

THE FINANCIAL COMMUNICATION AND FINANCIAL COMMUNICATION STRATEGY

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Abstract: In this article it is aimed the definition of the financial communication under all its aspects. It is targetted the strategy as a communication tool.

Assuming that „communication” defines the relations of the economic operator with the external environment. It is used the meta-analytical method focused on summarising and synthesising the opinions and concepts contented in the specific literature. It is started from the general analysis of the financial communication strategy, the series of the activity areas and the final aiming, towards the implementation of this strategy in the structural tools area.

Keywords: financial communication, financial communication strategy, target group, investors, journalists

1. Objectives

In order to motivate the topic discussed we bring the main objective of the study, the demonstration of the fact the strategy is the basic goal with what the financial communication operates, without a strategy the communication being chaotically. A second objective would be the fact that by analysing the specialty literature, the financial communication strategy could be found in any activity domain of the market, including the newest of them, the operational programmes area. A third objective reveals the particularities of the financial communication strategy in relation with the structural tools area.

2. Introduction

Communication represents an important component of the contemporary people's life and activity. It can be seen everywhere, in all the social areas: within the daily life, organisations, management, but also in the business world. "Everything communicates" is the slogan that shows the best the impact of the communication phenomenon over the human existence period lived by us, the postmodern period (Avram, 1997). In addition to the commercial, internal and corporate communication an important type of communication is represented by the financial communication, defined as "the sum of the relations with the providers, clients, employees, thirds, with the bodies competent in the economical field, but also with the press. This involves the information collecting and dissemination for drawing up and spreading of some complete and proper financial statements".

The word „strategy” comes from the military field, being used for describing the own resources which can be used by each contestant in the fight with „the competition”. Like the military pattern, the economists put „the strategy” into the financial field, as a financial communication strategy. Thus, the financial communication strategy could be defined the sum of the resources and the means used by a company in relation with the internal and external environment (competition, financial analysts, specialized credit bodies, clients, providers, press or employees). The economic globalisation, the most important phenomenon generated by the contemporary reality, represents the main impetus creator of communication, regardless of its type. It is necessary that interpersonally to be established an efficient and balanced communication in order to make the human relations working.

Any economic operator, producer or consumer, is above its capacity in the economy, a person who, through the relationships developed can lead to his business prosperity and success (Avram & Avram, V., 2012, p. 95).

In financial communication, financial reports are considered to be the official statements of the organisation, in its links with the external environment (Domnisoru, 2011). Drawing up of these financial statements involves the compliance of the accounting principles and the appropriate accounting methods, but also correct estimations and assumptions for an accurate preparation of products and services to be offered to the general public (Domnişoru, Vîătoru, 2009, pp. 9-10).

3. Theoretical issues regarding the financial communication

The financial communication is defined as: any activity for financial information and for promoting the financial image of the entity. As it has been considered by Jean-Yves

Léger in his paper, the financial communication would be, at a certain moment inseparable from any financial and stock marketing approach (Léger, 2010, pp. 3-5).

Financial communication provides both accountant and also financial information, which have, different sources and goals. Referring to the information supply source, this is the financial statements for accounting information and economic-financial indicators, for financial information (Bran & Costică, 2003). Analyzing the purpose of the information provided by financial communication, this is reflected in the external environment of the entity in discussion (owners, employees of other factories on one hand, and on the other hand the financial institutions that provide the necessary capital for the entity working) (Avram, 2005, p. 10).

Thus, as the final destination, accounting information serves owners, employees, managers, state, enterprise itself, and the financial information is useful to financial institutions that provide capital needed for operation.

From the beginning of the banking, economic, and market crisis, companies have had to cope with a growing demand, financial communication, coming from the actors participating in the economic life (Léger, 2010, p. 20).

It is also necessary that this type of communication to integrate with other types of enterprise communication: commercial, internal, corporate, but it has to be emphasized, finally, as the most important form of communication of an entity, representing the basis of the institutional communication (Avram & Avram, 2014, pp. 172-177) .

It must be pointed the fact that this way of communication is one newly created, more specifically, between 1980-1990 (in the same time with the globalization of markets and the economies privatisations), when the shareholding was growing rapidly (Cammack & Cammack, J., 2012, pp. 47-55). Before the financial communication we could have talked about the financial information, stock regulated, represented by the dissemination of key figures and financial aggregates, most often unconsolidated, which show a past statement of the entity, without leaving the possibility of forecasting in the future (Deegan, 2013).

The financial communication is related, especially, with the listed companies, representing the spreading between it and the public of the public information.

Thus, we cope with two categories of financial communication: financial communication in GSM (General Shareholders' Meeting) and the financial communication on market segments (Adorisio, 2015, p. 77-82).

Analyzing financial communication problem on two great continents, America and Europe, we can reveal the following imperfections: in America, the accounting rules provide many possibilities for the companies, for compiling their numbers (social accounts, consolidated, proforma, comprising data and complex financial mechanisms); taking into account the audit in America, it is very poorly developed, containing only a verification check-list like (Albu & Guță, 2013, p.21-25); in Europe, it is pointed out the foccusing of the accounting rules on what it is presented as an accurate picture, and the accounting information becomes like an accounting and legal maze; in order to discern financial problems, Europe has a wealth of criteria and indicators, which rather complicates the economic reality: 180 financial criteria and 60 different ways to express the company's net result (Avram, Avram, Bragaru, Ghiu & Iliescu, 2008, pp. 409-422).

4. Financial communication strategy

It is said in all areas of financial communication strategies. In this sense, America is focused on the personal responsibility growing of the company leadership, which, in some contexts is proved to be ineffective (Feleagă & Feleagă, 2008, p. 5).

Each and every entity has its own communication strategy. This strategy is of utmost importance, because it is used to maintain investor interest, in supporting actions at optimal price, the development of new business relationships, public or private, or a certain level of the capital cost (Léger, 2008, p. 30).

Among the vectors of the financial communication strategy creating process, the Internet must be underlined as the most important, which, in accordance with studies about this, annually attracts more than 80% of individual investors (Guillamón-Saorín & Martínez-López, 2013, pp.518-537). Of the one part, Internet has entirely changed the financial communication rules, on the other hand, the internet has produced a considerable improvement in the method of transmission of financial information: information available at low cost (Sandu, 2009, p. 66); data presented in editable format; quality of full availability of information distributed through this channel (accordingly to the study realised by Jean-Yves Léger, Jorn Geerlings, in 2008).

4.1. The objectives of financial communication strategy

Any financial communication strategy is done in relation with one or more of the following main objectives:

- the increasing of the institutional reputation belonging to the entity in discussion, which is closely linked with informing the public regarding the products or the services provided, the outstanding contribution to improving the global image by associating good service with an active policy in favor of shareholders (Heldenbergh, Scoubeau, Arnone & Croquet, 2006, pp. 174-188);
- the appeal to the market for financing the economic growing of the company;
- the increasing of the firm titles value;
- the information of the shareholders and the whole financial community regarding the results of the company (Nyce, 2005);
- drawing up of a tool for realising and keeping a privileged relation with the shareholders of the firm;
- correct assessment of the financial and operational performances and a fair issuance predictions as clear as possible regarding the future trends of the firm evolution (Marioara, B. B., Dorina, P., Oana, C. C. A., & Camelia, A. B., 2014, pp. 563-572);
- establishing a strong relationship, based on trust, between the company and its investors;
- a better understanding of the financial information and the correct identification of the annual financial statements essential (Wang, 2013, pp. 119-138);
- establishing a lasting link with the public, which would become then trusted source for consumers wishing to use the products / services firm (Wang, 2013, pp. 43-62);
- creating transparency in the company, limiting the activities of competitors (Salvioni, 2012);
- opening the company for the market, for creating a favorable image and for establishing relationships with the external environment (Argenti, 2012).

4.2. The reasons for creating the financial communication strategy

There are numerous justifications underlying the achieving of their financial communication strategy. These, however, are different depending on the size of the company. Among the most significant are:

- Trying to cope with competition, to absorb a bigger share of the market and to show to the public an innovative concept, which could attract a large number of individuals (Laskin, 2014, pp. 127-129);

Creating and maintaining a positive image of the company, very important requirement when it comes to attracting investors;

Profitability, the company's financial performances, as well as the financial profitability are essential factors for orientation: the investors for choosing the companies to invest in, the public for consuming products and services, because it proves trust, but also the potential shareholders, who will choose according to these criteria the company they want to participate financially (Doyen, 1990, p. 12);

The desire of the company to keep and sustain its public by any means, in order to maintain the obtained financial performances;

The developing of the relations with its own employees. In this case it is not important the financial communication realised with these ones in relation with the profitability, but regarding the company's weaknesses, for a common test of its recovery (Rensburg & Botha, 2014, pp. 144-152).

4.3. The economic actors concerned by the financial communication strategy of the firm

Nowadays, the concerned public for creating a financial communication strategy is large and unusual. The targets of this strategy are different. It is said about a public made from: analysts, institutional investors and financial journalists in the economic sphere, customers, suppliers, public authorities, elected officials, students, direct prescribers, "small carriers" (minority, small shareholders). The most important categories will be analysed in the following:

Institutional investors: those that generate a large part of stock exchange transactions and which are actively operating in the stock market;

- Journalists, because they have a huge handling power. The analysts generated by this environment have a direct impact over the public (Wang, 2013);

„The small carriers” (small shareholders) are the ones which generate small stocks portfolios and are sensitive to the financial notices issued by the bankers, analysts or journalists (Wang, 2013, pp. 139-162);

Direct prescriptors (banks, exchange agents, analysts). They intervene directly in the market by their customers or advice given by managing their portfolios.

Every category follows different information related with the firm, however, out of these, can be formed two groups, namely:

The first group, made of by the so called professionals: initiators (institutional investors), direct prescriptors and indirect prescriptors (journalists);

The second group made of public: represented by the portfolios of the small shareholders.

The first group is based on the economic image of the company (management, production, market), and the second group is interested in the global image of the company (Iacob & Drăcea, 1998).

4.4. Drawing up of the financial communication strategic programme

There are four elements that participate to drawing up the financial communication strategic programme, by each and every company. These will be described as it follows, like this:

Creation: when delivering clear, complete, accurate, global information, as well as its perspectives, company should do this with the financial communication strategy aimed to be built and not as a simple obligation (Schoonraad, 2004).

Its guidance towards the user needs: professionals from the financial area and the public, they don't have the same needs, in the same range they don't have the same level of competence either. The first category will always be focused on the technical data, while the public will want easier messages in order to be able to understand and process them (Smith, 2004, pp. 201-203).

Personalisation: the company leader must be firstly concerned in making the financial and institutional image of the company. Thus, this one should be accessible, every day on mass media, he has to express a positive attitude, because all of these will be associated with the firm he leads.

Growing, range: A company should be able to and to know how to enlarge its perspective. Such an example could be the opening in front of the foreign press, by translating the own statements, or the balance sheets of activity in different foreign languages with commercial application (that are used in its geographical neighbourhood) (Taylor, Tower & Neilson, 2010).

5. The financial communication strategy in the frame of european funded projects

5.1. Financial communication strategy

In case of the structural instruments, the financial communication strategy represents the basic document, which provides the basis of all the information and publicity programmes. This ensures coordination of integrated aspects of communication programs undertaken in the field of European funds (Bratu & Drăcea, 2002).

Beside, it contains general messages which will be used for the communication plans of the institutions with duties in the management of the cohesion and structural funds.

The strategy of communication sets responsibilities in the communication area. It contains more communication plans (tools for detailing and, then, implementing the strategy).

The purpose of the financial communication strategy is to induce a larger rate of CSF absorption. Any potential applicant needs a minimum of information in order to be able to implicate in drawing up and implementation of the projects. However, sociological studies previously conducted revealed a low level of information on post-accession funds. It is revealed public skepticism about accessing grants, causes being the following: bureaucracy that makes harder the proper development of the projects; the lack of the cofunding possibilities; suspicions of corruption hanging over state institutions in this field.

5.2. Financial communication plans

The financial communication plans are the documents drawn up by each AM/ ACIS, in accordance with the European rules in the field and in the strategic frame at the national level of the communication strategy (National Communication Strategy, designed for each and every operational programme). Regarding the content, a communication plan is made of information and advertising activities strongly linked with the following elements:

Consistency with targeted strategy;

The objective aimed by the strategy implementation;

The actions used for fulfilling the objective;

The responsables for every action, but also the responsibilities of each of them;

The deadlines for implementing the actions;

The costs for involving the whole process;

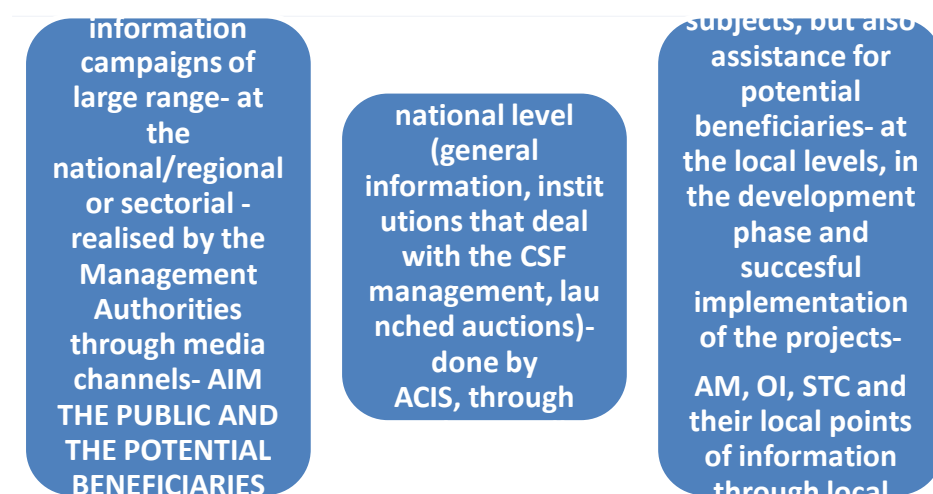
The forecasted results.

Also, the communication plan should refer to the means of communication and evaluation of the communication. These plans would be achieved and discussed at the national level, by AM-s in relation with ACIS and then will be sent to the European Commission (Rocci, Palmieri & Gautier, 2015).

5.3. Financial communication structure

Within the using of European funds, communication is done as „funnel” shape, in 3 segments, that aim the involving of the public. It is very important that all the three levels function properly, whereas an error in one of them induces harm in the other two and disrupt the normal functioning of the communication structure. This communication structure can be seen below:

Scheme 1. The levels of the financial communication structure within the Structural Instruments



Source: Own interpretation, according to data provided by www.funds-eu.ro

The first level (information campaigns of large range)- requires the proper evaluation of the involved public. This information starts from the sociological studies realised and from the results of the activites already undertaken. The most important element of this first link is to popularize the campaign web page and unique phone number of the information centre. The internet page is the structural tools site, www.funds-eu.ro (that is directly linked with the sites of European Commission, Ministry of Public Finance, or the institutions that manage CSF). Regarding to this site, it can be noticed the permanent updating of the grants from the România-EU relationship, presence of the news, feature articles, projects successfully implemented, as well as the ideas for projects. Institution that coordinates this site is ACIS.

The second link of the communication system and the main level is considered to be the information center. It is directed to all persons who, after information campaigns have become interested in developing and implementing a project and want assistance and guidance for cooperation with specialized bodies. The tools used at this level are the website, information call center, which have national coverage. On the basis of the information received from the

potential beneficiaries, we could determine the potential territorial malfunctions, that stop the good functioning of these projects funded with grants.

The third segment of the financial communication scheme gives a main place to AM, OI și STC (through their public information offices). Information offered by AM, OI și STC are related with the following issues: priority axes, areas of intervention, the types of projects for funding, how to apply, orientation, promotion requirements for each fund. The basic tools for this link of the financial communication are: local meetings, fairs, cooperation with the specialized press, and the press locally, updating the website, database and information center (Info center).

5.4. The target group of the financial communication

There are 5 categories of actors concerned about the financial communication, in working with the projects funded with grants. The most comprehensive category is the general public, which includes the entire population and opinion makers, which are crucial for promoting adhesion of a group action for development of European projects. A narrower category than the previous one (and contained in the frame of the first category of target group) is represented by the potential beneficiaries: public administration, business environment, NGO-S, research environment. The third part of the target group is the one of the internal public (contained in the CSF institutions) and made of from the followings: EU institutions, employees of the line ministries or employees from AM, OI.

It be noticed the internal actors, too (stakeholders)- that are directly involved in managing the funds, or who are affected by the allocation of funds, but do not fall under the classification of potential beneficiaries. These are: representatives of business and academia, and civil society, project promoters, public institutions and local groups affected by the results of implementation of these European projects, representatives of the country into European institutions with decision-making or advisory politicians.

The last category of the target group is referring to the media, either it is discussed about the written one (at different levels- national, regional, sectorial, local), or the audio-visual one.

Defined under the importance they have in the grants area, it could be pointed out 4 categories of beneficiaries: public administration, NGO-S, business environment and research environment. In a survey conducted by the Ministry of Finance, revealed that the least transparent use of funds, and most likely called corruption is the recipient public administration.

Also referring to the 4 categories of beneficiaries mentioned above, it is considered that public administration and NGOs are the most informed regarding funding opportunities, priority areas and instruments that can meet a european project.

5. Conclusion

The final conclusion is the main tool for realising the financial communication is strategy. This represents, actually, the specific way for communication between a firm and its partners and the large public. For resisting on a market it is necessary to be established long term relations between different economic actors, relations that can be created just through financial communication.

So, the company's public statements are the tools for communication on the financial plan between the organisation and the users of the financial statements.

Ultimately resulting financial strategy differs depending on the scope, priorities institutions and the objectives which it sets each participant in economic life. This is important for a proper and efficient financial communication, financial communication and lack of strategy can lead often to a lack of transparency and fairness from the company for its actual or potential partners.

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