

# **Book of Graduates' Research Abstracts**

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## 1. Preface

This is the first Lustrum of the Master of Corporate Communication Degree Program. We are proud to present a book with abstracts of the 23 theses that have been written by the Graduates of the Executive Master Program of Corporate Communication of the Rotterdam School of Management (Faculteit Bedrijfskunde) Erasmus University Rotterdam in The Netherlands.

In this fifth year we were able to allow twenty-three new graduates to become Master of Corporate Communication. This means that we have 67 MCC graduates. Most of these MCC's made a substantial career move after their graduation. I sincerely hope (but also expect) that the same will happen to the Graduates of this year. This year twenty-three representatives of the business world and non-profit organizations can celebrate their graduation of a program they participated in during two years of intense courses where they presented assignments, discussed the most recent academic theory and applied this to their daily life problems in their businesses. The participants graduating this year are:

Daphne Beek (CPS Color B.V.), Madeline Daane-van der Houwen (NIVAA), Marita van Doorn (KLM), Frans van Gaal (School voor de toekomst), Carine Groutars (Carine Groutars Communication), Marc Hauwert (Ministerie van Economische Zaken, Directie Voorlichting), Monique van den Hoed (Zuiveringsschap Hollandse Eilanden en Waarden), Dennis Larsen (Corporate Communication Centre/Reputation Institute), Marleen van der Linde (Centraal Bureau Rijvaardigheidsbewijzen), Elvira Luykx (Koninklijke Numico NV), Jeroen Meijer (De Presentatiegroep), Claudia Moelands (Heijmans NV), Dailah Nihot (ING Group), Marion Petit (Ministerie van Volksgezondheid, Welzijn & Sport), Richard Piechocki (Rabobank Nederland), Yvonne Pols (Novell), Ilja van Roon (RSM), James Russell (Wavin BV), Janine van der Spoel (TU Delft (CiTg)), Christien Stoker (nl.tree), Coen Thönissen (Koninklijke Grolsch N.V.), Lenneke Vente (Van Hulzen Public Relations Adviseurs) and Mirjam van Zuilen (Delta Nutsbedrijven).

I hope they learned a lot during the courses we offered them in the past two years. The least I could say, also on behalf of all the teaching staff that worked with them, is that we learned a lot from them too. Their willingness to discuss practical

problems in their own organizations and relate these to the issues we discussed in the classroom were inspiring and exciting.

In the fifth year of the Master of Corporate Communication Program we succeeded in creating an international program that presents all leading experts in a teaching role. I would like to thank the following people (teaching staff) who contributed tremendously to the success of this program: Paul Argenti of the Dartmouth College U.S.A., John Balmer of Bradford University UK; Kevin Corley of the Pennsylvania State University; Charles Fombrun of the Stern Business School, New York; Janet Duckerich of Texas University in Austin, USA; Mary-Jo Hatch, Cranfield University School of Management, UK; Joan Hemels, Universiteit van Amsterdam; Onno Maathuis, Positioneringsgroep; Michael Pratt of University of Illinois, Urbana/Champaign; Bertrand Moingeon of HEC in Paris, Peter Robertson, Robertson Consulting; John Rossiter of the University of Wollongong, Australia, Majken Schultz of Copenhagen Business School, Danmark; Frank Thevissen Vrije Universiteit, Brussel Belgie; David Whetten, Brigham Young University, USA; and from our Faculty: Frans van den Bosch, Gerrit van Bruggen, , Percy Heugens, Kees Koedijk, Swalef Magala, Erik Waarts, Johan Wempe and all working at the Rotterdam School of Management (Faculteit Bedrijfskunde) Erasmus University Rotterdam.

The first Graduation Day in 1999 was a great success thanks to the joint effort of several representatives of the business world (Mr. D.J. de Beus of PGGM, Mr. Rob de Brouwer of Hoogovens and Mr. Dries van de Beek of the VSB-Fonds) and several professors of the Erasmus University. Alexander Rinnooy Kan (member of the Executive Board of ING Group) was the keynote speaker at that time. In 2000 it was a great pleasure to have Mr. Cees van Lede, Chief Executive Officer of the Executive Board of Akzo Nobel as our keynote speaker. In 2001 we proudly announced the CEO of Grolsch NV, Mr. Jacques Troch, who spoke about the social responsibility of a company. Last year Leendert Bikker (CEO of Euro RSCG Corporate Communications) gave a speech about 'Building Reputation'. This year we welcome Mr. Wim Dik, the former CEO of KPN. It's also with great pride that we welcome again, Tim van Kooten of Royal Dutch Shell, who will present the 'Shell Netherlands Stimulation Award for Excellence in Corporate Communication' to the author of the 'best thesis' of 2003. 'The Euro RSCG Innovation in Communication Award' will be

announced by Mr. Leendert Bikker, CEO of the new global corporate communication network. The winners of both awards will be announced at the Graduation Day on July 4, 2003.

Prof. dr. Cees B. M. van Riel

Director Corporate Communication Centre and Chairman of the Part-time Executive Master Program in Corporate Communication

## 2. List of Graduates

<b>Daphne Beek</b>	“Managing organizational identity Towards a framework for developing the potential of the organizational identity”
<b>Madelinde Daane-van der Houwen</b>	“Understanding of culture optimizes a global communication strategy: An example of Dutch onion promotion in Japan”
<b>Marita van Doorn</b>	“Effective Crisis Communication Strategies in Modern Aviation”
<b>Frans van Gaal</b>	“Let’s make something out of it...; A plea for hands-on learning in engineering, a metal works on a high- profile location and sustainable public relations”
<b>Carine Groutars</b>	“Building Reputation of High-Tech Start- Ups”
<b>Marc Hauwert</b>	“Communication management at the Ministry of Economic Affairs Linking reputation and sustainable growth”
<b>Monique van den Hoed</b>	“Merger Communication: C’est le ton qui fait la musique”
<b>Dennis Larsen</b>	“The role of financial communication in the relationship between corporate reputation and financial performance; <i>Studying the relationships between Investor Relations, Financial Performance and Reputation</i> ”
<b>Marleen van der Linde</b>	“CBR, Privatizing its Profile; What profile will lead the CBR through to the next generation?”
<b>Elvira Luykx</b>	“Sustainable Trust; Corporate Social Responsibility in the Food Chain“
<b>Jeroen Meijer</b>	“ORCOMM or WARCOMM? Branding the Dutch armed forces by means of peace

	keeping and peace enforcing operations”
<b>Claudia Moelands</b>	“The ‘Heijman’: illusion or reality? The impact of employee communication, perceived attractiveness of the organizational identity and perceived external prestige on organizational identification”
<b>Dailah Nihot</b>	“The impact of the Reparations Class Action Suits by African-American Descendants of Slaves on the Reputation and Performance of Corporate America”
<b>Marion Petit</b>	“The Impact of Incidents Communication about Health Risks by the National Government”
<b>Richard Piechocki</b>	“Transparency of Annual Sustainability Reports”
<b>Yvonne Pols</b>	“The Impact of Free Publicity on Public Opinion; What you see is what you get?”
<b>Ilja van Roon</b>	“Strength from Within: How European Business Schools Buffer the Effect of Rankings on Identity and Reputation”
<b>James Russell</b>	“Walking the Talk; The BBC – A Believable ‘Suspension of Disbelief”
<b>Janine van der Spoel</b>	“Linking recruitment and retention; How image and identity meet in university”
<b>Christien Stoker</b>	“It's about relating! How relationships create business value: a Marketing and Reputation perspective”
<b>Coen Thönissen</b>	“Climbing Mount Trust; Do's and don'ts in Investor Relations”
<b>Lenneke Vente</b>	“Bask in reflected glory!”
<b>Mirjam van Zuilen</b>	“Megaphone communication doesn't work! Spend less money on advertising, devote more effort to reputation management.

The energy market is a learning process”

### 3. Abstracts:

Daphne Beek

#### **Managing organizational identity**

#### **Towards a framework for developing the potential of the organizational identity**

*Daphne M. Beek (1972) has worked for CPS Color Group since 1998. As a Marketing & Communication Manager, Daphne is responsible for the group's worldwide marketing and communication activities since 2000. CPS Color is the world's leading manufacturer of advanced solutions for the postponed production of color. Prior to this position, Daphne was active for the same company as a Sales Manager, responsible for tinting system customers in the Benelux, France, the Czech Republic, Slovakia, Hungary and Cyprus.*

*Before joining her present employer, Daphne worked in marketing and sales at an international player in the paint market, as well as at the Export and Trade Information department of the Dutch Chamber of Commerce.*

*Daphne holds a bachelor degree in Marketing and Commercial Studies. Further, she has a degree in Export Management and she has enjoyed a broad post-bachelor education on various aspects of international business throughout her professional life. She started the Corporate Communication Masters Program in 2001.*

#### **Introduction**

The concept of organizational identity has been subject to many studies. Also organizations realize that their organizational core can provide them with a useful tool for realizing their corporate strategies. Still, the organizational identity's potential<sup>1</sup> often remains unemployed.

Organizations certainly are aware of the value of their members accepting and projecting the organizational identity externally in line with their own vision. Especially in today's turbulent business environment, with increasingly similar and exchangeable products and services, creativity is required for making a difference. It is in the organization's interest to provide its members with a source to draw that creativity from. However, to many organizations the identity remains at the level of an abstract concept that is difficult to grasp and it is therefore not directly recognized as that source. In addition, a practical approach for using the identity's potential as a strategic tool has not yet been explored to great depths.

The organizational identity, if used consciously, supports a favorable development of the organization's reputation, continuity and value. Expressing coherent clues about what the organization is all about allows the organization to develop a positive image with its stakeholders. The first step towards developing the potential of the organizational identity is taken within the organization.

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<sup>1</sup> The *potential* of the organizational identity is the identity's opportunities for growth, combined with the willingness and the ambition present in the organization to develop the identity. If developing the identity is not considered important, its potential is dead and further development is out of the question. The organizational identity's potential is a dormant talent that needs to be evoked by commitment of the upper management. The orchestration of the identity development is a selected task for communication managers.



My research question is: 'How can an organization gain acceptance for its organizational identity with its members and get them involved in developing the potential of the organizational identity?'

In order to answer this question, I have studied various theories on organizational identity, projection processes, factors influencing the organizational identity and methods for aligning projected and perceived identity. These provided valuable insights, but did not yet offer a practical solution for developing the organizational identity. This solution I found in the principles of quality management. Combining the ever-known development cycle of dr. W. Edwards Deming with notions from organizational identity theory provided the key to a practical framework for developing the potential of the organizational identity. Verification among various international organizations has proved the concept to be valuable.

Hereafter, I will first present the conclusions from the various theories, after which I will elaborate on the foundations of the framework.

### **Organizational identity theory**

The essence of an organization is its identity. Many academics have tried to find the right definition for the concept of organizational identity. Basically, a firm's identity is what the firm itself believes it to be and what it reflects in its communication with its stakeholders. The organizational identity is expressing the central, enduring and distinctive features<sup>2</sup> of an organization's goal orientation, management system, dominant logic and set of norms and values<sup>3</sup> via a behavioral, a communicative and a symbolic component<sup>4</sup> towards the internal (and external) stakeholder<sup>5</sup>.

The organization's *projected* identity is 'the sum of those characteristics that are used by the firm to express the organization's identity'. Projecting is expressing the picture of the organizational identity using abstract and tangible signals.<sup>6</sup>

The *perceived* identity on the other hand, is the interpretation of the stakeholders towards whom the organizational identity is projected. They are the receivers of the messages on the organizational identity and attach their own specific beliefs to this projection.

Overall, it is the organizational identity that ties all stakeholders together and makes the organization survive. It is also an important instrument for an organization to be noticed, to stand out and to be recognized in an environment full of change.

The above definitions learn that the core of the organizational identity consists of the central, enduring and distinctive features of the organization. These features are solid, not mutable. This stable core is projected through the organization's goal orientation, management system, dominant logic and set of norms and values. Together these components form the dynamic, 'malleable'<sup>7</sup> shell of the organizational identity. The whole of the organizational identity (stable core and dynamic shell) is expressed (projected) via behavior, communication and symbolism.

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<sup>2</sup> Albert and Whetten (1985), Glynn (2000) and Whetten (2001)

<sup>3</sup> Atamer and Calori (1993)

<sup>4</sup> Van Rekom, Van Riel and Wierenga (1991)

<sup>5</sup> Birkigt and Stadler (1986)

<sup>6</sup> Van Riel and Van Hasselt (2002)

<sup>7</sup> Gioia, Schultz and Corley, (2000)

Visually:

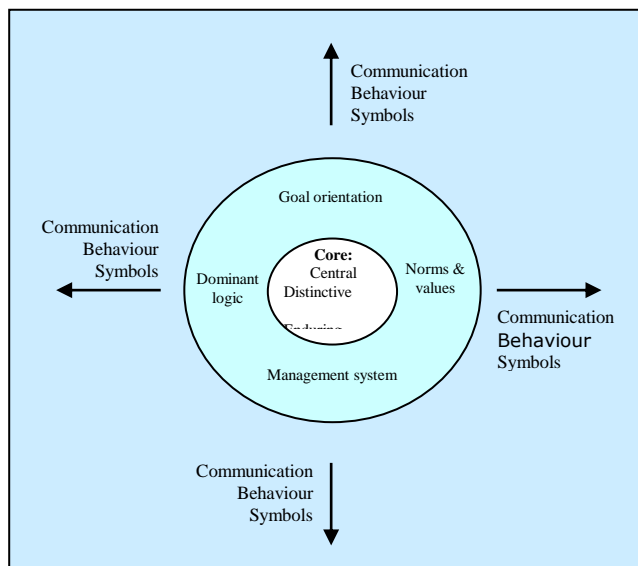


Figure 1 Composition of the organizational identity

### Aligning projected and perceived identity

In the mutual interaction between organization (management) and organizational members, both parties switch roles as projector and perceiver. It is in this process that the meaning of the organizational identity labels<sup>8</sup> is formed. The interaction mutually influences the perception on both sides and consequently changes the dynamic shell of the identity. Through time, the identity will develop or mature. As both the projected and the perceived identity are assuming aspects of each other, they are gradually moving towards each other. Ideally, this approach is a controlled process, in which the development of the identity is orchestrated.

The three instruments for gaining acceptance for the identity and getting the organizational members involved in its development are communication, behavior and the use of symbols. In general, these instruments are incorporated in all of the organization's activities. This means that these instruments need to be employed in accordance with the organizational identity in order to align the organization's projected identity with the way the organizational members perceive it. Only then the organizational members can form a consistent and coherent perception in line with the organizational vision.

Examples of organizational functions, activities and management concepts that can be used for developing the organizational identity are HRM and functional management<sup>9</sup>, employee communication<sup>10</sup>, involvement of the employee in the development of strategies<sup>11</sup>, empowerment<sup>12</sup>, organizational learning<sup>13</sup>, consistency in external and internal communication<sup>14</sup>, internal marketing<sup>15</sup>, the use of common starting points<sup>16</sup>

<sup>8</sup> Gioia, Schultz and Corley, (2000)

<sup>9</sup> Rogers (1983), Ashforth and Mael (1989), Boomsma (1991), Beukhof et al. (1994), Barney and Stewart (2000), Kets de Vries (2001)

<sup>10</sup> Cheney (1983), Emanuel and York (1988), Trombetta and Rogers (1988), Dutton and Dukerich (1991), Boomsma (1991), Dutton et al. (1994), Young and Post (1995), Wissema (1996), Argenti (1998), Hatch and Schultz (2001)

<sup>11</sup> Wissema (1996), Collins and Porras (1996), Campbell et al. (1990), Kloosterboer (1993), Block (1998)

<sup>12</sup> Frost (1987), Grunig (1993), Haskins (1996), Wissema (1996), Block (1998)

<sup>13</sup> Oomkes (1986), Swieringa (1990), Prahalad and Hamel (1990), Kloosterboer (1993), Barney and Stewart (2000)

<sup>14</sup> d'Apris (1988), Fombrun and Shanley (1990), Boomsma (1991), Cheney and Christensen (1991), Grunig (1992), Fombrun (1996), Hatch and Schultz (1997), Vos and Schoemaker (1999), Mogestad (2000)

and a sustainable corporate story<sup>17</sup>, an internal network of ‘identity agents’ and the integral application of the organization’s visual identity<sup>18</sup>. As the identity of each organization is unique, *the* approach for developing the identity does not exist. The effectiveness of these functions and approaches for the development of the organizational identity is influenced by factors such as organizational culture<sup>19</sup>, leadership style and management behavior<sup>20</sup>, the phase of the organization in its total life cycle<sup>21</sup> and the occurrence of issues<sup>22</sup>. Also the interrelationships between the above mentioned functions and business concepts can affect the results. Summarizing, organizations should be aware that the different approaches to communication, behavior and use of symbols mutually influence each other. All the activities they unfold in these fields will have their impact on the projection and perception processes, and ultimately the development of the organizational identity.

### **Measuring the organizational identity**

Projecting the organizational identity without knowledge of the internal stakeholders’ opinions and their actual reaction makes the projection process a walk in darkness. Very often, those involved in projecting the organizational identity are biased and possibly make a misjudged interpretation of what is really happening inside the organization due to the identity projection. Measuring is about asking people’s opinions and supports an effective projection process by providing concrete foundations. There are several authors<sup>23</sup> who have developed methods for measuring the organizational identity. These methods are useful when an organization wants to orchestrate the development of its identity. Additionally, they also can be used for measuring the results of these efforts.

### **Aligning the projected and perceived identity**

Starting point for this thesis is the notion that organizational identity is a dynamic concept, susceptible to change through influences of communication, behavior and symbols. These influences can be structured. First of all by measuring the organizational members’ perception of the organizational identity. Secondly by incorporating the results of these measurements into the shape of the organizational identity.

The extent to which these measurement findings influence the composition of the organizational identity depends on the attitude of the organization. In the end there must be a party inside the organization ‘governing’ the organizational identity; consciously deciding which influences will be taken into account and which not. This party must determine which perceptions give rise to modifying the organizational identity’s mutable shell (and which not).

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<sup>15</sup> Grönroos (1990), Boomsma (1991), Buurma (1991), Lehtinen (1993), Peters (1997)

<sup>16</sup> Van Riel, (1992)

<sup>17</sup> Grunig (1992), Barry and Elmes (1997), Van Riel (2000), Van Riel and Van Hasselt (2002), Denning (2002)

<sup>18</sup> Pilditch (1970), Pao and Lawrence (2003)

<sup>19</sup> Fombrun (1983), Uttal (1983), Pascale (1985), Sathe (1985), Gagliardi (1986), Luthans (1989), Smith (1994), Boomsma (1991), Frissen (1991), Wissema (1996), Vos and Schoemaker (1999), Balmer and Wilson (1999), Stuart (1999), Hatch and Schultz (1997, 2001),

<sup>20</sup> Stein and Pinchot (1989), Keuning (1993), Dutton et al. (1994), Young and Post (1994), Fijlstra and Wullings (1996), Wissema (1996), Amabile (1998), Farmer et al. (1998), Vos and Schoemaker (1999), Andriopoulos and Gotsi (2001), Habel (2002), Pastemack et al. (2002)

<sup>21</sup> Boomsma (1991)

<sup>22</sup> Brown (1979), Wissema (1996)

<sup>23</sup> Bernstein (1986), Dutton and Dukerich (1991), Atamer and Calori (1993), Foreman and Whetten (1994), Gioia and Thomas (1996), Van Rekom (1998), Gustafson and Reger (1999)

As discussed earlier on, this process is not as black-and-white as it seems. The establishment of differences between projected, and perceived identity alone is sufficient for affecting the composition of the organizational identity.

Alignment is making the projected identity and its perceptions move closer towards each other. In this process both the projected and the perceived identity assimilate aspects of each other. Simultaneously, the organizational members' acceptance of, and involvement in, the organizational identity increase. This process is gradually developing (maturing) the organizational identity, resulting in a more coherent and consistent expression towards internal and external stakeholders.

Practically, alignment takes place by comparing the perceived identity with the projected identity and translating the conclusions of this comparison into action. In order to enable an optimum control of this development process, I developed a framework that I will present hereafter.

### **Towards a framework for developing the potential of the organizational identity**

The fact that an organization can have an identity that is mutable, or that it can even have multiple perceived identities, urges the organization to develop its identity in a way consistent with its corporate strategy. This means that the interaction between projected and perceived identity should be used, and orchestrated in a structured way. Continuous improvement is the basis for the continuity of the identity.

Managing the development of the organizational identity, implies that both the identity itself, and the projection methods used, need to be controlled. Further, the organization needs to consider the perception that organizational members have from the projected identity. The two forms of the identity need to be confronted with each other, and aligned, so that the next step in the organizational identity's life cycle can start.

This life cycle can be monitored with the help of dr. W. Edwards Deming development cycle. This ongoing cycle follows the steps Plan-Do-Act-Check and Secure. It describes a continuous process, during which the quality of the organizational identity gradually develops. Conditions for a successful development of the organizational identity are, focus on the results, continual improvement, transparency and cooperation. The model shows the projected identity in relation to its organizational environment – where the perceived identity originates – and its external environment. The organizational identity and its environment mutually interact through organizational identity expressions and environmental influences. This interaction is shaping the organizational identity.

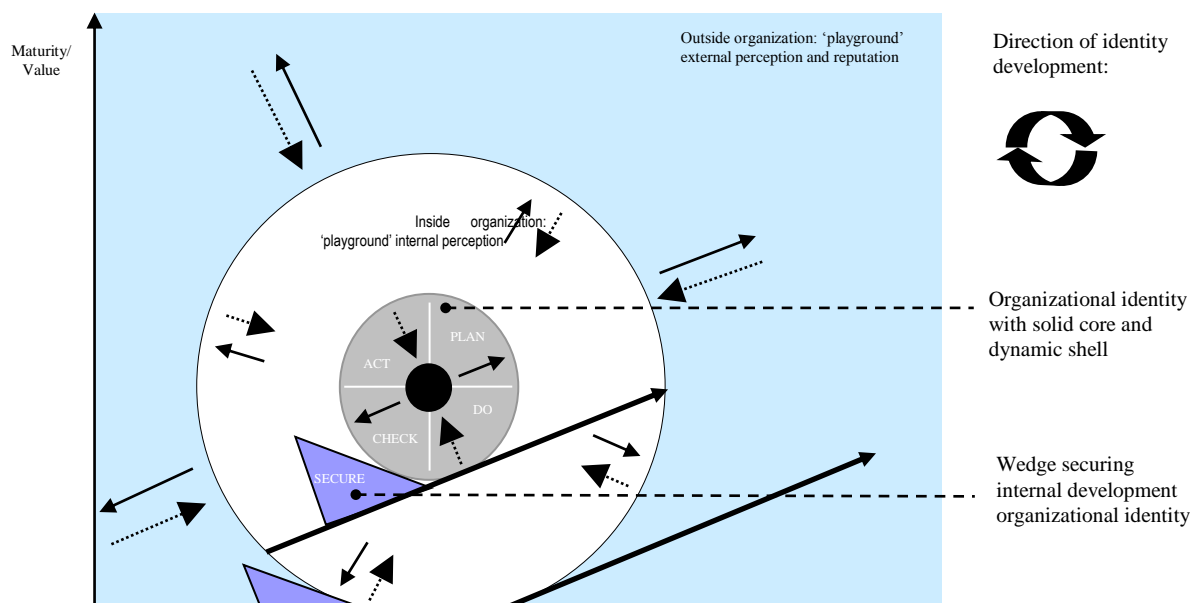


Figure 2 The framework of the organizational identity development process

Developing the organizational identity is an ongoing process. This means that milestones are required. There are five steps that need to be taken in a continuous cycle, in order to develop the identity. The organization that consistently applies the Plan-Do-Act-Check-Secure steps to the interaction between the projected organizational identity, and the identity as perceived by the organizational members, can further develop the identity and its potential in a structured way.

*Step 1 Plan:*

A description of the projected identity, including:

- The central, distinctive and enduring characteristics of the organization
- Details on the organization's norms and values, management system, goal orientation and dominant logic
- A description of the instruments that will be used in the projection process

*Step 2 Do:*

A description of the projection process and the use of the projection instruments; *how* communication, behaviour and symbols will be applied:

- Quality: e.g. verbal, written, paper, electronic
- Content: definition of projection messages
- Direction: definition of internal target groups
- Application: definition of situations; separate or combined use of instruments
- Time frame: duration of use (period until measurement)
- Frequency: continuously or ad hoc
- Projector: appointing the person or group of persons expressing the message internally

*Step 3 Check:*

A description of the future measurement areas, measurement standards, measurement intervals, the desired 'scores' of the identity as perceived by the organizational members, the weight of respective measurements and the way in which measurements will be included in an adjustment of the original plan (in short: the measurement protocols).

*Step 4 Act:*

A description of the methods for evaluating and (if necessary) correcting each part of the development process.

*Step 5 Secure:*

A description of the methods for embedding the progress made in each part of the development process.

**A practical assessment of the framework**

The framework for developing the organizational identity can be used to bridge the possible gap between projected and perceived identity within the organization. Further, it provides a structured approach for embedding realized progress in the identity's development. The principles of the cycle are designed to be simple to implement. In order to assess the value of the framework for developing the potential of the organizational identity, interviews with managerial members of ten internationally active industrial organizations in The Netherlands and Scandinavia were held. Step by step the relevance and applicability of the framework were assessed. Unfortunately, practice shows that the framework is not yet integrally applied to the concept of organizational identity.

The interviews revealed that the proposed framework is relevant and useful for organizations that want to explore the potential of their organizational identity. To a certain degree, all organizations pay attention to one or more of the steps of the framework for developing the organizational identity.

Organizations enthusiastically project their identity internally and externally (Do). This is mostly not done in a planned way. Sometimes the results of the projection activities are measured (Check). However, most organizations omit to report and evaluate the results of the measurement (Act and Plan) and go back to the projection step directly (Do). The measurement results are only used to improve the projection methods and are not fed back to or evaluated with the organizational members (Act). Finally, there are organizations that indeed evaluate the measurement results (Act), but do not incorporate these alignment opportunities in the composition of the organizational identity (Plan/Do).

The real value of the framework seems to be embedded in the combination of the different steps into an ongoing cycle of quality management. For an optimum result, organizations should focus on the cycle as a whole, paying attention to the mutual interrelationships and recognizing that the different elements affect and work upon each other. The objective is to develop the organizational identity by orchestrating the various instruments, the projection and alignment methods. The benefit of securing the obtained progress should not be neglected. Simultaneously managing and orchestrating all interactive aspects forms a considerable management challenge.

**Applying the identity framework step-by-step**

The identity development is sub-optimized if organizations only consider certain elements of the development cycle and not the complete management process. In many cases, the organizational identity development cycle takes off as a project. However, in order to fully use the potential of the organizational identity it needs to

become an ongoing process. Usually, organizations are going through four phases<sup>24</sup> of awakening, diagnosis, improvement and management before the identity is managed integrally. The steps are then improved and more detailed every time a cycle has passed. This ascertains that all steps get equal attention. In first instance, the impact on the maturity of the organizational identity will be limited, but it allows the organization to grow and get accustomed to the process. Similar to the life cycle of a product or of an organization, also the use of this identity development cycle will mature through time.

## **Conclusions**

In order for an organization to gain acceptance for its organizational identity with its members and get them involved in developing the potential of the organizational identity, I proved that the organization must *manage* its organizational identity. The following points lead to this overall conclusion:

- The organizational identity is partly dynamic
- The organizational identity must be managed in line with the overall corporate strategy
- The organizational identity can be planned, monitored and developed according to quality management principles
- The organizational identity is an ongoing co-production of all organizational members
- Integrating the organizational identity into the overall organizational structures and practices optimizes its development

The main conclusion of this thesis is that it makes sense for an organization to focus on developing the potential of its identity and that this development can take place according to a continual, self-improving process. The structural involvement of organizational members in the development of the identity permits organizations to gain their acceptance and commitment.

Implementing the identity development principles provides organizations with an additional instrument for their integral management system. Organizations that apply the principles will have a better understanding and definition of their organizational identity, and its relationship with their vision, mission and strategy, continuity and organizational members' happiness than companies that do not work with the framework.

## **Suggestion for further study**

Does the organizational identity develop itself according to the established phases of the life cycle:

- Recognizing
- Making repeatable
- Structuring
- Aligning with the internal organization
- Becoming part of the total governance of the organization?

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<sup>24</sup> [www.ink.nl](http://www.ink.nl) (2003)

Madelinde Daane-van der Houwen

## **Understanding of culture optimizes a global communication strategy An example of Dutch onion promotion in Japan**

*After graduating at the International Agricultural College in Deventer, specialisation International Agricultural Trade & Marketing Management, Madelinde (1969) started her first job at the economic division of the “flower & vegetable research centre” in Naaldwijk. A dream came true when, after saving enough money, she and Arjen (her husband) quit their jobs to leave for a two-year cycling trip through the world. Enthusiasm and interest in different cultures led them through Europe, Pakistan, crossing the Karakoram to China, cycling through South-East Asia, and eventually to Australia and New Zealand. Filled with exciting experiences she worked in research and with the Chamber of Commerce, before finding a job in agricultural export promotion. Since 2000 she’s an export promotion manager with NIVAA (Dutch onion and potato promotion bureau). In this job her interest in communication, people and cultures motivates her to find creative strategies and solutions; therefore a research into the impact of cultural differences between Japan and the Netherlands on communication was a perfect challenge.*

The Netherlands is one of the most important exporters of agricultural products worldwide. In onion export it is the number one exporter of the world. Through worldwide collective promotion, the Dutch onion promotion bureau (NIVAA) adds to this position. Everyday, being an export promotion manager working with Japan and other countries, I see myself placed in a position in which I have to choose between adjusting to “foreign” cultures or ignoring the cultural differences. I am tempted to adjust, but sometimes things like limited time, budgets or other agreements, force me to ignore the undeniable differences. That’s why NIVAA feels the need to get more knowledge about cultural influences on communication. With this research I try to find an answer to the following question:

***What is the impact of cultural differences between Japan and the Netherlands, on communication aimed at promoting Dutch onions in Japan?***

Everybody knows that culture influences communication and everybody has a certain opinion in what way: ranging from scientific research to practical examples of an everyday person on a holiday abroad. Some of the ideas are based on common sense, but it is amazing how often the simplest ideas are the most difficult for people to use in daily practice. What I want to know more about is in what way cultural differences between countries influence the corporate communication strategy of NIVAA. How can knowledge of cultural differences be used in a more effective way while creating the communication strategy? The focus is on the example of the collective export promotion of Dutch onions to Japan, but I tried to make some conclusions in a way that they can be used in a broader perspective. Is it possible in NIVAA’s case to choose, based on efficiency and effectiveness, between a standardized-global-communication or adjusting the communication expressions to different cultures? This thesis tries to be a combination of academic theories about culture and communication, and my “daily practice” of business communication.



## **Culture in general**

To find an answer to my questions, the first thing to do was to find out more about cultures. What is “culture” and how are cultures defined? Generally speaking culture seemed to be a historically transmitted system of symbols and norms used by a self-sustaining community. It encloses the group’s thoughts, experiences, patterns of behavior, concepts, values and assumptions. Important elements of culture are e.g. language, gestures, behavior, values, beliefs, personal appearance, social relationships and food. A convincing categorization of cultures would enable us to predict behavior, clarify why people do what they do and standardize policies. All in a way that we can communicate better in order to create a better (business) life. Therefore the categorization theories of Hofstede and Lewis are researched further. Hofstede, because he was probably one of the first to do such extensive research, his ideas are well known and accepted, and gives a to my opinion very useful way of categorizing cultures. Lewis, because his theory gives a new view on categorizing cultures based on the so-important information gathering, and it is written in the currently changing society of 2002/2003.

Hofstedes dimensions to describe culture are individualism vs. collectivism; masculinity vs. femininity; power distance; uncertainty avoidance; and long-term orientation vs. short-term orientation. Lewis defines three cultural categories based on the way of information gathering, which seems a very interesting approach in our information-society. He defines data-oriented, dialogue oriented and listening oriented, and in that same order he describes 3 cultural categories; Linear active, Multi active and Reactive.

This knowledge gives the possibility to define cultures in an acceptable way and therefore also compare cultures leading to an understanding of differences. Based on these factors we can determine if amongst cultures there is a need for adjustments and on which cultural elements.

## **Culture in relation to (corporate) communication**

The second thing to do was to look at cultural elements within communication theories. When looking at stakeholder theories, identity- and reputation theories, culture is often an important topic of research. Increasingly organizations compete based on their ability to express who they are and what they stand for. An organization should pay attention to cultural differences when starting to create a strategy (and therefore not wait until one has to decide on the means). Furthermore to my opinion there is no doubt about adjusting to cultures when creating expressions and defining the channels and means (only think of the subtle language differences which can be impossible to translate). Clear common starting points and a corporate sustainable story will make it easier for an organization to make these decisions.

Seeing multinationals moving from one uniform global strategy, back to multiple strategies per nation (cultures) gives me reason to conclude that it is more beneficial to adjust to cultural differences. Of course at the same time keeping an open eye to the benefits of a global strategy. Having a global perspective on communication is not synonymous with having a uniform global communication strategy. At least one should understand that culture effects behavior (thinking, acting, perceiving) of everyone, including oneself. This might be obvious, but I dare to say it isn’t. To my opinion global ethical principles and communication skills will certainly optimize communication between various cultures, but will not lead to something as a global culture.

### **Japanese culture and communication**

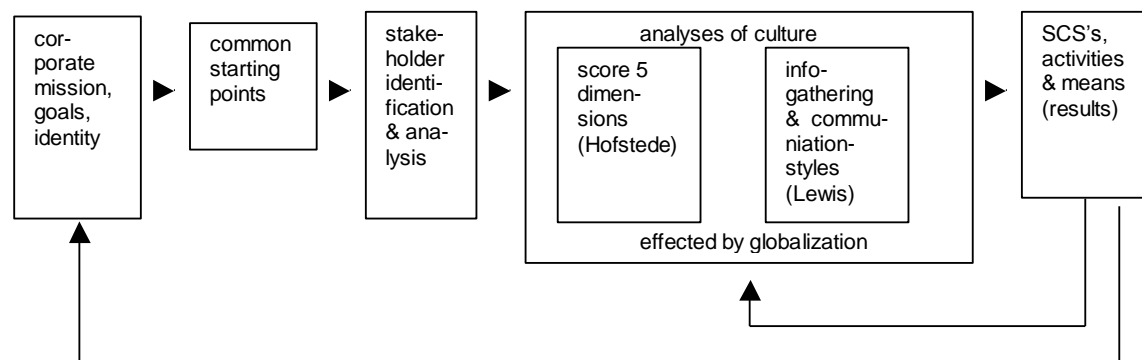
The theories and definitions on culture and communication form the base on which I could look into Japanese culture in a more theoretical way. Next to an incredible quantity of literature published about this interesting country, I base my ideas on personal field research. Japan has a unique culture, even though it has subcultures. Japan seems to be medium collectivistic, very masculine, medium in power-distance, high in uncertainty avoidance and pretty high on long-term value orientation.

Furthermore it is a reactive culture. Other clear aspects of Japans culture are homogeneity, loyalty, duty, respect for tradition, particularism, role of intermediaries, reciprocity, ingroup/outgroup distinction and overlap of personal and public relationships. Based on Confucianism and Shinto it considers balance and harmony in human relationships to be the basis of society. People tend to be sincere and basically honest and are tolerant of other religions, which is good for international business. The Netherlands culture seems to be individualistic, very feminine, pretty low in power distance, medium in uncertainty avoidance and medium in long-term value orientation. Furthermore it is a culture in between linear active and multi active (a little more linear active).

Comparing countries based on definitions of cultures gives input when having to decide on communication strategies. We can search for those elements where adjustment seems absolutely necessary and also to elements on which we can accept our differences without conceding on effectiveness. It is clear that there are many cultural differences between Holland and Japan: very notable are the Japanese focus on face and harmony, higher acceptance of power and hierarchy and masculine aspects like toughness and accepting bigger differences between men and women. To get a message across effectively between these two cultures one has to adjust at least on those aspects.

### Discussion

Combining selected theories about (corporate) communication, culture categorization and the Japanese culture, led me to form the following model:



Clearly I think cultural differences should be taken into account when optimizing export promotion / intercultural communication. Although I also agree that cultural sensitivity is subtle, pre-judgments are lurking around the corner; maybe half of the differences between cultures are explained by the cultural dimensions, which also means the other half is not! Understanding the positive cost reduction of standardization and the negative effect of a decreasing effectiveness leads me to recommend more research on the specific financial benefits of standardization; to my opinion related to every product/market combination of NIVAA.

Organizations need to meet (changes in) the global environment. It is helpful to recognise that the environment is different. Although this research focuses on the export-promotion communication to Japan, I would say that it is important to take

cultural differences, categorized through theories, into account in any intercultural communication (in export promotion of agricultural food products). Short-term orientation hardly gives the opportunity to look at the big picture to see how the environment is likely to affect the way a company could or should present itself to a variety of audiences. One should realize that we can adapt to the environment without compromising principles and that it is advisable to try to prevent crisis with clear communication.

Probably the most important recommendation for this (export) promotion organization of agricultural food products is to agree on Common Starting Points and, even better, agree on a sustainable corporate story. To me this seems an ultimate solution to on one hand benefit of the cost reduction of (pattern) standardization and on the other hand keep the flexibility to adjust the message to the audience with their specific cultural background so it is most effective.

Looking at the defined cultural differences between Holland and Japan (some) adjustment is absolutely beneficial for Dutch exporters and NIVAA. To implement my idea of a SCS with adjustments based on cultural differences the “combination model” can be used as a guiding principle.

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Marita van Doorn

## **Effective Crisis Communication Strategies in Modern Aviation**

*Marita van Doorn (1966) studied Dutch, French and Spanish at the School for Interpreters and Translators in Maastricht, with law and economy as specialist fields. She did a nine-month internship at the department of cultural affairs of the British Council in Madrid (Spain) in 1988. After she graduated in 1989, she started her career in the advertising business. First, she worked at BBDO Business Communications in Amstelveen as international network coordinator for the worldwide b-t-b agency network of BBDO. Then she worked with PMSvW/Y&R as account coordinator for several international accounts, including KLM, Kodak and Braun. She moved to the advertiser's side in 1994, joining Pokon & Chrysal as a PR consultant. She set up a marketing/PR department for this company, which has five subsidiaries abroad. In 1998, she continued her career in the flower business, joining the Flower Auction of Aalsmeer as a communications consultant to the auctioning division, in charge of internal and external communications. She was also a member of the Communication Management Team in charge of developing Corporate Communications Strategy. Throughout her career, Marita has attended a wide variety of PR, communications and marketing courses. In 2002, she joined KLM Royal Dutch Airlines as manager International Public Relations & Crisis Communication. Her tasks include organizing and developing strategy for crisis communications, developing PR guidelines and tools for KLM establishments abroad, and special projects such as the communications strategy for KLM's fleet renewal program.*

### **Introduction**

All airlines run the risk of suffering plane crashes or hijacks. Such calamities immediately become the main point of focus of the media and the airline's stakeholders (regulatory agencies, other airlines, government, and general public). These tragic events, which often result in many casualties, cause emotions to run high. The general public have 'zero tolerance' when it comes to airline accidents: every crash is one too many. A crash can therefore seriously damage an airline's reputation. Statistically, air travel is one of the safest modes of transport. However, despite the industry's relentless effort to contain risk factors, accidents are inevitable owing to factors such as the complexity of modern technology, human error and the interdependency of the various industry chains (air traffic control, flight operations and maintenance).

An airline accident may spark a crisis jeopardizing the continuity, reputation and financial stability of an airline. Communications can help control the situation, but may lead to more confusion. A carefully planned and orchestrated crisis communication plan can therefore be an effective tool in gaining the confidence of employees as well as external stakeholders, and in minimizing damage to the airline's reputation.

However, every situation is different and there is no single, ideal approach. Various factors influence the choice of communications strategy following a crisis. These factors are encapsulated in the following research questions.

### **Research questions:**

- **What crisis communication strategies are most effective in the event of an airline accident?**
- **Does a good reputation protect a company after a crisis or does it have a counter effect?**
- **What recommendations on reputation management can be derived from this thesis? And will they be beneficial to the airline industry?**

It goes without saying that airline accidents are often disastrous events, with tragic consequences for all involved. Skilled and honest crisis communication following an accident is in the interests of victims and their relatives (who need the best possible support and information) as well as the airline in question. It also bears mentioning that airline accidents affect the entire industry. Any airline can suffer an accident, which means it is important to learn from one another.

### **Methodology**

My research began with a study of references on relevant fields of crisis management and communications, including strategic issue management, stakeholder management and reputation management. Based on my theoretical findings I have conducted qualitative interviews with airlines that have suffered accidents, such as SAS, Alaska Airlines, American Airlines and Swissair. All the airlines I interviewed have an excellent safety record and reputation. Although I would have preferred to include KLM as well, I couldn't find enough records on the KLM's last serious accident in 1976.

To give a broader overview of effective crisis management and crisis communication, I also interviewed the director of crisis management of IATA, as most airlines follow IATA's crisis communications guidelines. Furthermore, I have included a chapter on KLM's emergency procedures.

I then combined the results of my reference work and qualitative interviews with a media analysis of the three airlines mentioned above.

This thesis ends with conclusions and a recommendation model for effective crisis communication strategies for airlines.

### **Overview of literature**

I started out with a study of references on the importance of effective crisis communications strategy. Knight & Pretty (2000) and Fombrun (1990) have both studied the impact of crises on shareholder value. Crises have a huge market impact. The main difference between those who do and do not recover lies in the perception of the extent to which the company management were responsible for the accident or safety lapses, and the quality of the response to the crisis.

My study of references has led to the following propositions:

#### **Proposition 1**

*If a company has a good reputation prior to an accident, this will certainly have a positive effect on the stakeholders' perception after the accident.*

According to some, the reputation of a company prior to an accident influences the expectations of the stakeholders. According to several studies by Van Riel, Fombrun & Rindova (2000), a good reputation certainly matters.

#### **Proposition 2**

*Although stakeholders may understand that accidents do happen to good companies, a company will be judged only on its response to the crisis at hand.*

This assumption is clearly demonstrated by the studies of Rory & Knight (2000) as well as Fombrun (1990). Coombs (1995) also states that the degree of immaterial damage may be limited by the company's response.

**Proposition 3**

*Crisis-prepared companies will be less influenced by bounded rationality or group think in times of crisis. This enables them to respond more appropriately.*

Pauchant & Mittroff (1992) as well as Rossiter & Percy (1998) stress the importance of crisis-preparedness. According to theories about 'bounded rationality' (March & Simon) and 'group think' (Janis, 1982) managers may be emotionally bounded during a crisis. Effective pre-planning and decision-making before a crisis may prevent this. Mittroff & Alpaslan (2003) state that preparedness reduces the number of calamities, and that companies stay in business longer and achieve better financial performance.

**Proposition 4**

*Well-prepared strategic issue management and stakeholder management strategy lie at the heart of effective crisis response.*

Freeman (1984) indicates that successful transactions with stakeholders are built on understanding the legitimacy of the stakeholder and having processes to routinely surface their concerns.

Companies with excellent stakeholder management capabilities have an outside view, are pro-active and anticipate to stakeholder concerns (Van den Bosch, 1999).

Stakeholder management and strategic issue management are closely interrelated.

Identifying and managing possible issues (Ray, 1999), which may appear after a crisis, will certainly affect stakeholder perception.

**Proposition 5**

*The degree to which stakeholders believe that the cause of the accident lies within or outside the organization, strongly influences their perception and therefore the reputation of the airline after the accident.*

The available references on crisis communication agree that the more an organization is considered responsible for a crisis, the greater the risk that the negative aspects of the crisis will damage the organization.

Whether the external perception is true or not is less important. This is clearly illustrated by the case of Brent Spar at Shell (Van den Bosch & Van Riel, 1998, Fombrun and Rindova).

**Proposition 6**

*When a company has an excellent performance history, mortification, ingratiation and apology strategies are the most effective. A mortification strategy should always form part of the airline's response strategy.*

According to Coombs' crisis response typologies, serious damage resulting from a crisis always calls for mortification: remunerate the damage, assist the families, apologize and right the wrong. The apology strategy (denial of intention and purpose) may work as well. Ingratiation strategies – e.g. stressing the airline's excellent safety record and well-executed maintenance programs - may also be appropriate.

**Proposition 7**

*When the company has a bad performance history or when negative issues arise after the accident, possible strategies to address side effects are: mortification and distance strategies.*



Even if a company has a good reputation, negative issues about the company's performance may arise after the accident. According to Coombs, depending on whether the evidence is true or not, a combination of strategies may be used to address these issues.

### **Proposition 8**

*A corporate culture that values safety and is sensitive to the hazards of its operations is very important. Therefore, before and after a crisis, communications should start by focusing on employees. Internal communications is crucial for reputation repair.* Various authors (Argenti, Dutton & Dukerich, Van Riel, Versailles) have stated that everything starts with communications towards the employees. Assuring that the employees have absorbed the firm's values will certainly help the company's response after an accident.

### **Survey**

Four airlines with an excellent reputation and safety record were willing to cooperate in my survey of responses to serious crises: Swissair (October 1998), Alaska Airlines (December 2000), Scandinavian Airlines (October 2001) and American Airlines (September and November 2001). I also interviewed crisis communications staff at IATA.

All IATA airlines have professional emergency response organizations and well-trained Family Assistance Teams. Airlines organize regular emergency drills. Flight safety is the No. 1 priority for all airlines and is fully integrated in the airlines' values. All of the airlines I surveyed had conducted more or less the same communications activities after the accident occurred. Their CEO played a major role as the spokesperson for the airline, by assisting families and appearing in the media.

The airlines remarked that the key priority of any airline in the event of an accident is to take care of the victims and their families. Communications should therefore focus solely on acting quickly, honestly and caring.

After the initial phase, the media usually begin to speculate about the cause. The main factor influencing the communications strategy during the investigation phase is the external stakeholders' perception as to whether the cause lies within or outside the organization.

### **Media analysis**

I have rated the favorableness of 400 articles published in international media on the accidents suffered by the airlines in my study. Three conclusions may be drawn from this media analysis:

1. The volume of neutral media coverage is dominant;  
The degree of neutral coverage is influenced by the fact that the media may focus on the direct consequences of the accident and not on the airline itself.
2. Positive media coverage of the airline is relatively low;  
This may be explained by the fact that accidents have tragic consequences. Among the factors influencing positive media coverage are: the airline's care for victims and their next-of-kin, the assignment of blame, and the airline's reputation and safety record.
3. Negative coverage depends on the airline's response.

### **Conclusions and recommendations for a crisis communications strategy model for airlines**

The interviews and media analysis generally supported my propositions. One of these stands out as the most relevant for airline crisis communications strategy. This is proposition 5: *The degree to which stakeholders believe that the cause of the accident lies within or outside the organization, strongly influences their perception and therefore the reputation of the airline after the accident.*

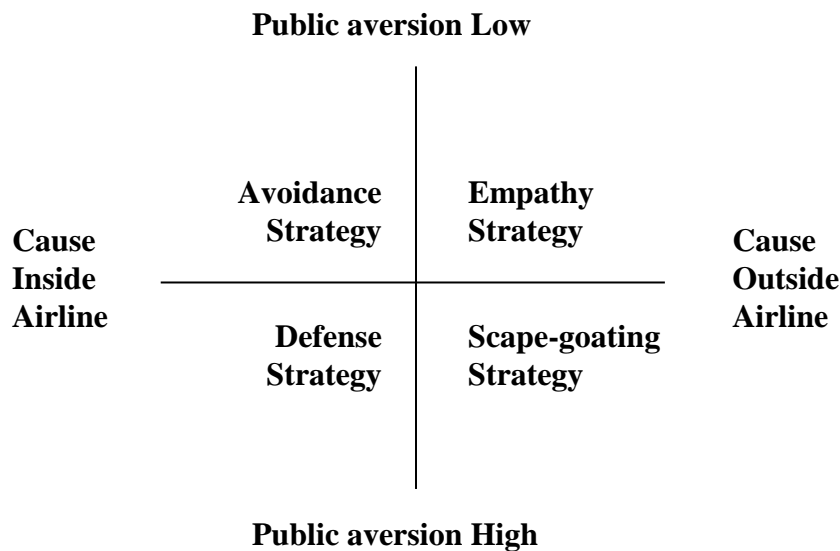
The following conclusions may be drawn from this:

1. The No. 1 priority and main concern of airline communications after an accident should be: **Honesty, integrity and showing care for the victims and their families**
2. The mortification strategy, as described by Coombs, is an ethical and a legal part of the crisis response of airlines (Warsaw Convention, Family Assistance Act) and should therefore always be included in the crisis communications strategy. I propose to describe the mortification strategy as the initial response.

In the second phase, there are several alternatives for a crisis communications 'strategy'. Based on both theory and practical research in this paper, I propose that airline crisis communications strategy is influenced by two factors:

- the degree to which the cause is perceived as being within or outside the organization;
- the public perception of the organization's response to the crisis – the degree of aversion against the airline.

I therefore propose the following crisis communications model for airlines:



These strategies are only effective if they are used in an honest, discrete way and are based on true facts that legitimize the choice for a certain strategy.

- A. Avoidance strategy** – The avoidance strategy implies avoiding organizational 'ownership' of an issue.
- B. Empathy strategy** – The empathy strategy implies that the airline shows that its main concern is with the victims and families and that external factors caused this accident. The empathy strategy is closely linked to the basic principles and ethics of crisis communications and is often the most effective strategy.

**C. Defense strategy**

Although an airline cannot say anything that might influence the investigation, some issues need to be addressed aggressively. The defense strategy might be an option if, soon after the accident, allegations arise about the company's performance before the accident.

**D. Scape-goating strategy**

The scape-goating strategy can only be used if it becomes clear that external factors or various parties caused the accident, especially when the airline is under heavy criticism from its internal and external stakeholders.

Frans van Gaal

**Let's make something out of it...;**

**A plea for hands-on learning in engineering, a metal works on a high-profile location and sustainable public relations**

*Frans van Gaal (54) is a consultant/trainer for School for the Future in 's-Hertogenbosch, Netherlands. As such he has applied himself, among many other things, to creative thinking processes in organizations during the last few years. School for the Future was founded at the initiative of Koning Willem I College, an innovating regional training centre for vocational and adult education as well as secondary education. In addition to this Frans van Gaal has devoted himself to writing books and essays on historical subjects, often related to industry and business. In 1989, at the social science faculty of Katholieke Universiteit Brabant (Tilburg University), Van Gaal conferred a doctor's degree on a thesis on the growth and development of social movements in 's-Hertogenbosch in the 1850-1930 period. Meanwhile Van Gaal has written about such diverse subjects as soccer, culture, social and political movements in Noord-Brabant and the Netherlands, history of education, war and resistance and the history of company training in The Netherlands. Frans van Gaal is married and a father of two sons. He is also a proud grandfather of a one-year-old grandson.*

### **Introduction**

'De metaal', as the metal and electrical engineering industry was long called, has an image problem that is having an adverse effect on its labor-market communications. In recent years 'de metaal' has invested a great deal of money to improve the sector's image. The aim was to make the industry more attractive to new groups, young employees in particular. The campaigns often focused on engineering because the sector as a whole had been in deep trouble for some time. The number of young Dutch people who opt for a career or training course in engineering continues to decline. A problem that occurs at all levels of education and employment. A good successor to the former junior technical school (LTS) was never found. Increasingly the VMBO is becoming the 'waste basket' of secondary education. Technical universities see a continuing decrease in interest in technical and scientific subjects. Employer organizations complain vociferously about the scarce availability of technical talent for research & development. This has been going on for years. Towards the end of the 1980s it appeared that there was a huge shortage of young pupils in metal and electrical engineering. This shortage only increased during the 1990s.

With this background in mind we take a close look at the recruitment campaigns of the metal and electrical engineering industry in recent years. We then discuss the factors of failure of success. This is then placed in the context of social and cultural developments, changing human and professional perspectives, changes in the sector and in socio-economic, socio-cultural and political areas.

In recent years, interest in engineering has declined drastically and this is reflected in the reduced number of students in professional education. As one of the leading sectors, the metal and electrical engineering sector is suffering the consequences of this. Many companies have a lack of competent experts. When this is extrapolated to

higher position the problem is even greater. The Netherlands' position as a knowledge country, as a leading platform for research & development is in danger. Already Dutch companies are recruiting highly qualified technicians and engineers from Eastern European and Asian countries. Many an entrepreneur is seriously considering the more attractive option of moving research & development departments abroad.

## **Chapter I: Blue-collar star**

### The heroism of Dutch industry in a historical perspective

It is almost tempting to pine for the time when the ordinary family was popular in the Netherlands. That was in 1950s. In those days 'de metaal' did not have an image problem. If you wanted to get ahead in your career, you became a craftsman in 'de metaal'. Rightly so this sector was known as the 'grootmetaal'. It set an example to everyone and everything that wanted to help the country back on its feet. Engineering was the standard against which social progress was measured. Whether this concerned job classification, work organization, management, work structures, wages, employee participation, holiday entitlement, redistribution of work, pensions, early retirement, trade union work or education and training, the 'grootmetaal' often set the standard. The Netherlands was engaged in its reconstruction and industrialization was the magic word.

The realization that the metal and electrical engineering industry was making an enormous contribution to the reconstruction of the Netherlands stimulated the self-confidence of the people who worked in it. If you worked in 'de metaal' you knew what you were doing. And that also made you proud.

There was a lot of work to be done after the war: the Netherlands could roll up its sleeves. The magic word for solving the economic issue was 'active industrial politics'. Accelerated industrialization was the solution to long-term unemployment, repairing the enormous damage caused during the war and the expected loss of Indonesia. The race to recovery started in 1948 and industrialization poured over the country like an avalanche. Industrial production more than doubled between 1948 and 1962. The sectors that showed the strongest growth were the metal industry, chemical industry, textile industry and the construction industry. Together they were responsible for 90% of the increase in jobs.

Gerard van Dalen, policy official at FME-CWM, has the following to say about 'de metaal'. "It became the sector in which the engineers called the shots for a long time. An engineer is a man who thinks in terms of 'yes' or 'no', 'zero' or 'one'. With nothing in between. But actually it could hardly be different. The structures they conceived and built permitted zero tolerance in one case while some tolerance was needed in the next. It could mean thousandths of millimeters. And you have to do it correctly right from the start because metal does not give way. A big structure such as a bridge built from metal cannot simply be dismantled if something is not right. What if it started wobbling as a result of a structural error? Nobody wants that to happen. Just imagine having to drive across it. This professional attitude must have influenced the dominant behavior in the sector. A mistake of one millimeter could cause major problems in some areas of society."

The career of Herman Bode, former trade-union leader, is an example of a man who developed into a self-confident metal worker. Just before the war, at the age of fourteen, he started working in a textile plant with his father. 'I stretched the looms. And I cleaned the machines. I had to crawl underneath them to reach all the parts and points. I regularly found wads of tobacco, chewed up and spat out onto the floor,' Herman Bode recalls.

While this was not a very promising start, the next stage was not that appealing either. As a weaver's apprentice you were taught by an old hand who was only too happy to be out of the factory. A strange type of cadaver discipline reigned in the factory, which was reinforced by the loom bosses and department bosses. These were the puppets of the hated Geldermans, the original textile barons. When they walked by, people quaked with fear, and possible also hatred.

'If I wanted to really make something of my life, I had to get out of there. My father's career was not an attractive prospect,' Mr Bode continues. And so Herman left the textile industry. At the age of seventeen, he briefly sniffed the existence of a valued craftsman in 'de metaal' at Stork in Hengelo. The Second World War put paid to his hopes. Herman did not get any further at Stork.

If you wanted to be sure of a job after the war and if you wanted to have access to the goods being distributed, you joined the army. And this is what Herman did, as did David Rijkse, who later became a colleague in the trade union of the ANMB. 'In the army you had good food and drink. And what was also important at the time, you were given cigarettes on time. In the army you could also express your pride in your country. It seemed obvious to me to join the troops that were sent to Indonesia.'

On his return from Indonesia, Herman underwent a psychological test that showed him to be particularly suitable for an engineering job, and one in which you had to use your brain. As if there are engineering jobs where this is not necessary. Herman Bode became an electrician. Hazemeijer in Hengelo gave him a job. This company produced high-voltage distribution and switching equipment.

'The working environment there was completely different to the textile industry. There was no question of subservience, there were no fine books and the self-confidence of the employees was much greater. Traditionally the atmosphere in 'de metaal' was completely different than in the textile industry. I think that education played a role in this. To me this was liberating. In the textile industry you were involved in mass production in machine-related work, which meant that you were controlled by a machine. At Hazemeijer you did manual work so that you were able to have more contact with your colleagues. For that matter, the working conditions were not that bad either.'

In the post-war years, the metal and electrical engineering sector quickly organized communications with the outside world. The sector quickly mastered the concept of public relations. They learned to use it professionally and that greatly benefited 'de metaal'. Max Tak called them 'Moguls'. He was a Dutch correspondent living in New York in the 1960s and used the term to refer to prominent personalities who were giving shape to the American Dream, entrepreneurs such as Cornelis Vanderbilt, William Randolph Hearst and E. I. Dupont. Big names, who despite all their objectionable traits, were sorely needed for the reconstruction of American society.

The editor of *Metalektro Profiel* became a bit carried away with this in 1962. Didn't the representatives of the labor unions in the metal and electrical engineering industry show some resemblance to the 'Moguls'? They were well known, called a spade a spade, assumed their social responsibilities and besides being plucky also had the intellectual capacity to recognize the bigger picture. After all, weren't they the ones who had put the Netherlands back on its feet?

## **Chapter II: The plant is hidden away**

The failure to appreciate the (production) industry

During the second half of the 1990s the 'New Economy' generated enormous enthusiasm. Within just a few years, numerous businesses involved in the Internet and data processing attracted the attention of the public, investors, the media and politics. It seemed as if a new era had dawned. According to some, the 'traditional' industry, i.e. the production industry, had been declining for decades; its best days were over. In western countries the new economy, or the innovating economy, is a service economy. In these countries the division of jobs is currently 80% services, 16% industry and 4% agriculture. This division must be seen in perspective. The distinction between products and service is becoming blurred. Products are becoming services (leased cars), and services are being turned into products (train ticket machines, or medical and legal expertise available on CD-ROM and the Internet).

'The fact of the matter is that the fundamental and unalterable function of an industrial economy consists of making things: the more that is produced the more that is earned, either in dollars or in actual goods. This is why the key to recovering these lost strengths must be found in [...] the factory with its lathes, drills, furnaces and hammers. The origin of buying power lies in the factory, on the land and under the ground.' This used to be the prevailing view.

During the course of the 1980s. Nike, Microsoft and Intel started a new trend. The production of their goods and products was no longer essential. Deregulation and reform of labor legislation allowed them to operate internationally and even globally. Foreign contractors would be making their products in the future. Nike, Microsoft and Intel only focused on the creation of their image. Their real work turned from production to marketing.

Initially this proved to be highly profitable formula. Thanks to the success of the aforementioned companies, a kind of competition in weightlessness started. Whoever owned the least, had the smallest number of employees on the payroll and created the most powerful image, instead of products, wins.

According to Naomi Klein, 'this obsession' with 'brand identity' is a public and private conflict about public institutions such schools, about the identity of young people, about the concept of 'nationality' and about the opportunities in areas that have not yet been adopted by the market.

'The products that will be successful in the future are not those products that are presented as goods, but as concepts: the brand as an experience, a lifestyle. Since then, during the time that a few brands were triumphant in a period when the 'brand'

appeared to be dead, a select group of companies has tried to free themselves of the tangible world of raw materials, production and products and to create an existence on a different level. Their argument is that anyone can make a product. So we outsource that. In the meantime, the head office has its hands free to concentrate on the real work, the creation of a corporate myth, that is sufficiently influential to add value to these naked objects, even by simply adding the company's signature.'

Nike and its boss, Phil Knight, took the lead. The Internet was the driving force. Amazon.com completed it, or even better, lifted Nike's approach to a higher level. After all, it is the Internet that created the purest brands, completely stripped of and released from the concrete burden of shops and goods production. They could go their way as the distributors of 'collective hallucinations'.

This development also had an impact on the Netherlands. During the 1990s the number of (young) people who wanted to work in 'production' dropped precipitously. It seemed to be an irreversible process. 'Choose Engineering (Kies Techniek!) was against the trend at the time. It appealed to something that had long ceased to be an ideal: professional pride on the shop floor.

### **Chapter III: Working in the metal industry is not sexy**

What do people hope to find in a career?

Who do people actually look up to? Who are our heroes these days? Which professions and abilities are popular? Has the tradesman's sense become dominant again? Has professional skill not become something of the past? Or... do we still want to make what someone else has thought up?

Most studies into job satisfaction show that people are primarily looking for recognition. If they feel that they are appreciated by the management, their colleagues and others, they have job satisfaction. Naturally the salary is also important. But usually appreciation and a good salary battle for first place.

In the 1990s recognition meant 'cool, different, young, trendy'. Whatever you wished to call it, this was the perfect identity for producers who were aiming to become transcendental, image-based brands. Advertisers, brand managers, producers of films, music and television programs couldn't get back into the schools fast enough in a frantic attempt to find and imitate the correct 'attitude' in their ads that would result in teenagers and twenty-somethings picking up on it together with their snacks and pop tunes. And just as it did at secondary schools all over the world, the deadly boring, all-consuming and everlasting question 'Am I cool?' gained the upper hand and not only resounded in classrooms and locker rooms, but also at meetings and conferences of the powerful business community.

The companies that were not allowed to join in with the successful, trendy brands - their sports shoes were too small, the trouser legs too narrow and their sharp ads not sharp enough - now took to hiding in the fringes of society: the nerds of the business world.



If the brands really want to be cool they have to incorporate the ethos of ‘cool is the same as not cool’ into their sales technique. They must take the mickey out of themselves, comment on what they themselves are saying, be innovative and second-hand at the same time.

In the Netherlands, professional education that trains people to work ‘in production’ became less popular. It became associated with dirty work, sweat and greasy hands. Surely that cannot be regarded as a prospect for the future? The engineering departments of the regional training centers had to take the rap for this. The lecturers who work there are growing older and are lagging behind when comes to modernizing education. And if young people actually go there, they become discouraged sooner than those in other forms of education. The dropout rate in engineering courses is one of the highest! Young people rather opt for new courses such as marketing, international sales, design, art and technology, etc.

Robert C. Allen asks himself ‘Why did Soap Opera Digest claim that you’ll never see a gay kiss in an American Soap?’ He is the author of ‘To be continued... soap operas around the world’. In this work Allen demonstrates that society is reflected in soaps and television serials. Not so much because everything in it has a high reality content, but rather because people recognize themselves in it. The Belgian theoretician Jean-Marie Pirenne states that the viewer’s involvement in a soap or serial is due to the possibility of ‘participating in the series’. If this is the case, the soap is a good reflection of people’s aims, ambitions, feelings and ideals. The soap is a time capsule in which a great deal is expressed. This is why the viewing behavior of people who watch soaps and television series is analyzed in this chapter. The results of such an analysis form significant building blocks for framing or ‘mental mapping’.

#### **Chapter IV: A campaign with too little IMPACT**

Success and failure factors of the 1989-1999 campaign Kies Techniek [Choose Engineering]

What are the criteria that a campaign should meet? We will examine the campaigns of the metal and electrical engineering sector in this context. Did they at least meet the minimum requirements of a successful and effective recruitment campaign? Hegelsen (1994) distinguishes two dimensions for successful corporate advertising campaigns (cac). The one dimension ‘professionalism’ examines aspects such as distinctiveness, uniqueness, target-group focus, clear and unambiguous promise, characteristic of the sector, appealing to own employees, credibility, recognizability, consistency, coherence, true to the image and a simple concept. The other dimension ‘creativity’ examines elements such as authenticity, originality, humor, up-to-date, surprising and striking. Van Riel and Van Bruggen developed this theory further by using three dimensions in the evaluation of corporate advertising campaigns

In terms of the IMPACT methodology developed by Van Riel and Van Bruggen, the design of the ‘Kies Techniek!’ campaign is inadequate. It lacked a pre-test. On what should this have been based? No objectives had been defined, certainly not any that were quantifiable and linked to the campaign. As an event ‘Kies Techniek!’ was too isolated. Measured against the number of participants, the campaign was certainly not

all that bad. But ultimately the campaign did not result in higher numbers in either technical education or the metal and electrical engineering companies.

Campaigns that attracted interest but which ultimately did not have the envisaged results: a new or different career choice. In brief that was the result of ‘Kies Techniek!’. Opting for engineering in general and working in industry in particular was certainly not ‘in’ among young people in the 1990s. The problem was the image of engineering as it was applied in industry. This had to be improved and therefore it required a corporate-identity program at sector level. A long-term approach therefore with a high volume of the communications geared to various target groups.

Van Gaal subscribes to the views of Frans Meijers. This educational sociologist criticizes the basic premise of the producers of ‘Kies Techniek’ being that a career choice is a rational process. Nothing could be further from the truth. He says: ‘In the PR and information campaigns of recent years the shortage of engineers is mainly ascribed to a cognitive process in which young people reach a decision based on information they have been given. This not the case. A career choice is not a cognitive process.’

## **Chapter V: Make something of it!**

### An alternative to the recruitment campaigns

Frans Meijers, the renowned criticaster of traditional career guidance in the Netherlands, says: ‘the campaigns aimed at increasing the inflow in scientific and technical courses and careers give young people the wrong information. ‘Wrong’ because to most young people this information is meaningless and does not invite them to identify with an industry and/or a career in such an industry. A strategy of participating learning is needed to give young people the opportunity of identification. In this process industry and education have different responsibilities. Much more than has been the case up to now, industry must provide powerful learning environments within the working environment whereby people aspiring to work in the sector gain realistic insight into the actual career dynamics. In the long term this means being responsible for a ‘re-professionalization’ of the workplace; in the short term, it means being responsible for better coaching of aspiring professionals by experienced craftsmen, both at the workplace (trainees) and in education (mentoring and simulations). Schools must provide good study and career guidance in which the student is given the opportunity to discover personal values, connect these values to work and, via professional dilemmas, to work and career roles in specific areas of work.

Newcomers must have broad access to the ‘real’ or actual professional practice without being able to perform the actual work themselves. This is usually achieved by allowing them to take part at the end of the product process.

‘What should actually happen is that children and young people who have not yet made a choice are given the opportunity to gain ‘real’ experience. There are many ways to do this: a visit to a plant, specific orientation apprenticeships or work shadowing – accompanying an experienced professional – and by appointing mentors

to guide the young people. In cooperation with industry, the schools also contribute by offering problem-based teaching and realistic simulations.

Ultimately not even all this will be sufficient. A real strategy of industry and education is needed. Both the 'lighter' and the 'heavier' forms of hands-on learning must be utilized.

With the appointment of several hundred industrial consultants (BTA) for primary education, the A + O Foundation went back to basics. This has since become the basic premise for the new approach. Engineering must be promoted at ground level. One of the most important initiatives that came about with the 'Kies Techniek' campaigns is Axis.

Axis builds on the experience gained of the failed Kies Techniek campaigns. It has become clear that you must tackle matters structurally. Axis does this by stimulating all kinds of businesses and many schools to start up new projects that actually promote engineering. Axis has opted for a long-term strategy.

This brings us to the next question: with what communications strategy do you support this approach? This incorporates a plea for sustainable and patient promotion. Both in terms of a strategic approach to communications and attracting attention to engineering. A proposal to allow public relations to play the dominant role instead of short-term marketing and sales campaigns. And if there is to be some form of 'marketing', this must be social marketing. It is not 'simply' a question of changing attitudes, it is about changing values in society and a change in behavior of many of those involved. This can be achieved through the promotion of engineering.

Naturally the metal and electrical engineering industry can also do its bit. And so it should. The position of the companies that will be offering the up and coming craftsman a job is very important to the success of a sustainable campaign 'Kies (echt) Techniek!'. These companies must convey the image of a winner who made it in spite of the odds. For a long time the industry appeared to be on the wrong side. But there is reason for optimism.

With the motto 'Techniek is overal' [Engineering is Everywhere] the metal and electrical engineering industry faces the challenge to enter the world of product innovation and will have to also invest in research & development. This is the basis for making the work more interesting in and for your company.

Carine Groutars

## **Building Reputation of High-Tech Start-Ups**

*Carine Groutars (1969) works as an independent communication advisor since 2002 and has since done interim and consultancy jobs for various organizations, varying from large non-profit organizations like Stichting Humanitas Rotterdam, to high-tech start-up companies like Sensite Solutions in Eindhoven. Previously, Carine worked as communications manager for The industree and BarcoNet. Both companies developed and marketed broadcast, and wireless & broadband data communication equipment. Given her extensive experience in these high-tech markets, Carine now focuses mainly on advising high-tech companies on their communication activities.*

### **Introduction**

Throughout the years, Eindhoven has shown to be the Dutch home of many technological innovations. The city appeared to provide the right environment for high-tech companies to develop and market their leading-edge technologies. But today, after the worldwide internet and high-tech boom & bust, this environment has become harsher.

Anno 2003, the days where anyone with a fancy high-tech and innovative idea could very easily pick up money from investors are gone. How do Eindhoven start-ups do it now, in these economic bad times? How do they overcome their *liability of newness* (Amar V. Bhidé, 2000) and build up a reputation among stakeholders when budgets are no longer unlimited? Having a reputation is crucial for a company, but how do you build it without enormous marketing campaigns?

### **Objective**

In the thesis, the objective is to find out what role communication plays in helping start-up companies overcome their liability of newness and build up a reputation among stakeholders. The focus is on pre-IPO high-tech start-up companies. These companies are in an early stage of their life cycle and depend highly on the support of significant stakeholders like investors, employees and customers to give them a right to exist. Having a good reputation among these stakeholders is therefore crucial if a company is to build and sustain a competitive advantage.

### **About Reputation**

Fombrun and Rindova (1996) define corporate reputation as ‘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 internally with employees and externally with its other stakeholders, in both competitive and institutional environments. Corporate reputations get built from information about firms’ activities originating from the firms themselves, from the media, and from other monitors (Fombrun & Rindova, 1994). There is a certain dependency noticeable: reputations are based on performances, while performances are judged based on reputations.

For the functioning of any company, reputation can be quite important:

- A good reputation is a basic condition for engaging in any kind of relationship (Van Riel 1995)
- A good reputation helps a company to attract the people necessary for its success: analysts, investors, customers, partners and employees
- Reputation acts as a gauge, defining and giving a firm its sense of identity.
- Reputation is perceived by most CEOs as a firm's most important intangible asset. (Richard Hall, 1998)

### The 4E-model

The '4E-model: Reputation Surrounding New Ventures' (Fombrun, Van Riel, 2002), is used as a theoretical framework and serves as a basis for the questionnaire among Eindhoven high-tech start-up companies.

How does a pre-ipo start-up company gets its reputation? A company's business practices and capabilities shape its overall reputation. This reputation is built over time and comes from a large variety of interactions a stakeholder may have with a company. Each new piece of information gets interpreted in context with all of the past experiences and perceptions.

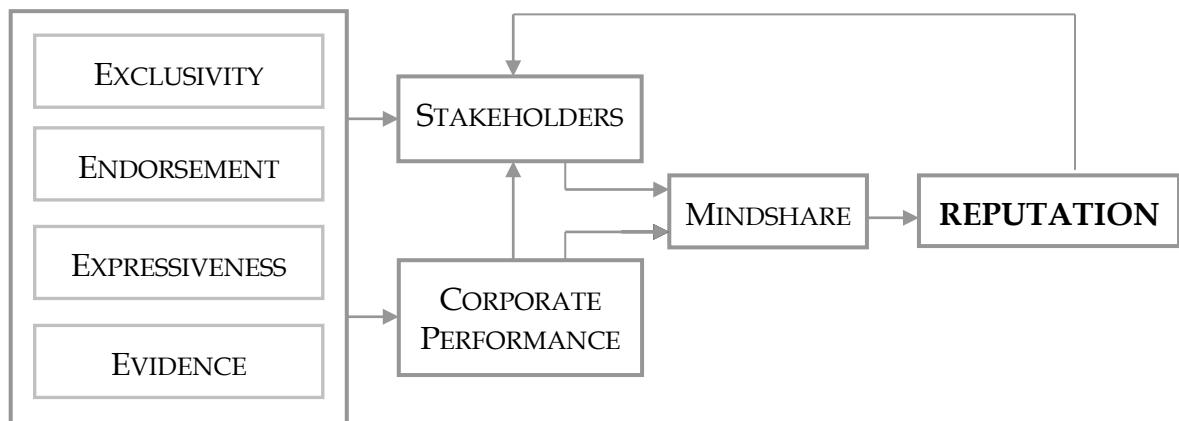


Figure: 4 E Model – Reputation Surrounding pre-IPO Start-up Companies

One adjustment in the model is the reciprocity of reputation. Due to the start-ups' lack of history, this short-term dynamic aspect is especially important for companies in this early phase of development.

In the 4E Model, expressiveness is seen as one of the major drivers of reputation because corporate communication (i.e. how a company expresses itself) helps building a reputation. Communication helps to stimulate certain actions from certain stakeholders. The rationale for corporate communication is seen as to establish favorable relationships with an organization's stakeholders, which, it is hoped, will be translated by such stakeholders into a propensity to buy that organization's products, to work for, or to invest in an organization (Murray, 1976, Balmer, 1995, Van Riel, 1995).

In other words, leaders of expressive organizations are saying to their key stakeholders: 'picture this future for the organization, help shape it, find it compelling and achievable, and support its enactment'. Especially where start-up companies are

concerned, it is important to stimulate stakeholders to envision this picture for the future, along with their role in it.

Articulating audacious goals and a well-defined 'purpose' at the outset also seems to be important. Once an enterprise has matured, its basic goals and values cannot be easily changed. Therefore, the author believes that it is really important to already define in the early start-up stage, the companies' basic goals and values.

The value of long-term rules and vision partly depends on the degree to which they are understood by the firm's key stakeholders, such as employees, customers and investors. Clearly understood do's and don't's, for example help direct the search by employees for new innovations and investments. Similarly, acquiring useful external reputations also requires outside stakeholders to know what the company stands for and what it can or cannot be counted on to do. Such understandings are obviously difficult to establish if the company's leaders cannot clearly and concisely communicate their strategy.

### **Stakeholders**

Whether or not a start-up company will be successful will depend on the support of the significant stakeholders. There are several ways of expressing this support: investors providing the necessary money, customers buying the products, employees willing to work for the company, etc. Communication plays a big role in stimulating the desired actions from key stakeholders.

### **Corporate Performance**

Performance of a company is also a factor that has impact on the reputation. It is important that companies practice what they preach in order to gain trust amongst stakeholders. Trust exists when identity, communication and performance of a company are consistent (Ron vd Jagt, 2003).

### **Conclusions**

This study has taken the 4E-model, and modified it to fit the specific world of high-tech start-ups. Subsequently, its relevance was assessed by interviewing a number of these start-ups regarding the importance they attached to the 4 E's.

The research findings lead to a number of interesting conclusions. Firstly, the companies surveyed put a very clear emphasis on product quality and innovation in their communication. This result strongly suggests that high-tech start-ups indeed attach great importance to Exclusivity in their communication with their stakeholders.

Similarly, the results underpin the importance of the second E (Endorsement) to the companies surveyed. Clearly, young companies find it useful in the interaction with their stakeholders to make use of the support of other –probably more established– parties.

The results for the other two E's –Expressiveness and Evidence– are, in contrast, less supportive of the 4E-model. The research findings indicate that for the high-tech start-ups surveyed, communicating on product specifics takes preference over communicating on a more general level. The fact that, for instance, these companies

do not attach importance to building a sustainable corporate story suggests that these building blocks of the 4E-model are of limited relevance for them.

As to the reason for this, different explanations come to mind. A pragmatic view is that these starting companies are so focused on their short term survival, that longer term aspects are simply swamped. In this view, once they have matured, these companies will start to put effort in building these other communication tools.

An alternative explanation is that these companies do not see the importance or benefits of these longer term communication activities. Given the evidence on the reasons why companies die young (see below) this latter explanation is worrying: companies fail to see the importance of communication tools which have been shown to be relevant for their longer term survival changes.

Taken the above into consideration, start-up companies should be aware of the conclusion Arie de Geus made: that most companies die young because their managers focus exclusively on producing goods and services and forget that the organization is a community of human beings that is in business to stay alive. What is special about long-lived companies is that they have a personality that allows them to evolve harmoniously. They know who they are, understand how they fit into the world, value new ideas and new people, and husband their money in a way that allows them to govern their future. Working on getting a sustainable corporate story is one way of getting to know who you are because the exercise makes that people have to think about these issues.

As to the model, it needs to be mentioned that the model is not static, because in time shifts are noticeable. Focal points will change along with the changes of the world around us. Where investors were the most important stakeholders for lots of start-ups during the internet and high-tech hype, these days companies focus on selling products and making money, rather than keeping investors happy. Shifts like this will ultimately have their repercussions on the relevance of the model.

### **Recommendations**

The Eindhoven region captures a lot of promising businesses. Unfortunately, not all of which value communication activities. Focus often only lies on product aspects, and not so much on communication aspects. Therefore, more effort in communication activities is recommended here. Which is not always an easy task, especially within complex, high-tech markets, where it can be difficult to translate what products can do in a simple and understandable language. But this obviously is a basic need in communicating with stakeholders: they at least need to understand what is been said.

**‘If you can’t say it simply and clearly, keep quiet, and keep working on it till you can’ Karl Popper, Philosopher**

### **Further Research**

When considering the focus of this study and the main findings, the following areas for further research suggest themselves:

- Firstly, research in the other determinants of the 4E-model is needed to assess the relevance of the complete model for high-tech start-ups.

- Secondly, as mentioned circumstances can differ sharply for these starting companies. It would be interesting to see whether different environments lead to different appreciation of the 4E-model by start-ups.
- Thirdly, the reason why high-tech start-ups attach little importance to building and maintaining their sustainable corporate story is not clear. Given the two truly different explanations suggested, further research in this specific area could give more insight in this important aspect of the 4E-model.
- And finally, the research findings presented in this study are based on a small sample. Repeating the study on a representative sample could indicate to what extent the presented findings are the result of sample size and make-up, and to what extent they are a true reflection of the way high-tech start-ups communicate with their stakeholders.

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Marc Hauwert

## **Communication management at the Ministry of Economic Affairs Linking reputation and sustainable growth**

*Marc Hauwert (37) works as a speechwriter and senior communications adviser for the Dutch Ministry of Economic Affairs. He graduated from Leiden University in 1990 in Political Science with a specialization in International Relations.*

*Marc started his career at the European Commission in Brussels. Since then he has worked in the field of national and international policies and communications for the Dutch employers organization in the Metal and Electrical Engineering Industry, FME-CWM, for the Ministry of Housing, Spatial Planning and the Environment and for the Ministry of Economic Affairs. Marc started the MCC course in January 2002. During a period in which he replaced the corporate communications adviser in the Ministry, he was given the opportunity to apply the MCC knowledge directly in his own organization. His thesis is partly based on his experiences during this period. Apart from his work and family, Marc spends his time lobbying local politics, running, writing and reading.*

### **Linking reputation and sustainable growth**

Dutch politics and governmental organizations have to cope with declining reputations. Nevertheless they endeavor to listen carefully to society and its citizens, to respond swiftly to new trends, needs and developments, to be flexible, honest and responsible. This is what they want to be and how they want to be seen by stakeholders and citizens. In reality, the latter often have a less positive view on governmental institutions.

This thesis is not about the desired identity of governmental organizations, nor about who or what they really are. Rather it focuses on what and who citizens and stakeholders think governmental organizations are: these organizations' reputations. And on how to improve these reputations.

It does so by taking the Ministry of Economic Affairs as a case. Of course the results are not fully representative for the Dutch governmental sector as a whole. Every ministry is different in terms of goals, strategies, cultures and stakeholders. What ministries do have in common, though, is their challenge of meeting the needs and wishes of both politicians and a multiplicity of organizations and citizens in society. All these organizations and citizens differ in their expectations, positions and roles. Since citizens are voters, clients, taxpayers and subordinates at the same time, this divergence is even present in single individuals.

The challenge is to make these groups expect what you want them to expect, to pick up their signals and translate them into actions, to show your constituencies what you're doing with their signals and to fulfill the promises made by ministries and politicians. This thesis offers an overview of the challenges that today's corporate communication manager in the government might meet, as well as the tools to help him cope with these challenges.

### ***Linking reputation and sustainable growth***

Achieving good results implies getting closer to your goals. As a consequence, your reputation will improve. But the funny thing is, that - conversely - a good reputation can make it much easier to reach your goals. A good reputation will provide you with the means to get there. Your constituencies will take you more seriously, they will be more willing to start dialogues, cooperate with you during the implementation of your policies and provide you with valuable information. Moreover, a good reputation will help attract better employees. Employees, who will be proud of your organization, identify with your organization and work better and harder on the right things. Hence, a good reputation is the catalyst you need for your own growth and performance, which in turn is needed for a better reputation.

The Ministry of Economic Affairs - with as its mission 'encouraging sustainable growth' - is aware of these linkages. Its goals and strategies show that it can only achieve this mission through close relations with its stakeholders. That is why its Communication Direction (DC) is working on 'reputation management'. Through measuring identity and reputation it is getting a sharper view of existing gaps between identity, actual reputation and desired reputation. It is working on a clear picture of its stakeholders and their opinions, and their needs and expectations related to the Ministry. And it is installing the right tools to harmonize communication activities and work on a better reputation.

Professor Argenti of Dartmouth College USA says; "By creating a coordinated, coherent, corporate communication system, an organization will be able to face this new century with strategies and tools that few companies in the world have at their fingertips". Argenti is right, but he is forgetting one thing: corporate communication management can be a tool for more organizations than companies alone. This thesis shows you how.

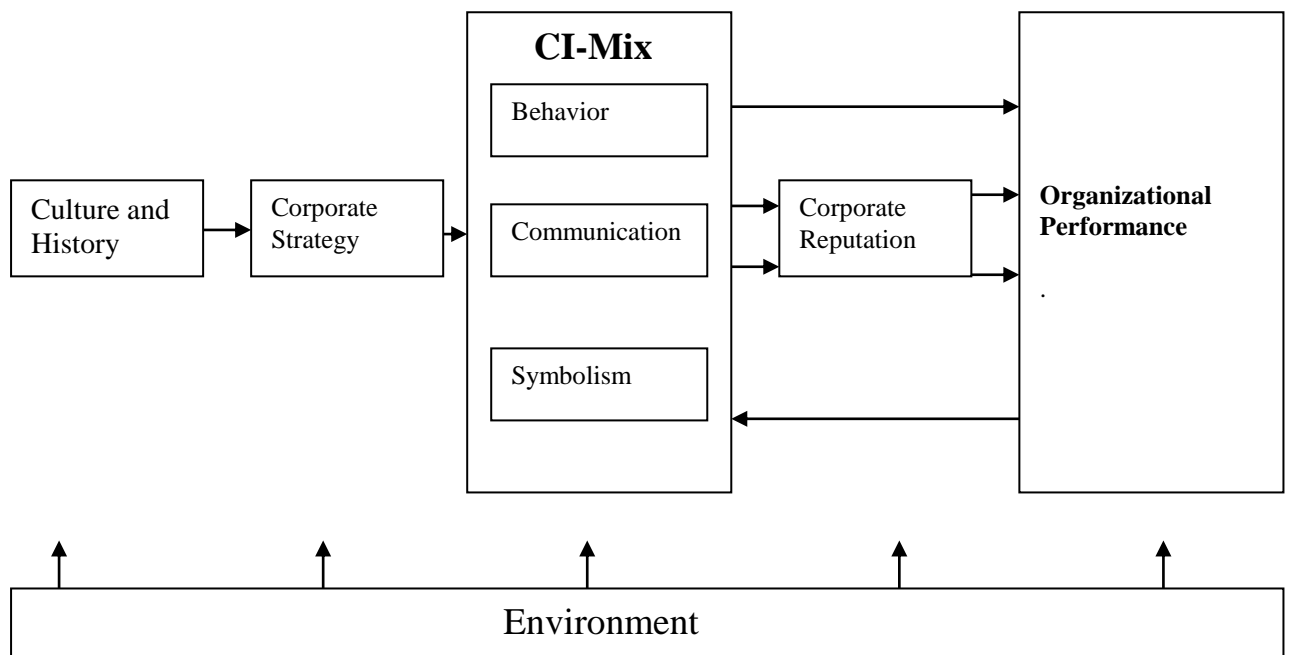


Figure 1: corporate reputation; catalyzing sustainable growth.

### **Corporate communication management at the Ministry of Economic Affairs**

Following an introduction to the strategy and structure of the Ministry in Chapter 1, Chapter 2 of this thesis explains that the Ministry wants to demonstrate trust, integrity, responsibility, efficiency, close cooperation with companies in the Netherlands, innovation, entrepreneurship and well-functioning markets. At the same time various surveys have shown a gap between this desired reputation on the one hand and the actual reputation on the other hand. In reality constituencies think Economic Affairs is not doing too well on matters such as cooperation, integrity and efficiency. Moreover, in several fields the media think the Ministry lacks pro-activeness, innovation and influence.

Chapter 3 states that - in order to close the gap - the Ministry has to look at not only its communication structure, but also the structure of its organization. The aim is to grow towards a matrix organization, in which more work is allocated to project organizations. Nevertheless, the current organization structure still shows many characteristics of Mintzberg's model of machine bureaucracy. A transformation towards a more professional bureaucracy is worth investigating. In such an organization policy life cycles and communication can be better integrated.

In the field of communication, such a transformation would imply a shift of power from the technical staff of communication professionals to the operational core of policy professionals. The question should be asked if - in such a model - communication professionals should be kept clustered in the technical staff of communication professionals, i.e. the Communications Direction.

If the answer to this question were to be negative, working on a good reputation all the more would need common starting points and a sustainable corporate story. This thesis also provides possible examples of such stories for the Ministry of Economic Affairs.

To help improve the Ministry's reputation, DC has drawn up a framework consisting of three pillars: behavior, communication and symbolism. This framework is presented in Chapter 5. Closely connected to behavior are the Ministry's products. As shown in both the model above and below, these are the buttons the Ministry has to turn on in order to match desired and actual reputation.

Due to its flexibility - it is dynamic and under continuous construction - among other things this framework has already delivered the following results in the field of corporate communication:

- Common starting points, converted into a corporate sustainable story.
- A model of a corporate communication calendar, carefully linking policy cycles, actions of communications, new issues and the corporate sustainable story.
- Data on the actual identity of the Ministry, through interviews with the Ministry's management as well as with the management of the Ministry's agencies and other executive organizations. The aim was to find out about the desirability of changing the organization's house-style management.

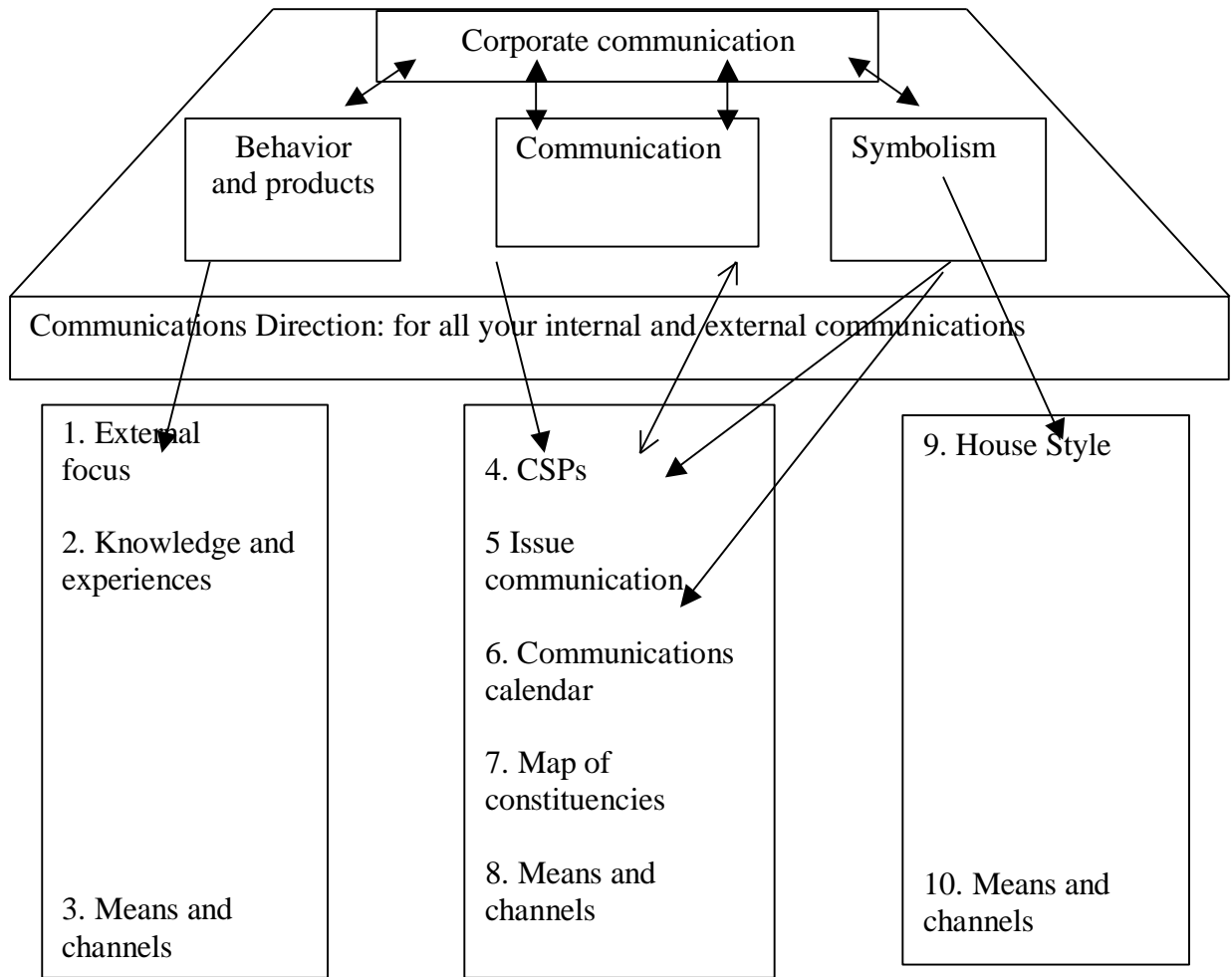


Figure 2: Economic Affairs' corporate communication framework

As for common starting points - translated into a sustainable corporate story and combined with good employee communication - right now these are used as a framework to harmonize all communication actions, in order to create a stronger identification with the Ministry on the one hand, and more coherent and consistent messages to the Ministry's constituencies on the other hand.

The communications calendar, elaborated on in Chapter 5, is another useful tool in creating a coherent and consistent picture. It is meant to coordinate and to apply the right tool at the right time for the right policy subject. And it has to provide the organizations' employees with an overview of all communication actions, including the ones they themselves are working on.

All actions of communication have to fit in one way or another in the calendar and match the corporate story. Besides, actions listed on the calendar can evoke signals from society on which to base new policy choices. Hence, in some cases, communication does not follow strategy, but vice versa: strategy follows communication.

As for house style management, Chapter 4 shows that choices in this field still have to be made. Interviews with managers of various parts of the Ministry have revealed that

Agreed Perception of Identity (APOI) and Parent Visibility (PV) are rather weak. Applying Van Riel's Sidec Model would result in choosing a 'branded corporate identity' model. This scenario, however, would further weaken the Ministry's visibility among its constituencies.

Chapter 4 of this thesis therefore elaborates on three alternative scenarios in house style management:

- Maintaining the current model of weak endorsement,
- A more centralist policy, and
- A stronger endorsement for activities paid for and initiated by the Ministry.

Maintaining the current model of weak endorsement would not contribute to meeting the Ministry's desire to increase its visibility among its constituencies either. A more centralist policy would mean changing the Ministry's strategy in order to improve its visibility. Quite a drastic move, with consequences for more than communication alone...

A stronger endorsement for activities paid for and initiated by the Ministry could be the most attractive option. The interviews revealed that not everybody would be in favor of this choice. However, sharing views on interdependence between the Ministry and its agencies and services could change opinions on this. A strong argument could be the fact that agencies and services cannot survive without a good reputation of the Ministry. The model below might provide a clearer view of this interdependence.

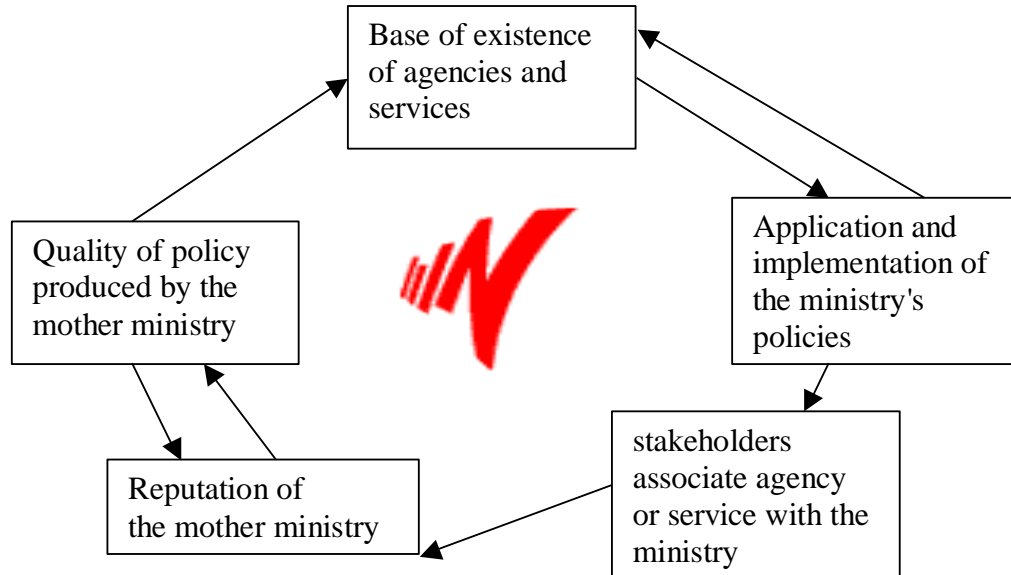


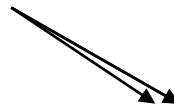
Figure 3: Interdependence between the mother ministry of Economic Affairs and its agencies and services

Finally, in Chapter 5, this thesis provides a starting point for reputation measurement. By identifying critical success factors such as creativity, professionalism and consistency, combined with such reputation variables as 'vision and leadership' and 'emotional appeal', a measurement method can be drawn up.

Ultimately the circle is complete by feeding back measurement results to new activities of corporate communication management.

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Monique van den Hoed

## **Merger Communication: C'est le ton qui fait la musique**

*Monique van den Hoed (1966) started her career at Procter & Gamble as Account Manager for diapers and health & beauty care products. After several years, she moved to Postbank, where she developed a new post office retail concept: 'het servicepunt'. After that, she moved to AVR, the largest waste management company in the Netherlands (3000 employees). During the three years with AVR she was responsible for leading the Corporate Communication Department. Since the end of 2002, Monique is responsible for the Corporate Communication Department at Zuiveringsschap Hollandse Eilanden en Waarden, a water management company. Her main project is the internal and external communication of the merger of five Water Boards in the Province of Zuid-Holland. Monique has a Master degree in Economics. She lives in a small village near Rotterdam, is married, has two daughters, who are five and three years of age and enjoys cooking, literature, golf and art.*

### **Introduction**

Repeatedly employee communication is identified as one of the most critical success factors during a merger. Research amongst HRM-directors in Dutch organizations who recently participated in a merger learned that employee communication was the least organized part of the integration process (Bakker, Helmink, 2000)<sup>25</sup>. So, it seems desirable to spend more time and effort on the communication. Many books and articles are written about employee communication and organizational change. Little however about employee communication during mergers in particular. This thesis tries to fill this gap via a merger communication model. The model is a guideline to manage employee communication during a merger. It can assist (communication) managers in their day-to-day business to avoid communication problems during mergers.

### **Merger communication model**

This thesis is based upon the question:

How delivers employee communication the most valuable contribution to a merger?
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The answer can be found in the merger communication model (figure 1)<sup>26</sup>, which shows how employee communication can deliver a valuable contribution to a merger. With a valuable contribution is meant creating circumstances that will deliver motivated employees. In this sense, communication will contribute to the business, always in relation with other determining factors in the merger process. It combines the employee communication perspective and the type of merger that takes place. In addition, it uses knowledge of employee communication during mergers and at organizational identification.

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<sup>25</sup> Bakker, H. & Helmink, J, 2000, *Succesvol integreren. Strategieën en best practices voor fusie- en overnamemanagement*, Pearson Education Benelux.

<sup>26</sup> Hoed, van den, M.W, *Uit de ideeënbus van Monique van den Hoed*, mei 2002.



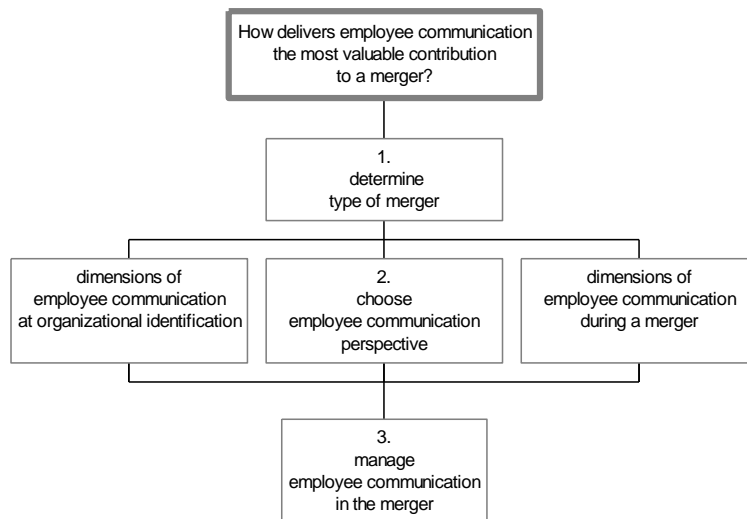


Figure 1: merger communication model (van den Hoed, 2003)

The model consists of three steps:

1. Define the type of merger
2. Choose the appropriate employee communication perspective
3. Manage employee communication

#### Step 1

With the type of merger, circumstances are meant under which the final integration takes place (Is it a friendly or a hostile merger? How much time is available?).

#### Step 2

The employee communication perspective determines how a company manages the employee communication. Jablin, Krone and Putnam (1987)<sup>27</sup> defined four perspectives: mechanistic, shared meaning, system interaction, increased job

<sup>27</sup> Krone, K., Jablin, F.M., Putman, L.L., 1987, *Communication Theory and Organizational Communication: Multiple perspectives*. In Jablin, Putman, Roberts and Porter (Ed). *Handbook of Organizational Communication*. Pp. 18-40.

satisfaction and they are all based upon organizational communication. Handy (1985)<sup>28</sup> also defined four perspectives: power, roles, task and individual and they are based upon culture types. Both Jablin and Handy advice to make sure you are aware of the perspective you use and apply the chosen perspective consistent.

Via answering several questions about the type of merger the most contributing communication perspective emerges and can be found in table 1.





Employee communication perspective	Mechanistic/ Power	Shared Meaning/ Roles	System Interaction/ Task	Increased Job Satisfaction/ Individual
Type of merger	 29	 30	 31	 32
Unequal	X	(X)		
Equal			X	X
Hostile	X	(X)		
Friendly			X	X
Little time	X			
Plenty of time		X	X	X
Minimal integration				X
Complete integration		X	X	
Two parties		X	X	(X)
More parties		X	X	

Table 1: Type of merger related to employee communication perspective (Van den Hoed, 2003)<sup>26</sup>

### Step 3

The success rate of mergers is low. More than half of the projects fails (some say the failure rate is 70%). Many causes of the failure of integration are related to the 'soft' sides. 'Soft' refers to aspects of integration that are connected with people and the roles they play in the integration process.

Four important causes of failure of integration processes can be defined:

- Human problems;
- Unacquaintedness with the acquired company;
- Lack of a clear integration target or -plan;
- Incompatibility of companies.

<sup>28</sup> Handy, C.B. , 1985, *Understanding organizations*, Penguin Books, London.

<sup>29</sup> A cobweb, it represents the structure of the organization. The relation with the leader of the organization is dominant.

<sup>30</sup> A Greek temple, the pillars represent the functions and the roles in the organization. Role-taking leads to the creation of shared meanings for common events and actions.

<sup>31</sup> A net(work), people in the organization get the job done via teamwork.

<sup>32</sup> The individual stands central, has a great deal of autonomy and performs specialized work.

Top managers with a lot of merger experience have identified the important actions in managing the soft side of a merger. The most important action is the hiring of top management and the second is managing communication via a plan. They define communication as extremely important to realize a successful merger. Nevertheless, at the same time most companies conclude that they did not pay enough attention to employee communication<sup>25</sup>.

The task of merger communication is to motivate and commit employees and give direction to the company<sup>33</sup>. Good employee communication provides a good balance between the dimensions of employee communication. It tries to realize:

- A clear picture of the merger (necessity, result, process) (dimension content);
- Acceptance and internalization of the merger (dimension flow);
- Contribution to the merger (dimension climate).

## Propositions

The answers on the propositions are based upon literature and case study.

1. To realize a valuable contribution during a merger the most important factor of employee communication is the quality: communicate on time, frequent, open and honest about the content and the process of the merger. Quality is more important than the employee communication perspective.

This proposition is only partly true, the answer is much broader. For a valuable contribution during a merger, a professional approach and a good balance between the dimensions of employee communication are important. However, the dimension climate is the most important factor. For example if the communication is on time, regular, open and honest, but employees do not feel that they are taken seriously, the content of the message will not be heard.

Success of employee communication is more determined by *how* things are said instead of *what* is said. The communication climate determines if the content of the message influences organizational identification<sup>34</sup>: *c'est le ton qui fait la musique*.

A positive climate can be realized via<sup>35</sup>:

- Open communication;
- Tolerating mistakes;
- Giving active feedback;

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<sup>33</sup> Koeleman, H, 2002, *Interne communicatie bij verandering: van middelen- naar interventiedenken*, Kluwer, Alphen aan den Rijn.

<sup>34</sup> Riel, C.B.M. van, A. Smidts, en A.T.H. Pruyn, *Organisatie-identificatie en interne communicatie*, pp. 79-96. In: Riel, C.B.M (red), 2001, *Corporate Communication: het managen van reputatie*, Adfo, Alphen aan den Rijn.

<sup>35</sup> Riel, C.B.M. van, A. Smidts, en A.T.H. Pruyn, 2002, *Trots op mijn bedrijf. De invloed van interne communicatie en ondervonden extern prestige op bedrijfsidentificatie van Smidts, Pruyn en Van Riel*, Tijdschrift voor strategische bedrijfscommunicatie, nummer 1, Kluwer. Oorspronkelijke titel: The impact of employee communication and perceived external prestige on organizational identification, Academy of Management Journal. Vol 49, nummer 5, pp. 1051-1062.

- Stimulating the feeling of being taken seriously via individual feedback sessions and giving compliments;
- Stimulating participation at decision making via discussion sessions and brainstorm sessions.

2. The most valuable contribution will be reached if one chooses consistently one type of employee communication perspective. Because then signals are clear and harmonious for the employees.

The cases show that this is false. It shows that a combined effort of communication perspectives can be successful. Furthermore, perspectives can change over time if the situation changes.

3. Variation in personal and non-personal communication is important. Both are necessary to present a good picture of the changing reality. In general: a 'me-issue' message is presented face to face and a general message can be presented non-personal (via paper or digital).

The case studies confirm this. Personal communication is the most important aspect in delivering a valuable contribution to merger communication. Besides the fact that a balance between personal and non-personal communication is needed.

4. Employee communication is not a determining factor in the success of a merger. A combination of factors delivers success. Even if employee communication is organized at its best: if I do not like my future job or colleagues, chances that I will be motivated and deliver good work, will not be high.

This is confirmed in literature and case studies. A coherent relation between the several merger aspects determines the success of a merger. Teamwork between the 'hard' and the 'soft' aspects will deliver the best results<sup>25</sup>.

5. The absence of good employee communication can be an important aspect in the failure of a merger. If employees are not informed, they will not show the desired behavior. Good employee communication is a basic condition for a successful merger.

Literature confirms this proposition: employee communication is one of the basic factors of organizational identification and as such a valuable contribution to a merger. If employees 'feel at home' in an organization, they will also show the behavior that is desired in the merged company<sup>36</sup>.

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<sup>36</sup> Podsakoff, P.M., Scott B. MacKenzie, J.B. Paine, Daniel G. Bachrach, 2000, *Organizational Citizenship Behaviors: A Critical Review of the Theoretical and Empirical Literature and Suggestions for Future Research*, Journal of Management, Vol. 26, No. 3, 513-563.

Dennis Larsen

## **The role of financial communication in the relationship between corporate reputation and financial performance;**

### ***Studying the relationships between Investor Relations, Financial Performance and Reputation.***

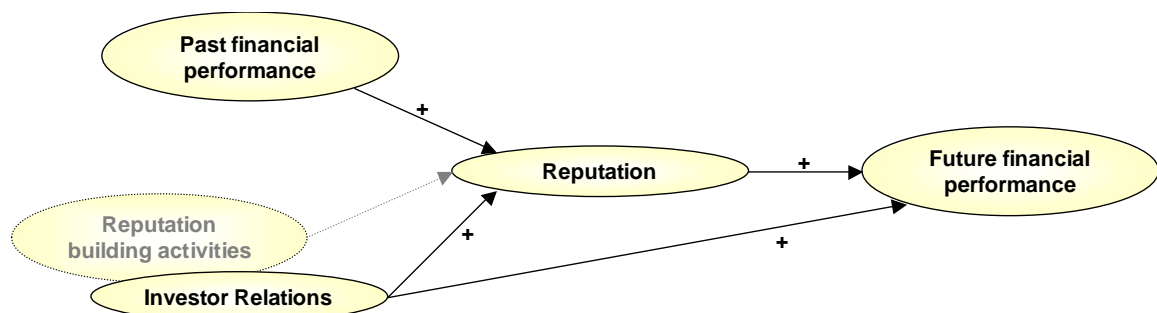
*Joining the Corporate Communication Centre after receiving his master degree in Economics from the Erasmus University in Rotterdam, Dennis has been involved in consulting projects on reputation management and corporate communication for various international and national firms. He has conducted extensive research on investor relations and has presented a preliminary paper about the influence of investor relations on corporate reputation at the Reputation Institute's 6th Annual Conference in Boston.*

*Prior to his current work, Dennis has worked with a group of young freelance consultants on projects in the area of information management and business process analysis and redesign. He is currently a scientific consultant in the areas of corporate communication and reputation management, working through the Corporate Communication Centre and The Reputation Institute.*

A wave of corporate accounting and financial reporting scandals recently ruined the reputation of many firms, even damaging some (think of Enron for example). It is clear that if financial disclosure practices are not constantly kept in order, there could be disastrous consequences for an entire firm even spreading detriment throughout the industry in which it operates (such as accountancy). The power of a breakdown in any aspect of financial disclosure is clear. Is the opposite also true? Can, for example, the quality of an investor relations function dictate future financial performance and/or corporate reputation? And if so, what determines this quality and what lessons can be learnt for companies?

These questions are answered by explaining how investor relations functions can help build corporate reputation and future financial performance. The main question addressed is, 'How can financial communication be optimized so that it effectively helps build and maintain corporate reputation and financial performance?' The overall model, shown below, summarizes this.

Each of the separate constructs is explained through literature review before they are



linked through extensive research.

### **Reputation**

Reputation is a well studied and publicized concept and is defined as:

**“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, in both its competitive and institutional environments”.<sup>37</sup>**

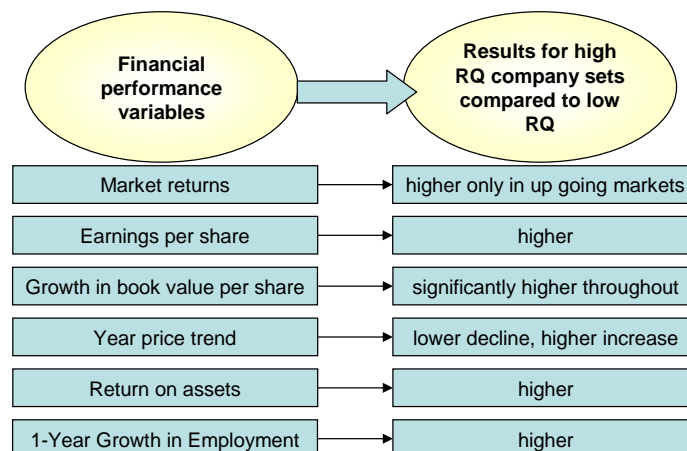
The Reputation Quotient (RQ) developed by Charles Fombrun of the Reputation Institute in conjunction with Harris Interactive, accurately measures corporate reputation. It used in the studies performed here. The measurement tool is based on six main dimensions with a subset of 20 attributes, shown below.



### Linking reputation to financial performance

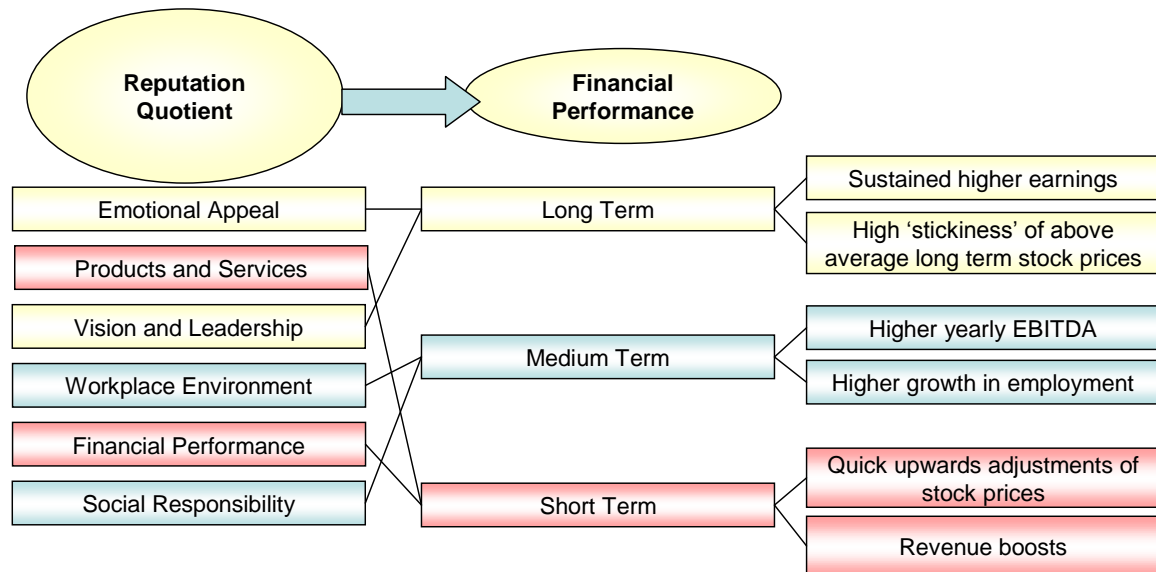
Financial performance is a broad term that can be taken to mean earnings, profitability over a certain time period, stock price stability or any other arbitrarily chosen performance variable. A selection of these was related to the overall RQ scores in different years at company level. This returned the results that are summarized by the figure below:

This briefly summarizes the combined results of literature review and an in depth empirical study of financial data linked to the reputation quotient data.



<sup>37</sup> Fombrun, C. J., Rindova, V. 1996. Who's Tops and Who Decides? The Social Construction of Corporate Reputations. *Stern School of Business Working Paper*. p. 2

The way reputation helps firms sustain higher financial performance can be subdivided into each of the reputation quotient dimensions, as shown below:



Each of the dimensions of corporate reputation influences different aspects of future financial performance and over varying time spans.

Although the underlying dynamics vary, the following statement holds throughout:

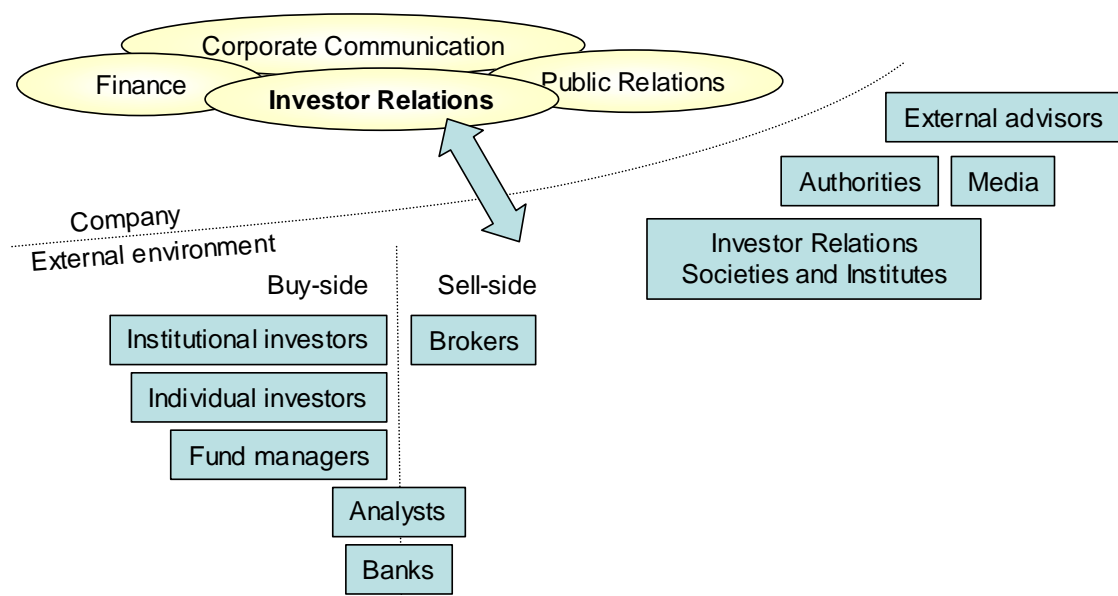
**Companies with relatively better reputations perform better financially than companies with worse reputations.**

### Investor Relations

The influence of financial communication on this relationship is studied by focusing on investor relations through literature review and a quantitative study among investor relations departments. The concept is defined as follows:

**Investor relations: the management of the relationship between a company and all parties with an interest in financial aspects of it.**

The figure below summarizes the investor relations 'playing field'.



An investor relations department deals with a great variety of stakeholders both internally and externally. In terms of communication, it is important that the investor relations function customizes its channel use and contents to suit the specific needs of each type of stakeholder. The degree to which this is done combined with other factors overall lead to an overall perception of the quality of a firm's investor relations efforts. In a previous paper<sup>38</sup> it was determined that companies with high quality of the investor relations function, as defined by various rating agencies, generally have a high corporate reputation.

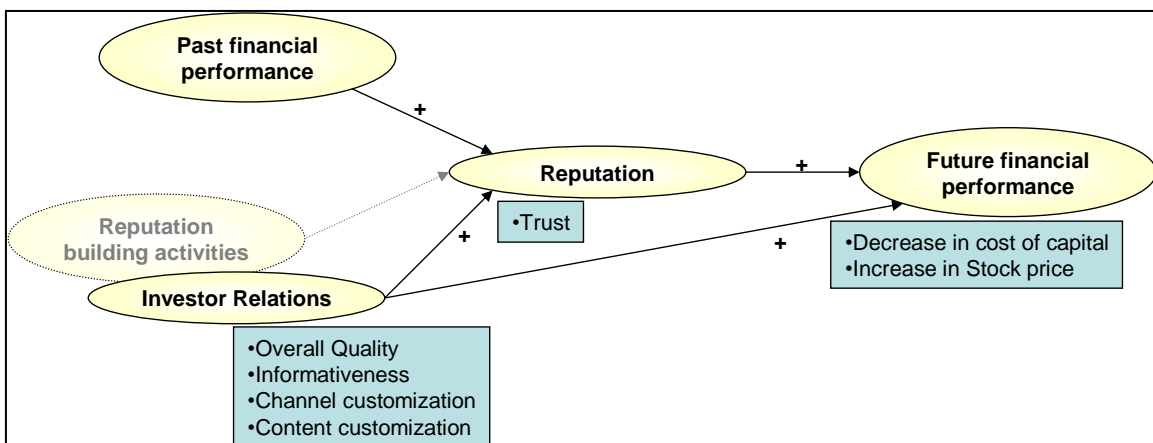
### Linking Investor Relations to Reputation and Financial Performance

To further study this link and extending the study to financial performance, a literature review was performed and a questionnaire was sent to 160 investor relations departments throughout Europe. The respondents were asked to specify the quality of their investor relations efforts compared to that of their peer companies. Furthermore, they were asked to specify the importance of various communication channels and contents for each type of stakeholder.

The main finding is that the respondents that perceive their investor relations efforts to be of higher quality than that of their peers employ a higher degree of customization of their efforts towards each type of stakeholder. Each stakeholder group is serviced according to its needs. These companies seem to recognize that in the financial world it is highly important to build trust among the stakeholders. This trust, as a large construct of corporate reputation, in turn helps sustain positive future financial performance. High overall quality of investor relations efforts and the degree of informativeness of the financial information disclosed to each stakeholder directly drive future financial performance. For example, the amount of analysts following the firm can be increased due to stepped up efforts, thus decreasing the cost of capital for the firm and increasing its stock price.

### Conclusion

The overall model below summarizes the findings.



Firms with high quality investor relations departments outperform their peers in terms of more positive reputations, and specifically higher trust among stakeholders, and

<sup>38</sup> Larsen, D., 2002, 'Determining the relationship between investor relations and reputation', Paper presented at the 6<sup>th</sup> International Conference on Corporate Reputation in Boston.



higher financial performance. To attain such a high quality, companies must recognize the large variance in stakeholder needs. More importantly, these needs must be met by combining specialties as diverse as finance, corporate communication and others in such a way that each stakeholder is adequately serviced.

### **Limitations and future research**

To uncover more dynamics in these relationships it is necessary to study the entire RQ dataset over various years at the level of each variable instead of the aggregate. Furthermore, a study among the external stakeholders of various types of investor relations departments would more accurately measure quality.

Marleen van der Linde

## **CBR, Privatizing its Profile; What profile will lead the CBR through to the next generation?**

*After her studies in commercial economics, Marleen van der Linde (1973) started her career as a marketing specialist. She soon decided communications is 'it', rather than marketing. Subsequently, she worked for CTG - a large IT-company - building her own communications department. After that, she worked at consulting firm Accenture and was responsible for executing the rebranding advertising campaign in the Netherlands.*

*Marleen is currently working as a PR Advisor for the Central Driving Test Organization (Centraal Bureau Rijvaardigheidsbewijzen – CBR) at the head office in Rijswijk. Intrigued by the fascinating world of privatization, she decided this would be the perfect subject for her thesis. The thesis is now completed, but the real thing has only just begun. Her motto is:*

*Do not believe just because wise man say so  
Do not believe just because it has always been that way  
Do not believe just because others may believe so  
Examine - and experience yourself*

### **Problem Definition**

The problem definition in this thesis is: How should the CBR profile itself now it has taken the first step towards liberalization (read: privatization)? To be able to answer this question, the author looked at the profiling process, the privatization process, the advantages and disadvantages of changing the company's name and lessons learned from companies in more or less the same situation.

### **Profiling Process**

According to theory, the profiling process consists of three parts and eight correlating steps. The three parts are: strategy, messaging and platform for execution.

Part I: Strategy - In the first part the strategy is made clear: a company defines the corporate identity policy and formulates a mission statement. In defining a brand(ing) strategy, there are a couple of methods you can use. The SIDEC-model can help you choose a corporate identity policy. However, this model creates awareness rather than that it answers your question whether you should go for weak, medium or strong endorsement, or no endorsement at all. Defining a mission statement is the second step in the strategy process. In the author's view, in business, defining a strategy and mission statement is more of an interactive process than a strict theoretical sequence. A mission should consist of the following elements: purpose, values, behavior, and strategy.

Part II: Messaging - The second part is all about messaging. First, you decide upon promise, proof and tone of voice. The promise refers to what's in it for me? You need to prove your promise to show trustworthiness and obviousness. The tone of voice is about the way you say it through style of writing, form, tone etcetera. Then, the positioning and profiling statement is made. By positioning itself, a company acquires a distinctive position in the market. Brand positioning is the positioning in the prospective buyer's mind. The positioning and profiling statement will be used as an

input for the advertising agency. How to say it or show best, is the task of the creative strategy.

Part III: Platform for Execution - The last part of the profiling process is called the platform for execution. In this part, you develop the media strategy and communicate your message. Ideally, the message that is to be developed, should gain attention, hold interest, arouse desire, and elicit action. This refers to the AIDA-model. In formulating the message, you need to decide upon message content (what to say), message structure (how to say it logically), message format (how to say it symbolically) and message source (who should say it). The last step in the profiling process is evaluation. The communications manager continuously needs to manage, monitor and question every tactical aspect of his programs and the individual messages. This can be done through market research.

### **Changing Ownership**

To learn from other companies, the author looked at the profile of other companies that have been in a similar situation as the CBR. The reason for changing a company's profile, is often related to a change of ownership. This can be the result of (1) privatization or liberalization, (2) mergers or divestures and (3) an initial public offering (IPO).

Privatization and/or liberalization programs have often left firms vulnerable to identity crises. A company needs a clear corporate image to differentiate itself from its competitors as well as to differentiate from its former position in the market.

Examples of former governmental (Dutch) companies that are now privatized, are: PinkRoccade, Nuon, TPG (PTT Post) and KPN (PTT Telecom) and the Dutch Railway (Nederlandse Spoorwegen). It would be very interesting to do further research in other an/or more examples of changed ownership. A merger between two different companies can create a gap between a company's public image and its true identity. But also after an IPO, a company needs a different approach to the market.

### **Changing Names**

Changing the company's name can be a step in the profiling process. However, you need a very good reason for changing the name of a company. You're about to lose an asset you've invested in for years. And by changing the name, you don't change the firm's identity. Last but not least, almost all the words in our dictionary are taken. The four percent that is left, you don't want to use! If you do have a good reason to change your name, the advertising strategy consists of the following phases: transition, teaser, launch and follow-on phase. Of course, you continuously need to monitor the effects of your advertising strategy through market research.

### **Field Research**

The author held interviews with specialists that have had experience with the privatization process within Dutch Railway (Nederlandse Spoorwegen, in short: NS), PinkRoccade and Nuon. The lessons learned from these communication managers are the following. First, to reconsider a company's profile, you need to create awareness on the level of top management: board of directors. The role of the communication manager is not so much that of an (content) expert but more of a process facilitator. However, you need to get full scope of responsibilities regarding this process. The profiling process often forces a change of the company's strategy. Changes within the

board of directors during this process have a tremendous impact on the company and is not in favor of a clear strategy and policy. Other points to remember are

- Changing a company's name won't change its identity.
- You must keep the faith in the core business you're in, instead of spending ninety percent of your effort on ten percent of your profit.
- Commercial thinking is not gained by acquiring private companies, but more by job rotation between management of these companies. This will also create synergy between the companies. Structure things that are the same and that have visibility (one bonus system, one mail system, one intranet).
- Don't try to force a culture change overnight. Try to do it slowly by hiring people who incorporate the values of this new culture you're trying to pursue.
- Privatization needs external pressure, forced by other competitors.

### **Introducing the CBR**

Since 1927, the CBR has promoted traffic safety in the Netherlands by evaluating the driving ability, medical fitness and expertise of drivers. The author works at the Central Bureau for Driving Licenses (Centraal Bureau Rijvaardigheidsbewijzen – CBR) as a Public Relations Advisor. The CBR is an independent foundation that does not receive any governmental subsidies. It is the solely appointed organization for driving tests in the Netherlands, and is therefore a monopolist in this market. However, the CBR prepares itself for an open market for administering driving tests. It has signed an agreement with the Minister of Transport, Public Works and Water Management, agreeing upon a so-called hybrid structure of the CBR Group until 2008. The recent mergers and the joint venture that took place, fit within the strategic plan to develop into a center of excellence in the broad area of mobility and traffic safety. It also allows the CBR to explore commercial activities next to its existing public activities.

### **Profiling the CBR**

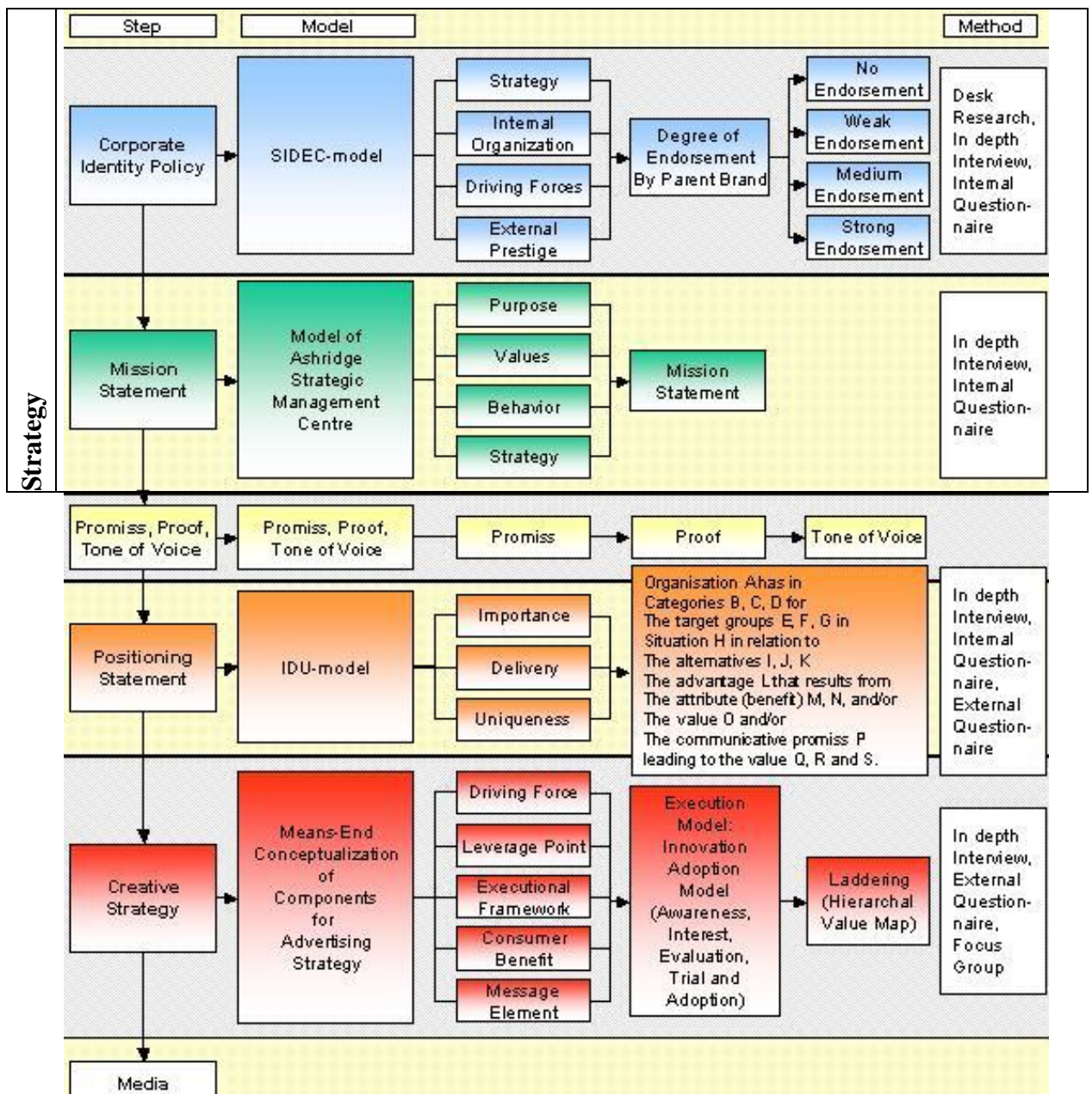
From the research, you can conclude that the communication manager is not so much focused on the content, but more on facilitating the process (expertise can be bought in from specialized agencies). Therefore, his first step should be to convince the board of directors that something is wrong. His next step is to get full scope of responsibilities to start a process of reconsidering the positioning and profiling. The internal communication department must focus on projects where colleagues experience synergy between the companies. Job rotation is an example of how commercial thinking and creating synergy can be realized. Hiring new people is another. Regarding strategy, the CBR must not forget what it does best and how it earns (most of) its money: taking exams. The CBR will therefore be the umbrella brand of all the companies within the CBR group. The CBR has the highest awareness in the (Dutch) market of all the organizations within the CBR group and can therefore be used as the parent brand behind the other companies. The CBR should make clear to its constituents who and what this parent behind the brand is. It is then important to establish the identity of the parent brand. The common goal of all the companies is: traffic safety.

Creating an umbrella is the first step towards full endorsement of all the companies within the CBR group. This brand strategy creates the highest brand awareness, as every euro is invested in the same name. However, your image must reflect your identity. The CBR group must therefore create a mission statement for the group as a

whole. The promise of the CBR towards its target groups is: we will do our utmost to get and keep everybody safe on the road. The CBR will prove this by sharing knowledge wherever possible to increase the quality of the driving ability of starting drivers. This will be proved through research results. The tone of voice is strict, but fair. Social awareness is shown throughout all communications. The corporate story of the CBR should be told in a down to earth way, easy accessible. The CBR is the brand of examination institutes that offers a strict but fair assessment to get and keep everybody safe on the road. In its communication, the CBR group can consider an emotional or moral appeal. This is directed to the audience's sense of what is right.

Regarding evaluation, all communication programs need to be consistent and continuous. Also the corporate and labor market campaigns need to be consistent. The communications manager continuously needs to manage, monitor and question every tactical aspect of his programs and the individual messages. The CBR needs to execute market research on brand awareness and reputation at least once a year.

Finally, a PowerPoint presentation is made with the most important notes from this thesis. The presentation is meant for the project group *Building the Brand* within the CBR. This project group is responsible for reconsidering the positioning and profiling of the CBR.



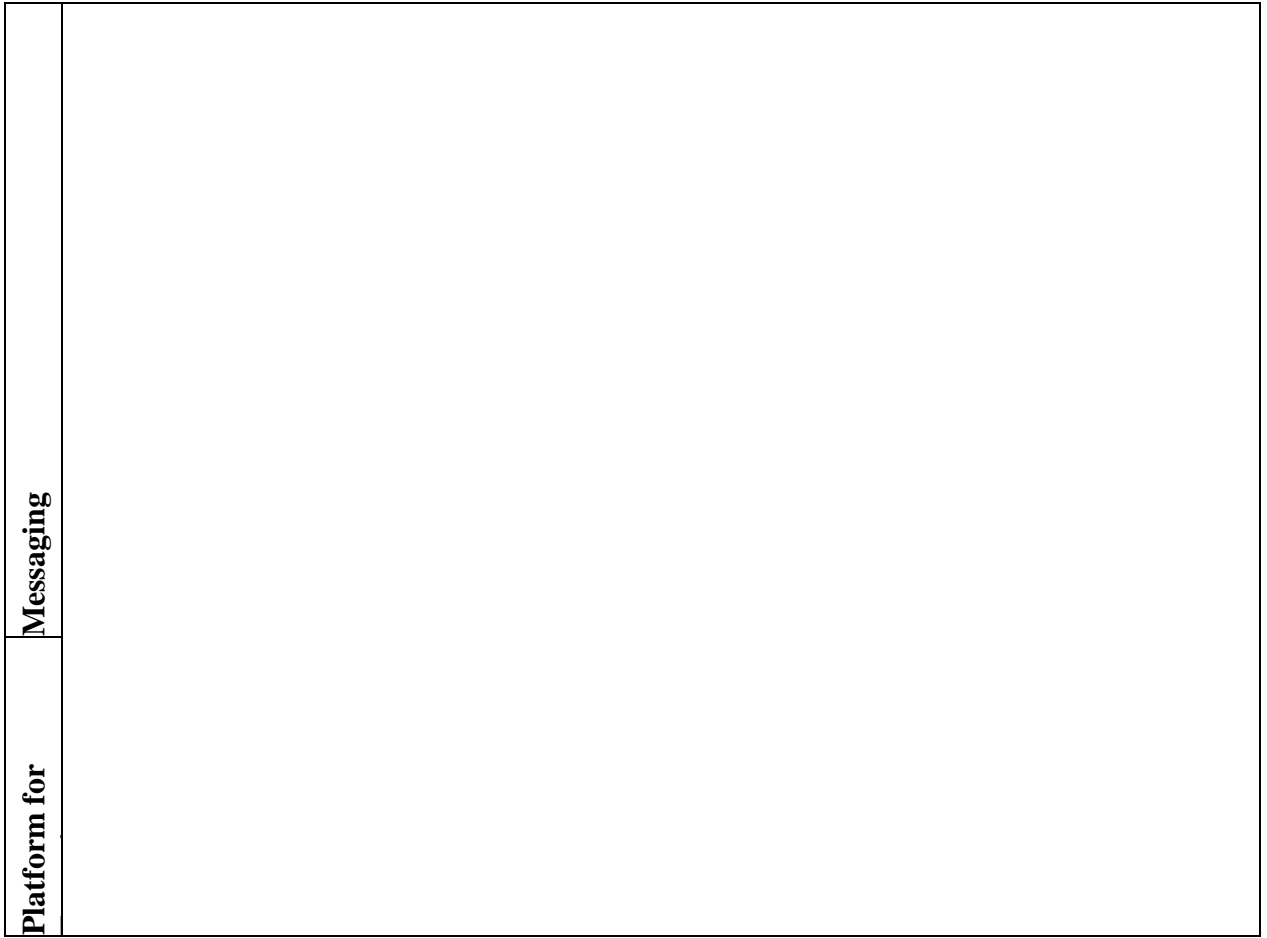


Figure 1: The three parts and correlating eight steps of the profiling process

Elvira Luykx

## **Sustainable Trust; Corporate Social Responsibility in the Food Chain**

*Elvira Luykx (1966) studied successively in Paris and Amsterdam: French literature and European Studies (University of Amsterdam), supplemented with elective courses in Communications, at the University of Utrecht. In 2002 she started at the Erasmus University Rotterdam to earn her Masters of Corporate Communication. In 1998, Elvira Luykx joined Royal Numico N.V., as Manager Corporate Communications. Numico is a leader in specialized nutrition, including baby food and clinical nutrition, operating in over 100 countries. Her current responsibilities consist of internal and external communications including international media relations, issues and reputation management, CSR (reporting) and public affairs. She also is the company's spokesperson. Her early career was spent as Public Relations and Public Affairs Consultant at different communications and management consultancies. These included Pauw & Van Spaendonck Public Affairs/ Public Relations in the Hague where she advised national and international organizations.*

### **Introduction**

There is a lack of trust in the way society views industry. Financial and social scandals seem to follow each other in rapid succession. Along with the accounting irregularities of Enron, Worldcom, and Ahold, we are confronted with shameful stories about child labor abuses in India and unfair coffee trade in Kenya, all assaulting the notion of trust in the industry. When we add to this the food scares, such as BSE, the poultry plague, dioxin contamination and the uncertainties surrounding GMO, it is clear that the industry faces a very urgent question: How to (re)build trust?

Today, Corporate Social Responsibility (CSR) is a hot topic in industrial boardrooms. A good record on socially responsible behavior could help close the trust-gap between companies and its stakeholders. Increasingly, companies actively refer to CSR as a way to safeguard their reputation and build trust among their stakeholders. Many efforts are made to behave responsibly. However, what is the point of being responsible, if no one knows about it? The phenomenon of communication can be manifested in various ways. Some companies say the communication process must be limited to a stakeholder dialogue; others want to involve the general public, as this would be the only way to close the trust-gap.

In order to accomplish the objective of this thesis, namely, to contribute to the theory building on compiling trust through communication in the CSR process, I developed a three-step methodology. The first step pertains to the development of a theoretical framework, on the basis of which I developed a model representing the CSR Life Cycle. The next step is a case study of the Dutch Foundation for Sustainability in the Food Chain and the third step enhances an extensive study of CSR communication, including motives, efforts and dilemmas, conducted and encountered by the fifteen individual companies participating in the aforementioned foundation.

### **CSR Life Cycle**

CSR is described in many ways. It is almost a catch-all term covering different areas of interest and is also referred to as 'sustainable development', 'triple-P bottom line' or 'corporate citizenship'. I refer to CSR as the company's balancing act between three general categories: economic, social and environmental, and I add to that *a long term view*, based on the Brundtland definition of sustainable development:

'Sustainable Development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs.'  
(Brundtland, 1987)

Developing a company's CSR vision, translating that into a clear CSR policy, and bringing it to life is a long journey. I translated this journey as a model: the CSR Life Cycle model. The different components of the life cycle are (I) the development of a vision, (II) consultation of in- and external sources to gain knowledge, (III) starting a stakeholder dialogue, (IV) taking actions (conducting CSR projects) and (V) communication. The company's core values and its fundamental strategies evolving from them form the starting point. Three conditions of communication on CSR are linking the process, the 'tangible' actions, as well as the 'intangible' values and behavior of the company: transparency, openness and honesty. The result of the entire process builds trust. The CSR Life Cycle model is more than a model that helps to increase control over the factors influencing its CSR policy. It shows the relationship of the different elements in the CSR journey from having a vision to bringing it to life and communicating it to the public (read: its stakeholders).

### **Foundation for Sustainability in the Food Chain**

Public trust in the food industry is widely recognized as essential for success. The Dutch Foundation for Sustainability in the Food Chain is actually looking for ways to enhance their CSR communication in order to create sustainable trust.

The Foundation consists of fifteen companies active in the food chain in the Netherlands<sup>39</sup>. It was established in 1995 based on the notion that CSR is a relative concept that can only be clearly developed through an extensive exchange of views among all parties involved – starting with the industry itself. Today, the DuVo Foundation aspires to contribute to the formulation of the public perception surrounding sustainable food. Here, CSR communication comes into play. The approach of the DuVo Foundation consists of three elements: sharing experiences, development of knowledge and starting a dialogue with relevant stakeholders. Applying the CSR Life Cycle to the activities of the Foundation, we encounter some tension over actions and communication deriving from there. The division of tasks must be well considered as the Foundation has a high added value in stimulating the companies to increase CSR efforts and to co-operate within the food chain. The Foundation should avoid any possibility of functioning as a collective operation by doing all the work and the talk for the participating companies, which has not been the

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<sup>39</sup> Participating companies in the Foundation for Sustainability in the Food Chain (*Stichting Duurzame Voedingsmiddelenketen or DuVo*):

Albert Heijn, Avebe, Campina, Cehave Landbouwbelaang, Cosun, CSM, DSM, The Greenery, Heineken, Heinz, McDonald's, Numico, Nutreco, SaraLee/DE, Unilever.



case so far. I want to encourage the members of the Foundation to increasingly share best practices and demonstrate individual performances in the sector, and beyond.

### **CSR Communication in the Food Chain**

To respond to the main research question of this thesis: ‘(How) should companies communicate their Corporate Social Responsibility in order to create trust?’, I also addressed the member companies of the DuVo Foundation, amongst others with the underlying research questions:

- What is the role of communication in the CSR process?
- What are the prerequisites for CSR communication?
- What dilemmas occur in CSR communication?

Based on this research I defined a number of lessons learned, of which the most noticeable are the following:

#### *1. Role of communication in the CSR process*

CSR communication differs according to ‘license’ (license to produce, license to operate, license to sell). Also, the approach taken tends to differ from company to company, and in many cases this personalized philosophy makes good sense.

The role of the CEO is increasingly important within the CSR process itself, as well as in the communication of this process. There are heightened efforts to place CSR on a central level with direct input to the CEO. Preferably, the CEO acts as the company’s spokesperson on CSR activities.

#### *2. Prerequisites for CSR communication*

An ‘early engagement’ in stakeholder dialogue is seen as an opportunity that may provide companies with an alert in case of potential conflicts or opportunities. It will enable them to respond more effectively in these situations.

Sustainability is not a static goal but rather a concept accented by its dynamic character. In that light, what really matters is achieving continuous improvements. ‘...communicate about small steps and also setbacks.’ (Friends of the Earth)

#### *3. Communication dilemmas*

The companies in the food chain consciously avoid the impression of boasting. The emphasis is on information rather than persuasion. Therefore the majority has a very restrained attitude towards (the opportunities of) CSR in marketing communication.

Paradox of openness: as soon as a CSR initiative is launched, it will be subject to varying degrees of criticism. However, none of the DuVo companies totally abstains from communication on CSR.

To these examples I like to add one more lesson, that definitely gives cause for concern:

The companies in the food chain are inclined to fix their attention on the external communications of their CSR efforts and on consulting with their external stakeholders, while on the other hand, the involvement of the internal stakeholders is seen (or said to be) as essential to obtain the necessary base support.

The internal CSR process should not be underestimated. Public trust cannot solely be created on the basis of external reporting or management's smooth talk. In the preparation of any CSR communication, I believe in a strong focus on the internal process, including internal stakeholder engagement as well as the connection with the company's values from where the CSR efforts are or should be deriving. Trust cannot be given without insight in the core values of a company.

## **Conclusions**

Building public trust is crucial for long-term success. Therefore I entitle it 'sustainable trust'. In addition to the desired long-lasting trust, it is about permanent focus on sustainability. Companies' attention for short-term financial gain has, as a result of the lack of trust in the industry and weakened economic performances, shifted into long term sustainable revenues. The creation of shareholder value became the creation of stakeholder value, and CSR turned from a niche subject into a main concern. A suitable CSR policy, that already is a long journey itself, is only step one: it must be managed and communicated in the right way. Companies that do not care about the internal process, companies that claim that dilemmas can be avoided or companies that promise more than they can deliver while shouting their high-mindedness from the rooftops, will not get there. In such cases CSR is only a fad, or at best, a short-term phenomenon.

Trust must be based on values and is created through honesty. Openness and honesty are prerequisites for success – together with transparency. By itself, 'transparency' is not sufficient, nor is it the magic word as referred to by many companies. Trust is in fact nothing more or less than the result of a company practicing what it preaches.

Jeroen Meijer

## **‘ORCOMM or WARCOMM?’**

### **Branding the Dutch armed forces by means of peace keeping and peace enforcing operations**

*Jeroen Meijer (1965) works as consultant and trainer with De Presentatie Groep. The focus of much of his work is on coaching ‘leaders in organizations’ in their communication with their stakeholders: I have a great vision, but how do I mobilize my followers to bring this vision to fruition? From this perspective, he supports leaders in clearly defining their vision, in determining the most applicable ways how to best communicate this vision and by training them. Training mostly involves speech and media performance. His clients come from both profit and not-for-profit organizations and perform leadership roles at different levels.*

*Prior to his working for De Presentatie Groep, Jeroen spent the first 18 years of his professional career in the Royal Netherlands Navy. As anti-air warfare and gunnery officer and head of operations on board frigates he spent many years at sea. A significant part of his sea time he participated in peace keeping and peace enforcing operations of the coast of the Former Republic of Yugoslavia during both the Bosnia and the Kosovo conflict and in the War on Drugs in the Caribbean. In between his tours of duty, he worked as an HR-policy maker for the Navy Directorate of Personnel, as a communications teacher at the Dutch War College, as head of the Navy air control training department and as Navy public information officer at the Ministry of Defense. Before joining De Presentatie Groep, he was the chief negotiator for the Royal Association of Navy Officers (KVMO). In that job, he represented all officers and equally ranked civilians at the Department of Defense in the central labor agreement (CAO) negotiations with the State Secretary of Defense.*

*In his spare time Jeroen combines his love for family life (he is married and enjoys three children) with many activities (sailing, hockey, fitness, board member and chairman of the reserve officers working group of the KVMO, chairman of the Round Table Zuid-Kennemerland, member the Koningin Wilhelmina School-council, member of the Business committee of the International Leadership Association and member of the National Communication Association).*

## **Introduction**

Since 1989 the defense budget has been constantly reduced. Even when countries like the United Kingdom, France, Italy and Spain have started to substantially invest again in their armed forces, the Dutch cabinet-Balkenende I announced new defense cuts for the period 2002-2006. Major-general Royal Netherlands marines (retired) mr. drs. Cees Homan and prof. dr. Rob de Wijk, both working at the Netherlands Institute of International Relations ‘Clingendael’, claim that these reductions are now leading to unacceptable damage to the armed forces. Homan ascribes this to the absence of a “group of supporters” of the armed forces, who have the organization, cloud and willingness to successfully stand up for the interests of the armed forces.

The (un-)accessibility of human resources is evident in the problems the armed forces have had with recruiting new personnel from 1995 to 2002. Personnel shortages have sometimes lead to operational units being almost unable to adequately perform their duties. I have had personal experience as operations officer on board HNLMS “Philips van Almonde” during the Kosovo-crisis in 1999 with the phenomenon of personnel

shortages during peace keeping and peace enforcing operations. For the Dutch Ministry of Defense (MoD) and armed forces a positive reputation with the general public is essential to guarantee adequate access to financial and human resources and both political support and support for the military operations.

### **The MoD and corporate branding**

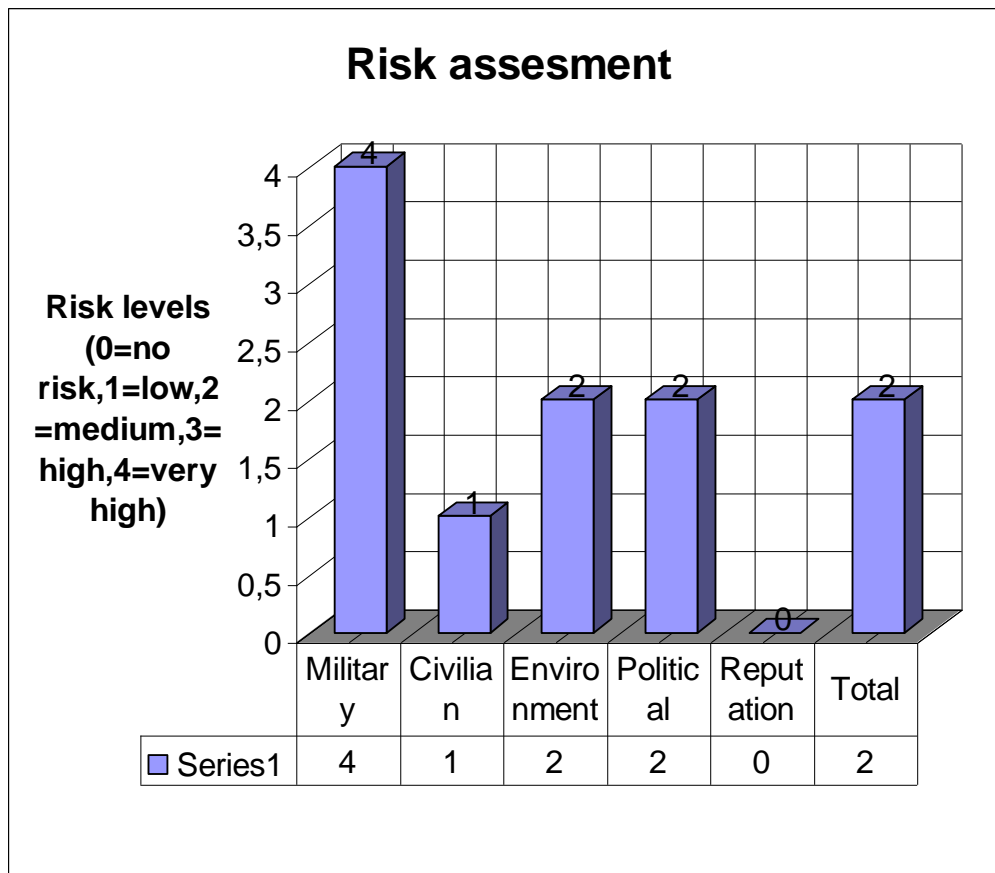
This positive reputation can be managed through corporate branding. Corporate branding can be done by creating product associations and corporate associations. Product associations need to be established from the Dutch general public's perspective "*what's in it for me?*". The product associations concern the worth and relevance of the armed forces for the Dutch general public, 'here and now'.

The most logical way to manage the 'long term' corporate reputation seems through corporate associations (performance associations and insight in the corporate persona).

Peace keeping and peace enforcing operations seem good vehicles to maintain and create product associations and corporate associations. These operations have been the core business of the armed forces for the last decade. In order to improve the gain in reputation of the MoD and the armed forces by communicating peace keeping and peace enforcing operations, in the approach to the operation two aspects need to be considered:

1. Shape the general public's perception of risks of the operation by using a risk indicator - an easy-to-understand methodology that has risk assessments communicated by credible sources;
2. Treat each peace keeping and peace enforcing operation as a separate product or brand by maintaining/creating a category need, creating brand recognition and creating a favorable brand attitude among the general public. This can be achieved by giving meaning to each operation through the use of a name, logo and specific 'shape'.

An example of how risks can be communicated as depicted in this diagram.



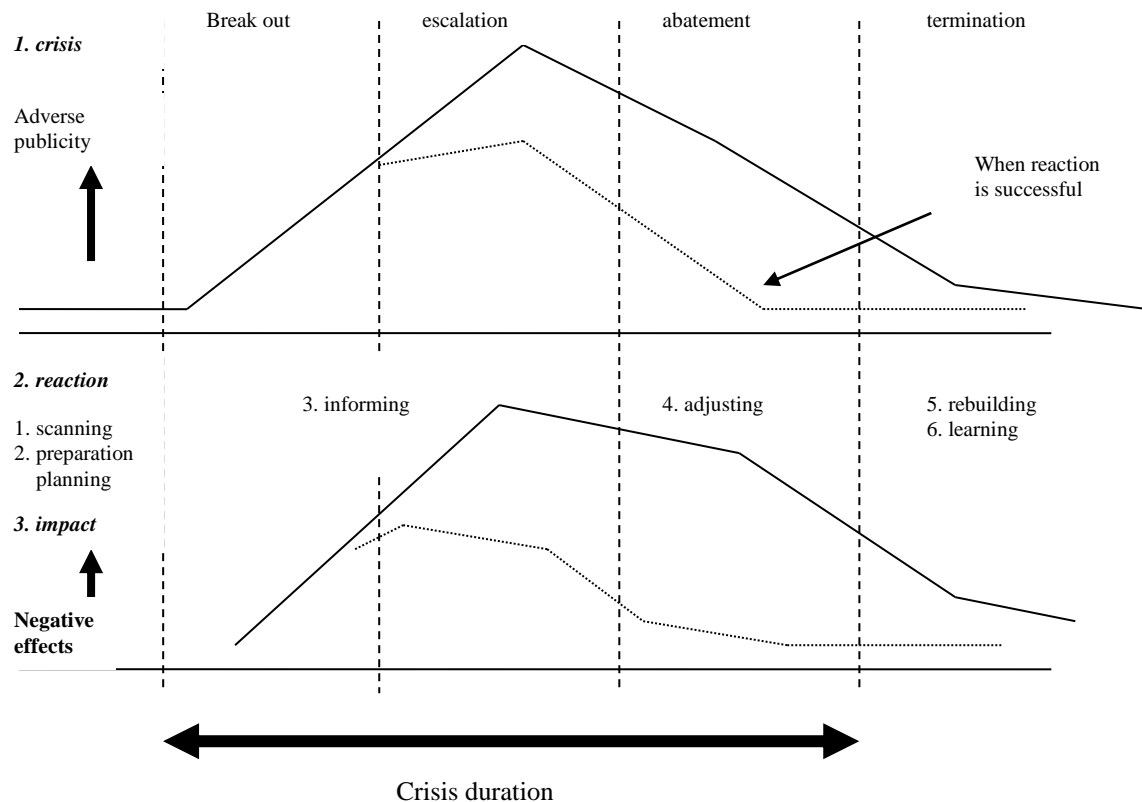
Once the operation is under way, corporate associations start to play a dominant role since the operation then becomes tangible through the communication and behavior of the participating forces. These communication and behavioral activities can help create both performance associations and show the corporate persona. Creating and maintaining product and corporate associations to my opinion is most successful when the communication around such operations is carefully planned and executed along the INK-philosophy PLAN-DO-CHECK-ACT.

In managing that corporate reputation, many communication channels are available. However, the media play a key role with their wide reach. They are the main source of information for the Dutch general public when it comes to developing both product associations and corporate associations through performance associations and aspects of the corporate persona during these operations. From studying the (media) communication around the peace keeping operation in Eritrea and Ethiopia (UNMEE) in 2000-2001, it is clear that the MoD and armed forces have not consciously used this operation to create favorable product and corporate associations by a planned and orchestrated process.

#### **The MoD and crises during peace keeping and peace enforcing operations**

Peace keeping and peace enforcing operations contain an inherent (high) risk for crisis. From a communications perspective, there seem to be several helpful strategies to deal with crises once the adjusting phase has been reached. These strategies have been formulated on the basis of the attribution theory of Heider. The main aim of these crisis response strategies is to reduce the reputation damage to the Dutch MoD and the armed forces with the Dutch general public as a result of a crisis during a

peace keeping or peace enforcing operation. One always needs to remember that the perceptions of the general public determine which strategy can work best – and those perceptions can be managed from the moment that Dutch participation to the operation becomes clear.



For the Dutch armed forces, the following crisis response strategies seem relevant:

- a. No strategy. In crises where Dutch troops are perceived as having been the – willful - cause of civilian casualties or in the case of unprofessional conduct, there is no communication strategy that can reduce the damage.
- b. The suffering strategy. The majority of crises the Dutch armed forces can be confronted with can be typified as “external/low controllability”. These crises can best be dealt with using the suffering strategy, stating that Dutch troops and the civilians involved are “as much victims to the situation as anybody else”.
- c. The mortification strategy. In case of an external cause/high controllability crisis, the mortification seems the best strategy. This mortification strategy means that the Dutch government and/or the MoD need to accept blame and responsibility for her part in the crisis and help the victims.
- d. The retrieval strategy. In case of the internal cause and low controllability crises, for which account most accidents, mortification is also a good strategy. Second best seems to be retrieval – the strategy that aims at making people aware of the good aspects of the company.

The most dramatic crisis in the recent history of Dutch peace keeping and peace enforcing operations is the Srebrenica-drama. Much can be learned from this crisis and the strategy during the adjusting phase. If Dutch Army and Dutchbat command in that phase from July 23<sup>rd</sup> 1995 onwards had chosen for the ‘suffering strategy’ in their

communication with the media, they would have acted in line with the reality of the situation and the perceptions of the media and the general public. Choosing for the suffering strategy would have meant emphasizing the brutality and cruelty of the Serb behavior. Instead, Dutch Army and Dutchbat command mainly downplayed the role of the Serb forces and the genocide following the fall of Srebrenica. This amplified the perception of many, that Dutchbat could have done more to aid and defend the Muslim population in Srebrenica.

### **Recommendations**

I recommend the MoD and armed forces to use peace keeping and peace enforcing operations as vehicles for branding the Dutch MoD and armed forces and so improve the corporate reputation of the MoD and armed forces. This will help in safeguarding the access to adequate financial and human resources.

The branding should focus on both corporate and product associations. In order to maximize the benefits from an active branding policy, all communication channels (media, recruitment etc.) should be used. To be successful in such a complex process, thorough planning and control are required along the INK-philosophy PLAN-DO-CHECK-ACT. The design of the planning and control system is generic, and the result can be used as a starting point for the communication plan and policy for every peace keeping and peace enforcing operation.

As one of the first steps in that process I recommend to thoroughly research 1) the corporate associations and 2) the product associations with peace keeping and peace enforcing operations that are embedded with the Dutch general public today. Parallel with that, it is required to determine the 'ideal' corporate and product associations. This insight makes it possible to draw the roadmap from "ist" to "soll". The upcoming Iraqi operation could be THE opportunity for starting up this process.

### **Afterthought**

In his letter "De topstructuur van Defensie" from May 28<sup>th</sup> 2003, Defense minister Kamp (Kamp, 2003) has announced the decision to drastically change the corporate governance structure of the armed forces. That decision reflects a strong emphasis on "jointness" – the armed forces need to co-operate more and more closely during peace keeping and peace enforcing operations. Kamp's decision and the jointness of peace keeping and peace enforcing operations will ultimately lower or even take away the historical barriers between the armed forces. Many service men and women perceive those barriers to be strong and everlasting. Taking away those barriers means redefining the identity of the armed forces. Communicating peace keeping and peace enforcing operations in the manner as described in this thesis can be one of the elements in helping to redefine that identity. This way of working would help in creating strong identification with this "wonderful new way of working" of the armed forces by boosting the Perceived External Prestige (PEP) of the joint peace keeping and peace enforcing operations (Van Riel, 1995). To be able to fully exploit the possibilities and benefits of this option, further research is required.

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Claudia Moelands

### **The ‘Heijman’: illusion or reality?**

#### **The impact of employee communication, perceived attractiveness of the organizational identity and perceived external prestige on organizational identification.**

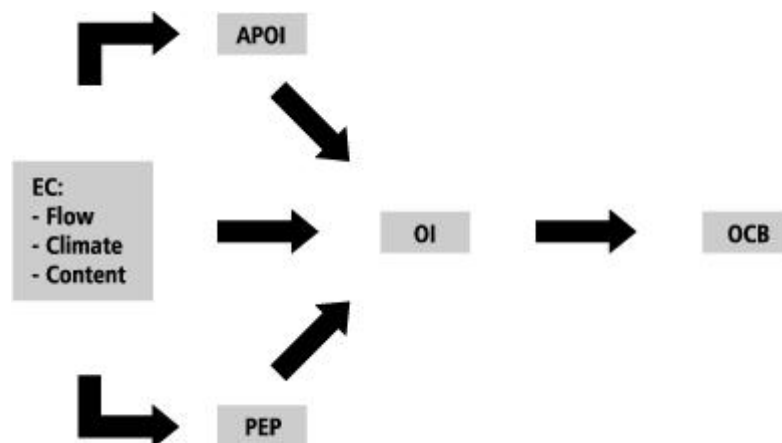
*After finishing her study in Dutch and French language and acquiring her teaching qualification, Claudia Moelands (32 years) graduated from the university of Nijmegen in 1996 in Business Communication. In 1998 she started working for Heijmans, a big construction company in the Netherlands. The company supplies high quality products and services in the construction industry, property development and related industries. For almost two years, she took care of the communication at the IT-department. After those two years she transferred to the Staff Department Communication of Heijmans. Her experiences are new media, internal communication and corporate communication. In June 2000, she followed the summer course of the Executive International Master of Corporate Communication Program. She was very enthusiastic about it and decided to enter the whole program. After working hours, you can find Claudia on the tennis court or with her friends of ‘D’n Blaauwen Dop’.*

### **Introduction**

*‘Organizational scholars have come to see the development of organizational identification as a vital management solution to securing cooperation and ensuring that employees make decisions in line with the organization’s best interests. It has been shown that strong identification on part of employees may positively contribute to organizational performance (Mathieu and Zajac, 1990, Randall, 1990) in general, and more specific to desired behavioral outcomes such as organizational citizenship (DDH, 1994).’*

This thesis investigates the following model of organizational identification and is inspired by a still running research project with the Corporate Communication Centre of the Erasmus University Rotterdam (Carroll & Van Riel, 2000).

I hope that my research will inspire them to further research.



In this model organizational identification (OI) is to be influenced by employee communication (EC), perceived organizational identity (APOI) and perceived external prestige (PEP). At the end organizational citizenship behavior (OCB) is to be influenced by organizational identification (OI).

## **Definitions**

I have done a lot of reading on OI, EC, APOI and OCB. The following definitions I support and therefore have been used in my research.

- OI: organizational identification is concerned with the perception of ‘oneness’ with the organization (Ashford and Mael, 1989).
- OCB: organizational citizenship behavior refers to actions performed by employees which surpass the minimum role requirements expected by organizations and promote the welfare of co-workers, work groups, or the organization (Witt, 1991).
- EC: the communication transactions between individuals and / or groups at various levels and in different areas of specialization that are intended to design and redesign organizations, to implement designs and to coordinate day-to-day activities (Frank & Brownell, 1989: 5-6).
- POI: is (a) what is taken by organizational members to be central to the organization, (b) what makes the organization distinctive from other organizations, in the eyes of the beholding members, and (c) what is perceived by members to be enduring or continuing linking the present with the past and presumably the future (Albert and Whetten, 1985).
- PEP: perceived external prestige (or construed external image) represents how employees think outsiders view the organization (Dutton et al., 1994).

By wanting to investigate the usefulness of the research model, it is important to find out if the following four hypotheses can be confirmed.

- The more positive a person experience employee communication, the stronger the identification with the organization will be.
- The more agreement a person has with the dominant coalition’s perceptions of identity, the higher his or her level of identification will be.
- The higher the perceived external prestige of a person’s organization, the stronger he or she will identify with it.
- The higher the degree of organizational identification, the higher his or her level of desirable organizational citizenship will be.

## **Central question**

Why do employees identify with their organization and what instruments can companies use to strengthen employees’ identification? This looks like a very simple question. The model implies that three elements have a certain impact on the level of identification. I was very anxious to find out if the model can be verified and most of all to find out the impact of the elements on organizational identification and the relationships they have.

This had lead me to make organizational identification the subject of my thesis. The central question of my thesis is therefore:

**What is the impact of the perceived quality and quantity of employee communication, the perceived attractiveness of the organizational identity promoted by the dominant coalition and the perceived external prestige on organizational identification?**

I have tried to find an answer to this question by doing a survey at Heijmans, the company I'm working for. Heijmans is a big construction company in the Netherlands, who is active in the building industry and related industries. The most important markets are those for homes and offices, traffic and transport and industry. The company is currently in third place after BAM and Koninklijke Volker Wessels Stevin.

### **Methodology**

I thought I had a pretty good idea about the level of identification of the employees at Heijmans, but I surely wanted to find out what was causing it. And above all, I wanted to find out if the research model is indeed useful.

I have done some theoretical research, I have spoken to all kinds of people who are working at Heijmans and finally I have conducted a survey. By sending out questionnaires to 25% of the employees, I was able to find the answer to my central question.

### **Conclusions**

Having conducted my research at Heijmans, I can conclude that organizational identification indeed can be explained by employee communication, the perceived attractiveness of the organization and perceived external prestige. For that, the model I used can be supported. Especially between the agreement with the projected identity and organizational identification there seems to be a relationship. If management finds corporate identity important and is able to develop a visible and consistent one, supported by their actions and supported by employees, this will strengthen identification with the organization.

There also seems to be a relationship between especially employee communication and organizational identification. The results of my research show that organizational identification is mostly influenced by the communication climate. A positive climate will increase the attractiveness of the organization. Openness and thrust of the communication of managers will foster identification. Employee communication not only seems to influence organizational identification, but also seems to have an impact on the perceived attractiveness of the organizational identity and the perceived external prestige. For that matter, focusing on employee communication will be rewarding.

In the research I conducted just one part of organizational identification seems to influence organizational citizenship behavior. Only the answers to the question 'to what degree do you think your direct colleagues identify with the holding?' showed a relationship with organizational citizenship behavior.

Employees who can identify with their own business unit or the holding, who are satisfied with their jobs, do not necessarily show a high level of organizational citizenship behavior. This is remarkable because in all the studies that have been conducted, there always seemed to be a relationship. Whether Heijmans is an exception to this needs to be further explored.

## **Recommendations**

The results show that the left side of the model can be fully supported. Employee communication, agreement with the projected identity and perceived external prestige do influence organizational identification. Employee communication influences the agreement with the projected identity and perceived external prestige. For that matter, it seems profitable enhancing organizational identification by employee communication.

The level of agreement with the projected identity influences organizational identification. Organizations should be aware of their corporate identity. Are the characteristics clear to everyone? Are they stable, are they spread all through the organization and are they somehow different from the characteristics of other organizations? If an organization wants her employees to understand the organization, they need to understand what the organization is really about and where it is headed.

My study only partly supports the right side of the model. Organizational identification as well as organizational citizenship behavior is measured by commonly used questions. That can't be the problem. In my opinion, it would be wise exploring if the model works for all industries. Perhaps the results of my study are quite normal in certain industries. As many people will know by now, the construction industry is a very particular industry with a very particular mentality!

Dailah Nihot

## **The impact of the Reparations Class Action Suits by African-American Descendants of Slaves on the Reputation and Performance of Corporate America**

*Dailah (30) works in the corporate communications & strategy department of ING Group as a press officer and is mainly responsible for the media related issues concerning the Americas region and the public relations of ING Direct (ING's international direct bank). She holds a Master degree in European Studies, a combination of French, Portuguese, Spanish and Economics, from the University of Amsterdam. Before studying ES, she worked with EuroDisneyland (Paris) as a Guest Relations officer and a member of the First Response team in the Resort hotels. She left France to study Arabic Language & Culture at the RijksUniversiteit Leiden for one year. As a student, she worked as an interpreter and a translator for different companies and governmental institutions. An internship at the United Nations Information Center in Brussels developed her interest in the communications profession. After finishing a deployment with PriceWaterhouseCoopers and living in the United States for a short period of time, Dailah started with ING Group in March 2000.*

### **Introduction**

They owned, rented or insured slaves. Loaned money to plantation owners. Helped hunt down the runaways. Some of America's most respected companies have slavery in their pasts. Now, 137 years after the Civil War, companies are being sued for profiting from slavery. On March 26, 2002, a suit was filed in a New York federal court to seek reparations for the slavery many of the ancestors of African-Americans endured. Although the topic of black reparations has been debated in the political arena for years, this filing marked the first time that reparations claimants have sought compensation by suing private companies.

The challenges facing these companies accused of profiting from the pre-1865 slave economy and currently facing reparations suits are not to be underestimated. With media continuously expanding news items that sell, alleged corporate misconduct rapidly reaches the ears and eyes of the public. Crises or strategic issues, as well as inappropriate responses to them, pose threats on a variety of levels. There are tangible losses associated with strategic issues, such as financial setbacks. But also intangible losses, such as a company's reputation. Losing and restoring reputation can become an expensive and time-consuming undertaking.

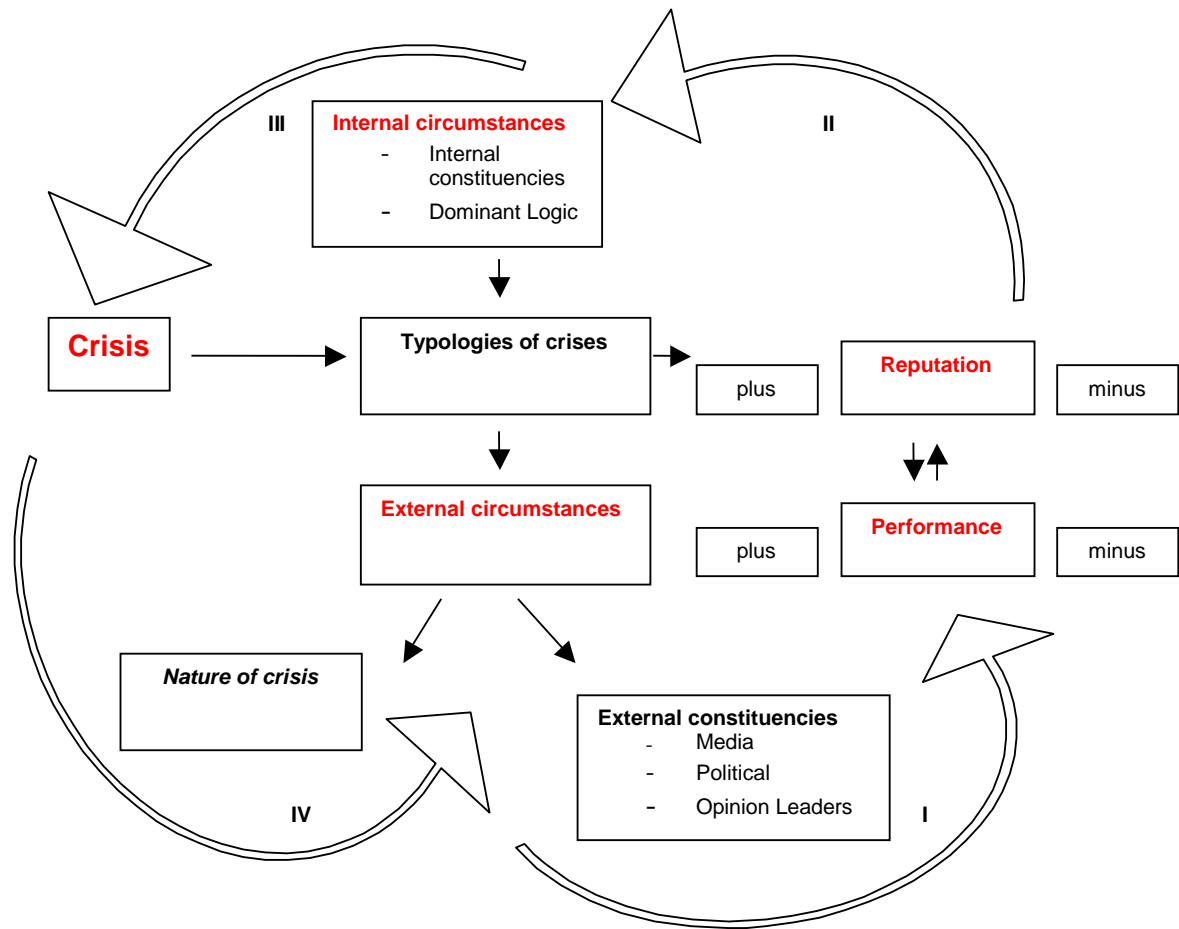


Figure 1: framework of thesis construction

### Performance

A favorable reputation can be a strategic resource that increases a company's performance. However, crises or unpredictable events threaten to damage organizational reputations and consequently have a similar effect on the company's performance.

### Communicating strategically

A company's reputation plays a critical a role in the overall success of the organization and a crisis can leave a lasting impression on the company. Whether this impression is positive or negative depends on the way the crisis is handled. The goal is to prevent an incident from getting out of hand or to protect the reputation of a company by limiting the amount of damage, and then taking steps to reverse any harm done. Therefore, companies need to look at corporate communications more strategically to protect or build a reputation, especially with regard to crisis situations. A company's failure to articulate a corporate communication strategy makes it harder to win over both the legal system and the court of public opinion in the case an issue occurs.

### Litigation public relations

There is a need for a specific focus on the public relations involved with litigation processes. Especially because the African-American reparation class action suits touch

upon a very sensitive issue which is causing a lot of mixed emotions between different groups in the American society.

Public relations focused on litigation can play a crucial role in the outcome of a lawsuit, since it has the ability to influence the people making decisions in the case. To litigants, the benefits of engaging in 'litigation public relations' campaigns before and, if necessary, during trial are essential. It is widely believed that publicity has the potential of influencing jurors, and that public opinion is a powerful ally for any prosecutor, plaintiff and defendant.

### **The issue**

Two years ago, the American insurance company Aetna Health Inc. apologized for insuring the lives of slaves as property in the 1850's. The ensuing round of media coverage following to this issue got many wondering about the role other corporations and businesses might have played in the sale, purchase and enslavement of slaves. A number of other companies took public relations hits as it was revealed that they, too, profited from slavery. However, while these class action suits raise a potential reputation risk, the companies named in the lawsuits offered up little to no response on the matter. Many companies on the list of accused corporations publicly stated that they believe their current business is not liable for what happened before the Civil War. Some of the corporations even completely refused to comment on the lawsuits. Is this a smart communication strategy to chose?

### *Legal obstacles*

The connection between modern-day corporations and slavery can be tenuous and the legal obstacles are numerous. Records seldom show the extent to which a given company depended on slave labor or profited from sales to slave owners. Many of the companies that are potential targets for reparation lawsuits did not exist until after emancipation, some not until the 20<sup>th</sup> century. Instead, they bought the slave histories of other companies in corporate acquisitions over the years.

### **Corporate Responses**

The reparations movement might have a rough time winning their cases in court. But companies have learned that a lawsuit is not to be judged by its merits, but by its potential public relations damage. Ultimately, the court of public opinion has turned out to be the one that matters most in these cases. That much was already made clear in the situation of the companies sued by Holocaust survivors and other people victimized by the Nazis. These Holocaust cases, filed between 1996 and 2000, were weak on the law and almost certain to be dismissed by courts. Nevertheless, they were corrosive to the reputation of defendant companies, which all decided to settle.

What a company says during a crisis largely determines how the public will judge the company's actions. How a company responds to a crisis situation is crucial in achieving a positive outcome and avoiding a disastrous one. A corporation's reputation might be shredded in the time it takes to say 'no comment'. Communications during a strategic issue must be made a high-level priority because of the 'persistence of memory' of a crisis mishandled.

Reputational crises occur when widely publicized, highly negative events lead important stakeholders to reevaluate their impressions of a company and its activities.

Companies respond to these events in different ways in an effort to minimize the reputational damage of the crisis. The effectiveness of these responses depends on the nature of the crisis, the response chosen by the company, and the previous relationship between the corporation and its stakeholders.

Reputation is formed over time, as a function of complex interrelationships and exchanges between and among stakeholders and the organization in different contexts. The forces of economic globalization and developments in the technology of mass communication will make this stakeholder inclusion an increasingly essential component of corporate communications strategy. Companies need to listen, to process and to respond positively to the values and beliefs of their stakeholders in order to be successful.

A major component of reputation is the credibility of the organization with regard to its interactions, especially with those stakeholders that the company has identified to be most crucial. Stakeholders need to have consistency to be able to assess the reputation of an organization and to have some measure of predictability when an issue arises.

However, next to credibility, the framing of an issue is of equal importance. Framing is essential in the development of public opinion, in building stakeholder support and in effecting unfolding processes. Framing impacts the stakeholders' views on the issue and whether or not they will engage in the debate and what level of commitment and resources they will bring to the table. Framing also has a powerful influence on the involvement of the larger public in the issue. The side that the larger audience comes in to support usually wins the debate.

Crises, or strategic issues, can disrupt a company's activities and threaten to damage organizational reputations. A company's response to an issue can serve to limit and even to repair the reputational damage. Coombs and Holladay (2002) developed a list of thirteen crisis types. After a company has identified the kind of issue at stake and it has assessed the level of crisis responsibility, it can choose a certain crisis response strategy. These response strategies can be ordered along a continuum ranging from defensive, putting organizational interests first, to accommodative, putting victim concerns first. History has shown that organizational misdeeds often require strongly accommodative responses such as corrective action and full apologies. However, in reality, these strategies can be problematic because of the legal and financial liabilities they incur. Apologies require a company to publicly accept responsibility for an issue, thereby weakening its legal position in the event of a lawsuit.

Next to responding to accusations a company can also choose to redefine the attack. And, instead of altering the nature of the charges, the company may attempt to refocus attention on other issues. It is also possible that the company decides that the accusation is not important to the company's key audience.

However, if a company responds to an accusation, it should avoid making false claims or arguments that may backfire. A company that is at fault should, in most situations, admit this as quickly as possible. Apart from the fact that this is morally the correct thing to do, attempting to deny true accusations can eventually be used against the company as well. A company that falsely denies responsibility for offensive action risks substantially damaged credibility if the truth emerges after all.



At times it is possible to shift the blame to another party. Related to this is the strategy of defeasibility. If factors beyond a company's control can be shown to have caused the crisis, this can alleviate responsibility and help restore a damaged corporate reputation.

Furthermore, it can be extremely important to communicate about the steps the company takes in order to correct or prevent recurrence of the problem. A company's commitment to correct the problem can be an important component of a successful crisis response. This counts especially for companies that admit to their responsibility in the issue. The multiple strategies can also be combined in order for a company to reach the desired outcome.

## **Media**

Direct personal experience with a company's products and services aside, stakeholders' judgments of it are developed by how familiar a company is to the public. Journalists write about events that they expect to be interesting to the average reader. Often that means that journalists prefer to feature large companies that get a lot of attention and they favor reporting on those companies facing situations that are rare, new or dramatic.

Media exposure can be defined as the aggregated news relating to a specific company within a prescribed period of time. Media exposure of organization-specific activities is one factor that is significantly related to changes in a corporate reputation. The starting point for explaining the relationship between media exposure and corporate reputation is that media exposure can provide data which may become meaningful information in the formulation or reformulation of corporate reputation by a particular stakeholder (Wartick, 1992). Stakeholders interpret and prioritize data in the media and use it to form a perception, which underlie corporate reputation.

Fombrun and Shanley (1990) used the Fortune data as their measure of reputation. These rankings measure reputation from the perspective of business leaders (i.e. competitors and analysts). Therefore, it could be stated that a company's media reputation is a more useful measuring tool as an overall reputation because it represents the perspective of many stakeholders and company characteristics. However, the Fortune rankings are important to shareholders of a company, because they basically represent a valuable measurement of a company's financial reputation. The results of many studies show that companies with good financial reputations are more likely to provide a long-term performance.

Deriving numerical estimates of reputation from the stock price of a company's shares also makes it possible to cost out unexpected incidents that damage an organization's activities. When a company faces a crisis, its financial reputation is at stake because during the occurrence of strategic issues a company generally loses market value.

After the class actions suits were filed in March 2002, the media revealed. Much of the published articles were negative and therefore capable of damaging the reputations of the companies involved in the issue.

In this thesis, I look at the reactions of the accused companies and analyze them according to the typology of crisis response/image repair strategies. Secondly, the media exposure of the companies is measured by collecting the total number of

articles published about the company in the LexisNexis electronic database in the period before and after the first class action law suits. In the final chapter, I suggest issue response strategies for companies dealing with the specific cases of the African-American class action reparation suits. Due to the sensitive nature of the content of these chapters, they are not described in this summary.

Marion Petit

## **The Impact of Incidents Communication about Health Risks by the National Government**

In 2001 Marion Petit was appointed Head of Communications of the Information and Communication Directorate of the Ministry of Health, Welfare and Sports in the Netherlands where she already worked since 1997 being amongst others responsible for communication of incidental health risks and crises.

Before that she has worked five years for the Reinier de Graaf Group, a large regional hospital in Delft where she was responsible for patient information, complaints treatment and finally for corporate communication. She graduated in physical education, marketing and public relations and worked several years as a sports teacher and as a psychomotor therapist in a mental hospital.

### *.1.1.1.1 Preface*

Incidents about risks to public health regularly hit the news. In the last years there was a list of controversies about for example the mad cow disease (BSE), the dioxin chicken disease, salmonella, the fire in a pub in Volendam, the explosion of a fireworks factory in Enschede and the legionella contamination at a flower exhibition. To those responsible for managing or regulating risks, public reactions to risk sometimes seem insubstantial and exacerbated by the media, at least compared with the scientific estimates. On the other hand, the public could experience the Government actions and behavior towards risk management as secretive and confusing. The role of communication about these risks has changed. It can be stated that the old-fashioned view of risk communication as a one-way process of 'technical' information from expert to lay-public will no longer be sufficient. Experts are no longer being automatically seen as authorities and people seem only prepared to listen if they feel that they are being heard.

Health risks appear in different ways. There are risks that people take voluntary like lifestyle-risks as smoking, drinking and for example dangerous hobbies. On the other hand are there involuntary risks like the risk of a disaster by nature, but also the risk of being deadly infected by an unknown virus. These last risks have the character of an assassin; they are invisible and the consequences are catastrophic. This thesis deals with these risks. Well-known is the outbreak of the legionella bacterium during an international flower-exposition in 1999, the local epidemic of meningokokken in 2001 and, more recently, the Sars virus which seems not only to be an epidemic of the virus, but also an epidemic of fear. These are the risks that can cause a lot of social unrest. The images from Honk Kong illustrate this by showing lots of people in the streets with mouth-caps on their faces, people flee from the city to prevent getting infected by the Sars virus and giant cleaning operations. Besides the social unrest, the economic impact caused by the terror of the virus is tremendous. Business people and tourists avoid visiting Hong Kong and other 'Sars-countries' but the impact of the risk

seems to be disproportional to the real medical risk. This in contrast to the risks people take voluntarily which do not cause unrest but are much greater.

The Ministry of Health, Welfare and Sports plays a key-role in handling of these 'virus-incidents' and looks for efficient ways to communicate to minimize public chaos and disorder.

The main question of the thesis is: what elements play a key-role in determining an effective response by the government at the social unrest around health incidents.

Related questions are amongst others: which factors cause unrest, how do people react on individual and collective level at the risks, what is the context of communication by government?

Answers to the main question are being found in literature, in actual cases, lessons learned and by consulting experts.

### **The process of risk-analysis, risk-management and risk-communication**

The incident starts with a limited outbreak of diseases at local level, which causes the death of relatively few people. The direct cause is often unknown and happens unexpectedly. Then the risk analysis starts. A team of medical specialists makes an analysis of the severity and the potential consequences of the risk. This analysis is presented to local and national administrators and to the minister of Health. They consider the acceptability of the risk for public health and take their measures to fight the risk and to limit the consequences. Communication is about the sort of risk, how people can prevent from being exposed and what measures the government has taken.

During this process of risk-analysis, risk-management and risk-communication certain factors play a role. These factors can be clustered in seven categories.

#### ***1 Characteristics of the environment***

An important factor is how the public looks at risks in general and at the government in particular. Last years society seems to be less willing to accept risks and people keep the government responsible to prevent them. People make the risk part of a public debate and ask who is guilty or responsible for the risk. The influence of the media plays an important role in this process. Trust and credibility from the public in government is an important factor. But these factors are not self-evident for experts and politicians. The perception of the public of trust and credibility of the sender depends on four dimensions: competence, openness / honesty, care and commitment. Especially care and commitment is of extreme importance when the governments risk management is involved.

#### ***2 Characteristics of the organization***

A ministry is a bureaucratic organization that shows a lot of characteristics of an organisation that operates from a so-called inside perspective. These kind of organisations consider their own judgement and opinion mostly more important than the outside view.

Besides that a ministry is a political-administrative organisation where public servants advice about the measures to take, from their professionalism. The minister, who is finally responsible, will on the other hand also deliberate how he can justify his policy to his political backing and to Parliament.

### 3 *Characteristics of the (technical) analysis*

Risk-analysis is the domain of scientists and medical experts. They examine the probability that the risk will spread and the consequences for public health. Experts not always agree about this severity. It is not unusual that one expert tells the public that there is no cause for concern while other experts inform the public to be alert. For that reason it might be useful to present the degree of uncertainty of the risk. Experts look at the consequences of the risk for the whole population. While lay-people look at the risk at individual level. People want to know what kind of impact the risk has on them. To explain the severity of an unknown risk experts and communication people sometimes use risk-comparison to compare the risk with other known risks. Like the risk of Sars is being compared with the risks of Influenza which is far more infectious and generates more victims. Therefore the effect must not be exaggerated; nobody worries about the flu and is extremely afraid of Sars.

### 4 *Characteristics of risk-perception*

The general public often judges a risk different from the experts. Psychologists have, with help from the psychometric method, examined the qualitative characteristics of risks. It appeared that a number of fright factors could be distinguished that predict unrest and fear leading to less acceptance and more chance of causing a hype. Risks, of which people have less knowledge, less control and at which they are exposed to involuntary are considered by the public as most risky. There is often a gap between the public risk-perception and the analysis of the risk by the expert. Not being aware of this gap and not considering the public perception in risk-management and communication leads to more social unrest.

Except from fright factors there are other factors, such as sex and age, which involve risk-perception. Women for example consider risks often as more risky than men do.

<b>Fright factors</b>
The following <i>perceptions</i> will make a risk seem less acceptable/ more worrying.
- Risk is involuntary
- Risk seen as inequitable and inescapable
- Source of risk unfamiliar or novel
- Risk man-made rather than natural
- Hidden and irreversible damage
- Danger to small children or future generations
- Form of harm arouses much dread
- Victims identifiable, not anonymous
- Risk appears poorly understood by science
- Contradictory statements from responsible sources

Figure 1: Fright factors, Bennett (1999)

### 5 *Characteristics of the impact of the incident*

Incidents are most of the time like ‘a stone in the lake’; extensively leaving more ripples on the surface. This is caused by the fact that risks bring along feelings of insecurity and concern. Against these invisible risks, people can hardly protect

themselves. And that lack of control leads to even more uncertainty. While people react at these feelings with corresponding behaviour and emotions. They have individual as well as collective strategies to cope with this uncertainty. At individual level people show problem-focused or emotion-focused coping. They look for actions to control the risk or emotionally deny it. At the collective level people are coping by searching support within their environment, organise themselves in action groups, look for who is guilty and make somebody or organisation responsible for the risk-management.

Media attention increases the impact. There are several media triggers that can predict the attention the media will give to a health incident. For example if there is a question of blame, human interest, conflict, many people at risk and visual impact. At last the risk can have impact on other societal factors such as new legislation, indirect costs, political changes, protests, lawsuits and so on.

## **6 *Characteristics of risk-management***

In the last couple of years the government is held more empathic responsible for reducing or even excluding risks. But we live in a society full of risks. Zero-risk does not exist. So how can the government give an appropriate and consistent answer to this social expectation and how can she explain what her role and boundaries are of her own and others responsibilities? Risk-managers of the government take their decisions in a political environment. They are on the horns of a dilemma. On what source of information and criteria do they base their decisions? On the analysis of the experts or on the opinion of the public who is at the same time a potential voter? Experts and lay people judge risks differently. What is acceptable for one person is not automatically acceptable for the other. Relationships with other stakeholders, such as family doctors and Local Health Services (GGD) are also an important factor. They play a key-role in the realisation of the national policy. An important element is whether they feel jointly responsible or if they reject the policy.

## **7 *Characteristics of communication***

Factors in this cluster are among others: how is communication organised? What is its position in the context of the organisation and in the context of other ministries? And to what extent are the activities of experts, policymakers, administrators and politicians related to each other?

The public perception is also of great importance. The question concerning this issue is whether this is examined or not? And which communication channels are available? Do they have the possibility for interaction?

The issues mentioned above cannot be considered apart from each other. Factors that play a role in risk-analysis have consequences for management and for communication. Conversely those factors influence risk-analysis and each other. This connection is illustrated in the model below. It shows that communication has to be part of the process in an early stage.

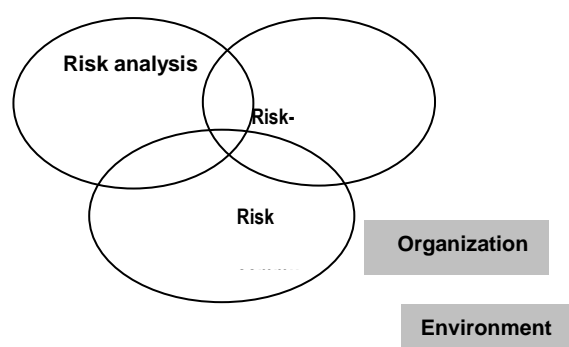


Figure 2: The process of risk analysis, risk management and risk communication

.1.1.1.1.2 *Recommendations for an effective response*

Recommendations can be divided in two categories. First category is the context for an effective communication strategy. The second category concerns the content of the response. In this context, the following preconditions have to be fulfilled: The government has to be clear about what can and what cannot be expected. And reassurance on what she has grip on or not and what the dependencies are. Trust and credibility of the sender of the risk-communication is important. Trust is reinforced by actions that show decisiveness, expertise, accuracy, respect, interest, honesty, commitment, and openness about decision-making, justice, objectivity and consistency. Technical analysis as well as public perception should be involved in the decision making process. Because incidents have great impact on other actors than the one exposed to the risk, the potential reactions of those actors should be mapped. Those who have to deal with the consequences of fighting the risk should be involved in the decision making process in a very early stage. Constituencies for communication should be classified by the degree of exposure at the risk. Integration of risk-analysis, risk-management and risk-communication is also a precondition.

Regarding the content of communication the risk should be translated from a general level to the individual level. Three important questions that should be answered when using communication: am I exposed to the risk, how severe is my exposure and what can I do to control this? The degree of exposure is not the same for everybody so that's why the message should be tailored, tuned to the constituency and tuned to the goal. Communicating about uncertainty of the risk prevents conflicting information from experts.

The given information should be accurate, objective, complete, honest and reliable and has to show empathy to the public, openness and responsibility, credibility, competency, commitment, possible advantages of measurements and alternative options for the public.

The concern of the public must be consulted and taken serious. A local level dialogue with the community might be an effective communication method.

Each risk and each incident is different and has its own dynamics. But there are also certain predicting factors. Choosing the right strategy should be based on the analysis of the seven clusters of characteristics. This analysis defines the situation. On base of the situation the strategy can be chosen. This decision making process is brought together in an integrated model for risk-communication.

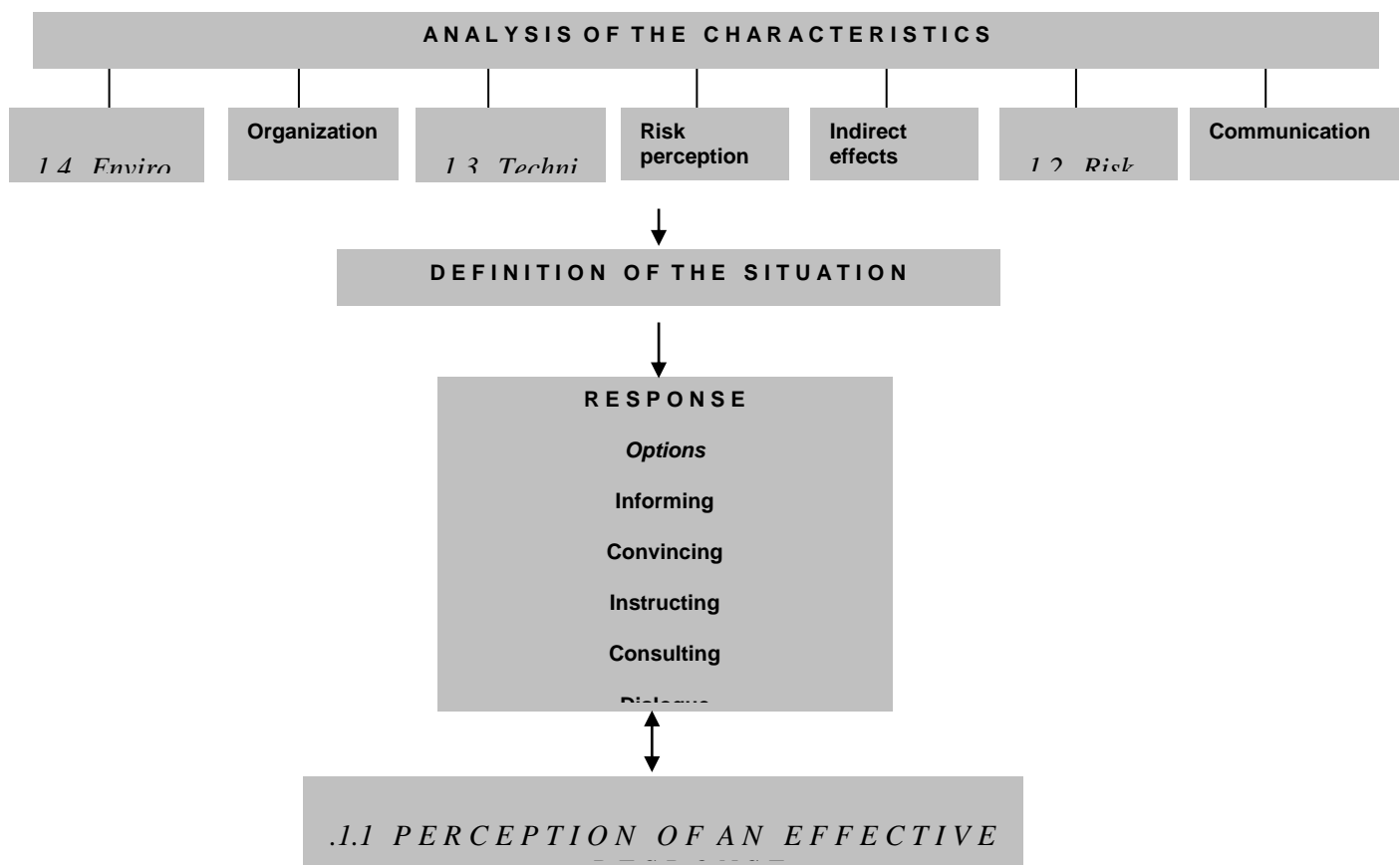


Figure 3: Integrated model for risk communication

In the thesis the model is applied to the cases of aviaire influenza (chicken pest).

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Richard Piechocki

*.1.1.1.1.3 Transparency of Annual Sustainability Reports*

Richard Piechocki studied Communications at the Faculty for Applied Linguistics at the University of Utrecht. After graduating he first worked as a freelance editor/copywriter. He joined Rabobank Nederland as a Communications Advisor in 1996. His first post involved developing communications material in connection with the redesign of front-office sales processes at the local banks affiliated to the Rabobank Group. From the end of 1996 until February 1999 he was attached to the bank's EMU project team, which was responsible for communications connected with the introduction of the euro. Since that time he has been attached to the Directorate for Sustainability and Social Innovation and responsible for internal and external communications on the issue of corporate social responsibility within the Rabobank.

**What is transparency, how can it be measured, and what is the relationship between transparency and corporate reputation? These questions are the central theme of my thesis.**

One important feature of socially responsible entrepreneurship is the transparent dialogue with stakeholders about the policies and activities the company proposes to pursue in that respect. During such dialogue it is important to cultivate mutual understanding and appreciation. A high level of appreciation increases stakeholders' confidence in the enterprise and this in turn reinforces its positive reputation. One instrument, which can be of assistance in this process, is an Annual Sustainability Report. The primary function of such a report, in communication terms, is to account for the company's actions.

On the basis of the above rationale, I derive the following as the central question for my thesis:

'What indicators can be used to measure the transparency value of Annual Sustainability Reports, and to what extent does this value correlate to the reputation (expressed as the RQ score) of an enterprise?'

*.1.1.1.1.4 Transparency: what is that?*

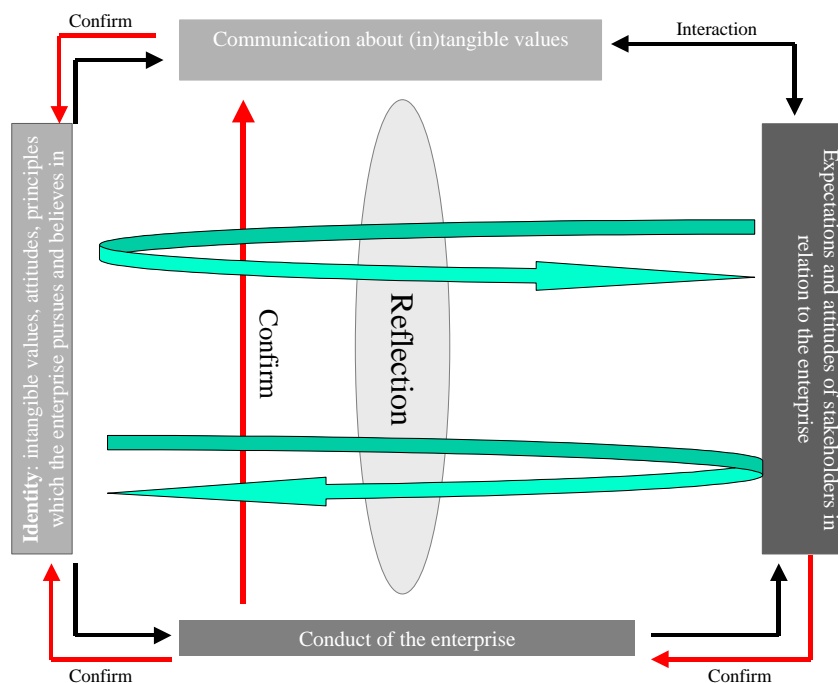
It is on the basis of the expectations, which the stakeholders nourish in relation to the company (Fombrun and Rindova, 2000) that they form an impression of the company. But listening carefully to what stakeholders think and want demands conscious interaction. If there is any discrepancy between the expectations of those stakeholders

that the company considers to be important and the company's own perceived identity, the company will find itself compelled to modify those deviant elements in its identity. Questions such as: 'who are we?' and 'what do we stand for?' will need to be answered anew, so as to bring such issues in line with the relevant expectations of the stakeholders.

By modifying its identity, and consequently its day-to-day business practices, the company will be able to align itself once again with the expectations and interests of the stakeholders. This will be accomplished through communication in the form of an intensive interaction. The interaction will be a positive *reflection* of the expectations of stakeholders on the basis of the original and renewed principles and the tangible and intangible values on which the company is based and - at the same time - the opinions of the stakeholders will be reflected in the identity of the company. The company will, of course, engage in other activities, which will reflect or manifest its identity. Such activities or conduct *validate* the content of the communications and the interaction of the company. Subsequently, this reflection and validation *confirms* to stakeholders that what they are observing is actually so. In my view, this entire process describes the *transparency* in communications between the company and its stakeholders.

Transparency is the vehicle by which to build confidence. Stakeholders acquire such confidence, in my view, on the basis of positive experiences. Their emotional involvement increases and the company's reputation is strengthened. In turn, they give the company the social legitimacy it needs to be able to operate. This entire process ultimately leads to a higher market value, more profit and a stronger competitive position for the company.

On the basis of the aforementioned principles and criteria and the accompanying considerations on the issue of transparency, I have come to the following definition: "Transparency is the interaction of an enterprise with its internal and primary external stakeholders in respect of *verifiable* events, issues, and expectations about its services and operations so as to create *sufficient* mutual confidence, so that stakeholders are able to judge the ambitions of the enterprise on the most appropriate merits; transparency adds an extra dimension to the reputation of an enterprise."



## **Figure 1: Transparency is a process of interaction, values and expectations with the possibility for verification**

### *.1.1.1.1.5 Transparency indicators and transparency score card*

The functional context within which Annual Sustainability Reports are compiled is the *institutional context of enterprises*. For the editors of an Annual Sustainability Report, this context brings with it the task of accounting to the primary stakeholders for the company's policies in terms of 'corporate social responsibility'. Such accounting for corporate social responsibility policies in a transparent way is further dependent on a number of task-defining factors. My research has led me to the following list of task-defining factors, which must be evident in any Annual Sustainability Report:

1. Clear structure and style in the text
2. Explicit definition of basic parameters for data on components of the organisation
3. Guidelines for issues to be addressed in the report
4. Verifiability of presented information
5. The ethical litmus test for dilemmas (ethical frame of reference)
6. Reflection of stakeholder attitude towards the organisation (critical or otherwise)
7. Reflection of objectives and measured results
8. Demonstration of historical correlation between promises in successive annual reports.

The task-defining factors can be looked upon as claims on the company made by the stakeholders as interested parties. To account for policies by giving stakeholders the opportunity to verify the underlying information, is to achieve transparency par excellence.

The task-defining factors mentioned above provide the indicators necessary to measure the transparency of Annual Sustainability Reports. I have distinguished three types of transparency indicators:

1. Linguistic indicators: these illustrate the clarity and accessibility of the text in terms of structure and style,
2. Thematic indicators: these show which elements or themes form the content of the report (the what),
3. Depth indicators: these provide insight into the way in which the company is dealing with those themes (the how).

The eight transparency indicators are used to compile the transparency scorecard. The scorecard is a method, which I have developed so as to be able to measure the transparency values of various Annual Sustainability Reports and to compare them like with like. The transparency scorecard is an aid for stakeholders. All in all, the indicators represent approximately 50 appraisal criteria. The degree of transparency for each appraisal criterion is measured on the basis of the scores on the three-point scale. This scale measures whether a criterion is present in the report, and to what extent.

The transparency value indicates the degree to which a particular appraisal criterion contributes to the transparency of an Annual Sustainability Report. The transparency value of a transparency indicator is expressed by means of the *average score* of all appraisal criteria falling under that indicator. I use the term 'transparency maximum' to describe the total number of points scored.

The practical applicability of the transparency scorecard has been evaluated by a number of pilot testers (evaluators). The tests were carried out on the basis of a questionnaire I adapted from the Importance-Delivery-Uniqueness model designed by Rossiter and Percy (1998). Just like the I-D-U model, I consider the appraisal criteria to be the 'benefits' or advantages of the transparency scorecard as a 'product'.

#### *.1.1.1.1.6 Practical research transparency scorecard*

The transparency scorecard has been tested by several stakeholders representing NGOs, the government and private organisations. The corpus of my research consists of twelve Annual Sustainability Reports from enterprises in six different sectors, i.e.: the oil and power industry (Shell and BP), the foodstuffs industry (Unilever and Nutreco), the financial sector (ING Bank and Rabobank), the chemical industry (BASF and DSM), the electronics industry (Philips and Sony) and the consumer goods industry (Procter & Gamble and Henkel). Nine of these enterprises also form part of the group of companies whose reputation is appraised periodically by the Reputation Institute. In order to make a valid comparison of the annual reports I needed to divide them into two groups for each particular report year (either 2001 or 2002), as not all the companies I was investigating had by then published their Annual Sustainability Report for 2002.

#### *.1.1.1.1.7 Stakeholders' appraisal of transparency scorecard*

The comments made by the evaluators have led to an approach, which is methodologically correct and provides a transparent allocation of weighting and scoring. The chosen approach is based on using a five-point scale for the scores instead of a three-point scale. Such a refinement will considerably enhance the accuracy of the comparison of the transparency aspects of annual reports. For the purposes of ensuring a methodologically correct weighting allocation, bearing in mind the three types of transparency indicators (linguistic, thematic and depth), it is proposed to process the scores on these three variables in two stages. During the first stage, the weighting factors attached to the appraisal criteria will all be weighted the same: one. The scores per type of indicator will then be divided by the total maximum number of points so as to calculate the scoring percentage for this category. During the second stage the transparency value of the Annual Sustainability Report in question will be calculated, this will be the sum total of the scores on all three categories of transparency indicators. The calculation will be made on the basis of the following formula:

$$\text{Transparency value} = \frac{(1 \times \text{linguistic indicator in \%}) + (1 \times \text{thematic indicator in \%}) + (2 \times \text{depth indicator in \%})}{400\%}$$

I shall briefly explain my choice for the 1:1:2 weighting. This ratio allows me to express my impression that assessing transparency is more about *how* things are reported than *what* is actually reported. In addition, this brings the effect of the language and style on the transparency of the report more in line with the other two types of indicators than had originally been the case. This formula produces a transparency value, x, which lies somewhere between 0 < x < 1. I have called this formula the 'transparency value formula'.

The evaluators also made suggestions about changing the formulation of certain appraisal criteria and adding new criteria to the scorecard. The study brought forth suggestions for 5 new linguistic indicators, 4 new thematic indicators and 8 new depth indicators.

The bookmark system was seen as a strong point of the transparency scorecard. This makes it easier for the reader to find and return to what he or she has already read. The scorecard also provides a good overall impression of the transparency of a company. It shows clearly where there are gaps in the report.

An analysis of the results made it clear that there are sometimes large differences between the scores given by different evaluators to the same report. Such differences arise, for instance, because one evaluator might have different expectations of the company than another evaluator. Using the transparency scorecard in a particular way can also affect the outcome.

### Expressing transparency values (scores) with the aid of the scorecard

Annual Sustainability Report	Linguistic indicator	Thematic indicator	Depth indicator	Transparency value of the report in % Maximum value = 1
Report Shell	0.84	0.62	0.63	0.68 (68%)
Report BP	0.5	0.33	0.37	0.40 (40%)
Report Unilever	0.79	0.81	0.42	0.61 (61%)
Report Nutreco	0.71	0.39	0.34	0.45 (45%)
Report ING Bank	0.25	0.30	0.34	0.31 (31%)
Report Rabobank	0.54	0.64	0.33	0.46 (46%)
Report BASF	0,54	0,55	0,41	0,48 (48%)

Figure 2a: Average transparency values by indicator category for Annual Sustainability Report 2001

Annual Sustainability Report	Linguistic indicator	Thematic indicator	Depth indicator	Transparency value of the report in % Maximum value = 1
Report DSM	0.38	0.52	0.36	0.41 (41%)
Report Philips	0.72	0.70	0.50	0.61 (61%)
Report Sony	0.54	0.56	0.46	0.51 (51%)
Report Henkel	0,75	0,59	0,33	0,5 (50%)
Report P&G	0,71	0,76	0,29	0,51 (51%)

Figure 2b: Average transparency values by indicator category for Annual Sustainability Report 2002

The above tables show that the scores for the depth indicator fall well behind the scores for the thematic and linguistic indicators. My explanation for this is that socially responsible entrepreneurship is still a relatively new phenomenon within many companies. In compiling their reports, companies concentrate first on getting their policy themes in order before going into more depth about the underlying processes as a way to focus on the chosen themes.

A second explanation could be that the scores for the linguistic indicator might be influencing the scores for the thematic and depth indicators. The score for the linguistic indicator, whether high or low, is reflected in an equally high (or low) score on the thematic and depth indicators. The high scores recorded for Shell and Philips, and the low scores for ING Bank and DSM, in respect of the linguistic, thematic and depth indicators seem to confirm this impression.

The 'best in class' of the Annual Sustainability Reports for the year 2001 is that published by Shell, and for 2002 that accolade goes to Philips. Shell's Annual Sustainability Report has, in fact, the highest transparency value of all annual reports. As this report covers the year 2001, we can assume it to be the 'best in class' of all the Annual Sustainability Reports reviewed. This result implies that Shell is in fact at least a year ahead of other companies in the context of sustainability reporting. The average score of the Annual Sustainability Reports for the year 2001 is 48%, and 51% for the year 2002. These percentages demonstrate that, by and large, there are no great differences in the quality of the reports over these two years. The 'improvement potential' of each Annual Sustainability Report can easily be discerned from the tables. Theoretically, this varies from 30% (Shell) to 70% (ING Bank). The average potential for improvement of the Annual Sustainability Reports for the year 2001 is 52%, and 49% for the year 2002.

#### *.1.1.1.1.8 The correlation between transparency and reputation*

To be able to relate the measured transparency values from the Annual Sustainability Reports under review against the reputation quotient, it is important that the correlation between these two types of variables is made explicit.

Figure 3 offers a convenient comparison of the transparency values of the Annual Sustainability Reports published by nine companies and the companies' reputation quotients.

I have not been able to discover any direct correlation between the transparency values of the reviewed reports and the reputation quotients of the companies. As far as transparency values are concerned, Shell leads the field, and it is a mid-field player in respect of reputation quotient. Unilever finishes in the top 3 on both lists and the ING Bank brings up the rear.



Transparency value			Reputation quotient <sup>40</sup>		
Companies	2001 en 2002	Ratio	Companies	2002	Ratio
Shell	0,63	100	Unilever	76,3	100
Philips	0,61	93,75	Sony	74,7	72,88
Unilever	0,61	93,75	Nutreco	72	42,37
Procter & Gamble	0,51	62,50	Philips	71,1	27,12
Sony	0,51	62,50	Shell	70,5	16,95
Rabobank	0,46	46,88	DSM	70,5	16,95
Nutreco	0,45	43,75	Rabobank	70,4	15,25
DSM	0,41	31,25	Procter & Gamble	69,7	3,39
ING Group	0,31	0,00	ING Group	69,5	0,00

Figure 3: comparison of transparency values and reputation quotients

My investigation leads me to propose the following reasons for the lack of any clear correlation between the transparency values and the reputation quotients:

- Transparency is just one of the variables which can influence the reputation drivers. Other variables include visibility, diversity, consistency and authenticity.
- In addition, the reputation of any company is dependent on factors such as the sector in which it is active and its country of origin.
- The influence of the variable 'transparency' on various platforms - a.k.a. reputation drivers - of a company is not only dependent on the publication of an Annual Sustainability Report. Media such as websites and product information leaflets also contribute in this respect.
- The target group for this investigation was that of professional stakeholders in the domain of corporate social responsibility, whereas the target group for any measurement of reputation will be consumers.

#### .1.1.1.1.9 Correlation between transparency appraisal criteria and reputation drivers

Besides the process of comparing the transparency values of the Annual Sustainability Report with a company's reputation quotient there is also another method of gaining more insight into the influence of transparency on reputation. That method involves using the transparency values of the various indicators to reveal the influence of the Annual Sustainability Report on the individual reputation drivers<sup>41</sup>. In other words: which drivers are most affected by the transparency values of these reports?

Given the limited scope of this investigation, it is difficult to find concrete statistics, which demonstrate the impact of the transparency values on the reputation drivers. I can, however, give an *indication* (or sensitivity analysis) on the basis of the results of my research. My findings show that there is a contextual correlation between the thematic and depth indicators on the one hand and the drivers 'vision and leadership',

<sup>40</sup> Source: Reputation Institute

<sup>41</sup> Reputation quotient drivers (Fombrun et al, 2000) together form the foundations for the company's reputation. These areas are: products and services, financial performance, vision and leadership, the organisation as employer, corporate social responsibility and emotional attraction.

'corporate social responsibility' and 'the organisation as employer' on the other hand. Further research would probably provide a better insight into the correlation between the transparency indicators in relation to corporate reputation.

Yvonne Pols

## **The Impact of Free Publicity on Public Opinion; What you see is what you get?**

Yvonne J.M. Pols (1960) started her career in 1980 at the Rabobank. In the meantime she studied Communications, soon after English and several management courses. After four years she joined Elsevier Science Publishers at the Editorial Acquisition Department. Together with the Senior Acquisition Editor she managed the book and journal fund Education, Computing, Management and Trade. She had the privilege to work on publications from Alexander Rinnooy Kan, Fred van Raaij, John Borking a.o. In 1987 she stepped into the ICT market and started at QMS Europe B.V. as Marketing Communications Manager, later on for Uniface Nederland B.V. and Lotus Development Benelux. For more than seven years she was Head Corporate Communications for Novell Benelux B.V. where she enjoyed wonderful colleagues. She entered the course Master of Corporate Communications in 2000. Yvonne is married and has two children. Sebastiaan 5 and Nena almost 4. She enjoys art and painting. Her favorite sports are Golf and Tennis. Caring for her dearest, family and friends are her supreme hobby.

### *.1.1.1.1.10 Introduction*

The purpose of this thesis is to measure the effect of reputational management on free publicity and the impact on public opinion in the IT market.

The way American organizations do business is intriguing. How easily they change the role of their management and the company's strategy. How quickly they reorganize internally. What is the impact of internal and external changes over the long run? What is the perception of the stakeholders? Do they sail by the free publicity, which is created for 90% by the corporate communications department and finalized by the press? Is it what you see is what you get? Companies deal with external perceptions and internal emotions and so does the recipient.

Is reputation a resource leading to competitive advantage? Can media reputation increase the performance? As David L. Deephouse recalls in the Journal of Management 2000, Media Reputation as a Strategic Resource: An Integration of Mass Communication and Resource-based theories.

Regrettably nothing was found about the above topic related to companies in the IT industry. That's why research was done with the reputation quotient model. Free publicity published in 1999, 2000 and 2001 have been evaluated as well qualitative as quantitative.

### *.1.1.1.1.11 The IT industry*

Doing business in the IT / Internet era demands quick thinking and ever quicker action. Especially when a company's reputation and possible future can be at stake. In this environment, managers suddenly have a new set of pro-active responsibilities. They must protect and enhance the company's reputation. At the same time, they must help their management to create new business models. Rather than copying the existing models they have to contribute to the organization's survival. They have to take an active role in helping the organization achieve radical innovation that often changes the parameters of competitive performance.

"Somewhere out there is a bullet with your company's name on it," said Gary Hamel, author of 'Leading the Revolution'. In the Internet world that shot can come from anywhere. Press, analysts, shareholders, customers, suppliers and employees, they all influence public opinion positively and negatively. Usually it is aimed directly at the organization's reputation. Is Gary Hamel's bullet a fact or not?

With the information technology moving toward electronics and digitization, the structural transformation of the information industry has become inevitable. Industrial structure is driven by the definition and extension of certain core competencies. A critical core competence for most companies is mastering the enabling technologies that help them create, produce, and distribute their products and services.

This thesis is based upon 4 hypotheses:

1. Reputational Management works!

Professional reputational management influences public opinion! It has a large impact on the organization with respect to its competitors. Deephouse states that reputation is a resource leading to competitive advantage.

2. Reputational Management works! Yes this is true only if the changes in reputational management are restricted. And the organization executes a professional and consistent reputation management policy.

3. Reputational Management works! Yes this is true but it depends on the industrial context. This industrial context has to be in the advantage of the organization. The new economy has created a lot of disorder and hype, which was uncontrollable for many organizations.

4. Reputational Management works! Yes this is true if the press is critical enough in their role to inform the public on important matters. The contribution of free press is imperative. Today in the 21st century society, the media is a watchdog that has to serve as a critic for atrocities against individuals, civilizations and humanity.

### **The Research Model**

#### **The Reputation Quotient by Charles J. Fombrun**

Measuring corporate reputations accurately is crucial if they are to be managed. Yet measures of reputation proliferate, encouraging chaos and confusion about a company's reputational assets. Some are arbitrarily performed by private panels and so are not replicable. Some are carried out with private information and so are

unverifiable. The result has been a veritable cacophony of ratings, few of which are directly comparable.

To overcome the inherent biases of different rating systems, in 1998 the Reputation Institute invited the market research firm of Harris Interactive to collaborate in creating a standardized instrument that could be used to measure perceptions of companies across industries and with multiple stakeholder segments.

Fombrun and Foss began that research by asking people to name companies they liked and respected, as well as companies they didn't like nor respected. They then asked them why they felt this way. When they analyzed the data from different groups and industries, the findings demonstrated that people justify their feelings about companies on one of 20 attributes that Fombrun and Foss grouped into 6 dimensions.

#### *.1.1.1.1.12 Media Reputation Index*

**Media Reputation Index is jointly prepared by Delahaye Medialink and the Reputation Institute. Mri breaks down coverage of companies into categories of the Reputation Quotient, a measure of corporate reputation developed by the Reputation Institute and regularly featured in the Wall Street Journal.**

Through the Media Reputation Index, Delahaye Medialink, a worldwide communications research leader, and the Reputation Institute, a global authority on building corporate reputation, combine each organization's strengths to bring the organization a cost effective solution that monitors how media coverage impacts corporate identify.

Media Reputation Index is based on the drivers of corporate reputation as developed through extensive research:

Below 6 drivers with 20 attributes have been written down and explain the way they have been interpreted in the media research how professional reputational management works in relation to the public opinion about Novell Benelux (1999 – 2001)

- **Emotional Appeal:**

How much the company is liked, admired, and respected.

**Like** = sympathy

**Admire** = positive vs. the competition

**Trust** = financial trust

- **Products & Services:**

Perceptions of the quality, innovation, value, and reliability of the company's products and services.

**Quality** = good quality of the products

**Innovative** = advantage in research and development and product launches

**Good value** = value for money

- **Financial Performance:**

Perceptions of the company's profitability, prospects, and risk.

**Profitability** = financial profits and turnover  
**Low-risk investment** = mergers that do not jeopardize the company's assets  
**Out-Performs** = doubling the turnover  
**Growth Prospects** = new potential and filling the pipeline

- **Vision & Leadership:**

How much the company demonstrates a clear vision and strong leadership.

**Leadership** = strong CEO and/or MD quoted in interviews  
**Clear Vision** = clear strategy and goals of the company and products  
**Opportunities** = positively mentioned only by name in an article

- **Workplace Environment:**

Perceptions of how well the company is managed, how it is to work for, and the quality of its employees.

**Good to work for** = a solid company to work for  
**Good employees** = positive image and team spirit  
**Well managed** = good company to work for

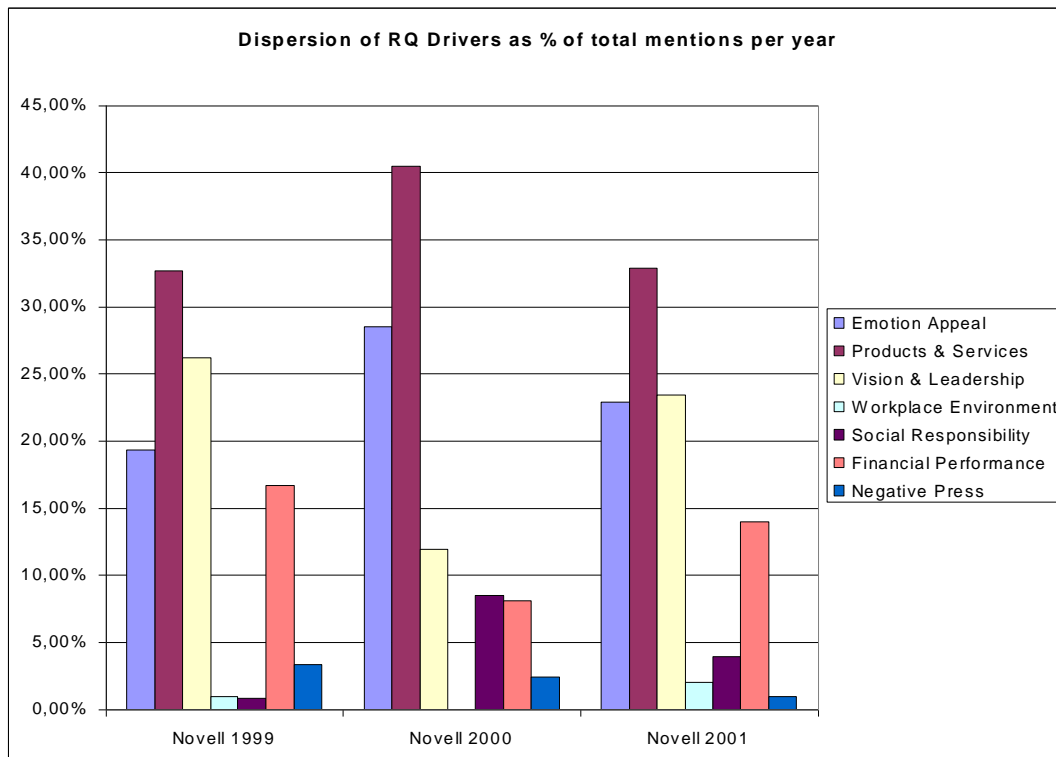
- **Social Responsibility:**

Perceptions of the company as a good citizen in its dealings with communities, employees, and the environment.

**Support causes** = sponsoring and illegal software prevention  
**Environment** = perception of analysts and employees  
**Treat people** = customers and partners

**Negative press** = gap in development and strategy. This attribute has also been used for extreme negative stories. In the original model this attribute was called Stands behind. In the original version all drivers and attributes are positive. During the research it became clear that a negative driver was necessary since every organization receives negative press from time to time. Only in the first chart negative press was included.

As result of the Reputation Quotient research nine charts are being presented in this thesis. In this resume only the chart Dispersion of RQ drivers as % of total mentions per year is shown.



### **The dispersion of the RQ drivers as % of total mentions per year**

Looking at the drivers it is obvious that the driver Products & Services is the highest score, which is not a surprise since Novell has been the technology leader for many years. Followed by Emotional Appeal. The “like, admire and trust” has scored high. Because Novell has been a technology market leader for so many years, the company was a reliable and stable organization over the years to deal with.

*Vision & Leadership is the third highest driver in this chart. Leadership, Clear vision and Opportunities characterize again their strong leadership and many possibilities and open doors to customers and prospects for the organization via the media.*

The driver Financial Performances is much lower unfortunately, because this driver influences the stock of the company on the NASDAQ. Also the company has been in rough waters the last seven years, which influenced the financial performance.

The Social Responsibility is the next driver in this sequence. Support causes, Environment, Treat people have not been the aims and scope of the organization.

Negative press scores higher in 1999 than in 2000. In 1999 Novell was back in the race again after several lay-offs and failed acquisitions. The sales figures were much better than the previous two years. The free press was looking forward to a reborn Novell and a good opponent in the market. In 2000 Novell was back on track and gained a lot of sales out of up-grading customers with respect to the new millennium. 2001 was a year of a new launch of the latest platform NetWare 6. A lot of positive free publicity was generated despite the hesitation of the acquisition of Cambridge Technology Partners. The set back came end of 2001 beginning of 2002.

Last driver is Workplace Environment. Good to work for, Good employees, well managed. In comparison to Microsoft, Novell was hardly mentioned over the past few years as a good company to work for or a company that is good for its employees.

#### *.1.1.1.13 Conclusion*

Results indicate that the RQ implemented in the Mri is a valid instrument for measuring corporate reputations and can be used to benchmark companies across industries and countries. The RQ is therefore rapidly developing into a standardized instrument for assessing corporate reputations around the world.

In short you can conclude that media coverage influences the reputation of an organization and the public opinion. Free publicity is an important and powerful tool and the first objective handshake to the stakeholders of an organization. It is also a reasonable pointer how the public perceives a company. The public is judging a company on the content of an article. The number and the content of the articles published influences the corporate image of an organization. Of course this can be negative or positive. The press is the key component and conveyance. Also the influencers towards the press are crucial stakeholders.

Nonetheless an organization that monitors the impact of media coverage can influence the result and is one step ahead of its competitors.

Again it proves that consistency in professional reputational management is the foundation for an advantageous implementation of a company's communications strategy.

More about the conclusion can be read in the thesis itself.

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Ilja van Roon

## **Strength from Within: How European Business Schools Buffer the Effect of Rankings on Identity and Reputation**

Ilja van Roon (1974) is Marketing and Communications Associate with the Rotterdam School of Management, the Erasmus Graduate School of Business.

### *.1.1.1.1.14 Abstract*

Semi-structured interviews with communications executives from 12 European business schools explored how these schools manage the impact of rankings on their identity and reputation. Analysis found that the schools could buffer the impact of rankings by developing a strong corporate identity, investing in long-term relations with external stakeholders, developing a clear mission, vision and strategy and by maintaining two-way internal communication. Rather than being held hostage to the rankings, these schools pursue their own strategies regardless of the rankings and make use of the valuable business intelligence contained within them to improve their products and services. This research further signals the growing maturity of the European business school sector and the need for business schools to embrace reputation management and reputation and identity measurement efforts.

### *.1.1.1.1.15 Introduction*

The European business school landscape is in flux. With the signing of the Bologna Declaration and its Prague successor, 32 European countries have committed themselves to phasing out their individual national higher education systems in favor of a Europe-wide Bachelor's-Master's model. This will enhance the number of potential MBA students within a more transparent and level playing field, but also increase competition among European schools (Shenton and Peters, 2003). In addition, internationalization is driving change in a number of ways, most importantly by increasing the number of international students and faculty (Terrasse, 2002) and through the emergence of strong business schools in Latin America and Asia (Economist, 2002a), as well as Eastern Europe (Economist, 2002b). Considering the myriad developments affecting European business schools and the role that rankings play in driving competition among them, this thesis attempts to answer the following research question:

**“In what way do European business schools manage the impact of the rankings on their identity and reputation?”**

### **Issues with Rankings**

Positive rankings have been associated with anything from increased student applications and endowments, to premium salaries for graduates and employment of reputed faculty. In the 2001 Global MBA Survey of the Graduate Management Admissions Council, 95 % of the nearly 5,000 then recent MBA graduates cited rankings as the most influential media source in helping form their impression of the

schools where they pursued their MBAs (Graduate Management News, 2001c). Business schools, though, have a love-hate relationship with rankings due to what they consider flaws in their methodology and criteria.

Research conducted on the effect of American rankings on American business schools paints a cynical picture. Corley and Gioia (2000) interviewed executives from American schools and found that they considered rankings a game that pitted the needs of publications to sell more copies against the ability of business schools to place a positive spin on the results. A study by Elsbach and Kramer (1996) also indicated that schools will reframe negative results in such a way that they reflect positively on the school. Martins (1998) has warned that rankings induce conformity and standardization among schools to the point of hampering their ability to innovate, learn, develop or create competitive advantages vis-à-vis other schools.

#### .1.1.1.16 *Rankings, Identity and Reputation*

Theory from the realm of identity and reputation is used to construct a framework for analyzing the research results. Albert and Whetten (1985) allow for the simultaneous existence of hybrid or even multiple identities within organizations such as universities. Albert and Adams (2001) argue that organizations are hybrid when their identities are perceived internally as inviolate, incompatible and indispensable. These issues can be of relevance to business schools when manage the impact of rankings on identity. As far as reputation is concerned, the thesis makes ample use of Fombrun's model of reputation (2003), which recognizes six drivers and 20 attributes of reputation. If the criteria used by the 2003 *Financial Times* Full-Time MBA ranking are inserted into Fombrun's model, it emerges that this ranking reports on graduates' and recruiter's satisfaction with 'products and services' only, rather than reflecting on reputation as a whole:

Fombrun's Reputation Driver	Total Weight in FT Ranking
Emotional Appeal	2%
Products & Services	98%
Financial Performance	0%
Vision & Leadership	0%
Workplace Environment	0%
Social Responsibility	0%

#### .1.1.1.17 *Methodology*

Lack of research dealing with European business schools and rankings justified a grounded theory approach to answering the research question (Glaser and Strauss, 1967). This post-modern qualitative research method has proven itself in explorative research where the emphasis lay on the need to infer theories, models or concepts from data (Strauss and Corbin, 1994). My sample set consisted of communications executives from European schools ranked by the 2003 *Financial Times* Full-Time MBA ranking. Out of the 26 European schools listed in this ranking 12 eventually participated in a telephonic interview, representing six different countries. The interviews were transcribed, coded and analyzed in three categories: operational and strategic approach to the rankings, managing the impact on identity and managing the

impact on reputation. A narrative was build on the basis of these categories, which in turned served as the basis for a conclusion.

#### *.1.1.1.1.18 Operational and Strategic Approach to Rankings*

From the interviews it emerged that European schools participate in the rankings for a number of reasons:

- Not participating will have a negative impact on a school's reputation;
- Rankings help to build the school's brand and reputation;
- Ranking results contain valuable business intelligence;
- Prospective students need objective information about business schools.

In theory, knowledge of a ranking's criteria and methodologies could allow business schools to reverse engineer their processes. While schools said that they have used the results from rankings to identify and deal with problem areas, no school said it would reverse engineer its processes. This turned out to be both an issue of pride (submitting to the rankings implies loosing the "rankings game") and of business sense: it would require schools to give up (parts of) their identity and would make them vulnerable, since the criteria used by rankings tend to change over time.

#### *.1.1.1.1.19 Impact of Rankings on Identity and Reputation*

When communicating to internal and external stakeholders, European business schools reframe the results of rankings to suit their interests. However, in communicating the results the schools emphasize the schools identity and mission rather than blaming the rankings. They also engage in two-way communication with internal stakeholders and invest in building long-term relations with external stakeholders such as recruiters and alumni. As a consequence, business school's external and internal stakeholders are influenced by the rankings, but only to a degree that is acceptable to the schools.

#### *.1.1.1.1.20 Conclusion*

This research finds that European business schools take a self-confident and dissociated approach to the rankings, contrary to American schools, which see rankings as a threat to identity and reputation. European business schools buffer the impact of rankings on their identity and reputation, by developing a strong identity, investing in long-term relations with external stakeholders, developing a clear mission, vision and strategy and by maintaining two-way internal communication. With these elements in place, business schools can use valuable business intelligence contained within the rankings to improve their products and services without rendering control over their organizations.

#### *.1.1.1.1.21 Managerial and Theoretical Implications*

Different cultural environments and strategic approaches could explain the difference between the way that European and American business schools deal with the rankings. Europe's inside-out approach allows for the interests of all stakeholders to be aligned

going forward, while America's outside-in approach gives prominence to graduates and recruiters only. As a result, American schools are far more vulnerable to the rankings. European business schools could improve this alignment by embracing reputation management as a means of creating a common frame of reference for a school's disparate teaching, research and service functions. This also requires schools to measure reputation and identity on an ongoing basis.

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James Russell

## **Walking the Talk; The BBC – A Believable ‘Suspension of Disbelief’**

James Russell has pursued a variety of senior international communication roles, namely with Philips International, Galileo and Wavin. He believes in the power of corporate communication and the creative process that can turn blueprint into newsprint. His interests are languages, history, squash, karate and good conversation.

Fat cats, double bookkeeping, dwindling advertising revenues...has the business world gone mad? Perhaps! This thesis does not explain the reasons behind the lack of trust that has engulfed the business world. But it does argue for a return to basics. Setting out one's stall is one of the most fundamental principles of business. And making a fast buck has nothing to do with it! It is all about creating added value and communicating its essence.

The British Broadcasting Corporation affectionately known as the ‘Beeb’ or ‘Auntie’ has built up an international reputation for solid news reporting. At home it is often seen as a monolithic organization. But for the BBC, in the lyrics of Bob Dylan, ‘The Times They Are A-Changin’’. On the world stage, the Company is shaking off its sole image as a public broadcaster through making imaginative television programs such as *Walking With Dinosaurs*, *Blue Planet*, *Top of the Pops* and *The Weakest Link*. Behind these now global brands is a formidable revenue earner in the form of games, books, magazines, DVD's, etc. The communication effort is significant and sum of the parts is greater than the whole!

**This thesis traces the development of the *Walking With* brand and asks the question: under which circumstances does the BBC corporate brand provide added value in promoting high-class documentaries such as the *Walking With* series of documentaries within the international context?**

### **SYNOPSIS:**

*WALKING WITH DINOSAURS* is a prehistoric series made by the BBC. It has brought dinosaurs back to life on a small screen. The series uses advanced computer animation, state of art animatronics and the latest scientific findings to paint a unique picture of the sights and sounds of the time when dinosaurs walked on Earth. *Walking With Dinosaurs* spans 155 million years of prehistory and combines rigorous science with the mystery and excitement of the most spectacular creatures the world has

ever known. Familiar species are featured – Tyrannosaurus, Diplodocus, Stegosaurus – as well as animals, which will be totally new to television audiences, including the extraordinary marine, reptile Liopleurodon, the world's largest carnivore and the awe inspiring Omithocheirus, the biggest flying creature ever known. The series also explores the plants, insects, climate and geography of the period, capturing on camera for the first time a complete

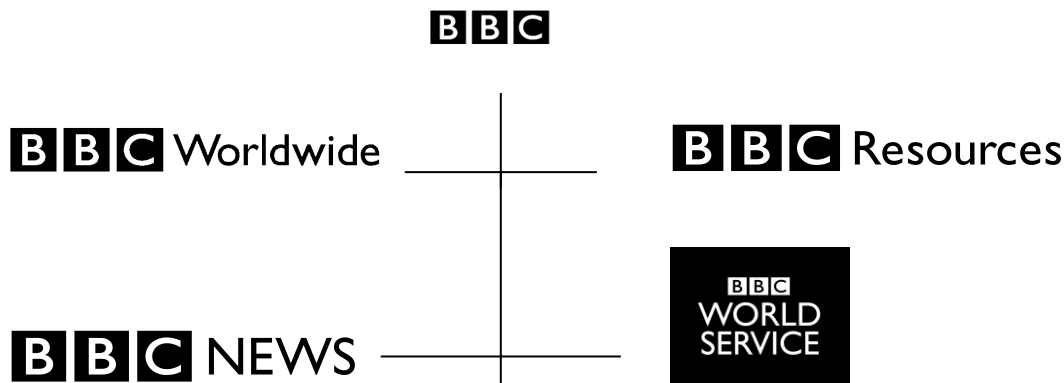
ecosystem and creating 'extinct life on Earth'.

.1.1.1.1.22

.1.1.1.1.23 *Personality*

A global brand cannot be understood in isolation. Somewhere there is a parental influence that shapes the personality of a brand and vice versa. Corporate identity is all about self-presentation to a world of stakeholders. Brands also have to be presented and whereas the former process is called corporate profiling, the latter is referred to as branding. Van Riel in his theory of linkage has looked at the mechanism whereby brands are positioned and communicated.

Although the BBC is sometimes publicly criticized for its monolithic behavior, its corporate branding is not. Following the Olins classification of corporate branding, the branding policy at the BBC is one of strong endorsement. The parent (BBC) prevails graphically and verbally and the BBC Worldwide carries the parent logo:



.1.1.1.1.24 *Appeal*

For companies or organizations that rely for their existence on creating a positive perception in the minds of their publics, their cues should have an essentially appealing nature. The contribution of Professor Charles Fombrun is unique in that his theory of measuring reputation of companies not only involves the financials but media exposure. 'What you see is what you get'.



Brown and Dacin (1997) and Keller (1993) believe that the endorser's attributes are highly relevant in the reputation transfer context. They introduced two types of corporate association. The first they term corporate ability (CA), the other corporate Social Responsibility. However, the work of Maathuis suggests that public faith in corporate responsibility is now lacking and that brands are being 'demystified'. The work of Aaker suggests that companies that work hard on building strong brand equity and generate the right kind of corporate associations are creating value through the power behind the brand. Such is the case of the BBC.

#### *.1.1.1.1.25 Broadcasting the Big Brand*

The British Broadcasting Company (BBC), later renamed Corporation was formed in 1922 for the purpose of public service radio broadcasting. In 1936, the BBC started the world's first regular high definition television service from Alexandra Palace. Today the BBC is the UK's number one mass-market broadcaster of radio and television programs. On the day that the 9-11 conflict arose, 35 million people in the UK (2001 population: 58.8 million) tuned to the BBC for its coverage on radio, television and the web. The Corporation now has a new communication task of persuading audiences that the 'BBC Brand is **creative, distinctive, entertaining, contemporary and high-quality**'.

BBC Worldwide was formed in 1994 as its commercial arm. It generates a commercial income of GBP 660 million (2001/2002) through the distribution of television programs, the operation of commercial channels and the publishing of magazines, books, videos, DVD's, audiotapes, CD's and other licensed products. The true importance of BBC Worldwide is reflected by the GBP 108 million cash contribution that it made to the BBC for the production of programs.

The Walking With brand was first conceived in 1999 as a result of Walking With Dinosaurs (WWD). It represented a new class of scientific documentaries that are innovative and highly imaginative. It was followed by Walking With Beasts (WWB) and then by a third genre, Walking With Cavemen (WWC).

## **RESEARCH**

For the research in this thesis, we look at the theory of communicating the BBC brand by asking the international buyers of such programs why they buy and the international viewers why they view? We looked for any disconnects between the promises the brand claims and what is delivered (perception). We check out the power behind the BBC corporate brand in terms of corporate ability and corporate responsibility. We also pursued some practical ways of measuring the communication effort.

## CONCLUSION

The circumstances are an organization whose people and products are perceived by buyers and viewers as being highly professional. Buyers do not have to hesitate before contemplating a documentary on offer from the BBC. The Walking With brand has changed perceptions. The brand represents a watershed in program making and in driving brand and corporate equity on a global stage.

The expectations are that out of thousands of documentary program makers in the world, the BBC documentary will offer a low risk investment. But there is always some risk attached. Moreover, there is some concern that the innovative nature of the programs is slipping from WWD to WWB to WWC. Whereas buyers are extremely enthusiastic about the side products, they are concerned that the BBC does not lose its objectivity and follow the US commercial route.

The corporate abilities of the BBC are well documented in this thesis. International buyers and viewers do not perceive the company as being 'old fashioned' or 'on the way down'.

Quite the reverse! Perceptions are that the BBC is viewed in similar ways to the programs that it sells. The medium is the medium. It is seen as a high-class, high quality, professional company that everybody wants to work for (buyers and viewers!). It is seen as looking after its people. It is seen as objective and responsible. It is open to new ideas. It is putting principles into practice, by being **balanced** in creed and deed. Its reputation is amplified through Cartesian logic. The buyers and viewers want to come back for more.

They no longer see the BBC as just a reliable source of balanced news. They also perceive the company as a program maker. And the synergy is clear. Every published and promotional word has earned a euro in terms of audience share and sales of books, magazines, DVD's and videos. This back selling through exposure and the medium itself has changed the way the (foreign) mass audience looks at (and watches) BBC documentaries.

Recommendations? Now that the international perceptions of the company are changing, more listening to stakeholders is advised. A new system of expectations has been created and the freshness and objectivity of its programs should continue to prevail. The Corporation now has an ideal opportunity to explore and develop the goodwill that it has created through the Walking With series. The power behind the brand is inviting stakeholders to see how the BBC stall is built. They like what they see and they like what they watch! By listening to buyers and viewers alike, it is clear that they view the company in **high status**. And some of the buyers and viewers also have some creative ideas. Some of these notions could be ready for *Walking!*

The author would like to thank the people of BBC Worldwide and in particular, Walter Hellebrand, head of press and PR for EMEIA for their openness, collaboration and support.



Janine van der Spoel

## **Linking recruitment and retention; How image and identity meet in university**

*Janine van der Spoel works as a senior account manager external communication at Delft University of Technology. She is especially involved with communication in science and technology and educational projects for prospect students. Before she came to Delft she trained adult students in marketing communication and presentation at the RBA and worked for the National Center of Expertise (LDC) where she produced, wrote and published instruction methods in study and job choice. After some years as a communication advisor at the foundation of regional broadcast she decided for her shift to university. Janine studied in the program of European leisure studies, which she completed in Amiens, France. There she carried out research projects for the Ministry of Tourism. She is married to Wim, mother of baby daughter Lonneke and enjoys camping, traveling, literature, cycle sports and her social and family live.*

### **Importance of recruitment and retention**

In the last decade recruitment of students has become an increasingly important issue for Dutch universities. Financing burdens in the Netherlands are shifting from government to the institutions and outside funding. As a result, universities look for ways to control costs and foster income. Increasing reliance on tuition fees seems a logical result.

The pressure to enroll more but also high-ability students is high. It is rather important to attract students with capacities to graduate. Recruitment and avoiding dropouts, stop-outs and transfer students (retention) is more important than it was ten years ago. As a result universities increasingly focus their attention to extensive marketing- and communication-efforts. However communications in higher education<sup>42</sup>, as the ‘organizational glue’ between identity, image and strategy, can no longer be considered only an input- or recruitment activity; rather it is a system-wide activity concerned with among others *input* (recruitment), *throughput* (retention of those recruits) and *output* (successful completion of those recruits' learning objectives). This also defines the core of those efforts: enrollment, retention and graduation rates.

Moreover the amount of programs in higher education has augmented immensely in the last ten years, whereas the pool of high school students has been decreasing. The enormous competition on the higher education market and the smaller application pools, have intensified the need to analyze a large number of processes at the root of maintaining or even augmenting a total student population. The importance of what we name retention is being fortified by the so-called Bachelor Master model (BaMa), recently introduced in The Netherlands. The former academic education path of four or five years is divided into a bachelor- and a master program. After finishing a bachelor, students have the opportunity to complete their studies with a master. Enrollment in another faculty program or institution is possible; students are not obliged to 'stick to their roots'.

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<sup>42</sup> Dutch higher education has an obvious binary structure, a system divided into institutions of higher professional education (‘hogescholen’) and universities. Higher education in this thesis refers to university.

### ***Influence of students on image***

In the last ten years the visibility and importance of institutional rankings and ratings in education has increased steadily. Results of external student-surveys in public media have become a visible part of the educational landscape. The emergence of these publications has accentuated the direct relationship between prospective and present students. After all, most publications are based on students' opinion and satisfaction (attitude) influences the overall view.

This phenomenon and thereby the influence of students' attitude (throughput stage) on recruitment (input) are not to be underestimated. Efforts and research in order to augment student satisfaction will be continuing important tasks. Implementing those factors e.g. by a more active role of students within the recruitment stage and adding to our list of communication practices might be an opportunity. However, a study to identify the real impact of those influencing factors on recruitment, as done in the thesis was desirable.

#### ***.1.2 Influence of recruitment on retention***

Research studies have shown that institutions of higher education need to research their characteristics and fit them to characteristics potential students are seeking (Litten, 1980). A good fit results in a student population satisfied with their institution, education and reaching graduation. Those characteristics are often embedded in 'promises' resulting in expectations freshmen have. Once converted in experiences students are able to express their opinion about the institution. In their assessment, processes of attribution are an important factor. If reality does not comply with their expectations dissatisfaction may arise. Disappointments will especially cause dissatisfaction if a client (student) assigns the cause of their frustration to the organization (university). This is called external attribution (Van Raay, 1985).

Students' confidence in the institution inspired by promises is to be guarded through their 'educational career'. In the recruitment process we can easily make use of 'promises' not fitting to characteristics in so-called recruitment messages. Expectations will run too high and dissatisfaction may arise. Expectations should not deviate too much from the organization's identity and actual possibilities (Van Riel, 2001). This 'internal concern' may affect the recruitment efforts in the long term as well. The extent to which the organization is considered to be a credible source, influences the extent to which the receiver is giving attention and appreciation to its products, services and other of aspects of the organization (Keller & Aaker, 1998). Eventually, we want to avoid a so-called image-culture gap (Schultz, 2001).

Academic students, once pupils with great expectations, are now experiencing 'reality' as organizational members and consumers. They are no longer a concern of recruitment officers but of colleagues responsible for the next step: the retention process (student-advisors, education-officers). Attention is given to avoid too much dissatisfaction in order to keep those students in home. We lack to pay attention to the roots for successful retention; they already grow in the recruitment process.

#### ***Organizational structures and communication efforts***

Recruitment in higher education, i.e. the input stage, is mostly a major task of marketing & communication departments. Promotional materials are sent to high school students, guidance counselors or distributed on special occasions. Another large portion of the communication budget is allocated to faculty and university visits, internet as a popular tool and marketing efforts like advertising, bill boarding and webvertising.

Retention efforts however are, in daily practice, a concern for student advisors and counselors as members of departments for education & student affairs. Universities and faculties have implemented a number of support programs to increase students' feeling of connection to the institution, supporting satisfaction. All this in order to avoid student delay and reduce the rate at which students leave university before graduating.

In fact both specialties put a lens on student experiences, but each sees students from a particular vantage point. Decisions in these areas are made in different parts of the campus, in different divisions, with different management. Linking both specialties enables university to see its students from a wider, more comprehensive angle. It can also help to see itself through the eyes of (prospect) students, providing a more student-centered view. Furthermore it averts a lack of information exchange and different ways in trying to reach communication goals and objectives. Any action or expression of a company can be classified under 'behavior, communication and symbolism'. Ideally, these dimensions of corporate identity should comply with the requirements '*continuity, centrality and distinctiveness*'. Those requirements are not met in absence of consistent policy in recruitment and retention efforts. Then, worthwhile communication efforts reflecting an identifiable and consistent identity are not to be expected. It can lead to *fragmented* even contradictory manifestations of university.

### ***Objective and methods of research***

In this study we investigated the *effect* of recruitment factors on retention and vice versa. This was carried out among others on the basis of a survey under freshman and graduate students. Results of this survey indicated whether adaptations in organizational structures or communication policy are required to harmonize and enhance communication efforts in recruitment and retention.

In order to search for the mentioned effect we decided for a direction of research by addressing four research questions.

1. Does student satisfaction influence the recruitment process?
2. Can recruitment efforts successfully influence retention efforts?
3. Can we identify a discrepancy between the image recruiting students, and the culture among which student-experience (a so called image-culture gap)?
4. In order to search for a link between both areas, inquiries were conducted by questionnaires listing academic characteristics. This inventory enabled a fourth research question: which academic characteristics attract students to our doors?

To study the first, third en fourth question we analyzed some underlying concepts and principles supported by two surveys as part of a case study. In order to answer the second question literature and existing concepts were discussed and theories were combined. The case study performed consisted of inquiries among different student groups. Questionnaires focused on characteristics as commonly used in recruitment efforts. These concern characteristics that are being subscribed, claimed or met. In the questionnaires we focused mainly on the influence of recruitment characteristics on the final choice of high-school students and the influence of students on the process of choice, identifying a possible gap between evoked expectations and experiences. The research questions were addressed by collecting data using two types of questionnaires. One dealt with the study choice process of freshmen, the other focused on the satisfaction of graduate students. A gap between characteristics determining the recruitment image and students perception of the culture may participate in the extent of satisfaction/dissatisfaction of students and their judgment of the institute or program.

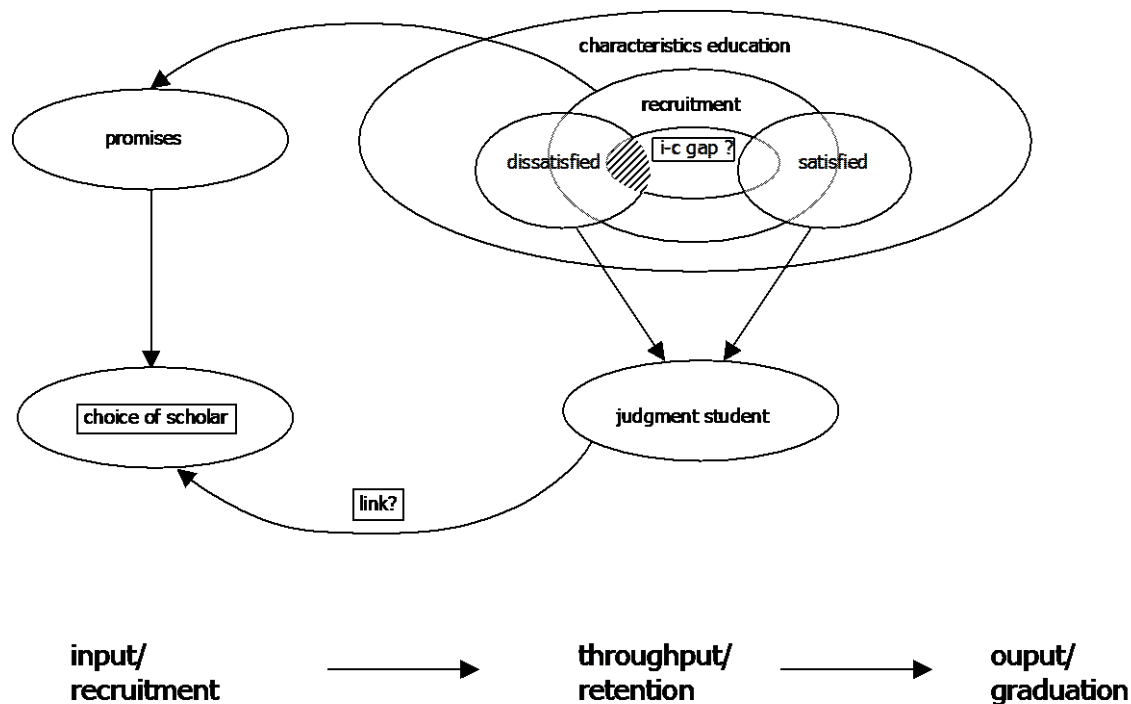


Figure 1: Illustration of factors influencing the choice process

### .1.3 Conclusions and recommendations

After selecting and combining indications from literature and the case study we approached the following general conclusions. The influence of recruitment on retention and vice versa has become very clear. The links between recruitment and retention have been confirmed as well as the importance of consistency in evoked expectations in the recruitment (input) phase. Unmet expectations have an influence on student satisfaction, and consequently also on retention efforts. Moreover, making use of 'students as ambassadors in the recruitment process' can contribute to the student's process of identification with the program or the department. This can have a positive effect on the individual's attitude and satisfaction.

The influence of retention on recruitment is clear from the importance that potential students attach to students in expressing the recruitment message (both one-on-one and in the media) and the influence of student satisfaction in their expression of the recruitment message.

Both the physical contribution of students and the strengthening or removal of reciprocal influences requires cooperation. Departments responsible for recruitment (marketing and communication departments) and departments responsible for retention (education & student affairs departments) are strongly divided in terms of organization. Neither responsibilities nor communication tasks are shared. These reciprocal influences require closer cooperation between the departments and joint efforts in the area of internal and external communication.

### .1.4 Notable subsidiary findings

**We must keep in mind that in recruiting students, the *recruitment image* can be separate from the corporate image. This recruitment image can be successfully influenced through the use of *recruitment messages* with consistent characteristics. These recruitment messages play a major role in the initial stage of the choice process. In the**

**final stage, however, student opinions (e.g. public rankings) seem to be important for the last little push.**

### *.1.5 Key recommendations*

Recruitment and retention activities:

- Roots for successful retention may already grow in the recruitment process. Retention strategies in which the institution takes the initiative usually consist of training advice or counseling. Significant advantages exist in extending intervention by pre-emptive strategies integrating recruitment efforts such as trial classes and intensive alumni - high school student contact. Such *joint* initiatives are effective in treating retention-related problems before symptoms even develop.
- One should attempt to create a recruitment image in the recruitment of students through the use of consistent messages. This image is particularly important in the initial stage of the choice process. The department or program should not rely on an excessive trust in an existing or desired corporate image.
- Career perspective and curriculum content are generally important components of the recruitment message. These elements are to be supported by important program-specific characteristics. *'... before expressing messages towards prospects, universities need to research their specific characteristics and, most important, fit them to characteristics those potential students are seeking'*.
- The department or university certainly plays a role in the work of a program to attract students. General characteristics can be used, however the focus should rest on program-specific characteristics.
- Prospective students seem to value student stories in the media and their opinion in public rankings *if* they happen to come across them. Given the expected increase of such things as rankings, universities should be prepared for this influence. Attention should be devoted to student satisfaction in this context and to their opportunity to express themselves.
- Attention must be devoted to the identification process of the student for the purpose of retention efforts and for their role in recruitment efforts. Ambassadorship plays a role in the recruitment phase.
- The program should articulate the gaps between expectations and experiences and characteristics, and should adapt its recruitment and retention efforts if necessary.

Towards organizational structure:

- There are clear communication links between recruitment and retention. To coordinate the communication efforts for the acquisition and retention of students a structure of cooperation between marketing & communications departments as well as departments of education & student affairs should be implemented.
- Universities must look critically at the function of communications & marketing departments in the *total* educational process. Marketing & communications departments cannot restrict themselves to being recruiters in the process of input, throughput and output; they must incorporate all of the functions involved in recruiting, admissions, retaining and replacing students. This means an inventory of all necessary and existing communication functions and the links between those functions, crossing horizontally and vertically the input, throughput and output processes. Harmonization will result when a coherent communication policy is adopted, facilitating a process, which will create a favorable image in the eyes of major target groups.



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Christien Stoker

### **It's about relating!**

#### **How relationships create business value: a Marketing and Reputation perspective**

*Christien Stoker (1970) works as a communication advisor at nl.tree, the Internet provider for schools. Although mainly in Marketing Communication, she also works on projects that concern organizational culture and corporate identity.*

*Being a true northerner she studied Communications at Groningen University. She spent a year in Montreal, Canada, studying both Communications and Journalism, and graduated in 1994. Her career started at a small communication agency in The Hague. Within 2 years she switched to KPN, where she developed a blueprint for writing consumer manuals and worked as a channel marketer. She left KPN in 2000, to return to what she likes best and is close to her nature: Communication. Christien lives in The Hague, together with Rick. She enjoys the beach the whole year round and dining with her friends. Besides that she likes to travel, sing, dance and learn in all possible ways.*

#### **Need for relationship management**

Managing relationships is the imperative of today's network economy. Establishing ongoing dialogue, collaborating with suppliers, sharing information with customers and involving employees in the company's strategy are crucial to being successful these days. The days of quick wins, only in the company's interest, are over.

Several developments have contributed to this. First of all, saturated markets force firms to retain existing customers more aggressively. They also need to generate more revenues from each customer. Second, due to outsourcing non-core activities companies' periphery will expand, also demanding pro-active relationship management. And third, to win the war for talent, firms will need to attract and retain the best employees (Sawnehey and Zabin, 2002).

**Besides, customers have become more critical of what organizations' offer and do. Persuasion is no longer the tactic to get customers to buy your products, collaboration is. The Internet provides customers with all kinds of information that increases their independence and autonomy. Because of all this companies have to work harder – relate better – to be top of mind.**

#### **Relationships create business value**

Booz Allen Hamilton (2002) found that top-performing companies are more relationship-driven than are lower performing firms. Their survey revealed that successful organizations who effectively build and leverage relational capital not only set up partnerships with customers, they also focus on increasing the longevity of supplier relationships and sharing information with customers, suppliers and alliance partners. Successful firms communicate better internally as well.

Relationships enable flow and use of resources like financial and intellectual capital. Positive relationships also are a source of a good reputation. Reputation roughly being the overall estimation in which a company is held by its constituents (Fombrun, 1996). In order to maintain a corporate reputation a company must nurture and sustain its relationships, preferably by expressing itself in such a way that it is appealing to all stakeholders (Schultz et al., 2000).

## Central question

Whether it is out of the principle of 'doing good', retaining customers, or reducing costs, managing relationships is a key factor in being successful these days. I believe managing relationships aims at stimulating repeat purchase by existing customers as well as creating a sense of 'feeling at home' or 'appreciation'. Therefore my research question is as follows:

## How do companies build and maintain relationships with their customers and in what way does their behavior and activities reflect efforts to create a strong reputation?

Literature, desk and web research as well as interviews with professionals in the services industry (Robeco, Postbank, Essent, Planet Media Group and SNS Bank) have lead to insights and conclusions that are described below.

### .1.6.1.1.1 Two perspectives on relationship management

Managing relationships is particularly advocated from two perspectives: Marketing and Reputation. Relationship management in terms of marketers means "establishing, maintaining and enhancing (usually, but not necessarily) long-term relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises". (Grönroos, 1983).

**Reputation scholars focus on all stakeholders whose opinions matter to the organization.**

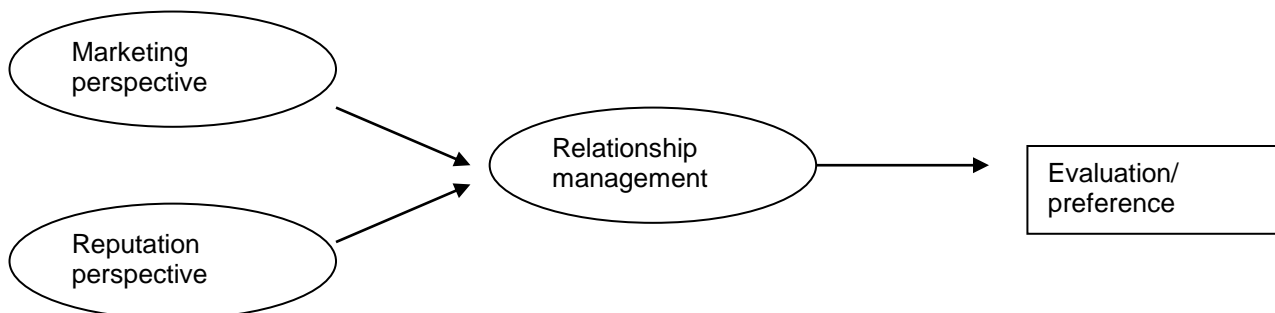


Figure 1: The two perspectives on relationship management

### Insights from the Marketing perspective

A loyalty-strategy is an effective strategy to realize autonomous growth. Research shows that the longer a customer stays with the company, the more profitable it is for the company (lower costs, more revenues, less complaints, word of mouth, etc.). Loyal customers are pursued, by segmenting customers in homogenous groups, offering tailor made products and customer controlled services. Loyalty is defined as: "the intention to perform a diverse set of behaviors that signal a motivation to maintain a relationship, including a higher share of the category wallet to the specific service provider, engaging in positive word of mouth and repeat purchase." (Zeithaml, Berry and Parasuraman (1996, in: Sirdeshmukh 2002)). Many authors mention 'trust' is a crucial factor in building loyalty. However, I believe satisfaction has become the strongest driver. This shift has everything to do with power being more equally divided between the customer and the organization, than before.

Increasing customer value is what the companies I researched are after. However they increasingly recognize that a general 'feel good' about the company plays a significant role in this. With this recognition comes the need for a more holistic approach to managing relationships, including a reflection on identity

## **The Marketing challenge in managing relationships: link image and identity and motivate the entire organization to satisfy the customers.**

### **Insights from the Reputation perspective**

In general reputation scholars talk about managing relationships in a more abstract way than marketers do. 'Relationships' refers to stakeholder groups both outside and inside the organization. The main goal is to manage the way people think about the company. Managing organizational identity is a key item in managing reputation; the 'being' of the organization forms the starting point for everything an organization does. Fombrun and Van Riel (2003) argue that relationships should be managed according to the following principles: be distinctive, be focused, be consistent, show your true identity and be transparent.

In order to be expressive in an effective way, organizations have to find out what exactly is meaningful and how this changes over time. In my opinion the relationship management approach to reputation yet lacks this kind of systematic approach to identifying and monitoring these stakeholders' (changing) attitudes and preferences.

### **The Reputation challenge in managing relationships: develop a systematic approach to identifying and monitoring stakeholders' opinion in order to know how and about what to interact with them.**

### **Recommendations**

I conclude that reputation management and relationship management are quite similar. However there is more to relationship management than reputation scholars have described so far. A lot can be learned from the marketers' strategy and experience, as further explained below. The combination of insights leads to the following lessons learned + practical suggestions:

1. Relationship management should start inside with developing a detailed profile of the organization's character, the matching values and the company's mission and vision. After that two paths have to be explored:
  - a. Incorporating elements of the organization's core in all possible contact points with external stakeholders. The message or experience has to have both a consistent element (informality) as well as a typical stakeholder element (need for certainty).
  - b. Looking for new and different ways of interacting with stakeholders based on the personality, values and mission/vision. When a look inside reveals for instance that the organization's core is about friendliness (an asset not expressed yet), this leads to a reconsideration of media and messages used so far.
2. Managing relationships includes managing current as well as future relationships, such as potential employees, prospects, etc. It is important to identify and keep track of relationships that *might* have an influence on the company's achievements. A focus on relationship has to be structural and with a long-term focus in mind. I recommend:
  - a. A systematic approach to identifying and monitoring characteristics, preferences, needs, etc. of all stakeholder groups.
  - b. That companies also systematically keep track of their own profile, even using CRM-strategies and -techniques. I believe that a high level of self-consciousness helps the organization to be resilient and flexible.
3. I suggest a holistic approach to relationship management, similar to what reputation scholars propose. An approach that directs all relationship-focused activities, including the ones executed by marketers. This means instruments like the company's mission, vision and corporate values have to be used. I would like to add the following suggestions to make up this holistic approach:
  - a. A code of conduct that describes how the organization - as a person - interacts with external stakeholders and how to interact within the organization. Besides some

- general do's and don'ts, examples can be given - per stakeholder since 'stakes' differ - on how to handle conflicts, how to give advice, how to listen, etc.
- b. Measuring how external and internal stakeholders perceive the organization has to be done frequently (more than twice a year) and the results should be communicated to every single member of the organization. I believe too often only the Marketing, PR and Communication departments and increasingly the CEO, are involved with results on image, recognition, etc. while improving results has to be done by the entire organization.
  - c. The HR-department has to take on a central role in setting up and sustaining this holistic approach. When hiring and coaching employees, the HR-department should not only look at whether the person is suited to perform certain tasks, but also at his or her qualities to be sensitive to others' needs and to cooperate.

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Coen Thönissen

.1.6.1.1.2

.1.6.1.1.3 *Climbing Mount Trust;*

### **Do's and don'ts in Investor Relations**

Coen Thönissen (1968) graduated from Twente University in 1991 in Business Administration. In his final thesis in particular and in this study in general, he focused on Financial Management and Management Accounting.

More than eleven years ago, after having worked as an assistant controller with Wavin for one year, he moved to his current employer Royal Grolsch N.V.. At Grolsch, a medium-sized international brewery listed on the Amsterdam Stock Exchange, he started his career in the provision of financial management information, became management accountant, was promoted to group controller and was then, after six years in finance at Grolsch, appointed EDP-manager. Since two and a half years now, he is in charge of the corporate communication department at Grolsch. Besides being spokesman, another specific responsibility in this function is Investor Relations. Coen, married to Linda and father of Annemarie, Suzanne and Paul, enjoys his family life, good food (and good beer) and reading books on professional cycling, art, architecture and European cities and countries.

Coen is an avid photographer.

### Introduction

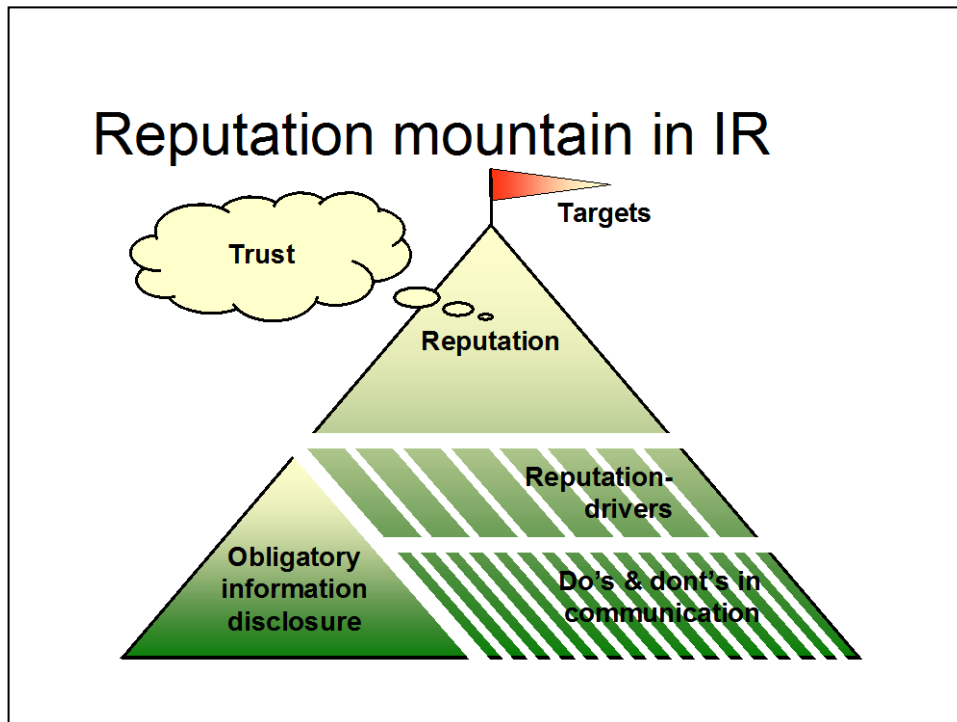
There is not a great deal of specific knowledge relating to the art of communication with financial target groups, i.e. investor relations (IR). The disciplines of accountancy and corporate communication provide sources, but only to a limited extent. Accountancy mainly serves purposes that are different from those of IR. Since accountancy and communication also often concern different worlds in theory and in practice, little use is generally made of the knowledge that is undoubtedly present in accountancy, embodied in accounting principles. And the universally applicable art of corporate communication does not have sufficient depth where financial target groups are specifically concerned and, moreover, tends to be used in the same way as it is for any target group, making it more of a 'blunt instrument' than a 'universal tool'.

### Subject of this thesis

Based on knowledge of both theory and practice, this thesis describes the way in which listed companies should act in their IR communication activities. Looked at from the angle of a listed company, the thesis considers in turn:

- The context of IR (definition, target groups, products and activities);
- The ultimate corporate objectives to be achieved by means of IR;
- Information management aspects of IR, the proverbial 20% of what IR is all about;
- Reputation management aspects of IR, the proverbial 80% of what IR is all about;
- Reputation-critical rules applicable to the financial markets;
- Parallels between the principles of IR and the principles embodied in accounting policies;

- The ultimate goal of IR: establishing a trustworthy reputation;
- Factors enabling trust to be established: reputation drivers;
- Practical tips, do's and don'ts, that are important in the light of the reputation drivers and/or the ultimate goal of a trustworthy reputation;
- The extent to which reputation drivers are context-dependent, resulting in a typology of four different IR strategies.



**IR in practice can be described by the metaphor of climbing a high mountain. The expedition starts by packing all the supplies and equipment at the foot of the mountain, then setting up base camps on the slopes, followed by the final assault on the summit and planting the flag. Apart from providing the obligatory information, IR involves communication activities at the foot of the mountain, working on the reputation drivers up the slopes and ultimately reaching the pinnacle of a trustworthy reputation and achieving the IR-related corporate objectives (metaphorically planting the flag on the summit). The IR expedition could therefore be called ‘climbing Mount Trust’.**

### Context of IR

IR is not a financial discipline but is purely concerned with corporate communication. IR is all about information, communication and reputation. The definition of IR used in this thesis stresses both the information management aspects (see 1 below) and the reputation management aspects (see 2 below):

*Investor relations: managing and orchestrating all communication aimed at:*

1. *Meeting information disclosure obligations as opposed upon the company by capital market institutions and authorities; and*
2. *Creating a favorable starting point (reputation) with present and potential investors and their intermediaries.*

IR is concerned with information and communication because providers of capital require information in order to determine the price they are prepared to accept for providing a company with capital (whether share capital or loan capital). Shortage of information means greater uncertainty, and therefore greater risks, which translates into a higher risk mark-up (i.e. a lower share price and/or higher interest rates).

IR is concerned with reputation because, apart from factual information and disseminating that information (communication), it is also about the way in which the available information will be judged and hence about the company's reputation.

This thesis provides a comprehensive analysis of the various IR target groups (most prominent among which are existing and potential providers of share capital and loan capital, financial analysts and the financial press), the various IR products and activities (such as press releases, annual reports and one-to-ones) and finally the central role played by price-sensitive information (and the treatment thereof).

### Corporate objectives to be achieved by IR

Information management and reputation management (the essence of investor relations) are only of value if they help in achieving corporate objectives. IR contributes to the achievement of corporate objectives by:

- Maximizing the amount of attention devoted to the company by professional intermediaries;
- Creating and expanding interest in the company among providers of capital;
- Boosting the financial world's knowledge of the company;
- Removing perceived uncertainties regarding the company and in so doing reducing the perceived risk associated with providing share capital or loan capital to the company;
- Reducing the financing costs for the company both in terms of the conditions on which loan capital can be borrowed and in terms of the ease with which share capital can be raised (issues);
- Making investment in the company sound attractive: persuading investors to buy shares or, in the case of borrowed capital, grant loans;
- Attaining a realistic (and stable) share price or (depending on the strategy and what is important) attaining the highest possible share price;
- Ensuring a sufficiently large daily volume of trade in the share (adequate liquidity).

### Information management aspects of IR (20%)

More than for any other form of corporate communication, IR statutory provisions and other rules and regulations stipulate what information has to be made available to what target groups in what connections and at what times. IR is largely a question of obligatory and voluntary information disclosure. However, although voluntary information disclosure is essentially concerned simply with the provision of information, it is effectively all about reputation management.

### Reputation management aspects of IR (80%)

The fact that different parties can come to different conclusions about the same company can only be explained by the fact that they see the information provided and the way it is communicated differently. The answer to the question of what kind of reputation should be aimed for in such circumstances is simple: a trustworthy one.



## Implicit rules of the financial markets

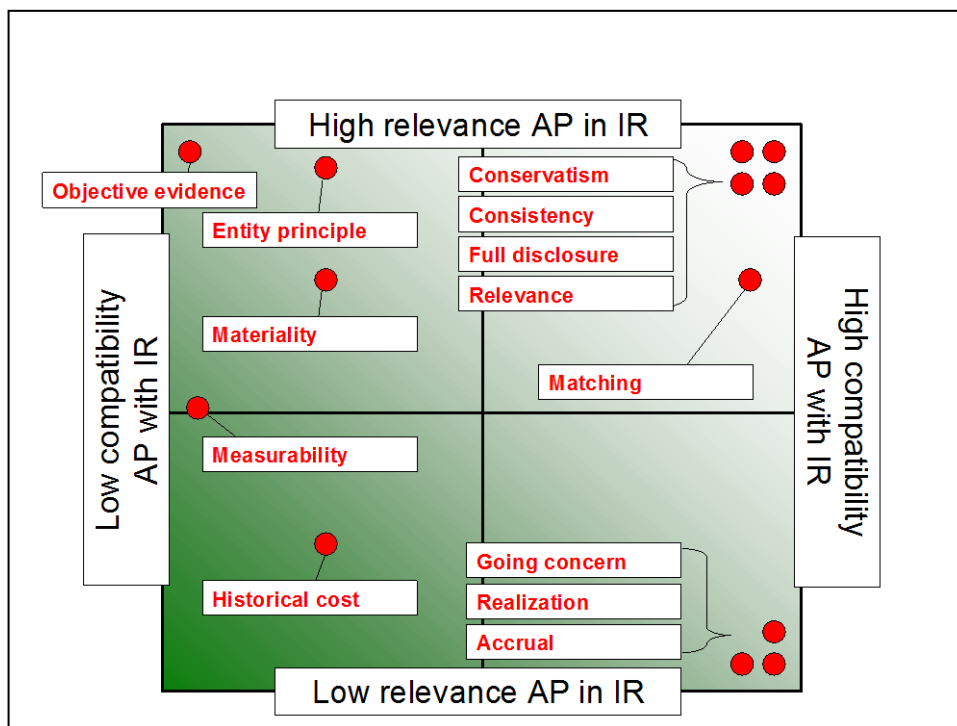
The financial world is largely governed by sentiment and psychological factors. Important factors are the negativity bias (negative events make a greater impression than positive events), the negativity effect (bad news feeds on itself), the primacy effect (you never get a second chance to make a first impression), the cockroach theory (where there's one cockroach, there are lots more) and, last but not least, the fact that trust is slow to build but destroyed in an instant.

Another important mechanism is the 'vicious circle' of IR. Providing capital is a question of risks and returns. The players on the financial markets, however, are allergic to risk and are therefore always looking for predictability. The job of the IR department of a listed company would therefore appear straightforward: communicate, communicate, communicate and make the future clear and predictable. Predictions, however, remain just that: full of uncertainties. This is the 'Law of Conservation of Uncertainty'. Additional IR information merely creates the illusion of certainty. However, this is gratefully received by the financial world. Apparent certainty is at least something, it is easier to calculate with, and if things turn out differently, you can always blame the company. This is the crux of the matter. As soon as the blame is shifted onto someone else (the company), any trust in that someone else is impaired. Having first encouraged someone else to provide this illusion of certainty we now want nothing more to do with them. The providers of capital are similarly addicted to promises, although they know full well that they are no more than intentions. If everything goes according to plan, that's fine. But promises are not always kept. What then? When things go wrong, the financial world shows itself to be impetuous and highly volatile.

Related to the above factors, it is also the rule that X% improvement adds less to a company's stock than a setback of X% takes away from it.

## IR and accounting principles

Key concepts in accountancy are the 'view' to be provided, which must be 'true and fair', permitting a 'proper opinion' to be formed. For accountancy and IR, therefore, it is a matter of providing information, forming opinions and making judgments. The principles of accountancy are contained in accounting principles. They are the basic rules underpinning almost all accounting requirements. This thesis explores the extent to which the more important accounting policies are relevant to IR and consonant with the principles of IR. The following figure compares the various scores and identifies the key areas of non-convergence: objective evidence, measurability, entity principle and materiality.



### The ultimate goal of IR: a trustworthy reputation

The ultimate goal of IR is to establish a trustworthy reputation. The experience of recent years has provided ample support for this assertion. Explaining why a trustworthy reputation is the ultimate goal of IR is simple. Providers of capital form an opinion regarding the expected risks and returns associated with the company in which they have invested capital, or intend to do so. Their judgment is based on perceptions. After all, certain knowledge about the past, the present and, especially, the future of the listed company in question is scant. How are perceptions influenced in situations of uncertainty? By the supply of information. This information must either replace the existing uncertainty with factual certainty or replace the existing uncertainty with a trustworthy certainty. Trust is essentially no more and no less than a feeling of certainty. For IR purposes, 'trust' can be defined as:

*Trust: a conviction that a trustworthy view of the past and present of the company has been presented and a belief in the future of the company.*

There are three dimensions to trust in IR:

- Trust in the accuracy of the reporting with regard to the past and present;
- Trust in the future (objectives, strategy and plans);
- Trust in the management (especially at the top).

### Reputation drivers

Reputation drivers are factors bringing about the IR goal of a trustworthy reputation and building on it. This thesis identifies the nine reputation drivers that are important in IR:

- (Financial) performance;
- (The way) price-sensitive information (is handled);
- Future-orientation;
- Openness;
- Honesty;
- Credibility;
- Clarity;
- Consistency;

- Presence.

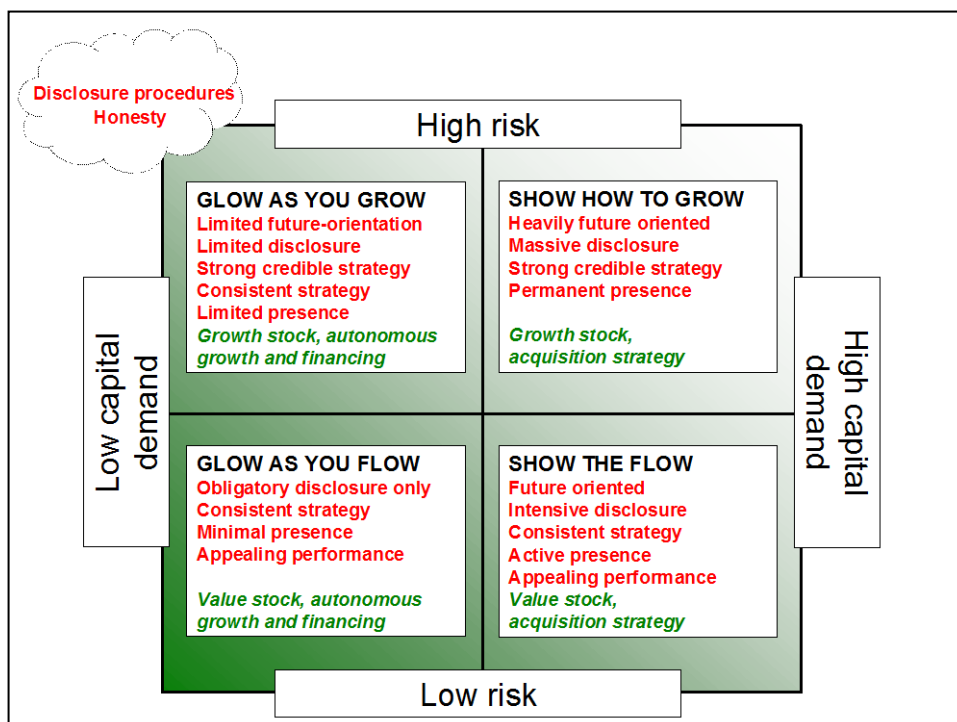
Of these, ‘performance’ is different in that, in contrast to the other reputation drivers, it has nothing to do with the company’s IR communication effort. With regard to the nine reputation drivers, as is so often the case, the chain is only as strong as its weakest link. Basically, all nine reputation drivers need to be pulling in the right direction. Just one false turn can open up a crevasse and the whole expedition is dragged to its doom.

### Do's and don'ts

Based on a literature study, practical experience, current reporting in the media and interviews in the field with company executives, this thesis formulates a set of 50 practical recommendations that are important in the context of the reputation drivers for reaching the ultimate goal of a trustworthy reputation. These recommendations are arranged in four categories:

- Recommendations concerning price-sensitive information;
- Recommendations concerning future-orientated information;
- Recommendations concerning the handling of bad news;
- Recommendations concerning communication methods.

### Typology of IR strategies



Not all the reputation drivers and not all the practical recommendations will be of equal importance to all companies in all circumstances. The appropriate IR strategy is therefore context-dependent. The thesis formulates a typology, on a hypothetical basis, showing which is the indicated IR strategy in a given situation. The determinants of the typology are:

- The extent to which the company is interested in the capital market in the foreseeable future (are there any share issues in the offing or other sizeable capital-raising programs?);
- The perceived risk attached to the company’s plans and activities.

Of the nine reputation drivers that are important for building trust, several are particularly relevant in the context of raising money on the capital market while others are particularly relevant to the risk aspect. A number of the reputation drivers are very important in both regards. It may also be that the great importance, which has to be attached to certain reputation drivers in certain circumstances more or less automatically, means that other reputation drivers are accorded lower priority.

The resulting typology has four quadrants labeled:

- Show how to grow;
- Show the flow;
- Glow as you flow;
- Glow as you grow.

### Conclusion

IR is not an end in itself. IR serves specific corporate objectives, but is not, it must be stressed, a panacea. IR is part of corporate communication but, if the 'corporate' bit is in poor shape, the 'communication' becomes an uphill struggle as far as IR goes. Moreover, it is estimated that share prices are only 30% determined by factors attributable to the company concerned (the other 70% being related to stock market sentiment and the sector in which the company is active). At best, therefore, IR can only influence this 30%!

The most important conclusion of this thesis is that IR is about reputation management above all, with the ultimate goal of achieving a trustworthy reputation by means of the nine reputation drivers. The importance to be attached to each of these reputation drivers depends on the risk profile of the company and that company's current interest in the capital market.

The thesis also gives a number of important suggestions for follow-up study, including questions testing the hypothetical typology of IR strategies and the relevance of drawing parallels between accounting policies and the principles of IR.

Lenneke Vente

### **Bask in reflected glory!**

*Lenneke Vente (1973) is working as senior communication consultant at Van Hulzen Public Relations. Lenneke supervises organizations in particular with the development and implementation of the full public relations/corporate communication arsenal. Based on her experience and background Lenneke is all-round in her work: from research, mission statements and communication plans to communication involving internal change processes and external communication. A strategic issue about mission and positioning often proceeds. Lenneke often acts as sounding board, both for clients as well as for colleagues. She likes to aim at the long term, but is just as happy in the sprint. Her motto in communication: "Always show yourself, both in good and bad times".*

*Her clients include Essent, Rijkswaterstaat Zuid-Holland, and international clients like Sony and Spadel Nederland (Spa). Currently she is executing projects for Spa, specifically in the field of corporate communication, product introductions and crisis communication, as well as a campaign of the ministry of Justice about the changes in the law of inheritance.*

*Lenneke has experience in the profit and non-profit sector; she developed the public relations path for the SIRE firework campaign 1999 'Je bent een rund als je met vuurwerk stunt'. She realized a lot of attention with the launch of the issue 'zwerfvuurwerk'. For Rijkswaterstaat Zuid-Holland she coordinated two campaigns 'Rust op de weg' and 'Filekijken is filerijden'.*

*Lenneke studied International Management at the Haarlem Business School and Kommunikation on the Fachhochschule fur Wirtschaft in Berlin. After her graduation she has been working for Bam Bau GmbH in Berlin and Lippmann Verzekeringen.*

*Van Hulzen is an agency that adds value to the relations, which clients maintain with groups that are relevant to them. Through communication as a process, varied and interactive. In which social orientation is combined with a goal-oriented approach. Strategy as well as execution.*

Companies with a strong reputation are attractive for clients, investors and personnel. The behavior of the company has an enormous impact on the credibility of the company and therefore in the end on the reputation of the company. Most of the time behavior of employees reveal even more about the organization, than for example corporate campaigns.

Reputation management therefore starts internally, by creating a strong identity. Only companies with a strong pronounced own identity – that are transparent about their true self – create trust, credibility and emotional relationship. A lot has been written about identity. A lot of communication programs are nowadays originated to increase or create a strong identity. Often originated from top management level. But what does a strong identity mean for an organization if employees do not identify themselves with this identity. How does the organization take control of this identification concept? Which factors influence this process?

In this thesis I therefore test the following hypothesis:

The influencers of organizational identification – the identification of employees with the identity of their organization – are depending on certain conditions. I suspect that these conditions differ from profit organizations to voluntary organizations.

#### *.1.6.1.1.4 Organizational identification*

In general we can state that identity research focuses on the organization (how do members of the organization see themselves as organization), while identification research focuses on the relation between the individual and the organization.

According to Ashfort and Mael organizational identification is a specific form of social identification. The identity of an organization has - just like on individual level - a social background. By identification, individuals define themselves as members of specific social categories and attribute themselves with certain characteristics of those groups. The stronger an individual identifies with a certain group, the more he thinks and acts like a member of that group.

An important starting point for this thesis is research done by Dutton, Dukerich and Harquail. According to them, there is a link between the extent of identification with the organization and the agreement with the projected identity. The stronger the identification, the more agreement there is with the projected identity. The more people identify themselves with the organization, the more they agree with the projected organizational identity.

Organizational identification can be defined as: 'the degree an employee connects his own person to the same characteristics, as which he assigns to the organization'.

#### *.1.6.1.1.5 Influencers organizational identification*

Summarizing from the theory we defined three influences of organizational identification with each its specific conditions:

1. **Internal communication.** Managers tend to use the magic words 'internal communication' when they want to stimulate organizational identification. And it definitely can make a contribution to clarify the distinctive, central and continuous characteristics of the organization as well as benefits of working by that organization. Recent research of Smidts, Pruijn and Van Riel also shows an important role for communication climate: the extent, in which an employee feels taken seriously, can think along with decisions and experience an open atmosphere. Other conditions found in the literature are structure, frequency and content of the internal communication
2. **Perceived External Prestige.** The image the public has about the organization, according to the employees (also interpreted external image). People aim at keeping and confirming a positive self-image. Members of an organization want to be proud and be part of a respected company, it strengthens their self-esteem. There is a definite link between the PEP - the perception of how we think others see us- and identity - how employees perceive their own organization. According to Dutton, Dukerich and Harquail, identification with an organization can be stronger by the image of an organization. Two key points play an important role: 'what is distinctive, central and continuous of the organization according to the employee' and 'the perception of how employees think others see the organization'. Other conditions found in the used literature are 'in group feeling', media, business relation, status product or company.
3. **Symbols.** According to Kevin Corley, there is a direct link between PEP and projected image. Consistency in the projected and the perceived organizational identity therefore

is important, but often forgotten. Symbols, and especially their internal meaning, are often underrated while the symbol facilitates the identification with the organization. Sense making and sense giving are therefore indispensable to make sure the members of the organization interpreted the symbols the way they are supposed to be interpreted. Other conditions found in the used literature are visibility, consistency and logos.

.1.6.1.1.6 Research

After defining the influencers and conditions, research has been done by two profit organizations (Sebastian - a company of Wella, and Spa) and two voluntary organizations (Proefdiervrij and Stichting Aap). During interviews with top management of these organizations the hypothesis and research questions were validated. The starting points of the research were:

- There are three influencers of organizational identification: internal communication, perceived external prestige and symbolism
- If all conditions of the influencers are filled in, organizational identification is the strongest
- There is a link between the extent of identification of the organization and the agreement with the projected identity
- When we speak about organizational identity we speak about the projected identity: the way the dominant coalition agreed to profile the organization, internally and externally (website, corporate brochure etc.)

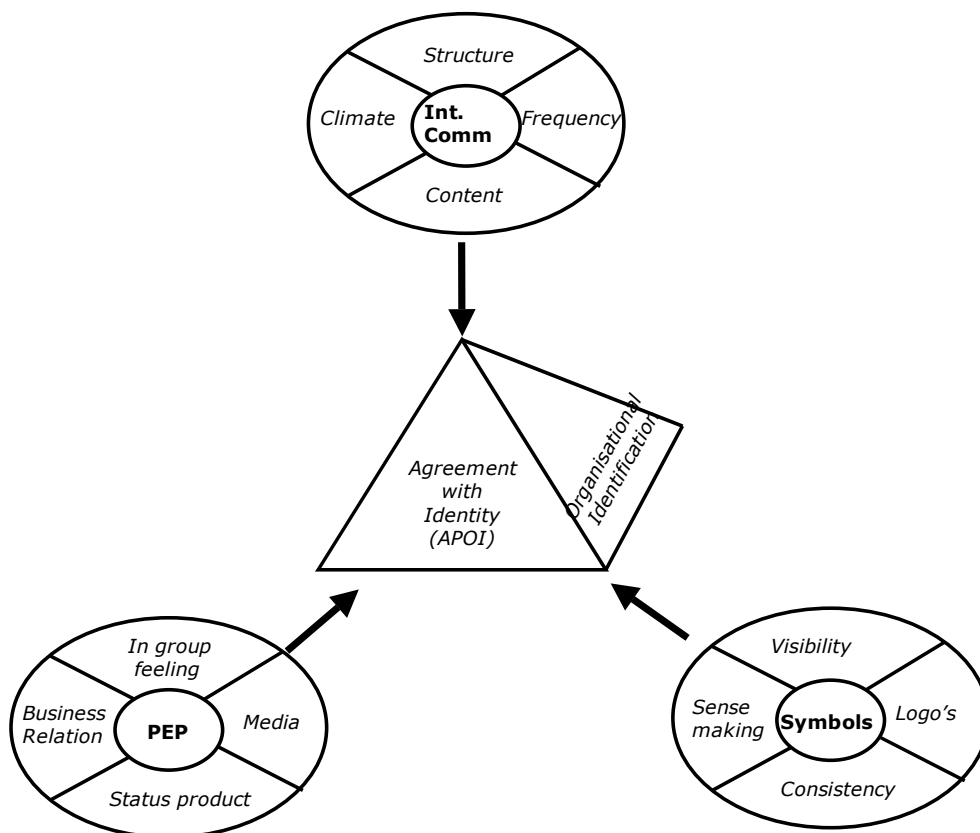


Figure 1: Influencers and their conditions

*.1.6.1.1.7 Analysis cases*

The more intense the identification, the more people agree with the projected identity. The valuation of management about the degree of identification with the identity of the organization was high in all companies. There was a striking difference in the conditions that created the high identification, for voluntary organizations and profit organization. Organizations can learn a lot from each other.

*.1.6.1.1.8 Differences in the most important present conditions*

The most striking differences in present conditions, creating high identification are presented in the following model.

Influencers	Organizational identification	
	Voluntary organizations	Profit organizations
	Present conditions	Present conditions
<b>Internal communication</b>		
1. Structure/flow		1. Logical link organizational and communication structure
2. Frequency		
3. Climate	3. Climate -open, participation	3. Climate - open, participation
4. Content	4. Content - contribution employee to success organization	
<b>Perceived External Prestige</b>		
1. In group feeling	1. In group feeling. Clearness about central distinctive and continuous character	1. In group feeling. Clearness about central distinctive and continuous character
2. Business relation		
3. Status	3. Status: social relevance work	3. Status brand
4. Media	4. Media: Central role for volunteer	4. Media: central role for product
<b>Symbols</b>		
1. Logos		1. Visibility of the brand
2. Consistency		2. Consistency in logos
3. Sense making	3. Sense making	
4. Visibility	4. Visible as member of the organization	
<b>Influence top management</b>	Testimonial in communication	Clear goal
	Inspiring, enthusiastic and open	
	Comparable background	

**Conclusion**

The analysis of the cases resulted in the following main conclusions:

1. There is a difference between voluntary and profit organizations. The biggest difference is originated in emotion. Voluntary organizations are working from a certain ideology that determines history and future of the organization. Employees are more emotionally involved by the goal of the organization. This emotion is also present in the role of communication (solely to guide actions), symbols (more extreme), which results in different interest, preferences, timing and communication embedment.



2. There are three tools in reputation management: internal communication, perceived external prestige, and the use of symbols. All three influencers strengthen the identification of the employee with the identity of the organization, under certain circumstances. Optimal identification will appear when all influencers and conditions are carried out.
  - a. Internal communication. All conditions, climate, structure, frequency and content play a part. The communication 'climate' however determines the success of this influencer. An open climate strengthens the feeling of being taken seriously. Appreciation, specifically about the contribution of the employee to the success of the organization, creates an open climate. Openness from top management – specific about the goal of the organization- stimulates the involvement of employees. Just like social get-togethers.
  - b. Perceived external prestige. The conditions 'in group feeling', business relation, status and media all play a part. The 'in group feeling' however determines the success of this influencer. Clarity about, and emphasis on the goal of the organization as well as the central, distinctive and continuous character is the key success factor. The organization provides the employee with an extent of identity and thus with a base for their attitude in the organization.
  - c. Symbolism. The conditions consistency, logos, visibility and sense making all play a part. The condition 'consistency' determines the success of this influencer. Symbols provoke emotional response. This means that a symbol facilitates identification with the own organization. Consistency outside strengthens the proud feeling. The more people agree with identity, the more people identify with the projected symbols.
3. Management style
 

Involvement of top management increases identification. Openness is often seen as a sign of appreciation. Openness about the goal of the organization gives a handhold to employees. Clarity about the central, distinctive and continuous organizational characteristics increase involvement. The 'in group feeling' will be stronger if top management has the same goal as the employee. Enthusiasm about the company and their employees, internally as externally, increases directly the extent of identification of the employee. *Bask in reflected glory!*
4. Identification is not automatically high for voluntary organizations. And profit organizations have to put a lot more effort in communication than we think.

Recommendations for voluntary organizations -to increase identification:

- Content: create a logical link between organizational and communication structure. This simplifies communication about organizational issues, personal contribution and feedback.
- Status: pass means to employees to handle criticism of the outside world. Q&A's and clear internal communication about external and organizational issues. Top management has a guiding role in this.
- Symbols: application of symbols has to be visible and consequent. Symbols are also applicable to increase the visibility of the employee, for example clothing.

Recommendations for profit organizations -to increase identification:

- Communication about the organization: this increases the extent of identification. Pay attention to the goal and the central, distinctive and continuous characteristics of the organization. As well internal as external.
- 'In group feeling': a clear communication structure strengthens the 'in group feeling'. Internal communication is a way to increase this condition, with the emphasis on the goal for the organization in an open environment.
- Climate: Communication to the outside world, about the contribution of the employees to the success of the organization– ambassador – increases an open climate and therefore identification with the identity. This appreciation aspect should play a key part in communication, as well internally as externally.
- Symbols: Application of symbols has to be visible and consequent. Symbols are also applicable to increase the visibility of the employee, for example awards and pencils.
- Sense giving: every employee is an ambassador of the organization. Hand your employees instruments to act as an ambassador. Provide them of a feasible and practicable interpretation, as supplement of the feeling of belonging to the organization. Clear internal communication about the contribution of the employee to the success of the organization strengthens this process.

Mirjam van Zuilen

**Megaphone communication doesn't work!**

**"Spend less money on advertising, devote more effort to reputation management.**

**The energy market is a learning process"**

*Mirjam van Zuilen was born in Rotterdam in 1958. After studying law, she decided to pursue her love of writing and attended journalism school. This was followed by a career in journalism that peaked with a position as a parliamentary correspondent. In 1995 she joined the editorial team of Provinciale Zeeuwse Courant (a daily newspaper for the province of Zeeland). She was one of the first women to hold a senior editorial management position at a Dutch newspaper. Management in journalism is a major challenge, but one that has lost some of its attraction because of the economic situation. Towards the end of 2000, she left journalism to shape corporate communication at the DELTA multi-utility company. Initially, she was worried about missing the bustle of journalism, but the opposite proved to be the case. To obtain a theoretical and applied scientific grounding, she took the Master of Corporate Communication course headed by Professor Cees van Riel. This once again confirmed the dynamic setting of communication – never a dull moment! She pursues her private life and hobbies every bit as intensively as her professional career by devoting time to her partner Glenn, her children Stijn and Roos, writing, golf, motorcycling, reading, tennis, cycling, travel, sailing and, last but not least, painting.*

**The key question that this thesis addresses is whether all the money-consuming communication efforts being made by energy companies are producing the desired result. Research conducted in the now liberalized business part of the market shows that customers have needs in entirely different fields. So where should megaphone communication stop and a balanced form of reputation management start? What position does a relatively small player like DELTA N.V. have?**

.1.6.1.1.9 *Definition of problem*

**.1.6.1.1.10 Overall**

This thesis seeks to reveal whether the barrage of communication now being aimed at the energy market is actually effective. The market in this context falls into two parts: the still captive customers (private consumers and small firms) and medium-sized and large companies now free to choose their energy supplier.

**.1.6.1.1.11 Business customers**

The central question in the business part of market is whether the numerous communication campaigns have actually influenced companies in their choice of supplier. This is the prime earnings market for the energy suppliers. So are their customers contemplating a switch of supplier?

**.1.6.1.1.12 Private customers**

The question in the private market will not unfold for a while yet. These customers are unlikely to be free to choose their supplier until after 1 January 2004. Nevertheless, it is important to know how they will arrive at a decision on their energy supplier.

#### .1.6.1.1.13 Corporate branding?

How should energy companies decide their positioning and what brand should they push? What is their distinctive edge and best-suited communication strategy? What reputations do energy companies presently have and how should they manage their reputations in the years ahead? Which factors do stakeholders consider important and how do the energy companies convey their fulfillment of those factors to the marketplace – given that the market also considers them important? Further down the road, once the cake has been divided, the surviving energy companies will need to balance reputation-determining factors and organize their management accordingly.

#### **Corporate associations**

Brown and Dacing examined the effect of two general types of corporate associations on the products of the company. One had a focus on a company's corporate ability to manufacture products and the other focused on the perception of corporate social responsibility. Three studies demonstrated that:

1. What customers know about a company can influence their faith, trust and attitude towards new products marketed by the company.
2. Corporate ability and corporate social responsibility associations have different effects on the way customers respond to the products.
3. Products of companies with negative associations do not always receive a negative response.

#### .1.6.1.1.14 Image

To form a clear picture it is necessary to find out what image a company has. Ultimately, Prof. Cees van Riel opted for the following definition: *"An image is the set of meanings by which an object is known and through which people describe, remember and relate to it. That is the net result of the interaction of a person's belief, ideas, feelings and impressions about an object."*

#### .1.6.1.1.15 Reputation

Image, however, is a concept too narrow to serve as a success factor. Fombrun and Rindova examined all kinds of facets and identified six different perspectives:

- Economic perspective
- Strategic perspective
- Marketing perspective
- Organizational perspective
- Sociological perspective
- Accountancy perspective

#### .1.6.1.1.16 **Corporate reputation**

Corporate reputation confronts us with a far wider scope that prompted Charles Fombrun to define the term in the following way in 1996: *"A perceptual representation of a company's past actions and future prospects that describes the firm's overall appeal to all of its key constituents when compared with leading rivals."* And also: *"The overall estimation by which a company is held by its constituents"*.

A reputation is thus the sum of all opinions of all stakeholder groups about all issues. Fombrun made a classification according to the six drivers of reputation. This enables measurable research to be conducted into reputation.

#### **.1.6.1.1.17 Reputation management**

A measurement method based on quantity does not tell us very much, according to Van Riel. Instead of having a low or high score on a reputation scale, he advocates a score according to clusters of attributes that actually say something about factors usable to determine what is going well and where improvements are necessary. This provides a footing from which a company can compare itself with competitors analyzed according to the same dimension.

Advertising, free publicity, sponsoring and excellent products and services are important stepping-stones towards establishing a positive reputation. This makes it extremely important to approach all of these matters in a consistent and notably appealing way. An important means to this end is orchestration of the corporate identity mix (behavior communication and symbols) by means of the sustainable corporate story.

#### **.1.6.1.1.18 Drivers**

The six drivers of reputation, according to the Reputation Institute, are definable as:

- Emotional appeal
- Product and services
- Financial performance
- Vision and leadership
- Workplace environment
- Social responsibility

#### **.1.6.1.1.19 Conclusions of studies**

##### **Qualitative research in the business market**

For business customers, the energy suppliers appear to have opted for saturation communication through the media for the time being. Undeniably, mass-media campaigns play a role in cultivating brand awareness. A logical consequence is that name-dropping will result in a company being included more quickly in the 'evoked set' for energy suppliers. This approach involves firing live ammunition rather than blanks. "Help us understand!" is perhaps the best way of describing the message from the business target group. An urgent need exists for a clear frame of reference usable to check the different offerings. Similarly, there is a call for an explanation *that* and an explanation *why* everything is currently this complicated. A potential customer is keen to be guided in this arena. The studies show that business customers are less sensitive to campaigns aimed at increasing brand awareness and selling actual products. One study reveals that while the connotation with the major players does exist, it is not always a positive one. Energy suppliers that succeed in managing their reputation properly will find that business customers are more inclined to sit down with them to discuss a business relationship. Factors of lesser importance appear to be the energy supplier's present market position, size and background.

##### **Media analysis in the consumer market**

PZC, a regional daily newspaper in Zeeland province, is now writing more articles about DELTA than in the past, but over the past two years the newspaper has influenced public opinion more negatively than positively. The most important positive items were found to be the company's co-operation, takeover, independence and Internet campaign. Prices and power

failures were the most important negative items. As only 13.1% of the energy is now still being supplied to the consumers and small firms – who are still captive customers – there are more benefits to be obtained from that category of customers.

### Communication strategies

*Proposition: As the customer becomes more important to energy companies, reputation has a greater influence. The consumer's general impression is what mainly determines whether he is and remains a customer.*

To substantiate this proposition, we must first know how much energy is being sold and to whom. In other words, who are the major customers and where can the energy supplier get turnover and profit? Based on actual sales on 16 May 2003, the breakdown of DELTA's turnover in its energy portfolio is:

Large business customers: 80.1%  
Medium-sized business customers: 6.8%  
Small firms and private consumers: 13.1%.

Prices in the energy market are expected to converge in the years ahead. So the argument of 'price difference' will become less important from the customer's point of view.

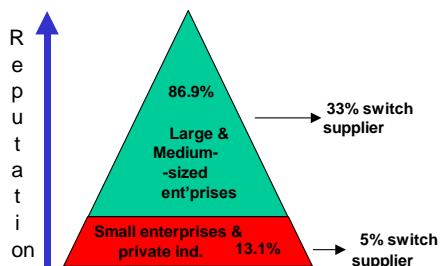


Figure 1: Reputation management is important, because the biggest customers buy the most electricity.

### Positioning

Energy companies will need to consider their corporate branding strategy in order to adopt a good positioning. With a monolithic strategy, the perceived fit between company and product is a key decisive factor on the influence of corporate ability. A monolithic strategy is my own preference – one clearly shared by the existing energy companies – primarily because there are virtually no differences in the products. However, the companies must build a solid strategy around their brands and find a good balance with the associations customers make with the corporate brand. The companies can use this ability to decide their own positioning. The way a company supplies its products – i.e. how the ultimate sale of the product comes about – can produce a distinctive edge (see below for an example of how DELTA could approach this matter).

### Brand strategy and communication

A communication grid for energy companies needs to be set down that contains substantive guidelines and not only graphical guidelines for communication. Substantive guidelines are definable using the brand strategy matrix of Rossiter and Percy. Their matrix distinguishes between two dimensions:

1. Purchase motivation; negative versus positive. A negative purchase motivation exists if a customer purchases a product to solve or reduce a problem. A positive purchase motivation exists if a customer purchase a product because of a desire for

a positive or rewarding stimulation. A positive purchase motivation is the more logical one.

2. Commitment; low versus high. A pertinent matter is the risk perceived by the customer, which stems from two sources:
  - a. The perceived economic risk of purchasing;
  - b. The perceived psychosocial risk of purchasing.

<b>Commitment</b>	<i>Low</i>	Aspirin Light beer Detergents Office articles	Soft drinks Ordinary beer Snacks and desserts
	<i>High</i>	Buy/Rent house Professional calculators Insurance New industrial products	Holidays Fashion Cars Entertainment
		<i>Negative</i>	<i>Positive</i>
<b>Purchase motivation</b>			

Table 1: Four strategies for creating a market situation.

The question is what place DELTA should occupy in this diagram. As regards commitment, it is fair to conclude that a high degree of commitment is important in the market where DELTA operates:

- The financial expenditure on electricity is a substantial cost item, particularly in the business market;
- Failures can increase the commitment of a customer;
- The products are not of an expressive nature.

The positioning of DELTA highlights a slightly negative purchase motivation; DELTA guarantees business customers the best solution to their problem at a ‘Zeeland price’. In the case of consumers, there should be a greater emphasis on a trouble-free supply, although in this part of the market there is still slightly negative purchase motivation.

### Conclusion

I am pleased to put the cat among the pigeons through the validated proposition that the industry as a whole must do its utmost to help customers understand how liberalization affects them. Megaphone communication will not or will no longer help while customers have an insufficient understanding of the matter. This is a difficult issue viewed from the perspective of large market players who conduct only a survival strategy. From day to day they keep track of who has "pinched" their customers and how great their brand awareness is and spend vast amounts of money on sponsoring, simply to be prominent in the marketplace. Each of these companies spends tens of millions on communication. A relatively small player like DELTA realizes that it is no match for the kind of communication barrages mounted by the large players. Perhaps this is precisely the reason why DELTA – being a relatively harmless competitor – should get the large players around the table in order to adopt a position. The present situation is that other parties, like the Consumers' Association, are leading the way and advising customers against switching supplier. The Consumers' Association will not be the first organization to get involved in the energy market. Through a broadly based consultative platform with a legal structure that allows binding decisions to be taken, the parties could obtain a commitment to a joint communication strategy and other issues.