

PROPOSING STAKEHOLDER COMMUNICATION FRAMEWORK FOR BUSINESS POSITIONING AMONG MANUFACTURING-BASED SMALL AND MEDIUM ENTERPRISE: ADOPTING A PUBLIC RELATIONS APPROACH

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Abstract

Purpose: This study proposes the development of a stakeholder communication framework for manufacturing-based Small and Medium Enterprises (SMEs).

Methodology: Employing in-depth interviews with fifteen representatives from manufacturing-SMEs who take-up communication roles at the managerial level, this explorative method interprets, extracts relevant themes to facilitate the development of a stakeholder communication framework for this business sector.

Main Findings: This study among key representatives of manufacturing SMEs concluded with the following findings. Firstly, these organizations communicate within the closed-loop stakeholder network with less focus to stakeholders beyond the network. Secondly, SMEs reveal a lack of keenness and understanding of the external business environment or the zone beyond the common network. Finally, with reference to the findings, the study suggests a communication framework for manufacturing SMEs through the incorporation of selected public relation models, roles and levels which is regarded as one that conservatively biased owing to the nature of this sector.

Implications: The outcome brings a different perspective to the application of PR, particularly in the area of strategic business communication, which expands the research, application, and the future direction of PR.

Novelty: This study enables PR to contribute to organizational competitiveness in the context of communication, which is inevitably vital for the positioning and sustenance of this business sector, particularly with the need to expand the communication portfolio towards stakeholders in the present competitive and globalized setting.

Keywords: *business, communication, public relations, small and medium enterprise, stakeholder, strategy.*

INTRODUCTION

With stakeholder-related-research having gained popularity among larger organizations, manufacturing SMEs could capitalize on the potential of stakeholder communication. Comparing public relations (PR) practices in larger business entities, the interaction between manufacturing SMEs with stakeholders is yet to be explored due to the limited literature pertaining to this sector and as a result, not much has been explored about PR or communication practices incorporated into the process of manufacturing SMEs ([Moss, Ashford & Shani, 2003](#); [Nell, & Huang, 2012](#)). This study explores the possibility of introducing PR-based-communication into the business process of manufacturing SMEs.

Whilst good PR practices enables the organization to sell its products, services and also to expand its business

([Grunig, 2001](#)), this study takes interest in the strategic positioning of the manufacturing SME through the delivery of value, based on the stakeholder approach. Such behavior reflects the organization's ability to harmonize a firm's development with all external relationships which among others encompass; identifying and managing relationships, establishing communication channels and finally, organizing information flow ([Christopher, 2006](#)). Hence, manufacturing SMEs are required to be in constant communication with their business environment in order to cope with the demands of their stakeholders in the bid to harness competitiveness in the marketplace. Understood as effective communication, this study addresses the need to comprehend stakeholders in an attempt to position the business competitively, parallel to stakeholder trends whilst reducing business risks. In other words, manufacturing SMEs gaining acceptance by addressing stakeholders more effectively to remain in the marketplace while expanding beyond boundaries. Using a PR approach to SME communication, would signify the ability of an organization to work on its business positioning in terms of its image, identity and reputation ([Argenti, 2012](#)), which would covert to the branding of the organization of which such a concept may be of high relevance for manufacturing SMEs in a global setting.

To enable manufacturing SMEs adopt PR related concepts into their business communication strategies, three progressive objectives were developed comprising six questions, spanning from a preliminary level which is less stakeholder-oriented to one that progresses to business strategizing in the second and finally, advancing towards comprehending the importance of stakeholder communication. Objectives were developed from the literature, while the questions to support the objectives were developed from a preliminary study among a selected number of manufacturing SME representatives prior to this study. By doing so, the questions were developed based on the present situation of the SME.

The communication framework is developed by mapping the analysis to the respective-based model(s) which serves as the base for stakeholder communication while associating the results to the stakeholder concept. Within the PR model, PR related roles and levels of PR practice are discussed to justify the application of PR-based-communication into manufacturing SMEs. From the theoretical and practical perspectives that have much been scrutinized in the literature of larger organizations, findings from this study will contribute to the academic literature while facilitating its application in smaller business entities.

LITERATURE REVIEW

Stakeholder Communication for the Small and Medium Enterprise- A Public Relations Approach

As stakeholders are groups or individuals who are affected by the organization's objectives (Freeman, 1984), business entities are required to identify the legitimate interests of their stakeholders (Donaldson & Preston, 1995). As a result of managing viewpoints, interests and the needs of stakeholders, organizations are able to actively manage the forces in the business environment for shared benefits while ensuring business sustenance (Evan & Freeman, 1990; Fontaine, Haarmann & Schmid, 2006; Friedman, 2006). This is achieved by incorporating effective PR practices into the organization, which comprises the integration of organizational goals to meet the expectations of strategic publics, which eventually contributes to operational effectiveness (Grunig, 2006). Strategic PR not only enables a company to promote its products and services more effectively be it at the local or at the global market but helps to position the organization from a positive light while eliminating negative perceptions from outside (Wayne & Dauwalder, 1994). Such practice not only manages relationship with stakeholders for strategic positioning of the organization but achieves mutual goals along with other business entities (Grunig, 2011; Steyn, 2003; Steyn & Niemann, 2008). This is in-line with the definition of PR as the "management function that identifies, establishes, and maintains mutually beneficial relationships between an organization and the various publics on whom its success or failure depends" (Broom & Sha, 2013, p. 5; Cutlip, Center & Broom, 1985, p. 4) which comes to say that organizations are required to interact with their stakeholders for the purpose of creating effective communication channels (Kent, Taylor, & White, 2003).

In understanding the role of PR into stakeholder communication, this literature recalls the PR models (table 1) for comprehending the progress of how it has reached a strategic positioning in terms of its contribution over time.

The *press agency* model takes a publicity stance or one that gains attention through the means of propaganda PR (Grunig et al., 1995). While this model emphasized on the communication agenda without consideration of the receiver, the *two-way asymmetrical* model considers audience attitude and behavior prior to attempting persuasive communication, of which these two models usually benefit the organization rather than the stakeholders (Grunig et al., 1995; Grunig & White, 1992). While both models attempt to change the behaviour of the target (Grunig & White, 1992), these models are suited for advertising, publicity or marketing. However, the two-way asymmetrical may seem more structured in approach with its aim to suit the message of persuasion upon comprehending the target. On the contrary, models which do not attempt to change target audience behavior is, the *public information model* and the *two-way symmetrical* model (Grunig et al., 1995; Grunig & White, 1992), of which the former is journalistic in nature while the latter is meant to benefit the organization and its stakeholders in a mutual manner. The two-way symmetrical PR facilitates interaction between organizations and its stakeholders by opening channels of organization-public communication (Kent et al., 2003) for the purpose of developing reciprocity, trust, openness and mutuality between entities (Grunig et al., 1992). Besides these four models, another is the *personal relationship* model, which functions on an individual-to-individual basis rather than a business-to-business relationship. This model reflects a personalized approach which focuses on relationship rather than viewing the individual as the organization's representative (Gupta & Bartlett, 2007). The models presented reflect the evolution that PR has transitioned from a "public be fooled" to "the public be damned" followed by "the public be manipulated" to "the public be informed" and eventually arriving at "the public be involved or accommodated." (Hutton, 1999). From an approach which manipulates the minds of the masses to one which informs or notifies without a strategic notion but to another perspective which wishes comprehends the target audience however with a motive, the newer models of PR considers its contribution to the development of the organization. In comparison to the previous models of PR which were either unidirectional, informational or to persuade without considering the needs of the target publics, the present practice connotes a comprehensive scope mentioned by (Harlow, 1976) which among others require PR to; establish and maintain mutual lines of communications in facilitating cooperation between the organization and its publics which encompass managing of issues; responding to public opinion; serving public interest while anticipating trends in ensuring the organization is abreast of change. While this transforms the PR landscape, be it in the academia or within the practice, the present and future generations of stakeholders may require more strategic and participative means of PR, which will be discussed in the following section.

Table 1: Public Relation Models

Model	One-way / Two-way	Characteristics	Utilization
Press agency	One-way	Attempts to change the behaviour of the target through positive image manipulation. Gains attention through the means of propaganda PR / manipulation without consideration of the receiver.	Advertising, publicity, and marketing for the purpose of building image, reputation, brand-boosting sales and revenue.
Two-way asymmetrical	Two-way	Attempts to change the behaviour of the target through manipulation. Considers audience attitude and behavior before attempting persuasive communication in order to ensure successful behavior change. Usually benefits the organization rather than the stakeholders.	To gain feedback, response or opinion from the target audience for the purpose of understanding the audience.
Public information model	One-way	Does not attempt to change target audience behavior directly but attempts to notify or, to disseminate relevant/favorable information. Enhances image/brand. Journalistic in nature.	News release, press release for organizations.
Two-way symmetrical model	Two-way	Facilitates interaction between organizations and their stakeholders. Opens channels of organization-public communication. Benefits the organization and its stakeholders in a mutual manner. .	Communication during conflicts, crisis, misunderstandings or for business negotiations. To develops reciprocity, trust, openness and mutuality between entities
Personal relationship model	Not applicable	Based on an individual's traits such as trustworthiness, credibility, competence, leadership, empathy.	To develop individual relationships for the benefit of both the organization and its publics. To build personal relationships based on trust, reciprocity, legitimacy, credibility, and mutual benefits

Source: ([Grunig, Grunig, Sriramesh, Huang & Lyra, 1996](#); [Grunig & Huang, 2000](#); [Grunig & White, 1992](#); [Grunig, Grunig, & Ehling, 1992](#); [Kent et al., 2003](#); [Schriner, 2008](#); [Sriramesh, 1992, 1996](#); [Toth, 2000](#))

Whilst PR is said to be more than communication ([Broom, 1982](#)), it is said to contribute to meeting institutional goals and objectives which involves addressing both internal and external stakeholders(Rivero & Theodore, 2014). Besides the models, PR practice at the three levels (table 2) could shed more light on the effectiveness of the role, particularly as manufacturing SMEs may require more comprehensive responsibilities to be assumed by a single or employee which is a result of manpower constraint.

Table 2: Levels of Public Relations

Levels of Public Relations	Roles/areas of coverage
Macro	Reckoned as the strategist. Takes an outside-in approach to strategic management or the mirror function for information acquisition. Information acquisition or environmental scanning to gathers and comprehend information on the business environment, stakeholders, publics, issues, and new business demands. Works on stakeholder partnership /collaboration.

Meso	Initiates: Partnership /collaboration with stakeholder entities. On-going or developmental dialogues. PR strategy and strategic communication plan in addressing stakeholders, their concerns and needs (inside-out approach to strategic management or the window function).
Micro	Technical- reporting of initiatives. Publicity initiatives. Advertising, journalistic writing.

Source: (Steyn, 1999, 2000, 2003, 2009; Steyn & Niemann, 2008).

Firstly, the macro-level PR comprehends the business environment, a reflective task where PR takes-up the strategist role with a focus on environmental scanning¹, organizational stakeholders and societal issues aimed to comprehend the needs and issues pertaining to the stakeholders (Steyn, 1999, 2000, 2003, 2009; Steyn & Niemann, 2008). At this level, the PR strategist assumes a comprehensive portfolio by engaging in environmental scanning and issues management namely; managing issues and communicating with stakeholders and also being involved in research (Grunig, 2001). In this study, due to the unavailability of the PR practitioner in the manufacturing SME, the expectation is that SME owner-managers are required to actively interphase between the business and the external entities (stakeholders) in their attempt to comprehend the business environment. This comes to say that, as it unlikely that PR practitioners would be employed in manufacturing SMEs, the assigned employee would have to assume a strategic role that comes along with acknowledging the importance of stakeholder engagement. Next, the functional PR or theme so level PR addresses and manages the needs of the stakeholders, which is not limited to communication but involves active project execution for strategizing business (Steyn, 2003; Steyn & Niemann, 2008). This comprises pursuing the development of the strategic PR communication plan, which is an inside-out approach or the window function as the PR practitioner assumes the boundary spanner² role in disposing the relevant information to the stakeholders while ensuring the interest of those affected are considered (Steyn, 2009). Finally, (Steyn, 2009) describes the micro-level PR which takes charge of the communication technician who disseminates message to the stakeholders by developing communication plans and tactics which also represents an inside-out approach to strategic management. Accepting the fact that business today are faced with numerous forms of adversity, (Jethwaney & Sarkar, 2000) claim that the PR job scope is not only supposed to focus on the organization core values and competencies, but a more significant role to work consistently on current trends, identify and reach out to potential stakeholders who affect the organization and vice-versa while ensuring an identity for the organization through its products, services and ensuring stakeholder sensitivity. It is with such an understanding of PR models, roles and levels that the researcher will be able to map the outcome of this study in proposing the respective PR methodology for this business sector.

METHODOLOGY

Research Objectives

To develop a stakeholder communication framework, the research initially identifies three objectives which are to;

- i. Explore existing communication practices,
- ii. Explore the perception of stakeholder communication,
- iii. Explore stakeholder needs for the purpose of strategizing business, and
- iv. To incorporate the PR communication concepts into this business sector.

Research Questions

To meet the objectives are met, four questions were developed.

- i. Which are the stakeholders that manufacturing SMEs' commonly communicate with and for what purpose?
- ii. How do manufacturing SMEs' perceive stakeholder communication?
- iii. Do manufacturing SMEs seek to understand the needs of stakeholders for the purpose of strategizing business?

¹Analyzing the business environment by gathering information on stakeholders and arising issues, using the systems approach of understanding the external business environment known as the mirror-in function (B. Steyn, 2009).

²Representing the business organization by placing oneself between the organization and the stakeholders in the bid towards comprehending stakeholder needs for organizations to cater better for stakeholders while strategizing business move.

- iv. How could PR-related communication practices be considered within the business process of manufacturing SMEs'?

Research Methodology and Data Analysis

The study takes a qualitative approach employing the in-depth Interview being a suitable method to address needs assessment, identify issues and also contribute to strategic planning ([Anne & Anna, 2008](#); [Guion, Diehl & McDonald, 2006](#); [Longfield, 2004](#)) which makes this methodology appropriate for strategy development. For this study, employing the in-depth interview serves to gather information on behavior, opinions and other underlying factors ([Mack, Woodson, Macqueen, Guest, & Namey, 2005](#)) which facilitate the formulation of an outcome based on synthesizing the input. Hence, the in-depth interview was employed. The analysis at the initial stage involved data interpretation and identifying the respective category codes. The following stage explored further meaning through the next level of interpretation ([Saldaña, 2009](#)) to strengthen latent findings while detecting emerging themes.

Research Participants

As the possibility of a PR personnel being present in the manufacturing SME environment is unlikely, the informant is expected to assume a position who takes charge of the communication portfolio or/and holds a vital position in the decision-making level for the organization. In such a situation, the researcher opts to source for the industry expert³ in comparison to the PR expert. Being qualitative in nature, no minimum number of participants is fixed but sufficient and adequate data is required ([Fossey, Harvey, McDermott, & Davidson, 2002](#)). As such, fifteen informants were able to participate in the study. To ensure that respondents are able to provide valuable input for the purpose of implementing the interpreted data, twelve respondents were regarded as "able" to contribute to the study while 3 gave incomplete response.

RESULTS

Research Objective 1

The stakeholders that manufacturing SMEs commonly communicate with comprise of local suppliers (international suppliers on a lesser degree), finance institutions (banks and creditors), local government for seeking license and government agencies for clearance of consignment or goods. SMEs work on short notice with transportation/logistics and supplier (vendors) companies to ensure timely delivery of materials due to storage space limitation. Lesser accounts include working with the human resource agencies on wage-related issues, insurance and compensation for employees, communicating with research bodies⁴, requesting funding⁵ for product development and innovation, requesting for government-assisted-marketing-initiatives⁶ either locally or abroad, and with agencies specializing in product and safety certification (only when such need arises). Adherence to the local council, local-government-related issues, licensing and other regulations are prioritized. Certain respondents mention about communicating with investors however not revealing further. While most communication tasks are assisted by the operations executives, administrators or senior officers, it is found that nearly half the company directors / owner-managers are not involved in the daily operations and are less likely to be involved in communication-related tasks. To sum-up, most communication tasks in this sector are short-term endeavors while long-term ones are less likely unless is needed or is critical to the operations.

Research Objective 2

In attempting to understand how manufacturing SMEs perceive stakeholder communication, SMEs are reluctant to consider beyond the network however are keen to capitalize on business relations towards optimizing business. The *closed-concept* stakeholder relationship reveals the intensity of communication however within the network. Unwilling to take risks, lack of financial strength and the lack of awareness on the potentials such as the triple bottom line (TBL)⁷ prevents SMEs from exploring beyond their common boundaries. Despite changes in business forces, risk-taking towards new ventures is unlikely due to resource constraint and that stakeholder communication beyond the common boundary is not a pressing need for the SMEs. In understanding the reason manufacturing SMEs communicate with stakeholders, SMEs are

³The expert of the field focuses on the operations holistically, indulges in all areas of business and regards communication only as part of the job scope (based on research findings). The expert of the PR / communication focuses on core communication initiatives such as marketing and sales, advertising, crisis communication etc.

(Grunig, & Grunig, 1989; Grunig & White, 1992; Steyn & Butschi, 2003; Steyn & Niemann, 2008; Steyn, 2003, 2009).

⁴Private / public research institutes, private enterprises or individuals that offer their innovations to be manufactured upon reaching a legal binding with manufacturing SMEs.

⁵In-house product development that requires further funding from prototype to pre-commercialization of product prior to mass production.

⁶Participation of SME in trade shows / fairs for publicizing its products to potential buyers. Participation in these trade shows are usually sponsored by the related agencies.

⁷Encompasses the 3P (people, planet and profit). Businesses entities are required to include the social and environmental responsibilities while making profit.

oriented towards cohesion⁸ within the network, which reflects the *closed-concept* in business practices towards achieving a state of balance. The study finds that SMEs are *comfortable* within the closed-business-network that helps to maintain the stability of the business network, similar to (Donaldson & Preston, 1995) who claim the corporation as a constellation of cooperative and competitive interests. In short, a similar pattern reveals across SMEs with interest in exploiting and optimizing business within the closed-loop, by communicating in a closely-knit network, which is most likely for short-term-business benefits. Attempting further to understand if stakeholder communication regarded a crucial factor for this sector, SME representatives show a tendency to exert influence on network-related-communication and transactions which is based on an individual-centric perspective. In short, stakeholder relationship among manufacturing SMEs is not biased towards complexity but simplicity, which prioritizes short-term goals. In other words, complex stakeholder communications not prioritized. To sum up, relationship over communication prevails between the personal-self and partners of similar interest.

Research Objective 3

In terms of understanding the needs of stakeholders prior to decision making, SMEs communicate to maintain product quality, product engineering specification, delivery promptness, process improvement, and efficiency, human efficiency, cost savings, and waste reduction. Communication with stakeholders prior to decision-making prevailing technology/engineering and process-related areas to ensure manufactured products meet the required quality/standards. Short-notice-communication that have direct implication on the process or products are common. In terms of understanding stakeholder needs, most informants show preference on monitoring and comprehending the market during economic downturns to reduce potential impact on their business. A few respondents regard economic downturns as something that should be taken seriously, specifically in terms of acquiring raw materials at affordable prices. Summary of communication areas are shown (Table 3). Literally all communication efforts are within the closed-loop with fewer focus on stakeholders beyond the loop.

Table 3: Stakeholder Communication Intensity and Priority

*Areas	**Frequency- Priority	***Stakeholders Involved
Product engineering/excellence	High- Short-term priority on competitiveness.	Internal engineers / competitors / trade organizers
Finished product quality	High- Short term priority to reduce the impact on revenue.	Customers / logistics
Market trends	High- Neither short or long-term priority (informants, however, respond on the need to comprehend short- term impact on business due to the nature of SME).	SME's unofficial circle of contacts
International standards	Moderate- Long-term priority	Downstream customers
Worker efficiency/skill	Low- Short-term priority	Employees (internal communication)
Environmental adherence	Low- Low priority	Local government- council, Demand from larger customers (MNCs)
Product marketing effort	Moderate- Neither short-term or long-term	Trade show organizers
Corporate SR (worker welfare and charity).	Seasonal- Philanthropy (Image building)- neither	Non-profit organizations, communities

Source: Research findings

Note-

* Areas have been categorized based on numerous sub-areas.

⁸Being united as one unit to achieve goals.

**High-frequency communication spans from daily to weekly basis, moderate frequency spans beyond weekly, however, is prioritized while rare frequency is regarded as only when there is a need. Seasonal, however, is due to external requests which are on an annual or semi-annual basis.

***Stakeholders involved have been reckoned as the most important stakeholder pertaining to the issue.

In terms of process, international standards are of concern particularly ISO 9000, 9001, 9002 and ISO14000 (international standardization for environmental adherence). However, these standards are usually pursued at the request of customers or by auditing firms as a prerequisite to operate. Interview outcome finds less emphasis in seeking to understand the need to comply with such international standards which is probably due to cost and complexity.

DISCUSSION

In attempting to incorporate PR-related communication within the business process of manufacturing SMEs, the fact that SMEs are confined to the closed-loop and are biased towards maintaining business relations should be considered. SMEs are found to nurture the relationship over strategic communication with an emphasis on closeness in business relationships towards achieving business goals (Huang, 2000). Reckoned as *Instrumental ties*, SMEs exploit relationship to fulfill their business needs which are transactional in nature (Hwang, 1987). In short, SMEs communicate with stakeholders with reference to operations, prioritizing short-term benefits that have direct consequence on revenue such as in:

- i. Product competitiveness to overcome competitors,
- ii. Quality issues to overcome defective product returns which can be costly, and
- iii. Economic trends that serve to understand the volatility of regional and international markets.

Stakeholders who contribute to the stability of the business network are prioritized as communication with them is of prime importance since these entities contribute to SME survival. Business stability for the short-term is prioritized since the SMEs show preference in factors that affect the business in order to optimize revenue before venturing into new grounds. Reluctance towards establishing stakeholder communication prevails since stakeholder communication beyond the common network seems less priority. Thus, owing to the closed-network that has supported the SMEs over time, stakeholder communication beyond the comfort zone is less likely. This reveals that non-core areas that do not contribute directly to the revenue are unimportant. As for social and environmental considerations, such initiatives are usually taken-up as a result of pressure within the business environment and are less likely considered by the SMEs, unless benefits are obvious. In short, operations-related issues and short-term benefits are of prime importance. As a result of the analysis, the study proposes 4 considerations discussed as follows.

i. *Management role coupled to public relations- A hybrid approach*

Based on the characteristic of SMEs, which are oriented to their business network, there may be a need to consider intertwining elements of communication and business as opposed to proposing PR, which is solely biased towards communication. This serves to suit the nature of SMEs to accommodate strategic communication initiatives within the business process for strategic positioning if it is deemed important by the SME. In view of such a consideration, a hybrid concept is suggested in the context of manufacturing SMEs in comparison to large organizations (Table 4).

Table 4: Comparison of PR / Communication among Three Types of Business

a. Media-based operations	b. Large business	c. Manufacturing SMEs
Journalistic communication in the nucleus represents the business process.	The process at the nucleus. Communication as a support mechanism for the business image, reputation and identity development.	Process and communication intertwined at the nucleus. Communication becomes part of the business process (Hybridisation of PR).

Source: Argenti, 2012; Grunig, 2001; Gupta & Bartlett, 2007; Steyn, 2003, 2009 and research findings.

- i. Configuration (a) depicts pure communication, portraying a mechanism of message conveyance such as PR in the form of journalistic expression (eg. media or advertising nature).
- ii. Configuration (b) depicts PR as the communication entity on behalf of the organization. PR takes a peripheral or a non-core function, however supporting the development of the organizational image, identity, and reputation (Argenti, 2012). Example, PR in multinational companies, in government-linked companies (GLCs) and in other profit-oriented organizations.

- iii. Configuration (c) incorporates both the business process and strategic communication at the core which is a hybrid concept. In view of the limitations of manufacturing SMEs in terms of resource (financial and human expertise), PR in this mode serves to improve the business process when practiced at the macro and me so levels (refer to literature review). Regarded as a management function which relates to the strategic decision-making for organizational effectiveness ([Gupta & Bartlett, 2007](#)), PR here is adopted into the operations of the SMEs, as a result of this study. At the meso level, the focus is on managing the business process, which reflects how SMEs handle the external business sphere while addressing the variables in the business environment on an enterprise-wide scale. At the macro level, the stakeholder communication process comprises environmental scanning initiatives towards incorporating stakeholder requirements, comprehending global and regional trends (market dynamics) which are part of strategic communication for profitable and sustainable outcomes.

In terms of considering a framework of PR / communication nature that is suited for manufacturing SMEs, the study illustrates the macro, meso, and micro levels of PR (Table 5) as follows.

Table 5: PR Levels of Practice in the SME

Level	Macro- Strategic	Meso- Managerial	Micro- Technical
Scope	SME comprehending business environment dynamics / sensitive towards stakeholders needs.	Business operations communication coupled with stakeholder management / attending to the stakeholders.	Stakeholder communication depending on SME's capacity.
Scope of communication	Outside-in for information acquisition from the business environment / existing stakeholders / potential stakeholders.	Inside-out for dealing with prioritized stakeholders (executing communication and management initiatives with existing / potential stakeholders). Eg. business positioning initiatives.	Inside-out for information disposal towards supporting business strategy. Eg. advertising and reporting.
Significance of Communication	Foresight / detect changes and progress in the business environment in-order-to suit business towards the present and future stakeholder requirements/trends.	Strengthen business image and reputation among existing and potential stakeholders also known as positioning.	Maintain continuous communication with respective and vital stakeholders.

Source: Research findings

Note- All levels of practices are to be suited to the capacity and the ability of the SME

Macro-level communication comprehends the external business environment by taking interest in stakeholders beyond the common boundary or, the extended business domain (Figure 1 – Appendix A). This encompasses assessing the SMEs present situation along the value chain, assessing associated risk(s), analyzing outcomes while proposing corrective actions of response ([Kirytopoulos, Leopoulos & Malandrakis, 2001](#)). Such is in-line with the definition of PR as “the art and social science of analyzing trends, predicting their consequences, counselling organizational leaders, and implementing planned programs of action that serves the organization and public interest” ([Kitchen, 1997](#)). This signifies the ability to consider beyond the traditional business limits with an emphasis on stakeholder communication, an inward-to-outward orientation which comprehends external forces, thus adapting to the business environment (Figure 2- Appendix B). At the meso level, the communication facilitating and problem-solving function is taken-up as managerial functions to work on issues that have implication on the business process and stakeholder management while the micro-level will work on ensuring stakeholders are routinely informed of the business progress. The researcher recalls the “cause and effect” relationship to explain certain behaviors being adopted towards achieving a business motive ([Damak-Ayadi & Pesqueux, 2005](#); [Donaldson & Preston, 1995](#)) which signifies a stakeholder approach, particularly at the meso (managerial) level. Despite this, the researcher does realize the need to limit the magnitude of all three levels owing to resource constraints which may limit the SMEs in taking-up this initiative. Hence, the degree of initiatives depends on the willingness of the SME in determining the weight of PR practices which may rely not only on manpower availability, expertise or finance, but may depend on how the SME regards the significance of such initiative, particularly in terms of short-term business benefits. In view of such constraints, SMEs could opt to initiatives at either all levels, two or only at one level depending on the need. Based on the findings, the researcher proposes the focus at the macro and meso levels as this sector lacks the strategic perspective of having the foresight of the business environment and the managerial initiatives which contribute to short-

term benefits, while facilitating image and reputation development, however with controlled magnitude owing to the availability of resources.

iv. *Proposing the personal influence model at the core of small and medium enterprise operations*

Although not obvious, there is an assumption that the preference for personal communication over communication from an organizational perspective will be relevant for this business sector. Hence, the study realizes the personal relationship on an individual-to-individual basis rather than a business-to-business relationship within the common business boundary (Figure 3- Appendix C) which interprets to the personal influence model developed by Sriramesh (1992, 1996). The personal influence focuses on relationship rather than viewing the individual as the organization's representative (Gupta & Bartlett, 2007) which relates to the *quid pro quo* or, the giving and gaining concept (Sriramesh, Kim & Takasaki, 1999). With the SME authority and power focused on the main individuals, such characteristic reinforces the personal influence model for this business sector. In other words, the connotation of "myself as the representative of the business" takes precedence over the "organization that represents me or us" connotation which justifies the personal influence as the base for stakeholder communication. This, the researcher realizes a traditional notion of the business concept where the focus of authority is individual-centric as in comparison to group or consensus-centric, eventually revealing that decision-making in this sector may be biased towards the individual in comparison to consensus-based decision-making.

v. *Inclusion of the Symmetrical and Public Information models*

(Grunig et al., 1995) the claim that symmetrical PR aims for negotiating a state which benefits the business and its stakeholders in the network using bargaining, negotiating and conflict resolution strategies. Such a diachronic concept aims for conformity on a mutual and cooperative base to build the relationship, rather than a lop-sided synchronic concept (Grunig & White, 1992). As the symmetrical model could be a point of reference for strategic PR in the SME setting, this would aid SMEs to constantly communicate within the business network towards meeting business objectives in a mutual manner. With reference to the public information model which is utilized for message dissemination, such a model will be suited for reporting purpose pertaining to the business process in the bid to keep stakeholders informed of the SMEs business development.

vi. *Inclusion of the model of the Asymmetrical public relation*

Whilst both press agency and the two-way asymmetrical are similar in their bid towards attempting a change in the target public behavior (Grunig & White, 1992), press-agency works on seeking attention (Grunig et al., 1995) through promotional and marketing initiatives. Such may serve SMEs for advertising motives with reference to their products, image and for brand publicity motives. The two-way asymmetrical model is suited to assess target behavior characteristics prior carrying out initiatives. In the case of manufacturing SMEs, this is interpreted as research carried out to understand the needs of stakeholders in order for SMEs to capitalize the potential of the stakeholders. However, based on the findings, efforts to comprehend the market, consumers or stakeholders through research initiatives are unlikely to be carried out by this sector owing to the required resource in terms of finance and manpower. This may realize a preference of the press agency over the two-way asymmetrical model.

The proposed communication framework for the small and medium enterprise

In comparison to PR practitioners commonly assuming media relations and product publicity, strategic PR constitutes identifying issues affecting stakeholders and the organization itself while managing arising issues

(Grunig, 2001). To apply this concept, SMEs should accept the fact that strategic communication could begin as a result of viewing beyond the common organization boundary. Hence, the communication framework proposed for the manufacturing SME could be one that:

- i. Considers the need to enhance the personal influence with an understanding of the symmetrical and asymmetrical PR models (figures 3 and 4 – Appendix C),
- ii. Functions more at the macro and meso levels (table 5) as in comparison to the micro-level, and
- iii. Functions beyond the closed boundaries (figure 4- Appendix C).

As it has been claimed that PR creates value to organizations (Grunig, 2001) manufacturing SMEs could adopt such strategic practices of PR owing to the levels of stakeholders. Such relational perspective of PR not only identifies the organizational function of PR (Ledingham & Bruning, 1998) but facilitates in establishing interaction whilst facilitating information exchange between an organization and its stakeholders (Broom, Casey & Ritchey, 2000) for strategic business outcomes.

CONCLUSION

The research not only suggests to look beyond the stereotypic view of communicational PR but a more relevant perspective of PR into the business process of manufacturing SMEs, which would enable this business sector to recognize the potential of PR and its adaptation to stakeholder communication with reference to the dynamic business environment. In such situations, the ability to adapt to the changing environment not only would ensure effective customer reach, enhanced

business image and a positive brand outlook that would convert into a more competitive organization ([Krishnan & Ahmad, 2019](#)), but has the ability to reveal the potential of communication towards adding value to the business. Nevertheless, despite the positive outlook, adopting such a concept into the business process that would convert to better business positioning may require an added commitment of the respective individual(s) and not to be merely regarded as insignificant communication.

LIMITATIONS OF THE STUDY

Through this study, the personal influence is realized as an SME *tendency* that could be coupled with other PR models, roles⁹ and levels of PR¹⁰ practice in the bid to strategize manufacturing SMEs. Such may require further comprehending of the PR roles that are to be utilized for organizational effectiveness and the macro and meso levels in support of short-term and mid-term goals. However, this study found several limitations as follows:

- i. Knowledge of communications, the relevance of communication and the need to communicate strategically was limited among the informants. This limited the process of enriching the data, of which the researcher had to opt for several ways to extract relevant information.
- ii. While the researcher finds that formalized stakeholder communication is lacking within this sector, the input obtained not only is limited among the company representatives but also has prompted the researcher to undertake future research.
- iii. In terms of participation, manufacturing SMEs have been found to be unwilling which is based on the level of response during the interviews. Despite the fact that respondents had contributed to the data, SME representatives in most cases were cautious of what to respond to the researcher. As a result, the researcher found it a limitation especially when probing for further response. The lack of trust towards the researcher probably contributed to such an outcome. Despite such challenge, each informant had been able to contribute to unique inputs.

SUGGESTIONS FOR FUTURE STUDY

While this study serves as a preliminary attempt, it managed to explore the formulation of a framework of communication from the perspective of PR. However, with limited understanding on the importance of stakeholders beyond traditional boundaries, selected comprehension on global issues and the unwillingness towards risk-taking; the assimilation of PR related functions may take the time or, require further effort by the SME proprietors themselves to be realized for optimum results. This may serve as a challenge for SMEs when considering taking-up communication practices. Hence, future research could be considered for a more in-depth understanding of the incorporation of strategic communication among manufacturing SMEs preferably from a larger pool of informants and the incorporation of the triangulation method for more comprehensive input. This should be able to justify the finding of this study while filling gaps found in this study or in the bid to develop communication concepts that could be utilized by this business sector in order to tap into business competitiveness. Another concern that the researcher wishes to highlight is that, as the growth of PR has been subject to the United States and Western European template ([Sriramesh & Vercic, 2003a](#)) the different perspectives provided by non-Western research (such as this research), could contribute to a wider insight to the PR discipline ([Kriyantono & McKenna, 2017](#)), particularly as PR in high power-distance cultures may not be able to apply the generic principles of PR ([Sriramesh & Vercic, 2003b](#)). Hence, non-European and non-American research should contribute to the richness of findings pertaining to PR knowledge.

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Sponsoring Institute: Universiti Sains Malaysia, Penang, Malaysia.

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⁹ Public relation roles; the expert prescriber (macro level), problem solving manager and the communication facilitating manager (meso level) and the communication technician (micro level)(Grunig et al., 1995; Steyn, 2009).

¹⁰ Public relation practices claimed at the macro, meso and micro levels (Steyn, 2009; Steyn, & Niemann, 2008).

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Appendix A

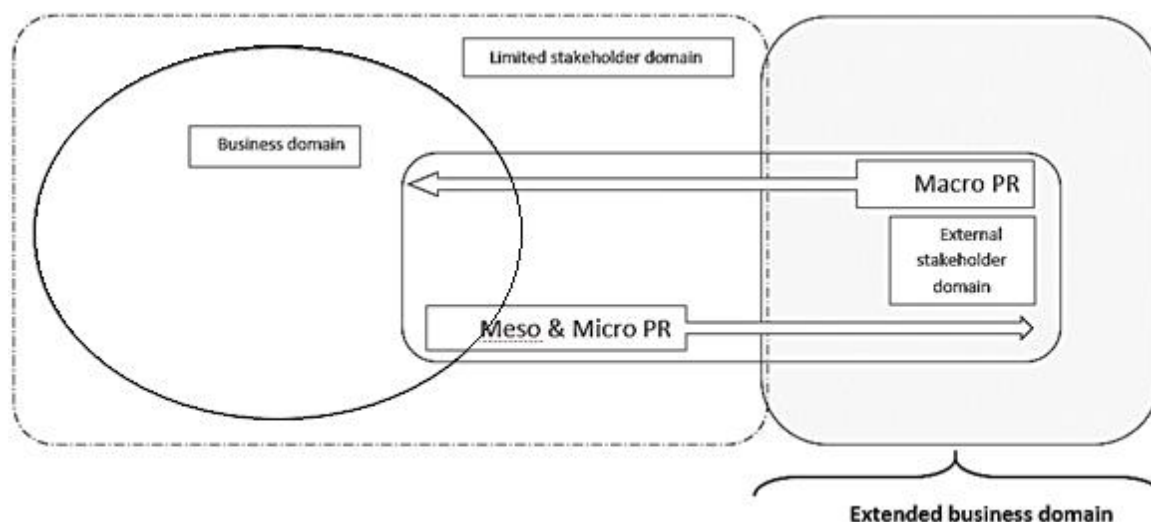


Figure 1: Strategic Communication in the Extended Business Domain

Note:

Business domain- The business physical boundary.

Limited stakeholder domain- Entities which SMEs commonly deal with for operational purpose.

External / extended stakeholder domain- New domain of business which surpasses traditional-closed-boundary or, one that seeks to position business strategically.

Macro PR- The practice of strategic PR for business strategic positioning.

Meso and micro PR- PR practices at the management and technical levels.

Appendix B

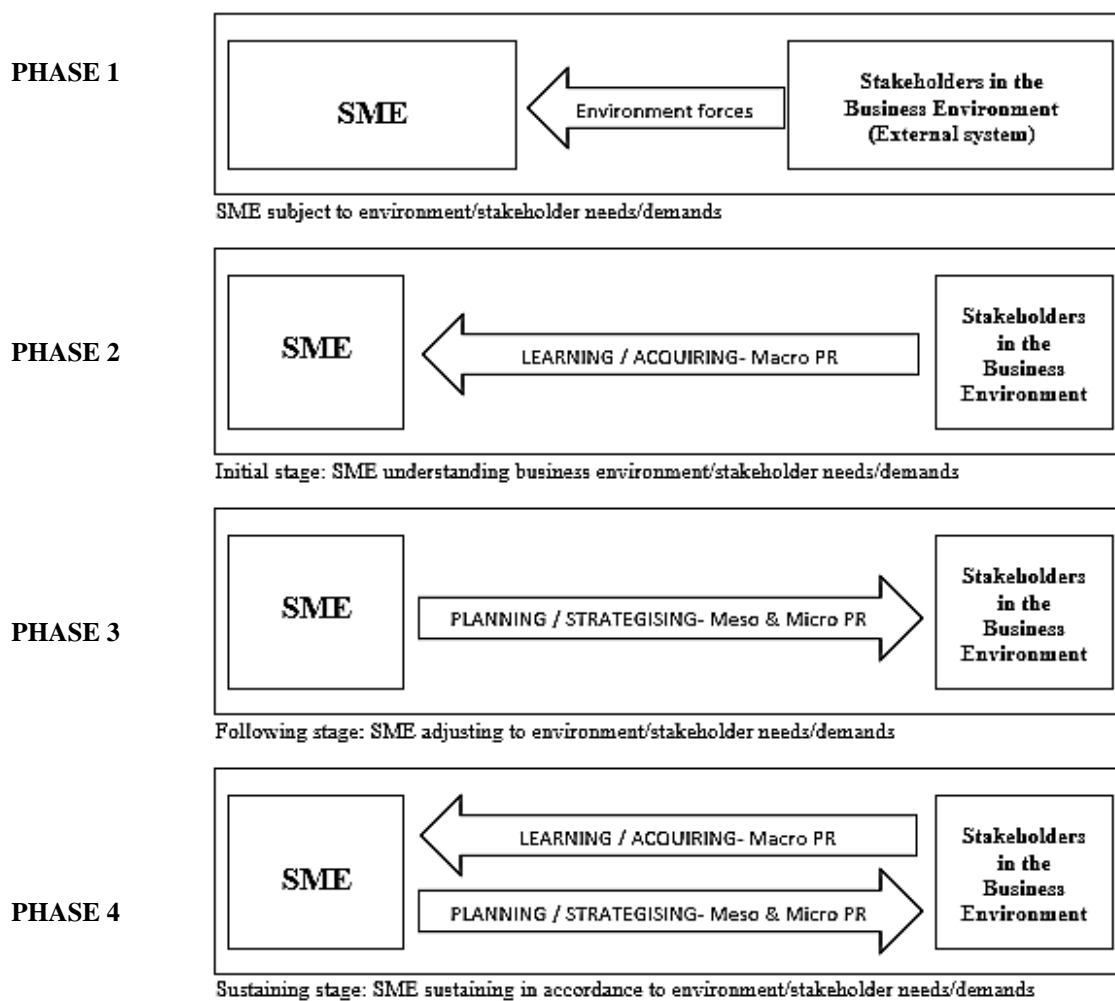


Figure 2: Adaptation to the External Business Domain

Appendix C

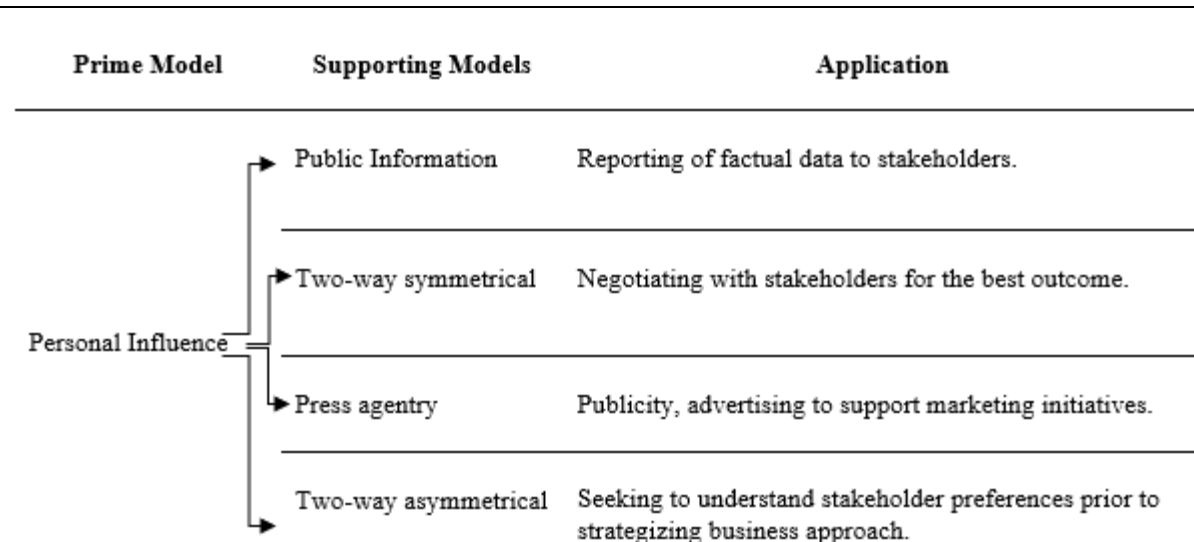


Figure 3: Personal Influence as the Base Model for SME

Note- The personal influence model is suited to the nature of the manufacturing SME personnel which is followed by the incorporation of other PR models.

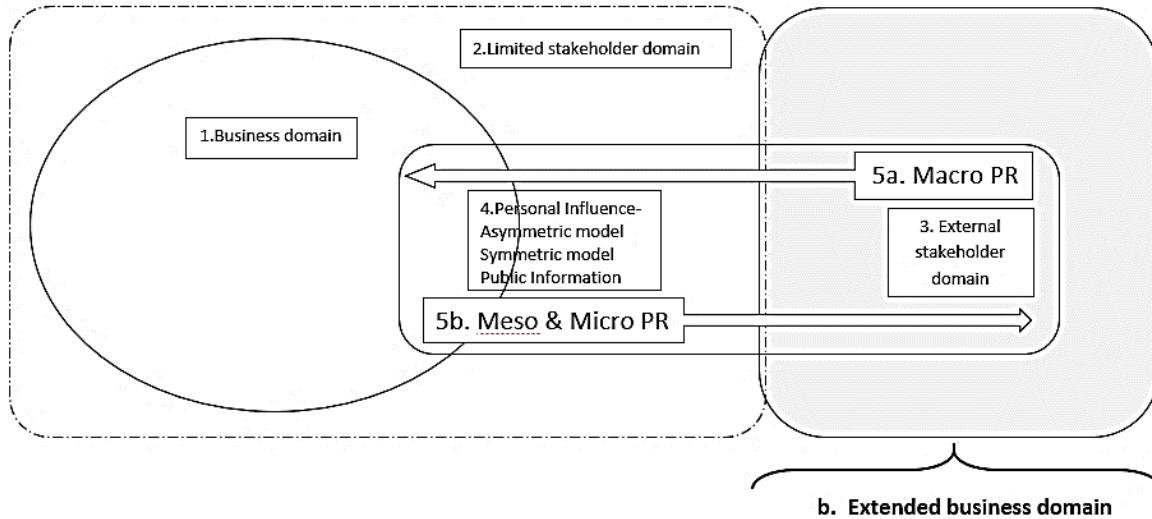


Figure 4: Proposed Communication Framework for the SME

SME considers communicating beyond the limited stakeholder domain (no.2) towards the external / extended stakeholder domain (no.3). At domain 3, macro-level PR initiatives towards comprehending the business environment and stakeholder entities are taken-up followed by meso and micro level initiatives / activities by the SME towards its stakeholders. With reference to the nature of its operations, the personal influence model (no.4) suits the SME followed by the other relevant PR models.