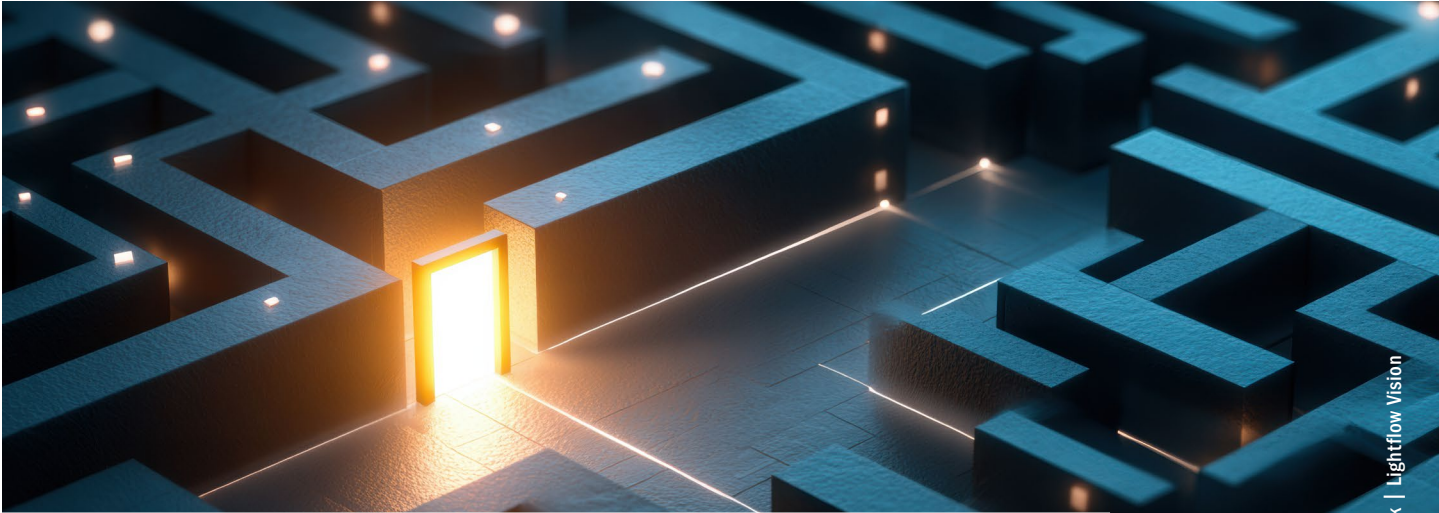


# VALUE FORMATION IN CORPORATE COMMUNICATION

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Executives recognize that communication is essential to organizational performance and value creation, yet corporate communication's specific contribution to value creation remains difficult to articulate. In this article, I introduce a conceptual framework with practical applications that clarifies how value is formed across the corporate communication management process – from identifying stakeholder needs to realizing and capturing value – and pinpoints where value slips away. The framework helps communication managers to determine precisely how and when value is created.

## TACKLING THE CHALLENGE

Corporate communication managers are investing increasing effort to demonstrate the value of their work and that of the corporate communication function. This reflects a broader organizational trend in which executives increasingly expect functions and departments to justify their impact and account for their contribution.

However, the specific contribution of corporate communication to organizational performance often remains unclear to managers and employees (e.g., Zerfass et al., 2014; Falkheimer et al., 2017; Brockhaus & Zerfass, 2022). Improving measurement and evaluation (M&E) practices – widely regarded by communication leaders as a key priority –

therefore remains one of the greatest challenges facing communication managers.

In response to this challenge, both national and international professional associations and scholars have invested significant effort to clarify how corporate communication contributes to organizational performance (Zerfass & Viertmann, 2017) and to establish M&E standards (e.g., AMEC, 2025). These efforts have helped to identify the specific ways in which communication supports organizations, such as enabling operations, building intangibles, ensuring flexibility, and adjusting strategy (Zerfass & Viertmann, 2017). Researchers have also underscored

broader societal, industry, policy, and economic impacts (Macnamara, 2023).

What remains less understood is the process through which these outcomes are produced. Mapping the inputs, outputs, outcomes, and impacts of corporate communication activities captures only part of the story. Achieving deeper conceptual clarity about how corporate communication management creates organizational, stakeholder, and societal value requires a more comprehensive conceptual framework – one that depicts the key mechanisms of the value-formation process and their interrelationships. A deeper understanding of these mechanisms enables practitioners to describe and demonstrate their function's contribution with greater precision, and to refine how they think about and discuss value creation.

## TOWARDS AN UNDERSTANDING OF VALUE-FORMATION MECHANISMS

### Value is defined by stakeholders, not organizations

Despite decades of management research, the nature of “value” remains contested. What is increasingly clear, however, is that value today is shaped less by what organizations produce and more by what stakeholders experience.

The traditional view held that products and services possessed inherent value – an assumption that no longer holds. Contemporary thinking recognizes value as fundamentally subjective: It emerges when individuals use and experience something over time, whether a product, a service, or even a piece of information.

For communication managers, this shift is significant. As communication scholar Jim Macnamara (2015) observes, value is a perception – a judgment formed by customers, employees, investors, community members, and other stakeholders. Rather than passively receiving organizational outputs, stakeholders interpret them through the lens of their own experiences, beliefs, cultural norms, and aspirations. Ultimately, it is stakeholders, not organizations, who determine how valuable corporate activities truly are.

Because value is created in stakeholder experience, organizations cannot fully control it. They can design

touchpoints and manage their communication activities, but the final assessment remains outside their control.

### Putting stakeholder and societal needs at the center

The prevailing belief for much of the 20th century was that a company's primary moral obligation was to maximize profits, with shareholder interests prioritized above all others. This belief has gradually shifted since the 1960s, when the Stanford Research Institute introduced the concept of stakeholders – the groups on which an organization depends for its survival. Stakeholder theory, later advanced by R. Edward Freeman (1984), further redefined the purpose of business. Stakeholder theory posits that economic value and ethical leadership are inseparable, and that organizations must serve not only shareholders, but also employees, customers, and the wider community.

Today, this stakeholder centric view underpins much of modern corporate strategy, significantly shaping how communication managers understand their contribution at the executive level.

A growing body of research in both management and corporate communication reaches similar conclusions: Organizations must place stakeholder and societal needs at the center of how they understand and demonstrate their value. This reflects a broader shift in accountability – one in which executives, managers, and employees see themselves as answerable not only to investors but to the entire socio-ecological system in which their organizations operate.

At the societal level, it is also relevant to discuss collective needs embedded in the functioning of societies. Concepts such as shared value, introduced by Porter and Kramer (2011), highlight how organizations can create business benefits by addressing societal challenges – from infrastructure and public services to issues that demand cross-sector collaboration.

Creating societal value often requires coordinated efforts across corporate, public, and nonprofit actors, adding a further dimension to an already complex process.

## A process view of how value forms in corporate communication

A deeper understanding of value creation in corporate communication requires recognizing that it is not a static outcome. Rather, it is shaped by multiple actors who interpret the value of organizational inputs, throughputs, and outputs through their own expectations, needs, and perspectives. Thus, value forms in experiences unfolding over time. Communication managers play a vital role in this formation process, but they do not control it entirely.

*Value forms in experiences unfolding over time.*

## Why value formation matters more than value creation

Value is not formed in a single moment or by a single actor. Instead, it takes shape through a sequence of interconnected phases and mechanisms. Adopting the broader concept of value formation gives communication managers a conceptual framework that acknowledges the entire process – not just the endpoint at which value is captured by the organization. This process-based perspective enables organizations to examine how they think and talk about value, and where and how it is created and captured.

## Opportunities to create value emerge in social and cultural contexts

Organizations operate within complex socio-ecological systems shaped by shared norms, values, expectations, and planetary boundaries. They also operate within cultural contexts defined by shared symbols, meanings, and interpretive frameworks that shape how people understand and evaluate organizational activities.

These contexts exert a powerful influence on how stakeholders perceive organizational actions and whether they regard them as legitimate. As organizational theorist Mark Suchman (1995) argues, legitimacy depends on stakeholders viewing an organization's behavior as appropriate within the social and cultural (and ecological) frameworks in which it operates. For communication managers, this has an important implication: Value is always co created,

shaped not only by the organization's output, but also by the meanings stakeholders construct from it.

In a global society and economy, value formation unfolds across multiple social and cultural contexts simultaneously, each influencing how outcomes are interpreted and assessed. Navigating this complexity is therefore a central challenge for communication managers.

## A PROCESS FRAMEWORK FOR HOW VALUE IS FORMED

To simplify this complexity, I introduce a process-based conceptual framework of value formation in corporate communication management. The framework integrates several established ideas, including:

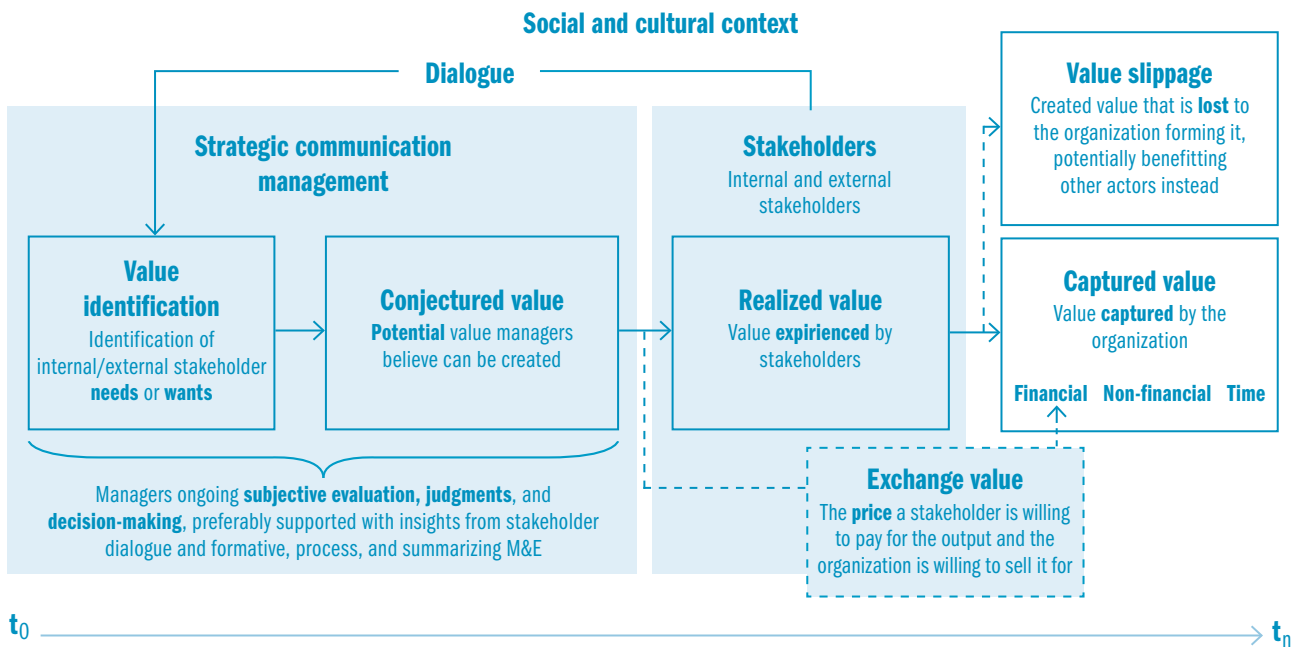
- Conjectured value (the value organizations expect to create);
- Realized value (the value stakeholders actually experience);
- Value slippage (the value that flows to others);
- Value capture (the value the organization retains); and
- Different forms of value (financial, non-financial, and time-based).

Unlike traditional frameworks, which typically treat value as a static output of organizational activity, this approach builds on process theorizing. Process theorizing provides a narrative account of how value actually comes into being and highlights the sequence of events through which it is formed. Given that value is created through stakeholders' experiences – and that managers' experiences also contribute to its formation – this narrative orientation helps outline the key mechanisms of value formation and their interrelationships, providing a more precise understanding of how corporate communication contributes to organizational and societal value creation.

## Why a linear presentation despite real world complexity?

The framework is linear, illustrating a sequence that begins with the identification of stakeholder or societal needs, followed by the creation of outputs and the stakeholder experience of those outputs, and concluding with the value the organization captures and the value that slips away. In practice,

## A process view of how value is formed in corporate communication



Source: Andersson, 2025

however, this process is anything but linear. Instead, value formation often evolves in unpredictable and nonlinear ways.

Yet a linear representation offers an important advantage. It helps managers see the essential phases and mechanisms at work. By simplifying the process, it becomes easier to identify:

- What drives value perception;
- Where value slippage occurs; and
- How organizations can increase the value they capture.

This simplified representation is particularly useful for communication managers who must manage complexity without being paralyzed by it.

In an ideal scenario, organizations consistently produce outputs that meet important societal and stakeholder needs, stakeholders respond positively, and the organization captures most of the value created with minimal slippage. However, real-world value formation is rarely this tidy, since:

- Stakeholders often have competing interests.
- People interpret value differently based on their own norms and experiences.

- Organizations struggle to measure intangible value such as trust, legitimacy, or reputation.
- Value may be created at one point in the social system but captured at a later point.

These dynamics make value formation inherently complex.

### Key mechanisms in value formation

**Value identification.** From a communication manager's viewpoint, value identification is the first step in any value formation process. Managers need to determine which stakeholder or societal needs (and wants) the organization can meaningfully address. Because value formation is socially and culturally embedded, these choices must reflect external expectations and states rather than simply organizational priorities. Corporate communication departments play a central role by monitoring stakeholder dialogue and environmental signals, providing insight into both expressed and emerging needs and wants.

At the same time, opportunities for value creation often arise from unmet needs that stakeholders cannot yet

articulate, requiring forward looking analysis and interpretation. Successful value identification also requires a clear understanding of internal capabilities and resources within the organization and the corporate communication department to ensure that the organization is positioned to create – and ultimately capture – value as the process unfolds.

**Conjectured value.** Once a stakeholder or societal need is identified, communication managers work with conjectured value – the value they believe their actions can create. While real value only materializes when stakeholders experience it, managers’ expectations shape strategic choices about communication.

Building strong internal capability through skilled communication managers is essential, but managers’ expectations alone are insufficient. Continuous stakeholder dialogue and robust measurement and evaluation (M&E) are also required. Effective M&E helps identify appropriate communication goals and ensures that both the organization’s and the corporate communication department’s activities align with what stakeholders truly find valuable. Without this grounding, decision-making becomes uninformed, and communication efforts risk missing both stakeholder needs and opportunities for meaningful value creation.

**Realized value.** Value is realized, that is, created, when stakeholders engage with an organization’s outputs over time – whether information, a service, a product, or a brand – and evaluate their relevance or usefulness. This evaluation, whether conscious or unconscious, determines whether the stakeholder perceives the organizational actions as having a positive or negative impact on themselves and the wider society. For example, clearer service information from a municipality can make daily life easier for citizens, producing substantial practical value for them. Under normal circumstances, these evaluations often occur unconsciously, as stakeholders often do not intentionally consider the value of an organization’s performance. Under more exceptional circumstances, however, the presence or absence of value becomes far more apparent – and stakeholders may discuss it with colleagues, friends, and family.

**Captured value.** Organizations can capture three forms of value, but only after stakeholders have experienced organizational outputs as valuable.

- **Financial value**, such as revenue from sales or share gains, is often the most straightforward indication of how valuable stakeholders experience organizational outputs to be. Yet corporate communication activities rarely operate in isolation, making it difficult to attribute specific financial outcomes to them.
- Organizations also capture **non-financial value**, such as trust, brand equity, legitimacy, and relationships. These non-financial values are crucial for long-term success, but are far harder to measure and evaluate because they primarily reside in stakeholder perceptions and fluctuate over time. Communication can influence these perceptions, but stakeholders ultimately determine the value they assign. Although tools such as surveys, interviews, and triangulation of multiple techniques can aid understanding, they always remain imperfect proxies.
- Organizations may also capture **time-based value**, such as efficiency gains from improved internal communication or improved stakeholder dialogue. Over time, these time savings often translate into additional financial and non-financial value.

**Value slippage.** Value slippage occurs when organizations are unable to capture all the value created through their activities, whether in the form of financial, non financial, or time based value. Because realized value primarily resides in stakeholder experience and is often difficult to measure or make tangible, organizations rarely capture the exact value that materializes in stakeholders’ experience.

Understanding value slippage is essential, but focusing solely on maximizing value capture risks narrowing the organization’s perspective to an organization-centric one, prioritizing organizational gains alone. Equal attention must be given to conjectured value – the potential value organizations expect to create – and the realized value stakeholders actually experience, as well as to building the internal capabilities, such as knowledge, competencies, and skills, that enable sustainable value creation over time.

## PRACTICAL RECOMMENDATIONS

The shift from value creation to value formation has significant implications for how corporate communication managers should think about and discuss value creation. Because value is ultimately determined by stakeholders – not organizations – communication managers must view value as a dynamic, experiential, and socially and culturally embedded process rather than as a fixed output.

1. **Communication managers need to strengthen their role as organizational sensemakers.** Value identification depends on understanding stakeholder expectations, wants and needs, societal needs, and cultural shifts. This requires corporate communication departments to prioritize and develop their listening capabilities and resources, engage in continuous dialogue with internal and external stakeholders, and build more advanced analytical capabilities, such as environmental scanning, qualitative insight generation, and early- and weak-signal detection.
2. **Measurement and evaluation must consider the entire value-formation process.** Traditional output-oriented metrics – visibility, impressions, or activity volume – are not sufficient. Communication managers need to implement the full range of formative, process, and summative M&E practices (Buhmann & Volk, 2022) that evaluate the corporate communication department's ability to identify value creating activities; make strategic and operational decisions based on conjectured value (internal analysis); analyze realized value in stakeholder experience (stakeholder analysis); capture financial, non-financial, and time-based forms of value; and turn these into actionable insights for the corporate communication department and organizational executives. This requires combining quantitative measures with qualitative evaluation and analysis methods that provide insights into how stakeholders interpret organizational activities and derive meaning from them.
3. **Communication managers should champion a broader understanding of value inside the organization.** By emphasizing how trust, legitimacy, and societal contribution strengthen long-term competitiveness, they can help shift executives' attention from short-term value capture to sustainable, socially and culturally embedded value formation.

Together, these recommendations position communication leaders as enablers of organizational relevance, legitimacy, and long term impact.

## OUTLOOK

As the value organizations create is increasingly understood to reside in stakeholder perception and experience, corporate communication will be one of the most decisive drivers of organizational success.

Today's organizations face growing stakeholder expectations, increased societal scrutiny, and rapid cultural change. In this environment, communication managers face a strategic challenge. They must consider not only the management of communication activities and the production of outputs, but also the entire process through which organizational, wider stakeholder, and societal value is formed. The shift from a production-focused to an experience-focused view of value fundamentally expands the communication function's scope and responsibilities. Value is no longer something organizations deliver – it is something stakeholders co-create through experiencing organizational outputs over time.

This broader perspective positions communication managers at the center of organizational value creation. They are uniquely equipped to identify emerging expectations, needs and wants, and translate them into meaningful organizational activities. But this expanded role also underscores the need for communication departments to develop their capabilities. These capabilities – organizational listening, formative, process, and summative M&E, and the ability to interpret cultural tendencies and shifts – are no longer optional. They are the foundation of strategic relevance.

Looking ahead, organizations that excel at value creation will be those that balance performance with purpose. They will recognize that financial returns, trust, legitimacy, and societal contribution are interdependent, not competing, outcomes. Communication managers have a critical role in steering this evolution – clarifying stakeholder needs, facilitating cross sector collaboration, and ensuring that the corporate communication department contributes to the formation of value that is meaningful not only for the organization but also for the socio-ecological systems in which it operates – and ultimately serves.

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## MORE INFORMATION

A more detailed discussion of the process framework can be found in Andersson (2025), as listed above.