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Top determinants of corporate reputation management

ABSTRACT

Positive reputation is a valuable corporate asset and needs to be managed proactively in response to new threats entering the marketplace. Recent events have shown that the reputation of an organisation can take years to build, yet takes only a few seconds to destroy. In this study, it is suggested that knowing the top determinants of current reputation management can only help to enhance the business objectives of an organisation by contributing to the bottom line and gaining a competitive advantage. This paper looks at what communication managers in top-listed companies operating in South African consider the top determinants of managing corporate reputation in their organisations to be. The paper draws links between managing organisational reputation and stakeholder management, and provides valuable findings for communication specialists working in positions of management.

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INTRODUCTION

Recent events have proved that the reputation of an organisation can take years to build, and yet only a few seconds to destroy. In addition, globalisation, new communication technology and democracy have spread far and wide. As a result, consumers, investors and employees have become more critical and demanding than ever before. NGOs have sprung up in opposition to almost every sector of government and industry. Activist groups, the rise in critical consumer journalism, and new government legislation on matters of governance have all become challenges and threats to corporate reputation. In addition to these factors, many corporates have done the damage themselves through accounting scandals, fraud and also the sudden withdrawal of certain products. 'Reputation' has become an asset that now needs to be managed proactively, in reaction to the new threats in the marketplace.

This study suggests that knowing the top determinants of current reputation management can but help to enhance the business objectives of an organisation by contributing to the bottom line and gaining a competitive advantage. This includes:

- Creating stakeholder support on public and policy issues
- Creating consumer loyalty
- Creating positive shareholder value for investors
- Attracting and retaining the most skilled and capable personnel
- Lessening the impact of a crisis on financial affairs and stakeholder relations.

This paper looks at what the fourty communication managers of 40 top-listed companies operating in South African consider the top determinants of managing corporate reputation to be. The purpose of this survey is essentially threefold:

1. To establish the main current determinants of reputation management so that this can be measured against the determinants of the past and help predict the determinants of the future. In addition the findings of this investigation add new information to the current literature on the topic.
2. To show the value of the function of strategic communication when dealing with issues of reputation management as far as top management is concerned.
3. To provide top management of top-listed organisations with findings that can positively affect how they protect and enhance the intangible asset referred to as 'corporate reputation'. It is, after all, this intangible asset that plays such a key role in achieving business objectives.

1. REPUTATION MANAGEMENT

Flatt and Kowalczyk (2006:7) state that strategic advantages of strong reputation include:

- Higher financial performance
- Reduced competitive rivalry

- Deterring new market entries
- Greater stock price stability

Fombrun and Stanley (1990:233-259) state that reputation emerges from various stakeholders who use economic and non-economic criteria to make their assessments of the past actions and the future prospects of organisations. They state that this action creates either positive or negative reputation in the public arena and amongst rivals. Porter (1996:61-78) states that strong corporate reputation occurs from a tight strategic fit among a highly integrated set of tangible and intangible relationships. This he believes leads to sustained competitive advantage.

Roberts and Dowling (in Flatt and Kowalczyk, 2006: 10) state that a strong corporate culture influences financial performance, improves stakeholder goal alignment and employee effort, leading to positive reputation. This, in turn, helps inculcate and sustain values such as credibility, reliability, trustworthiness and responsibility, which are all at the core of strong reputation, and this then leads to positive long-term performance.

There has recently been loss of trust from the public towards corporates. Customers these days want to have interactive relationships and transparency, and not only top-down communication, and they seem to reward those businesses that comply. This, as cited by Brewer (2006:59), has been made very clear by activist groups, governments, communities and the popular media. The following section of this research traces current literature on the management of corporate reputation by looking at areas that have contributed to the rise and collapse of corporate reputation in recent times. Areas such as advances in global communication, stakeholder management and ethical issues are contributors to the reputation of a corporate organisation.

2. EFFECTS OF THE CHANGING COMMUNICATION ENVIRONMENT

The changing communication environment has made it even more necessary now than ever before to have transparency and clear communication with stakeholders. *Democracy* has spread widely, bringing with it the creation of public platforms for debate and two-way dialogue. Stakeholders have thus realised their rights and moreover expect open and constant communication.

As a result of *globalisation*, trade barriers have opened up and more nations are now trading internationally. Businesses that operate on such a scale are forced to communicate effectively to different cultures, nationalities and stakeholder groups such as anti-globalisation protestors. They are also required to comply with new laws of corporate governance.

Communication technology has been another factor that has changed the way people communicate. Corporates have to take into account that people can now communicate with each other around the world at the touch of a button and that they expect transparency and interactive communication with the businesses with which they have dealings. Communication networks and technology are allowing activist groups to publicise their grievances in real time. The rapid spiral of blogs on the internet have become organisational nightmares for businesses under the spotlight. However, these new communication technologies can also be seen as an opportunity for organisations to show more transparency and interactivity with relevant publics.

3. CONTENTIOUS INDUSTRIES FOR CORPORATE REPUTATION

Historically, there has been a steady progression of various sectors of businesses that have had their share of unpopularity and that have experienced poor public reputations, mostly as a result of 'unethical' business practices. Historically, the reputation of certain industries has been more difficult to manage because of the contentious nature of their operations and products. These include:

- Tobacco
- Nuclear and mining, in more recent times.
- Chemicals
- Oil and gas
- Fur
- Fast food
- Arms
- Pharmaceuticals

4. STAKEHOLDER MANAGEMENT AND EFFECT ON REPUTATION

As a result of the changing communication environment, businesses today are accountable to a larger set of stakeholders and their issues than at any other time in history. Many of the big corporates have done the reputational damage themselves and have come to have their ethical practices questioned and scrutinised by various sectors of stakeholders. Proactive stakeholders today include:

- Activist groups
- Investors
- Protest groups (human rights abuse and environmental damage)
- Anti-globalisation protestors (trade injustices)
- Governments and new laws
- Media
- Regulating bodies
- Communities

Different stakeholders require different communication strategies. Van Riel and Berens (2006:6) maintain that each stakeholder requires continuous monitoring and appropriate communication content. They use the example of internal communication and suggest that face to face communication, for example, has the most impact on internal stakeholders. They also suggest that when communicating with internal stakeholders, the various channels of communication must be utilised effectively so that these are strategically aligned with business objectives. The channels of communication for internal stakeholders recommended by them are (Van Riel & Berens, 2006:5):

- Management communication
- Internal media (intranet and magazines)
- Cross-departmental communication
- Personal messaging – performance management, career opportunities
- Corporate messaging

5. STRATEGIC COMMUNICATION MANAGEMENT AND REPUTATION

According to Steyn (2006:3), public relations in a strategic role "assists an organisation to adapt to its environment by feeding it with intelligence with regard to strategic stakeholders and societal issues and the publics that emerge around the issues, into the organisation's strategy formulation process". She asserts that the strategic public relations function can provide valuable information to a business even before decisions are made. Issues of reputation risk can be ascertained and addressed in a positive way by aligning goals of the organisation with stakeholder goals and societal issues. The strategist would be involved in activities such as environmental scanning, gathering information regarding stakeholder concerns and expectations, and interpreting this information with respect to consequences for the organisation (Steyn, 2006:5). The aim of this would be to help the organisation maintain and create mutually beneficial relationships, trust, and a positive reputation.

Public relations and communication in a strategic function can support what Steyn (2006:4) refers to as 'enterprise strategy'. This refers to the public relations activity of influencing top management to practise two-way communication with its stakeholders. The organisation is led to show its commitment and contribution to 'people' and the 'environment', rather than merely declare its profits. This has commonly come to be known as the 'triple bottom line' in the practice and theory of public relations and communication management. Steyn (2006:6) states that where stakeholder management is concerned, organisations can focus on the achievement of organisational non-financial goals such as obtaining legitimacy, trust, a good relationship, being a good corporate citizen and building sound relationships and partnerships with stakeholders. All of these factors contribute towards building a positive corporate reputation.

Schoemaker, Nijhof and Jonker (2006:2) believe that organisations have to look more toward 'social factors' and become 'social actors' amongst their stakeholders and build this dimension into their organisational strategy. They refer to this action as building 'social capital', where an organisation shares values and connections that can bind positive relationships and networks, enhances co-operation and creates space for future opportunities and a positive reputation.

Kim, Bach and Clelland (2006:27) believe that the function of corporate strategy is to sense and filter the environment and the market changes. This allows the company to make better strategic decisions that reflect a wide range of stakeholder expectations and thus enhance co-operation and profitability. Kim, Bach and Clelland (2006:6-10) differentiate between 'behavioral' alignment and 'symbolic' alignment in strategic communication management. They refer to the realm of 'behavioral' alignment as 'problem solving', policies and stakeholder alignment, as opposed to ‘symbolic’ alignment, which they refer to as ‘well phrased media rhetoric’, positive visibility and publicity. They believe that behavioural alignment does more for strong corporate reputation as it involves environmental scanning, intelligence gathering and increases co-adaptation between the organisation and its stakeholders and society – particularly in turbulent times. Kim, Bach and Clelland also refer to ‘symbolic’ alignment as ‘image management’ where success is judged by media placement and publicity rather than addressing social and environmental concerns that build trust with key stakeholders and supports business goals. They add that something like corporate social responsibility is ‘symbolic’ if it is mere one-way communication.

According to Murphy (2003:8), organisations must now become proactive with two-way communication between stakeholders and themselves in order to develop positive relationships and reputations. This must include localising communication for each stakeholder. He (2003:7) suggests that employees and customers like attention and benefits, whilst investors and analysts like financial results. He believes that organisations must go to great lengths to align specific activities with specific stakeholders. Trujillo (2006:4) goes as far as to state that inappropriate and ineffective communication to stakeholders can sometimes even impact on an organisation’s licence to operate.

6. ETHICS AND THE IMPLICATIONS THEREOF ON REPUTATION

As a result of increasing negative publicity, many corporates have come to pay major penalties such as legislative barriers, damaging encounters with stakeholders, and reputational collapse. In addition, the increased frequency of unethical business practices, fraudulent activities and accounting scandals have added to negative publicity and perceptions in the public.

Firestein (2006:25) mentions the Enron accounting scandal that stands out as the most prominent case in recent times. The resulting impact on Arthur Anderson, through covering up financial irregularities of Enron, also proved fatal to the company.

Sakurai and Scarborough (2006:2) state that many Japanese companies have suffered big downfalls in reputation because of violation of corporate governance and compliance. In these cases, employees kept silent and overlooked laws and ethics in order to remain in favour with members within the organisation and to maintain their positions.

O’Rourke (2006:12) cites the example of the Merck pharmaceutical company in the United States, which, up until 2004, had an impeccable reputation. In 2004, one of their drugs, Vioxx, used for the treatment of arthritis, proved dangerous in ongoing research by doubling the risk of heart attack and stroke in users. At the time there were more than 2 million users of the drug worldwide. According to O’Rourke (2006: 12), the company has since been subjected to much litigation and many management changes.

Locally, many South African spice-producing companies came under the spotlight in 2005 for including the cancer-inducing agent, Sudan Red, in some of their products. Robertson Spices and Allifas were just two of the companies carrying some of the big branded spice products that included Sudan Red. After intensive investigation by the media, these companies had to withdraw the products under scrutiny and endure much negative publicity. They then had to produce numerous communication initiatives to assure the public that their products were free of Sudan Red.

Popular media have increasingly come to expose the immoral practices of large corporates like pharmaceutical companies who have come under the spotlight recently for reserving new and improved drugs for countries that are able to pay more. Caelers (2006) mentions that humanitarian organisations such as Medecins Sans Frontieres claim that pharmaceutical companies market less-adapted drugs to African, Asian and Latin American countries. Certain pharmaceutical companies have also been identified as conducting drug-testing trials on people in these parts of the world before worldwide release. The participants in these tests are often people far removed from media attention and too poor to afford buying the good quality drugs. The better drugs often have a delayed release in these parts of the world.

According to Murphy (2003:4), unethical behaviour in an organisation shows disregard for the legitimate interests of the stakeholder. He states that in a *Business Week* study of 2000, 66% of the respondents believed that company profits were more important to businesses than safe, reliable and quality products. Seventy-four percent said that there was ‘satisfactory to poor’ open and honest communication with customers and employees. One of the conclusions that he drew from this study was that business in the United States was fixated on stock prices at the expense of managing stakeholder relations (Murphy, 2003:4).

7. GLOBAL TRENDS IN MANAGING POSITIVE REPUTATION

According to a study conducted by the international PR company, Hill & Knowleton (2004:3-5), Wall Street investors were at that time rewarding corporates who placed ethical and safety issues high on the agenda. They further stated that the public were rewarding corporates who were transparent, had strong and clear two-way communication and whose commitments to communities and other social/financial investments generated goodwill and demonstrated positive leadership.

Historically, trends in managing positive reputation have included appointing star CEOs, like Jack Welsh of General Electric, and also corporate social responsibility programmes. These techniques are proving inefficient as investor and public cynicism grows among investors and the public. Many of the beneficiaries of corporate social responsibility programmes are now also demanding a more interactive relationship with their benefactors and not just one-way, top-down communication.

According to Selcraig (2006:101), investors are now, more than ever, screening companies before they commit their money. Investors are showing that they are steering clear of companies involved in alcohol, tobacco, gambling, the manufacture of arms, nuclear power and animal testing. Selcraig (2006:101) further mentions that even brokers and insurance companies are now wary of doing business with corporate clients who are not socially responsible. He (Selcraig, 2006:101) states that some of the trends for which investors and brokers are now screening organisations are:

- Good environmental protection policies
- Equal employment opportunities
- Good treatment of employees
- Sensitivity to their surrounding communities

According to the PR Coalition in the United States (Murphy, 2003:2), 'trust' is the basis for public approval of organisations. The PR Coalition has developed a model for restoring trust. This includes:

- Adopting ethical principles
- Pursuing transparency and disclosure in everything that is carried out
- Making 'trust' a fundamental precept of corporate governance

The PR Coalition also states that in order for corporate governance to be fostered in the operations of an organisation, the process must begin with the CEO, and organisations must seek to move away from the 'star' CEO of the past. Instead, CEOs and senior management must be willing to be held accountable and there should be audits of processes and personnel on a regular basis (Murphy, 2003:3).

Much of the focus surrounding reputation management has shifted to the management of the effective handling of messages to key stakeholders such as investors, regulators, consumers and the media. Netzley (2006:20) states that by aligning organisational messages with stakeholders, the latter will come to trust the organisation. He also states that organisations that have built a strong reputation (Netzley, 2006:23) have developed a number of strategic advantages for themselves in the marketplace. These include:

- Commanding premium prices for their products
- Paying lower prices for purchases
- Enticing top recruits to apply for positions
- Experiencing greater loyalty for consumers and employees
- Having more stable revenues
- Facing fewer risks of crises
- Being given greater latitude to act by their constituents

Netzley (2006:19) asserts: "Companies that implement processes for successfully managing messages across multiple channels will tend to be viewed as having a clearer vision and being a better investment." He (2006:18) states that of 40 companies surveyed in Asia, 82,5% state that the corporate communication executive has a seat at the strategic level of management in order to handle interaction with government officials, regulators, investors and the media.

8. METHODOLOGY

The purpose of the literature review was to identify characteristics and trends current in the area of reputation management globally. The research methodology takes the form of a qualitative survey. The strength of a qualitative survey rests in the fact that it investigates a certain area in a great deal of depth. Qualitative research paints a picture of the actual experience of the world being investigated. It thus also allows the research to be less subjective and judgemental.

Various streams of research have attempted to indicate the factors involved in managing the reputations of large organisations worldwide. In practice, in the marketplace, top management is empowered when they know the variables that predict reputation.

In order to discover the main determinants of corporate reputation, the context of this study is located within the corporate sector of South Africa. In order for the study to be credible, companies were chosen according to whether they were listed on the Johannesburg Stock Exchange (JSE). A hundred companies were selected for the survey and all of them were chosen on the strength of being a Top 100 Listed Company as determined by the *Sunday Times* Markinor 2005 Survey.

The investigation took the form of a survey. Hill and Knowleton (2004:9-17), a public relations company operating worldwide annually conduct a survey on monitoring trends and determinants in reputation management. The credibility and validity of the survey conducted is widely established in the practice and research of public relations and communication management worldwide. The survey was replicated in this study and furthermore adapted for the South African corporate sector.

In order for the study to be viable and credible, only professionals in executive management positions were allowed to answer the survey. The reasoning behind this was to determine how top management are addressing issues of ‘reputation’ in the context of a growing demand by large sections of the public for transparent, ethical and socially responsible business practice.

The offices of the directors and CEOs of the 100 listed companies were contacted telephonically to explain the purposes of the survey. The survey was then disseminated via e-mail and facsimile to these individuals. They could answer the questions in hardcopy or electronic format before returning it. In return, they were assured that their anonymity and that of their organisations would be maintained, and that the findings would be made available to them for their own use once the investigation had been completed.

Some surveys were delivered personally to the organisations concerned. It is interesting to note that the highest return rate came after face-to-face acquaintance had been initiated. Of the 100 surveys disseminated, 40 were returned fully completed. The findings of this investigation are based on these 40 completed surveys and represent exactly 40 organisations.

Once the data was collected, the questions were grouped into four themes that encompass the key areas of the survey. These are:

- Reputation management
- Stakeholder management
- Social responsibility
- Litigation and governance

Percentages were derived for each of the 18 questions asked, and some of the most pertinent findings are illustrated in graphic table format in the findings.

9. FINDINGS

Management and reputation
Current status

Respondents were asked a series of questions on how issues of reputation were managed in their organisations. The following table outlines the responses to the question on what is the single most important factor driving the reputation of the organisation in the marketplace. The variables illustrated below include a variety of options related to management and appear in percentage value, in the order in which they are listed on the right-hand side of the table.

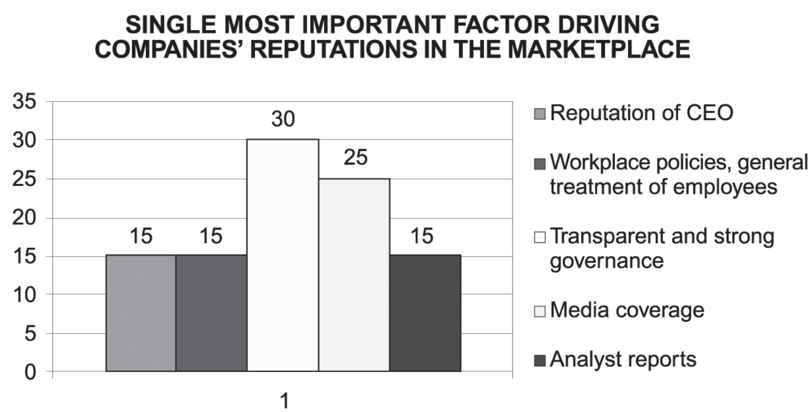

Table 1

From the list of factors offered to the respondents, as indicated above, most (30%) indicated that transparent and strong governance was the most significant factor driving their organisations' reputations. A further 25% of the respondents stated that how the media covered their respective organisations was the second most important factor governing their organisations' reputations.

Action taken to measure reputation

Respondents were asked what formal or informal measure was being used by their specific organisation's to assess reputation. The table below outlines the responses in the order in which they are listed on the right-hand side of Table 2.

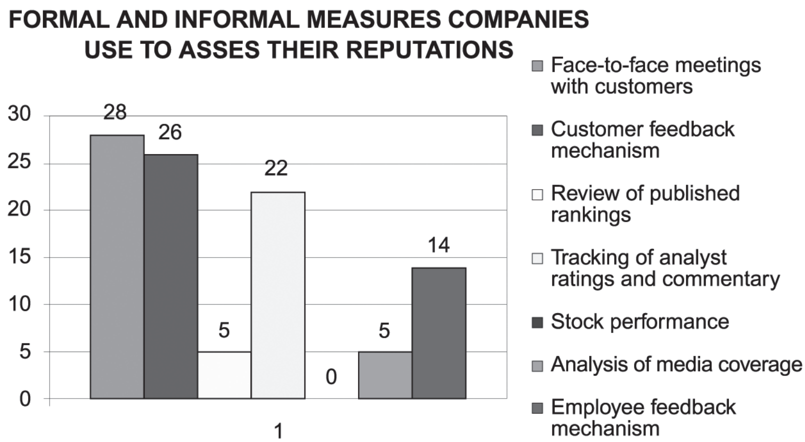

Table 2

Most respondents (28%) indicated that face-to-face communication with customers is the most frequent measurement to assess their specific organisation's reputational status. This is a significant finding, and indicates that the power and value of traditional face-to-face communication can never be underestimated – even in the era of sophisticated research survey services and interactive digital communication technology. It is also interesting to note that 26% of the respondents chose 'customer feedback mechanism' as the second most-used measurement to assess reputation. This finding is also important as it indicates the use of two-way communication, and it moreover points out that businesses are acknowledging the perceptions of their customers. Finally, 22% of the respondents believed that the commentary of financial analysts is enough to determine the status of the reputation of the organisation from the outside. It is interesting to note that none of the respondents chose the option of 'stock performance' as an indicator of 'reputation'.

Respondents were asked to state what benefits their organisations gain from building and maintaining a positive reputation. The responses to this question were fairly evenly spread out and can be seen in the table below in the order in which they are listed on the right-hand side of Table 3.

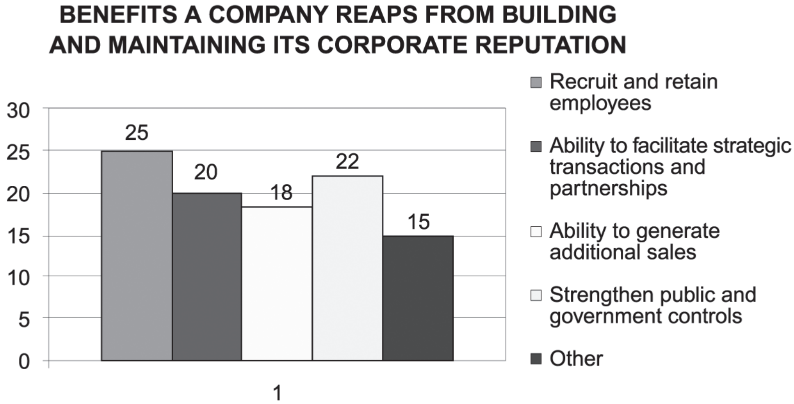

Table 3

The highest response of 25% indicates that the greatest benefit of a positive corporate reputation is the ability to attract and retain employees. The second highest response of 22% was 'strengthened public and government relations'. This is an indication that organisations are taking serious cognisance of the influence government and the public have on their operations. It is interesting to note that the lowest response – other than the 15% unspecified 'other' – to the question on the benefits a positive reputation brings, was the 'ability to generate additional sales' for the business.

Important non-financial elements to an organisation's reputation

Respondents were asked to point out to what degree, non-financial elements were integral to the organisations reputation from a list of choices that included relations with government regulators and policymakers, corporate culture and the working environment, social responsibility and relations with NGOs among others. Most respondents (91%) believed that 'brand and marketing messages' and 'reliable, transparent disclosure and strong governance' were the most essential non-financial elements determining the reputation of their respective organisations.

Questions on leadership were posed to the respondents in relation to reputation management. The role of board members has come under the spotlight recently and is extensively highlighted in the King Commission on Corporate Governance. There is now an increased demand, by policymakers and government regulators, for more independent board members and for greater accountability of board members. Respondents were asked, in the light of this issue, whether it was more difficult to recruit board members. Most of the respondents (54%) reported that it was no more difficult to recruit board members at the time of the survey than it had been in the past, and 36% of them claimed that it was in fact easier to recruit suitable board members at present than it had been in the past.

Respondents were asked to indicate from a list of non-financial variables offered in the table below, what was the most difficult element for the organisation. The variables appear in percentage value in the order listed on the right-hand side of Table 4.

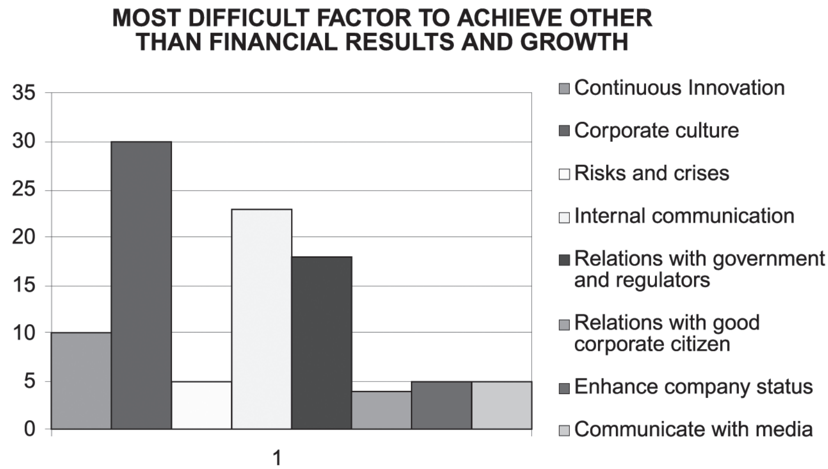

Table 4

Most of the respondents (30%) indicated that management were struggling with corporate culture. The second most difficult thing to get right was communicating internally with employees (23%). These two findings can be a valuable area for future research on internal communication in newly established multicultural corporate environments. Eighteen percent of the respondents indicated that 'relations with government and regulators' was the third most difficult non-financial factor to achieve.

Stakeholders

Consumers

Respondents were asked what the top factors were that consumers considered before they bought from their respective businesses. They responded that consumers generally look for quality products and service (58%). This is an important finding for management. The next two top factors that consumers considered were 'personal relationships' (22%) and 'corporate reputation' (20%) of the organisation from which they bought.

Investors

Respondents were offered a number of non-financial variables and asked to indicate what they believed investors considered before investing. Eighty-eight of the respondents stated that the 'calibre of the CEO and Top Management' was an important factor for investors. Also, 88% of the respondents indicated that 'corporate reputation' was considered before investments were made. In addition, 75% of the respondents suggested that investors considered the 'quality of products and services', while 75% suggested that 'strong corporate governance' was an important consideration.

Employees
Respondents were asked to name the top factors that attracted employees to join the company. Here, 50% stated that employees were attracted to the company because they saw career growth opportunities, and 20% stated that employees were attracted by the reputation of the organisation.

Social responsibility
From a list of choices, respondents were asked to what social responsibility initiatives had been undertaken by their companies in the past two years. They were asked to select any of the choices that applied to them. The results can be seen in the table below in the order in which they appear on the right hand side.

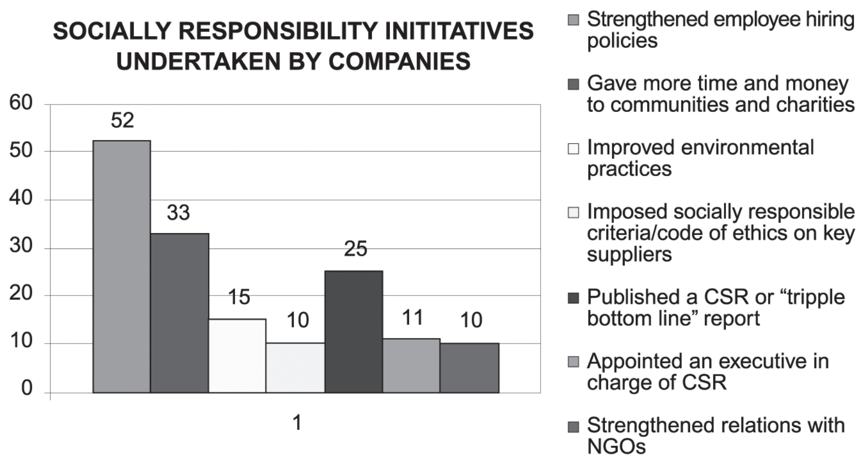

Table 5

Most respondents claimed that the strengthening of employee hiring policies to promote fairness and diversity was the biggest social responsibility undertaken by their organisations. This was followed by a 33% response indicating more time and money having been given to charities and communities by their organisations.

Respondents were also asked where, in their organisations, the main responsibility for managing corporate social responsibility initiatives belonged. Here, 70% of the respondents stated that the department for corporate communication had to manage this process followed by 20% who indicated that CEOs were the ones responsible for corporate social responsibility.

Finally, respondents were asked, in this category, to rate the importance various stakeholders placed on the reputation of their respective organisations before making purchasing decisions or developing opinions of the organisation. The respondents stated that 'customers and consumers' and 'financial and industry analysts, and investors and lenders', more than any other stakeholder group saw a positive corporate reputation as essential to their relationship with the organisation. Other stakeholders included 'potential partners', 'media', 'government' and 'NGOs'. These results, in terms of most important stakeholder groups, are based on the perceptions of management. It would be valuable for a follow-up study to track the perceptions of corporate reputation of the Top 3 stakeholder groups mentioned above within a particular sector of the market.

Litigation & governance

Many corporates such as Enron (Firestein, 2006:25) and Fidentia have recently been in the spotlight for irregular practices, and they have since faced legal charges and liquidation. Respondents were asked how concerned they were of the impact that major litigation would have on their corporate reputation. Forty-four percent stated that they had never faced litigation and that it was not a serious concern to them, while 36% of the respondents stated that they had faced litigation and that to them it was a growing concern. A further 20% stated that they had not faced litigation but that it was a growing concern.

When asked to name the factor that was driving corporate governance, most respondents (95%) stated that investor confidence and trust was the biggest factor. Respondents were asked what initiatives their organisations had undertaken in the past two years to strengthen corporate governance. The results can be found in the table below and in the order in which they appear on the right-hand side.

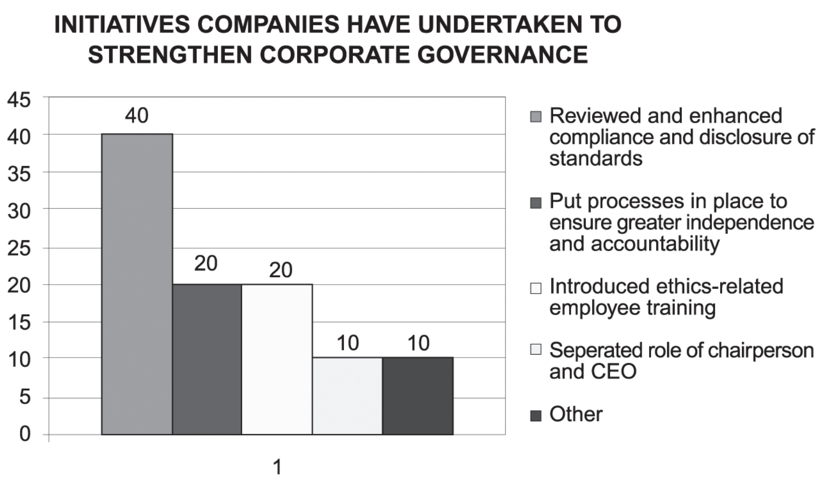

Table 6

The most significant result was that 40% of the respondents claimed that 'reviewed and enhanced compliance and disclosure of standards and processes' was the main initiative undertaken by their organisation to strengthen corporate governance. 'Processes for greater accountability' and 'ethics-related employee training' also gained a significant response.

When asked about the greatest price a company had to pay as a result of stricter governance, 45% of the respondents stated that it was greater investment in sophisticated compliance and reporting systems. This was followed by 35% who stated that it was an increase in administrative complexity.

The respondents were asked to comment on the costs, to the business, associated with more stringent government compliance. Here, 45% of the respondents stated that the financial burden was heavy but reasonable, while 40% indicated that the burden was reasonable.

Finally, respondents were asked to speculate on what the top two lasting changes to the company would be as a result of increased corporate governance. They indicated that this would result in better compliance and disclosure standards and procedures (60%), while ethics-related training and awareness at all levels of the organisation (52%) lay in second place.

10. CONCLUSIONS DRAWN

The findings of this investigation reveal many points worth noting:

1. Managements of large organisations place a great deal of importance on transparency and strong governance. The respondents indicated that they needed continuously to review and enhance compliance and disclosure standards, and saw this as an area of priority. This finding concurs with the evidence from the literature review and indicates a synergy with international trends as outlined in the literature survey.

2. Management place much emphasis on positive media coverage. This finding indicates that large organisations depend on the media as a medium for transmitting positive publicity about their organisations in order to create positive stakeholder perceptions. In addition, branding and marketing messages were cited as being a top indicator of organisational reputation. This finding corresponds with what theorists Kim, Bach and Clelland (2006:6-10) refer to as ‘symbolic alignment’ or ‘image management’ where reputational success is judged on publicity and media placement instead of on active social engagement with stakeholders. This finding is a general contradiction of the trend discussed in the literature, where greater importance is assigned to social engagement with stakeholders than to marketing and publicity in determining the success of an organisation’s reputation.

3. Another noteworthy finding is that management are finding corporate culture and communication with employees the most difficult factor to achieve other than financial results and growth. This can be attributed to differences in employees’ cultures even though a diverse workforce can have many positive elements. It is suggested that the public relations departments engage in programmes with employees to create better teamwork and open channels of communication.

4. Customers and consumers are regarded by management to be their most important constituency. Respondents stated that customers and consumers valued the quality of products and good customer relations. This indicates an area of opportunity for management and public relations to make more of a concerted effort.

5. Investors and industry analysts are the second most important constituency to top management. The findings indicate that investors monitor top management and the reputation of the organisation at large in the marketplace. This suggests that there is an opportunity for organisations to strengthen investor relations.

The findings of the research point in the direction of the need to track more closely the perceptions of the top three stakeholder groups as cited by top management, i.e. customer and clients, investors and analysts, and employees. In addition, the findings also indicate the value placed on the role of marketing and publicity as being integral to the success of organisational reputation. It is therefore concluded that there needs to be synergy between these two functions for organisations to build and maintain positive corporate reputation.

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