appropriate for the specific company – are some of the questions for B&H construction companies. From the results of research presented in this paper, it is visible that only a small number of construction companies in B&H has developed PR strategy at all. Even if the companies have PR strategies, there are massive gaps in them:

e.g. absence of situation analysis which should be the first step in every high-quality strategic planning, not only in construction sector but also in business activity in general.

Beside examination of role of PR strategy in B&H construction companies, this paper will show basic steps of PR strategy in developing a high-quality image. Paper also considers standing point of managers of this group of B&H companies on importance of PR strategy for corporate communications and image in order to find the reason of a deficient usage of PR activities in business operations of B&H builders. Presented results of research performed in group of construction managers indicate that it's necessary to develop their awareness of the potentials of PR strategy for its business. It is clearly needed to continuously signify to managers that this strategy leads to positive image. Also, they must know that positive image represents an important parameter of business efficiency, and that it has the power of initiating profitable growth and development of B&H construction companies. A strategically developed positive image can improve the company's reputation, lead to bigger affection of internal and important external publicity, increase recognisability of the company in the market, enhance competitiveness and employment and lead to many other communication and business benefits. In the momentary situation of the BH construction sector, all mentioned possibilities and roles of image are highly important.

## **2. PR STRATEGY IN CREATING THE IMAGE OF CONSTRUCTION COMPANIES – PREVIOUS CONSIDERATIONS**

In a sphere of observed field of public relations, one needs to start from the fact that the basic mission regarding these activities is concern for corporative image. However, it needs to be taken into account that image of a construction company is the result of all “real” activities (let's consider like that all regular activities for which the company is registered) and all communication activities (by which the company transmits desired messages to relevant groups of public). Therefore, all business activities are reflected through corporate image, all the things that construction company does (or doesn't), says and what it really is in its nature. What the company does in context of its regular business activities is often a faster and more influential message than what is presented to the public using some special designed communication. It is clear that e.g. in case of a collapse of a part of recently built facility, no advertising message or slogan will fix the damage on the image of the company. It is obvious that the strategy of public relations (which builds the image as a mix of mentioned real and communication elements) needs to be taken extremely seriously. The PR strategy is complex and challenging. It will be successful only if it's developed according to the rules of the discipline and not only by PR professionals, but also by professionals from other disciplines that will provide wide expert knowledge applicable in the field of construction. Strategy of public relations in development of the image of construction companies needs to involve the following four-phase process of solving the problem or creating the possibilities: <sup>[2]</sup>

- *Phase 1: Defining the problems or possibilities* – In this phase the knowledge, opinions, attitudes and behaviour of all concerned by procedures and company policies are examined. It creates the foundation for all other phases in of solving the issue of developing an image.
- *Phase 2: Planning and programming* – Information collected in the first phase is used for decision making about stakeholders, specific goals, moves and communication strategies, tactics and general goals. That means that the results of the first phase are incorporated into the company's policies and programs.
- *Phase 3: Taking actions and communicating* – In this phase, the program of action and communication which has to achieve specific goals for every public as a precondition for realisation of general goal of programme is carried out.

• *Phase 4: Evaluation of programme* – In this phase of preparation, implementation and results of programme are evaluated. Adjustments are based on feedback on efficiency or non-efficiency.

Certainly, some other models can be used to approach drafting of a PR strategy, but generally, every high-quality strategy – as first, crucial step – has to have a situation analysis. This analysis will provide clear sight of the situation of the company or a problem that they should work on. Within this strategy, the crucial point is to define the public target to which the company is appealing well. PR experts of a construction company primarily have to define who are they appealing to, what is the structure of every defined public; they have to track changes of affection and attitude in every defined group. All of this must be integrated with and included in the PR strategy, which will only then be able to achieve strategic goals, with its aimed, planned and clear messages.

In the following sections, we will discuss if the construction companies in B&H have PR strategies, and do they follow the rules of profession while creating them. As the indicator of “correctness” of creation of the strategy, for the needs of this paper, we will use the data on whether the companies have defined the targeted public. This process has to be a task in conducting the situation analysis for every PR strategy. Presented results will help us to get partial response on the attitude of B&H construction companies’ management about the role of corporate public relations.

### **3. RESEARCH METHODOLOGY**

The conducted survey on the role of public relations strategy in developing corporate image of B&H construction companies is based on empirical methods of collecting the data by observing, testing (opinion polls based on theoretical insights and experience of the authors and other researches) and content analysis. The research was conducted at the end of 2014 by CATI telephone research in a group of managers of construction companies within the territory of ZE-DO canton. The sample included 20 managers of active domestic construction companies. By all business indicators from the official industry statistics, ZE-DO canton can be said to represent the whole B&H. While forming the sample, the combination of rate and stratified sample was used. Special care was taken to include big, small and medium size companies from all cities of the canton and subjects that can be classified into different classes of business excellence. Facts and data that are gained by research are evaluated by appropriate statistics methods and are later used for description and explication, and also for anticipation of the changes in the scope of problem area. Data control is performed in compliance with ISO 9001:2000 standards of quality. All questionnaires that are involved in the analysis are logically controlled. Total of 40 % of the questionnaires are checked by telephone by contacting examinee and validating their responses on some questions. Also, 20 % of all questionnaires are checked on the field by supervisors (field survey). Statistical analysis of the data is carried out using SPSS.

### **4. RESULTS AND DISCUSSION OF RESEARCH IN B&H**

#### **4.1. PR strategy in B&H construction companies – extract from the results of survey**

Construction sector in B&H is for many years in a very difficult state (which can be considered as the state of crisis). Although in 1990 it hired almost 100,000 people, today there are only 33,149 employees<sup>[3]</sup> in the construction sector, making just 4.7% of all employees in B&H. It is a compelling figure that in 2013, the value of completed construction work in B&H was only 1,403,605,000 KM<sup>[5]</sup>. When it is considered that there are 4.263 domestic construction companies in B&H (cumulative data taken from the data of Republic Agency for Statistics of RS and Federal Agency for Statistics of FB&H), it is obvious that the fight

for the one's market stake is tough. That's why it is necessary to use all the potential from all business strategies which can result with a positive outcome of that fight. According to the theoretical insights, experience of successful business entities in some other markets, and former market researches, corporate image can help some company to be recognized as business attractive in the market, and that the demand for her services is increased. Because of that, the role of PR strategy is vital, and as such it needs to be recognized by the managers in studied B&H industrial sector. But what is the real role of PR in construction companies in B&H? Here are just part of results of survey on investment market in B&H about the role of PR in the creation of image and conducting business in general. Do the construction companies in B&H have a PR strategy at all?

The research conducted in construction sector of B&H has shown that 40% of polled managers of construction companies declared that their company has a PR strategy. Also, 25% of examinee said that they are in the process of developing that strategy, and 35% of the companies don't have, nor intend to develop a PR strategy (Figure 1).

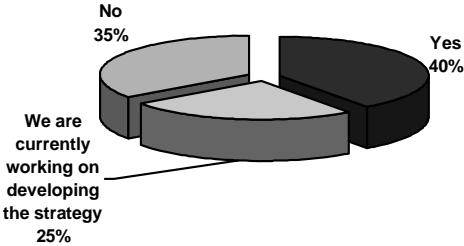


Figure 1. Having a PR strategy and an image strategy

It is interesting to mention that presented results of the survey are very similar to the results from previous survey conducted by an author of this text in 2007 (market survey was undertaken in the group of construction managers, and involved as much as 5% of all construction companies in B&H). As the answer on a question if they have a PR strategy, managers in construction in 2007 answered as follows (Figure 2):

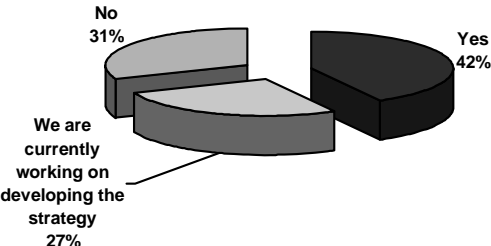


Figure 2. PR strategy and image strategy – results of the survey from 2007

Similar (almost the same) results from the years 2007 and 2014 shown on the previous figures indicate that public relations failed to assert itself to the management teams of construction companies in B&H. Only about 40 % of the construction companies in B&H in year 2007 had

a developed PR strategy at all and the same result we had from 2014. More than 30 % of managers don't even think about the possibilities of PR and corporate image as resources that can contribute to their businesses. Obviously, the intuitive approach still dominates in the process of developing the image in construction companies in B&H, or the image is built spontaneously. Let us now have a look at what the mentioned results indicate about the awareness of general managers (as a majority of decision makers on PR in B&H construction companies) about the role of PR strategy and image?

#### **4.2. BH construction managers' awareness of the role of PR strategy in the creation of image - Quality of PR strategy in B&H construction companies**

Considering that only about 40% of B&H construction companies have developed PR strategies, we can conclude that the awareness of the companies' managements about the role, importance and potentials of PR strategy in creating image is insufficient. Comparison with the earlier obtained results speaks in favour of conclusion that there is even no tendency of changing that attitude. Strategy of PR and image does not exist at all in most companies, and its influence on image is minor. Approach to developing company's image in B&H construction is still not strategic but mostly sporadic. It is intuitive and unplanned, or it is formed spontaneously, without any control by the company. Let's have an extra look at the quality of PR strategies in the companies whose managers declared that they have mentioned strategies (40% of the examinee). The raised issue: "Do you have a defined target public", next to other purposes, can serve for control of obtained statements about the existence of PR strategy. Also, at least partially, the answer on this question will show the quality of developed PR strategies (only on the basis of one of the indicators: proper-made situation analysis as first step of every strategy). Research indicates that only 30% of companies have a defined target public, 30% have "partially defined target public", and 40% even state that they "haven't got defined target public at all". Obviously, as there is a partial disharmony between the figures on the number of companies that "have a defined target public" (30%) and figures on the number of those who "have a PR strategy" (40%), some deeper qualitative analysis would probably lead to considering quality of PR strategies that some companies claim to have. Namely, as defining stakeholders should be the first step in corporate PR strategy, it is obvious that strategies in some of B&H construction companies (those that have them), are actually not of high quality. Corporate communication of construction companies in B&H is mostly generalized, disoriented and intuitive. The result is their bad image which is more and more often mentioned in B&H media. But causes of a bad image of domestic construction companies in the eyes of all groups of relevant public lies somewhere else, too. Let's mention the problem that employed PR experts are obviously not succeeding in proving to their managers the efficiency of PR with proper arguments. Evaluation of PR campaigns as another important step of the strategy, is mostly not carried out at all in the observed companies or, if it is, it is not based on trusted solid, measurable and proven parameters. All this indicates that it's important to develop knowledge and competence of employees in PR departments, so that they can be qualified to show efficiency of activities they are working on. Evaluation needs to show successfulness of every single strategic plan, including PR. It seems that B&H construction companies haven't brought their PR to a quality level which would make it an important part of management function and which, by definition, belongs to PR. Because of that, it's necessary to continue with drawing attention of general managers that the high-quality PR strategy, conducted by all the rules and principles of profession, will lead to company's positive image and greater successfulness in general. It can be assumed that major presence of foreign contractors on domestic market (who already have recognised the

importance of corporate PR), will help in the expansion of role of PR strategy in creating a positive image in domestic construction companies too.

## **5. CONCLUSION**

Conducted research has shown, among other things, that construction companies in B&H mostly don't have developed special strategies of PR. Also, they don't approach their corporate image strategically, but rather spontaneously, sporadically and intuitively. Therefore, role of PR strategy in creating the image of this group of companies is still not satisfying, nor it can be said that its business potentials are used enough. Recent surveys by authors suggest that decision makers in B&H construction companies in planning, implementation and evaluation of the strategy of corporate PR (if those activities can be implemented at all), are mostly company's general managers. That's why it is important to continuously attract their attention on great possibilities of PR strategy, whose primary role is to create positive and sustainable corporate image. Energy, knowledge, money and time needed to repair bad image is a considerably bigger investment than basic investment in building good corporate image. This is also one of the reasons why building a PR strategy and creating a positive image of construction companies in B&H needs to be taken timely and professionally. This means that completed strategy needs to be based on every familiar rule of profession, and that implies the existence of all important strategic steps in its creation. PR professionals should "convince" managers of their companies, using arguments, that the PR strategy and image are powerful tools in struggle against anonymity in the market. PR can contribute to better quality of company's communication and total business results. Change of attitude with managers about PR strategy would certainly lead to a greater role of PR in conducting business of the construction companies in B&H.

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