

## **A CEO's internal communication programme for middle management and its influence on their perception of the corporate reputation: a quantitative and qualitative analysis**

### *ABSTRACT*

There seems to be consensus amongst scholars that reputation management rests on a foundation of corporate communication, and it is moreover believed that the chief executive officer (CEO) is the perceived owner and defender of an organisation's reputation (Hutton, Goodman, Alexander & Genest, 2001: 248 and Gonring 2004: 12).

Since corporate reputation and values instilled through internal corporate communication reverberate outside organisations (Roberts, 2004), the CEO should utilise internal corporate communication effectively to enhance his/her and the company's reputation among employees as a stakeholder.

The research problem that prompted this research has, therefore, been formulated as: Does the internal corporate communication programme of the CEO of the ABC Group have any significance for middle management employees' perception of the reputation of the organisation? The aim of the study is to illustrate the link between the internal corporate communication programme of an organisation's CEO and middle management employees' perception of the reputation of the organisation.

A pragmatic research approach was adopted for this study, and two communication theories – the systems theory and in particular the interrelatedness aspect thereof, and the flow of information aspects of the information theory (Bowers & Courtright, 1984: 23) - were used as the conceptual premise of the study. Based on the fact that the nature of the study is interpretative, a combined qualitative-quantitative research approach was employed for the collection, analysis and representation of data. The study concurs with the finding that the internal corporate communication programme of the CEO of the ABC Group does in fact have significance for middle management employees' perception of the reputation of the organisation.

*Irma Meyer is a part-time lecturer in the Department of Communication at the University of Johannesburg. This paper is based on a component of her MA (Corporate Communication). Prof Gideon de Wet, who supervised the study, is the Head of Department.*

## **1. INTRODUCTION**

Reputation management – if it is to emerge as a significant business function – rests on a foundation of what is traditionally termed public relations. The latter has in recent decades become known in a corporate context as corporate communication (Hutton, Goodman, Alexander & Genest, 2001: 248). Gonring (2004: 12) believes that the chief executive officer (CEO) is the perceived owner and defender of an organisation's reputation.

Swift (2001: 22-23) argues that trust actually develops on the basis of consistent trustworthy behaviour and that reputation is the result of trustworthy behaviour. Organisations or stakeholders cannot command trust; rather, it must be earned on the basis of trustworthy behaviour. A leader's trustworthiness and credibility are critical, and transformational leadership is only authentic when it is grounded in the leader's moral character, concern for others and the congruence of ethical values with action (Hernez-Broom & Hughes, 2004).

Communication is a powerful catalyst for establishing and sustaining trust, i.e. the emotional state that is shared by highly committed workers and leaders, and the research problem is formulated as: *Does the internal corporate communication programme of the CEO of the ABC Group<sup>1</sup> have any significance for middle management employees' perception of the reputation of the organisation?*

## **2. SYSTEMS AND INFORMATION THEORY AS THEORETICAL PREMICES**

A pragmatic research approach was adopted for this study. According to Bowers and Courtright (1984:23) the pragmatic perspective presents itself not as a philosophy of science, but as an interesting and fruitful model for the study of human communication.

The pragmatic perspective involves the joining of particular principles. Two communication theories – the systems theory, and particularly the interrelatedness aspect thereof, and the flow of information aspects of the information theory (Bowers & Courtright, 1984: 23) – together constitute the conceptual premise of the study. These aspects are contextualised and analysed in the context of internal corporate communication in the organisation as a reputation facilitating process. From information theory, the emphasis is on the flow and content of the communication, and, from systems theory, the emphasis is on interrelated processes between the CEO and middle management.

The study's theoretical position further needs to be clarified by looking at the use and application of the key concepts of the study.

Corporate and internal corporate communication as drivers of the interrelatedness quality should be looked at as follows: **Corporate communication** is the management function that establishes and maintains mutually beneficial relationships between an organisation and the stakeholders on whom its success or failure depends (Cutlip, Center & Broom, 2000: 6). Corporate communication is the deliberate, planned and sustained effort to establish and maintain mutual understanding

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<sup>1</sup> The study was conducted at the ABC Group in Gauteng Province. (Owing to a confidentiality clause, the name of the organisation cannot be revealed).

between an organisation and its stakeholders (Lubbe & Puth, 1994: 6). **Internal corporate communication** is the management function that establishes and maintains mutually beneficial relationships between an organisation and the internal stakeholders on whom its success or failure depends (Cutlip, Center & Broom, 2000: 6, and McNamara, 1999). The ABC Group is here seen as the organisation and the employees as stakeholders.

To understand the communication implications of dynamic leadership – of which building a positive reputation is one – it is necessary to distinguish between **management** and **leadership**.

Puth (1994: 146-147) explains that leadership and management are two distinct and complementary systems of action. In his view **management** is concerned with coping with complexity, and management practices and procedures are largely a response to one of the most significant developments of the twentieth century: the emergence of large organisations.

Yet, Puth (1994: 146-147) on the other hand, also believes that **leadership** is concerned with coping with change. According to him people attach different values to leadership in the sense that they see it as the ability to inspire followers to take action – setting a good example or influencing people to attain goals rather than simply ordering them to do so.

This study is concerned with the significance of the internal corporate communication programme of the Group Chief Executive of ABC Group on middle management's perception of the reputation of the organisation. The ABC Group is a large and complex organisation faced with constant change and the CEO is therefore regarded as both a leader and a manager, with the emphasis on **leadership**.

**Reputation** is defined as a collection of perceptions and beliefs, both past and present, which reside in the consciousness of an organisation's stakeholders, i.e. its customers, suppliers, business partners, employees, investors, analysts, communities, regulators, governments, pressure groups, non-governmental organisations and the public at large (Rayner, 2003: 1). Key aspects of reputation revolve around commitment, organisational values, involvement, emotions and attachment.

Reputation is the general opinion of the public toward a person, a group of people or an organisation (Marconi, 2001: 2).

### **3. INTERRELATEDNESS AS KEY PRINCIPLE IN CORPORATE COMMUNICATION**

The interrelatedness aspect refers to the impossibility to operate, and hence in the context of the study, to communicate as CEO without being inextricably part and parcel of the larger system and therefore subjected to the consequences of his/her communication.

Corporate communication from the systems perspective incorporates thorough and effective communication within the organisation, as well as with the environmental publics or stakeholders (Lubbe & Puth, 1994: 48). It is believed that reputation is at the heart of this process. This corporate

communication process plays a crucial role in the context of planning, executing and evaluating the interrelatedness aspect of the systems theory in order to judge whether organisational goals have been met, including organisational reputation goals. Therefore, the internal corporate communication process and practices of the CEO and how middle management employees experienced such processes and practices, particularly with reference to reputation, are at the core of the study.

Cutlip, Centre, Broom & Du Plessis (2002: 27) argue that the definitions of the organisation-publics system include those with whom the organisation must establish and maintain enduring and mutually beneficial relationships. Corporate communication efforts are part of an organisation's purposive and consequently "managed" behaviour in order to achieve organisational and reputation goals. One could thus postulate that a well-managed internal corporate communication programme is crucial towards achieving organisational goals as far as employees – as an internal public or stakeholder – are concerned. In such an approach, communication strategies are designed for *sharing* (not just giving) information and for *solving* (not just explaining away) problems (Chaffee and Petric, as quoted in Cutlip *et al.* 1985: 194). This approach emphasises the primary role of communication in social systems such as organisations.

The significance of the above statement is of particular importance to this study because it focuses on the dynamics of the CEO's internal corporate communication. The view supported in this study is that internal corporate communication as an integral process of the organisational corporate communication strategies plays a crucial role in organisational success and hence also in reputation building. In this respect, reputation and leadership are central to the discussion.

#### **4. REPUTATION AND LEADERSHIP**

Corrado (1993: 18) warns that the CEO communicates in everything he or she does – from the clothes worn and the car driven to the hours spent on the golf course. It is therefore vital for a chief executive to be a walking billboard for the values of the organisation. A total of 95% of business influentials identified by an InsightExpress study reported that the CEO's reputation impacted on their investment decisions and 92% of the same group said that the CEO's reputation helped maintain confidence in a company when its share price was lagging (Anon, 2005).

Reputation is earned and built over a long period by developing relationships. A key action in building strong relationships is commitment and consistent communication with an open approach (Anon, 2005). O'Brien (2006: 10) believes that in the world of communication acts are priceless and that that is where reputation begins. It starts from the inside out and it must be consistent. This conforms with a subjectivist approach to the open systems theory where this approach focuses on sharing, trust, concern and respect for the individual, real participative management, teamwork, commitment, receptivity to new ideas and a sincere interest in employees as people and also workers (Mersham & Skinner, 2001: 68). In short: it is an interrelatedness that is omnipotent. Without a high level of emotional intelligence and a dialogic, transformational approach to communication, the above will not be achieved.

CEOs are starting to realise that enhancing reputation is one of the most important objectives of the corporate communication function (Binneman, 2005), and according to a survey of leading CEOs who attended the World Economic Forum in Davos in 2003, corporate reputation is a more important measure of success than profitability, return on investment and stock market performance (Anon, 2004). Binneman (2005) states that reputational assets are not under the direct control of a company's CEO but depend on the favourable perceptions of all the stakeholders. Brands derive reputation assets from favourable perceptions through corporate communication and good corporate practices. Feldman (2004: 24) believes that the CEO must be an organisation's brand leader and that the public's perceptions of the CEO are critical to the level of credibility, confidence and respect a company enjoys. In addition to driving growth, CEOs are expected to personify organisational values, articulate organisational goals and effectively deliver good and bad news (Feldman, 2004: 24).

Binneman (2004) quotes a survey by Capgemini U.S. LLC, a global leader in consulting, technology and outsourcing, which found that effective corporate leadership can drive innovation, increased sales, stock price valuations, and improve relationships with customers and suppliers. According to a Capgemini pulse survey of more than 100 senior executives attending the inaugural *CNBC/Wall Street Journal's* Executive Leadership Awards gala, nearly half (47%) cited "enhancing corporate reputation" as the number one demonstration of leadership by a new CEO, while 15% who cited "effective crisis management", and another 14% cited "turnaround in employee morale".

According to a major global survey of this influential group, reputations of corporations and leadership rank high in importance to financial analysts who rate companies and issue opinions. *Return on Reputation*, the latest in the Hill & Knowlton (H&K) series of Corporate Reputation Watch studies, was conducted with public opinion research firm MORI. It surveyed financial analysts in North America, Europe and Asia on reputation and its impact on this group's opinions and ratings of companies (Binneman, 2006).

When asked about the importance of specific tangible and intangible factors in making recommendations to invest in a company, "financial performance" (87%), "quality of the leadership team" (86%) and "making good on promises" (85%) were virtually tied as the top criteria. Analysts assigned so much importance to reputation matters that a huge majority (88% of North America, 91% of Continental Europe, 93% of the UK and 94% of Asia Pacific) concurred that a company that failed to look after its reputation would ultimately suffer financially.

According to Binneman (2006), the study found that the reputation of the C-Suite – consisting of the CEO, CFO and COO – were more important in influencing analysts (96%, 95% and 90% respectively rating them as fairly, very or extremely important) as a group, than those of the business unit leaders (81%), the company chairman (76%) or the independent board of directors (68%).

More and more organisations are recognising a good overall reputation as being a valuable asset (Dhir & Vinen, 2005: 6) and based on conclusions in the above discussion, so are CEOs. From a communicative perspective, the management of reputation is heavily influenced by the perceptions of stakeholders and perception is the domain of corporate communication (Dhir & Vinen, 2005: 7). A company's reputation, and sometimes its very survival, depends on how well it communicates

with key stakeholders. It is no longer enough for a company to be ethical and forthright in its dealings; it must be perceived as such (Graham, 1997: 284). Saambou Bank is a good example of a South African organisation whose failure to be perceived as ethical led to its demise. CEOs should therefore utilise internal corporate communication effectively to enhance both their and the company's reputation among employees as a stakeholder since corporate reputation and values instilled through internal corporate communication reverberate beyond organisations (Roberts, 2004). A positive reputation is important among employees because it affects decisions to engage, commit, stay and work hard (Fombrun & Van Riel, 2004: 55).

Communication is a powerful catalyst for establishing and sustaining trust, that emotional state that is shared by highly committed workers and leaders. Mayfield and Mayfield (2002: 90) believe that leadership communication is the bridge that explains behavioural intent to employees, thus creating the foundation for trust. Burton (2006: 33) agrees when he quotes research showing that about 80% of the 2300 white- and blue-collar employees polled in the United States and the United Kingdom believe the way their employer communicates with them influences their desire to stay with or leave their company. Therefore, in today's workplace CEOs must learn to adapt their communication styles strategically in order to achieve and sustain a competitive advantage.

CEOs have historically been responsible for managing a company's assets and its competitive position. Today, employees are the chief assets, and communicating with them effectively from the top is central to building and maintaining an organisation in the 21st century (Van Nostran, 2004: 10).

Roberts (2004) states that corporate strategies have a better chance of success when employees feel involved in the process, and employees feel involved when they sense an open exchange of information and that their CEO encourages opinion. CEOs who communicate actively and honestly with employees will be rewarded with loyalty and support. Roberts (2004) is also of the opinion that the CEOs of outstanding companies use internal corporate communication to address the bad news head on, share the good news and continually communicate the goals, values and beliefs of the company. This gives jobs meaning, while making people feel connected and accountable. Honest and frequent communication from the CEO makes for a sense of community in the workplace. Roberts (2004) concludes that executive involvement is the most critical factor in internal corporate communication, because when CEOs are on board, they assure that messages are on target and that employees take these seriously.

Swift (1999: 35) believes that internal corporate communication is the responsibility of the CEO. The onus for creating a motivated and productive workforce lies squarely on the shoulders of the CEO who should thus be seen as the chief communicator within the organisation (Swift, 1999: 35).

## **5. ABC GROUP'S INTERNAL CORPORATE COMMUNICATION STRATEGY**

ABC Group was used as a case study for this study and it complies with the characteristics of an open system, as defined by Corman, Banks, Bantz & Mayer (1990: 116-120), Littlejohn (2002: 35-38) and Skyttner (1996: 19-20).

It would therefore make sense to assume that the ABC Group would also follow an open systems approach to internal corporate communication. Judging from information obtained through interviews and informal research within the ABC Group, it however seems as if the group is indeed following an open systems approach to communication, but from a fairly objectivist stance. The CEO, on the other hand, favours a subjectivist approach to internal corporate communication, which is in line with current trends of transformational leaders endeavouring to support dialogic communication.

Although the ABC Group at the time of writing did not have an integrated internal corporate communication strategy, the CEO did have such a strategy and many communication actions were executed by the Group Marketing and Communication, and the Strategic Communication departments while always bearing the CEO's main messages in mind.

## **6. RESEARCH DESIGN**

This study was not designed to test research hypotheses and thus to analyse causality between dependent and independent variables. In the light of the above arguments and the fact that the study is interpretative in nature, a combined qualitative-quantitative research approach was employed for the collection, analysis and representation of data.

The research process evolved as follows:

### **6.1. Sampling**

A purposive non-probability sample was used for this study. This sampling method is based on the judgement of a researcher regarding the characteristics of a sample, and a sample is chosen on the basis of what the researcher considers to be typical units (Bless & Higson-Smith, 2000: 93). Fifty middle management employees of the ABC Group, working full time in Gauteng Province, were selected. Twenty-nine completed questionnaires were received.

### **6.2. Data collection**

Interviews and questionnaires were used to collect data. The researcher decided to use both methods in order to guarantee anonymity to respondents (through the posted questionnaires), but also to ensure an opportunity to formulate other questions as judged appropriate through the semi-structured nature of the interview (Bless & Higson-Smith, 1995: 105). A semi-structured questionnaire consisting of closed-ended and open-ended questions was developed and the interviews were also semi-structured in nature.

### **6.3. Qualitative data analysis**

De Vos (1998: 339) defines qualitative data analysis as the process of bringing order, structure and meaning to a mass of collected data. The researcher followed the Huberman and Miles model (as quoted by De Vos, 1998: 340) in analysing the qualitative data by implementing data reduction, data display and conclusion drawing and verification.

#### **6.4. Quantitative data analysis**

According to Mouton (2002: 163), descriptive statistics are concerned with organising and summarising the quantitative data at hand to render it more comprehensible. Descriptive statistics such as frequencies, percentages, mean values, cross-tabulations and Fisher's exact test were used. Fisher's exact test is a procedure used for data in a two-by-two contingency table (Simon, 2005) and utilises the hypergeometric distribution to output a p-value that is actually the sum of the probability of observing the current cross-tabulations. Fisher's exact test was used to determine whether there are non-random associations between two categorical variables (Weisstein, 1999). The use of Fisher's exact test was decided on because the expected frequencies of each cell in the cross-tabulations were not at least five (Goetz, 2005). A confidence level at a probability value of 0.05 or smaller was regarded as significant for the purposes of this study. Where no statistical significance was found in the cross-tabulations, but a phi value indicated a strong relationship between variables, it was mentioned. Phi is a measure of strength of the association between two variables (Rosenstone, Kinder & Miller, 1998).

#### **6.5. Reliability and validity**

The researcher used methodological and theoretical triangulation, as well as the Cronbach Alpha coefficient and a pilot study to ensure the reliability and validity of the research process and data.

The Cronbach Alpha coefficient was employed to perform an internal reliability analysis, which was done on Questions 13.1 – 13.30, 34.1 – 34.12 and 55.1 – 55.18. The reliability analysis resulted in coefficients of 0.95 (Question 13), 0.82 (Question 34) and 0.89 (Question 55), which are satisfactory compared to the statistical benchmark of 0.70 given in the literature (Bowers & Courtright, 1984: 115; Du Plooy, 2002: 121).

### **7. DISCUSSION OF FINDINGS**

Good leadership leads to a positive organisational reputation. Commitment aspects such as adoption of the organisation's values, involvement, affection and attachment were analysed since these aspects have a direct bearing on the organisation's reputation as perceived by the respondents.

The findings of this section can be summarised as follows:



**Table 1: Understanding of, and commitment to ABC goals because of the ABC CEO's internal corporate communication programme**

		Yes	No	Total
<b>Q41.1 Communication enabled me to understand ABC's goals</b>	Frequency	24	4	28
	%	85.7%	14.3%	100.0%
<b>Q41.2 Communication made me more committed to ABC's goals</b>	Frequency	23	5	28
	%	82.1%	17.9%	100.0%

A total of 85.7% of the respondents indicated that they understood the ABC goals better because of the ABC CEO's communication with them, and 82.1% were more committed to these goals because of his communication with them.

**Table 2: The ABC CEO's communication to ABC employees has made me more committed to ABC's strategic goals**

		<b>Q41.2 Communication made me more committed to ABC's goals</b>		<b>Total</b>
		<b>Yes</b>	<b>No</b>	
<b>Business unit</b>	Frequency	11	3	14
	% in Q4 (R) ABC division in which you currently work	78.6%	21.4%	100.0%
<b>Specialist function</b>	Frequency	9	2	11
	% in Q4 (R) ABC division in which you currently work	81.8%	18.2%	100.0%
<b>Total</b>	Frequency	20	5	25
	% in Q4 (R) ABC division in which you currently work	80.0%	20.0%	100.0%

p = 1.000, two-tailed Fisher's exact test

Most of the respondents in specialist functions (81.8%) and in business units (78.6%) were more committed to the ABC goals because of the ABC CEO's communication with them.

**Table 3: The ABC CEO's communication has enabled me to explain to non-ABC people what ABC is all about.**

		Q43.1 Communication enabled me to explain ABC's goals		Total
		Yes	No	
Male	Frequency	15	2	17
	% in Q3 Gender	88.2%	11.8%	100.0%
Female	Frequency	5	4	9
	% in Q3 Gender	55.6%	44.4%	100.0%
Total	Frequency	20	6	26
	% in Q3 Gender	76.9%	23.1%	100.0%

p = 0.138, two-tailed Fisher's exact test

Phi = 0.369

A total of 88.2% of the male respondents felt that the ABC CEO's communication enabled them to explain to non-ABC people what ABC is all about, compared with only 55.6% of the female respondents.

**Table 4: Which of the considerations below would encourage you to leave the ABC Group for another position? Rank 1 being the most important consideration and rank 6 the least important.**

	N		Mean value
	Valid	Omitted	
Q46.1 Reason for leaving: substantial increase	22	7	3.32
Q46.2 Reason for leaving: more challenging career	22	7	3.09
Q46.3 Reason for leaving: CEO not honest	22	7	2.64
Q46.4 Reason for leaving: someone else promoted for position you deserved	22	7	4.91
Q46.5 Reason for leaving: not promoted when deserved to be	22	7	5.23
Q46.6 Reason for leaving: the ABC Group no longer ethical	22	7	1.82

The mean value of 1.82 for the consideration that the ABC Group was no longer an ethical company and the mean value of 2.64 for the consideration that the ABC CEO was not honest indicate that these two considerations would and should be the most important reasons for leaving the ABC Group for another position.

**Table 5: Does the ABC CEO's communication contribute to aspects such as financial success, image, reputation and dealing with change?**

		Yes	No	Total
<b>Q54.1 Communication leads to financial success</b>	<b>Frequency</b>	26	3	29
	<b>%</b>	89.7%	10.3%	100.0%
<b>Q54.2 Communication leads to positive internal image</b>	<b>Frequency</b>	28	1	29
	<b>%</b>	96.6%	3.4%	100.0%
<b>Q54.3 Communication leads to positive external image</b>	<b>Frequency</b>	27	2	29
	<b>%</b>	93.1%	6.9%	100.0%
<b>Q54.4 Communication leads to good reputation</b>	<b>Frequency</b>	27	2	29
	<b>%</b>	93.1%	6.9%	100.0%
<b>Q54.5 Communication leads to being more easily able to deal with structural changes</b>	<b>Frequency</b>	24	5	29
	<b>%</b>	82.8%	17.2%	100.0%
<b>Q54.6 Communication leads to being more easily able to deal with cultural changes</b>	<b>Frequency</b>	19	10	29
	<b>%</b>	65.5%	34.5%	100.0%
<b>Q54.7 Communication leads to being more easily able to accept the X deal</b>	<b>Frequency</b>	29		29
	<b>%</b>	100.0%		100.0%

The vast majority of the respondents believed that the communication of the ABC CEO contributed to the Group's financial success, positive image and reputation. These aspects are all very central to organisational reputation.

**Table 6: How often do you experience the emotions listed below when the ABC CEO communicates with you?**

	N			Mean value	Median	Std. deviation	Skewness	Kurtosis
	Valid	%	Omitted					
Q55.1 Sharing	27	93.1%	2	3.07	3.00	.385	.825	4.429
Q55.2 Trust	27	93.1%	2	3.19	3.00	.557	.082	.164
Q55.3 Concern	27	93.1%	2	2.41	2.00	.888	.124	-.547
Q55.4 Respect	27	93.1%	2	3.44	3.00	.506	.237	-2.106
Q55.5 Participation	27	93.1%	2	2.89	3.00	.698	-.579	1.102
Q55.6 Teamwork	27	93.1%	2	3.00	3.00	.555	.000	.715
Q55.7 Commitment	27	93.1%	2	3.33	3.00	.480	.749	-1.560
Q55.8 Interest	27	93.1%	2	3.30	3.00	.609	-.233	-.478
Q55.9 Sincerity	27	93.1%	2	3.37	3.00	.688	-1.409	3.926
Q55.10 Dialogue	27	93.1%	2	2.56	3.00	.751	-.792	.155
Q55.11 Listening	27	93.1%	2	2.74	3.00	.764	-.625	.568
Q55.12 Influencing	27	93.1%	2	3.00	3.00	.877	-1.108	1.206
Q55.13 Pride	27	93.1%	2	3.19	3.00	.622	-.132	-.325
Q55.14 Convincing	26	89.7%	3	3.04	3.00	.662	-.040	-.501
Q55.15 Transparency	27	93.1%	2	3.11	3.00	.424	.769	2.674
Q55.16 Honesty	27	93.1%	2	3.41	3.00	.501	.399	-1.994
Q55.17 Direction	27	93.1%	2	3.15	3.00	.718	-.903	1.903
Q55.18 Inspiration	27	93.1%	2	3.00	3.00	.734	-1.262	2.971

Emotions and feelings such as *sharing, trust, respect, commitment, sincerity, pride, convincing, transparency, honesty* and *direction* all scored a mean value higher than 3.0 (out of a possible 4.0), which is very significant in terms of their experiences of the CEO's communication. This is a significant finding seeing that reputation is intimately connected to these qualities.

**Table 7: Respondents experience a sense of community in the workplace as a result of the ABC Group CEO's communication with them**

		Yes	No	Total
Q56.4 Do you experience a sense of community	Frequency	21	8	29
	%	72.4%	27.6%	100.0%

Almost 75% of the respondents said they felt a sense of community in the workplace because of the ABC CEO's communication with them as employees.

**8. DISCUSSION**

The communication approach of the CEO in his/her internal communication programme is the most important factor in fostering employee reputation and commitment. The building of organisational reputation is at the core of the CEO's communication in its totality. The organisation that wants to improve employee commitment, satisfaction and retention should take a long, hard look at how it communicates with its employees (Anon, 2003: 35) and hence the role it plays in reputation building. Goman (2004: 5) agrees that a regular flow of candid information will boost employee trust and commitment. Mercer Human Resource Consulting (2002) conducted a *People at Work Survey* and found that communication-related factors are shown to have a strong connection with employees' sense of commitment to their organisation and hence how they experience and perceive organisational reputation. They reached the conclusion that employees value effective communication with their employers. It affects their overall commitment and satisfaction and it is a factor in deciding to remain with or leave an employer. King (1992: 61-63) supports this view in arguing that the quality of internal corporate communication in the workplace contributes to the level of employee commitment and the reputation of the organisation.

The CEO who approaches communication from a subjectivist open systems angle, should not only allow for the 'regular flow of candid information', but should also comply with the following communication dynamics as key processes of reputation building:

- Enhancing reputation should be one of the most important objectives of corporate communication (Binneman, 2005).
- Communication should be two-way, symmetrical (Grunig & Hunt, 1997: 25).
- Communication should be dialogic with the emphasis on communication as a tool for negotiating relationships (Kent & Taylor, 2002: 21-37).
- Communication should be transformational where stakeholders' deeper values and higher sense of purpose are touched, leading to higher levels of commitment (Hernez-Broome & Hughes, 2004).
- Communication should endeavour to share information and not only exchange it, and it should ask for assistance in solving problems, not merely explain them (Cutlip *et al.*, 2002: 243).

- Communication should be functional, compared to functionary, in that relations between the organisation and its stakeholders are maintained or changed on the basis of reciprocal output – feedback adjustment (Cutlip *et al.*, 2002: 27).
- Communication should be professional in that practitioners rely on a body of knowledge and view corporate communication as having a strategic purpose for the organisation (Cutlip *et al.*, 1985: 194).

Most of the respondents indicated that the CEO to some degree followed a subjectivist open systems approach to internal corporate communication. They mostly agreed that he believed communication should be a two-way dialogue, that he was a visible communication role model for managers in the financial institution, that he shared information and built relationships with employees, and that he communicated the Group's vision and values regularly. The reputation of the organisation is thus closely intertwined with all of these qualities. The interrelatedness aspect in the organisation and also the quality of information flow are paramount in this regard.

Analysing reputation and its links to employee commitment is not an exact science, but based on the definition that was accepted for the purposes of this study of commitment, namely "an employee's adoption of the organisation's values (identification), involvement (psychological immersion) and loyalty (affection and attachment)" (Buchanan, as quoted by Anderson and Martin, 1995: 252), most of the questions designed to analyse reputation and commitment were answered positively by the respondents. The respondents claimed that they understood and were committed to the organisation's goals because of the CEO's communication with them (identification). Most would leave the Group for another position only if the company were no longer ethical or if the CEO were not honest, and not because of remuneration or promotion issues (affection and attachment). Almost 70% said they would defend criticism of the Group if the criticism were not justified, while 8% would defend the company, regardless of the facts (affection and attachment). They all claimed to work overtime regularly without being asked to do so (psychological immersion). All of these are strong indicators of a positive stance towards the organisation's reputation.

When asked to indicate which emotions they experienced when the CEO communicated with them, the respondents scored emotions of trust, honesty, transparency, respect and sincerity high. Thomlinson (2004) believes that dialogue is characterised by trust, openness, spontaneity, caring, sensitivity, sincerity and empathy. Cooper and Sawaf (1998: 68) argue that genuine dialogue is impossible without being emotionally literate, and if one looks at the emotional intelligence (EQ) model developed by Cooper and Sawaf (1998: xxvii-xxviii), certain keywords in the description of these EQ cornerstones such as honesty, awareness, feedback, connection, believability, listening, integrity and influence, confirm that there is a strong connection between EQ and the subjectivist approach to internal corporate communication and their experiences of organisational reputation as expressions of the CEO's communication.

One could therefore postulate that the respondents experienced the CEO's internal communication programme as fairly high in emotional intelligence and dialogic to a degree, although not always symmetrical. All of the above relate in an interrelated way to the perceptions and hard reality of organisational reputation.

## **9. SYNTHESIS OF THE RESEARCH AIMS**

The problem that prompted this research is formulated as: *Does the internal corporate communication programme of the CEO of the ABC Group Group have any significance for middle management employees' perception of the reputation of the organisation?*

Today, effective internal corporate communication has to be two-way symmetrical (Grunig & Hunt, 1984: 245), and influence and build interrelationships with employees as stakeholders (Kitchen, 1997: 25). The CEO has a key role to play in the internal corporate communication strategy of an organisation and thus in fostering employee commitment and the building and maintenance of the organisation's reputation.

Measuring organisational excellence and effectiveness did not fall within the scope of this study, but one could postulate that without employee commitment, organisational excellence and effectiveness would be virtually impossible to achieve - and that effective leadership communication leads to employee commitment (Mayfield & Mayfield, 2002: 89). These qualities equally contribute to organisational reputation.

The CEO should utilise internal corporate communication effectively to enhance both his/her and the company's reputation among employees as stakeholders since corporate reputation and values instilled through internal corporate communication reverberate beyond organisations (Roberts, 2004). A positive reputation is important among employees because it affects decisions to engage, commit, stay and work hard (Fombrun & Van Riel, 2004: 55).

## **10. CONCLUSION**

Gaines-Ross (2003: XII) believes that the CEO's reputation influences a company's image and its destiny. According to her, three determinants are critical to establishing favourable CEO reputation, namely credibility, code of ethics and communicating internally – and the CEO's credibility and code of ethics are confirmed through communication.

The CEO should, therefore, utilise internal corporate communication effectively to enhance his/her and the company's reputation among employees as stakeholders, since corporate reputation and values instilled through internal corporate communication reverberate beyond organisations (Roberts, 2004). A positive reputation is important among employees because it affects decisions to engage, commit, stay and work hard (Fombrun & Van Riel, 2004: 55). And, in turn, loyal and committed employees enhance an organisation's reputation in the market (Mayfield & Mayfield, 2002: 89).

The study indicates that the CEO of the ABC Group is regarded as a visible communication role model and the research data indicates that he is communicating from a subjectivist open systems theory approach, thus implying that he supports the theory that organisations must exchange (import-transform-export) 'energy' (products, information and materials) with their environments

in order to survive (Dahnke & Clatterbuck, 1990: 162). In short, no organisation can enhance its reputation without the acknowledgement and management through corporate communication practices – internally and externally – of the reputation of the organisation. The CEO plays a decisive role in this regard.

It would therefore be appropriate to concur that the internal corporate communication programme of the CEO of the ABC Group has significance for middle management employees' perception of the reputation of the organisation.

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