Corporate Reputation Management and Stakeholder Engagement: A Case Study of Five Top Australian Companies

A thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy in Humanities and Social Sciences at the University of Technology, Sydney

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November 2005

CERTIFICATE OF AUTHORSHIP AND ORIGINALITY

I certify that the work in this thesis had not previously been submitted for a degree nor has it been submitted as part of the requirements for a degree, except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all the information sources and literature used are indicated in this thesis.

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ABSTRACT

Corporate reputation is an intangible asset that is the collective knowledge of organisation–public relationships, based on consistent organisational behaviour. Although corporate reputation management is not a new concept, it has been growing in importance and has influenced the way organisations have approached their strategic management. There are, however, many misconceptions with regard to the concept of corporate reputation.

This study has explored the impact of different understandings of corporate reputation on the management and measurement of reputation in organisations. Current understandings of the term 'corporate reputation' are traced, pointing out the confusion in the literature regarding corporate image, corporate identity, corporate social responsibility and corporate behaviour. The assumption underpinning this study is that the way corporate reputation is defined will influence the way it is managed and measured by organisations.

Moreover, this study explores how managers of an organisation understand the concept of corporate reputation's impact on the selection of the management function that is responsible for corporate reputation management. Thus this study not only identifies the preferred management function by organisations to manage corporate reputation, but also explores the role of public relations practitioners in managing corporate reputation in organisations. The assumption underpinning this study is that public relations practitioners will only play a role in reputation management if corporate reputation is understood in terms of organisation–public relationships and if public relations practitioners are part of the strategic management team of an organisation.

To reach these research objectives, a qualitative methodology is followed, using a multiple case study research design. There is little explanation in previous communication and business theories concerning the impact of the definition of corporate reputation on its management and how corporate reputation can be

managed. As there are several inconsistencies on the theory on corporate reputation, an in-depth study was needed.

This thesis argues that corporate reputation should be intrinsically related to the identity of the company, and not to its image. Based on the case studies, the more successful corporate reputation management is that which valued corporate identity more highly than public perception, as, in this way, the company behaves in accordance with its values and principles.

This study concludes that corporate reputation, being an intangible and a complex notion, cannot be managed in the business sense of the word. Although a reputation depends on how stakeholders perceive a company's behaviour, organisations can manage their corporate identity and their relationships with stakeholders. As such, this thesis has argued for stakeholder engagement management as a way of managing corporate reputation.

Communication managers have a major role to play in managing corporate reputation, not only as communicators, but as relationship managers (or as stakeholder engagement managers), as part of the strategic management team. More than just communicating what has been happening, public relations practitioners need to take part in the corporate decision-making processes. Changing a company's image is not the same as changing a company's behaviour. Only the latter, together with two-way symmetrical communication, can generate a trustworthy corporate reputation.

For my parents,

Maria Luiza and Neniomar,

who taught me to always have faith.

ACKNOWLEDGEMENTS

I would like to thank my Principal Supervisor, Ursula Stroh, for her inspiration and passion for the topic of this thesis and for her unfailing belief in my ability to accomplish this goal. Ursula always motivated me to give my best and to never give up. I am also indebted to the support provided by my co-supervisor, Dr Rebecca Harris, who helped me to be more of a realist and contributed much to the shaping of the thesis and methodology.

This research would not have been possible without the cooperation of the five communication managers of the organisations involved. I would like to thank each one of them for having given me their time and knowledge on the corporate reputation management of their corporation.

I am immensely grateful to Patricia Grant for her help in my first year at UTS. Patricia taught me about different philosophical thoughts and their historical context. She encouraged me to think deeper and critically.

I also would like to acknowledge a God-sent angel, Teresa Doyle, who came to my aid when I most needed help. Teresa works for the ELSSA Centre at UTS, and she is an amazing person who devoted her time and effort to helping me put order to my thoughts and to structure my writings.

My sincere gratitude to Pat Skinner for proofreading the final version of my text.

There are a number of friends and colleagues who have supported my endeavour. I would like to acknowledge Katrina Lee for all the trouble she went through while trying to find my PhD application form, which had been lost in the Business Faculty. I would like to thank my two Brazilian friends in Australia, Alice and Maura, for their support and encouragement.

I would like to thank everyone from Wandana and Creston College, for their patience and friendship throughout these three years. I am especially grateful for the editing efforts of Ailish and Cath, who devoted their time to correcting my English.

Completing this thesis would not have been possible without the support of everyone from Yarraton. Thank you for letting me use your home as a *solitary confinement* to the writing of this thesis.

Finally, I would like to thank my family. Mum, Dad, Max and Felipe have always been a great source of strength. Distance does not exist between those who love.

D.O.G.

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TERMINOLOGY FOR THIS THESIS

The principal terms used in this thesis are:

Corporate Reputation: the collective knowledge of organisation–public relationships, based on consistent organisational behaviour (Fombrun & van Riel, 1997; Grunig & Grunig, 2001).

Corporate Identity: what the organisation is and what it stands for (Gotsi & Wilson, 2001a; Pruzan, 2002). Corporate identity mix relates to the three aspects by which the organisation presents itself: symbols, communication and behaviour (Olins, 1989; van Riel, 1995; Gotsi & Wilson, 2001a, b).

Corporate Image: the impression and perceptions gained of an organisation by an individual, based on how the company presents itself (Moffitt, 1994; Meech, 1996; Hatch & Schultz, 2002).

Relationship: the interaction between two parties, leading to some sort of interdependence between them (Broom et al., 2000; Bruning & Ledingham, 2000).

Public Relations: the strategic management profession that is responsible for managing organisation–public relationships through communications (Stacks, 2002).

Stakeholder: any person or group that has an interest, right, claim, or ownership in an organisation, or whoever can affect or is affected by the actions, decisions, policies or goals of an organisation (Ferguson, 1999; Coombs, 2002). In public relations, this term is referred to as *publics*.

Stakeholder Engagement: the integration of corporate citizenship, stakeholder theory and strategic relationship theories (Andriof & Waddock, 2002).

Chapter One

INTRODUCTION

'We are what we repeatedly do.
Excellence, then, is not an act, but a habit'
Aristotle, 384–322BC, in *Nicomachean Ethics*

1.1 Background

Corporate reputation is an intangible asset that is a judgement of a company's excellence and credibility (Schwartz & Gibb, 1999). Although corporate reputation management is not a new concept, it has been growing in importance and has influenced the way organisations have approached their strategic management (Davies, Chun, da Silva & Roper, 2003). One way of looking at corporate reputation would be by making an analogy with the way Aristotle understood excellence. In this way, corporate reputation would not be the result of isolated actions, but of a habit. In other words, one could say that a company's reputation is based on its ability to repeatedly perform an activity in a similar fashion (Herbig & Milewicz, 1997).

Particularly in Australia, interest in corporate reputation and its management has grown strongly over the last decade (Quazi, 2003). This growth came about as the population of Australia passed through major changes in attitudes and values, which affected its relationships with corporations (Mackay, 1993, 1999; Hanson & Stuart, 2001; King & MacKinnon, 2002). There was a re-definition of culture, politics, economics and society, together with a technological revolution, which affected Australians in a particular way. These re-definitions of values were not only motivated by economic changes, such as globalisation, but they were also a direct response to mismanagement and irresponsibility among business leaders during the 1980s, which led people to be more politically active and expect more responsibility from companies (Mackay, 1993; Carew, 1997).

These changes also occurred worldwide. According to Giddens (1998) and Gustafson (2001), during the 1980s, business managers acted irresponsibly because the goals of their management decisions were towards economic growth and international competition, without much concern about human rights and the environment. At that time, these corporate actions were accepted as legitimate, as the economy was regulated by a neo-liberal, laissez-faire ideology, where the market was responsible for generating economic growth (Giddens, 1998; Kerr, 1999; Kuttner, 2000). There was also a strong discourse of individualism and consumerism at that time, with low ecological consciousness. People looked after their own interests, becoming passive about the interest of others. Western governments, including Australia, favoured the economic sector in policy decisions while individuals became more dependent upon business for products, jobs, welfare (Roper, 2001) and for a sense of belonging (Mackay, 1993).

Specifically, the primary reasons for Australians' lack of trust in organisations were corporate tax avoidance scandals, dubious marketing techniques, the highlighting of profit over principles and the lack of accountability of companies. These were the consequences of ten years of unacceptable recklessness and general excess in Australia throughout the 1980s (Mackay, 1993). This picture changed in the early 1990s, when many corporate and political abuses and market excesses came to light (Gustafson, 2001). Those irresponsible corporate actions were questioned and are still under the scrutiny of politically active people, including academics, journalists and activist groups. In 1992, for example, the Australian Senate received proposals from members of civil society for new regulations governing the behaviour of company directors. Since the abuses of the 1980s, Australians were generally cynical about the idea that companies could be self-regulated (Mackay, 1993), and certain sectors have started to pressure regulatory bodies and organisations in Australia to be more transparent and socially and environmentally responsible about their actions (Mackay, 1993; Carew, 1997; Carroll, 1999).

The appearance of ever more vocal constituencies, through social and environmental movements, pressuring companies to be more transparent, influenced the placing of corporate reputation on the agenda of Australian companies. Many movements used the Internet as an empowering tool to advocate their rights (Haveman, 2000) and as a way to mobilise the public (Newell, 2000). There was a sense of general lack of trust by Australian people, which led them to question the integrity of any establishment, be it the government or corporations (Mackay, 1999). Australians were among the most active people in identifying and punishing irresponsible corporations (Hale, 1999). In addition to this, Australian citizens have engaged in social and environmental movements in order to put different issues, such as consumer rights and the ecology, on the political agenda. For the past 15 years, Australia has had a very active environmental movement, which has raised awareness of environmental issues, demanding that companies be more responsible. Some Australians have also engaged with environmentalism as a way of re-establishing their moral principles (Mackay, 1993). These movements have also challenged citizens to be more vocal, while addressing those issues (King & MacKinnon, 2002). These social and environmental movements were composed of groups of people who had common interests, operated in the realm of civil society and sought the transformation of this society (O'Brien, Goetz, Scholte & Williams, 2000). They have relied on mass mobilisation and on the power of the mass media to be heard.

These factors have produced a situation in which some Australian companies, which lacked transparency in their behaviour, suffered reputation crises, leading them to review their organisational goals. For instance, Carew (1997) described the history of the Australian bank Westpac, and how it had hidden some important documents from its customers, neglecting to give them compensation for their financial losses. Hanson and Stuart (2001) explored the inability of the mining company BHP to recognise and respond to societal expectations in the early 1990s. The company was reframed by the media from being a commercial success to an environmental and social disaster. More recently, several other Australian companies, such as HIH (Ooi, 2004) and Pan Pharmaceuticals (Brook, 2003) have suffered reputation crises as a consequence of their poor corporate governance (Neef, 2003).

As a consequence of these reputation crises and of the social and economic changes that have challenged Australian companies in the 1990s (Mackay, 1993, 1999; King & MacKinnon, 2002), these companies were encouraged by activist groups and the government to re-examine their behaviour, and the consistency of their policies and actions (Gardberg & Fombrun, 2002a). The Australian government stimulated debate in this area of business behaviour and corporate governance when, in 1998, the Prime Minister, John Howard, launched the Community–Business Partnerships. This initiative aimed at encouraging greater corporate investment in Australia's communities (King & MacKinnon, 2002). This was an attempt by the government to recreate a sense of community within Australian society (Mackay, 1993; Hanson & Stuart, 2001) by re-defining acceptable organisational behaviour. Further debate was introduced on business behaviour in March 2000 and later in 2002, when the Australian Commonwealth Criminal Code (1995) was reviewed. The review covered diverse matters of corporate criminal responsibility, including tax, the environment, corporate laws, trade practices and even corporate culture (Neef, 2003; Centre for Corporate Accountability, 2004).

Besides the government and social and environmental movements, the media has also had an impact on the corporate reputation of Australian and worldwide companies. The news media has assigned itself the role of not only disseminating information, but also of becoming the 'watchdog' of companies' reputations, and scrutinising organisations' behaviour (Hanson & Stuart, 2001; Neef, 2003). Reputation crises and corporate scandals are newsworthy items (Morley, 1998; Neef, 2003). Moreover, 'companies now have to deal with both legitimate and false claims against them' (Argenti & Forman, 2002, p. 11), as information technologies make corporations' activities increasingly open to public scrutiny (Clark, 2001; Gardberg & Fombrun, 2002a).

Australia presents an ideal site in which to conduct research on the matter of corporate reputation, given it is a country whose growing economy can be affected by issues of reputation and corporate legitimacy. Organisations in Australia are still strongly guided by the neo-liberal ideology, which makes business leaders reticent to embrace what is now being considered by not only activist groups, but also by the government and members of the community, to be legitimate corporate behaviour, such as sustainable development practices and financial, social and environmental accountability (Elkington, 1999; King & MacKinnon, 2002). In Australia, it can be seen that those companies that have already suffered from reputation crises are, at the time of this research, the main ones committed to socially responsible practices (King & MacKinnon, 2002). Several companies are, however, starting to engage in socially responsible programs, as a way to enhance the company's reputation (for example, Fombrun & Rindova, 2002; Quazi, 2003).

Worldwide, academics and researchers are exploring ways in which companies can safeguard and manage their reputations (for example, Fombrun & Rindova, 2002; Neef, 2003). Specifically, in the area of corporate reputation management and measurement, some quantitative research has been conducted by communications researchers (for example, Hutton, Goodman, Alexander & Genest, 2001; Kim, 2001; Grunig & Hung, 2002) analysing the economic value of public relations in enhancing a company's reputation. In addition, some business researchers (for example, Fombrun, 1996; Davies et al., 2003) have also researched the topic, looking for ways of creating new business models that could enhance and measure corporate reputation. Little research, however, has been undertaken on linking and examining the findings of both disciplines: communications and business.

Two main misconceptions were found by contrasting the communications and business literature. The first misconception is in relation to the business scholars' perception of the public relations profession and the role it plays in corporate reputation management. The profession of public relations has been defined in different and inconsistent ways by scholars and practitioners. Marketing scholars (for example, Kotler, 1998) and some reputation writers (for example, Davies et al., 2003; Fombrun, 1996) usually define public relations as a technical, subordinate role under marketing. In addition, the majority of public relations practitioners have preferred to distance themselves from the term public relations and identify themselves as 'public affairs' or communication managers (Brody, 1992; Hutton et al., 2001). Thus there needs to be clarification and dialogue between the communications and business areas of study. It is the purpose of this study to facilitate this dialogue and to link the findings of both disciplines. The second common misconception relates to the term 'corporate reputation' itself. It is a debated concept worldwide and there is still a lack of consensus about the meaning of this term (Gotsi & Wilson, 2001b). Throughout the years the concepts of corporate reputation and corporate image have been referred to indiscriminately (for example, Patterson, 1993; Fombrun, 1996; Hutton, 1999; White & Hanson, 2002), although they possibly refer to different corporate aspects.

The management and measurement of corporate reputation is a further area of debate. Some theorists would argue that corporate reputation cannot be managed; rather, only corporate behaviour can be managed (Hutton et al., 2001; Grunig & Hung, 2002). Other authors suggest that corporate reputation can be managed by aligning corporate image with corporate identity (Argenti & Forman, 2002; Davies et al., 2003). Moreover, the literature also presents different ways of measuring corporate reputation. Although not academic, the most popular way of measuring corporate reputation is through reputation ranking, represented by the ratings given in *Fortune*'s *Top 100 Most Admired Companies*. Moved by this initiative of the magazine *Fortune,* many studies (for example, Fombrun, 1996; Ledingham & Bruning, 2000; Gardberg & Fombrun, 2002a, b; Grunig & Hung, 2002; Verschoor, 2002) have been undertaken in an attempt to measure corporate reputation and to develop a correlation between reputation management and better financial performance. It is the intention of this study to explore the different ways in which corporate reputation is defined, managed and measured. Specifically, I will be investigating whether there is a logical connection between the definition of corporate reputation and the way in which it is managed and measured.

1.2 Research Objectives

The first objective of this study is ***to explore the impact of different understandings of corporate reputation on the management and measurement of reputation in organisations.*** There are many misconceptions with regard to the concept of corporate reputation. This study hopes to trace the current understandings of the term 'corporate reputation', pointing out the confusion in the literature regarding corporate image, corporate identity, corporate social responsibility and corporate behaviour. The assumption underpinning this study is that the way corporate reputation is defined will most probably influence the way it is managed and measured by organisations.

It could be anticipated that the way managers of an organisation understand the concept of corporate reputation could also impact on the selection of the management function that would be responsible for corporate reputation management. Thus the second objective of this study is ***to identify the preferred management function by organisations to manage corporate reputation.*** And the third objective is ***to explore the role of public relations practitioners in managing corporate reputation in organisations***. Due to the lack of dialogue between communications and business scholars, the role that public relations practitioners play in managing corporate reputation is blurred. Based on the study of Grunig and Hung (2002), the assumption underpinning this study is that public relations practitioners will only play a role in reputation management if corporate reputation is understood in terms of organisation–public relationships and if they are part of the strategic management team of an organisation.

To reach these research objectives, this study will follow a qualitative methodology using a multiple case study research design. The main reason for choosing qualitative methodology was based on the purpose of this study. To explore the different understandings of corporate reputation and their impact on the management of reputation in organisations an in-depth study is needed. The main reason for that is that there is little explication in previous communication and business theories of the impact of the definition of corporate reputation on its management and how corporate reputation can be managed. As the theory on corporate reputation is not unified, as there are several inconsistencies in terms of conceptualising, managing and measuring corporate reputation, there is a need for both 'analytic description and descriptive analysis' (Ragin, Nagel & White, 2003, p. 16). This research thus proposes to describe and investigate, in some depth, how corporate reputation is defined, managed and measured, contextualising this with the reputational history of each organisation involved in the case studies. It differentiates itself from past studies, which have been mainly quantitative (for example, Hutton et al., 2001; Kim, 2001), by advancing and evaluating them, even by questioning the different views on the relationship between corporate reputation and financial performance.

The main form of data collected was from semi-structured interviews with communication managers of the selected organisations. Corporate documents, including financial and social annual reports, strategic and communication reports, and the organisations' news releases were collected and analysed, together with media clippings and other reports in the mass media about the companies under investigation. The data analysis of the case studies sought to categorise the data into themes, in order to investigate the processes and the outcomes of corporate reputation management and measurement that occurred across the cases, in order to draw significant conclusions about the organisations that participated in this research.

1.3 Significance of This Study for the Practice of Corporate Reputation Management

This study is significant for Australia, as the country has been undergoing social, political and economic changes (Mackay, 1999). After more than a decade of business being guided by a neo-liberal ideology, Australian organisations are changing their attitude to the way business is conducted. The change has been towards a more social–democratic ideology, which promotes social justice and emancipatory policies, and integrates ecological and social strategies with free trade (Giddens, 1998). As explained above, organisations have been pressured by activist groups and other politically minded people to make these changes. Thus, the findings of a study on corporate reputation management have the potential to motivate businesses towards making these changes by demonstrating how companies can benefit from them.

The results of this study can also be useful in other parts of the globe that are passing through similar social changes. Strategic management teams could develop their understanding of the nature of corporate reputation, and in this way be proactive in its management so as to prevent crises or to respond appropriately to pressure from activist groups.

In terms of the body of knowledge, this research is significant in two ways. Firstly, this study links and discusses business and communications research on the topics of corporate reputation definition, management and measurement and on the role played by public relations practitioners as reputation managers. This study therefore hopes to clarify and explain some of the misconceptions and confusion about these topics, in particular with regard to corporate reputation, corporate image, corporate identity and corporate social responsibility. In this way, this study will be able to explore the current understanding of corporate reputation in relation to the public relations profession.

Secondly, this study allows for a better understanding of the relationship between the way corporate reputation is defined with the way it is managed and measured. This understanding is essential if any management function is to claim a right over the management of a company's reputation. It is anticipated that an understanding will emerge from the connection between corporate reputation and organisation–publics relationships. In this case, the role of public relations practitioners could be re-defined as that of reputation managers.

Although this study investigates both corporate reputation management and reputation measurement, its main focus is on the management of reputation. Corporate reputation measurement and the link between reputation and financial performance will be approached as minor issues. With regard to these two issues, this thesis hopes to demonstrate that corporate reputation is measured according to the way it is defined and also hopes to demonstrate the benefits that can be derived from a positive corporate reputation.

1.4 Structure of the Research

Chapter Two aims to review the literature pertinent to the first objective of this thesis. As such, it conceptualises and discusses the main definitions of the term 'corporate reputation', according to different schools of thought. It also establishes the theoretical framework of corporate reputation management and measurement. It concludes with a number of research issues that can contribute to a deeper understanding of the term 'corporate reputation'. These research issues were explored when collecting data from the selected organisations. Chapter Three provides a review of communication and business literature, focusing on the study of organisational behavioural relationships. It explores in a particular way the possibility of public relations practitioners playing a role in corporate reputation management. Thus, this third chapter provides a theoretical framework for the different management functions that could be responsible for managing corporate reputation.

Chapter Four describes the methodological approach of this thesis. It explains the chosen research strategy and methods for the collection and analysis of data. Chapter Five contains the data analysis of the five case studies, presenting the research results. Finally, Chapter Six suggests conclusions based on the findings. It returns to the research objectives and questions to summarise implications of this research and makes suggestions about how it can contribute to the management of corporate reputation.

The following graphic illustrates the structure of the thesis. It shows how the second chapter was designed to review the literature relevant to the first research objective; whereas, the third chapter presents the theoretical framework pertinent to research objectives two and three. This graphic has been used throughout the thesis in order to situate the reader at the start of each chapter.

Chapter One: Introduction	**Research Objective 1:** To explore the impact of different understandings of corporate reputation on the management and measurement of reputation in organisations	**Research Objectives 2 & 3:** ♦ To explore the role of public relations practitioners in managing corporate reputation in organisations ♦ To identify the preferred management function by organisations to manage corporate reputation

Chapter Two: Corporate Reputation	Chapter Three: Organisation–public Relationships	Chapter Four: Methodology	Chapter Five: Analysis of Data	Chapter Six: Conclusions
♦ Definition ♦ Management ♦ Measurement	♦ Organisational behavioural relationships ♦ Stakeholder engagement & corporate citizenship ♦ Strategic relational approach to public relations	♦ Research methods and design ♦ Research propositions ♦ Research process ♦ Validity and reliability	♦ Brief contextualisation of cases ♦ Cross-case data analysis	♦ General conclusions ♦ Conclusions about the research problem ♦ Implications for the theory, policy and practice ♦ Implications for further research ♦ Concluding remarks

Table 1.1: Visual representation of the structure of the thesis.

Overview of Chapter Two: *Corporate Reputation: Definition, Management and Measurement*

Chapter One: Introduction	**Research Objective 1:** To explore the impact of different understandings of corporate reputation on the management and measurement of reputation in organisations	**Research Objectives 2 & 3:** ◆ To explore the role of public relations practitioners in managing corporate reputation in organisations ◆ To identify the preferred management function by organisations to manage corporate reputation

↓ ↓

Chapter Two: Corporate Reputation	Chapter Three: Organisation–public Relationships	Chapter Four: Methodology	Chapter Five: Analysis of Data	Chapter Six: Conclusions
◆ Definition ◆ Management ◆ Measurement				

CHAPTER TWO

CORPORATE REPUTATION: DEFINITION, MANAGEMENT AND MEASUREMENT

In the introduction of this thesis, it was posed that the first objective of this study was to identify the ways in which the different understandings of corporate reputation influence the management and the measurement of reputation by organisations. Although corporate reputation is an organisation's highly regarded intangible asset, difficult to win, but easy to lose (Fombrun, 1996; Schwartz & Gibb, 1999), there are several misconceptions around the term. The knowledge of how corporate reputation is formed will make the work of organisations of building a reputation more efficacious and rooted in solid foundations. Corporate reputation, if managed properly, will then be very hard to lose.

Chapter Two is divided into three parts. The first part presents and discusses the main definitions given to the term 'corporate reputation' by communications and business scholars and practitioners. The second part discusses and analyses the different methods that researchers have proposed to manage corporate reputation. Finally, the third part presents a variety of corporate reputation measurement methods. These measurement methods will be analysed and compared against each other. Throughout parts two and three, links are made to the definitions that were presented in the first part. Chapter Two therefore establishes the theoretical framework of corporate reputation management and measurement.

2.1 Corporate Reputation: Definition

The objective of this first part is to present the different understandings of the term 'corporate reputation'. Since corporate reputation is a relatively new term (Fombrun & van Riel, 1997), growing in the marketing literature for the last four decades (Gotsi & Wilson, 2001b), but only in the past ten years in public relations literature (Grunig & Hung, 2002), there is much discussion of the term (for example, Caruana, 1997; Anand, 2002). This term has been frequently used in the professional and academic literature without definite criteria, and confusion arises when the term is used interchangeably with corporate image (Gotsi & Wilson, 2001b). To complicate matters, the term 'corporate reputation' has been used to refer to perception (Hanson & Stuart, 2001; Lewis, 2001), attitude and attributes (Caruana, 1997; Herbig & Milewicz, 1997), evaluation and estimation (Herbig & Milewicz, 1997; Fombrun & Rindova, 2002), credibility (Radbourne, 2003), impression, admiration and esteem (Staff, 2000); belief and the product of communications (Smith, 2003), or the product of relationships (Grunig & Hung, 2002).

This chapter will present the three main understandings of corporate reputation found in the literature. These three understandings have been placed into three schools of thought. The first school of thought is called 'analogous' as it understands corporate reputation as a synonym of corporate image, or at least analogous to corporate image. The second school is called 'differentiated' and it understands corporate reputation to be different from corporate image. These two schools have been reviewed by Gotsi and Wilson (2001b). As I present their main findings, I shall also provide a definition for corporate image to clearly differentiate it from corporate reputation, and I shall also provide an analysis of the problems that organisations can encounter by solely or over-focusing on corporate image. These analyses are needed because, as will be demonstrated, a corporate image can be repaired and refurbished, quite apart from the reality or conduct of organisations (Boorstin, 1972). Finally, the third school of thought that will be presented is the identity-centred school. In this school, corporate reputation stems from an organisation's 'inner character' (Fombrun, 1996, p. 164), its identity.

2.1.1 Analogous School of Thought

Chronologically speaking, the analogous school is older, having had its momentum in the 1950s (Bennett & Kottasz, 2000). Gotsi and Wilson (2001b) reviewed early writings, realising that these writings focused more on the concept of corporate image rather than on corporate reputation, in such a way that the two terms ended up being used interchangeably and referred to as synonyms (for example, by Patterson, 1993; Morley, 1998; Hutton, 1999; White & Hanson, 2002; Lewis, 2003). A clear example of the practice in this school of thought is found in the title of Fombrun's (1996) book: *Reputation*, which is subtitled: *Realising value from the corporate image*. Here, the two terms, 'corporate reputation' and 'corporate image', have no conceptual difference, but they were used to define one another. In this book, Fombrun (1996) defined and re-defined corporate reputation, using corporate image and other terms simply as replacements for corporate reputation. He said that corporate reputation is the reconciliation of a company's 'multiple images' (p. 72); 'partly a reflection of a company's identity, partly a result of managers' efforts to persuade us of their excellence' (p. 11); an 'emotional reaction' (p. 37), the product of 'relationship management' (p. 57), 'impression management' (p. 59), 'rumour mongering management' (p. 59), 'a cognitive feature by which the company is recognised' (p. 72), and the description of a 'firm's overall appeal to all of its key constituents when compared with other leading rivals' (p. 72). It could be said that some of these definitions may be partially true, as all of them refer to, as Fombrun puts it, 'a cognitive feature' (p.72) that publics hold about an organisation. However, these varieties of ways of describing corporate reputation lose their strength individually, and do not reflect the totality of the concept of corporate reputation.

Another example can be found in the article by Lewis (2003). In his paper on reputation and corporate responsibility he used the term 'corporate image' as a substitute for corporate reputation. He said: 'Image is reality. It is the result of our actions. If the image is false and our performance is good, it is our fault for being bad communicators. If the image is true and reflects our bad performance, it is our fault for being bad managers' (p. 364). White and Hanson (2002), in their turn, also interchanged the two terms. A clear example is found in their article where they stated: 'it is misleading to talk of corporate reputation in the singular, when there are many reputations, a cascade of images' (p. 291. Here White and Hanson made reference to the article by Rindova, 1998, in which corporate reputation was understood to be a cascade of images).

The term 'corporate brand' could be added to corporate image and corporate reputation in this analogous school of thought. 'Corporate brand' has also been used interchangeably with the terms 'corporate reputation' and 'corporate image' in the professional literature and the academic literature of business scholars. For instance, Olins (2002) argued that brands have been dissociated from products and refer to the organisation in general. Corporate brands, according to Olins (2002), are now what give a reputation and image to organisations. Corporate brand, image and reputation are all understood to be ways in which a company is recognised by its publics (Olins, 2002; Lewis, 2003). In the analogous school, corporate brand, image and reputation, 'all basically describe cognitions that publics hold about organisations' (Grunig & Hung, 2002, p. 2). Although this school simplifies these three terms to cognitions or perceptions, this simplification could prove to be inaccurate through failing to identify a relationship and a distinction between these terms (Gotsi & Wilson, 2001b). Some subtle and other explicit differences can be found in the literature between corporate reputation, corporate image and corporate brand.

2.1.2 Differentiated School of Thought

Authors from the differentiated school of thought (for example, Hutton et al., 2001; Grunig & Hung, 2002; Wei, 2002; Davies et al., 2003) would acknowledge that corporate image, reputation and brand are three different constructs, that would refer to different aspects of reality, and that would take different amounts of time to cultivate. This school acknowledges that these three terms are interrelated, but they are considered to be distinct (Gotsi & Wilson, 2001b).

Corporate brand is a trademark, which is legally protected. A brand could be a set of letters, a picture or the whole company. It does not have to be attached to a product, as proposed by Olins (2002). Corporate brand equity can add value to a corporation when external publics remember the associations of a brand (Keller, 2002), and that will allow them to give different responses to corporate market strategies. Brands can add competitive advantage to organisations (Hatch & Schultz, 2002; van Riel, 2002). Although brands carry valuable assets with them, they also carry ethical responsibilities, as a powerful brand can hold a deep psychological bond with its consumers, inspiring loyalty (Keller, 2003). An image, however, is not merely a trademark, a slogan or a design, but is 'a studiously crafted personality profile' (Boorstin, 1972, p. 186) of an organisation. Corporate image is the artificial, mental representation of reality, be it the perceptions or impressions gained of an organisation by an individual (Moffitt, 1994; Meech, 1996; Hatch & Schultz, 2002). In other words, corporate image is the planned and crafted set of attributes that are associated with a product or an organisation to make a certain impression on an individual. Different individuals can hold different images of a corporation. They are influenced by their own personal experiences of a product or service; by the messages produced by the organisation, such as its advertisements and print materials; by the organisations' behaviour; and by the diverse cultural and historical factors present in the environment (Moffitt, 1994; Williams & Moffitt, 1997). The corporate image is ultimately the way the company artificially represents itself so as to be perceived in a certain way.

An image is not static, but may change over a period of time (Hanson & Stuart, 2002). It must serve the purposes of the organisation that projected that image (Boorstin, 1972). If a corporate image is not useful, it can be easily discarded. The image of an organisation can also be affected by the stereotypes that one has of the company's country of origin or of its type of industry (Davies et al., 2003). An individual can shift among many held images of an organisation, depending on the context and their familiarity with this organisation. Although an organisation can project crafted images, it has little control over the images held by its stakeholders, as the individuals who mentally process them ultimately determine these images.

Once the term 'corporate image' has been clearly defined, the differentiated school of thought is divided into two extremes. On the one hand some authors super-valorise corporate image, making it be the corporate goal (for example, Wei, 2003). In this case, corporate reputation is understood to be merely a variable of corporate image. The image becomes more real than reality (Boorstin, 1972). On the other hand, some authors distance corporate reputation from corporate image, emphasising some negative connotations attributed to corporate image, especially highlighting and associating ideas of falsehood and manipulation to corporate image (for example, Grunig, 1993; Gotsi & Wilson, 2001b; Stacks, 2002).

When corporate image is super-valorised, corporate reputation becomes one dimension in the construction of corporate image. Marketing strategies, product quality and media communication activities are examples of other corporate image dimensions (Wei, 2002). Corporate image is held highly by authors from this extreme of the spectrum, because it represents the public's beliefs and perceptions of a company (Schultz & Larsen, 2002), bringing with it short-term benefits. Even if the image is not exactly the equivalent of, or a representation of reality, it is considered to be at least a social reality agreed upon by stakeholders and projected by an organisation (Gotsi & Wilson, 2001b). In this sense, the company would research the public's attitudes, and project an image that corresponded to the one already held or expected by the publics. To a certain extent, corporate image would be the projection of what is expected by society, being formed through and out of the public's perceptions (Wei, 2002), and therefore, accepted and valued. It could be argued, however, that this view fails to acknowledge that there might be multiple images held by different stakeholders and that corporate image might also be a variable in the building of corporate reputation (Gotsi & Wilson, 2001b).

Another point to be analysed when companies over-focus on corporate image is that corporate image can become more 'substantial' than reality. Although this can bring short-term benefits to an organisation, in the long term it can be prejudicial if the image is discredited by poor corporate governance (Boorstin, 1972). An example of short-term benefit with regard to the marketing of products is given by

Wei (2002). He concludes that 'the package might become more important than the product' (p. 276), meaning that customers would purchase a product not because it was needed or because of itself, but products would be purchased because of their looks and the meanings attached to them, calling for conformity. Ultimately, people would consume to conform to the image, to be like everyone else (Boorstin, 1972). Wei (2002) also points out that corporate image does not necessarily need to have substance, or, at least, 'substance does not matter in image making' (ibid. p. 275). The corporate image, that which people perceive to be true, becomes reality. 'Its very purpose is to overshadow reality' (Boorstin, 1972, p. 197). Companies might not only invest in images because they sell, but also because the image might be what people want to buy. The image (unlike reality) can be perfect. It is attractive, although empty. From an organisation's point of view, managers might opt for this extreme of over-focusing on corporate image because it provides financial benefits in the short term. As pointed out by Daniel Boorstin (1972), in a world of images, it would be sensible to try to perfect one's image rather than one's real self as a competitive advantage. It is

> the most economical, direct way to produce the desired result. Accustomed to live in a world of pseudo-events, celebrities, dissolving forms and shadowy but overshadowing images, we mistake our shadows for ourselves. To us they seem more real than reality. Why should they not seem so to others? (p. 249).

However, this over-emphasis on corporate image over reality could have led to the negative connotations associated with corporate image that are encountered at the other extreme of the spectrum of the differentiated school of thought. According to Gotsi and Wilson (2001b), researchers from this extreme highlight the fact that corporate image can signify manipulation and falsehood. '[I]mages are projected, manipulated, polished, tarnished, dented, bolstered, and boosted' (Grunig, 1993, p. 125). Moreover, some public relations scholars (for example, Grunig, 1993; Stacks, 2002) would perceive the title 'image-makers' as an insult rather than a compliment. The reason for this is because, for them, image-making connotes unethical practice, a construction of a false reality, with the aim of appealing to an audience rather than reproducing or communicating reality. This appeal to an audience has been labelled 'greenwash', 'imaging', 'spin', and, more recently, the use of 'moralised discourses' (Christensen & Cheney, 2002). The understanding of these labels can provide an insight into the reasons some authors prefer to distance themselves from corporate image. In addition, these imaging practices can influence the way some publics view corporations and their effort to project a preferred corporate image with scepticism (Neef, 2003).

Hager and Burton (1999) define greenwashing as being the way by which 'environmentally damaging companies portray themselves as "green" to try to divert public attention from their activities' (p. 97). Greenwashing, just like imaging or spin doctoring, is a false organisational identity, especially towards environmental responsibilities or related to irresponsible corporate behaviour. Organisations might engage in environmentally friendly or any other type of moral discourses without first identifying who they really are, their values, and if their publics really do care about what they are promoting (Cheney & Christensen, 2001).

It is a difficult task to identify companies that practise greenwashing, since these companies see – or at least portray – themselves as true environmentalists (Rowell, 1996). It is very hard to 'unmask an image' (Boorstin, 1972, p. 194). These companies, usually not truly environmentalists or without much commitment to human rights, employ imaging strategies to falsely paint themselves as environmentally and socially responsible, 'while covering up their abuses of the biosphere and public health' (Stauber, 1995, p. 125). In these cases, the corporate image is very far removed from the reality of these organisations. Although the cases of greenwashing might look extreme, organisation managers might make use of spin or impression management techniques in their news releases, financial and social annual reports or institutional advertisements to construct and maintain desired images for their companies, presenting them in the best possible light (White & Hanson, 2002). Sometimes for an organisation, what a stakeholder imagines or believes about it, the image they hold in their minds, 'may prove more important than what [the company] actually is and the corporate identity [one has] fostered' (Argenti & Forman, 2002, p. 104). All a company has to do is nothing more than go about its business, avoiding scandals or any public information that might discredit the image (Boorstin, 1972).

Using psychological findings, Argenti and Forman (2002) suggest, in an attempt to justify why some organisations may refuse to look at the consequences of their bad behaviour, that 'when people confront a painful situation, they tend to deny its existence rather than face it' (p. 9). However, having a more critical perspective, Beder (1997) claims that for some companies 'it is easier and less costly to change the way people think about reality than it is to change reality' (p. 109). This corporate behaviour becomes just a moralised, image-making discourse, rather than true social or environmental concern and action (Neef, 2003).

Other authors (Caruana, 1997; Gotsi & Wilson, 2001b) would argue that rather than solely dealing with image creation for the external publics, or empty greenwashed discourses, corporate reputation is based on how a company conducts, more than how it is perceived as conducting, its business. Corporate reputation develops over a period of time and is the result of the history of a company's past actions (Hanson & Stuart, 2002). Corporate reputation is about what the company is and how that is reflected in the company's actions. It is identity-centred.

2.1.3 Identity-centred School of Thought

The third school of thought on corporate reputation is identity-centred. While the corporate image is a visible public 'personality' of the company, the corporate reputation is based on the company's inward private 'character'. Pruzan (2002) explains that in order to identify its corporate identity, an organisation has to reflect on itself, asking fundamental and existential questions about what it is, and what is good or acceptable corporate behaviour. Identity describes what an organisation *thinks* about itself (Grunig & Hung, 2002; Davies et al., 2003). More than an abstract concept, identity is actually who or what the company is and what it stands for (Gotsi & Wilson, 2001a). Part of the identity of an organisation is its vision, which can inspire 'internal and external stakeholders' (Argenti & Forman, 2002, p. 69). This corporate reflective approach deals with the identity, integrity and the character of the organisation.

There is a certain consensus between scholars that three main components and features are used to project the identity of a company (Olins, 1989; van Riel, 1995; Gotsi & Wilson, 2001a, b; Melewar & Jenkins, 2002). Companies present themselves through symbols, communication and behaviour, which together are called the corporate identity mix.

Corporate identity embraces symbols and visual elements of self-representation, based on the 'personality' of the organisation (Melewar & Jenkins, 2002). As such, the corporate image and corporate brand would be a symbolic representation of the company's identity. The corporate visual and symbolic identity components include every style of the organisation, such as the name, logo, slogan, shapes, colours, manuals, uniforms and architecture (Olins, 1989; Melewar, 2001). Recently, sound, touch and smell have been added to the symbolic part of the corporate mix (Hatch & Schultz, 2002). These visual, aural, tactile and aromatic signs must be in tune with the mission and values of the company, as their purpose is to present the central idea of the organisation with impact, brevity and immediacy (Melewar, 2001).

More than anything else, a chosen name is a key symbolic means of identification (Meech, 1996). By preserving a name, an organisation reinforces its tradition and reliability. On the contrary, altering a company's name might be a signal of change in corporate structure or strategy (James, 1996; Meech, 1996).

Another way of describing the strategic symbolic part of the corporate identity mix focuses on identity structures (Hatch & Schultz, 2002; Korver & van Ruler, 2003). Olins (1989) developed a typology to distinguish the different corporate identity structures: (1) monolithic identity, in which companies hold to a single visual style and name, projecting a consistent image about themselves (for example, Shell); (2) endorsed identity structure, in which strategic business units have their own names, but the parent company remains visible (for example, Nestlé); (3) branded identity, which allows for strategic business units to have their own names and styles, while no connection is made between the product and the parent company (for example, Procter & Gamble). Although the diverse identity structures can be strategic in the market place, the monolithic identity structure offers the possibility of consistency between public relations and marketing communications, which would facilitate a coherent corporate identity presented in the corporate symbols, communications and behaviour (Hatch & Schultz, 2002; Korver & van Ruler, 2003).

From an Australian point of view, consumers have started questioning the legitimacy of brands and their authenticity in competing for the market place (Mackay, 1999), as many companies employ multi-branded marketing tools. This implies that the same factory might produce the same product under different brand names, following a corporate branded identity (Hatch & Schultz, 2002; Korver & van Ruler, 2003). Conversely, when an organisation offers a variety of products under the same brand, it can generate a 'sense of trust and cohesion . . . building a greater sense of loyalty' (Argenti & Forman, 2002, p. 79), through corporate endorsed identity (Hatch & Schultz, 2002; Korver & van Ruler, 2003). Independently of the marketing strategies or identity structure a company chooses to practise, it has to take into account any social changes which could lead consumers or employees to look beyond the brand name for some other reason to purchase the product or to work for the company (Mackay, 1999). These other reasons could include incentives and rewards, the fact that the products are Australian made, but, most of all, the reputation of that company based on the publics' knowledge of corporate behaviour.

The second component of the corporate mix is communication. The approach to communications determines how the company's publics, through the corporate culture, such as language, norms, values, vision, mission and ceremonies, understand the concepts, values and ideologies of a company. There are a variety of channels through which the communication flows, such as meetings, conferences, manuals, financial and social reports, advertisements, symbolic language and other forms of dealing with stakeholders, such as through ombudsman services. Corporate advertising could be used as a strategy to align the organisation with its visual elements, mission statement and products (Argenti & Forman, 2002). However, as in the case of the symbolic element of the corporate identity mix, communications too can be used without substance, or as an image-making exercise.

The third aspect of the corporate identity mix is the organisational behaviour. An organisation's behaviour is the most important channel through which a company may present itself. While the corporate image is independent from the reality of corporate behaviour (as long as nothing that could discredit that image becomes public), corporate reputation, as seen by this school of thought, is considered to be the product of an organisation's behaviour (Grunig & Hung, 2002). It refers to the estimation of an organisation's consistent behaviour over a period of time. Corporate behaviour would include corporate governance, ethics, marketing tools, and the company's involvement with the community, its relationship with employees, the company's commitment to human rights and the environment (King & MacKinnon, 2002). Thus, corporate behaviour would be an integrated corporate identity lived in practice.

In this identity-centred school of thought, corporate reputation is the product of the communications and behaviour part of the identity mix, whereas corporate image is the product of the symbolic and communications elements. Differently from the extremes presented by the differentiated school of thought, corporate image and corporate reputation are interrelated; but for corporate reputation, the reality is more substantial than the image. Thus, the definition of corporate reputation as part of the behavioural element of the corporate identity mix could be the one given by Fombrun and Van Riel (1997):

> A corporate reputation is a collective representation of a firm's past actions and results that describes the firm's ability to deliver valued outcomes to multiple stakeholders. It gauges a firm's relative standing both internally with employees and externally with its stakeholders, in both its competitive and institutional environments (p. 10).

This definition recognises the importance of consistent organisational behaviour as part of an organisation's strategic plan and also the importance of building strong and supportive two-way relationship with an organisation's internal and external publics.

While reviewing the literature on corporate reputation and through empirical research, Grunig and Hung (2002) have also emphasised the role of organisational behaviour and the building of relationships with strategic publics to reach positive corporate reputation. They concluded that corporate reputation is 'the distributions of cognitive representations that members of a collectivity hold about an organisation, representations that may, but do not always, include evaluative components' (p. 20). According to Grunig and Hung (2002), cognitive representations consisted of four kinds of representations: object–attribute (for example, IBM is a large company), object–object (for example, Bill Gates is the president of Microsoft), behavioural (for example, AT&T fired 2,000 workers) or evaluative (for example, Exxon is an evil company). Thus, corporate reputation would be the way the public perceives and assesses an organisation, depending on the relationship the public has with it and depending on what the public hears or knows about it.

On one hand, from the publics' perspective, corporate reputation would be the publics' overall evaluations of a company, based on their direct or indirect experiences and relationships with the company. Reputation concerns publics' perceptions about an organisation in relation to their knowledge about organisational behaviour (Grunig & Hung, 2002; L'Etang, 2003). On the other hand, from the company's perspective, its corporate reputation might not be controlled in the strict sense of this word, as a reputation depends on how publics perceive and evaluate the organisation. A company can have control over what it is, its identity (represented by its symbols, communication and behaviour), how it relates to its publics, and it can also have control over its decision-making processes (Argenti & Forman, 2002). As proposed by this identity-centred school of thought, corporate reputation is highly dependent on a company's identity, as the organisation's behaviour is the most important influence on the way strategic publics evaluate a company.

In addition, as corporate reputation refers to the organisation's consistent behaviour over a prolonged time, strategic publics might expect to be able to predict an organisation's action (Davies et al., 2003). However, different publics may have different views about an organisation's reputation, depending on their level of relationship with it and their interests (Caruana, 1997; Gotsi & Wilson, 2001b; Grunig & Hung, 2002). For example, shareholders might be interested in the company's financial performance, whereas customers might be interested in a company's reputation for delivering quality products. Thus, there is a growing pressure by publics on organisations to make sure that there are no contradictions in their operating practices, but that every action taken is done so in the way stakeholders expected it to be (McIntosh, Leipzinger, Jones, & Coleman, 1998). 'Inconsistent practices strike at the heart of the idea of integrity' (Schwartz & Gibb, 1999, p. 75). Inconsistent actions generate a legitimacy gap, since the publics' expectations differ from their perceptions of an organisation's behaviour (Nasi, Nasi, Phillips, & Zyglidopoulos, 1997). As the behaviour of an organisation is more important than its corporate image, this behaviour would need to be considered throughout the whole strategic management processes (Grunig & Hung, 2002) in order to be identity-centred. Moreover, to avoid greenwashing and negative connotations being associated with the organisation, the behaviour and actions of a company would need to be consistent with what is central and enduring about the organisation's identity, such as shared values and mission statements (Gotsi & Wilson, 2001a). In other words, the organisation's behaviour and strategies need to be coherent with its vision and mission statements, as these statements define the ultimate objective of an organisation (Ferguson, 1999).

An organisation's corporate reputation is also used as a base on which to judge a corporation's credibility or legitimacy. Legitimacy is based on realities of behaviour as well as on the public's perception of that behaviour (Newsom, Turk & Kruckeberg, 1996; Nasi et al., 1997). According to Bedeian (1989 in Coombs, 2000), an organisation is perceived to be legitimate when it has conformed to certain social rules or expectations. A legitimate organisation has a right to continue operating, while those lacking legitimacy do not (Lawrence, 2002). Consequently, a company's reputation most probably affects its ability to sell products and services, to attract investors, to hire talented staff, and to exert influence in government circles (Nakra, 2000). It has been said that companies would do anything to protect their reputation because they know that credibility and legitimacy are very difficult to win, but easy to lose (Fombrun, 1996; Newsom et al., 1996; Schwartz & Gibb, 1999). However, if a corporate reputation is built on the history of a company's past actions, rooted in solid foundations, it could be said that the reputation would be also difficult to lose; whereas the corporate image, if lacking in substance, would not last.

In summary, although some authors (for example, Patterson, 1993; Fombrun, 1996; Hutton, 1999; White & Hanson, 2002) still use the terms 'corporate reputation' and 'corporate image' interchangeably, without clear criteria, the two constructs do refer to different corporate aspects. Corporate reputation and corporate image influence and are influenced by each other. Corporate image is a visual representation of an organisation held by its internal and external publics. As it is a visual representation, it might not be necessarily concrete and based on reality. As such, corporate image can be constructed and manipulated. This has led to negative connotations associated with the term corporate image (Boorstin, 1972; Grunig, 1993).

More than a visual representation, corporate reputation refers to how an organisation is known by its publics. Corporate reputation depends on the company's consistent behaviour throughout its history. From the company's point of view, corporate reputation is intrinsically related with the company's identity mix, including its symbols, communication practices and especially the organisational behaviour.

As presented in the introduction chapter, the assumption of this thesis is that corporate reputation will be managed and measured according to the way it is defined. The second part of this chapter will review the management and communications literature on the different forms of corporate management and reputation building strategies.

2.2 Corporate Reputation: Management

It is not clear how companies can manage their reputations in a traditional business sense, or if they can manage reputation at all, as reputation is an intangible corporate asset. In this section, the ways in which scholars have suggested reputation could be managed, or not, will be reviewed and discussed. A link will be drawn between corporate reputation management and the ways in which reputation was defined in Section 2.1.

It has been argued that corporate reputation cannot be managed if it is seen as being the same as corporate image. Hutton et al. (2001) considered that corporate reputation could not be managed, and the attempt to manage one's reputation, like an attempt to manage one's own popularity, was, according to these authors 'a rather awkward, superficial and potentially self-defeating endeavour' (p. 249). Reputation management in these terms refers to a constant concern for self, based on impression management and image-making techniques (Rosenfeld & Giacalone, 1991). The attempt to manage corporate reputation, if seen as popularity, needs the help of the media, to keep the company known for its well-knowingness (reference to Daniel Boorstin's, 1972, discussion on celebrities. Celebrities are not known for their achievements, but for their image and trademark. They are just a big name). This approach to corporate reputation management could give terrain for a (re)positioning and (re)construction of corporate identity, depending on trends or on how to best persuade consumers about the image and popularity of a company (White & Hanson, 2002). Consequently, corporate-self, including its values, mission statements and behaviour, would be situational and relative, requiring constant changes, so as to keep appealing to corporate stakeholders (Ibid.; Wei, 2002).

If corporate reputation is managed as if it were the image of a company, then, it could be assumed that in this case Hutton et al. (2001) understood corporate reputation to be the same as corporate image or to be a variable of corporate image. Based on the discussion of the problems that this position could encounter, in Section 2.1, the reasons for Hutton et al. (2001) suggesting that this approach to corporate reputation management was potentially self-defeating can be identified. If companies understand their reputation as dimensions of corporate image or as the same as corporate image that could be manipulated at will, it would be hard for stakeholders to recognise the organisation, to trust it, to know what to expect from it, and to engage with it in a communal relationship.

Grunig and Hung (2002) also theorised that corporate reputation could not be managed directly. Rather, reputation could be influenced by corporate behaviour, provided public relations practitioners played a role in the strategic management of an organisation. Grunig and Hung (2002) argued that publics could either have 'reputational' relationships with companies, based on hearsay and advertising; or they could have 'behavioural' relationships with companies, based on their direct experience of them. Here the word 'reputation' or 'reputational relationship' is used with the same meaning as corporate image, a cognitive perception held by the public. In the study conducted by Grunig and Hung (2002), they concluded that people could talk about an organisation even though they knew very little about it, stereotyping it, based on their reputational relationships with it. More involved publics, however, were able to associate either positive or negative attributes with an organisation, based on corporate behaviour. A discussion on the possible role of public relations practitioners in managing corporate reputation by means of relationship management will be provided in Chapter Three.

Although Hutton et al. (2001) and Grunig and Hung (2002) did not see the possibility of corporate reputation being managed directly, Kartalia (1999, in Nakra, 2000) described reputation management as 'a method of building and sustaining of an organisation's good name, generating positive feedback from stakeholders that will result in meeting strategic and financial objectives' (p. 36). In this case, corporate reputation management would be based on how a company is perceived as conducting its business, in order to sustain the company's good name (Morley, 1998). Corporate reputation is defined here as being the same as corporate image. It is about how an organisation is perceived and how it can keep being perceived in a certain way. Positive feedback could come in the form of sales, or corporate performance in the stock market, but not necessarily in the form of strong relationships with corporate stakeholders, as these relationships do not result necessarily in meeting financial objectives. Kartalia, however, made a direct link between reputation management and the meeting of strategic and financial objectives. This link, commonly made by scholars (for example, Fombrun, 1996; Argenti & Forman, 2002; Fombrun & Rindova, 2002; Davies et al., 2003), will be analysed in Section 2.3 of this chapter.

Argenti and Forman (2002) and Davies et al. (2003) described a different, but similar, approach to reputation management. For these authors, an organisation's reputation was based on the alignment of the organisation's identity with the images held by its stakeholders. They did not include values and mission statements as part of their definition of identity, nor did they refer to the corporate identity mix, which presents the identity of a company by means of symbols, communications and corporate behaviour; rather, corporate identity was understood to be the way internal publics perceived an organisation. The way external publics perceived an organisation was called corporate image. Argenti and Forman (2002) and Davies et al. (2003) explained that reputation management was a simple formula: an organisation's identity *aligned with* the public's images of the organisation *equal* good corporate reputation. They explained that reputation management involved the ability to harmonise corporate image and corporate identity and that this harmony would produce a good reputation. These authors evaluated the importance of having a consistent internal and external image, but corporate reputation management still remained at the superficial level of identifying itself with impression management, of how the company was perceived by internal and external publics (Russ, 1991). For instance, Davies et al.

(2003, p. 216) suggested that in order to spend on reputation, the organisation should spend on: *tangibles*, such as building designs and colour schemes; *mood*, such as lighting and heating; *training*, especially for employees who deal with customers face-to-face; *communicating values* (although no mention was made of living or behaving according to those values); *corporate identity*, such as logo and letterhead (although they had defined identity as how employees perceived the organisation); *culture management*, training managers to identify appropriate micro-behaviour; and *recruitment*, paying extra for staff who are likely to promote value. Although all of the above were 'good' things to do, Davies et al. (2003) remained on a superficial level of corporate image, by neglecting to consider corporate behaviour, and the fact that companies are judged by their actions and these most probably will be what determine a company's good or bad reputation with different publics.

If corporate reputation management is seen through the lenses of the identity-centred school of thought, then reputation, the publics' overall evaluations of the company, could not be managed directly, as organisations do not have control over people's perceptions. Organisations, however, could and do have control over their identity, their values and mission. They also have control and the possibility of management over the way the organisation decides to represent itself through the use of symbols, communication and behaviour. The company's identity usually indicates the way a corporation behaves and relates with its publics (Gotsi & Wilson, 2001a; Argenti & Forman, 2002). Thus, the company's relational history, its way of relating with its stakeholders and its behaviour could give rise to the corporate reputation. Reputational knowledge essentially consists of the corporate behaviour that publics remembered from their relationships with it (Grunig & Huang, 2000).

In brief, corporate reputation, if identity-centred, and seen as a product of corporate behaviour, cannot be managed in a traditional business manner. Organisations can manage their corporate identity, including the way they relate with their stakeholders. More than a concern regarding reputation management, organisations could explore the notion of relationship management as a possible way to guarantee a positive reputation. According to Mahon and Wartick (2003) corporate reputation 'develops out of the nature of the interactions between and among stakeholders in specific contexts and around issues' (p. 22). The financial investment in corporate reputation management or in relationship management would have to be justified to shareholders and to an organisation's board of directors. The following section will analyse the different kinds of reputation evaluation methods found in the literature. Then, it will also compare some research findings on companies' expenditure and the enhancement of corporate reputation.

2.3 Corporate Reputation: Measurement

Measurement methods can be used to demonstrate empirically the value of corporate reputations, the quality of relationships, the connection between reputation and the achievement of financial goals, or they can simply be a way to prove that reputations can be managed (Gardberg & Fombrun, 2002a).

Since 1983, *Fortune* magazine has conducted an annual survey ranking the reputation of more than 400 companies in 49 industry groups, based on the impressions of thousands of observers (Nakra, 2000). The magazine *Fortune*, although not academic, is one of the most quoted and referred texts for reputation scholars, in terms of corporate reputation measurement and its link with better corporate financial performance. The magazine's *Top 100 Most Admired Companies* measures corporate reputation by the sum of eight individual indicators, being financial performance, product and service quality, quality management, innovation, value as a long-term investment, ability to attract, develop and keep talented people, responsibility to the community and environment, and wise use of corporate assets. Reputation was defined as a composite of eight indicators of corporate behaviour and was measured according to these indicators.

Similar to this reputational composite is Fombrun's (1996) Reputation Quotient Project (RQP) of reputation measurement. The measurement had six dimensions, which were: a company's emotional appeal; product and services; vision and leadership; workplace environment; social and environmental responsibility; and financial performance. Although Groenland (2002) suggested that this reputation quotient should include the corporation's natural origin and its charismatic representatives in order to be more complete, for Gardberg and Fombrun (2002a), the global reputation quotient project was already complete and global in its nature. These authors proposed that the aim of the project was 'to construct a global database of reputation ratings that inform research and practice . . . and that is equally relevant in all countries and cultures' (Gardberg & Fombrun, 2002a, p. 305).

Both, the *Fortune* magazine and the RQP measured reputation as a composite of corporate behaviour indicators. These types of surveys have always been used by commercial research firms to identify and measure consumer and employee attitudes towards a corporation (Grunig & Hung, 2002). In the case of these two reputational measures, the ranking of corporations had to be averaged into a single score/quotient across many criteria for several stakeholders. The results could be, therefore, misleading, unstable and invalid, in terms of statistical validity (ibid.; Hutton et al., 2001).

In addition, reputational rankings, such as *Fortune* and RQP, were based on indirect experiences, overall impressions, guesses based on hearsay from the general public rather than on substantial knowledge about a company from stakeholders (Grunig & Hung, 2002; Davies et al., 2003). As participants in the survey might not have a direct relationship with the company, they were also more likely to generalise from the attributes that they had certain knowledge about to those about which they had less knowledge (Grunig & Hung, 2002).

Finally, to define corporate reputation as a composite of attributes could also be a problem. By defining reputation as the sum of six or eight indicators, managers could lose the overall perception of what the company really stands for and of how it behaves (Hutton et al., 2001; Grunig & Hung, 2002), because the organisational concern would be to receive a good rating, and to be seen to be doing many things, which might not necessarily be a reflection of the company's mission and value statements, or of its true behaviour. Companies could also fall into the trap of communicating an image that did not correspond to reality, in order to be well rated. In brief, although ratings and rankings are popular and easy to understand, their results could be misleading.

Davies et al. (2003) proposed a different way of measuring corporate reputation, based on their corporate reputation management approach of aligning corporate image to corporate identity (refer to Section 2.2). The measurement scale of Davies et al. (2003) was based on seven pillars of 'corporate personality', on how the company is perceived by internal and external publics according to:

- Agreeableness, which is the organisation's warmth (friendliness, openness), empathy (concern, supportiveness) and integrity (honesty, social responsibility);
- Enterprise, which is how modern (trendy), adventurous (innovative) and bold (extrovert) the organisation is;
- Competence, the organisation's consciousness (reliable, industriousness); drive (ambition), technology;
- Ruthlessness, the organisation's egotism (arrogance), dominance (authoritarianism);
- Chic, its elegance (style), prestige (refinement) or snobbery (elitism);
- Machismo, if it is tough; and,
- Informality, if it is casual and simple.

The corporate personality scale was a way of analysing how employees and customers perceived the organisation. For Davies et al. (2003), if an organisation wanted to manage its reputation, it had to manage and harmonise its identity with its image. Davies et al. (2003) tried to use attributes that were valued and esteemed by people in interpersonal relationships in order to build their pillars of corporate personality. The pillars were based on perceived good or bad corporate personality traits and behaviour towards employees and customers, depending on their interaction or how they perceived the company. The seven pillars were an alternative to the rankings, as each organisation evaluated itself through surveys, aiming to harmonise what employees and customers thought about it. To complement this perception measurement technique, companies might also use image research based on the counting of media clippings (Argenti & Forman, 2002; Neef, 2003).

There are two main problems with this reputational measurement. The first problem is that the results could call for superficial organisational changes, such as 'we need to update our computers so as to be perceived as competent'. The second problem concerns what is understood by corporate reputation. As pointed out in Section 2.2, corporate personality reflects the way a company is perceived, its corporate image; it does not reflect a company's character, which is identity-centred. Thus, the seven pillars of corporate personality would be really just measuring the image of a company and trying to ensure that employees and customers had the same corporate image. It would not be necessarily measuring corporate reputation.

Reputation, as an intangible asset, might not, therefore, be directly measured in a traditional business sense (Nakra, 2000; Hutton et al., 2001; Grunig & Hung, 2002), leading researchers to look for more tangible items to help them measure a corporate reputation.

From a marketing perspective, Nakra (2000) described some of the main tools used to attempt to measure corporate reputation management. The first tool she identified was the *Customer Satisfaction Index*, which helped companies acquire information about customers' satisfaction. The results were used to make changes in marketing strategies, as part of customer retention initiatives. The second tool was *Customer Franchise and Loyalty*. An organisation could attempt to measure its reputation by measuring customers' loyalty to its products and services. Thirdly, Nakra identified the importance of dealing with employees, as

Employees' Beliefs and Attitudes could influence and enhance the reputation of a company among its stakeholders. Although she looked at these variables (satisfaction, loyalty/commitment and employee relationships) Nakra also considered the *Fortune* magazine as a way of confirming corporate reputation, and for benchmarking. Benchmarking could be used as a tool to measure a corporate reputation in relation to other corporations in the marketplace (Heath, 1997).

From a communications perspective, corporate reputation has been linked with public relations and relationship management. As such, some research has been conducted, trying to measure the value of communications strategies and practices, which would enhance corporate reputation, against financial results. However, it would have to be emphasised that unless reputation was defined in terms of relationship management, as a product of organisational behaviour, public relations would have little role to play (Hutton et al., 2001; Grunig & Hung, 2002). Public relations professionals have little or no authority over some of the indicators of reputation offered by rankings or the pillars of personality, such as financial performance or quality of products. The Chief Executive Officer (CEO) would probably have a better role to play in being responsible for the overall strategic functioning of each area (Argenti & Forman, 2002). Public relations practitioners could, however, influence corporate behaviour if they formed part of the strategic management team, as will be discussed in Chapter Three.

Hutton et al. (2001), for instance, researched the correlation between the companies that ranked higher on the *Fortune* list and their expenditure on public relations. They found that there was a modest correlation (r=0.24) between the two, because larger companies, which might benefit from larger visibility, were inclined to have better reputations in the index. Other correlations between reputation and specific types of corporate communication spending were that:

- there may be a strong correlation between reputation and proactive communication spending (charitable giving, investor relations, media relations and issue management);

- there may be a moderate correlation between reputation and routine spending on communication activities (annual reports and corporate identity)
- there may be a negative correlation between reputation and spending on communication activities that are often reactionary in nature (image-making, advertising).

As there was a stronger correlation between reputation and proactive communication spending, it was important to emphasise the need to invest in relationship-building with the community, the media and the government, through issue management and stakeholder engagement in order to have a good reputation. Hutton et al. (2001) suggested that more research should be done in this area in order to justify the expenditure on public relations strategies, as it would be an empirical and accountable proof of its efficacy in terms of 'reputational capital' for an organisation.

Grunig and Hung (2002) have attempted to show how public relations strategies improve relationships, adding value to the organisation, and that relationships, in turn, have an effect on reputation. Moreover, they have argued that one characteristic of effective organisations was their ability to achieve their goals through the development of relationships with their publics (Grunig, Grunig & Ehling 1992; Grunig & Hung, 2002). This meant that one possible way to determine the value of public relations, communication programs and reputation management was by measuring the quality of relationships with strategic publics. Part of the public relations practitioners' responsibilities would include conducting research in order to measure the quality of the relationships (Bruning, 2002).

In 1992 and again in 2002, Grunig and his colleagues developed the *Excellence Study*, researching for ways to demonstrate the value of the public relations profession to organisations. The results of these two studies highlighted the importance of public relations practitioners participating in the strategic decision-making processes of an organisation, so as to contribute to its effectiveness. Public relations would contribute to the effectiveness of a corporation by managing its relationships: firstly, by identifying the strategic publics; and secondly by engaging with these publics, developing long-term relationships. The third stage of this process would be to measure the quality of relationships with strategic publics, so as to determine the value of public relations (refer to Section 3.4).

Grunig and Hung (2002) have adapted the measures of quality of relationships so as to measure corporate reputations by means of an online survey. Starting with an open-ended question, they asked the respondents what came to their minds when they thought about X organisation. The questionnaire then contained 52 items to measure relationship variables. They also tried to identify whether respondents had a more reputational or behavioural relationship with the organisation, by asking about the level of familiarity that the respondents had with the organisations under study. The authors concluded that public relations practitioners should concentrate on strategic publics, on behavioural relationships, while measuring the quality of relationships and ultimately the reputation of an organisation. The consistent question in all of these public relations studies appears to be whether an intangible asset could make an impact on the bottom line and how this could be measured and reported.

2.3.1 Corporate Reputation and Better Financial Performance

Many studies (for example, Fombrun, 1996; Ledingham & Bruning, 2000; Gardberg & Fombrun, 2002a, b; Grunig & Hung, 2002; Verschoor, 2002) have been undertaken in an attempt to develop a correlation between reputation management and better financial performance. The aim of these studies was to identify how reputation management, relationship management or public relations practices affect the organisational bottom line, leading organisations to accomplish overall financial goals. The results of these studies varied according to the methodology used, especially because the reputation measures used were mainly defined by financial performance (Hutton et al., 2002).

Fombrun (1996), for instance, used *Fortune* magazine's annual ranking of *Top 100 Most Admired Companies* to establish a direct link between reputation and financial performance, which he called *reputational capital* or quotient, which was the financial value of intangible assets. He observed that investors and capital markets trusted *Fortune*'s *Top 100 Most Admired Companies*. This ranking led him to the conclusion that there was a significant correlation between reputation and better financial performance (see also Gardberg & Fombrun, 2002a, b; Verschoor, 2002). It might be worth noting that in the *Fortune* ranking there was a significant correlation between company size and reputation. Larger companies – which presumably benefit from greater visibility and better financial performance – tended to have better reputations.

Hutton et al. (2001) criticised these reputation researches because they took the *Fortune* magazine as a starting point of data collection. The problem with using the magazine or other similar reputation measures to find a correlation between reputation and financial performance was that reputation was already largely defined by financial performance. The ratings of those companies were already dominated by financial performance indicators (Hutton et al., 2001; Grunig & Hung, 2002), facilitating and leading to the link between the two factors.

Grunig and Hung (2002) have provided evidence that 'attempts to show an association between expenditures on public relations and reputation and between reputation and financial performance were methodologically and statistically unsound' (p. 41). The evidence was obtained by researching the literature and by using past quantitative and qualitative research on the value of public relations and relationships to an organisation. Grunig and Hung (2002) concluded that monetary value could not be directly assigned to relationships, much less to reputation, as they defined reputation as the perceptions held by an organisation's publics.

However, it would be possible to discuss about corporate reputations could influence financial performance indirectly (Davies et al., 2003).

> It may attract more potential customers and make any customer less price sensitive. It will allow customers to give the benefit of the doubt in any situation that might otherwise reflect badly on the organisation. Suppliers will be more willing to supply not only because they might believe you would deal with them fairly but also because they can boast about having you as one of their customers (ibid., p. 66).

Jeffries-Fox Associates (2000, in Grunig & Hung, 2002) have identified nine reputational benefits, which do not directly include better financial performance. They were: increasing market share, lowering market costs and distribution costs, avoiding over-regulation, being able to weather bad times, greater employee alignment and productivity, being able to attract and retain talent, being able to attract investors, being able to gain access to new global markets, and, gaining more favourable media coverage (p. 10). In the long term, however, a sum of these benefits would build a company that could be trusted and respected, attracting customers, investors and committed employees, which would ultimately influence commercial opportunities, sales and profit (Bennett & Kottasz, 2000; Anand, 2002; Schultz et al., 2002).

Fombrun et al. (2000) have similarly suggested that *reputation management risk* can prevent crises at the same time that it enhances a company's reputation and relationships with eight stakeholder groups: employees, customers, investors, partners, regulators, community, media and activists. As a result, companies could experience:

- from employees, a promise of commitment instead of a threat of rogue behaviour;
- from customers, a promise of loyalty instead of a threat of misunderstanding;
- from investors, a promise of value instead of a threat to value;
- from partners, a promise of collaboration instead of a threat of defection;
- from regulators, a promise of favourable regulation instead of a threat of legal action;
- from activists, a promise of advocacy instead of a threat of boycott;
- from the community, a promise of acceptance instead of a threat; and,
- from the media, a promise of favourable coverage instead of a threat of exposure.

Companies could gather the benefits of relationship management, without necessarily quantitatively measuring how these relationships have improved their financial performance.

Thus, companies would indirectly improve in their financial performance by achieving 'first choice' status with investors and customers, contributing to an increase in sales and profitability, and by attracting and retaining better employees. Employees could be motivated to go *that extra mile* in their work, if they had a good relationship with their company, which in turn would reflect in a positive reputation. Thus, before a company could expect to have better financial performance because it had a positive reputation, it would need to invest on relationships of trust and commitment with its stakeholders. Starting with exchange relationships (Grunig & Huang, 2000; MacMillan, Money & Downing, 2000), these companies could engage with their publics, growing in knowledge and appreciation towards one another and maintaining a reputation based on corporate behaviour.

2.4 Summary

In summary, the inconsistencies of conceptualising, managing and measuring corporate reputation gave rise to the first research objective of this thesis. After exploring these inconsistencies identified in the literature, it is concluded that there are three different ways of managing and measuring corporate reputations, depending on how reputation is conceived. Based on these analyses of corporate reputation definition, management and measurement, the literature reviews three possible propositions for this topic.

The conceptualisation of corporate reputation is the first step in identifying how and whether an organisation could manage or measure its reputation. A sampling of the literature on corporate reputation suggested that reputation has long been defined as being the same as image, or as how publics perceived an organisation. The first proposition is, therefore, if reputation were defined as being the same as image, it would have to be managed through proactive communication and symbolic techniques, or image-making techniques, impression management, and persuasion (Rosenfeld & Giacalone, 1991; Wei, 2002). As companies would only value how they are perceived, and not necessarily how they behaved, they could easily fall into greenwashing or empty discourses of sustainability, without necessarily having the actions to substantiate them or to back up these discourses. Companies would also measure their reputations through opinion surveys, corporate personality measures, and media clippings, as what they identify is the public perception about the corporation.

The second proposition, however, suggests that public interest groups and magazines prefer to measure corporate reputations by rating or ranking them (Fombrun, 1996; Deephouse, 2002). Thus, corporate reputation would have to be defined as a sum of corporate behaviour indicators and managed by improving in each one of the dimensions. Financial performance would have to be the most important indicator of positive corporate reputation, as companies are selected to take part in these rankings depending on their revenue. Other areas to consider would include quality of products, corporate governance, employee relations and social and environmental responsibilities.

Finally, the third proposition refers to the way of defining reputation in the literature based on the identity of a company. As such, it would be two-fold: one, as the knowledge about an organisation held by the publics, and two, as the product of corporate behaviour, especially through relationships. In this case, corporate reputation could not be managed directly, but an organisation would be able to manage its behaviour by means of relationship management. Corporate reputation would, as a result, be measured by the quality of relationship outcomes and by the reputational benefits that relationships would bring with it.

As the way the term corporate reputation is conceived by organisations plays a big role in reaching this first research objective, three research issues were raised. Firstly, the ways in which corporate reputation differs from corporate image should be explored, seeking in the social phenomena the reasons these two terms cannot be used interchangeably. Secondly, this study will explore the ways in which corporate reputation differs from relationships, the ways in which these two concepts are related. Finally, the corporate behaviours that are said to influence corporate reputation would need to be studied, especially corporate social responsibility, as this area has been growing in importance since the 1990s (Carroll, 1999). These three research issues have been discussed in the literature, and they were all related in one way or another. The aim of discussing these issues is to make clear distinctions between them, and to clearly demonstrate their connections to each other. These links also facilitate the ways in which corporate reputation can be managed, by logically establishing their connections. By exploring these concepts in an in-depth way, they can become the cornerstones of a theory on corporate reputation, which in turn may extend or challenge existing theories.

In relation to corporate reputation management, the next chapter will discuss the roles, if any, of public relations practitioners in the management of reputations. Companies could choose a diversity of management functions to manage corporate reputation, depending on how they define reputation. Management could see reputation as the role of the board, public relations departments, marketing departments or a combination effort from every department. Two key research questions are the identification of the preferred management function to manage corporate reputations by the organisations in this study and what is their view on the role of public relations practitioners. As will be explored in Chapter Three, the public relations practitioner is the professional who controls conflict and negotiates between the demands of the public and the interests of the organisation (Heath, 1997). Relationships with the different publics have always been the critical paradigm for public relations. Some authors, such as Grunig and Hung (2002) and Hutton et al. (2001) identify a close link between the concept of relationship and that of reputation, concluding that public relations practitioners, if part of the strategic team, would be the appropriate professionals to manage corporate reputations through relationship management.

Overview of Chapter Three: *Organisation–public Relationships*

Chapter One: Introduction	**Research Objective 1:** To explore the impact of different understandings of corporate reputation on the management and measurement of reputation in organisations	**Research Objectives 2 & 3:** • To explore the role of public relations practitioners in managing corporate reputation in organisations • To identify the preferred management function by organisations to manage corporate reputation		
	↓	↓		
	Chapter Two: Corporate Reputation	Chapter Three: Organisation–public Relationships	Chapter Four: Methodology	Chapter Five: Analysis of Data

Chapter Six: Conclusions

Chapter Three: Organisation–public Relationships

- Organisational behavioural relationships
- Stakeholder engagement & corporate citizenship
- Strategic relational approach to public relations

Chapter Three

THEORETICAL FRAMEWORK: ORGANISATION–PUBLIC RELATIONSHIPS

3.1 Introduction

Chapter Two explored the different ways in which corporate reputation is defined, managed and measured. The first part discussed three schools of thought on corporate reputation, exploring the relationship of corporate reputation with corporate image and corporate identity. The identity-centred school was chosen to serve as a foundation for the building of the theoretical framework on corporate reputation, because in this school, reputation is defined not only as the perception held by an organisation's publics, but more importantly, it is the collective representation of an organisation's past actions, especially built through organisation–public relationships. As such, organisations would be able to manage their corporate reputation by managing the relationships they have with their diverse publics.

The professional who has been accredited for managing organisation–public relationships has been the public relations practitioner (Hutton, 1999; Ledingham & Bruning, 2000; Grunig & Grunig, 2001). As such, this theoretical framework explores the role of public relations practitioners in the management of corporate reputation. It also contextualises and links the different forms of corporate behaviour that could influence the building of a corporate reputation and of its management, identifying if the public relations practitioner would have a part to play in the strategic decision-making of these corporate behaviours. Thus, drawing on the communication and management literature of relationship management, Chapter Three explores which management function would be preferred to carry out the task of managing the reputation of an organisation.

3.1.1 Structure of the Chapter

The chapter commences by contextualising the communication and business disciplines from which corporate reputation management has emerged. Then, in Section 3.2, it considers organisational behavioural relationships as a field of study from which the concept of corporate reputation has emerged. Based on the work of Grunig and Hung (2002), two main forms of relationship will be studied: exchange and communal relationships. Exchange relationships are based on economic models of trade, while communal relationships seek the self and the other.

The third section of this chapter traces how communal relationships can be taken to a strategic level, through stakeholder engagements. Thus, organisations can start to engage with their stakeholders as fellow citizens. This relationship can help companies to form positive reputations with their multiple publics, through socially responsible programmes.

Based on the literature, it will be argued in Section 3.4 that the public relations practitioner could be the most eligible professional to engage with an organisation's stakeholders. If this is the case, public relations practitioners would not be just communicating what senior management has decided; rather, public relations professionals themselves would be involved in the strategic decision-making processes of the organisation. Throughout this section, Grunig and Hunt's (1984) four models of public relations will be discussed. The purpose of referring to the models is to draw a link between the two-way symmetrical model and stakeholder engagement. It will be argued that these two concepts refer to the same reality.

Section 3.4 specifically emphasises the strategic role of public relations practitioners in relation to relationship management. This strategic relational approach to public relations involves a three-stage model of relationship management (Grunig & Huang, 2000). The first stage stresses the importance of environmental scanning to identify key stakeholders, while the second stage involves the importance of building relationships with them through stakeholder engagement or a two-way symmetrical model of communication. The third stage refers to the assessment of the quality of these relationships by measuring their outcomes. Organisations, therefore, with the strategic input of public relations practitioners, can maintain long-term relationships with their stakeholders.

As part of the strategic approach to public relations, Sections 3.4.1 and 3.4.2 review areas of public relations that can have a direct impact on corporate reputation management. Section 3.4.1 reviews the area of issue management, as a way of proactively scanning the environment for issues that could interfere with the organisation's relationships with stakeholders. These issues could be of a political nature or a societal change of expectations. Only by proactively focusing on building and maintaining relationships with stakeholders can public relations practitioners monitor corporate reputation, be aware of expectations and protect their organisations from crises or unwanted legislation (Grunig & Repper, 1992; Lewis, 2001).

Section 3.4.2 reviews the literature on crisis management. Crises are relevant for the study of corporate reputation because crises can be viewed as a violation of the social rules or expectations held by stakeholders. Thus, they represent a disruption of the interdependent relationship between an organisation and its publics (Coombs, 2000). Corporate reputation can remain positive during and after a crisis, if publics have been part of a positive relationship with the organisation before the conflict started (ibid.).

Chapter Three's summary draws together the main points discussed. In this way, it will be possible to identify the theoretical and conceptual overlaps in the business and communication literature in relation to relationship management, public relations and corporate reputation management.

3.2 Organisational Behavioural Relationships

The analysis of organisational behavioural relationships can be traced back to the earliest businesses in the history of humanity, where people dealt with each other to exchange goods. Organisation–public relationships were represented by the patterns of interactions, transactions, exchange and linkage between an organisation and its publics (Broom, Casey & Ritchey, 2000; Bruning & Ledingham, 2000). In its basic assumption, a relationship is formed when there is interaction between two parties, leading to some sort of interdependence between them.

Based on the work of Clark and Mills (1993) on interpersonal relationships, Grunig and Hung (2002) identified two main types of relationships, one being of exchange and the other being communal relationships. The exchange relationship was based on the marketing principle of exchange, that is, one party gave benefits to the other in order to receive a benefit back in the future. 'In essence, a party that received benefits incurs an obligation or debt to return the favour' (Grunig, Grunig & Dozier, 2002, p. 552). Organisations would, therefore, initiate an interaction with other organisations or with their publics in order to exchange resources (Broom et al., 2000). There could be a financial exchange, or an exchange of knowledge, physical facilities, material resources, customer or client referrals, and technical or staff services, among others. This type of relationship would lead to the mutual benefit of the parties involved as well as the mutual achievement of goals (Grunig & Hung, 2002).

The exchange relationship was also known as a self-interested relationship, although it could lead to a mutual benefit. This relationship was based on the managerial economics approach to business. The behavioural anthropological assumption was that human beings were rational self-interested beings, who would only act if they were to receive something in return (Andriof & Waddock, 2002). Consequently, in terms of corporate reputation, firms would behave in a certain way, or engage in a relationship if certain outcomes of better reputation or financial benefits were more likely to occur.

This self-interested, instrumental approach to corporate behaviour could be identified as a marketing tool, with economic and commercial objectives, through which a company promoted its image, products and services at the same time that it tried to please the public in some way, for instance, when promoting cause-related marketing (Adkins, 1999). This kind of relationship could be seen as unstable, as the views and interests of the partner or client could alter (Broom et al., 2000). Stability would have to be achieved through the exercise of power, control and negotiation between the two parties in order to avoid a breakdown in the relationship (Andriof & Waddock, 2002).

Grunig and Grunig (2001) argued that exchange relationships should not be viewed as something bad, as 'relationships often begin as exchanges and then develop into communal relationships as they mature' (p. 19). This was the natural path that relationships needed to pass through to reach trust and commitment between parties. Argenti and Forman (2002) compared the organisational relationships with personal relationships: 'the relationships companies forge with their constituencies can breed a sense of trust that will keep them loyal, or a sense of uncertainty or distrust, which may push them away' (p. 101). As in interpersonal relationships, one firstly found something in common with the other party, and only after a period of time, one started to trust and have a communal or friendly relationship with it.

In communal relationships 'parties are willing to provide benefits to the other because they are concerned for the welfare of the other – even when they believe they might not get anything in return' (Grunig & Hung, 2002, p. 29). Generally, publics expect organisations to serve them in ways that organisations sometimes get little or nothing out of in return – at least in the short term. In the long term, there is an intrinsic value in forming communal relationships with the company's publics. Companies, for instance, could save money by preventing costly regulations, crises, litigation and bad publicity (Grunig & Hung, 2002). In addition, companies could reduce uncertainty by growing in trust, reciprocity and commitment towards their publics (Grunig & Huang, 2000; Andriof & Waddock, 2002). Companies would also grow in legitimacy as their behaviour would be perceived to be in conformity with societal expectations (Coombs, 2000; Andriof & Waddock, 2002; Beaulieu & Pasquero, 2002).

While undertaking a communal relationship, companies might not be practising a totally public-interest approach in building relationships (L'Etang, 1996), but a mutual-interest approach (Spiller, 1999). A public-interest approach would have the altruistic purpose of philanthropy or charitable giving out of duty (McIntosh, Leipzinger, Jones & Coleman, 1998). Philanthropy is a unilateral transfer from the company to society (Monin & Edmiston, 1999). It is usually discrete, anonymous and voluntary, done by the organisation out of beneficence or duty. Organisations who engage in this kind of relationship do not do so because they necessarily expect to benefit economically, 'but because they feel a responsibility to do so as members of their immediate community and of the society in which they operate' (Ledingham & Bruning, 2000, p. 67). Therefore the recipient has no right to expect or demand that such acts will take place (L'Etang, 1996). According to Argenti and Forman (2002), these philanthropically related activities could help to build an organisation's reputation as a 'good corporate citizen [and as] socially responsible to the communities in which the company operates' (p. 198), which was considered to be a long-term, worthwhile investment.

This pure public-interest approach has been criticised for its lack of strategic spirit. Martinelli (1997) argued that it is the right of a company to receive some form of feedback about its practices. The mutual-interest approach is directly related to the principle 'do well while doing good' of Spiller (1999), by means of a win–win mentality. This perspective called, therefore, for trust-based collaborations between individuals and organisations; that is, a two-way relationship between companies and society (McIntosh et al., 1998; Andriof & Waddock, 2002), since it was based on negotiation, compromise and understanding between the company and its public, while developing strategic relationships.

Strategic communal relationships are also known as 'stakeholder engagement' in the business literature (Andriof & Waddock, 2002). As in the case of the term 'strategic publics' in public relations literature, stakeholders were considered to be any person or group that has an interest, right, claim, or ownership in an organisation or whoever can affect or is affected by the actions, decisions, policies or goals of the organisation (Ferguson, 1999; Coombs, 2000). Hence, a company's success depended on the management of the interests and demands of its multiple publics. As society is now shifting towards a more social democratic ideology (Giddens, 1998), a company would be putting its reputation at risk by failing to engage with society, learning about its expectations and winning from it the company's licence to operate (Lawrence, 2002).

In the business literature, the stakeholder theory is still a matter of debate, as there are different rationales for it (Andriof & Waddock, 2002). It was basically centred on defining the concept of stakeholders and on classifying the kind of relationships a company could have. The different justifications for the stakeholder theory could be normative reasons or instrumental reasons. On the one hand, the normative paradigm claims that a company should act in a certain way because it would be unthinkable and unethical to do otherwise (Goodpaster, Maines & Rovang, 2002; L'Etang, 2003). On the other hand, there are instrumental reasons for engaging or building relationships with the different stakeholders (as in business literature) or publics (as in the public relations literature). Business advocates of the instrumental approach claimed that it was good business to build relationships with multiple publics as this would lead to positive corporate reputations. For instance, Fombrun (1996) called it enlightened self-interest; Spiller (1999) saw it as a win–win approach; and many (Andriof & Waddock, 2002; Lawrence, 2002; Payne & Calton, 2002) simply called it a stakeholder engagement approach.

3.3 Stakeholder Engagement & Corporate Citizenship

Although the term 'stakeholder engagement' is recent and comes from business literature (Andriof, Waddock, Husted & Rahman, 2002), public relations scholars have long been exploring the value of relationships to an organisation or the value of public relations through the building of strategic relationships between the organisation and its publics (for example, the book edited by Ledingham & Bruning, 2000; Grunig & Huang, 2000; Grunig & Hung, 2002).

In public relations, the win–win communications approach tries to satisfy the stakeholders' underlying interests, through dialogue (Ehling, White, & Grunig, 1992). An organisation that adopted this approach was not perceived as an abstract entity, but became a fellow citizen (Martinelli, 1997; McIntosh et al., 1998). It would usually adopt a proactive strategy of partnership with non-governmental organisations (NGOs) to reach solutions for social and environmental problems. A corporation citizen would act voluntarily, going beyond legal control. It would have an ethical code and act strategically and appropriately in order to respond to the expectations of its publics, gain trust and respect of its partners, and ultimately a strong reputation.

Since the 1960s, scholars have started to link individual citizenship and corporate citizenship (Carroll, 1999). Organisations were expected to have moral and ethical values guiding their relations with employees, community and society as a whole. Corporate citizenship would be more than just 'sponsoring of a local charity or football team; it also involves being a good employer, providing a valued product, paying the bills on time and having a sense of responsibility toward people and the planet' (Bishop & Andrews, 1999, quoted in Leonard & Stroh, 2000, p. 40). It means behaving according to the organisation's mission and values, and taking responsibility for its decision-making. Stakeholder engagement would be the integration of corporate citizenship, stakeholder theory and strategic relationship theories (Andriof & Waddock, 2002).

Corporate citizenship would call for a stakeholder approach, whereby a company's success would depend on the management of the interests and demands of its publics (Andriof & Waddock, 2002). Stakeholder engagement can be seen to be very closely related to reputation management as the knowledge and practice of one would help the development of the other (Wartick & Hengens, 2003). In other words, by behaving in a legitimate way, organisations would be building trust-based relationships with their stakeholders. These relationships can be seen to be interdependent, and enable individuals and organisations to achieve different objectives together (Andriof & Waddock, 2002).

However, business social programs were, when seen instrumentally, put into practice to enhance corporate reputation and to add profit to an organisation (Johnson, 1971). Nobel Prize-winner Milton Friedman (1970) firmly followed this concept of social responsibility, maintaining that companies did not have any social responsibility to stakeholders other than to make as much money as possible for their shareholders. This position is understood if looked at in light of the political and historical circumstances of the 1970s. During the 1970s, private companies started to question the failures of the Keynesian economic system. Private companies were focused then on increasing profits while the Government was the institution responsible for meeting society's social expectations. In Australia, this has been especially true, with the government being the major player in delivering community and social welfare programs (King & MacKinnon, 2002).

Furthermore, in the 1970s, it was first suggested that socially responsible programs were mainly developed by profit-motivated organisations (Carroll, 1979, 1999). Business responsibilities were considered to be economic and legislative but they could also extend beyond those aspects and include other elements, such as social and environmental issues. Business responsibilities consisted of merely making adequate provisions of goods and services for society at a profit, under a regulatory framework (Quazi, 2003). Carroll (1999) argued that society expects companies 'to produce goods and services and sell them at a profit' (p. 283). An organisation can only serve society if it first has the material and financial resources to do so.

The relationship between organisation and society would be some kind of social contract showing the balance between what an organisation owes society and what it expects from it (L'Etang, 1996; Quazi, 2003). From this perspective, corporations would be accountable to a variety of groups in society, because corporate behaviour and decisions would affect societal interests, and in the same way societal decisions could also affect corporate interests. Examples of corporate citizenship would be organisations that give to arts and culture in order to enhance the quality of community life or those that give to schools to anticipate problems with low skill levels in the workplace. Schwartz and Gibb (1999) encouraged corporate citizens to act responsibly in their engagement with strategic publics, motivated by operational and instrumental interests, especially when faced with reputational decisions.

It is further argued that, more than an ethical issue, whereby a company integrates with local communities by strengthening social bonds, corporate citizenship is strategic (McIntosh et al., 1998; Olins, 2002; Sarbutts, 2003). Firstly, it is strategic since the brand image of an organisation has to be maintained as a matter of competition in the marketplace (McIntosh et al., 1998; Keller, 2002; Olins, 2002). Secondly, it is also strategic as it helps a company to build reputational capital by attracting resources, enhancing its performance and building competitive advantage (Fombrun, Gardberg & Barnett, 2000; Sarbutts, 2003). It also has potential benefits such as increased market share, positive customer ratings and loyalty (Quazi, 2003). Stakeholder engagement can also build community trust and save corporate money by reducing costs of regulatory compliance, threats, and ultimately from reputational crises (ibid.; Grunig & Huang, 2000).

Stakeholder engagement focuses on both the public and the company. It is a balance between corporate private interest and those interests of the public and society in a mutual approach of public relations. The success of public relations, as part of the strategic management team of an organisation, will depend on how the organisation engages with its stakeholders, to the point that the company will be considered to be socially responsible, as it engages in communal relationships with its publics (Grunig & Hung, 2002). Corporations would also need to embrace values of transparency, being ready to admit shortcomings (Frankental, 2001). Moreover, organisations would require legitimacy from their publics to maintain 'long-term relationships with the various communities on which they depend' (Nasi et al., 1997, p. 298). In brief, for corporate reputation to be strong and credible, it is important that companies have strong relationships based on trust and appreciation of the other, because only then will the objectives of stakeholders and corporations be achieved.

Public relations practitioners see corporate citizenship in terms of reputation, reciprocity, social integration and long-term enhancement of financial performance. Together with the strategic management team, public relations professionals need to influence corporate governance by embracing the idea of stakeholder engagement, and being committed to social and ecological sustainability (Frankental, 2001). This mutual approach to relationship management could encourage the public to have fidelity to a brand or a service. It would motivate and unite employees, increasing productivity and working towards solutions for social and environmental problems (Martinelli, 1997; McIntosh et al., 1998). Without ethics, however, this social and environmental orientation – even if it is very strategic – can become simply the language of political correctness, an empty discourse, greenwashing (Neef, 2003). If ethical, the behaviour of the organisation would have to correspond to its ideals, and without overlooking another very important issue: the *person*, who is more than just a member of the community (Igea & Nuñez, 2002). There is a need to emphasise that companies, while engaging with stakeholders, are dealing with human beings, and a person's worth can never be reduced to his or her instrumental value (Goodpaster et al., 2002).

Through dialogue and commitment, organisations could maintain long-term relationships with their stakeholders. Independently of the kind of relationship that the public has with an organisation, the organisation would only be considered successful if the public is committed to and trusts the business (Grunig & Huang, 2000; MacMillan et al., 2000; Kornecki, 2003). The public is able to predict the consequences of a decision based on the reputation of the organisation and could give 'the benefit of doubt in situations where the performance or integrity of the business is criticised or called into question' (MacMillan et al., 2000, p. 76). Consequently, one could affirm that it would be a good business to invest time, money and effort on relationship-building. The public and the organisation win.

The question of which management function is responsible for relationship management then arises. Although some management researchers (such as Fombrun, 1996; Davies et al., 2003; Korver & van Ruler, 2003) would argue that public relations should only be involved with the symbolic and communicative aspects of corporate identity and corporate image, Grunig and Hung (2002) argued that organisational behaviour should be part of the strategic management function and influenced by public relations practices. In this way, public relations practitioners would not be sending one-way messages to individuals in order to persuade them to form positive, but unsubstantiated images of the organisation. Instead, public relations practitioners would be engaging in a two-way communications approach with their publics, influencing management behaviour by participating in an organisation's strategic management processes, which in turn affect organisational reputation. The following section will discuss the strategic approaches to public relations as the preferred management function for managing relationships.

3.4 Strategic Relational Approach to Public Relations

Relationship building is the essence of the public relations profession. Public relations is the strategic management profession, which is responsible for managing organisation–public relationships through communications (Stacks, 2002). To simplify the explanation of the role of public relations, Hutton (1999) has synthesised it as the profession responsible for 'managing strategic relationships' (p. 199). He emphasised the need of mutual trust, compromise, cooperation and, whenever possible, win–win situations. However, 'for public relations to contribute to organisational effectiveness, [and fulfil its purpose] the organisation must empower communication management as a critical management function' (Grunig & Grunig, 2001, p. 22). The public relations practitioner would need to be empowered to become a member of the executive team so as to be 'responsible for strategic planning at the corporate level' (Ferguson, 1999, p. 13). This could be seen as a calling to rethink the position of the public relations practitioner in the organisation, as a relationship strategist.

Strategos is a Greek word meaning an army general, or literally, 'the thinking and action of a general' (Patton, 1990, p. 35). Therefore, a strategy is a framework for action, thought by someone who thinks like a general on a battlefront. Strategy is what a company does in order to achieve its desired performance; it integrates seemingly isolated tasks for a purpose. Ford (1999) pointed out that strategy was not what the company *says* it is doing or what it *plans* to do, 'rather, it is what it actually does' (p. 64). In order to act strategically, managers need to be realistic. 'Managers who manage strategically do so by balancing the mission of the organisation – what it is, what it wants to be, and what it wants to do – with what the environment will allow or encourage it to do' (Grunig & Repper, 1992, p. 119). Strategy is also about change; it is 'about defining a sense of direction that allows an organisation to match itself to its changing environment' (Davies et al., 2003, p. 22). For that, research is needed about the organisation and its publics, so as to engage in a dialogue with the company's publics.

Mutual understanding through dialogue and resolving conflicts between organisations and their publics are included by Huang (2001) as public relations goals. She asserted that the goal of public relations would go beyond the mere dissemination of information and presentation of facts. Grunig and Grunig (2002) also argued that the role of public relations would go beyond communicating messages after decisions are made. Instead, public relations could help in the managerial decision-making processes through the use of communication strategies and by acting as a mediator between publics and organisations. For public relations practitioners to have an effect on reputation, the practitioners would have to form part of the strategic management team of an organisation, by harmonising the interests of this organisation with the interests of its publics (Hutton, 1999; Clark, 2000; Bruning, 2002; Kent & Taylor, 2002; Stacks, 2002). Thus a public relations practitioner would need to be seen by corporate managers as part of the *strategos* of an organisation, the one who thinks and acts strategically in the team.

Unfortunately, however, some writers on reputation see public relations as a 'strategic messaging function rather than a strategic management function' (Grunig & Grunig, 2002, p. 3). Grunig and Grunig gave the example of Fombrun's book (1996), in which he discusses public relations in the chapter on *Shaping Consistent Images*, which contains headings such as *Spin Doctoring, Swayed by the Media*, and *Public Façades*. Davies et al. (2003) also saw public relations as an image producer: 'public relations can present a company at its best, but it cannot make it better than it is' (p. 44). In other words, these authors were not saying that public relations is necessarily deceptive and manipulative, but that public relations controls the images that are projected by an organisation, without necessarily creating organisational change (Russ, 1991). Although Davies et al. (2003) did not see the profession of public relations as the one responsible for reputation management, they acknowledged that public relations was the profession that had been developing and practising reputation management, as there was a gap in the organisation structure for this function. There were no reputation managers in the market (Davies et al., 2003).

There is a clear contrast amongst the definitions and functions of public relations professionals, depending on who writes the story. Grunig (1993), however, acknowledged that there were two types of organisation–public relationships: symbolic and behavioural. He argued:

> When symbolic (communication-based) relationships are divorced from behavioural relationships (grounded in actions and events), public relations practitioners reduce public

> relations to the simplistic notion of image building [which] offer[s] little of value to the organisations they advise because they suggest that problems in relationships with publics can be solved by using the proper message – disseminated through publicity, or media relations – to change an image of an organisation (p. 136).

In 1984, Grunig and Hunt had tried to shift the emphasis of public relations from manipulation to the notion of benefit for both the organisations and interacting publics, through communications. They conducted extensive research on the diverse models of public relations and communications practised by organisations. Their conclusions were that there are four principal models for conducting a communications function in public relations:

1. One-way communication symmetrical model or press agentry, which emphasises only favourable publicity for the organisation.
2. One-way asymmetrical model or public information, which informs the public accurately, but does not engage in any kind of research or other forms of two-way communications.
3. Two-way asymmetrical model, which, although it engages in research, emphasises only the interests of the organisation and not the interests of the public.
4. Two-way symmetrical model, which emphasises public participation.

Of the four models, the two-way symmetrical model is the most relevant for corporate reputation management, because it includes a concentration on communication both to and from the target public. It is based on research and uses communication to enhance public participation and to manage issues or conflict with strategic publics. The feedback received from the public is not used for manipulative purposes or to make the public agree with an organisation's point-of-view, but rather advocates accommodation and mutual effect (Newsom et al., 1996). The two-way symmetrical model of communication is based on negotiation (Grunig et al., 2002), because the organisation integrates with its stakeholders, making decisions that transcend the particular interests of each stakeholder group (Goodpaster et al., 2002), at the same time that it tries to correspond to the public's expectations, fostering better relationships. The information received is used 'to facilitate understanding and communication' between an organisation and its publics (Grunig & Grunig, 1992, p. 289). As a result, two-way symmetrical communication produces better long-term relationships with publics, leading to greater organisational effectiveness than do the other three models of public relations (Grunig & Grunig, 2001).

In 1992, Grunig and White, while explaining the work of public relations in organisations, suggested that organisations could be motivated asymmetrically, symmetrically or with mixed motives in the symmetrical way. When motivated asymmetrically, organisations were characterised as having an internal orientation, striving for efficiency and control with a strong tradition and a central authority. From an organisational behavioural perspective, exchange relationships would be motivated asymmetrically. In other words, both parties would act with self-interested motives, so as to trade some resources. As the company values control, it would comply with legislation in terms of socially responsible endeavours (Quazi, 2003). Any argument around the stakeholder theory would be seen as a 'version of socialism' (Kerr, 1999, p. 56). Friedman (1970) and Kerr (1999) argued that the only stakeholder is the shareholder, as these authors are guided by the principle of improving business and capitalist performance (McIntosh et al., 1998) in a neo-liberal ideology of profit.

By contrast, when having symmetrical motives and being focused on the public, organisations have open systems and seek balance within their environments even if it means that they have to adjust and change their behaviour or communication. The corporation is genuinely interested in the public and has a sense of duty towards it. Both parties who entertain symmetrical motives would be concerned with the good of the other (Grunig & Huang, 2000). As a result, the organisation would have communal relationships with its stakeholders. Symmetrical organisations usually promote equity, staff autonomy, participation and responsibility, and value innovation in the workplace.

Grunig and White (1992) stated that public relations practitioners could 'blend self-interest with public interest' (p. 45), having mixed motives. Public relations practitioners, who worked with mixed motives, helped organisations to realise that by giving some of what the public wanted, organisations could receive more through reciprocity, which was 'the essence of what is generally called social responsibility' (Ibid. p. 47). Organisations have a mutual strategic interest, that is, while they want to forward their own interests, they also want to correspond to their public's expectations in other to survive in the competition of the marketplace and ultimately enhance their corporate reputation (Grunig & Grunig, 1992). Symmetrical organisations with mixed motives, or within a mutual-interest approach, usually affirm that they are trying to listen to their publics and to act strategically (McIntosh et al., 1998). The growth of activism in the past three decades has, moreover, forced companies to realise that they cannot think narrowly and self-interestedly (Heath, 1997), but that they have to act strategically, by engaging with their publics in order to prevent reputation crises.

In terms of strategic relationships, Broom et al. (2000) developed a three-stage model of relationship management, which included antecedents of relationships (perceptions, motives, needs), subsequent states, and consequences of organisation–publics relationships. Grunig and Huang (2000) re-conceptualised and advanced Broom's model by incorporating variables of strategic management of public relations. The first stage, antecedents of relationships, would consist of environmental scanning to identify strategic publics with which an organisation needs to relate. The second stage, identified as 'concepts of relationships', would incorporate the models of public relations into a set of communication strategies for developing and maintaining relationships with these publics (relationship subsequent states). The third stage consisted of a set of relationship outcomes that could be used to assess the quality of organisation–public relationships, and, as a result, the contribution that public relations make to organisational effectiveness.

Grunig and Huang (2000) suggested methods for monitoring each of those three components of the three-stage model: environmental scanning for the antecedents phase, ongoing observations by management and publics for relationships states, and co-orientation measurement for consequences. Formal research methods are needed for environmental scanning. It is not enough to make judgements based on experience or other informal methods. Public relations practitioners would need to be fully aware of the changing expectations of society and the importance of matching corporate purposes with societal goals (Caywood, 1997). In addition, with new information technologies, such as the Internet, public relations practitioners need also to be aware of scanning online commentaries that could affect the company's reputation (Clark, 2001). This cyberscanning (Grunig et al., 2002) could complement the task of environmental scanning to identify strategic publics and key issues.

The second stage involved the development and maintenance of relationships with strategic publics. This stage could be identified with stakeholder engagement, meaning the development of a two-way symmetrical relationship. The two engaged parties have their own self-interested objectives, which can only be achieved together (Andriof & Waddock, 2002). Although the company might aim towards a consensus, the two parties engage in negotiations, persuasion and collaboration so as to decide on the best solutions.

The third stage involved identifying and assessing the quality of organisation–public relationships, based on their outcomes (Grunig & Huang, 2000). Stakeholders' opinions, attitudes or behaviour changes towards the organisation and viceversa can determine relationship outcomes. Grunig and Huang (2000) isolated four characteristics, which they considered to be a relationship's measurable outcomes: control mutuality, trust, commitment and satisfaction.

The relationship outcome of control mutuality relates to the degrees of symmetry and dialogue between organisation and publics. For symmetry and dialogue there is no need for an equality of power, but an understanding and acknowledgement of interdependence. In the case of corporate–stakeholder relationships, it is natural to have some power imbalance, as not every stakeholder will have the same impact on business actions (Grunig & Huang, 2000; van Riel, 2002). The most positive outcomes, however, are from relationships where organisation and publics have some degree of control over each other (Grunig et al., 2002), for in this case companies and stakeholders would be forced to dialogue, negotiate and participate together in the decision-making processes of the objectives they have in common. Control mutuality also involves measuring the dimensions of investment of time, energy and effort in building the relationship (Thomlison, 2000).

The second indicator is the level of trust, which in essence highlights one's confidence in and willingness to open oneself and be reliable to the other party. MacMillan et al. (2000) also define trust as the stakeholders' belief that 'the business will behave consistently in the future' (p. 71), by keeping its commitments, by not seeking to disadvantage people and by communicating openly and honestly, even if the future is uncertain. 'Without trust, shareholders will not buy shares, employees will not work, consumers will not buy products, and governments will interfere with the organisation's mission' (Grunig & Huang, 2000, p. 29). Trust involves several dimensions, including integrity, dependability and competence (Grunig et al., 2002). As a relationship outcome, it should not be one-way, but both parties must be committed and trust each other for positive relational outcomes to occur.

The level of commitment involves the interdependence between an organisation and its publics, and a personal choice to continue the relationship. Commitment is also the responsibility to stay together during difficult times (MacMillan et al., 2000; Thomlison, 2000), for instance, during a crisis. Grunig and Huang (2000) stated that the level of commitment 'reflects the degree of resource interchange, which includes emotional and psychological aspects of interpersonal relationships and behavioural aspects of inter-organisational relationships' (p. 42), in other words, the degree to which each party thinks that the relationship is worth spending energy on to maintain and to promote it.

The fourth indicator is the level of satisfaction with the relationship. 'A satisfying relationship is one in which benefits outweigh the costs … [or] when one party believes that the other party is engaging in positive steps to maintain the relationship' (Grunig & Grunig, 2001, p. 19). In this case, positive expectations would be reinforced and both parties would feel favourably towards each other.

The level of goal attainment could also be added as a relationship indicator. Grunig and Grunig (2001), while researching the literature, have revealed that effective organisations achieve their goals because they choose goals that are valued both by management and stakeholders.

In order to reach these outcomes, an organisation would have to build strategic communal relationships with its diverse key publics. Public relations practitioners, if involved in reputation management, would have to be involved early on in developing strategies for building and maintaining corporate reputation by bringing the voices of the strategic publics into decision-making processes. Public relations practitioners could then engage with strategic publics and build strategic communal relationships with them. The relationship outcomes would consist of control mutuality, trust, commitment, satisfaction and attainment of goals. These five outcomes define the quality of long-term relationships in strategic management (Grunig et al., 2002).

Organisations, with the help of public relations practitioners, can maintain long-term relationships with their stakeholders, through dialogue and commitment, saving an organisation's money by reducing costs or loss of revenue that result from bad relationship with publics (Grunig & Huang, 2000). Grunig and Repper (1992) have reasoned that if public relations practitioners have a strategic role to play, than it is logical 'to deduce that public relations [practitioners] must participate in the organisation's strategic planning and that communication programs must be managed strategically to have that effect' (p. 117. See also Caywood, 1997; Heath, 1997; Ferguson, 1999; Grunig & Grunig, 2001). In other words, relationships need to be seen as valuable assets, and managers need to think strategically in order to achieve their goals.

Public relations professionals could participate in the formation of reputation and monitor reputation through environmental scanning, but they may not be able to control reputation, as it is an intangible asset that depends on how the public perceives corporate behaviours. Public relations practitioners, together with the strategic management team, do have control over the companies' actions and how it relates with stakeholders. Therefore, 'what an organisation does (more than what it says) has a strong influence on what people think and say about it (its reputation) and the relationship they have with the organisation' (Grunig & Hung, 2002, p. 13).

Starting with environmental scanning, public relations practitioners can build and maintain strategic relationships with stakeholders and, in this way, identify issues that they have in common. Strategic planning and issues management together form the bases on which the management team can stand to manage their organisation. Strategic planning is concerned with envisioning and developing the necessary procedures to achieve businesses' future goals through the research of the environment; while issues management is concerned with public policy research and the removal of an issue from the public agenda (Heath & Nelson, 1986; Caywood, 1997; Bridges & Nelson, 2000; Brønn, 2001). Issues management is the link between public relations and strategic management (Grunig & Grunig, 2002), because public relations practitioners have the possibility of influencing their work environment by participating in decision-making processes that directly affect the organisation's bottom line (Brønn, 2001).

3.4.1 Issues Management

Issues management identifies and monitors trends in public opinion in order to strategically anticipate or remove an issue, or a potential problem that is likely to affect the organisation, from the public agenda (Bridges & Nelson, 2000). By scanning the environment, organisations can develop strategies and plan ahead in order to prevent crises; organisations can predict and manage emerging issues of a social or environmental nature, frame scenarios, be proactive and respond through public relations campaigns or socially responsible programs (L'Etang, 1996; Newsom et al., 2000).

According to Heath (1997) issues management is 'the management of organisational and community resources through the public policy process to advance organisational interests and rights by striking a mutual balance with those stakeholders' (p. 9). In other words, issues management is a continuous process of monitoring the environment so as to manage organisation–public relationships. It is self-interested, as the organisation wants to push its own interests and perceived rights. Cheney and Christensen (2001) argued that organisations are proactive, so as to expand their control over their publics. By knowing the attitudes of the audience, organisations can shape them in accordance with the company's interests. At the same time, issues management requires symmetrical two-way communication with its stakeholders as, through negotiation, an agreed decision might be reached, minimising conflict (Heath, 1997).

In its strategic business planning, issues management adapts and can change products, services or operations in order to 'establish mutual interests and achieve harmony with stakeholders. It is expected to keep the firm ethically attuned to its community and positioned to exploit, mitigate and foster public policy changes as they relate to the corporate mission' (Heath, 1997, p. 9). The mutual-interest approach is justified in terms of the interests of a company's stakeholders, instead of simply in terms of corporate branding as in the self-interested approach.

The fact that issues management can be used by both mutual and self-interest approaches, in order to avoid legislative restrictions and to maintain a larger degree of freedom (L'Etang, 1996), does not necessarily mean that organisations will become involved in questionable practices, such as greenwashing. As Grunig and Repper (1992) have pointed out, only by proactively focusing on building and maintaining relationships with publics and potential publics can issues managers begin to protect their organisations from unwanted legislation and litigation. As organisations do not want to be regulated, through issues management strategies organisations could be self-regulated and anticipate publics' demands, satisfying these demands 'within the technical and economic context of the organisation' (Heath, 1997, p. 132). Organisations self-regulate by acknowledging their responsibilities and by implementing standards of ethics (ibid.). However, self-regulation has been met with scepticism from the public, since the public does not believe that a corporation would voluntarily meet community expectations (ibid.; Mackay, 1993) unless it was getting something out of it. As Rowell (1996) argues, corporations aim for a free market in which to operate: 'Free from environmental controls, from worker protection legislation and safeguards for society at large. Free to maximise profits' (p. 70).

Thus, although issues management faces the challenges that could affect the success of an organisation in areas of public policy, it also relies on the input of stakeholders to face these challenges together. Cheney and Christensen (2001) argued that although companies rely on the input of stakeholders, they are really talking to themselves; that is, companies discuss with strategic publics the topics of interest of the company. Nevertheless, this asymmetrical tendency has been giving way to a more mixed-motive symmetrical model of relationship (Grunig et al., 2002). Organisations could be willing to engage with their stakeholders, to become another fellow citizen, so as to avoid regulations (Quazi, 2003), build a positive reputation (King & MacKinnon, 2002) and gain the trust of publics in case of a conflict (Bridges & Nelson, 2000).

In addition, handling issues demands an integrated approach to communication. Issues management requires a continuous monitoring of the environment and the change of corporate behaviour, depending on the feedback received from internal and external stakeholders. Bridges and Nelson (2000, p. 97) identified ten functions to effectively manage issues:

1. Integrating public policy process, issues analyses and audits into the organisational leadership's strategic planning.
2. Monitoring standards of organisational performance to discover the opinions and values key publics hold that may affect operations.

3. Developing and implementing ethical codes of organisational social accountability.
4. Assisting senior management in decision-making, such as by defining goals and policies, taking public opinion into account.
5. Identifying, defining, prioritising and analysing empirically those issues of greatest operational, financial and political significance.
6. Creating multidimensional proactive and reactive institutional response plans.
7. Establishing grassroots contact with potential cooperators, including the media.
8. Communicating issues with publics to establish agenda and build support.
9. Directing opinion to stall or mitigate undesirable legislation or regulation.
10. Monitoring and evaluating the impact of these efforts.

These ten functions can really be reduced to the three-stage model of relationship management developed by Grunig and Huang (2000). If public relations practitioners were empowered to participate in the strategic decision-making processes of their organisations, they would be scanning and monitoring the environment, and engaging with stakeholders, including the media and the government. As a result, they would be proactive, developing codes of ethical conduct and living by these codes, so as to get the best relationship outcomes.

Issues management ideally uses a two-way symmetrical communication model to help organisations' stakeholders develop understanding and minimise conflict (Heath, 1997). A problem, however, could arise if companies were just pretending to be developing issues management and practising the two-way symmetrical model of communication. In this case, what they may be really doing is deceiving the public, ignoring the problem, and practising greenwashing.

Despite controversies, companies that practise issue management usually receive a good reputation return, as long as managers build and maintain relationships with stakeholders, by means of dialogue, commitment and frequent scanning of the environment, through research (Bridges & Nelson, 2000). 'When issues or potential issues are discussed and negotiated with publics, the result is improved relationships with publics' (Grunig & Grunig, 2001, p. 11). In other words, public relations managers act proactively, usually through research, in order to identify, establish and maintain communication relationships (Stacks, 2002) or in order to measure the weight and cost of actual or potential conflict. Reputation, based on consistent corporate behaviour, together with issues management, are able to prevent major crisis management events.

3.4.2 Crisis Management

Crisis management is the application of strategies that 'prevent or modify the impact of major events on the company' (Caywood, 1997, p. 189). While crisis management is a plan of action to be implemented quickly after a negative situation occurs, issues management is a strategy that is used all year long, following a proactive approach (Patterson, 1993). Issues management can help organisations to foresee, plan scenarios, and be more proactive in engaging with stakeholders, so as to identify their expectations (Sapriel, 2003).

A crisis can be considered as a threat or a challenge to an organisation's reputation and legitimacy. It can also suspend the good relationship between the organisation and its publics (Coombs, 2000), unless publics have been part of a positive relationship that was established before the conflict arose. In this case, the stakeholders would be more willing to understand the organisation's position and accept suggestions and changes, and to negotiate a win–win solution (Bridges & Nelson, 2000; MacMillan et al. 2000). The damage that a crisis brings with it is usually more reputational than financial, especially because it is 'newsworthy' (Argenti & Forman, 2002, p. 235).

Although, for instance, an organisation cannot avoid a natural disaster, it can be ready for it, through risk and crisis management strategies and prevention (ibid.; Sapriel, 2003). In the case of a crisis, the public relations practitioner needs to centralise communication and communicate quickly, dealing with the media openly and clearly. This is so in order to safeguard the organisation, as public and media perceptions are usually formed in the initial hours of a crisis (Cohn, 1996). Penrose (2000) argued that 'managing crisis is an exercise of managing meaning' (p. 170). This is so because most of the time, the perception has little to do with reality, as perceptions are formed by speculations and not necessarily facts.

During a crisis, usually there is no time to call a meeting to discuss strategy, and that is why it is important to have the plan ready beforehand. The organisation should also communicate directly with the affected stakeholders. Argenti and Forman (2002) suggested that in the case of a crisis, the organisation should seek outside advice as this could provide a more objective analysis or offer neutral advice.

The organisation's relationship with the media is paramount in crisis management, as the media has the power to build or diminish a corporate reputation by exposing a company's failings (Argenti & Forman, 2002). In building relationships with media personnel, the public relations practitioner needs to be available and truthful, avoiding being manipulative or wasting the journalists' time with material that has no news value (Bridges & Nelson, 2000). Media relations can establish the credibility of an organisation, in such a way that journalists will contact the organisation as a source when relevant problems or issues are in the news. From the organisation's point of view, transparency, accuracy and quickness in response to the media are important whenever passing through a crisis, 'even when the truth is unpleasant' (ibid., p. 108).

A constant and sustainable issues management plan, together with stakeholder engagement, assist public relations practitioners to be ready for a crisis and, if possible, to avoid it. One of the benefits of stakeholder engagement is the prevention of crises, as the organisation behaves in accordance with its values. Moreover, public relations practitioners can go beyond the ordinary dealings whenever interacting with stakeholders, in order to have and rely upon a favourable relational history with them (Coombs, 2000). This relational history will allow stakeholders to be more understanding of the company's positioning and even to defend it in the public sphere (Bridges & Nelson, 2000).

3.5 Summary

This body of literature has provided a theoretical framework contextualising the different forms of corporate behaviour that can influence corporate reputation management. Starting with the discipline of organisational behavioural relationships, two main types of relationships were identified, which shows that the theory presents a normative model and a 'realistic' model. Grunig and Huang (2000) have, however, demonstrated how communal relationships are both realistic and strategic. Strategic communal relationships try to push forward the interests of the company, at the same time that it is open to negotiate with the organisation's multiple publics, through stakeholder engagement. This is an instrumental process, by which organisations win and stakeholders win.

Stakeholders win as their interests are taken into consideration by organisations. Organisations engage with them through corporate citizenship programs. Organisations also win as their brand image is differentiated in the marketplace, they acquire competitive advantage, attract human resources, increase customer ratings and loyalty, and in that they can save corporate money by reducing regulatory costs, litigation and preventing the possibility of crises.

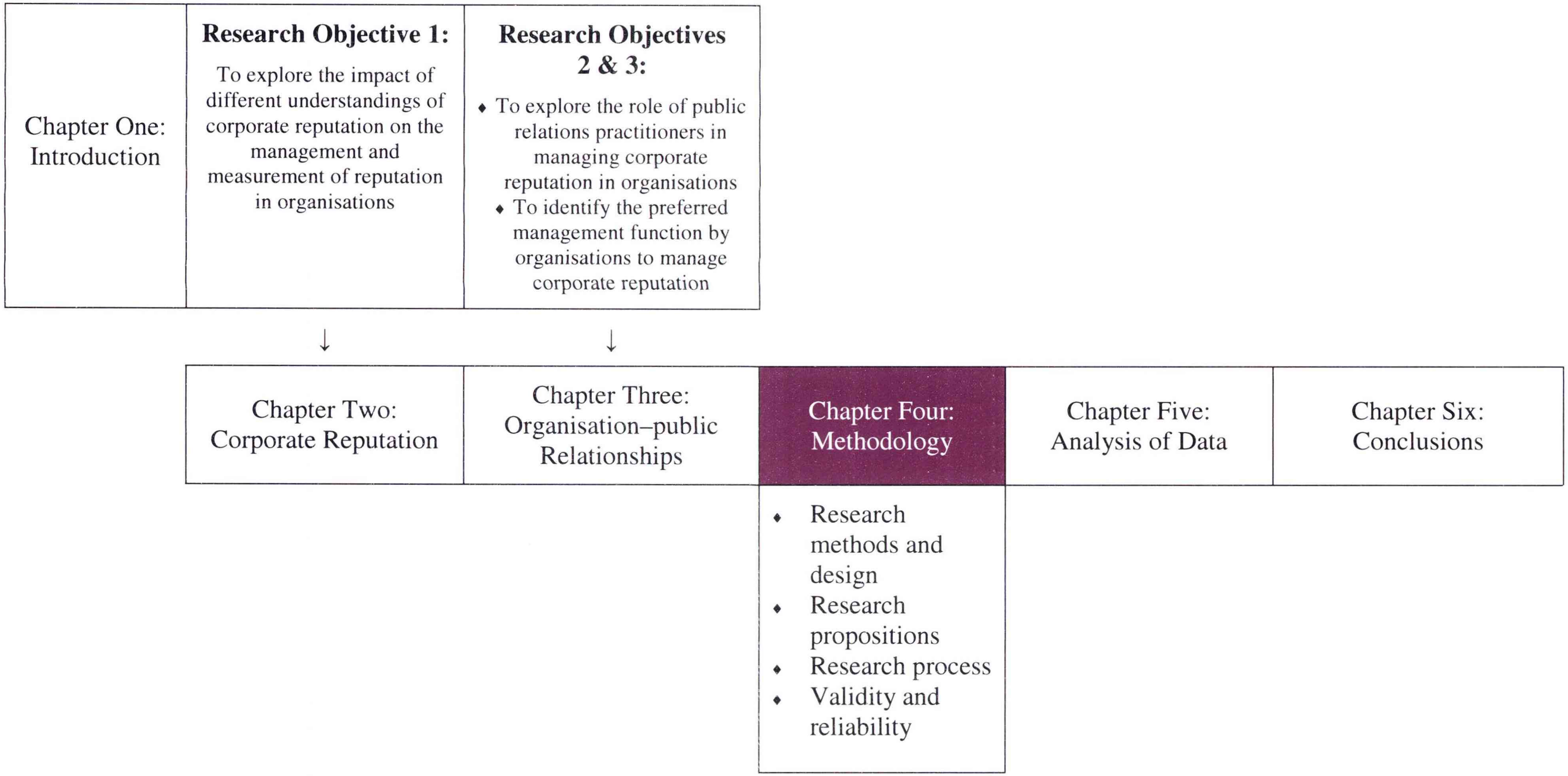
Stakeholder engagement and relationship building are the essence of the public relations profession. It has been argued that for public relations to fulfil its calling, it would have to be part of the strategic management team of an organisation. In this way, public relations would not be reduced to *communicating* decisions after they have already been made, but practitioners would participate in the decision-making processes of the organisation.

In addition, the public relations role is paramount in issues and crisis management. Practitioners would be involved in scanning the environment to identify strategic publics and key issues. They would have to be proactive in building and maintaining relationships with these strategic publics, through two-way symmetrical communication. And finally, public relations practitioners, while analysing a company's relationship outcomes, could also assess the quality of these relationships.

Before starting Chapter Four, I would like to draw a link between strategic communal relationships, stakeholder engagement, corporate citizenship, two-way symmetrical communication and issues management. These five terms involve a relationship between a corporation and its strategic publics. Both parties engage in the relationship for a reason. Customers engage with companies as they look for a service or a product; and, companies do likewise, as they would like customers to purchase from them. The same would apply to the relationships corporations have with their other stakeholders, such as with employees, the community, the government and activist groups. These relationships are not necessarily self-interested or just for some form of exchange. In the case of the five terms outlined above, there is openness on the part of the organisation to listen and to engage, also for the sake of the other. Although both parties might push their own interests, dialogue and negotiation can generate an outcome that is mutually satisfactory, a win–win outcome. Thus, although corporations might have more financial power than their publics, corporations cannot afford to ignore their stakeholders. Stakeholders have the means of damaging the company's reputation or of lobbying the government for corporate regulations. Finally, these five terms relate directly to the concept of reputation management, because stakeholders will better remember organisational behaviours if the company engages with them. In brief, these five terms are simply different ways of expressing the same reality.

Chapter Two and Chapter Three provided the main theoretical frameworks that could help to answer the research questions in this thesis. The research questions are derived from the research objectives. Chapter Two provided a concise review of the literature on the definitions, management and measurement approaches of corporate reputation, whereas Chapter Three explored different management functions that could have a role to play in managing corporate reputation, focusing on stakeholder engagement and public relations, as both professions deal with organisation–public relationship management. The following chapter will describe the research methods and strategies that have been used to explore these two issues in more depth, by looking at five case studies and how corporate reputation is perceived, managed and measured in practice. In this way, the last chapter will link theory to practice.

Overview of Chapter Four: *Methodology*



Chapter Four

METHODOLOGY

To reach the research objectives of this thesis and to explore the impact of different understandings of corporate reputation on the management of reputation in organisations, a multiple case-study research was conducted. A research design for case studies consisted of the development of theory from which the research questions emerged, the propositions if any, the units of analysis with the selection of cases, the logic linking the data to the propositions, and the criteria for interpreting findings (Yin, 1994). The first three chapters covered the development of theory and the research propositions. In this chapter, the last four of these components and the research strategy and methods used will be presented. The validity and reliability of this study will be explained, including the limitations of the methodology and the research ethics.

4.1 Research Methods and Design

The empirical material for this study was gathered by qualitative methods. The main reason for choosing a qualitative methodology was that one of the purposes of this study was to explore in depth the impact of different understandings of corporate reputation on the management of reputation in organisations. According to Marshall and Rossman (1995), qualitative methods allow the researcher to account for the influence of the context, to explore complex interactions and processes of the phenomenon in depth, to study informal and unstructured linkages, and are useful in studying little known phenomena and identifying relevant variables. This was therefore the most suitable method to follow, as there are few and contradictory explanations of how corporate reputation can be managed in previous communication and business theories or related to the impact of the definition of corporate reputation on its management. This research proposes to describe and investigate, in some depth, how corporate reputation is defined, managed and measured, contextualising this with the reputation history of each organisation; rather than merely quantifying the way companies deal with their reputation.

In addition to the context of each company's reputation history and their social and political environments, the contextualisation of each interview is relevant to this notion. This study tries to build a model of corporate reputation that describes the phenomenon from the meaning perspective of the participants. The aim is that the final conclusions of the thesis will be based on each organisation's experiences, behaviour and strategies in corporate reputation management and measurement, understanding 'how things happen' (Ragin et al., 2003, p. 10). The qualitative research allows the researcher to interact with the people involved in the social context under study, without the need for 'statistical procedures or quantification' (Fossey, Harvey, McDermott & Davidson, 2002, p. 717).

Qualitative researchers can be involved in the interactivity of social reality, and develop a phenomenological approach, by which the researcher is able to understand and describe the position of the participant. A phenomenological approach can be a valuable outlook and skill as it motivates the researcher to explain the phenomena under study, in this case corporate reputation management and measurement, through the eyes and perceptions of those who experience the phenomena (Patton, 1990). The phenomenological approach stresses that only those experiencing the phenomena are capable of communicating this to others; it also provides information in a rich and insightful way. This may not have been achieved by using a questionnaire survey. The flexibility of qualitative methods, therefore, make it possible to probe new information based on clues appearing in the data, because one can adapt the design and the instruments to the reality to better serve the purposes of the study.

Qualitative rigour is related to the quality of the study produced. Therefore, it is possible to produce a rigorous research and minimise misinterpretations by interacting with other people, through re-affirmation or re-wording and 'through a process of attentiveness [and] of empathic understanding' (Shaw, 1999, p. 13).

This empathic understanding is based on the above-mentioned phenomenological approach, which values two-way communication and the dignity of the human person.

The purpose of using a phenomenological approach in this study is to understand communication managers' shared meanings on corporate reputation, by drawing from each respondent a picture of their 'lived experience, complete with the richness of detail and context that shape the experience' (Sorrell & Redmond, 1995, p. 1120). According to Sorrell and Redmond (1995), this phenomenological approach to gathering data, especially by means of interviewing, blends listening and narratives. The interviewer attempts to gain insight into the experience of the respondent through engaged, profound approach to listening. In this way, 'empathy involves being able to take and understand the stance, position, feeling, experience and world-views of others' (Patton, 1990, p. 56). Empathic understanding is a very important skill to have whenever conducting an in-depth interview or interacting with other people. This is so, 'to preserve a scientific attitude towards social analysis at the same time as recognising the importance of actors' meanings and in some way incorporating them in research' (Layder, 1993, p. 16).

Based on this phenomenological approach, I will discuss the chosen research design in the following section. It consists of the logic of replication in multiple case studies. This method enables the researcher to study different aspects of the phenomena, examining each in relation to the other, in order to allow the application of the replication logic (Gummesson, 1991; Yin, 1994).

4.1.1 Multiple Cases and the Logic of Replication

A case-study strategy is appropriate for exploratory, descriptive and explanatory purposes (Marshall & Rossman, 1995). A multiple-case design is especially appropriate for explanatory studies in which a researcher tries to identify and explain relationships causing and shaping a phenomenon. In this study, corporate reputation definitions shaping reputation management and measurement are studied. Moreover, as this study explores how different definitions of corporate reputation have an impact on how reputation is managed and measure, the research calls for comparison of different organisations. Multiple case-studies allows the researcher to compare the cases, enriching the qualitative research, and reaching results that have more validity (Yin, 1994).

A case study usually investigates a contemporary phenomenon (Yin, 1994; Parkhe, 1993), such as the case of corporate reputation management and measurement (Gotsi & Wilson, 2001; Argenti & Druckenmiller, 2004). Although some of the concepts surrounding corporate reputation, for instance reputation, indicators and relationship outcomes, are intangible and 'unobservable' phenomena, these concepts are still drawn from reality. The multiple case-study methodology allows the researcher to explore the intangible aspects of corporate reputation in a two-fold way. Firstly, it allows it by examining a contemporary phenomenon in which the participants are intrinsically involved. Secondly, this is possible through empathetic understanding by the engagement of the participant with researcher. Thus the unobservable phenomenon is made explicit through the participants' experiences.

The type of research question also indicates to researchers what methodological strategy should be followed. As pointed out by Yin (1994) and Parkhe (1993), questions of *what*, *who*, *where*, *how much* and *how many* favour survey strategies, as the aim of these questions is to describe the frequency of a phenomenon or to predict an outcome. In contrast, *how* and *why* questions about a contemporary phenomenon are concerned with describing and explaining the real-world case rather than developing normative models (Parkhe, 1993; Yin, 1994; Perry, 1998b). Thus, inductive theory-building rather than theory-testing, drawing upon a deep array of information, is the goal of this thesis, as it asks a *how* question.

Initially, the idea of this thesis was to find information about corporate reputation from practice, without relying as much on theory. As such, I considered using as a research design the grounded theory methodology (Strauss & Corbin, 1998), instead of case study. However, I realised that grounded theory would not be helpful in answering the research questions. Grounded theory proponents base their findings on pure induction (Perry, 1998b), by means of not relying on theory prior to the commencement of studies. This process is a sharp distinction between case study methodology and grounded theory. Charmaz (1994a) argues that if someone is undertaking a grounded theory study, the literature review should be delayed 'in order to decrease the likelihood that the researcher will already be locked into preconceived conceptual blinders upon entering the field and interpreting the data' (ibid., p. 72). However, this position has been refined, as a researcher does not approach the data free from past knowledge – *tabula rasa* (Perry, 1998b). Grounded theorists – and in fact, any theorist – bring to their research the general perspective of their studies, their own philosophical and theoretical views, their particular research interests and their biographies. As Merriam (2002) points out, the insights that form the basis of grounded theory can come from existing theory, personal experience, and the experience of others.

Similarly to the grounded theory, the case-study research areas usually call for inductive analysis, since there is a need to build theories (Parkhe, 1993; Yin, 1993; Perry, 1998b). Case-study research, however, still relies on a mix of induction and deduction, as the researcher bases her/his study on prior theory. In brief, it is unlikely that any researcher could 'genuinely separate the two processes of induction and deduction' (Perry, 1998b, p. 788). Inductive analysis allows researchers to draw from 'the patterns, themes, and categories of analysis, which come from the data' (Patton, 1990, p. 390). In other words, the final propositions will emerge out of the data rather then being imposed on them prior to data collection and analysis, through hypotheses. As such, prior theory plays a role in case-study research. The theoretical framework, by means of the literature review, helps the researcher to identify issues that are worth investigating (Perry, 1998a).

Throughout the literature review, several research issues were identified, such as the confusion between corporate reputation and corporate image; and, how public relations practitioners were referred to as image-makers by the business literature.

These research issues were *how* questions, calling for a more qualitative and discursive thesis. For instance, *how is corporate reputation managed and measured?* Academics and practitioners have given different clues in relation to this issue, but so far, no consensus has been achieved. For this reason, the multiple case-study methodology has been preferred, as it allows for comparison and contrast between cases, following the logic of replication, which will be further explained.

The development of a rich theoretical framework provides the conditions under which a particular phenomenon is likely to be found, allowing for literal replication of results in multiple case-study analysis (Yin, 1994). In addition, the literature review can also set the conditions under which the phenomenon is not likely to be found, allowing for theoretical replication, rather than literal replication (ibid.). Each individual case study consists of a whole, and serves a specific purpose in the investigation (Yin, 1994; Parkhe, 1993). Each case's conclusions are then considered in comparison with the information acquired from the other cases. If similar results are obtained from all cases, replication is said to have taken place (Yin, 1994).

The logic of replication used in multiple case studies is the logic behind analytic generalisation, and it is different from the sampling logic. The logic of replication is about drawing conclusions and making comparisons between cases. If every case reaches the same conclusion, a theoretical framework can be supported, and analytical generalisation to new cases can be applied (Parkhe, 1993). On the other hand, if the cases are in some way contradictory, for predictable reasons, a theoretical replication takes place (Parkhe, 1993; Yin, 1994). In this study, replication logic is used to test how reputation is managed and measured by the chosen organisations. For instance, the characteristics of corporate reputation management depend upon the way reputation is conceptualised, either as perception (Davies et al., 2003) or as behaviour (Grunig & Hung, 2002). Hence, the way reputation is managed by different companies is expected to change, depending on how reputation is defined. If these empirical results are confirmed, theoretical replication is said to have occurred. Table 4.1 provides a visualisation of the logic of replication.

Thus, the logic of replication in multiple case studies is analogous to that used in multiple experiments (Yin, 1994; Perry, 1998b). However, the selection of each case is not based on a sampling logic, but on a purposeful selection, aiming towards a literal or a theoretical replication.

Logic of Replication	
Literal Replication	Every case needs to reach the same conclusion Case 1 = Case 2 = Case 3 = Case 4 = Case 5
Theoretical Replication	Every case is in some way contradictory for predictable reasons For example, different definitions of corporate reputation will lead to different ways of managing and measuring it

Table 4.1: Visual representation of the logic of replication.

4.1.2 Propositions and Units of Analysis

The selection of cases for qualitative research was purposeful, based on propositions, and involved the use of the replication logic (Perry, 1998b). The propositions served as guidelines to verify if the corporate reputation management and measurement phenomena would happen in one way or another, depending on how corporate reputation was being defined. The goal was to reach a theoretical replication by means of the cases studies. From the theory discussed in the second and third chapters, there seem to be three main rival propositions, which are not mutually exclusive, in relation to the impact of the different understandings of corporate reputation on the management of reputation in organisations:

1. That corporate reputation is managed through communication techniques or reactive image-making tools, and measured by attribute surveys and media clippings, if the organisation defines reputation as perception.

2. That corporate reputation is managed through investment in a variety of areas, especially to improve financial performance, and measured by ratings, if the organisation defines reputation as a composite of indicators.
3. That corporate reputation is not managed in a traditional business sense, but that reputation is managed through relationships and measured by relationship indicators and outcomes, if the organisation defines reputation as a product of organisational behaviour.

In relation to the role of public relations practitioners in managing corporate reputation in organisations, there were also three rival, not mutually exclusive, propositions:

1. That the public relations practitioner will be the one managing corporate reputation when this professional is empowered at a strategic level.
2. That the public relations professional will not be the one managing corporate reputation when this professional remains at a technical level.
3. That the corporate reputation manager will be the practitioner responsible for managing organisation-public relationships.

The strategy of case selection was based on propositions drawn from the literature (Hamel et al., 1993; Yin, 1994). The units of analysis, or cases, were organisations that manage and measure their reputation in some form. The selection of participants was based on *The Sydney Morning Herald & The Age Good Reputation Index 2002,* as this index ranks the best companies in Australia according to their reputation in respect of specific criteria. The criteria include employee management, social impact, environmental performance, ethics and corporate governance, financial performance, and finally, management and market focus. The selection strategy was based on choosing some Australian organisations that were *rich* in reputation-management strategies. The availability of communication managers, their concern towards reputation and the use of some form of reputation measurement determined the richness of data.

Information richness is fundamental to deciding the number of cases (Perry, 1998b; Patton, 1990). As this research is qualitative in nature, it was neither possible nor necessary to 'study intensely and in depth all instances, events, or persons' (Marshall & Rossman, 1995, p. 50). Although it is said that there are no rules for sample size in qualitative work (Patton, 1990), there are some real constraints of time, accessibility and funding, which influence the researcher's decision on the number of units of analysis. Yin (1994) recommends the design of four to six cases if the researcher pursues two different patterns of theoretical framework. Hedges (1985, in Perry, 1998b) suggests that although some advocate a minimum of two cases, in practice four to six cases form a reasonable minimum for a serious project. In qualitative research, as the cases are studied in an in-depth manner, their number cannot be great.

Due to Australia's specific momentum, as developing more economically and socially as a nation, and especially after companies have had to pass through managerial changes due to pressure from activist groups, this country seemed to be a good site for investigation. Moreover, as discussed in the introductory chapter of this thesis, the Australian government has also been promoting that private companies engage more often with their stakeholders by means of socially responsible programs. Thus, global companies, whose origins were not in this country, were not selected to take part in the research. The sample was limited to organisations that were based in the Sydney area, as this is the Australian city that is best developed economically; the majority of international and national organisations have an office in Sydney.

From the top 50 organisations listed in *The Good Reputation Index* 2002, only five companies that met the criteria were available to participate in this study at that specific stage. From this purposed sample, as opposed to random sample, some corporations could not take part in this investigation as the information on corporate reputation management and measurement was confidential and restricted to the management team of those organisations; this was the greatest limitation of this research. A lot of time has been spent in the literature review to provide enough depth in the interview questions to ensure an information-rich analysis of data.

> The validity, meaningfulness, and insights generated from qualitative inquiry have more to do with the information richness of the cases selected and the observational analytical capabilities of the researcher than with sample size (Patton, 1990, p. 184).

In any qualitative research, the quality of the insights generated is what matters, and not the number of such insights.

4.1.3 Data Collection Methods

Once the units of analysis had been defined, the case study methodology relied on open-ended interviews with top management or persons directly involved with the research issue, to collect data. However, interviews can be subject to problems of bias or poor recall (Yin, 1994), making it necessary to *triangulate* the interview evidence with multiple data sources (Parkhe, 1993). Moreover, due to the complexity of reality (Parkhe, 1993) and the limitations of the researcher's capabilities, triangulation of data is essential in case studies to refine possible fallible observations of that reality (Yin, 1994; Perry, 1998b).

The case-study data collection is typically multi-method, usually involving interviewing, observing and analysing documents (Patton, 1990; Yin, 1994; Perry, 1998b). In triangulation, there is a convergence of the lines of inquiry. The findings can be better based on different sources of information, hopefully supporting one another. For this reason, Hamel et al. (1993) have argued that more than a methodology, the case study should be seen as an approach that builds on multi-methods. Merrian (2002) notes that rarely are all three strategies used equally. One or two predominate while the other one(s) provide(s) supporting information.

Multiple sources of information were sought and used because no single source of information can be trusted to provide a comprehensive perspective. By using a combination of observation, interviewing and document analysis, a researcher is able to use different data sources and to validate and crosscheck findings (Patton, 1990), and to use the diverse narratives to gain a holistic view of the cases (Ragin et al., 2003). The narrative or story is an important source of data. Following a phenomenological approach, the use of a narrative structure can help 'to evoke practical knowledge from the respondent, preserving the contextual integrity of the data' (Sorrell & Redmond, 1995, p. 1120).

Semi-structured, long interviews

The main method to gather information for this study was a semi-structured, long interview, with open questions. McCracken (1988) argues that a major benefit of the long interview is the possibility of a more authentic view of participant's feelings and perceptions. 'The method can take us into the mental world of the individual and glimpse categories of logic by which he or she sees the world' (McCracken, 1988, p. 9). This interview method requires that a thorough literature review is conducted in order to establish 'analytic categories', or research issues (see Section 2.4). The review of the literature helped to set up the initial framework for an interview instrument.

The long interview adopted a semi-structured style. According to Minichiello et al. (1995), a semi-structured interview allowed the researcher to develop 'a list of topics without fixed wording or fixed ordering of questions' (p. 65), which generate flexibility for the interviewer to adapt the questions according to the emergent demands of the interview (Layder, 1993). This method also gave more freedom and flexibility on the part of the participant to respond in any way they wanted. In theory construction, the researcher usually uses less structured interviews (Layder, 1993).

A semi-structured interview was an appropriate method to study how organisations manage and measure their reputation. As the topic was sensitive, managers wanted to give the best image of the organisation they worked for. This method let participants feel reassured and understood, meaning that they were able to present a truthful perspective according to their personal experiences. In addition, as organisations' strategies were a subject requiring confidentiality, strategies are usually not revealed to external publics, this interview technique allowed participants to engage in the interview without feeling pressured.

A concern that surrounds the interview technique is one of having access. Sending them an e-mail to ask for their participation solved the problem of access to the communication managers. Thus, the first contact with the organisations selected was via e-mail. If the organisation agreed to participate, I contacted them via telephone to organise an interview.

Prior to conducting the interviews, the questions were tested on a number of peers, through a pilot test. Some of the peers involved were colleagues from the faculty, who gave feedback on how the questions could be better structured so as to reach the objectives of the research. The pre-test was also conducted among some friends, who were not familiar with the topic. The feedback received was very useful to clarify the meaning of words and to avoid academic jargon. The tests were used to determine if the questions could be easily understood, if the answers received would help reach the research objectives, and to review for possible bias introduced by the researcher. After the pre-test, the wording of the questions was refined and some new questions were introduced, so as to gather a more complete view on reputation management, reputation measurement and the relationship of reputation with corporate social responsibility and corporate image.

The topics for the interviews were the same for all the interviews. This standardisation makes it possible to compare single cases with each other and to draw conclusions on similarities. However, the interview outline simply served as a guideline during the interview to make sure that all the relevant issues were covered (Patton, 1990). The reason for that was to allow the participants to provide a 'fresh commentary' (Yin, 1994, p. 85) about the topic.

All of the interviewees agreed to have the interviews recorded and then transcribed.[1] Appendix C provides a sample of the consent form signed by the participants. As these were in-depth, semi-structured interviews, the questionnaire was a guideline and was adjusted according to each interview. In-depth interviews allowed for probing of issues. The interviews were conducted in the organisations where each respondent worked, as this was the most appropriate and familiar place for the interviewees. As a result, a relaxed environment enabled interviewees to provide a frank and open discussion. The time for the interview was limited to an hour and a half to adapt to the busy schedule of the interviewees. Outlined below are the dates of interviews:

Types of organisation	Participant's management position	Date
Bank	Stakeholder Engagement Manager	8/8/2003
Utilities	Senior Adviser, Strategic Relations	8/8/2003
Telecommunications	General Manager and Public Affairs	22/9/2003
Construction	Corporate Affairs and Investor Relations	24/10/2003
Retailer	Senior Adviser, Government Affairs	8/11/2003

Table 4.2: Outline of interview dates according to types of organisations.

One of the greatest advantages of the interviews was the fact that they focused directly on the case study topic, which in turn provided insightful reflections. Thus, the open-ended responses permitted me 'to understand the world as seen by the respondents' (Patton, 1990, p. 24). In a qualitative research, people's knowledge, views and understandings provide meaningful insights to the research.

Although McCracken (1988) recommends the construction of a set of biographical questions with which to open the interview, I have opted not to follow this suggestion, as the life of the individual being interviewed is not relevant for this research. Instead, I have opened the interview with a set of conceptual questions, aiming at identifying how the participant defines corporate reputation.

In general, the themes of the interview were derived from the research objectives. The interviews were on the different issues related to reputation management and measurement in order to clarify, provide depth and understand the perspective of the person being interviewed and of the organisation to which they belonged. The insights gained from these interviews were essential to constructing a theory based on reality.

The first themes helped to answer the first part of Research Question 1 on how the organisations conceived their reputation. They focused on the first three research issues, aiming to identify how reputation would differ from image, relationship and CSR according to the organisations studied. As such, the first themes dealt broadly with the definitions of corporate reputation, corporate image and relationship. This allowed for the interviewees to express their own views on these constructs. Next, similar questions were asked using different words, intending to identify how the organisation the participant represented defined reputation and image. Corporate identity and integrity between the organisation's values, communications and behaviours were also speculated.

The following themes helped to answer the second part of Research Question 1 on how the organisations measured their reputation. This gave a lead into Research Question 2, which aims to identify the preferred management position responsible for corporate reputation. As such, the second themes dealt with the possibility of corporate reputation being managed, which management function would have that responsibility and their view on the public relations profession. The organisational historical context in which the management of corporate reputation emerged was also discussed.

Next, the themes aimed at answering the third part of Research Question 1, on how corporate reputation was measured. This was linked to identifying if there was a relationship between reputation management and better financial performance. The issues to be discussed in these themes centred on stakeholder engagement, the types of research conducted by the organisation, and on how reputation was measured and its link with better financial performance.

At the end of the interview, the focus went back to the interviewee in order to discuss issues of strategy, and to identify if the interviewee held a strategic position in the organisation, rather than merely a managerial position. The themes and questions for the interviews are presented in Appendix B.

After transcribing the interviews and exploring the data, I realised that there were more questions to ask from each organisation, especially in relation to the role of public relations. An informal post-interview strategy was applied to extract further details (Minichiello et al., 1995). This was done through follow-up e-mails, trying to *tie-up* the loose ends.

Each interview concluded with a validity check, inviting the participants to add anything else they would like to share, the opportunity to call if they had anything to add or correct from the interview record, as well as review transcript (as suggested by McCracken, 1988 and Minichiello et al., 1995). None of the participants took advantage of this offer.

As in qualitative studies, the interviewer is the instrument of research, and certain technical and interpersonal issues should be considered. Technical issues address time, resources and access (Marshall & Rossman, 1995). The interpersonal considerations included trust, reciprocity and ethics (ibid.). The building of trust began with an e-mail to invite participation in the research process, followed by a phone call and proceeding with the interview. In the e-mail, the potential interviewees were told about the purpose of the study on a general level and what was expected of them if they participated in the study. A sample e-mail and information sheet sent to participants is available in Appendix C. Thus, the research intent was fully disclosed and participants were allowed to give informed consent and have free choice. This is essential, because participants have the right to protection. In Section 4.2.2 the research ethics will be discussed in greater detail.

One possible problem with interviews is that some interviewees may have had a response bias, by answering what I *wanted* to hear, instead of providing a more truthful response based on the reality of the company. Once the interviews were over, some participants kept talking and provided me with other insights, perhaps a more truthful response. Ethically speaking, I initially would not have been able to use that valuable information in this research; however, after asking their permission and guaranteeing confidentially, it has been possible to make use of that information as well.

Documentation Research

Data has been collected using more than one method. In addition to interviews, I have undertaken documentation research and investigated archival records of the five organisations involved. These documents were textual and visual, which are relevant forms of expression that reflect reality. The documentation research involved systematic collection and analyses of corporate documents (Parkhe, 1993). Some of these documents were relevant company records and documents written by the organisation for a specific audience. They included financial and social annual reports, strategic and communication reports, and the organisations' news releases.

The second source of documentation was media clippings and other reports in the mass media about the five organisations. I collected these media articles for six months, from August 2003 to the end of January 2004. In order to facilitate research, I used the Internet as a tool. I used the *Google Search Engine* (available online: <http://www.google.com.au>) for news about each organisation. In this way, I was not limited to mainstream newspapers, but open to other sources of news media. From the Internet, I selected the articles that were relevant to the topic and propositions under study.

In relation to these documentation sources, there were several advantages as they were exact, precise, quantitative and qualitative. However, a limitation encountered was the fact that the information given by these documentation might have a reporting bias, as they could reflect an unknown bias of their respective authors (Yin, 1994), being the organisation or the journalist. Aspects of validity and reliability will be discussed in Section 4.2.

Finally, *The Good Reputation Index 2002* and *Reputex 2003* were also valuable sources of information on each organisation. The 2002 index rated each company according to six indicators: employee management, social impact, environmental performance, financial performance, ethics and corporate governance and market focus. The 2003 *Reputex* rated on four categories: corporate governance, environmental impact, social impact and workplace practices. Community stakeholders and experts in the different indicators gave the ratings and comments on each organisation. In Appendix D, I have included the methodology used by *The Good Reputation Index 2002* and *Reputex 2003.*

Throughout the process of conducting interviews and collecting data, the information obtained was already being submitted to analysis. Thus, the researcher could reflect on the results, reconsider ideas and revise judgements (Denzin & Lincoln, 1998).

4.1.4 Data Analysis

The process of data collection was conducted simultaneously with data analysis. It was an interactive process in which analysis began with the first data collected, which in turn gave rise to insights, and a tentative proposition directed the next phase of data collection. This interactivity led to refinement of questions, collection of more data, which led to more insights, and so on. In this interactive process, adjustments to introduce new insights in the interview guideline and to *test* the emerging concepts were possible (Merriam, 2002).

The multiple case studies required two stages of analysis. The first stage studied the case as a self-contained unit of interest and the second stage was the cross-case analysis. In the former, each case was first treated as a comprehensive unit in and of itself. The cross-case analysis, which followed the individual cases, sought to build common concepts across the cases (Merriam, 2002), by analysing different perspectives and by grouping together answers from different organisations (Patton, 1990). The latter analysis is the one presented in Chapter Five.

According to Marshall and Rossman (1995), a good in-depth qualitative study report has abundant, highly detailed evidence from raw data to demonstrate the connection between the results and reality. This evidence is presented with the aid of citations from the interviews, the archival documentation, media clippings, charts and figures, to 'take the reader into the setting' (Patton, 2002, p. 27; Merriam, 2002). Representative examples of the interviewees' statements confirming the claims made are presented as they are related to the results. I have avoided including judgements of goodness or lack thereof or any other interpretative judgements in this analysis.

As noted in Section 4.1.1, multiple-cases design follows replication logic. Therefore, literal and theoretical replications are significant to rigorous analysis of case study data (Perry, 1998b). The climax of the qualitative inquiry is the analysis of the data and the creative process of presenting it (Patton, 1990).

The chosen method for analysing case study data was Owen's (1984) Thematic Analysis. This inductive method is seen to be appropriate since it involves identifying themes through the analysis of text, noting passages that are striking because of their recurrence, repetition and forcefulness. The themes and analysis dimensions emerged from the patterns found in the cases under study (Patton, 1990). The analysis also revealed how each company has produced a particular passage or text to reflect or encourage a certain understanding and meaning of the words. More than words, the thematic analysis allowed the researcher to develop a set of constructs to order the data. Each construct was representative of a certain type of phenomenon, for instance, reputation as perception or reputation as behaviour. These constructs were based on the propositions of the research design, thus, regulated by theory.

The general strategy that guided me throughout the analysis was the six main theoretical propositions, outlined in Section 4.1.2. As a result, these propositions were clear guidelines in helping the researcher 'to focus attention on certain data and to ignore other data' (Yin, 1994, p. 104). The first general analysis was with regard to the relevance of the information to the case study based on the literature and represented by Figure 4.1. The more specific analysis of cases followed the order of the research questions and issues.

As reflection is a constant throughout the study process, there has been a continual rearranging of the segments to refine and amend the constructs. The purpose of constant reflection is to clarify the meaning of each category, create sharp distinctions among them, and decide which are the most important to the study. All sources of data for each case were reviewed and analysed together (triangulated), so that the case study's findings were based on the convergence of information from different sources (Yin, 1994, p. 91).

The aim of this first analysis, presented in Chapter Five, is to communicate to the reader the findings, that is, 'the nature of what is *there,* the reality of everyday world as we experience it' (Wolcott, 2001, p. 33). The findings are presented in the form of a narrative, because the narrative data provided a deeper understanding of the corporate reputation process and the experiences of the participants. However, the conclusions presented in Chapter Six are less descriptive, as interpretations and speculations were made not only by linking the findings with the literature, but also by 'attaching significance to what was found, offering explanations, drawing conclusions, extrapolating lessons, making inferences' (Patton, 1990, p. 422).

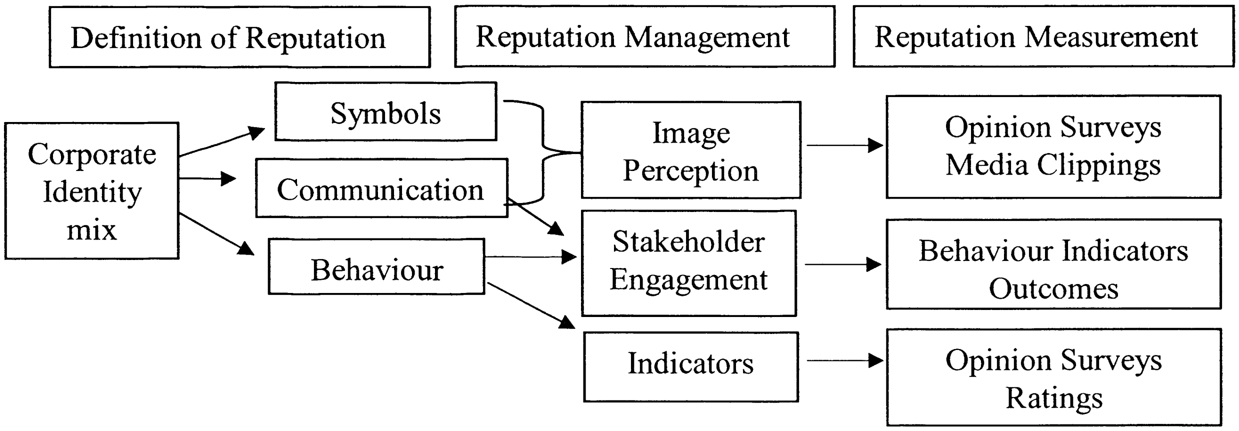


Figure 4.1: Different ways of defining, managing and measuring corporate reputation.
Source: Developed for this research based on propositions from Section 4.1.2.

The following section presents the operations of process and analysis of the empirical material in detail in order to provide a better understanding of the way in which the data was collected and analysed.

4.2 Research Process

4.2.1 Field Work

The fieldwork for this research began by sending a contact e-mail to the potential participants selected from the *Top 100 Good Reputation Index 2002*. In the e-mail, my supervisor and I asked the recipient to participate in the study and to agree to be interviewed on matters concerning corporate reputation management. Attached to the e-mail was an information sheet for participants. The information sheet informed them about the purpose of the study. It was promised that any material obtained in the study would be kept confidential as regards the source of information. This e-mail was sent in July 2003 to 20 Australian companies. Two companies requested the research questions prior to the interview. Five organisations agreed to participate in the study. Communication was followed by further e-mails and a phone call to organise the interview. A sample of the correspondence is presented in Appendix C.

After each interview, the tape recordings were transcribed during the following days. The transcriptions were printed for analysis. The analysis of the empirical material began immediately after the first interview. This made it possible to refine questions of the interviews and to analyse them together with the additional material collected, including the organisations' reports, media clippings and the 2002 and 2003 reputation indexes. For instance, after the first interview, I realised how important it was to find out the history of each organisation, in order to understand how corporate reputation had been built, until it became part of the strategic management of each organisation. This question was then added to the interview guideline, exploring the processes of building a corporate reputation according to each communication manager, and comparing these processes with the material that had been published about each company. In this way, an overlap of data collection and analysis was achieved.

Detailed analysis of the material was conducted in February and March 2004, once I had finished the period of media clippings collection, by the end of January. The triangulation of data was used to verify information received by interviews, to support claims presented by the interviewees, and to form a complete picture of the different strategies employed in reputation management and measurement. As explained in Section 4.1.3, follow up questions to the organisations were conducted via e-mail in order to extract further details, especially in relation to the role of public relations practitioner in managing corporate reputation. I also researched in archival records information on the history of each company, so as to contextualise their social and political environment. By putting each organisation in its respective context, it was easier to have an holistic perspective and to understand the decisions taken by each company with regard to corporate reputation management.

4.2.2 Analysis Operations

The first general analysis was in relation to the relevance of the information gathered from the sources of data. This analysis was guided by the three theoretical propositions, which speculated on different ways of defining, managing and measuring corporate reputation. Aside from the categories raised by the literature, no final structure was imposed to guide the research. There was always openness to new insights and different ways of interpreting corporate reputation management.

Once the material was selected, a more specific analysis of the data took place through induction, immersing in the details and specifics of the data to discover important categories, dimensions and interrelationships (Patton, 1990). Owen's (1984) Thematic Analysis was followed, which helped me to identify the main themes and group them into specific categories. As I relied on some of the categories already given by the literature, there was a mix of induction and deduction (Parkhe, 1993; Yin, 1994; Perry, 1998b). This more specific thematic analysis followed the order of the research questions and issues.

The first research question on how corporate reputation is defined, managed and measured is answered through the categories of *corporate reputation*, *corporate image*, *reputation management*, *reputation measurement* and *stakeholder engagement*. These categories were also built based on the themes explored at the interview, which dealt broadly with the definitions of corporate reputation, corporate image and relationship, the possibility of corporate reputation being managed, and the ways in which each organisation conducted research and measured their corporate reputation.

Research Questions 2 and 3 on the role of public relations identification of which management function is responsible for corporate reputation is answered through the categories of *public relations, management function* and *financial performance*. The questions from the interview outline that helped build these categories were the ones related to the organisational historical context in which the management of corporate reputation emerged, the link between reputation and financial performance, the organisation's views on the public relations profession, and on who manages corporate reputation. In addition, the last questions of the interview were relevant to identify whether corporate reputation was dealt with at a strategic level by the organisations involved.

The case-study analysis was conducted in two stages, as already explained in Section 4.1.1. The first stage consisted of analysing each case separately, as an individual unit of analysis. After this preliminary analysis, a more detailed analysis was made, seeking to build common concepts across the cases, by analysing different perspectives and by grouping together answers from the five organisations (Patton, 1990). The second stage, therefore, consisted of comparing and contrasting the results from each case study, as suggested by Yin (1994). The results of this analysis are presented in Chapter Five.

4.3 Validity and Reliability

Case study research is analytical and not anecdotal (Gummesson, 1991). Consequently, this research methodology needs to be evaluated. Based on a positivistic approach, the traditional research criteria are understood to be rigour, validity, reliability and generalisation. Following this, Yin (1994) has developed validity and reliability criteria for case studies, which are similar to the conventional quantitative research.

The first criterion is *construct validity*, which measures the extent to which concepts being studied are operational, despite the criticism of subjectivity or bias. One way of achieving construct validity is by using triangulation methods for data collection, peer review and reflexivity throughout research. This study fulfils this criterion.

The *internal validity* refers to cause and effect relationships. Yin (1994) argues that the research has internal validity if the researcher was able to demonstrate a causal relationship between two factors and by showing that other plausible factors could not explain the relationship. I do not aim to demonstrate a causal relationship; but that there is a logical correlation by the way reputation is defined, managed and measured.

The third criterion refers to the *external validity* of the research, which is the extent to which the findings are open to generalisation. According to Yin (1994) analytic generalisation can occur if two or more cases are shown to support the same theory, in other words, if literal replication has occurred. Moreover, generalisation can be supported 'if two or more cases support the same theory but do not support an equally plausible, rival theory' (ibid., p. 31). Thus, as will be explored in the following chapters, theoretical replication has occurred, as contrary results were produced for predictable reasons.

By having a different worldview, many authors (such as Patton, 1990; Denzin & Lincoln, 1998; Stake, 1998) have argued that although qualitative data can increase the understanding of the cases and phenomena studied, the small number of the sample makes it hard to generalise data. However, multiple-case studies are not analogous to multiple respondents in a survey or to multiple subjects within an experiment (Parkhe, 1993). Rather, case study follows replication logic, not a sampling logic. As such, case study allows analytical generalisation to theory, instead of statistical generalisation to a population (Yin, 1994).

Finally, *reliability* is the extent to which other researchers would arrive at the same conclusions if they had studied the same case in exactly the same way. In the case of the social sciences, reliability can be problematic, as 'human behaviour is never static' (Merriam, 2002, p. 27). Although the replication of a qualitative study might not yield the same results, 'the goal of reliability is to minimise the errors and biases in a study' (Yin, 1994, p. 36). To achieve reliable work, the methodology chapter has been described in detail. The sampling has been appropriate, for qualitative multiple case study design, as suggested by Perry (1998b). Documentation of sources of data are in possession of the researcher, but available to the reader on request. Finally, the case studies are descriptive, using quotations from literature and data as evidence.

Although Patton (1990) has argued that the 'validity and reliability of qualitative data depend to a great extent on the methodological skill, sensitivity, and the integrity of the researcher' (p. 11), in 2002, Patton also drew attention to the non-traditional research criteria that have grown among qualitative researchers. These criteria include trustworthiness, diversity of perspective, clarity of voice and the credibility of the inquirer.

In this study, credibility is sought for by providing a large number of citations to guarantee this and by presenting diverse points of view on corporate reputation. The participants' views are presented in their own voices, with verbatim quotes presented. Data collection and triangulation of sources (interviews, documents, media clippings and reputation indexes) should also guarantee that the many perspectives of the interviewees are fully accounted for. The interviewees also had a chance to make corrections to the researcher's interpretations when asked if they wanted to receive a copy of the findings.

In addition, the literature review has been extensive, and broad, and referred to different disciplines that also research corporate reputation management, such as social communications, business management and marketing. The review has also acknowledged research undertaken in Australia and overseas on this topic. Furthermore, this research is congruent, as the chosen methodology, together with the philosophical and theoretical approach, fit the research issue.

4.3.1. Limitations of the Methodology

Having reflected upon the validity and reliability of the case study methodology, some limitations can be brought forward. These concerns are based on the case study's limited basis for scientific and statistical generalisation and lack of rigour.

Inadequate documentation, investigator bias and lack of research skills can create problems in case-study research (Hamel et al., 1993; Parkhe, 1993; Yin, 1994). In the past, case studies have lacked scientific rigour, relying instead on story-telling and anecdotes (Gummesson, 1991). Measures have been taken to build rigour into case studies, at the levels of research design, data collection and data analysis (Parkhe, 1993).

With regard to external validity, one of the main criticisms case study research has received is the difficulty in generalising the findings (Yin, 1994) or 'lack of representation' (Hamel et al., 1993, p. 23). However, in Yin's (1994) view, generalising from case studies is not a matter of statistical generalisation, such as from a sample to a universe, but a matter of analytic generalisation, from replication to a theory. It is not a matter of how many features of the case were replicated, but what kind of case/unit was under study. In other words, the nature of the phenomenon is what one seeks to generalise. Stake (1998) has, notwithstanding, warned of the danger of being too committed to generalisation and ending up neglecting important features for understanding the case itself.

Specifically for this thesis, with regard to external validity, a limitation lies in its relatively small sample size, with a limited coverage of only five of the Top 100 organisations in Australia. Therefore, the findings of this thesis should not be generalised across the entire Australian corporate sector. Through analytical generalisation, it is possible to say that it is likely that other organisations in Australia display the same kind of characteristics and view corporate reputation in similar ways to the organisations that participated in this study. It is likely that other Australian communication managers view the role of the public relations practitioner in the same way as the managers who participated in this study. In addition to the generalisability of these empirical findings, the theoretical findings may have interesting implications for other Australian organisations. The five organisations selected to participate in this study were based on their success.

Secondly, the theory generated from case studies requires replication, or further research to test this theory by means of quantitative analysis, reaching statistical generalisation. In other words, case study research can be used to generate hypotheses and to reach in-depth understandings, but not as a means of testing these hypotheses (Gummesson, 1991). Thus, replications should be seen as another investment on the part of the researcher.

Thirdly, participant observation would have been a method that would have helped me to better see the relationships between the forming of corporate reputation and relationship management strategies. In this way, I would have been able to construct for myself the theoretical framework described to me by the participants. Thus, I relied on the participants' accounts and my ability to learn and see things with their eyes but maintaining my ability to criticise. Since I do not have any experience in managing corporate reputation, it might have been helpful to use participant observation. However, relationship management as a process (including environmental scanning, stakeholder engagement and measuring relationship outcomes) cannot be observed real-time. Stakeholder engagement, in particular, is not something that one person does; but it is the job of every single person in an organisation to engage in two-way symmetrical communication. Thus, this limitation was not considered to be a very serious one.

Finally, Parkhe (1993) has argued that no single approach to theory development, including case studies, is sufficient and capable of producing well-rounded theory that also completely satisfies the quality criteria of construct validity, internal validity, external validity and reliability. Consequently, at the end of a case study, more research should be done, to further develop and test the theory.

4.3.2 Research Ethics

In order to reach trustworthiness, this study has been treated with rigour and conducted in an ethical manner. Firstly, the University of Technology, Sydney's Human Research Ethics Committee has approved this study (see Appendix E for Ethics Approval). As in any research involving human person participation, it was important to identify whom this research would affect and to respect the right of each participant to privacy and the confidentiality of their organisations.

Participants must have the right to free consent; that is, they must agree to freely and actively participate in the research. Also, they should be allowed to withdraw from the research project without any penalty and without any pressure. At the beginning of each interview, the participants were asked to sign a consent form.

All participants in this research have signed the formal consent form. A sample of the form can be found in Appendix C.

Participants were sufficiently informed to make decisions about whether to participate or not. It was important that they understood what they were volunteering for. For this reason, all volunteers were given a summary of the research project, outlining the main objectives and purposes of the research, and the contact details of the researcher and her supervisor. A copy of the information sheet for participants can be found in Appendix C.

Participants, moreover, have a right to confidentiality, a right to privacy and a right to anonymity. Therefore, all participants' actions and statements were confidential and anonymous. No names were used in the research in order to guarantee these rights and findings were not linked to any organisation in particular. I refer only generally to the industry that participants belong to. There are more than five companies under each industry sector, which makes it harder to identify the specific corporation under study. The risk that participants might have experienced while participating in this research was minimal. To minimise any risk even more, this research was handled in strictest confidentiality, and in such a way that one would not be able to link a specific practice to a specific organisation. I do not intend to use or reveal the names of the participants. Furthermore, each company was contacted asking if they wanted to check the interview transcript. None of them wanted a copy of the transcripts, although the companies have asked for a copy of the discussion chapter of the report.

4.4 Summary

In brief, in this chapter I have discussed the research design and methods, and the selection of multiple case study methodology, together with the propositions that have guided me throughout the research. The formality of the qualitative research has helped me to go deeper in the protocol and analysis of the five case studies, in order to keep the results reliable and valid. The next chapter will present the cross-case study, comparing and analysing the different set of categories showing their relevance to the research issues and questions.

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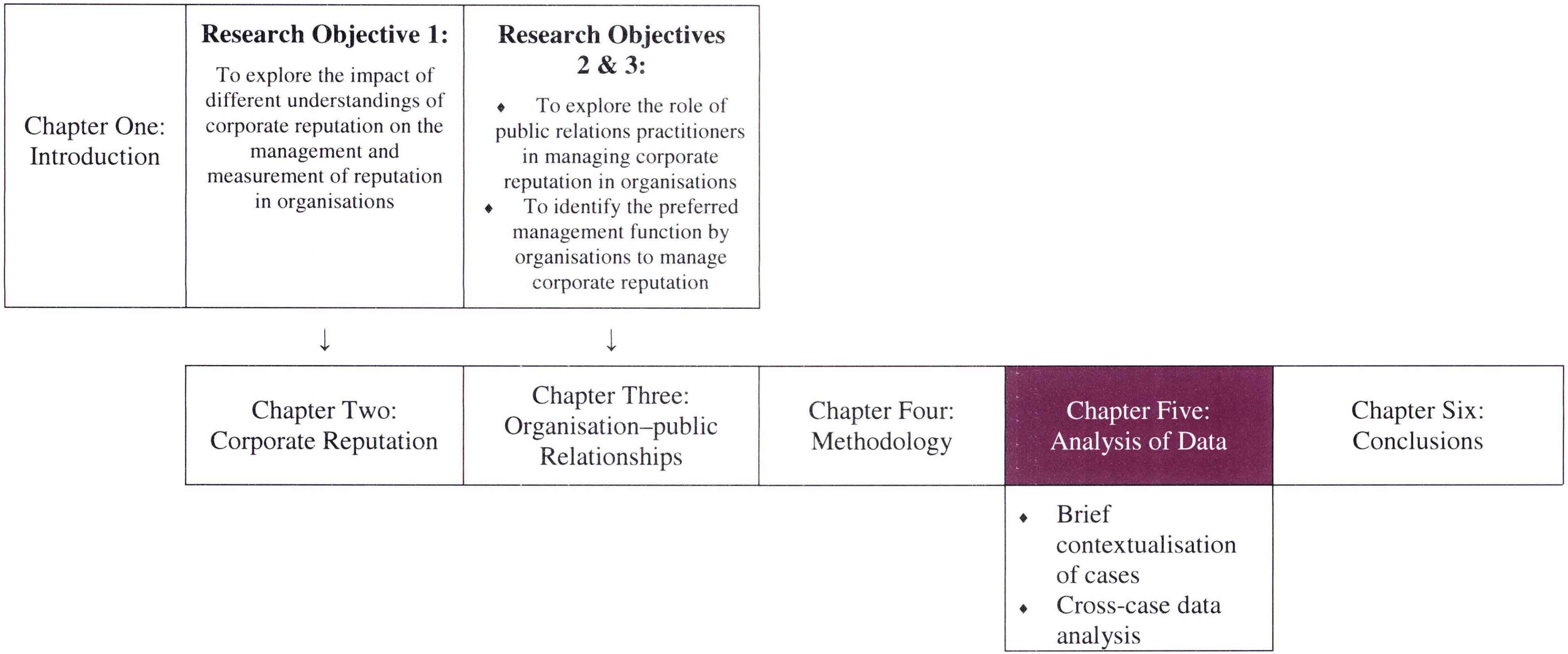
[1] As a general principle, all those involved in the research have respected the privacy and confidentiality of the participants at all stages of this research (with raw data, processed, published or archived). Although the interviews were transcribed, they are kept with security and will be destroyed in five years' time, according to the indications of Australian Vice-chancellor's Committee's Guidelines on the Storage of Data.

Overview of Chapter Five: *Analysis of Data*



CHAPTER FIVE

ANALYSIS OF DATA

5.1 Introduction

This chapter presents the results of the five case studies. The qualitative methodology was followed to describe and investigate, in some depth, how corporate reputation has been defined, managed and measured by five of the top 100 companies in Australia.

The research process consisted of first defining the research problem. Once the theoretical framework was constructed, the research questions and issues emerged from the literature. The cases were then selected from the *Top 100 Good Reputation Index 2002*. The next step in the research process was the crafting of the interview guideline. Next, the researcher entered the field and collected data. The phase of data collection overlapped with the next phase, the analysing of data. In the analysis phase, within-case and cross-cases patterns were searched for. The next phase was to work with the categories found and apply them to the research questions and issues. The use of replication logic characterised this step. Afterwards the results were compared and discussed within the context of the literature. This chapter therefore corresponds to the stage of data analysis and of categorisation of data. The aim is to report the main findings of the five case studies. Conclusions are not drawn, nor are comparisons of results made to those from the literature review (Perry, 1998a).

Section 5.2 will briefly describe each case, contextualising each organisation into its reputational history. As the cases were selected from the *Top 100 Good Reputation Index 2002*, I have also provided a short discussion on the index. This illustrates well the Australian perspective on corporate reputation management and measurement. Next, the descriptive answers will be given to each research question. Section 5.3 will present the patterns of data for each research issue and question, based on the categories identified. It will also present some research issues that have emerged from the data, but were not considered in the literature review. The comparison between cases aims to generate insights from the raw data and to contrast and compare the five case studies. There will be abundant evidence from raw data to demonstrate the connection between the results and reality. This evidence will be presented by means of direct quotations from the interviews, the archival documentation, and media clippings.

This comparison is necessary in order to apply the replication logic based on the categories found. The logic of replication is about drawing conclusions and making comparisons between cases. If similar results are obtained from all cases, replication is said to have taken place, allowing for analytical generalisation (Yin, 1994). In this study, replication logic was used to test how reputation was managed and measured by the chosen organisations.

In Chapter Six the findings from the analysis of data will be discussed within the context of the literature, finalising the research process.

5.2 The Cases

The five companies selected to participate in this research were among the first 50 companies listed in the *Top 100 Good Reputation Index 2002*. The *Good Reputation Index 2002* rated Australian companies in accordance with their performance across six major categories: management of employees, environmental performance, social impact, ethics and corporate governance, financial performance, and management and market focus. The companies were appraised by community-based experts, who gave their opinions about each corporation. In 2003, the index changed its name to *Reputex Social Responsibility Rating System*. Although it still measured the top 100 companies, it ranked them in only four categories: social and environmental impact, corporate governance and workplace practices. The methodology also changed slightly. A copy of the methodologies of the 2002 index and 2003 *Reputex* is presented in Appendix D.

As some of the experts who rated the organisations were from activist groups, such as *Greenpeace Australia* and the *Australian Council of Trade Unions*, many companies decided not to take part in the survey. In 2003, only 39 out of 100 companies agreed to provide input during the ratings process (Reputex, 2003). In an episode of *The 7.30 Report*, a news programme aired by the *Australian Broadcasting Corporation* – ABC, the results from the reputation index made the news. The news presenter, Kerry O'Brien, started the report by comparing Australia to the United States:

> Like corporate America, the image of corporate Australia has taken something of a battering in recent years, thanks to some spectacular collapses, some huge executive bonanzas, the bursting of the tech bubble and more than a little fraud. Public sentiment has put the heat on politicians and the markets to deliver more scrutiny of corporate performance, beyond just the balance sheet and share price.

Tim Lester, the business and economic editor for *The 7.30 Report*, explained that some companies did not participate in the survey because their managers thought that the methodology was subjective while others thought that the ratings gave too much power to those 'perceived as old enemies' (*The 7.30 Report*, 2003, para 59). For example, Gary Johns (2003), from the Institute of Public Affairs, accused the reputation index of lacking in 'objectivity, discipline, comparability and, in the end, credibility' (Johns, 2003, p. 3). In short, he accused the index of being 'opinion, dressed up as fact' (ibid. p. 5). Gary Johns strongly criticised the 39 companies that still participated in the 2003 survey. He blamed them for keeping the index alive for another year and in academic circles. Johns specifically accused the index of pushing a number of *political* agendas and a world-view on corporations, such as corporate social responsibility, stakeholder capitalism and sustainability. Already in 2000, Gary Johns had explained that the index was a political tool because it gave too much power to activist groups, when they have none. In addition, Johns (2000, 2003) argued that corporations are accountable to the community only through the law. Thus, he does not think that corporations should win their licence to operate from the community (cf. Lawrence, 2002), but that licences are granted by lawmakers. Offering a different point of view, John Boyce, from the Australian Institute of Management, insinuated that those companies that failed to participate in the survey might be showing their lack of concern for their own reputations (in Garnaut, 2002b).

In justifying the existence of a reputation index, Professor John Hewson, Dean of the Macquarie Graduate School of Management and former Australian Liberal leader, chaired *The Good Reputation Index* and the *Reputex Committee* ratings because he believes that Australians want to know more about the way companies behave (in Gordon, 2003). Professor Hewson stated that heavy-impact industries performed well in the indexes because they have been under scrutiny from government and activist groups. He claimed that other companies would perform better if their stakeholders pressured them to reach this ideal. Nicolette Boele, from Amnesty International, supported Professor Hewson by saying that controversial companies only received good ratings thanks to the pressure from civil society groups (in Garnaut, 2002a). As such, these companies were forced to be proactive and engage with stakeholders not only to avoid major reputational crises, but also to operate as economic and social institutions, as organisations designed to serve their stakeholders (Gettler, 2002). Gary Johns (2003), however, disagreed that organisations had changed their behaviour due to pressure from social society. He claimed that companies only received better ratings because they had filled out the survey forms more carefully.

Despite this discussion on the validity of the reputation index, the cases for this study were still selected from the *Good Reputation Index 2002*, as this index ranked Australian companies. The evaluation team for the index was composed of twenty-two non-governmental organisations, which rated the companies according to specific criteria. The Australian companies rated were those that could have developed reputation strategies. The five companies selected to participate in this study were a bank, a utilities company, a telecommunications company, a construction company and a retailer. The choice of one company from each industry was made in order to guarantee confidentiality. The following sections will provide a brief historical overview of each organisation.

5.2.1 The Bank

Throughout the 1980s the bank's strategy was based on the assumption that growth was essential. By the end of the 1980s, the bank was operating in several countries outside Australia and it was nominated eighth in the world in a survey of foreign exchange. The bank spent hundreds of millions of dollars on acquisition and on technology, much of which was wasted. The bank implemented a decentralised management, which did not monitor their group-wide lending. Consequently, it had a deficient control and reporting system.

Due to Australian's recession in the early 1990s, which led to widespread business failures, rising unemployment, less demand for bank finance and uncertainty in the general community, the bank was forced to shift its focus from growth to improving internal controls and accountability. This bank had its big reputational crisis at this time, 'when it reported the largest loss in Australian corporate history' (personal communication, 8 August 2003). According to documents from that time, the bank passed through an unprecedented financial disaster, which reflected on the alienation of shareholders and customers, completely destroying the bank's good reputation.

> The reasons for the crisis were due to the 80s deregulation and the increase in fees to customers. There was also the advance of new technologies. People at the bank felt that the new technologies were really great and they were doing the right thing by facilitating the banking systems and making it self-oriented. However, elderly people and people from the countryside did not appreciate these changes (personal communication, 8 August 2003).

The bank was then confronted with debts, some of a doubtful nature, and the bank's performance was being criticised in the media. In order to lift profits, the bank banned executive bonuses, sponsorships, and many lost their jobs. To complete its reputational crisis in the early 1990s, some of the bank's confidential documents were published in the mainstream media. Following a *public relations* advice, the bank refused to comment, to be transparent or accountable, on the content of these documents. 'Through the mid-1990s, the context was one of very aggressive media, and the so-called bank bashing' (personal communication, 8 August 2003).

The bank had the challenge of changing the way the public perceived it and its way of operating: from secretive and badly managed towards a controlled, trustworthy and transparent behaviour. The initiative on investing in reputation management started with the CEO and the board, but the employees also influenced it, as they were not proud and happy to work for the bank (personal communication, 8 August 2003). In order to change their reputation, the bank had to undertake 'a whole complete shift in thinking … to begin to embrace the notion of stakeholders, and sustainability and corporate responsibility' (personal communication, 8 August 2003). The bank invested in several paradigm shifts, such as focusing on organic growth instead of external growth; creating a values-driven culture, recognising that staff satisfaction drives customer satisfaction, re-branding strategies and educating customers that higher fees mean closer relationships (news clipping, 31 October 2003).

By the mid-1990s, the bank was the bank of the year and it was first in the financial markets for currency options and interest rate risk management, according to various magazines. The bank released its first social impact report in 2001. According to the bank, the aim of the social report was to demonstrate its progress in integrating corporate responsibility into its day-to-day business, so as to guarantee the bank's long-term sustainability (media release, 16 July 2003).

5.2.2 The Utilities Company

This general utilities company is State-owned, having several government ministries as shareholders. It had its reputational crisis in the late 1990s, due to corporate failure in maintaining its infrastructure, which led to lack of quality of its product.

> [The reputation of the company] took an absolute battering. People felt embarrassed to work here. They would go to barbecues and if people found out that they worked here, they would get abused. Because the way that this particular incident was managed and the perception of the public, we were not to be trusted. And it was a very hard way to get people here to think about their reputation. A hard lesson to be learned (personal communication, 8 August 2003).

Since the crisis the organisation has been trying to recapture the good reputation it once had. The participant stated that before the crisis the organisation did not think much about reputation. However, during the crisis, the organisation was forced to rethink its strategies, as it was being criticised by the media and the public. As a consequence, the whole management team and the board were changed, most senior people lost their jobs, and 'the people here still remember it as it was yesterday. So, ever since then, people now worry about reputation, as this crisis had a big impact' (personal communication, 8 August 2003).

As the corporation is State-owned, after the crisis, the company became substantially regulated. 'It reached the point where we had so many regulators that we spent a lot of our time doing reporting on things to show that we were doing things properly' (personal communication, 8 August 2003). Nevertheless, customer and regulator expectations continued to increase, as access to information on economic, social and environmental issues developed globally (annual report, 2002). The utilities company was rated very well in the Good Reputation Index on Corporate Governance because of its accountability.

Since the crisis, the organisation has moved to improve the management of its assets and resources in order to provide sustainable and integrated products and services. It has also put 'a lot of effort into relationship building and stakeholders' (personal communication, 8 August 2003). Although the organisation has been trying to change, and update its machines, some of its relationships still pass through tensions, especially when particular issues come up. In the summer of 2000, for instance, the company suffered from a similar problem of lack of quality from its product (news clipping, 10 August 2003). However, the company solved the crisis by being more transparent with customers and media. Again, in 2003, the organisation's services were accused of lacking quality. A spokesperson for the corporation admitted that 'much of their system was old, not maintained or renewed, or being used for a purpose for which it was not designed' (news clipping, 5 August 2003). Once more, it put its crisis plan into action, undertaking an audit of its facilities (news clipping, 26 October 2003).

In its annual report (2002) the organisation published the results of its annual customer survey, showing that the reputation was slowly growing from suspicion to trust. After the late 1990s crisis, the customers rated the company at 6.1 out of 10 with regards to trust. In 2002, the trust rating reached 6.9 out of 10. However, at the time of this research, the organisation was being constantly criticised by the media.

According to the communications manager, the employees were more committed to the company and shared the same values of the organisation towards the environment and social issues (personal communication, 8 August 2003).

5.2.3 The Telecommunications Company

This enterprise is a relatively young corporation, as it came to exist as a result of the deregulation of Australian telecommunications. Since its beginnings, this company has had to be very competitive in the marketplace, as it had to affirm and differentiate itself from other telecommunications companies. It tried to offer better services, lower prices and engage with customers.

> Initially we were just given a licence, we were one of half a dozen companies, some from England, and some from America, some from Australia, which came together and took over Australia's satellite's services. And from there on we had to try to become a telecommunications company, which I think we have done very well (personal communication, 22 September 2003).

In its short history, the company has passed through high and low points, although it has never had a major crisis. In its beginning, for instance, some of the partners could not come to agreement, which forced the company to change its board and management. The actual CEO presented a vision that united the whole organisation: to be a challenger. In the past four years, the organisation has been guided by this motto, to be a challenger in the market place, to 'absolutely push the boundaries, every single day we come to work, people are pushing the boundaries' (personal communication, 22 September 2003). The reputational moments of this telecommunications company, at the time of this research, was one of being a challenger and of pushing the boundaries, so as to win its share in the Australian market.

5.2.4 The Construction Company

This Australian organisation was formed in the mid-1940s. It passed through major changes of products in its first twenty years of existence, becoming a building and construction materials supplier. Although it made some mistakes and not all of its strategies were successful, it did make an aggressive attempt to offset its disadvantages. In the 1960s, the organisation was said to be always prepared to compromise its position to make a profit. By the 1980s, the organisation had grown throughout Australia and overseas.

In the 1990s, the organisation had its first big reputational crisis, as small businesses started questioning the company's power and size. The organisation was taken to court by small businesses, being accused of having *magnate power*. The whole case was considered to be one of big business against small businesses. The company won the case, but kept 'its head low' (personal communication, 24 October 2003). Legally, it had done the right thing. In the eyes of the small businesses, however, the company had not done the right thing. For them, the organisation had abused its power, instead of facilitating a fair, competitive marketplace. Nevertheless, the organisation has never been proactive about this case, as it has been 'an emotional issue … [and the organisation has not] seen the need or the benefit of getting involved in it' (personal communication, 24 October 2003).

In 2003, the organisation was again involved in a small crisis, by being accused of lacking in small shareholders' democracy and corporate governance standards. Two activist groups, which were very vocal, voted against a resolution put forward by the company. One Ministry and the Australian Shareholders Association also spoke against this resolution. However, according to the interviewee, 96% of shareholders supported it and voted for this resolution.[2] As a consequence, at the time of these events, there were negative articles in the media about this organisation. One article quoted a shareholder saying that the company was doing a 'disastrous public relations' (news clipping, 22 October 2003a). Another said the organisation 'demonstrates its arrogance towards small shareholders' (news clipping, 22 October 2003b). In a more positive note for the organisation, one article defended the company's position and questioned the interests of activist groups: 'the bottom line is that such activists want to use other people's hard-earned money and savings for their own ends' (news clipping, 26 October 2003).

The participant, however, stated that '99.9% of our customers probably are not even aware of it. It has not affected our image in the marketplace with our customers' (personal communication, 24 October 2003). As the organisation did not lose profits during these crises, it did not worry about being proactive, or about engaging with the affected stakeholders either.

Another example of the company's behaviour and concerns during a crisis was shown in two events, which were reported by two news articles (31 October and 2 November 2003 respectively). The first report described how seventy employees of this organisation went on strike, as one of their colleagues had been dismissed. The construction company's major concerns were the customers and its finance. That is, the concern was that the company's image would not be affected and that products would still be delivered. 'There has been minimal impact on customers, because the product was still being delivered', a spokesperson from the organisation said. During another strike, the organisation called on the Australian Industrial Relations Commission to stop the strike, as it was costing the company $250,000 a day. The organisation has used some reactive means to solve the crises described above, which were potentially reputational crises. The company has written to the shareholders' newsletters, to the press and to the editor, to correct information, or just to give its side of the story.

Although this company did not seen to be very proactive, it has tried to incorporate sustainable values in its communications, and to a certain extent to its behaviour. In 2001, it assessed its sustainability in order to raise internal awareness of what sustainable development meant and how the application of its principles could improve the company's performance. 'Whilst we are focusing on delivering sustainable superior return for our shareholders, we are also focused on ensuring our businesses are sustainable in their environmental, social and employee impacts' (Annual Report, 2003). The changes towards a sustainable way were not expected to be sudden. The participant said it was 'a journey' (personal communication, 24 October 2003). She stated that sometimes the communications came after a change in the behaviour. Other times, goals were made and then communicated, as they wanted to 'renovate' and bring the organisation up towards those goals.

With regard to building relationships with the communities surrounding its factories, this organisation is more proactive, the reason being that this company has factory plants that are growing and becoming too close to suburbia. When these factories were built, 20 years ago, they were 'in the middle of nowhere', but with the housing developments, these factories are now surrounded by people (personal communication, 24 October 2003). The organisation, therefore, tries to build a relationship with the surrounding communities, so as to keep its licence to operate. The organisation promotes open days and communities' access to businesses, investing time and effort in dialogue. 'We are at different parts of the journey at different points of the organisation, but more and more our message is around working with the communities' (personal communication, 24 October 2003).

5.2.5 The Retailer

Although the retailer has never passed through big reputational crises, this organisation has had major changes that have affected its operations. In the mid-1980s, the organisation merged with another big Australian retailer, forming one retail company operating through a series of brands. Although the merge was to a certain degree successful, it did not bring as much profit as it was expected. As a consequence, the organisation has put into practice a five-year turnaround, which started in 2001, in an attempt to increase its profits and to work as a team.

> [The turnaround focuses] on getting the business working together. Many in the executive team are in the process of trying to improve that and get the whole company to work as one, one team, as opposed to lots of different teams. [The company's] focus is on the size of business. It is an operational and profitability issue (personal communication, 8 November 2003).

The participant stated that the organisation has always thought about reputation. The management was very aware of the company's reputation, 'it is jealously guarded' (personal communication, 8 November 2003). The retailer's strategic priorities are in the growth of the business and to restore non-food operational excellence. As such, the company's priority lies on business and profit and not on reputation in itself. The business' practices are influenced by ethical values, but reputation is thought to be the outcome, and not necessarily the company's goal.

5.3 Cross-Case Data Analysis

The results of the second analysis phase that compares and contrasts the cases are presented in this section. The descriptive answers, together with the cases' analysis and their results, will be given to each research question and issue.

5.3.1 Corporate Reputation: Definition, Management and Measurement

The first research question asked how the five organisations studied would define, manage and measure their reputation. The aim of this question was to explore the impact that different understandings of corporate reputation would have on the management and measurement of reputation in organisations. The answers for this question were divided into two sections. The first section will give the results from the bank and the telecommunications company. These two companies were grouped together because of their similarities in defining, managing and measuring corporate reputation. The other three companies, the utilities, construction and retail companies, were grouped together for the same reason. In the end of this section I shall discuss the findings of the five organisations on reputation measurement in relation to the link of corporate reputation with better financial revenues.

5.3.1a The Bank and the Telecommunications Company

The results from the bank and the telecommunications company suggested that these two companies regarded reputation as an intrinsic part of the organisation: its being and way of acting. The participant from the bank defined reputation as 'everything that an organisation is and does' while the participant of the telecommunications company defined reputation as 'who we are and the way we are'. These two definitions gave the impression that there were two principal constructs in them. The first construct was one of identity, involving the reason to be part of these organisations, their vision and mission statements, values, objectives and symbolic communications: 'what an organisation is'; 'who we are'. The second construct was one of the expressions of this identity: 'what an organisation does'; 'the way we are'. In other words, the second construct was the way the organisations behaved according to their identities, the way each company expressed its identity. In short, reputation is defined not only by a company's identity, but also by the way this identity influences everything a company does. Reputation is formed by the way an organisation runs its businesses and relates with its stakeholders.

The manager of the bank understood reputation as a 'relational construct', of how reputations were formed. Thus, reputations were also managed through relationships with stakeholders. He said that a good reputation is 'constructed through the relationships that you have with stakeholders, and also understanding the functions of intermediaries, like the media in particular' (personal communication, 8 August 2003). The media is singularised here, as it is a powerful tool in building or destroying reputations. The telecommunications manager also singularised the role of the media in forming a company's reputation. However, he said that the media were not supposed to be stakeholders; originally they existed to 'report things' (personal communication, 22 September 2003).

Similarly to the bank's 'relational construct', the manager from the telecommunications company also understood reputation as the management of the company's behaviour, through relationships.

> You can manage reputation by the way you conduct yourselves in the community, by the way you are seem to be participating … by the way our staff get involved in things … through to their engagement at work, through the way they approach the community, the way they look after our customers, the way the call centres are quick and easy to deal with, that we don't keep people waiting in the line, we return the call of our customers quickly. It is the way we respond to the media. It is the way you hold meetings, it is the way you lobby governments … and that is what gives a reputation (personal communication, 22 September 2003).

For these two companies, reputation management was a joint effort from every member of the organisations; by the way they performed their work. It was the product of the behaviour of each individual, as part of the organisational system. The manager of the bank shared the same views as the telecommunications' manager. He concluded that reputation management 'goes to the heart of the entire organisation'. In other words, it was based on the core identity of the company, which would move the organisation to behave in a certain way.

Moreover, according to the bank's manager, the relationships between the organisation and its publics were constructed at the individual level. The participant did not think that one could say that the stakeholders were a group, which held a reputation of the organisation. Rather, stakeholders were individuals, and the bank's reputation was built individually. There was not one reputation that stakeholders had, there were multiple reputations residing within individual stakeholders depending on what their area of interest was within the organisation. 'To manage reputation is to understand what these different perspectives are and to ensure the organisation is behaving accordingly' (bank's personal communication, 8 August 2003). Consequently, it was understood that it was 'everybody's business to manage [the bank]'s reputation in his or her day-to-day business' (personal communication, 8 August 2003). This will be further discussed in Section 5.3.2.

Reputation, in both companies, was measured by using different methodologies. Both organisations looked at reputation from different angles, through a range of indicators. Both measured the level of satisfaction and commitment of customers and employees. Although this measurement would not in itself enhance the companies' reputation, it would inform the organisations of the points that could be improved.

In the case of the bank, for instance, it measured customer complaints and their resolutions. The bank had its own Customer Advocate, but it also encouraged customers to contact the Australian Banking Industry Ombudsman (bank's policies and practices, 2002). In 2003, the bank had several disputes (unresolved complaints) with the Banking Ombudsman (news clipping, 4 November 2003). As there were so many complaints, this was, according to the participant, 'very much the number one key agenda issue at the moment within the whole stakeholders area' (personal communication, 8 August 2003).

The manager of the bank said that the board of management took the corporate reputation and CSR results very seriously, and that they would be ready to undertake organisational changes if they were needed. The participant gave the example of what happened in the late 1990s in the bank, when, after gathering data on customers' satisfaction, the bank was engaged in several kinds of structural changes, managerial changes, training of employees, so as to improve the experience customers had with the bank. The management of corporate reputation 'ha[d] nothing to do about changing people's perception, but it [was] about changing reality' (personal communication, 8 August 2003). The manager of the bank emphasised that reputation was a product of corporate behaviour and not of mere perceptions.

As the bank values the triple bottom line as part of its corporate identity, other operational measure indicators used by the bank are the assessment of the bank's environmental, social and financial performance and the comparison of the bank's results to those of other companies. The bank also measures health and safety issues. Both the bank and the telecommunications company measured their relationships with journalists, and analysed media clippings, as part of their corporate reputation management tools.

Other reputation indicators used by these companies includes perception measurements through focus groups, anonymous surveys or feedback loop (a computer-based initiative). These indicators included brand, such as perceived trust in the brand and brand image.

Thus, in regard to reputation measurement, both the bank and the telecommunications company used a mix of operational and perceptual indicators. As these two companies understood reputation to be a product of corporate behaviour, they measured reputation by analysing the outcome of basic businesses' performances.

The telecommunications company did not participate in the *Top 100 Reputation Index* or *Reputex* as a form of measurement of corporate reputation. The manager of this company questioned the methodology of these surveys and their right to decide which organisation was better than another. The manager thought that activist groups and non-governmental groups that gave their opinions with regard to the corporations were bias and had their own interests in mind. For instance, the participant questioned: 'how can an environmental group that is against big corporations in the first place decide which one has a better reputation?' (personal communication, 22 September 2003). The company decided to not take part in the survey as the results could be misleading, the methodology weak, and the information old. Although the company did not volunteer information to the Index, it was still rated. The participant thought their reputation was much better than what it was ranked.

Conversely, the manager of the bank stated the bank considered independent surveys, such as the *Top 100*, very seriously, as they provided feedback on how stakeholders rated their services and behaviour (news clipping, 23 October 2003). Specifically with regard to the *Top 100*, the manager said that the bank encouraged the survey because it was a local initiative and the bank wanted to engage with the community through it (personal communication, 8 August 2003).

5.3.1b The Construction, Retail and Utilities Companies

Differently from the bank and telecommunications company, the construction, retail and utilities companies mainly regarded reputation as a perception of the company by their external public. Reputation was the product of the stakeholders' positive experiences with each organisation and the product of the companies' images. These three organisations also regarded corporate social responsibility as part of reputation, as social responsibility illustrated whether or not the expectations of the community were being met. Thus, reputation was understood to be how external stakeholders perceived the organisation and the organisation's efforts to be perceived in a certain way.

In the case of the utilities company, the communications manager added, to the definition of reputation, the concept of the relationships the company had with the different stakeholders. Different stakeholders would have different views of the organisation depending on their interests and relationships with it. Some would want the company to be more environmentally friendly; others require that it did not charge too much for services, while others would want it to keep the quality of its services. According to the participant, different people would have different views of the company, 'depending on the relationship, the timing and the topic' (personal communication, 8 August 2003). Thus, for the utilities company, reputation could not be managed totally.

> You can do certain things that can help with the relationship and the reputation, [for instance] by behaving openly and honestly, by being transparent, by developing good relationships with the stakeholders, by understanding their needs and expectations and trying to meet them (personal communication, 8 August 2003).

The communications manager of this utilities company would have liked to be much more proactive with the company's relationship building programs, but she felt limited by the company's regulations. For example, the participant saw the importance of and the need to build good relationships with journalists. However, as the organisation is State-owned and highly regulated, it was difficult for the Media Relations Manager to be free and proactive in contacting the press. The Media Relations Manager had to check with the Ministry regarding what could or could not be said. 'They are very controlling in what you can do about the media and in what you can't do. So, there isn't a lot of freedom to actually ring up journalists, as we used to do a few years ago. We used to ring them up and get them interested in stories' (personal communication, 8 August 2003). This lack of freedom of action could suggest that there might be some political issues that take a higher priority than reputation, as this company has several government ministries as shareholders.

The cases of the retail and construction companies were different, as these two organisations have respectively decentralised branded identity and endorsed identity structures, as Olins' (1989) typology suggests. Consequently, each business unit acted independently from head office. From the head office's point of view, as long as the expectations of customers were met, anything that happened in the corporation head office did not concern their customers. ‘The corporate activity can be kept quite isolated and be controlled separately to how the customers see the company’ (construction’s personal communication, 24 October 2003). Thus, as the retailer operates under a large number of brands, it did not expect its consumers to know that the corporation owned those brands.

Although both companies are decentralised, their managers realised the importance of having an identity based on values in order to shape the corporate reputation. More than management, the shaping of reputation required unity between the board, the executives, the way business was conducted, the way business dealt with suppliers, customers and employees. A good reputation ‘comes from the top’ (retail’s personal communication, 8 November 2003), but it is shaped also by the *bottom*, by the way each staff member does his or her job. As such, it could be understood that for these two companies, reputation would also be the product of corporate behaviour, as it is also constructed and influenced by the way each company operates its business.

The construction company also recognised the role of the board and CEO in giving guidance and in building relationships, which would lead to a positive corporate reputation. In addition, in the construction company, reputation was managed through means of communications, such as the annual report, by communicating the ‘good things’ the company was doing that benefited stakeholders (personal communication, 24 October 2003).

These three organisations referred indirectly to the importance of identity. For instance, the construction company had, as its strategic intent, to be a ‘market and value(s) driven organisation’ (annual report, 2003). By that, the company intended to not only deliver value for shareholders, customers and employees, but also to endure that the ‘right behaviour occurs throughout the organisation’ (ibid. p. 15). The right behaviour would be the one according to the company’s values of leadership, respect, focus and persistence.

As the construction, retail and utilities companies mainly conceived reputation as a perception, they measured reputation by the external public's perceptions, specifically by media clippings and surveys.

The Communication Manager of the utilities company, as already pointed out, acknowledged that relationships were also part of the process of managing reputation. Thus, the company annually measured the trust of its customers, which gave them a valuable source of information since their crises in the late 1990s. This company also valued consumer complaints, as they were a source of feedback and helped the business to identify the areas that could be improved. The corporation recorded complaints and measured its performance in dealing with them (annual report, 2002). The company also measured stakeholders' satisfaction, including customers and regulators' satisfaction, with the organisation's performance. The results were the benchmark for improving relationships (annual report, 2002).

As the retailer and construction companies were decentralised, each business unit researched its markets, customers, staff, suppliers and shareholders in order to improve its products and services, and not necessarily to measure the business' reputation, nor to report back to head office. Some of the company's businesses 'were more advanced than others in their efforts to develop products and respond to market needs with innovative solutions' (construction's annual report, 2003).

In a decentralised way, each business unit of these two organisations made its own customer surveys. These surveys were managed at a divisional level, and were used to improve the quality of services and products in a localised way. The corporate side was more interested in the financial perspective. In the case of the construction company, every six months the company participated in a financial survey, which gave it feedback on how well it was performing in comparison to other companies.

Internally, the construction company has developed a tool for measuring sustainability in 2001 in order to enable 'the establishment of plans and improvement targets' (annual report, 2003). Every business in the corporation had to do a self-assessment on how it was managing and investing in five areas: the environment, social responsibility and community perspective, social resources perspective, financial planning and strategies, and corporate governance. The results were measured in scores from levels 1 to 4. The first level meant that the organisation achieved basic compliance with regulatory requirements; the organisation was reactive and had minimal stakeholders' involvement. Level 2 was more proactive, implementing programs and involving stakeholders on an on-going basis. Level 3 revealed the industry best practice, and stakeholders' involvement was a common practice. Level 4 was the world best practice, when the organisation would be considered to be a global competitive leader, the business would be developed with a strategic sustainability perspective and stakeholder engagement was proactive and formed part of the decision-making process.

The results of this first evaluation were not what the company expected. The organisation achieved the score 1.5 in 2001. It then aimed to reach level 1.8 to 2 in all business in the next assessment, which commenced in mid-2003 (annual report, 2003). It might be worth pointing out that in the annual report for 2002 the organisation was vague in admitting its score of 1.5 overall in the sustainability measure. The text in the annual report reads: 'the average overall performance does comfortably exceed the reactive compliance level and demonstrates that the company has clearly entered a proactive phase' (p. 26). This could show that the company first changed its discourse so as to set a goal to later change its behaviour. The development of this internal sustainability measure could also be a means to help the company align its practices with its identity. With regard to the measurement of reputation, the participant said that its sustainability self-diagnostic tool helped the company to defend and communicate its position. However, 'it doesn't really measure our reputation, because it is an internal tool' (personal communication, 24 October 2003). For the construction company, corporate reputation has to be measured externally, as reputation is defined as a perception.

These three organisations understood the *Good Reputation Index* and other rating surveys as merely interesting guides. The participant from the retailer suggested that one needed to have the intelligence to see through these surveys, and identify what they were trying to do. The managers of the retailer looked at the surveys and tried to identify what was applicable or not to the company, as the surveys were not always precise. The ratings were 'useful, but not always accurate' (retail's personal communication, 8 November 2003). The manager from the construction company said that although the organisation paid attention to these ratings, they were not 'a major preoccupation' (personal communication, 24 October 2003).

The participant from the utilities company stated that the *Reputation Index* was a good way of measuring its reputation in 2002. However, in 2003 the organisation was not invited to participate in the survey, as it was not listed in the top 100 largest organisations operating in Australia and New Zealand, according to the *Business Review Weekly Magazine* (14 November 2002). Although the organisation could have paid to participate in the survey, the managers thought, 'it was not worth it' (personal communication, 8 August 2003).

In brief, the *Good Reputation Index* was not used by any of these five organisations to measure their reputations. The bank participated in the index as a means of engaging with the community. The other four organisations in this study were not very committed to the index, and they had their own means of measuring their reputations.

Table 5.1 summarises the answers given by the five organisations on how they defined, managed and measured corporate reputation.

	Corporate Reputation	Reputation Management	Reputation Measurement
Bank	"everything that an organisation is and does"	Through relationships with stakeholders and a product of corporate behaviour	Operational indicators & Perception indicators
Tele-communications	"integrity between who we are and the way we are"	Through relationships with stakeholders and a product of corporate behaviour	Focus groups, anonymous surveys, feedback loops, satisfaction surveys, etc.
Utilities	Perception of the company and response to the expectations of community	Through communications, relationships with stakeholders and a product of corporate behaviour	Media clippings & quality surveys (measuring satisfaction and trust)
Construction	Perception of the company and response to the expectations of community	Through communications vehicles, for example, annual report, and a product of corporate behaviour	Media clippings & informal research
Retailer	Brand and corporate social responsibility	Reputation can be shaped by corporate behaviour	Financial indicators & RQ Gold Index

Table 5.1 Results of the five organisations for research question 1

5.3.1c Economic Value of Corporate Reputation

One of the main reasons for measuring corporate reputation is to show its economic value to the board of directors. Thus, part of the investigation consisted in identifying whether the participants in this research identified a correlation between positive reputation and better financial results. The five organisations reported that there was a link between reputation and financial performance. The bank, telecommunications, utilities and construction companies claimed to be very certain of this link.

The telecommunications company said that an organisation would not be 'financially successful if it had a poor reputation, because nobody would be interested in the company, nobody would buy its services. They wouldn't be investing in it' (personal communication, 22 September 2003). Similarly, the manager from the retail said: 'I don't know how strong the link between the two is, but obviously, if you have a poor reputation, it will impact on your staff, and ultimately, on customers' (personal communication, 8 November 2003).

The telecommunications company had a point system based on *Key Performance Indicators* – KPIs. The whole organisation had to perform well in order to be financially rewarded, and by performing well, the company would be enhancing its reputation. Each person in the company understood that each quarter of the year, the company had to meet certain targets. If they reached those targets from the KPIs and the Net Profits after Tax, they would receive a bonus in the end of the year. As a result, according to the participant, by being a challenger and pushing the boundaries to reach those targets, the company also achieved a good reputation and better financial results.

The bank also used economic profit as its 'robust measure of value creation' (social report, 2003). Their financial success was attributed to their effort to address the community, staff and customer's concerns, including those of transparency in the banking sector. According to the bank's policies and practices, there was in the marketplace 'a strong link between those companies delivering economic value and those that have strong positive reputations' (2002, p. 1). However, when directly asked if reputation management would increase financial performance, the participant answered it was 'a leap of faith' (personal communication, 8 August 2003).

The chairman of the construction company linked reputation and financial results by saying that the values of the company 'focus [on] delivering improvements in [company's name]'s financial results as well as our governance, safety, social and environmental outcomes' (annual report, 2003). He attributed the company's financial success to its values. However, the financial concern, especially in relation to the company's strategy 'perform and grow', seemed to be much higher than the company's reputational concern. Since the company developed its internal sustainability measurement, the communications manager of the construction company said that the company had been changing its culture, towards one that was more aware of the importance of reputational capital.

5.3.2. Research Issues

Corporate Reputation & Corporate Image

The first research issue analysed how each organisation defined corporate reputation in comparison with the term 'corporate image'. The managers of the five organisations understood corporate image to be an external perception about the company. The construction, utility, telecommunications and banking companies linked image with marketing and branding. They saw image as a 'clever' way of differentiating the brand in the marketplace. The retailer, however, associated the term image with its negative connotations of deception, spin and greenwashing.

Although the bank conceived corporate image as the perceptions of the organisation by external stakeholders, this corporation also acknowledged the dangers of managing images instead of reputation. In its past history, the bank tried to solve its negative reputation by means of impression management, in an attempt to change stakeholders' perceptions about the bank. This strategy was not successful. More than changing perceptions, the bank realised that it had to change its reality: its identity and behaviour.

In summary, the five organisations defined image as the perceptions held by external stakeholders. This overlapped with the way reputation was conceived by the construction, retail and utilities companies, although these three companies acknowledged that reputation and image were different constructs. Image was related to branding, while reputation was related to communication and corporate behaviour. The bank and the telecommunications company made a clear distinction between these two concepts by referring to reputation as the result of the company's identity and relationships with the company's stakeholders.

Corporate Reputation & Relationship Management

The second research issue attempted to demonstrate the difference of reputation from relationship. The five organisations emphasised the role of stakeholder engagement to generate a positive reputation. In this way, organisation–public relationships would be the means of building a corporate reputation.

Of the five organisations, the bank and the telecommunications companies were the two most advanced in terms of proactive engagement with stakeholders in order to build and manage their corporate reputation. According to the manager of the bank, a statement of social responsibility was an important step in ensuring constructive dialogue with customers, governments, communities and staff. The bank has been recognised for its efforts. The Australian Council for Trade Union in the *Reputex* index, for instance, rated the bank highly for its willingness to engage with employees (news clipping, 14 October 2003).

Both the bank's and the telecommunications company's reputation strategies were based on the way they managed their relationships and made themselves different from other companies in the marketplace. Thus, their aim was that customers and large corporations not only bought a service or product, but that they also engaged with the companies. Both organisations avoided having a one-way relationship. The bank and the telecommunications company tried to be active partners in the relationship with their clients. For instance, the manager of the telecommunications company explained how they would provide a service, but if they did not have the right solution, the organisation would partner with another company, to help bring the right solution to the client. The aim of the relationship was to achieve trust, so that the client would not need to worry, because the customer would know that the organisation would provide the service.

These two organisations' strategies on stakeholder engagement were proactive. The managers thought about the needs of clients and anticipated those needs. The manager of the telecommunications company exemplified his thought by saying: 'we will look after it, what are your needs, we will identify them, and do things in simple and easy ways for you and we will manage this for you, in a partnership management' (personal communication, 22 September 2003). The telecommunications company was very proud to do what it did, and to be unique in the way it provided its telecommunication services. These two organisations acted in the same way with every stakeholder. They were proactive with journalists and with internal communications.

The corporate reputation strategy was part of the responsibility of everyone in these two companies. Reputation was 'something that [was] built by action' (telecommunication's personal communication, 22 September 2003). Reputation was not considered to be a tangible goal, which the manager targeted to achieve. Based on the findings from these two companies, it seems that reputation followed a course of action. If a company wanted to have a good reputation, it had to have not only its strategy into place, but also to do something about it. The company had to move in the right direction. The organisation's core principles, its values, and its objectives were all considered to be reflectors of the company's identity, which was put into practice through corporate behaviour and stakeholder engagement. According to these two companies, reputation, thus, was different from relationship, as it was its product.

The other three organisations (construction, retail and utilities) also acknowledged the need to engage with stakeholders. The manager of the utilities company accepted that the communication strategies in themselves did not build trust and credibility, but only by building strong relationships and improving communication with key stakeholders could a company reach trust. In their strategic communications plan (August 2003), the communications team recommended the conducting of research with key stakeholders, so as to understand their needs and expectations. Research would be used to evaluate the organisation's actions and point out where to improve. However, as the utilities company was highly regulated, its actions were limited.

In the cases of the retail and construction companies, as both are decentralised, each business unit engaged with its own employees and customers. Although these two corporations were more engaged with their shareholders, the construction company was praised by the *Reputex* 2003 for its positive community and employee focus. The index stated that the company has a 'comprehensive understanding of social responsibility through active and responsive engagement with a broad range of stakeholders'. However, based on the interview findings, this praise could be questioned or directed towards the company's business units, as the participant admitted that she did not have time to engage with stakeholders, and that she dealt with journalists in a reactive way.

In relation to building relationships with activist groups, the manager of the retail company affirmed that the company would listen to some of them, but not all. The managers of this company were happy to dialogue with people interested in solutions, who wanted to participate and change policies. Nevertheless, they tried to avoid groups that were not interested in solutions, but 'just complain[ed]] to get themselves heard by the media' (personal communication, 8 November 2003).

Corporate Reputation & Corporate Social Responsibility

The third research issue analysed how corporate reputation differed from corporate social responsibility. Corporate social responsibility (CSR) was seen by the participants as just one more way of behaving responsibly, which could lead to a good reputation, by means of the company's relationships with the community.

The participants explained how there were different ways of engaging with stakeholders. A company could engage in a two-way relationship through research, lobby, and training, through sales or using different means of communications. However, organisations needed 'more than a legal licence to operate. [They] require[d] a community licence as well' (bank's social impact report, 2003). Therefore, in order to produce financial results and a positive reputation, the participants acknowledged that companies must meet their responsibilities to the staff and community.

The five organisations were involved in corporate social and environmental programs in some form, mainly for its instrumental uses of generating a good reputation and as a means of engaging with the community. However, at the time of this research, only the bank had completely embraced this notion, publishing its third social report and making corporate social responsibility part of the corporate governance structure. The bank had created a *Board Social Responsibility Committee*, which frequently reported on community issues. There was also an executive office for CSR business review, which put into practice the decisions taken by the board. Under the executive there was the CSR management and in this department there were the customers' committee, environmental advisory group and stakeholder engagement advisers. Figure 5.1 visualises the bank's corporate social responsibility governance structure, demonstrating its engagement with the bank's business units.

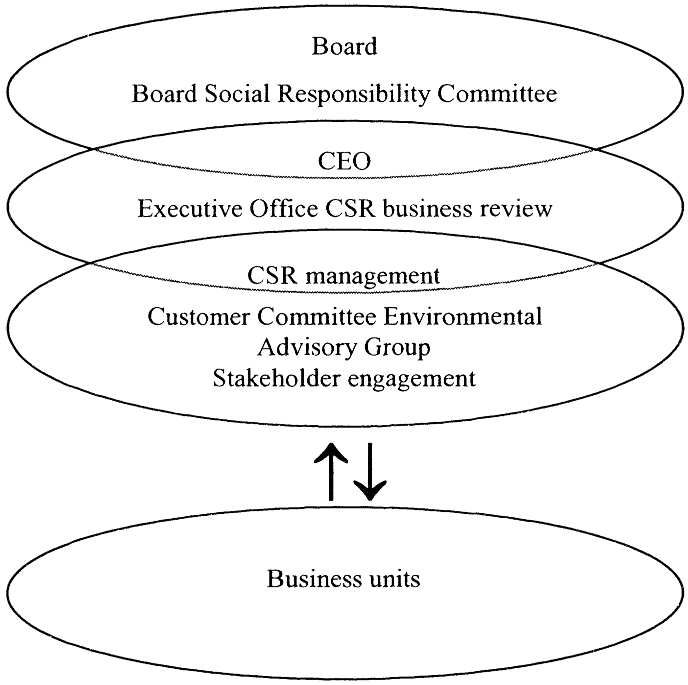


Figure 5.1: Visualisation of the bank's corporate social responsibility governance structure (Source: social report, 2003).

5.3.3 Exploring the Corporate Reputation Management Function

Research Questions 2 and 3 are intrinsically linked. Research Question 2 explores the role of public relations practitioners in managing corporate reputation, whereas Question 3 aims to identify the preferred management function by the five organisations to manage corporate reputation. To answer both questions, it was necessary to firstly investigate how each organisation defined the profession of public relations. This question was important because depending on how each company defined public relations, it would judge the public relations' role in managing corporate reputation and it would select the management function that was responsible for managing corporate reputation.

The telecommunications company conceived public relations as the practitioner responsible for sending consistent messages to the internal and external publics. The telecommunications company had a Corporate Affairs department responsible for the internal and external communications of the company, as 'messaging is absolutely vital to making sure that you send a consistent message' (personal communication, 22 September 2003). According to the participant, although the communicator might differ in the way he or she delivers these messages, as the messages might have a slightly different emphasis or different wording depending on the public; the messages had to be consistent. In this way, the internal and external publics would understand the direction of the company and the message would be clear. Integrity and consistency were very important for the telecommunication's manager, so as not to confuse internal and external stakeholders and to build on corporate reputation, based on the company's identity.

The construction, banking and retail companies considered public relations to be the same as image-making, which would merely be a useful tool for promoting events and marketing. '[B]ut in terms of using public relations as a management tool of reputation, it has got to have some substance behind it, otherwise you are wasting time' (retail's personal communication, 8 November 2003). It seems that the idea that these three organisations have of public relations is superficial, and this would lead them to not see the need for a public relations practitioner. The construction company, for instance, did not see the need for public relations consultancies, as the CEO was already the public relations practitioner, as he was the *face* of the company. The communications team at the retailer was the in-house public relations advisers, responsible for crises and issues management and stakeholder engagement. For example, the participant, as a political adviser for the retailer, was responsible for governmental relations, dialoguing with politicians and local regional managers. 'And that is about reputation in the grassroots level' (personal communication, 8 November 2003). He was also responsible for issues management and reputation threats, such as in relation to deregulation or complaints from primary producers. The adviser tried to address the concerns of politicians and local managers, so as to present the organisation's side of the story, especially, he said, as 'politicians and some interest groups are always looking for someone to blame' (personal communication, 8 November 2003).

The bank's experiences with public relations and issue management consultancies were not successful. These agencies advised the bank poorly, especially in dealing with its crisis in the early 1990s. The bank's manager labelled public relations as image-making, a profession that could change the perceptions of stakeholders without changing the behaviour of the organisation first. Although the bank does not seek public relations external advice, it also has its in-house public relations consultancy. Internally, the bank has its social communication personnel under the direction of its corporate social responsibility department. According to the participant, the communications personnel were responsible for stakeholder engagement, managing relationships with stakeholders, and with representing external interests within the organisation, such as through issues management and public relations. For instance, the bank engaged in dialogue with its stakeholders on sensitive issues, such as home loans, rural and regional services and Internet banking scams (social report, 2003).

The communication team acted as a consultancy to the rest of the organisation. It tried to incorporate in each area of the bank the values of corporate responsibility and sustainability. This department was also responsible for the social and environmental report.

In relation to strategic positioning, the bank's Stakeholder and Communications Department has researched overseas organisations, 'looking at the best practices within companies' (personal communication, 8 August 2003). They participate in practitioner and academic conferences, sharing their experiences and learning from others, in areas of reputation, corporate responsibility, sustainability and issues management.

Of the five case studies, only the utilities company understood public relations as part of the strategic management of the corporation, responsible for press-releases, relationship-building and reputation management. According to the company's annual report (2002) the Corporate Affairs Department was responsible for strategic relations, regulatory affairs, communications, board relations, emergency risk management, audit, legal affairs and corporate secretariat. As the organisation is highly regulated, the communication team did not have much freedom of action in terms of building relationships with journalists, as explained in Section 5.3.1b. However, the communications manager was active in participating in the decision-making processes of the organisation, and in having constant access to the CEO.

For the utilities company, communications was understood to be the means by which the organisation established and maintained its reputation in the community. 'At a more complex level, it is a prime tool by which the organisation deliberately manages and influences the external environment in pursuit of long-term, strategic goals' (strategic communications plan, August 2003). The Strategic Communication team was also responsible for governmental relations, meeting with the Ministry, developing policy documents and issues management. The team also analysed media clippings as a way of measuring corporate reputation (personal communication, 8 August 2003).

The participant, as a Senior Adviser and the Stakeholder Engagement Manager, was responsible for training the 26 relationship managers of the organisation. She helped them to plan and dialogue with stakeholders. The management of reputation, however, was not limited to specialist communications staff, but every staff member was considered to be an ambassador for the organisation (strategic communications plan, August 2003). Thus, only the utilities company saw public relations as the management function responsible for 'managing' corporate reputation.

In contrast to the utilities company, an unexpected answer was given by the other four organisations to the research question of which management function would be responsible for managing corporate reputation. They said that there was no management function responsible for reputation, but that it was everybody's business to manage the corporate reputation. 'Everything that everyone does have an impact in the overall perception that emerges' (bank's personal communication, 8 August 2003).

In the case of the telecommunications company, the reputation was managed by the whole organisation. It was not just one person who managed the reputation. Although reputation could be considered to be the corporate identity, those guidelines, which were set by senior executives, that the organisation followed, 'that was not sufficient' (personal communication, 22 September 2003). For instance, in the case of the telecommunications company, executives could present the vision of being a challenger, but this vision had to be shared by the whole organisation in order to become a reality. The management had to receive the feedback from the employees and guarantee that the company was united with regard to its core values. Nobody at the telecommunications company, according to the participant, could feel disadvantaged, as if they did not belong to this challenging culture. Employees were motivated to participate, to get paid as a challenger and to feel empowered enough to push the boundaries as a challenger.

Every employee had a role to play in building the corporate reputation of the telecommunications company. The marketing team of the telecommunications company was considered to have a role to play in reputation and image-making, through advertising and sponsorships. The Corporate Affairs team was responsible for reputation through the media and external communications, and through staff communications. In 2003, the company was publishing its first community and environmental report. This report had the possibility of enhancing the company's reputation, as it was a form of external communications.

According to the manager of the telecommunications company, there were a number of different people in different levels of the organisation who were responsible for corporate reputation in some form or another. However, 'it all comes together again to this challenging mentality' (personal communication, 22

September 2003). Many people in the company probably would not notice that they were layering, helping to build a good reputation. 'If I went to some of our staff and asked, what do you think our reputation is, they would probably answer: good. What is our key differentiator? We are a challenger' (personal communication, 22 September 2003).

Therefore, it was the entire company who managed the reputation. The participant said: 'Nobody owns reputation, and I would defy anybody, any textbook that says "here are the guardians of reputation", in reality everybody is the guardian of reputation' (personal communication, 22 September 2003). Any employee could damage the company's reputation, not only the image, if they were cynical or if they did not believe in the company's values. For this telecommunications company, every single person was a guardian of its reputation and stakeholders in relation to the company's reputation, by living by the challenger mentality.

The construction company also acknowledged that everyone in the organisation had a role to play in managing reputation. The communications manager of the construction company stated that people were already more aware of the importance of reputation. She said the employees were aware of the branding guidelines of the organisation, of their reputation in Australia, the growth of the company and its sponsorship programs. The *Good Reputation Index* and *Reputex* had also helped to increase the awareness of employees with regard to the company's reputation. The different businesses units of the construction company had to give feedback to head office on their practices and how they were externally communicating the results of the index in terms of reputation to their stakeholders. According to the participant, the different businesses units realised the impact they had on the results of the *Top 100* and on the results of the company's annual report. The interviewee suggested that the company was 'starting to build a culture of awareness … for communicating the good work that we are doing' (personal communication, 24 October 2003). As reputation was managed in this construction company through communications, the participant thought that it was the responsibility of the communicator to at least 'remind people and keep [reputation] on the agenda as an issue' (personal communication, 24 October 2003). For instance, although the annual report was brought together through a number of people contributing to it, it was the responsibility of the communicator to remind them of the importance of communicating issues that would enhance the company's reputation.

In the case of the retail company, it was part of the board's responsibility, through the executive management, to give direction to the whole company, through the corporate identity. However, reputation was shaped by the way each staff member did his or her job, by the way business was conducted, and the way staff dealt with suppliers and customers. The participant claimed that customers had a positive experience when they shopped at its stores, as they were able to consume whatever they wanted to. Although the customers could experience an indifferent, good or bad service, the interviewee does not think that they would blame that on the company as a whole, but on the individual attendant. The participant acknowledged that the relationships with suppliers were sometimes tense, as the company could not buy from everyone. Despite that, the participant thinks that the suppliers that they deal with are very happy with the company, as 'we purchase things fairly' (personal communication, 8 November 2003). Other stakeholders have different views of the corporation. Most of them think that the organisation is just too big. The company, however, takes 'its size in the market share and its behaviour really seriously' (personal communication, 8 November 2003), so it often engages in discussions about its size with concerned stakeholders.

In the same way, it was everyone's responsibility to manage the reputation of the bank. It was the bank's Board Social Responsibility Committee's responsibility to bring the topic of reputation as a key agenda item to the board's meeting. Reputation also formed part of the Risk Management framework of the Compliance Framework, 'which is largely about legal compliance, ensuring that everyone does the right thing legally, in terms of how they operate as individuals' (personal communication, 8 August 2003). The bank motivated staff members to make informed choices about their own behaviour, ensuring it aligned with the bank's core values. Although the bank had developed a code of conduct to guide staff, the bank's managers encouraged employees to accept accountability for their actions (policies and practices, 2002).

Reputation was also part of the bank's marketing agenda, in terms of the products and services that it offers. In addition, reputation formed part of the CEO's and the group of executives' responsibilities. They were even remunerated on the basis of the bank's reputational outcomes. The bank acknowledged to be values driven with 'clear accountabilities and performance linked rewards' (social report, 2003). Figure 5.2 visualises the value management framework of the bank. It demonstrates how the strategies are measured especially by the favourable outcomes, and how these reflect on the remuneration of the executives of the bank. This figure also links reputation management with the better financial performance of the organisation.

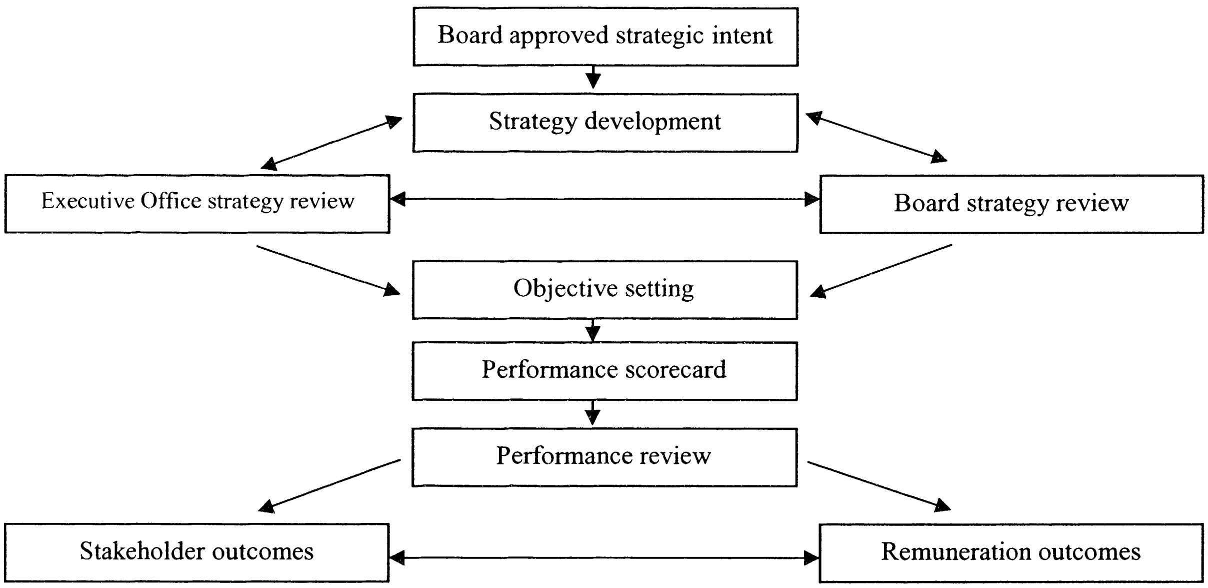


Figure 5.2: Bank's Management Framework in relation to its strategies (Source: social report, 2003).

In brief, the findings of the second and third research questions indicated that the board of directors most probably needed to be committed to the corporate identity, so as to give guidance to the whole organisation on how to act, and to unite the company with regard to its mission and values. The strategic communication manager and/or a social responsibility committee were needed to keep reputation as a key issue for the board. In the case of these five companies, the whole organisation needed to be committed to its values and behave accordingly, in order to project a consistent message internally, and externally and to engage with its different stakeholders in a consistent way. It seemed that consistency and integrity of corporate identity and behaviour, together with high triple bottom line performance, guaranteed a positive reputation for these companies.

5.3.4 The Role of the CEO in Corporate Reputation Management

One research issue has emerged from the data with regard to the role of the CEO in corporate reputation management. In the case of the five organisations, it was thanks to the CEO, as the corporate leader, that companies integrated stakeholder engagement as a crucial part of managing corporate reputation.

The CEO was the person responsible for giving direction, a vision and mission to the five organisations. As the CEO embraced the notions of stakeholders, sustainability and corporate responsibility, the whole organisation also became committed to those notions. Structural changes were needed to accommodate those new values of corporate governance.

This result suggested the need for a leader to motivate and encourage employees to behave in a certain way that would reflect the corporate identity. This has been acknowledged by one news article that praised the CEO of the retail company for working hard to change the organisation's culture 'away from one of greed and self-interest towards one where the company comes first' (news clipping, 30 October 2003).

It seems from the responses that reputation management was part of the CEO's role of leading the corporation. He or she was supposed to get involved with the corporate activities, to address different interest groups, and different forums as speakers. In this way, the CEO would be building relationships with other CEOs, with journalists, academics and strategic publics. As the chairman, he or she could be the face of the organisation, communicating the message of the company, relating to 'the broader community, the broader corporate community, and the broader Australian community' (construction's personal communication, 24 October 2003).

5.4 Summary

The data analysed aimed to answer the three research questions and the six research issues discussed throughout Chapters Two and Three. For that, the data was first categorised under eight dimensions. They were: the definition of corporate reputation given by each organisation, the definition of image, reputation management, the definition of public relations, the management function responsible for managing corporate reputation, reputation measurement, the practice of stakeholder engagement, and whether there was a link between reputation and better financial performance. Table 5.2 provides an overview of the results from each organisation according to the eight categories.

In response to the research questions and issues, there were some patterns of reputation management among the five corporations. The five companies, in some form or another, have acknowledged that reputation was the fruit of corporate behaviour. Corporate behaviour, for them, included not only the decisions taken by the board and top management, but also how every single staff member behaved and was responsible for corporate reputation.

The five organisations also agreed that there was a need for direction, so that the whole organisation would be able to behave in a consistent and united manner. This emphasised the need for strong corporate identity, based on values, and inspired by the companies' leaders. From the findings, it can be seen that corporate identity was essential to give guidelines to how the bank and the telecommunications company should behave. Thus, unless involvement with stakeholders was part of the mission and values statements, these two companies might not be involved and end up neglecting their corporate reputation management.

	Bank	Utilities	Tele-communications	Construction	Retailer
Corporate Reputation	Identity & behaviour	Perception & behaviour	Identity & behaviour	Perception & behaviour	Perception & behaviour
Corporate Image	External perceptions	External perceptions	External perceptions	External perceptions	External perception (deception)
Reputation Management	Through behaviour & relationships	Through communications, behaviour & relationships	Through behaviour & relationships	Through communications & behaviour	Through behaviour
Public Relations	Image-making	Strategic & relationship management	Messaging (internally & externally)	Image-making	Image-making
Management Function	Everyone	Strategic Communication Manager & everyone	Everyone	Communication manager & everyone	The board & everyone
Reputation Measurement	Indicators	Media clippings & quality surveys	Indicators	Media clippings & informal research	Financial indicators
Stakeholder Engagement	Proactive	Proactive (limited)	Proactive	Reactive	Proactive
Financial Performance	Yes	No	Yes	Yes	Yes

Table 5.2: Results of the five case studies according to the eight categories: corporate reputation, corporate image, reputation management, public relations, management function for reputation, reputation measurement, stakeholder engagement and the link between reputation and financial performance.

The results also suggested that the way these companies managed their reputations was through relationships and different forms of communications. In other words, managing the relationship with stakeholders was used as a proactive means to generate a long-term positive corporate reputation. Communication channels, such as annual and social reports, conferences, manuals, advertisements and other forms of dealing with stakeholders, such as through ombudsman services, were also means to foster a positive relationship and dialogue with stakeholders. Only through dialogue would the companies be able to identify stakeholders' expectations. The behaviour of the company would then be expressed by the way employees related to one another, to the business and to the community. Based on the cases, reputation would be a relational construct, and consequently, the organisations in this study companies needed to move from a reactive to a proactive engagement with their stakeholders.

The participants reported that in order to be open to dialogue, companies needed to facilitate their channels of communication, by proactively engaging with stakeholders, through research, Internet, Intranet, consumer advocates in the company, and engaging with the media. In brief, the companies needed to be accountable and transparent.

Based on these five organisations, although there is not a specific management function responsible for managing the corporate reputation, there should still be a strategic function responsible for keeping stakeholder engagement as part of the company's strategies and key agenda items. Moreover, there should be committed individuals, from the board to the factory floor, committed to the organisation's values, freely behaving with integrity and being personally responsible for their actions. In this way, every single employee would be responsible for the managing of corporate reputation, through their behaviour.

The communications managers of the five companies involved in this study seemed to have had a role to play in managing corporate reputation, by facilitating engagement with stakeholders. Although the term 'public relations' was not preferred, due to its negative connotations of image-making and superficiality, the denotative meaning of public relations was the one that best defined this function of stakeholder engagement, including internal and external publics.

This chapter presented the findings of this study. In Chapter Six, I will link these findings with the literature, and draw the conclusions and implications of corporate reputation management to the practice and theory for public relations.

[2] The total estimate of the resolution varies in the news articles. One said there were 'more than 75% in favour of the resolution' (news clipping, 22 October 2003). And an article from *Financial Review* gave a different percentage again. 'According to proxy votes, 93.7% of shareholders voted in favour of the new constitution' (news clipping, 21 October 2003).

Overview of Chapter Six: *Contributions, Limitations and Conclusions*

Chapter One: Introduction	**Research Objective 1:** To explore the impact of different understandings of corporate reputation on the management and measurement of reputation in organisations	**Research Objectives 2 & 3:** ♦ To explore the role of public relations practitioners in managing corporate reputation in organisations ♦ To identify the preferred management function by organisations to manage corporate reputation

↓ ↓

Chapter Two: Corporate Reputation	Chapter Three: Organisation–public Relationships	Chapter Four: Methodology	Chapter Five: Analysis of Data	Chapter Six: Conclusions
				♦ General conclusions ♦ Conclusions about the research problem ♦ Implications for the theory, policy and practice ♦ Limitations and Implications for further research ♦ Concluding remarks

CHAPTER SIX

CONTRIBUTIONS, LIMITATIONS AND CONCLUSIONS

> 'Reputation cannot be fabricated or asserted;
> it can only be earned through the consistent
> demonstration of trustworthy conduct'
> (Seidman, 2004, p. 135).

6.1 Introduction

Corporate reputation is a complex and intangible asset. As outlined by Seidman (2004) in the opening quotation, reputation is not constructed or projected through rhetoric or communication techniques alone. Rather, corporate reputation is built by means of a company's consistent behaviour and by the company's engagement with its publics. The company builds, in this way, a reputation based on trust. Trust, in its turn, depends on a company's reliability and ethical behaviour. To talk about corporate reputation, in the end, is to also talk about ethical corporate behaviour.

Corporate executives have always appreciated the value of corporate reputation. It has become even more valued in recent times, as companies try to distance themselves from recent business scandals, like those concerning Enron, WorldCom and Parmalat. Particularly in Australia, ordinary citizens and the government have re-defined what is and what is not acceptable organisational behaviour, pressuring companies to examine not only their financial and legal performance, but also to examine their social and environmental behaviours, which go beyond what is required by legislation (King & MacKinnon, 2002). As proposed by Carroll (2004), these corporate ethical responsibilities, which include social and environmental behaviours, are essential for any organisation. They are essential because the legal system may not be adequate, and because by doing the 'right thing', companies do enhance their corporate reputation, and avoid major corporate scandals.

As such, this study has explored how, more than merely fulfilling their business legal and financial responsibilities, companies should value their relationship with stakeholders in order to build a strong corporate reputation. Businesses would not therefore be complying with their ethical responsibilities out of fear of being caught or out of fear of a crisis, although this fear can be a powerful motivation to act ethically. As proposed by Thomas, Schermerhon and Dienhart (2004), managers need to appreciate the full cost of crises, which include government fines, penalties and regulations; attorney and audit fees; and more importantly, employee turnover, cynicism and loss of morale; and, loss of reputation. This appreciation can compel companies towards ethical and behavioural changes. Moreover, this appreciation can move shareholders to understand that stakeholder engagement is essential so as to avoid 'the shame and declining profits associated with a deteriorating corporate reputation which is now increasingly the subject of media and public scrutiny' (Hanson & Stuart, 2001, p. 141). This study, however, did not dwell on these costs; rather, this study has emphasised how businesses can and should promote ethical corporate behaviour 'because of the organisational success it brings' (Veiga, 2004, p. 38): a strong and reliable corporate reputation.

Against this background, I have conducted five case studies of Australian companies, of which the findings were presented in Chapter Five. In this final chapter, the conclusions and significance of this study are presented, by uniting theory with practice. The following section, 6.2, summarises the overall findings of this study. Section 6.3 concludes the research problem, by pointing out the contributions made by this research. Then, the implications for theories and for practitioners are discussed. The limitations of this study necessarily lead to suggestions for future research. Finally, Chapter Six ends by focusing on the distinct contribution of this study to the practice of corporate reputation management.

6.2 Summary of the main findings of this study

Business theorist Dov Seidman (2004) argues that a company cannot enjoy a good reputation without ethical behaviour. For him, 'the restoration of reputation must begin with ethics at the foundation' (p. 135). Interestingly enough, from the five companies studied, two of them (the bank and the utilities company) have had to review their corporate behaviour, in order to restore their reputation in the marketplace. These two companies had to change their outlook from a focus on economic growth towards a more sustainable development approach after suffering major reputation crises during the 1990s. Since their crises, the bank and the utilities company have had to re-evaluate their corporate identity and management, including their vision, core mission and guiding principles. They had to change their board of directors and tried to regain their stakeholders' trust.

To regain their stakeholders' trust, the bank and the utilities company underwent several organisational changes. As part of the organisational changes, especially with regard to the corporate identity of these two companies, their values were reviewed so as to embrace those of sustainability, transparency and stakeholder engagement. Because of their reputation crises, the managers of these two companies realised that they had to engage with their stakeholders, not only through exchange relationships, but also by strategically building relationships based on trust and commitment. By building strategic communal relationships, these two companies were able to understand their stakeholders' views and, through this engagement, they were also able to help stakeholders understand the companies' point of view. Both the bank and the utilities company invested time and effort into carefully listening to and understanding their stakeholders' expectations.

King and MacKinnon (2002) have argued that the Australian corporations that have taken up the values of corporate citizenship and sustainability are those that have had their reputations tarnished by previous irresponsible actions. Organisations that have not had reputation crises still tend to comply with the legislation, but they would not necessarily go beyond it, unless to stop further regulation or to enhance corporate reputation (Quazi, 2003). Thus, as the other three organisations (telecommunications, retail and construction companies) have not passed through a major reputation crisis, it could be speculated that if they go beyond legislation it would be to either stop further regulations or to enhance their reputation, or because they truly take their ethical responsibilities seriously.

Whatever motivation these companies had for embracing sustainable values, it could be argued that it is now important that they live by these principles with integrity. These values cannot be just an empty discourse (Neef, 2003), because that would be deceiving the public, striking at the company's credibility and allowing for a costly crisis to occur.

At the moment, the five organisations studied have a positive reputation in Australia, based on their past actions, and as evaluated by different stakeholders, through the set criteria of the *Good Reputation Index 2002* and *Reputex 2003*. In relation to the findings, these companies' reputations were most probably a product of each company's and each staff member's actions and interrelationships among stakeholders. As such, their actual reputation has created an expectation of how each company 'will act in a given situation' (Mahon & Wartick, 2003, p. 23). This expectation pressures organisations to keep behaving in a consistent and trustworthy way, which necessarily reaffirms the reputation of organisations.

Drawing on each case study and the historical background of each organisation studied, the following sections summarise the findings from Chapter Five, explaining them within the context of the literature.

6.2.1 The Impact of Different Understandings of Corporate Reputation on Its Management and Measurement

The first research question explored the different understandings of corporate reputation and how they influence the management and measurement of reputation in organisations. In summary from the findings, two companies (bank and telecommunications) conceived reputation in a two-fold manner: firstly reputation was a reflection of corporate identity and secondly it was conceived as a relational and behavioural construct. Reputation was a reflection of corporate identity and a relational construct because what a company is (its identity) is reflected in the way it behaves (its relationships), forming a corporate reputation.

This was very much in line with the identity-centred school of thought (Section 2.1). This view claimed that reputation was built over time and was a reflection of corporate behaviour. Corporate identity played an important role in guiding the company's decision-making processes through its set of values and objectives. In the case of the bank and the telecommunications company, corporate reputation was defined from the corporation's point of view, that is, corporate reputation is what a company is (its identity) and how the company behaves with integrity, according to its principles and values.

The other three organisations (utilities, retail and construction companies), however, defined reputation from the stakeholders' point of view. Corporate reputation was still built over a period of time and based on a company's identity programs, and its performance, but the emphasis was on how their stakeholders perceived the organisation's behaviour and images. Consequently, the company's behaviour was not the sole factor influencing how the organisation was perceived, but emphasis was also placed on the company's symbolic and communicative practices.

This study reaches the conclusion that the corporate identity mix, the way a company expresses its identity, must be coherent with the vision and mission statement of the organisations. In this way, an organisation will build a reputation that is credible (Mahon & Wartick, 2003), valued by its stakeholders and competitive in the market-place (Argenti & Druckenmiller, 2004). For the self-representation of an organisation to be credible and reputable, it needs to truly reflect what is central and enduring to the corporation, its identity (Gotsi & Wilson, 2001a).

Based on the literature, if the emphasis of corporate reputation is solely on perception rather than on identity, the organisation could run the danger of falling into moralised discourses (Cheney & Christensen, 2002) or greenwashing (Hager & Burton, 1999). This thesis proposes that to avoid unsubstantiated discourses and image-making as a form of reputation management, the emphasis of corporate reputation should be on corporate identity, which is expressed and lived by each person in an organisation. In other words, a corporate reputation is built by the way the organisation acts and engages with stakeholders.

The impact of different understandings of corporate reputation could be visualised by the ways in which the organisations in this study managed and measured their reputation. Although the five companies understood corporate reputation as being built over time, and based on the companies' behaviour, two of them (the bank and the telecommunications company) emphasised the role of corporate identity. The other three companies emphasised the role of the public's perceptions in forming a reputation. As such, these five companies managed reputation differently.

For the bank, telecommunications and utilities companies, corporate reputation was managed by means of the relationships the companies had with their diverse stakeholders. Two-way symmetrical communications was essential for stakeholder engagement. This proposition was in agreement with the literature. Grunig and Hung (2002) argued that, more than managing reputations, organisations should focus on managing relationships. These relationships would produce outcomes of trust, commitment and mutual satisfaction that would ultimately lead to positive reputation.

Grunig and Hung (2002) suggested that one way of measuring corporate reputation can be by measuring relationship outcomes. These three companies (bank, telecommunications and utilities) used different indicators to measure their reputations. Some of them were relationship outcomes. Due to the corporate reputation's composition (the way a company behaves and the way it is perceived), these three companies measured their reputation through operational and perceptual indicators. Operational indicators measured some relationship outcomes, such as trust, mutual satisfaction and commitment, and other behavioural indicators, such as number of customer and employee complaints. In the case of the bank, reputation measurement also included a comparison of the organisation's social, environmental and financial performances to those of other companies and in relation to stakeholders' expectations. Perceptual indicators included focus groups and surveys with stakeholders, and the analysis of media clippings. These perceptual measures indicated how stakeholders interpreted organisational behaviour and the corporate brand.

Although the construction and retail companies are decentralised, which makes relationship-building a more complex exercise, they also valued stakeholder engagement as a way of managing corporate reputation. The head offices mainly engaged with each business unit and shareholders, because their corporate strategies focused on the financial bottom line. Each business unit dealt with the other stakeholders independently.

In relation to reputation measurement, the construction and retail companies measured reputation by the external public's perception, specifically by media clippings and surveys. Nevertheless, the head offices did not seem to know how the companies' business units measured their reputation. For the head office, as long as the companies did not lose their rank in financial matters, the managements did not seem to worry about proactive engagement. As this is the case, Newson et al. (2000) suggest that decentralised companies should always check their stakeholders, through environmental scanning, and plan ahead to avoid reactive tactics and prevent crises. This is especially important if decentralised companies are to build a consistent reputation, by means of their consistent behaviour across different business units.

None of the five organisations followed the *Good Reputation Index* as a means of reputation measurement. The organisations appreciated the ratings, but they would have preferred to measure their own reputations, with the exception of the telecommunications company, which was completely against the index. Although the reputation index aimed at measuring indicators of corporate behaviour, it was assessed as being easily manipulated and dependent on the honesty of the responses of the very companies whose reputations it sought to measure (Johns, 2003).

None of the five companies measured their corporate reputation to demonstrate its monetary value creation. However, all of them affirmed that there was a relationship between corporate reputation and better financial performance. They claimed that, without a positive reputation, the company could not be financially successful, because people would not want to invest in, or work for, the enterprise. As stated by Sabate and Puente (2003), there is a form of contract based on expectations of certain behaviour between an organisation and its stakeholders. 'Reputation thus not only accounts for past behaviour of the firm, it also guarantees it, as those firms who fail to meet the requirements of their stakeholders will lose the capital accrued in this asset' (pp. 175–176). Moreover, competition in the marketplace is an incentive for organisations to increase their reputation concern, as a competitive advantage (Fombrun et al., 2000; Sarbutts, 2003), but it also stimulates companies to pass from an economic, rationalistic, neo-liberal business approach to a more socio-democratic business ideology (Giddens, 1998), in which the stakeholder approach to business is valued (Andriof & Waddock, 2002).

The findings from the five case studies are consistent with the literature (Bennett & Kotlasz, 2000; Anad, 2002; Schultz et al., 2002). Reputation benefits, such as attracting employees and investors, and swaying consumer choices, could influence the financial performance of the organisations.

6.2.2 Corporate Reputation and Corporate Image

Different approaches to the definition of corporate reputation, as discussed in Chapter Two, propose that corporate reputation can be easily misunderstood as being the same as corporate image. Although some researchers (for example, Patterson, 1993; Hutton, 1999) refer to reputation and image as synonyms, these terms are, in fact, different. Image and reputation can be referred to as a perception (Hanson & Stuart, 2001; Lewis, 2001), but that would be a simplification of both, as they are complex terms. Corporate reputation involves stakeholders' perceptions about an organisation in relation to their knowledge about the organisation's behaviour (Grunig & Hung, 2002; L'Etang, 2003). The findings presented in the previous chapter support the concept that corporate reputation is complex and must be defined in relation to corporate and stakeholder perspectives. Reputation, therefore, has two components. First, a company must behave in a consistent way so as to form a reputation ‘of doing something’. Second, reputation requires stakeholders to know about that behaviour. This knowledge about corporate behaviour is gained from the relationships the stakeholders have with companies.

The five organisations understood corporate image to be an external perception about the company. While corporate reputation referred to the perceptions about the company based on relationships and the knowledge about the companies’ past actions, corporate image referred to branding and marketing. Although reputation and image indicated different organisational aspects, three companies (utilities, construction and retail) still used the same terminology (perception) to describe corporate reputation and corporate image.

Although the five companies acknowledged that the concepts of reputation and image were different, the bank and the retailer wanted to distance their companies from the notion of corporate image. The participants of these two companies highlighted the negative connotations of the term corporate image. Corporate reputation, they claimed, was not about deceiving the public, but it was about behaving with integrity.

In summary, more than investing in perception management, companies that want to build a positive reputation would be advised to manage their actions, as these will provide them with an enduring reputation. Although organisations are not able to control stakeholders’ perceptions about them, organisations can manage their corporate behaviour and engage with their stakeholders. Mahon and Wartick (2003) have argued, ‘it is crucial for an organisation to recognise what it can and cannot control about its reputation, and allocate resources accordingly’ (p. 31). Relationship management is one area that can impact on the building and maintenance of corporate reputation. These relationships, if two-way symmetrical, will build strong and positive reputations.

6.2.3 Corporate Reputation and Relationship-Building

The building of relationships is directly related to the building of corporate reputation. In a relationship, the parties are committed to supporting each other in the pursuit of a common goal (Grunig & Huang, 2000). As suggested by Grunig and Huang (2000), outcomes of trust, commitment, control mutuality, mutual satisfaction and achievement of goals are reached by means of relationship management. Corporate reputation would be the outcome of these outcomes.

The five organisations have emphasised the importance of engaging with stakeholders in order to build a positive reputation. The bank and the telecommunications company were proactive in their engagement with stakeholders, aiming to achieve trust and stakeholder satisfaction. Although in a limited way, the utilities and retail companies also tried to be proactive in dealing with their stakeholders in order to build trust and credibility. The construction company acknowledged the importance of engaging with stakeholders, although, in practice, the corporation was more reactive in its stakeholder engagement efforts.

In brief, some of the companies are more committed to stakeholder engagement than others. In general, the five companies seem to be more inclined to invest in exchange relationships than in communal relationships. However, if companies were to manage their corporate reputations through public–organisations relationships, the relationships would have to mature to become communal relationships, whereby outcomes of trust, commitment and satisfaction would bring forth positive organisational reputation.

There are different ways of engaging with stakeholders, as there are a variety of stakeholders: suppliers, employees, customers, the government, shareholders, activist groups, the community, and the media. The media has been singularised as an important stakeholder by the participants in this study and also by the literature. For example, Mahon and Wartick (2003) explained that whereas some stakeholders grasp a reputation based on their personal experiences with a company, the majority of the population rely on indirect sources of information, such as the media. Organisations would need to negotiate and attempt to build a relationship with each individual or a representative from each group.

The literature usually refers to the stakeholders as a group of people, with the exception of Moffitt (1994), who emphasised that each individual holds a different image of a corporation. Whenever possible, the five organisations also preferred to engage with each individual stakeholder, as each individual has a role to play in building and maintaining the corporate reputation.

Corporate social responsibility is one more way of engaging with these individual stakeholders. The utilities, construction, retail and telecommunications companies demonstrated that they developed socially responsible programs for instrumental reasons, mainly to be able to communicate the *good things* they have done. Conversely, only the bank seems to be involved with the community for communal reasons (refer to McIntosh, 1998; Sarbutts, 2003). The bank has embraced the notions of CSR and transparency, which have guided its stakeholder engagement activities. However, this is slightly inconsistent with the literature, which would locate CSR under the stakeholder engagement approach and not vice-versa. Stakeholder engagement would be the integration of corporate citizenship, stakeholder theory and strategic relationship theories (Andriof & Waddock, 2002), whereas CSR would be a strategic tactic to help companies maintain their long-term relationships with stakeholders.

Corporate social responsibility and stakeholder engagement are highly interdependent. The two terms refer to the same reality, involving a relationship between the organisation and its strategic publics. Corporate citizenship and stakeholder engagement are means to achieve a positive reputation and for the company to serve society, in a win–win approach. This service towards society involves a negotiation between what the organisation owes society and what society expects from it (L'Etang, 1996; Quazi, 2003).

6.2.4 A Comparison Between the Companies' Perceptions of the Public Relations Practice with the Public Relations Literature

As public relations scholars (for example, Ledingham & Bruning, 2000; Grunig & Huang, 2000) have been researching the role of public relations practitioners as relationship managers, I have dedicated a great part of the literature (Chapter Three) to the study of public relations as a management function responsible for corporate reputation management. The assumption was that, if corporate reputation is managed through relationships, then it would be logical that the public relations professional would be the most suited professional to be responsible for corporate reputation, as the relationship strategist.

Although the public relations literature strongly advocated the public relations strategic function (for example, Grunig & Grunig, 2002), the business literature reinforced the status of public relations professionals as *spin-doctors*, and *image-makers* (Fombrun, 1996; Davies et al., 2003; Neef, 2003). As a result, the title of public relations has little or no credibility among business leaders as being the relationship strategist, despite efforts to prove otherwise (for example, Broom et al., 2000; Grunig et al., 2002). Business scholars seem to have created their own titles for relationship strategists, leaving little or no room for the public relations practitioner. One of the business scholars' preferred titles is 'stakeholder engagement managers' (Andriof & Waddock, 2002).

Against this background, the second question asked how the five organisations defined public relations in order to identify what role public relations played in managing corporate reputation. Only the communications manager from the utilities company recognised that the public relations profession has changed since it became a university degree. She stated that public relations could now be defined as a strategic management profession, responsible for managing organisation–public relationships through communications. This being the case, it could be predicted that for the utilities company, the public relations practitioner would be considered to be the management function responsible for corporate reputation.

The other four organisations did not define public relations in a way consistent with the public relations literature. The telecommunications company conceived the public relations professional as the strategic messaging practitioner, responsible for sending consistent messages to the internal and external publics after decisions had been made (cf. Grunig & Grunig, 2002). Although consistent messages are vital to the good running of an organisation, the public relations messaging approach limits the practitioner to the role of a social communicator.

Consistent with the business literature, the construction, banking and retail companies conceived public relations as image-making (Fombrun, 1996; Davies et al., 2003; Neef, 2003). Although these three organisations saw public relations as a useful tool for promoting events, they did not want to be linked with the term public relations because this term may bring with it connotations of spin, deception and manipulation (ibid.; Russ, 1991).

In summary, four of the organisations studied reduced the profession of public relations to a technical role, and these companies preferred to use other titles for their communications professionals, such as public affairs managers, due to the bad reputation of the public relations profession. Consequently, public relations practitioners would have no role to play in managing corporate reputations in organisations because the profession has been limited to perception management. On the other hand, public relations theorists claim that relationship-building in organisations is an indicator of successful public relations and communication management (for example, Grunig & Huang, 2000). Public–organisation relationships could influence the success or failure of an organisation. This perspective puts public relations on the level of a strategic management function because it can influence the way stakeholders support an organisation's goals.

6.2.5 The Corporate Reputation Manager

The third research question explored which management function would be responsible for managing corporate reputation in the five organisations studied. Only the utilities company saw the strategic communications manager as the professional responsible for managing corporate reputation. Communications and public relations practices in this company were not limited to messaging, or image-making techniques, but they involved relationship management and participation in strategic decision-making processes.

Notwithstanding, the data collected demonstrated that although it was important that the organisation be committed to stakeholder engagement, and that this commitment be made at a strategic level, unless each employee and each member of the management team embraced the notion of engagement and every other corporate values, the organisation would not have a consistent reputation at all levels. Therefore, a management function solely responsible for managing corporate reputation would not necessarily be needed, as this would be everyone's responsibility.

A stakeholder engagement manager or public relations manager, however, would be needed to guarantee a bridge between the strategic management team and the different publics. The five organisations stressed the importance of building relationships with stakeholders in order to have a good reputation. Although the majority of the companies would avoid the title of public relations, they have created other titles to accommodate this role. The bank preferred to form a social responsibility committee and a stakeholder engagement team, while the construction, telecommunications and retail companies had investor relations and public affairs departments.

In the public relations literature, stakeholder engagement was advocated under the titles of strategic communal relationships, two-way symmetrical model of communication and issues management. As argued in Chapter Three, there is no substantial difference between the concepts of stakeholder engagement, relationship management, strategic public relations or two-way symmetrical communications. All of them explain the same reality from slightly different angles.

It can be summarised that the function responsible for managing corporate reputation is the strategic profession, aimed at establishing mutually beneficial relationships through two-way communication, as well as helping to give direction to the whole company in terms of reputation and relationships. Human resources management and internal communications also play a significant role in guaranteeing that employees will act as ambassadors of the company's reputation (Gotsi & Wilson, 2001b). As expressed by the bank and by the telecommunications company, it is every staff member's responsibility to manage reputation through their behaviour, which should be aligned to the companies' core values. These two organisations link remuneration outcomes with reputation or performance outcomes, as an incentive for employees to embrace the organisation's goals and values.

6.2.6 The Role of the CEO in Corporate Reputation Management

The main research issue that emerged from the five case studies was the important role CEOs played in reputation management. Although I have not reviewed the literature on the specific role of CEOs, their involvement in reputation management was not surprising. In Section 2.3, I have considered how public relations practitioners have little or no authority over some rating indicators of corporate reputation, such as financial performance and quality of products. The CEO, as the head of an organisation, is the one responsible for the overall strategic functioning of the whole organisation (Argenti & Forman, 2002).

To set an example to other staff members, the CEO should be the first person to engage with stakeholders in relationships of trust, commitment and mutual satisfaction. As pointed out by Thomas et al. (2004) nearly all companies have a list indicating the companies' ethical and values standards, but these 'standards will only have substantial influence on others when leadership behaviour matches corporate message. People in organisations are keen observers of leadership behaviour. They quickly note any disparities between what leaders say and what leaders do' (p. 62). The CEO, together with organisational leaders, would need to act with integrity, in accordance with the values of the corporation, accepting that in their behaviour rests the capacity to foster and enhance the corporate reputation. In brief, the CEO, as the leader and the face of the organisation, would need to be the first to embrace the notion of stakeholder engagement in order to encourage the other staff members to behave in the same way, reflecting the corporate identity and enhancing corporate reputation.

6.3 Contributions of this Research

The relevance of understanding corporate reputation from a behavioural perspective is emphasised in this study. Based on the findings of this research, it can be concluded that different understandings of corporate reputation do influence the way reputation is management and measured by organisations.

The first contribution of this research relates to a unified definition of the term 'corporate reputation'. Corporate reputation is a complex notion that involves at least two subjects: a corporation and a stakeholder. Reputation involves the stakeholders' perceptions and knowledge of the corporate behaviour, and the organisation's ability to manage its relationships. This thesis has argued that corporate reputation is the product of organisation–stakeholder relationships. A basic definition of corporate reputation is *the over time expression of corporate identity, based on a company's communication and performance, and how its stakeholders have perceived its behaviour*. This thesis has supported the research conducted by Grunig and Hung (2002), by using a different methodology and a different research site. Grunig and Hung (2002) theorised that corporate reputation could not be managed directly. Rather, reputation is influenced by corporate behaviour, provided that public relations practitioners play a role in the strategic management of an organisation.

This thesis has also argued that corporate reputation should be intrinsically related to the identity of the company, and not to the image. Scholars from the differentiated school of thought (Section 2.1) would consider corporate reputation as just one dimension of corporate image (Wei, 2002). Although I have acknowledged that companies could construct an image of themselves through communications, and that stakeholders might hold these companies in high esteem by having positive perceptions about them, I have also tried to point out the risk of solely focusing on image-making techniques. By focusing on identity, I argue that every corporate action, be it related to image-making, branding or marketing, should all reflect the core organisational values. As a result, this thesis has argued for the identity-centred school of thought (Section 2.1), in which corporate reputation is the product of the organisations' past actions. A strong corporate identity would be needed to guide a corporation's behaviour. Fombrun and Rindova (2002) have also argued for an identity-centred model of reputation building rather than image-making or impression management.

Reputation is a complex notion (perception and behaviour); it should be measured through operational and perceptual measures. Operational measures would involve measuring behaviour-related indicators. Examples would be relationship outcomes, such as trust, mutual satisfaction and commitment, and other behavioural indicators, such as number of customer and employee complaints and the organisation's triple bottom-line performance compared to other companies and in relation to stakeholders' expectations. Perceptual measures would include focus groups and surveys with stakeholders, and the analysis of media clippings. These perceptual measures indicate how stakeholders interpret and perceive organisational behaviour. Measurement is needed not only to prove the value of stakeholder engagement to the company, but also to identify gaps and improve performance and maintain a relationship.

Based on the findings, it can also be concluded that corporate reputation, being an intangible and a complex notion, cannot be managed in the business sense of the word. Organisations can manage their corporate identity and their relationships with stakeholders. However, the development of a corporate reputation, as pointed out by Mahon and Wartick (2003) 'is not totally under the control or direct influence of the organisation' (p. 22). A reputation also depends on how stakeholders perceive a company's behaviour.

Stakeholders will perceive a company's reputation, depending on their engagement with it or on what they hear about it. As such, this thesis has argued for strategic communal relationships (Grunig & Hung, 2002). Strategic communal relationships can lead to positive reputations. Australian organisations, however, need to be ready to invest in stakeholder engagement, which would go beyond what is required by law. Although the *Good Reputation Index 2002* and the *Reputex 2003* have methodological flaws, these are initiatives that try to measure corporate reputation in relation to organisational behaviour. I strongly disagree with Gary Johns' (2000, 2003) arguments that CSR, stakeholder theory and sustainability are political agendas because they give too much power to activist groups. The notions of stakeholder engagement and sustainability empower the corporation by enhancing its reputation and by giving an insight into the minds of those 'perceived as old enemies' (Lester, 2003, para 59). This insight can lead organisations to identify issues and deal with them, preventing reputation crises. The organisations win and the stakeholders win.

The findings from this research call on Australian companies to not be afraid to engage with their stakeholders and to not be reticent to embrace this stakeholder approach to business. It has been argued that it is everyone's business in the organisation to manage the corporate reputation. Every employee, starting with the CEO, needs to embrace the intrinsic aspects and values of corporate identity in order to behave accordingly.

Based on the findings, companies should try to engage with individual groups of stakeholders. Companies should avoid treating stakeholders as a cluster, as each individual group has different needs, expectations and experiences with the organisation. The organisation needs to facilitate communication, for stakeholders to voice their opinions, for example by means of correspondence, Internet, Intranet and free phone calls.

Moreover, this thesis has referred to several terms as synonyms: strategic communal relationships, corporate citizenship, stakeholder engagement, public relations, issue management and two-way symmetrical communications model. These terms involve a relationship between the organisation and its strategic publics. Both parties engage in the relationship for a reason and they are self-interested. Thus, dialogue and negotiation are needed, as both parties will try to favour their opinion. Although corporations might have more financial power than their publics, corporations cannot afford to ignore their stakeholders. Stakeholders have the means of damaging the company's reputation or of lobbying the government for corporate regulation. In brief, these six terms are different ways of expressing the same reality.

Finally, stakeholder engagement assures a positive reputation, but not necessarily better financial performance. However, there are some reputation benefits that could contribute financially to the organisation, such as: greater employee commitment and productivity, attraction of investors and consumers, access to new markets, favourable media coverage, all of which ultimately influence commercial opportunities, sales and profit (Bennett & Kottasz, 2000; Anand, 2002; Schultz et al., 2002).

6.4 Implications for Theory

The conclusions of this research bring some theoretical implications, not only to organisational behavioural relationships as a field of study, but also to the business and public relations disciplines.

Firstly, the theoretical assumptions and findings of Grunig and Hung (2002) have guided this research. Although we have followed different methodologies and our researches have had different objectives, both their study and this thesis argued that corporate reputation is mainly a product of corporate behaviour, being managed by means of relationships. Consequently, as already suggested by Grunig and Hung (2002) the discipline of public relations could emphasise the role of the professional in managing strategic relationships, rather than in managing corporate reputation, which could be deceiving if misinterpreted as image-making.

Secondly, there are several terms in the public relations and business literature that refer to the same concept of organisation–stakeholder relationships. I have unified the terms under the title of 'stakeholder engagement' for the following reasons:

a. Stakeholders are strategic publics that can influence or be influenced by the organisation.

b. The term ‘engagement’ refers to a type of relationship that is based on trust, commitment and mutual satisfaction, which are relationship outcomes (Grunig & Huang, 2000).
c. Organisations cannot manage stakeholders, but they can engage with them (Andriof & Waddock, 2002).
d. Stakeholder engagement is strategic. Each party is concerned with the interests of the other, as they are interdependent (strategic communal relationships).
e. Through stakeholder engagement, organisations go beyond legal control, and develop a sense of responsibility towards people and the environment (corporate citizenship).
f. Stakeholder engagement manages relationship through two-way symmetrical communication.
g. Stakeholder engagement facilitates the identification of an issue or trend in public opinion, which can affect the organisation in a negative way. By engaging with stakeholders, managers can negotiate with them in order to reach mutual agreement and prevent reputation crises (issue management).
h. Finally, the term ‘stakeholder engagement’ has been preferred to ‘public relations’ because of the negative connotations of the term public relations. The profession of public relations has been associated with negative connotations, such as spin doctoring, *greenwashing* and imaging. These associations were due to unethical public relations practices in the past, and unfortunately, still practised in the present day. The majority of practitioners, including those of the five case studies, prefer to distance themselves from the term ‘public relations’ and identify themselves as *public affairs* or *public communications* managers.

6.5 Implications for Policy and Practice

On a pragmatic level, the results of this study could benefit the corporations that are interested in managing their corporate reputation through stakeholder engagement. Australian organisations should invest in stakeholder engagement not only because it enhances corporate reputation, but also because it is strategic and enhances competitive advantage, meaning that the organisations win and the stakeholders win. The outcomes of stakeholder engagement are those presented by Grunig and Huang (2000), of mutual satisfaction, trust, commitment, control mutuality, achievement of goals and the reputation benefits of attracting investors, customers and employees.

Based on the work done by Grunig and Huang (2000), Fombrun and Rindova (2002) and Neef (2003) on how to manage corporate reputation and on relationship management, I suggest a model to help companies implement stakeholder engagement strategies. The six-stage process of implanting stakeholder engagement in an organisation is illustrated by Figure 6.1.

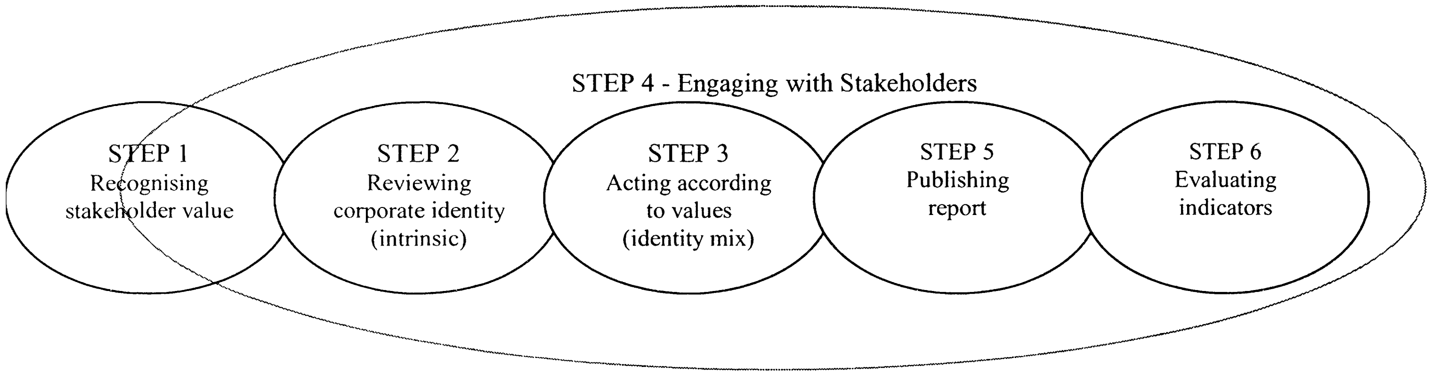


Figure 6.1: Stakeholder engagement implantation model. Once an organisation recognises the value of stakeholders, it should start engaging with them. (Source: based on the findings of this research and on the work of Grunig & Huang, 2000; Fombrun and Rindova, 2002; and Neef, 2003.)

The first step would be to recognise the value of stakeholder engagement as a means of building a good reputation in the market share, of preventing crises and regulation and as a means of competitive advantage. Companies do not need to pass through reputation crises themselves in order to take this step. They must learn from other companies' crises, and be convinced of the reputation benefits that stakeholder engagement brings with it.

Once the organisation has recognised the need to embrace stakeholder engagement values, Fombrun and Rindova (2002) suggest that this organisation would have to re-evaluate its business model, its tradition, identity and aspirations for the future. The second step consists, therefore, in revising the intrinsic aspects of corporate identity, that is, the corporation's principles and mission.

Thirdly, the company needs to ensure corporate integrity. In other words, corporate identity needs to be expressed through its mix (symbols, communication and behaviour) in a consistent way. Neef (2003) recommends that it is not enough to have ethical guidelines; the organisation must encourage, monitor and enforce this behaviour in the company. Fombrun and Rindova (2002) call this stage *being* followed by *doing*, as the company is and acts according to its principles.

The fourth stage, which could have begun simultaneously with the first step, is to carefully understand stakeholders' expectations. Organisations need to scan the environment to identify the strategic stakeholders and the main issues that affect them and the ways in which the stakeholders could affect the organisation (Grunig & Huang, 2000). Fombrun and Rindova (2002) call this stage *listening*, while Neef (2003) advocates knowledge management, which is to listen to internal and external publics and know what is happening internally and externally. The strategic team of any organisation, therefore, needs to be aware of what happens in and around the organisation, through stakeholder engagement.

Attentive listening involves interaction with stakeholders, by means of two-way symmetrical communication (Grunig & Hunt, 1984). In the present day, stakeholders are sceptical that companies would genuinely want to engage with them (Mackay, 1993; Heath, 1997), therefore, organisations would need to be transparent and open not only to financial audits, but also to social and environmental audits. Fombrun and Rindova (2002) refer to this phase as *communicating*, publishing the organisation's triple bottom-line report (Neef, 2003).

Finally, throughout engagement with stakeholders, organisations would have to constantly measure their relationship outcomes (Grunig & Huang, 2000) together with perceptual indicators, in order to evaluate the relationship and consequently the reputation of the organisation. Stakeholders' cooperation and input are the key to corporate reputation management.

6.6 Limitations and Implications for Future Studies

This study sought to identify how different understandings of corporate reputation would impact on its management and measurement. Extensive theory and comprehensive conceptualisation guided this research. As pointed out by Ravasi and Rekom (2003), there is still much more to be explored on how the identity of an organisation influences its image and reputation. The actual study could serve as an adequate starting point for further research to investigate the variables involved and their complex relationships.

Although the cases were purposefully selected, further research with a larger population could be undertaken to be able to generalise the findings to a population. A quantitative research would allow for theoretical and practical testing of corporate reputation management and measurement. As I followed a case-study methodology, there is also a need for a more longitudinal research to identify and measure how corporate reputation is *produced* through relationships, over a period of time.

In terms of data analysis, this study followed a thematic analysis focusing on the themes that emerged from the data. This method was appropriate as I was looking at how the different companies conceptualised corporate reputation. Further research could include critical discourse analysis (for example, Fairclough, 1992). A more critical analysis could be especially useful in the study of social change, analysing how Australian companies have changed their discourse on values, so as to include values of transparency, sustainable development and stakeholder engagement. Stakeholder engagement could be analysed as a corporate discourse intended to create social practice.

If a critical discourse analysis were to be followed, it would be necessary not only to investigate the discourse and social practices (through text) of the producers, but also to include the analysis of the practices of the consumers, that is, how stakeholders interpret the messages sent to them. Employees, clients, suppliers, activist groups and the government among other stakeholders, would also have to be considered in order to identify how reputation is formed through stakeholder engagement.

Moreover, although the findings of this study indicate how managers motivate their employees to engage with stakeholders so as to build a strong relationship with them and behave ethically, these findings would have been even more significant if I had also interviewed employees and other stakeholders. Further research could include other stakeholders in an attempt to identify if they want companies to engage with them or whether they think that these relationships truly bring about a positive corporate reputation.

Further research on stakeholder engagement should be conducted with sensitive business sectors, such as chemicals, tobacco, iron, steel and petroleum. There has been some research done with *Royal Dutch Shell*, as this company was one of the first to embrace the notions of sustainability and stakeholder due to its reputation crises in 1995 (Fombrun & Rindova, 2002; Lawrence, 2002). It would be interesting to see if other companies have been following Shell's lead.

Although it would have been difficult to observe how relationships are formed by every single member of an organisation, this research could have been enriched if I had had a live-in experience in each organisation. A more ethnographic approach would have allowed me to live the corporate culture, and to observe how the leaders motivate and encourage employees to 'walk the talk', especially with regard to corporate values and ethical behaviour. This ethnographic method would have also helped me to engage with employees, and to gain their trust. As an outcome, the interviews with employees would be deeper and closer to the truth of their experiences.

Interviews with employees could also develop the idea that this study has shown with regard to the role of CEO in reputation management. Further research on corporate reputation could include notions of 'ethical leadership', 'moral person' and 'moral manager'. Treviño and Brown (2004) have undertaken some research in ethical leadership, emphasising the importance of corporate executives being not only honest and trustworthy people, but also being open to employee input and showing concern to others. Organisational leaders need to be the first ones to engage with stakeholders.

This thesis has identified some overlaps in the public relations and business literature with regard to relationship management. Recently, Ledingham (2003) has suggested that 'the notion of relationship management supports the need for a review of public relations curricula to ensure that students are conversant with management concepts as well as skilled in traditional communication techniques' (p. 193). Therefore, not only further research should be conducted unifying both disciplines in this regard, but also public relations graduates should have the necessary managerial skills to carry this role out. Overall, this study has set a foundation for further research on corporate reputation.

6.7 Concluding Remarks

'Consistent ethical behaviour in organisations cannot be left to chance' (Thomas et al., 2004, p. 56). Corporate reputation is a valuable asset for an organisation, and as has been argued in this thesis, a reputation depends on this consistent ethical corporate behaviour. Corporate reputation cannot be left to chance. Corporate reputation has to be part of the strategic management team agenda. Everything a company is and does is what leads a company to have a strong reputation. For that, managers need to evaluate their corporate identity, listen and engage with their stakeholders, act according to the corporate values, motivate employees to do the same, build a relationship with the media and members of the government. A company cannot *manage* its stakeholders, but it can *engage* with them. A company can form and find allies in its stakeholders. And this will not happen by chance. It will happen if organisational leaders put the strategic means in place to achieve it.

To manage and measure corporate reputation, companies need first of all to understand how corporate reputation is formed. Reputation cannot be reduced to corporate image, because image depends on symbolic communications whereas reputation depends on consistency of corporate behaviour. The public relations literature suggested that corporate reputation was the product of organisation–public relationships, and that the appropriate domain of public relations professionals was as managers of relationships (Ledingham, 2003). This case-study research has shown that corporate reputation management is more complex than the literature suggests. It involves corporate behaviour and the public's perception of that behaviour. Thus, stakeholder engagement is the way to build and maintain a positive and enduring reputation.

Communication managers also have a major role to play, not only as communicators, but as relationship managers (or as stakeholder engagement managers), part of the strategic management team. More than just communicating what has been happening, communication managers (public relations practitioners in especial) need to take part in the corporate decision-making processes (Grunig & Hung, 2002). In 1993, Grunig posed the danger of divorcing symbolic from behavioural relationships. This, he said, would reduce the profession of public relations to 'the simplistic notion of image building' (p. 136). To change a company's image is not the same as changing a company's behaviour. Only the latter, together with two-way symmetrical communication, can generate a trustworthy corporate reputation.

Public relations practitioners, as part of the strategic management team, can also influence organisational leaders to perform according to the company's values and ethical standards. 'Ethical leaders … take into account the ethical impact of their decisions, both short and long term, on multiple stakeholders' (Treviño & Brown, 2004, p. 75). Public relations practitioners, by scanning the environment, can facilitate organisations to identify the impact of their actions on stakeholders. Finally, by engaging with stakeholders, public relations practitioners can propitiate the relationship between company and public, preventing crises and managing issues even before they emerge.

Stakeholder engagement is not only a means to achieve a positive reputation, but it is also a means for a company to serve society, by means of a win–win approach. Seidman (2004) puts it simply: 'Virtue has been, is, and always will be its own reward. The best companies have always understood this and have refused to pursue the easy path to short-term gains at the sacrifice of long-term value and reputation' (p. 135).

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LIST OF APPENDICES

APPENDIX A

MIND MAP

- **Chapter 2**
- **Chapter 3**

Mind Map – Structure of Chapter Two

Objective 1: ***to explore the impact of different understandings of corporate reputation on the management and measurement of reputation in organisations.***

corporate reputation: definitions

Definitions:
1) Analogous School of Thought
   corporate reputation = corporate image
2) Differenciated School of Thought
   corporate reputation ≠ corporate image
3) Identity-centred School of Thought
   corporate reputation↔ corporate identity

corporate reputation: management

Management:
- impression management / image-making (1)
- sustaining a company's good name with and impact on meeting financial objectives (2)
- employees perceptions aligned to customers perceptions (1)
- Reputation cannot be managed (1, 2, 3)
- Reputation cannot be managed directly; rather, it can be influenced by corporate behaviour (2, 3)
- = relationship management (3)

corporate reputation: measurement

Measurement:
- Reputation rankings: measurement through performance indicators
  - General public evaluates (1, 2)
  - Stakeholders evaluate (1, 2, 3)
- Reputation scale of corporate personality
  - Customers and employees evaluate
- Customer and employee surveys (1, 2, 3)
- Benchmarking (1, 2, 3)
- Relationship outcomes (3)

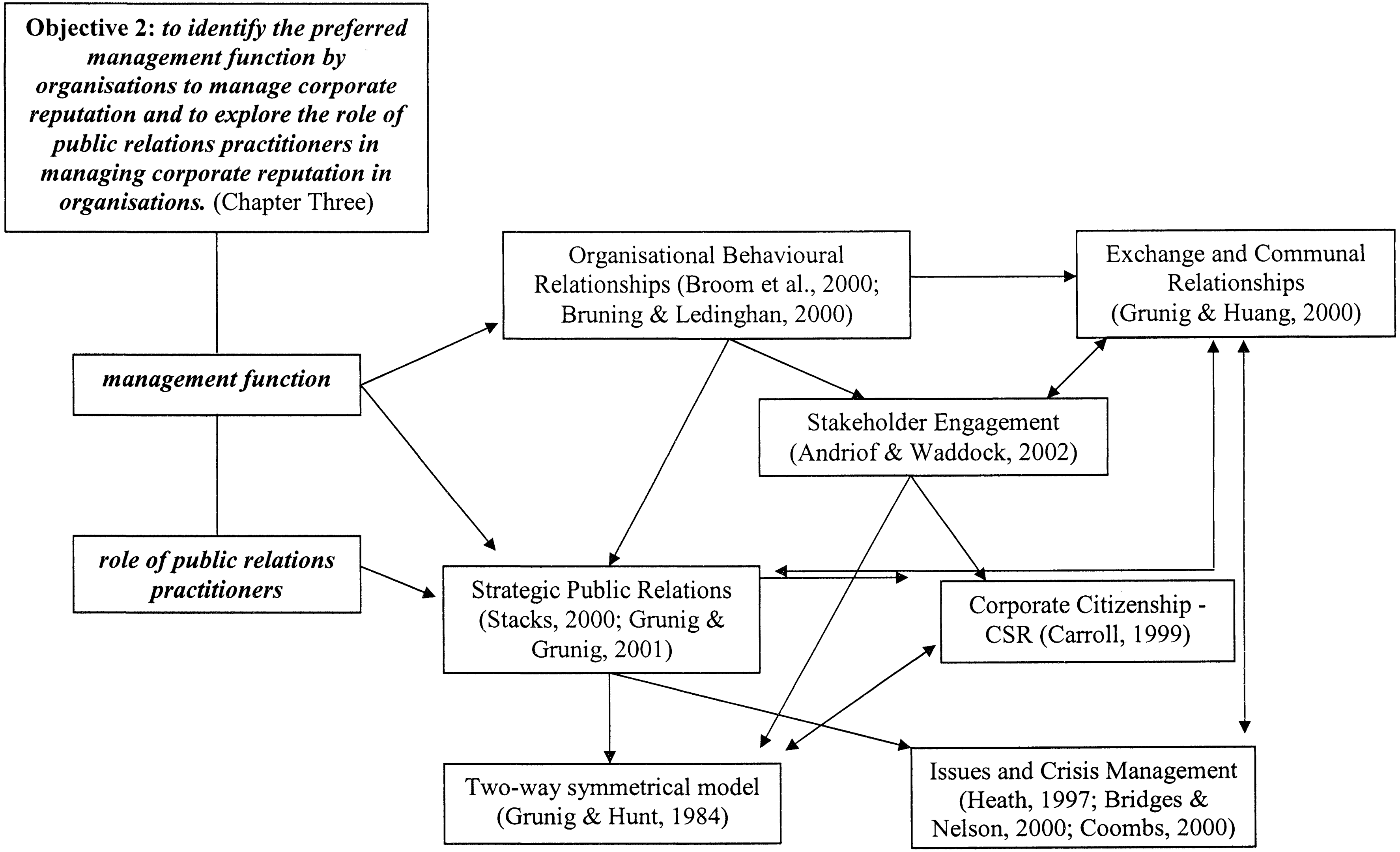
Impact on Financial Performance:
- Reputation management: better financial performance
- Reputational capital
- This correlation is unsound
- Reputational benefits, not directly related to financial performance

Objective 2: ***to identify the preferred management function by organisations to manage corporate reputation and to explore the role of public relations practitioners in managing corporate reputation in organisations.*** (Chapter Three)

management function

role of public relations practitioners

Mind Map – Structure of Theoretical Framework (Chapter 3)



APPENDIX B

INTERVIEW OUTLINE

Guideline for Interview Script with Communication Managers

1) If I say the word corporate reputation, what is the first thing that comes to your mind?

2) If I say the word image, what is the first thing that comes to your mind?

3) If I say the word relationship, what is the first thing that comes to your mind?

4) How do you think your stakeholders see your organisation, in terms of its products/services?

5) How do you think your stakeholders see your organisation, in terms of its behaviour/what the organisation does?

→ For the sake of this Interview, from now on, would you mind seeing reputation as the product of management behaviours and organisation-public relationships. And image as the product of the experiences of a product/service and the messages sent by an organisation?

6) Do you think that reputation – as defined – can be managed? How?

7) Who manages the reputation of your organisation? How did you start thinking about reputation management? (crisis?)

8) What is the strongest message you communicate to your stakeholders? Do you communicate it with words or actions? Do you think that this message is lived and shown by the behaviour of your organisation?

9) Does your organisation conduct research on a regular basis? What kind of research does it conduct?

10) Does your organisation measure its reputation? How? Do you think there is a link between reputation management and better financial performance?

11) Does your organisation have reputation as part of its mission statement or as part of its strategic plan?

12) Does your organisation have a formal strategy to manage communication issues/crisis? What is your view of Public Relations? Stakeholder Engagement? Corporate Communications?

13) Do you have a direct access to the CEO?

14) If I followed you through a typical day, what would I see you doing?

Appendix C

Correspondence with participants

- **Initial e-mail contact**
- **Information Sheet for Participants**
- **Consent Form Sample**

Initial e-mail contact

Dear______,

I am a Ph.D. student at UTS and I am writing a thesis on **Reputation Management as Relationship Management**. By gathering information from professionals in the communication area, I am studying whether corporate reputation can be managed in reality and who manages it. More specifically, I am looking at how much control corporate communication professionals have over corporate reputation (please see attachment).

I would appreciate if you could help me with this study, by offering some insights on the practice of reputation management. Although your assistance would be greatly appreciated, you are under no obligation to join this study. If you agree I will need to see you (or another staff member) for an interview.

Yours sincerely,

Rosa de Carvalho

If you have any questions regarding this study, please contact:

Rosa Carolina Carvalho
Phone: [redacted]
E-mail: Rosa.Decarvalho@uts.edu.au

Supervisor's name and contact information
Ursula Stroh
Department of Media, Communication and Information
University of Technology of Sydney
Phone: 9514 2708

E-mail: Ursula.Stroh@uts.edu.au

NOTE:
This study has been approved by the University of Technology, Sydney Human Research Ethics Committee. If you have any complaints or reservations about any aspect of your participation in this research which you cannot resolve with the researcher, you may contact the Ethics Committee through the Research Ethics Officer, Ms Susanna Davis (ph: 02 - 9514 1279, Susanna.Davis@uts.edu.au). Any complaint you make will be treated in confidence and investigated fully and you will be informed of the outcome.

UNIVERSITY OF TECHNOLOGY, SYDNEY

Department of Media, Communication and Information

INFORMATION SHEET FOR PARTICIPANTS

Dear ______,

My name is Rosa Carolina Carvalho and I am a Ph.D. student of the University of Technology of Sydney - UTS. The topic of my thesis is **Reputation Management as Relationship Management**. By gathering information from professionals in the communication area, this study attempts to reason and explore in reality whether corporate reputation can be managed and who manages it. More specifically, I question how much control corporate communication professionals have over corporate reputation. The purpose of this research is to verify if a concept of *corporate reputation management* can be built from reality and theory.

Participation in this study is voluntary. Although your assistance would be greatly appreciated, you are under no obligation to join this study. If you agree, an interview will be conducted. This interview will be recorder and then transcribed. Any information given will not be used for commercial purpose, but only to help me develop my thesis. I guarantee confidentiality of names and organisations. It is possible that the thesis, or part of it, may be published in the form of an article in a refereed academic journal. However, I can provide you with a short report of the findings for your use, if you request it.

If there are any specific questions that you would prefer not to answer, please do not feel obliged.

If you have any questions regarding this study, please contact:

Rosa Carolina Carvalho
Phone: [redacted]
E-mail: Rosa.Decarvalho@uts.edu.au

Supervisor's name and contact information
Ursula Stroh
Department of Media, Communication and Information
University of Technology of Sydney
Phone: 9514 2708

E-mail: Ursula.Stroh@uts.edu.au

NOTE:
This study has been approved by the University of Technology, Sydney Human Research Ethics Committee. If you have any complaints or reservations about any aspect of your participation in this research which you cannot resolve with the researcher, you may contact the Ethics Committee through the Research Ethics Officer, Ms Susanna Davis (ph: 02 - 9514 1279, Susanna.Davis@uts.edu.au). Any complaint you make will be treated in confidence and investigated fully and you will be informed of the outcome.

UNIVERSITY OF TECHNOLOGY, SYDNEY
Department of Media, Communication and Information

CONSENT FORM

Participation in this study is voluntary. The participant and the organization involved will not be identified. Although your assistance would be greatly appreciated, you are under no obligation to join this interview. If you agree, the interview will be recorded and then transcribed. If there are any specific questions that you would prefer not to answer, please do not feel obliged.

If you consent to participate in this study, please read the following paragraphs and sign below.

I have read the Information Sheet for Participants for this study and I have had the details of the study explained to me. My questions about the study have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I also understand that I am free to withdraw from the study at any time I wish and without giving a reason, or to decline to answer any particular questions in the study. I agree to provide information to the researcher and I agree that the interview will be recorded and then transcribed.

I agree that the research data gathered from this project may be published in a form that does not identify me or my organization in any way and that under my request, a short report of the findings will be provided for my use.

Signed:
Name:
Date:

If you have any questions regarding this study, please contact:

Rosa Carolina Carvalho

Phone: [redacted]
E-mail: Rosa.Decarvalho@uts.edu.au

Supervisor's name and contact information:

Ursula Stroh

Department of Media, Communication and Information
University of Technology of Sydney
Phone: 9514 2708
E-mail: Ursula.Stroh@uts.edu.au

NOTE:
This study has been approved by the University of Technology, Sydney Human Research Ethics Committee. If you have any complaints or reservations about any aspect of your participation in this research which you cannot resolve with the researcher, you may contact the Ethics Committee through the Research Ethics Officer, Ms Susanna Davis (ph: 02 - 9514 1279, Susanna.Davis@uts.edu.au). Any complaint you make will be treated in confidence and investigated fully and you will be informed of the outcome.

APPENDIX D

GOOD REPUTATION INDEX METHODOLOGY

- **Good Reputation Index 2002**
- **Reputex 2003**

Good Reputation Index 2002

METHODOLOGY

The Good Reputation Index examines, through the perceptions of community stakeholders and experts, the ability of the top 100 corporations operating in Australia to manage those activities which directly contribute to their reputations as socially responsible organisations.

The Good Reputation Index is based on performance across six major categories – Management of Employees; Environmental Performance; Social Impact; Ethics and Corporate Governance; Financial Performance and Management and Market Focus. In each of these categories, Reputation Measurement selects a range of community based experts and stakeholders (called research groups) to provide their opinions on the performance of each company.

Each research group is required to identify up to four criteria to guide its evaluation/opinion forming process. These criteria and questionnaire surveys were provided to companies in May. Companies had until the end of July to respond to category surveys. The onus is on the company regarding the degree to which it engages in the research process. Many research groups also undertake additional, independent research to supplement the company survey.

The Good Reputation Index provides a very distinct perspective on the performance of corporate Australia and one which is increasingly relevant in today's world. Companies are under increasing pressure to demonstrate their social responsibility and in this setting the Reputation Index is particularly relevant because it brings together environmental, social, corporate governance, workplace practices, financial and market based stakeholders to provide a comprehensive picture of how our major public and private companies are viewed by the community.

There is increasing evidence to suggest that companies seeking to demonstrate their worthiness as socially responsible organisations are most successful when they widen their traditional business stakeholder base to include community stakeholders. Investors and consumers are increasingly making decisions based on longer-term issues linked to a company's capacity to contribute to a sustainable future for all.

COMPANIES

The companies included in the Good Reputation Index are selected by Reputation Measurement using the top 100 companies listed by BRW Magazine in its annual list of the top 1000 enterprises operating in Australia and New Zealand. The BRW list is based on financial indicators.

RESEARCH GROUPS

Twenty-two community based stakeholder and expert organisations were invited to participate as research groups. Groups were selected to ensure a reasonable mix of stakeholder perceptions and opinions across the six reputation categories.

THE RESEARCH PROCESS

In mid-March each company listed for the 2002 Index was contacted and invited to nominate a point of contact for the year long process. Between March and April, Reputation Measurement liaised with Research Groups to develop a category survey for each of the six categories. These were distributed to companies as part of a research kit at briefing forums held in Melbourne in Sydney.

Research group findings were submitted to Reputation Measurement in early September. All fndings and scores reflect each research group's opinion of the activities, policies and performance of each company. This opinion is informed by responses to surveys, publicly available information and the research group's existing knowledge of the company. In many instances verbal communication took place between research groups and companies to clarify outstanding issues and uncertainties.

The extent to which companies cooperated with the review process by way of completing survey questionnaires or responding to information requests from the research groups rested completely with the company.

Each research group submitted its scores to Reputation Measurement. Collected findings were then forwarded by the administrator to the independent statistician for compilation of the Index rankings.

All Reputation Index surveys and policy statements are available at www.reputationmeasurement.com.au

Reputex 2003

METHODOLOGY

RepuTex Ratings are designed to provide a broad, opinion based appraisal of an organisation's capacity to meet the expectations of community based stakeholders and business experts in four RepuTex categories: Environmental Impact, Corporate Governance, Social Impact and Workplace Practices. Ratings in this report have been undertaken on an unrequested basis. In administering the process, Reputation Measurement has ensured that all rated organisations were:

a) Fully informed of the intention to rate and invited to attend briefing sessions on the conduct of the 2003 RepuTex Ratings process

b) Provided an opportunity to demonstrate why they might meet criteria listed for exemption (and)

c) Given full opportunity to contribute to the data collection process leading to the appraisal and rating assignment sequence.

COMPANIES

The RepuTex Ratings presented in this report on the social responsibility performance of Australia's Top 100 business organisations were undertaken on an unrequested basis. Organisations selected by Reputation Measurement for an unrequested rating comprise those listed at the top of Business Review Weekly Magazine's annual list of the 1,000 largest organisations operating in Australia and New Zealand (BRW Magazine, November 14-17, 2002). This includes publicly listed companies, private companies and public sector entities. There are four published criteria under which an organisation may be exempt from the RepuTex process.

Each organisation selected for a RepuTex Rating is notified of its listing and of a fourteen day period in which to advise Reputation Measurement of any matters that it considers relevant to a decision to remove it from the RepuTex list before it is finalised in late March. These must be related to the published exemption criteria.

THE RESEARCH PROCESS

i) Criteria, Scoring and Rating Scales and the Preparation of Category Surveys

At category level, each research group was asked to identify up to 4 criteria and contribute to the finalisation of a benchmark. Category Scoring Scale for its particular category. A series of research questions were developed around criteria, these were then brought together to form a Category Survey.

At overall level, the RepuTex Rating Committee oversaw the development of the mathematical system to assign ratings against the RepuTex Rating scale.

Category Scoring Scales for each of the four RepuTex Categories and the RepuTex Rating Scale and Seals are included at the end of this section. Category Surveys and criteria for each of the four RepuTex Categories are available at www.reputex.com.au

ii) Data Collection and Participation

Organisations selected by Reputation Measurement for a rating were advised by mail in March, they were also contacted by phone and requested to nominate a contact person to receive information and updates from RepuTex research managers. An information brochure and timeline was distributed to Chief Executives and company contacts; company contacts were also invited to attend briefing sessions in Sydney and Melbourne.

Participation of organisations varied, of the 100 organisations listed for a rating, 63 attended the RepuTex briefing sessions to learn more about the RepuTex system. A range of data collection options was available to organisations; every effort was made by RepuTex research managers to provide opportunities for organisations to either manage their own data collection procedures, review data collected by research staff or provide additional data.

A ten week period was allowed for data collection. 37 organisations took up the option of completing their own surveys; using the survey document as a basis for their research, RepuTex research staff collected data for 62 organisations using information from the public domain (websites, annual reports, credible public databases and other collected materials). At the end of the data collection period, a further option was available to organisations to review the material collected; 10 organisations took up this opportunity. RepuTex research staff also reported that of the 100 organisations, 23 had comprehensive websites thereby negating the need to directly respond to surveys.

iii) Appraisal and nomination of Category Scores by Community Research Groups

At the start of July all data was distributed to research groups to undertake their criteria appraisals and nominate a category score for each organisation against the Category Scoring Scale. In forming their opinion based assessments, research groups relied on the material provided in surveys and their own existing databases and further research undertakings. Detailed findings were returned to Reputation Measurement at the end of July; these findings were subsequently forwarded to the independent statistician for the mathematical process to aggregate scores and assign standardised final Category Scores for each of the 100 entities listed for a rating.

iv) Assignment of RepuTex Ratings by the RepuTex Rating Committee

Using a second round mathematical construct, Category Scores were aggregated and allocated against predetermined cut-points in line with the RepuTex Rating Scale. These, along with specific criteria findings for each organisation were forwarded for the consideration of the RepuTex Rating Committee. The Committee then assigned the final rating.

APPENDIX E
Ethics Approval

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UTS
University of Technology, Sydney

05 June 2003

Ms Ursula Ströh
Faculty of Humanities and Social Sciences
Department of Media Arts, Communication and Information
Level 7, Building 2
Broadway Campus

Dear Ursula,

UTS HREC 03/23 - STROH, Ms Ursula, HARRIS, Ms Rebecca, (for de CARVALHO, Ms Rosa Carolina Pereira - PhD student) – "Reputation management as relationship management"

Thank you for your response to my letter of 16 April 2003. I have no hesitation in approving your application on the basis of the response.

Your approval number is HREC 03/23A.

The *National Statement on Ethical Conduct in Research Involving Humans* requires us to obtain a report about the progress of the research, and in particular about any changes to the research which may have ethical implications. The attached report form must be completed at least annually, and at the end of the project (if it takes more than a year), or in the event of any changes to the research as referred to above, in which case the Research Ethics Manager should be contacted beforehand.

I also refer you to the AVCC guidelines relating to the storage of data. The University requires that, wherever possible, original research data be stored in the academic unit in which they were generated. Should you submit any manuscript for publication, you will need to complete the attached *Statement of Authorship, Location of Data, Conflict of Interest* form, which should be retained in the School, Faculty or Centre, in a place determined by the Dean or Director.

Please complete the attached (green) report form at the appropriate time and return to Susanna Davis, Research Ethics Manager, Research Office, Broadway. In the meantime, if you have any queries please do not hesitate to contact either Susanna or myself.

Yours sincerely,

Associate Professor Jane Stein-Parbury
Chair
UTS Human Research Ethics Committee

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