

## STATE OF THE INDUSTRY REPORT

2018

A Report By Prospect and PublicAffairsAsia



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This report follows telephone and face-to-face interviews with 67 practitioners and an online survey. The survey was conducted in the final quarter of 2017 via self completion. For the purposes of this report 403 relevant responses were analysed.

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# SECTION 3: In-house Issues

The changes seen in in-house functions over the past decade are vast. In an integrated era, many functions are being brought together. After an early tussle over ownership of digital between marketing and PR functions, the industry is working more collaboratively to develop fully integrated communications, marketing and corporate affairs activities.

Alan Brindell, General Manager External & Corporate Affairs, at Sanofi says: "It is difficult to explain to new industry recruits just how much has changed over the past decade. A long time ago communications was regarded as the staff magazine. That is so not what it's about today: it's about strategy, transparency, the internal, the external, reputation, engagement. It's much broader and integral to the business. It's clearly part of the leadership team. The same goes for public affairs, especially where government is such a big stakeholder."

Brindell says the public affairs function must have the capacity to make decisions. "It's important we have the scope to develop our own action plans to support the business. You need freedom, trust and empowerment to do what needs to be done."

## 3.1: In-house Structure

While there is an increased understanding of the need for integrated approaches, there is still no 'one size fits all' approach to structure. But one thing appears to be clear, based on this year's interviews: team sizes are generally leaner and this trend appears to be in play at least for the foreseeable future.

In-house structures vary widely among those practitioners interviewed for the 2018 report. They can be sectoral, geographic, practice-orientated or, in some cases, form no logical pattern at all.

"You have to educate people outside of the communications function about what a communications narrative is. That's number one."



Amanda Groty, General Manager, Global Corporate Communications, Nissan

Given the size of Asia Pacific markets, many teams work across different geographies, with some now being global in reach. The Head of Digital Communications for one Asian MNC sits in Hong Kong, reports to corporate affairs management in the US and runs a content team in Mainland China. "We're basically a news bureau which covers the company. I have bosses in one place and a team in another. So I come up with a content strategy from afar. A lot of my work is done remotely, 5,000 miles away," he says. The same individual reveals he has a team of only five professionals and predicts only modest growth despite his business expanding rapidly in China and overseas. "We have a small amount of resource internally but a large budget for agencies and freelancers," he says.

Industry veteran Whitney Small believes a significant amount of modern communications and content can be centralised. Small is Global Head of Communications and Public Affairs at Thai Union Group, a seafood manufacturer. While Thai Union is not a household name, its brands which include John West and Chicken of the Sea certainly are. "Our brands are much better known than our mother ship. We have a 14-strong team here in Thailand and small teams supported by agencies in Europe and the United States. We have an 80/20 rule. Eighty per cent of what we do here is for multiple markets," says Small.

Under her leadership, Thai Union's communications are split into three distinct streams: Sustainability, Innovation, and Brand and Reputation. From an HQ and group perspective, Small says it is important never to lose sight of the stewardship of both corporate and brand reputation. She says the function of her team is to ensure the company has the ability "to do business, and the ability to grow business". With 70 per cent of Thai Union's business being in Europe and the US, that means being able to deal with global stakeholders effectively and professionally.

Small is keen to ensure her Asia-based team has the right "experience, writing ability, visual ability and analytical ability" to serve global audiences.



### 3.3: Resource Issues

Many function heads interviewed feel they are operating at a significant scale with limited resources. The Regional Head of Government Affairs for a leading medical technology and pharma firm leads a team of three, with Australia and New Zealand set to add a fourth member to the team. "We're a slim organisation and this means responding to business priorities. We focus solely on government stakeholders. We work with public affairs and regulatory affairs colleagues when dealing with anyone outside government," she says.

Whatever resources are available, there is a growing sense that the function will always be playing some form of catch-up, given the fragmentation of media, the increase in the number of stakeholders and the rising threats to reputation.

The Head of Communications for a disruptive industry player operating across Asia says keeping up to speed with a fast-moving sector requires constant internal evolution around messaging. "As we add services and as the industry changes direction, our challenge is to keep updating the story and our message. It's a challenge from a time-crunch perspective and from a story-telling point of view. Like the business, we need to be nimble."

### 3.4: Using HQ Resources

While many large corporations are now effectively headquartered in Asia, other businesses are still very much in a market-entry phase. This often means that significant communications support is needed from teams in home markets. The Director of Corporate Marketing and Communications, Asia Pacific, at a global engineering and construction firm runs a "very lean" team of two in Singapore, supported by a small number of dotted-line regional reports scattered around in-country offices.

In the US he has access to a team of 34 for projects and specialised content support. In recent months the team has embraced a more agile organisational structure in order to use these centralised resources better throughout the world and meet the needs of emerging and growing markets.

This has seen him take on the strategic marketing function worldwide, with additional resources reporting to him from the larger US-based team. "We have been embracing a more innovative approach to marketing and communications over the last few years. We're already seeing a huge benefit of this recent adjustment in terms of increasing our productivity and sharpening our priorities. One of those is our growth potential in Asia."

> Continued Over

The big challenge, he says, is pursuing communications strategies that have impact. "If you don't have an HQ in the region, you are always going to have a lack of resources. When your company is a smaller player or a new entrant, you have to be clear and focus on priorities to cut through and potentially, like us, think about the challenge differently," he says.

## 3.5: Cultural Considerations

Reflecting on his time working with Huawei, Temasek's Ross Gan says there are still cultural differences in the way Asian MNCs structure their corporate communications and public affairs operations. Gan played a formative role in building the sophistication and maturity of Huawei's corporate communications capabilities. "Huawei is a hybrid. It competes on a global playing field and while its home market is China, its senior team have a keen world view and understands that local knowledge is key to success."

Gan believes that Western MNCs tend to be more structured and that roles are often defined within established structures. "So," he says, "even if a position is vacant for a time, life still goes on. There is resilience within the team structure and broader infrastructure. In Asian MNCs it's far more fluid. Roles and responsibilities gravitate towards those who have proven themselves and are seen as a safe and reliable pair of hands. They are far more likely to scope roles or functions around an individual's talent and capability".

### 3.6: The Business Case

Increasingly, communications and corporate affairs professionals express their value in terms of their company's ability to do business. The licence to operate, whether from government or consumers, is make or break for any organisation today. Once confidence in an institution is lost, it can be almost impossible to recover. That means, however, that the value communicators bring to the business is inextricably linked to one of the least tangible of assets - corporate reputation.

"Who is the custodian of the brand?" asks one Communications Director. "Everything that can get the brand into trouble is our responsibility. Our job is about reputation nothing else."

Perceptions are everything. Nissan's Amanda Groty insists that communications is make or break for brands seeking to stand out in Asia's increasingly crowded markets. "Communications has to be about reputation, it has to be about brand and it has to be about brands with purpose. We have a responsibility to address societal concerns through the deployment of our product."



Amanda Groty was drafted into Nissan in a senior global communications role amid a broader expansion of its communications leadership under Chief Communications Officer Jonathan Adashek.

A former H+K Strategies executive, her responsibilities include developing and delivering strategic messaging programmes that support the company's global reputation and key business objectives.

"The remit for global communications is to both protect and enhance the reputation of the company, including the development and implementation of an executive communications programme as well as managing a global issues, crisis and risk programme. We're also responsible for sustainability, diversity, merger and acquisition communications support, anything which impacts or enhances reputation," says Groty.

In common with many firms in APAC, Nissan has spun out China into its own region, with the rest of the region operating as Asia and Oceania. While communications supports Government Relations, it remains a separate function.

"We are building a global corporate narrative for the company. This is essentially how we do what we do. The why is that we exist to enrich people's lives. How we do it is what I am concerned with, defining us against the competition, empowering our customers, attracting new customers and inspiring our dealers."

Groty insists you have to secure internal buy-in before embarking on a root-and-branch review of outbound communications. "You have to educate people outside of the communications function about what a communications narrative is. That's number one."

While global narratives must be consistent, Groty insists that they must be created with enough flexibility to resonate in local markets. "We have built a global story which is flexible enough to work in many different kind of markets, whether you're in South Africa, Spain or China."

"Having the ear of senior management is critical. If you feel like you don't have that it can make you miserable in this line of work. You need to be in the inner circle so you can be aware of positive and negative news that may be coming."



Jason Kendy Head of Communications, Japan & Korea, UBS

### 3.8: Proactive Function

Abhinav Kanchan is Senior Vice President and Head of Corporate Communications and National Marketing at Sobha, one of the top real estate organisations in India and the Middle East. He is in no doubt that his close-knit, six-member strategic, planning and communications team is vital to the future of the business. "As communicators we cannot say we only come into action reactively," he says. "We are a critical facilitating department which strengthens the brand continually and helps the company sell better. We are very important. We have to build sentiments using third party endorsements. We have to make prospects convert faster and better. We have to impact our company's bottom line positively."

Brand-building and corporate positioning, rather than traditional media messaging, are increasingly important spheres of work for corporate communications professionals. This can be particularly important for Asian companies now looking for capital or customers overseas. Says one communications lead for a large Chinese firm: "We focus mostly on messaging and marketing. We're focused on brand-building and content which helps the business grow and bring in revenue. We're also generating content to better inform investors and analysts in the US who would otherwise only read about us through earnings four times a year."



# 3.9: Coming of Age - India and Japan

In certain markets, boardroom recognition of the communications function was slow to emerge. Jason Kendy, Head of Corporate Communications and Branding at UBS Japan and Korea, says major international firms have generally understood the value communications offers to the business. But in corporate Japan more widely, this acceptance is a relatively new phenomenon.

"A few decades ago very little importance was placed on the communications role in Japan. But today we see it coming into the board level and into the inner circle of senior management in big Japanese companies. That's a major shift. Japanese companies are behaving more and more like multinational corporations when it comes to valuing communications," Kendy says.

The Head of Communications for a global bank in India thinks appreciation of the communications function is growing there, too, driving higher-quality talent to the industry. "A decade or so ago, PR was not really understood, it was a nascent profession. But now we are attracting talent to the industry. More and more people are interested in the media and PR, the market has evolved and specialisation in the media has risen," she says.



## 3.10: Accessing The C Suite

Communications practitioners interviewed remain firmly of the opinion that they can only be effective if they fully understand, and have engagement with, their business leadership. Access to the CEO is vital for the communications function to be effective. One top-level Indian in-house practitioner says: "The strategic importance of the function within the organisation is important to me. If you don't get that support, it is that much harder to communicate effectively."

Shravani Dang, Group Vice President of Communications and Marketing for the Avantha Group, a power, infrastructure and IT provider in India, believes it is imperative that Chief Communications Officers report in at the top. "Reporting structure is very important to what you can deliver as a CCO," she says. "I could not do my job properly reporting into the Director of HR or the Finance Director."

# 3.11: Defining Corporate Affairs

As communications, government relations and public affairs come together in an integrated environment, the practice of corporate affairs is becoming more widely understood and applied. In some organisations it has also become a catch-all function.

Jonathan Dong, Head of Corporate Affairs at Nestlé Greater China, says the company's definition of corporate affairs is "just about everything that is external-facing" and more. It incorporates traditional and social media, internal communications, government relations and the concept of Creating Shared Value, for which Nestlé is a global leader. China is now Nestlé's second biggest market and Dong services the business with a 26-strong team, comprising 18 people in China, five in Hong Kong and three in Taiwan.

"The first and foremost challenge is people. Taiwan and Hong Kong are more mature and stabilised. China especially is very challenging. The external environment is changing very fast. We have to keep pace with what is happening and ensure that what we do inside the company is still relevant," says Dong.

The fragmented nature of Asia's markets and political systems creates more than the odd headache for senior practitioners. Says Cargill's Bruce Blakeman: "Asia is just a different animal. There is no Brussels to speak of here. Dealing with government is a big challenge because of the randomness of different policies, cultures, government structures and the way they move forward."

Economic nationalism is an increasing area of concern. Adds Blakeman: "Socio and economic nationalism is a big trend for us. Issues around self-sufficiency, this is a big piece for us. Sustainability is also a big issue including traceability, certification. These issues are forcing us to look at our supply chains in different ways. We're working with NGOs and external parties to validate the work we're doing. We also work closely with our customers and civil society."

### 3.12. Wider Audiences

Government is still perceived to pose the single biggest risk to a corporation's licence to operate. But the scope of the audience that communicators and public affairs professionals need to engage is now far wider. With public opinion being easier to mobilise through social media channels, governments are now highly responsive to online opinion.

This creates a layer of complexity for government relations professionals. In part, it explains why some global operators, such as Thai Union Group, operate government relations and communications functions under the same management structure.

Whitney Small recognises that she has a tough role. Both the seafood industry and Thailand have suffered reputational damage internationally in recent years. "We are doing a lot of work with governments. Our job is to ensure that we are guarding the company's reputation. To ensure that the company is able to do business where and when it wants to. And it's to make sure that people understand that innovation is inextricably tied to sustainability," she says.

## 3.13: The Perfect Storm

In the digital era, a consumer-related issue can rapidly develop into a government-related issue, creating the perfect reputational storm. The Senior Manager of Public Affairs for a prominent American brand says public affairs strategies have to be very consumer-focused in markets such as China. Within his company, a 50-strong decentralised team works on all fronts, from CSR to government relations, independent of regional and global headquarters. "Managing complexity and diversity across different markets is a massive issue. We try to have consistent brands but at the same time be relevant locally," he says.

Within Asia, practitioners say the government related work they conduct can only be as good as the administration they work with. Emerging markets pose a problem when it comes to the issue of policy consultations. "We need to track policy news in these markets and that can prove difficult – issues can just pop up. At the same time, we need to shape those policy goals, to become a solutions provider for government," says one Public Affairs Head. "You cannot underestimate the value of having a GR person on the ground to drive this. But the size of the business dictates whether we will get this resource."

Some MNCs believe things are getting better, noting China has made significant progress. In recent years, China has gone from not having any public consultation at all to the point where officials routinely ask for MNCs' views, give them time for a considered response and reveal how they have responded to those inputs. This shift came following lobbying, foreign government support and a shift in mind-set. Professionals hope that the region's less transparent and more challenging markets will follow in China's footsteps.

Within some companies, there is still a fear that local GR staff can have divided loyalties, particularly in markets where foreign companies are perceived to be outsiders. This can be an issue in China, where global corporates often hire professionals from within the machinery of government. The mid-level representative of a Western MNC says his role is principally focused on acting as a bridge between his company and government. "We try to find a position where both parties can work together for the common good. The most challenging part of the job is getting internal alignment."

There is a general acceptance among practitioners that the old days of 'guanxi', or connections-based, public affairs have come to an end. Says Airbnb's Mike Orgill: "The days of hiring a former US ambassador to make a single call to change government policy are gone. We are seeing that political decisions are shaped by public opinion, which is often expressed online. We see the importance of influencing public opinion on our agenda and issues."

"Today, communications and marketing are coming closer.
I enjoy the fact that we as communicators are getting an opportunity to include marketing. Marketing will form part of the communications function in the post-digital world."



Shravani Dang, Group Vice President of Communications and Marketing, Avantha Group

# 3.14: Marketing - A Moment of Connectivity

Shravani Dang at the Avantha Group sees her role as being able to "manage the public face and positioning of the organisation" internally and externally and believes this increasingly means integrating marketing with communications.

"Today, communications and marketing are coming closer. I enjoy the fact that we as communicators are getting an opportunity to include marketing. Marketing will form part of the communications function in the post-digital world," she says.

In an era of two-way "conversational" communications, Rochelle Vandenberghe, Head of Marketing at insurance operator FWD Life Philippines, says PR can learn from marketing, which has a track record of framing business decisions in line with customer requirements.

"In marketing we have to interact with the customers, to find out what they need and want and then bring this back to the corporation to shape solutions to their needs. This intelligence is powerful. It is a moment of connection that gives the company purpose."

### 3.15: Internal Dimension

In a digital era, the importance of internal communications cannot be overstated. However, in many organisations there is concern that the resources allocated to the function still lag behind its strategic importance.

Says one Communications Director operating in the tightly regulated financial services sector: "We are now only a click away from internal to external. People expect information now, anytime, anywhere on any device. They want it to be short, compelling and engaging."

The growing importance of internal communications has been mirrored in terms of structural change. Day-to-day responsibility has shifted from the human resources function to the communications or corporate affairs division in many organisations.

The Director of Communications in one of the region's hotel groups says ownership of internal communications has been transferred from HR to her department so a period of "change management" can be effectively communicated. "Our company is going through a process and we are being called on to ensure that strategic messages effectively cascade down through the organisation," she says. "For budget reasons we can't afford to bring in a dedicated internal communications expert but we will be looking for agency support."

Strategic communications is about thinking holistically, says FTI Consulting's Christine Wood. "We are C-Suite advisors and as such we assist with corporate direction and strategy. Being confident and competent to advise corporations in the many levels of stakeholder engagement is core to our service offering," she says.

## 3.16: Why Employee Engagement is Win, Win, Win

#### By Kate Shanks, theblueballroom

Employee loyalty and retaining talent are ongoing challenges for our clients in Asia, concerns that have only heightened with the arrival of job-mobile millennials in the workplace. What's new, though, is the growing demand among millennials and non-millennials alike for greater inclusivity in the workplace.

Modernisation, globalisation and competitiveness are all affecting the way companies around the world do business, and I see these trends having a growing impact in Asia. Old ways of working are being challenged by new thinking – and this new thinking is being championed by employees.

#### **Employee Voice**

Social media has given everyone a voice on every aspect of life. So it should come as no surprise that employees also expect a voice at work. Increasingly, they want to be involved in decisions, not just about their own workplace but also about the way their company does business.

However, if they have no means of influencing their company, they become voices of dissatisfaction, dragging morale and productivity down and pushing employee turnover up. The challenge for companies in Asia today is to capture this upward feedback ... listen ... think ... then act!

The first step is to create genuinely open channels for employee feedback. These channels come in many different forms, shapes and sizes -- from the regular, such as annual opinion surveys and monthly Q&As with the CEO, to the irregular, such as topic-specific focus groups and need-driven pulse surveys.

What matters most, though, is how the company responds. Employees want evidence that senior managers are not only listening but also acting on their feedback. This is where employee engagement has a key role in analysing the feedback, understanding it, and then facilitating change.

#### Reward and Recognition

Employee engagement, of course, is about more than listening to and acting on feedback. Another of its cornerstones is reward and recognition – in other words, the power of saying 'thank you'.

One of our big clients in Asia and around the world is DHL. Frank Appel, CEO of the Deutsche Post DHL Group, recently said: "Throughout the year we have many chances to express praise – and those words might have more effect than we think. Studies and surveys have repeatedly shown that employees who receive regular praise are more engaged, more productive and have more company loyalty than those who do not get this recognition."

The most powerful recognition schemes are the ones that promote bottom-up rather than top-down recognition. For example, my agency supported Cathay Pacific to refocus and re-energise its existing recognition programme. Cathay had an online recognition wall where employees could nominate colleagues and teams who had gone above and beyond. As a result, engagement increased across Cathay as employees interacted with one another via the recognition wall. We'd targeted 2,000 peer-to-peer nominations, but the high levels of engagement meant we attracted over 2,600.

#### Integrated Approach

Employee engagement comes from a combination of pride in your company and a positive experience in the workplace. So how can your company unlock the positive power of employee engagement?

Establishing clear responsibilities for employee engagement within your company is a start. It is also essential that employee engagement is 'joined at the hip' with internal communications.

Either as separate teams or as one, employee engagement and internal communications are usually found within one of the following – the CEO Office, HR, Corporate Affairs/PR, or Marketing. Wherever they sit, employee engagement and internal communications need to take an integrated approach across all of these functions to ensure their messages and other internal and external messages are fully aligned.

Employee engagement and internal communications add most value when they have access to and the support of leadership. To be truly effective, however, employee engagement and internal communications also need to establish and maintain a network of influence throughout the organisation.

#### Case for Change

Modernisation, globalisation, competitiveness and the demand for inclusive workplaces – these growing trends in Asia all make a compelling case for investing in employee engagement. When their voice is heard, when their work is valued, when they are included, employees are happier, work harder and stay longer. Win, win, win!

Kate Shanks is Managing Director of theblueballroom, a specialist internal communications agency with teams in the UK and Hong Kong

## 3.17: Leadership Role

Corporate reputation is now inextricably linked to corporate leadership. Inspirational leaders such as the late Steve Jobs and Alibaba's Jack Ma have set the bar high. Consumers and investors want to see authentic and credible individuals at the helm of corporate vessels. And when those vessels hit rough seas, the pressure inevitably grows on the leadership.

To ensure their leadership meets these expectations, communications professionals need to coach and develop the communications skills of their boardroom talent. Says one Communications Director: "There's a greater emphasis on face-to-face communication by leaders. Leaders are being upskilled. It is no longer enough for the Communications Department to communicate. They need to train other people to do it, to make sure people speak and present well."

CEOs need to become corporate storytellers, who talk not just about products, but values. Says one practitioner interviewed: "Having a focus on storytelling is a real skill for leaders. The key is authenticity. Their approaches can be nothing other than fair, trusted and transparent. Authenticity is king. The rest is just noise."

It is not just company bosses, however, that need to be harnessed to tell the corporate story. Nissan's Amanda Groty says it should permeate all levels of the company. Reflecting on her experiences at the Japanese car giant, she says: "We are seeing people aligning around a story that they want to tell, that gets them excited. It starts about what society needs and not about our product. That's really rewarding from a personal point of view."

"Staff motivation is a challenge as it's hard to quantify corporate affairs achievement or failure."



Jonathan Dong, Head of Corporate Affairs, Nestlé Greater China Region

## 3.18: Quantifying Impact

Jonathan Dong at Nestlé Greater China worries that morale in the industry can be hurt by the inability to measure the impact of the corporate affairs function. "Staff motivation is a challenge as it's hard to quantify corporate affairs achievement or failure."

Internally, communicators and corporate affairs professionals should ensure they do whatever they can to explain the value of the function, and to secure and maintain management buy-in, even during rounds of cost-cutting. On the resources question, ANZ Bank's Peter Parussini says having the confidence of the board can help stave off cuts. "There is always a push to keep costs down. But we are fortunate that the board, CEO and senior leaders understand the value of communications and how authentic story-telling is critical for big corporates to get cut-through with internal and external audiences," he says.

## 3.19: Operation Overstretch

During research for the report, we interviewed a small number of NGO representatives. To varying degrees they believe their communications work in Asia Pacific is hampered by the inevitable problem of resources confronting the sector.

Says the Asia Communications and Marketing Manager at one of the US's biggest NGOs: "It's very 'chicken and egg'. We have to work out whether getting more coverage, here and in the US, would engage more donors and whether it's worth growing the team to achieve this. At the same time, we're looking at just how sectoral we want to go in our marketing planning."

Being a team of one means it is very difficult to be strategic across the diverse markets of the region. "Even if something works for us in India, it's highly unlikely it will work for us in Myanmar or Cambodia. I am a small team in a large organisation and I have to accept that change happens slowly."





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