UNIVERSITY OF STRATHCLYDE

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Corporate Brand Reputation Management: An Intraorganisational Study on the Role of Service Employees and On-Brand Corporate Cultures

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Abstract

This thesis examines two critical intraorganisational elements of corporate brand reputation management in service organisations; the role of service employees and the subsequent need for aligning the corporate culture with the corporate brand requirements as a means of promoting "on-brand" attitudes and behaviours. It attempts to identify the extent to and ways through which employees are involved in the reputation management practices of service organisations and to examine the challenges that service companies face in encouraging their staff to "live" the corporate brand.

The review on the reputation management, services marketing and corporate culture literature has highlighted that despite the increasing acknowledgement of the aforementioned intraorganisational aspects, there is a dearth of empirical research in this area. In order to shed some light into this gap, the researcher designed a two-phase, sequential mixed methods study. The fieldwork initially involved fifteen elite interviews with reputation consultants and service managers. This was followed by a programme of qualitative and quantitative research within one leading service organisation that has recently gone through a corporate re-branding exercise and is striving to promote "on-brand" attitudes and behaviours across the organisation. This involved 14 interviews with company Directors, observation of two senior staff meetings and the completion of an Intranet-based questionnaire by 243 respondents.

The research found that reputation consultants and managers perceive the role of service personnel and cultural alignment to be of critical importance to the successful

management of corporate brand reputations. As a result, consultants and managers argued that trying to involve employees in the reputation management process and aligning attitudes and behaviours through committed leadership and "on-brand" internal communication, training and rewards processes are key in sustaining favourable reputations. However, similarly to academic writings in the reputation literature, practitioners appeared to approach the topic of culture rather simplistically, often ignoring the challenges that sub-cultures could pose in this process.

Interestingly, in practice, findings highlighted that employees are often at the receiving end of the reputation management process and that managing corporate brand reputations is more PR-led than internally-driven. Commercial pressures, lack of commitment, intraorganisational power dynamics and the lack of a joint effort between the marketing and the HR department, are among the plethora of factors that obstruct organisations from "living" the brand and embracing the corporate brand promise. The study also identified that despite the myth of the one corporate culture, organisations often have sub-cultures with varying degrees of alignment with the corporate brand. Moreover, findings highlighted the importance of organisational commitment in the process of "living" the brand (especially in the case of re-branding exercises) and emphasised the challenges posed by resistance to change within organisations.

The thesis therefore suggests that managing these intraorganisational elements is much more complex than is depicted in most established reputation management frameworks. Academics and practitioners should seek to understand the complex nature of culture in organisational settings and strive to adopt reputation management processes that are centered on employee involvement and committed leadership.

CHAPTER ONE

SETTING THE SCENE

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SETTING THE SCENE

1.1 RATIONALE FOR THE RESEARCH

The topic of corporate brand reputation management has been high on the agenda of marketing academics and practitioners for more than five decades. In academic circles, authors have offered a plethora of frameworks, aiming to assist organisations in developing favourable reputations with external and internal stakeholders and highlight the challenges in sustaining these over time (e.g. Abratt, 1989; Boulding, 1956; de Chernatony, 1999; Dowling, 1986; Hatch and Schultz, 2001; Ind, 2001; Kennedy, 1977; Markwick and Fill, 1997; Martineau, 1958; Rindova, 1997; Stuart, 1998; van Riel and Balmer, 1997). Practitioners have also long realised the value of favourable reputations; this has been reflected by the abundance of reputation management consultancies that have dominated the professional services market (e.g. Hill and Knowlton, Burson Marsteller, Weber Swandwick). Today, corporate brand reputation management is one of the hottest topics in business schools and boardrooms alike. The business landscape has changed dramatically over the past decades; the increasing access to information by consumers, the trends towards internationalisation, the lack of differentiation and the increase in investment capital have all propelled the importance of corporate brand reputation management to unprecedented heights (Chajet, 1997).

However, early reputation frameworks are being increasingly criticised for adopting a customer-centred, PR-driven approach that fails to consider the complexities of the intraorganisational aspects of corporate brand reputation management (e.g. Balmer, 2001; Balmer and Wilson, 1998; Wilson, 2001). Recent writings, for instance, are highlighting that the role of employees has been largely ignored and that, especially in the case of service organisations, this may lead to disastrous consequences at the reputation front. Employees are increasingly viewed as a critically important component of service brands and, therefore, authors propose that organisation-wide understanding of the corporate brand values is imperative in order to trigger brand-supporting behaviours (e.g. de Chernatony, 2001; Hatch and Schultz, 2001; Keller, 1999; LePla and Parker, 1999; Macrae, 1996; Tosti and Stotz, 2001; Wilson, 2001). Authors also emphasise that this process requires a corporate culture, which encourages employees to "live" the corporate brand and which acknowledges and rewards brand-supporting behaviour (e.g. Aaker and Joachimsthaler, 2000; Balmer and Wilson, 1998; Gotsi and Wilson, 2001; de Chernatony, 2001; Hatch and Schultz, 2001; LePla and Parker, 1999). After all, as a recent Fortune survey indicated, the world's most admired companies are the ones that are successful at translating their corporate brand vision into reality by breathing life into their corporate culture; not by just writing a few lines about the corporate brand promise in the company handbook (Kahn, 1998). However, established reputation management models have been criticised for their simplistic approach regarding the management of corporate culture; authors increasingly argue that this process is much more multifaceted and complex than how it has been depicted in the past (e.g. Balmer and Wilson, 1998).

Despite the increasing interest in the aforementioned intraorganisational aspects of corporate brand reputation management there have been, surprisingly, few empirical studies in the area (Wittke-Kothe, 2001). The purpose of this thesis is therefore to further explore, using empirical research, the role of service employees and corporate culture in corporate brand reputation management and to identify the management challenges that these intraorganisational elements pose for reputation managers in service organisations.

1.2 OBJECTIVES

Within this broad remit the specific objectives of this thesis are as follows:

a) To explore the role of service employees in the corporate brand reputation management process

b) To explore the role of the corporate culture in the corporate brand reputation management efforts of service organisations

c) To explore the ways through which service organisations develop and sustain on-brand cultures within their working environments

d) To explore the challenges that service organisations are facing in encouraging and sustaining on-brand corporate cultures within their working environments

These objectives were initially explored through a programme of qualitative research with reputation consultants and managers. During this initial qualitative phase, practitioners highlighted that the complexity of the aforementioned internal aspects of corporate brand reputation management is often magnified in cases where companies attempt to change their corporate brand reputations by trying to change their corporate brand identities. Reputation consultants and managers suggested that in such cases companies are faced with many internal challenges especially in terms of aligning employees' attitudes and behaviours with the values of the new, desired corporate brand identities. In order to explore these challenges in more depth, the research, therefore, then focused on a case study of an organisation that is currently experiencing such issues. The aforementioned objectives were, hence, tested in the context of COM A, a leading service organisation that has recently been through a corporate re-branding process and is striving to align the internal cultural environment with the requirements of the new corporate brand. Following a qualitative phase with COM A's Directors the following eleven null hypotheses were then developed and tested through an Intranet survey across COM A:

Ho_1: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are exhibited by their departments

Ho_2: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are not exhibited by the senior management

Ho_3: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are not exhibited by COM A, the organisation

Ho_4: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are exhibited by their department to a greater extent than by COM A, the organisation

Ho_5: There is no evidence to suggest that on-brand attitudes and behaviours are shared by all COM A's employees

Ho_6: There is no evidence to suggest that different divisions within COM A exhibit different levels of on-brand attitudes and behaviours

Ho_7: There is no evidence to suggest that on-brand cultural consensus within COM A only exists with regard to specific corporate priorities

Ho_8: There is no evidence to suggest that employees who are more committed to their organisation will report greater levels of an on-brand culture than employees who are less committed to their organisation

Ho_9: There is no evidence to suggest that employees that have joined COM A after the visual identity change will report greater levels of an on-brand culture than employees who have been with COM A before the change

Ho_{10}: There is no evidence to suggest that COM A's employees believe that the training they receive does not promote the new, desired corporate brand values

Ho_{11}: There is no evidence to suggest that COM A's employees believe that they are not financially rewarded or praised when their behaviour demonstrates the new, desired corporate brand values

1.3 RESEARCH APPROACH

The research approach adopted for this study is set out in Figure 1.1 below.

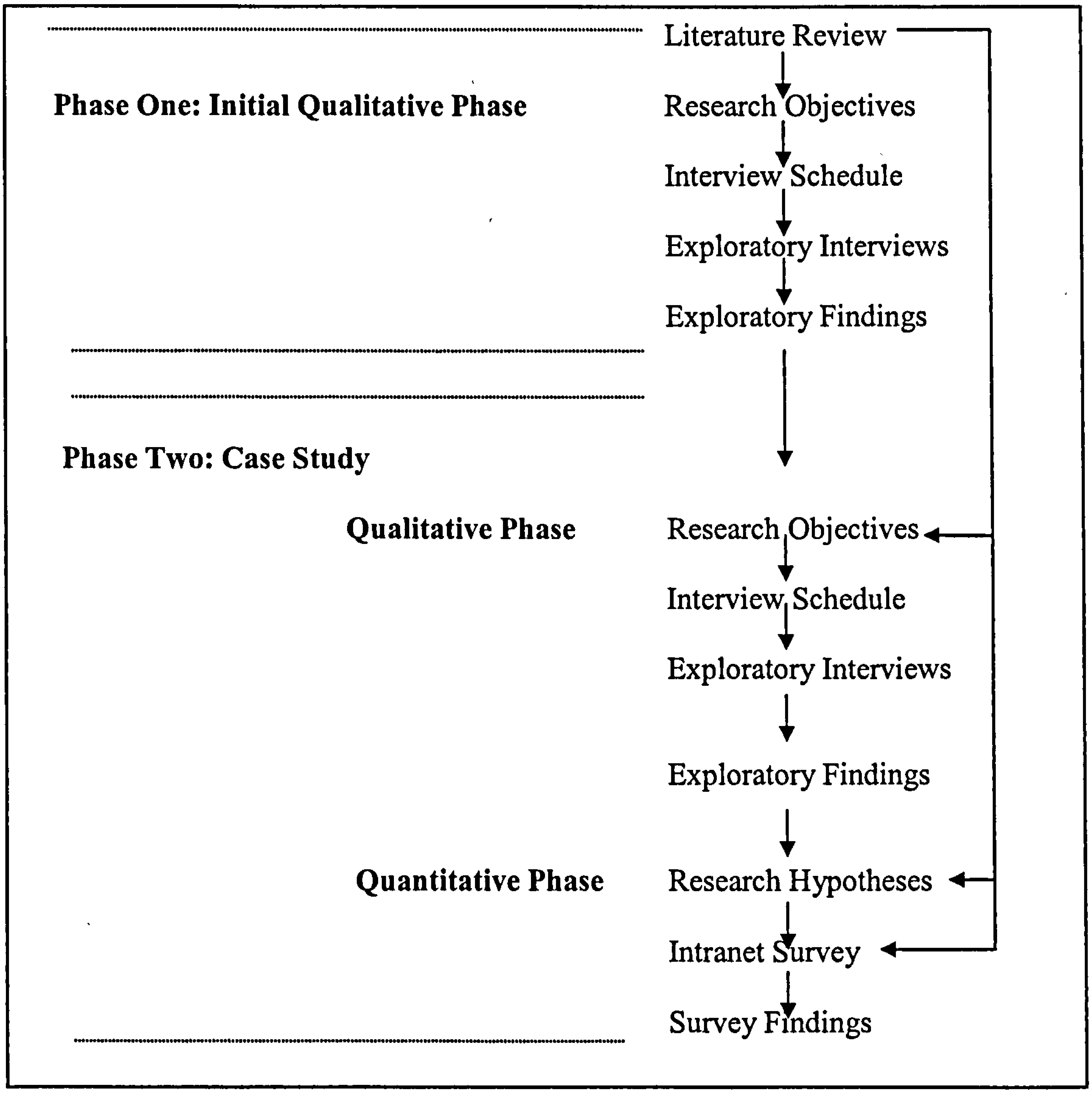

Figure 1.1: Schematic Diagram of the Research Design

The research began with a review of the literature on reputation management, the role of staff in service organisations and the management of corporate culture. Following the literature review, the aforementioned research objectives were developed and a programme of qualitative research was carried out with consultants and managers responsible for reputation management in service organisations.

After this initial exploratory stage, the research objectives were then explored in the context of COM A, a leading communications company which offers voice, data, Internet and interactive services and is currently attempting to change its corporate brand reputation. This second phase involved two stages. It started with a programme of qualitative research looking at the re-branding process in COM A and examining the intraorganisational aspects of reputation management in this context. This was followed by a large-scale quantitative study, looking at the cultural environment in COM A and the level of alignment with the requirements of the new corporate brand across the four divisions of the organisation.

Lastly, the researcher analysed the collected data after each stage of the fieldwork and produced relevant findings and conclusions.

1.4 Structure Of The Thesis

This chapter served as an introduction to the thesis. It discussed the rationale for this study, introduced the objectives and hypotheses of the research and summarised the research approach adopted by the author.

The following two chapters review the existing literature on corporate brand reputation management. Chapter Two reviews and analyses the main Schools of Thought in the reputation literature, seeking to define the concept of corporate brand reputation. It also presents writings that highlight its commercial value.

Chapter Three then traces the evolution of reputation management frameworks in order to identify the main factors that affect the formation and management of corporate brand reputations. The chapter illustrates how the literature is gradually moving away from PR-driven models and towards frameworks that increasingly highlight the pivotal role of the internal aspects of corporate brand reputation management. The chapter concludes by reviewing recent writings that emphasise the role of service employees in "making or breaking" corporate brands and stress the need for a corporate culture that promotes brand-supporting attitudes and behaviours.

Taking into consideration the dearth of conceptual and empirical studies in the aforementioned intraorganisational aspects of reputation management, the thesis then turns to the services marketing and corporate culture literature in an attempt to identify why service employees play such a key role in delivering the corporate brand promise and examine the challenges involved in aligning corporate cultures to the requirements of corporate brands. Chapter Four therefore introduces the service operation and examines the role of service employees as an input to the service encounter and also as performers that influence the outcome of the service encounter.

Chapter Five then reviews the corporate culture literature in order to explore its complexity and identify the challenges that organisations may encounter in managing or changing their corporate cultures in their efforts to sustain alignment with their corporate brand promise. The chapter starts by reviewing definitions on the concept of corporate culture and then explores the main perspectives adopted in corporate culture research. In addition it examines some of the key factors that influence the formation of corporate cultures and reviews management practices and processes that authors propose can facilitate the cultural change process.

Chapter Six then introduces the central purpose of the primary research of this thesis and discusses the formulation of the research objectives and hypotheses. The chapter then explains the adopted research paradigm and analyses the qualitative and quantitative phases of the study. This covers the research instruments, the sampling approach, the adopted research procedures (with their limitations) and the data analysis procedures used by the researcher.

Chapters Seven, Eight and Nine then present the findings of the thesis. Chapter Seven sets out the findings of the first phase of the field research, which involved eleven in-depth interviews with Directors in leading reputation management consultancies and four in-depth interviews with Reputation Officers and Corporate Communications Directors in leading UK service organisations. The chapter starts by presenting interviewees' views on the practice of reputation management and then discusses their experiences on the role of service employees in this challenging process. It then considers the role of corporate culture in aligning service employees' attitudes and behaviours with the corporate brand promise and explores the management activities undertaken by reputation consultants and managers to develop and sustain on-brand cultures within working environments. Finally, the chapter looks at the challenges that reputation consultants and managers are facing in encouraging and sustaining on-brand corporate cultures in service organisations.

Chapters Eight and Nine then set out the qualitative and quantitative findings from the case study in COM A. The case study involved a programme of 14 interviews with Directors in COM A, observation of two senior staff meetings and the completion of an Intranet questionnaire by 243 respondents across the four divisions of the company. Chapter Eight starts by examining the motivation behind the corporate re-branding process and then discusses the intraorganisational requirements of the desired change. It explores the role of COM A's employees and culture in the process of changing the corporate brand reputation and identifies the ways through which the senior management team attempt to align the corporate culture with the new desired corporate brand values. The chapter also presents the challenges that COM A's senior management are facing in developing an on-brand corporate culture.

Chapter Nine then sets out the findings from the Intranet survey. It examines the effectiveness of the management initiatives discussed in Chapter Eight and investigates the extent to which the existing corporate culture currently promotes on-brand attitudes and behaviours.

Lastly, Chapter Ten presents the conclusions of the thesis and analyses the significance and implications of this study for academics and practitioners in the area.

CHAPTER TWO

CORPORATE BRAND REPUTATION: WHAT IS IT AND WHY IS IT IMPORTANT?

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CORPORATE BRAND REPUTATION: WHAT IS IT AND WHY IS IT IMPORTANT?

2.1 INTRODUCTION

More than two decades ago, Philips noted in their company report that *"when there are no obvious differences in price, quality, design and features, the purchase decision may increasingly be influenced by a positive reputation of the brand and of the manufacturer"* (Kennedy, 1977, p.130). Today, with still more intensified competition, lack of differentiation and increasing emphasis on corporate branding activities, the importance of building well-reputed corporate brands has been propelled to new heights (Chajet, 1997). Recognising the strategic necessity of building and sustaining strong, favourable reputations to create corporate competitive advantage, the subject of reputation has been in the agenda of marketing academics and practitioners for the past five decades. Authors, however, have been approaching the concept of reputation from different, in some cases even contradictory, angles. This multiplicity of perspectives requires a would-be scholar in the area *"to show a good deal of perspicacity not only in accommodating the rich variety of concepts in use, but also in exerting acute vigilance in their assessment of what he or she understands by the concept"* (Balmer 2001, p.267).

In conjunction with this line of thinking, this chapter's objective is to build a theoretical background for the concept of corporate brand reputation. The chapter is organised in two main sections. The first section reviews different viewpoints on what is actually meant by the term corporate brand reputation. This aims to clarify the concept and adopt a working definition for the purposes of this thesis. The second section then reviews writings on the value of corporate brand reputation in order to illustrate the importance of building and maintaining strong, favourable reputations in today's competitive marketplace and highlight the significance of this thesis.

2.2 DEFINING CORPORATE BRAND REPUTATION

Despite the increasing number of studies published in this area, there is no unambiguous, generally accepted definition for the term corporate brand reputation. Although reputation is clearly defined by The New Oxford Dictionary of English (1998) as *"the beliefs or opinions that are generally held about someone or something"*, scholars have adopted different, sometimes even contradictory definitions for the concept in a business context. The confusion surrounding the concept is problematic as the lack of a single common definition partly explains why *"although corporate reputations are ubiquitous, they remain relatively understudied"* (Fombrun and Van Riel, 1997, p. 5)

Fombrun and Rindova (1996) argue that this problem of definition mainly derives from the diversity of relevant studies, which explore the construct from different disciplinary perspectives. Economists, for instance, define reputations as character traits, which distinguish among "types" of firms and encompass the past history of a firm's actions (Weigelt and Camerer, 1998). Taking into consideration the information asymmetries evident in game theory, economists suggest that a firm's external observers rely on the company's reputation to determine their preferences and their likely courses of action. Accounting researchers also increasingly acknowledge the value of a company's reputation, defining reputation as an important intangible asset (Dufrene et al, 1998 and Sveiby, 1997). From the strategists' point of view, reputations are regarded as accumulations of the history of firms' interactions with stakeholders, which suggest to observers what companies stand for (Freeman, 1984; Dutton and Dukerich, 1991). Sociologists, on the other hand, regard reputations as aggregated assessments of firms' institutional prestige, which describe the stratification of the social system surrounding firms and industries (DiMaggio and Powell, 1983; Shaphiro, 1987).

Within the marketing discipline the concept of reputation has also been approached from different angles. It *"is one of those things that everyone believes is important, yet there is very little consensus as to what it means"* (Ind, 1997, p.2). One of the key reasons for the "fog" surrounding the concept of corporate brand reputation has been the effect of fashion in the terminology that has been adopted over the years in by authors in this area (Balmer, 1996; 2001). For instance, although in the 1950s and 1960s authors focused on the concept of corporate image, in the 1970s corporate identity grew in popularity, viewed by some authors as being fundamentally concerned with visual identity (Dowling, 1994) and by others as embracing the mix of elements which give organisations their distinctiveness (van Riel and Balmer, 1997). Recently, the concept of corporate reputation has been in the ascendant (Balmer, 2001). However, with increasing interest in the 'corporate brand', authors are now talking about 'corporate brand reputation' (Balmer, 1995; de Chernatony, 1999; 2001; Harris and de Chernatony, 2001), and acknowledge the need for a more balanced approach in defining the components of the reputation formation process.

Markwick and Fill (1997) and Caruana (1997) argue that the aforementioned effects of fashion in terminology have resulted in a long-lasting debate, regarding the use of the terms 'corporate image' or 'corporate brand image' and 'corporate reputation' or 'corporate brand reputation' and their interrelationships. They view this debate as the main reason why there is no generally accepted, unambiguous definition for the concept of 'corporate brand reputation'. 'Corporate image' or 'corporate brand image' and 'corporate reputation' or 'corporate brand reputation' have appeared in the literature as synonymous, as totally separate concepts or as related phenomena depending on the viewpoints adopted. The literature review conducted for the purposes of this chapter has indicated that throughout the years, definitions offered for corporate reputation or corporate brand reputation by marketing academics and practitioners can be broadly merged into two dominant Schools of Thought. These include the Analogous School of Thought, comprising mainly of early writings that appear to view corporate reputation as synonymous to corporate image, and the more recent Differentiated School of Thought, which considers corporate image or corporate brand image and corporate reputation or corporate brand reputation as different and, according to the majority of the authors, interrelated concepts (Gotsi and Wilson, 2001). The following sections will provide a review of these Schools of Thought and conclude with a working definition of corporate brand reputation for the purposes of this thesis. An overview is presented in the following table (Figure 2.1):

SCHOOLS OF THOUGHT	RELATIONSHIPS BETWEEN CORPORATE (BRAND) REPUTATION AND CORPORATE (BRAND) IMAGE
Analogous School of Thought (Bernays, 1977; Boorstin, 1961; Boulding, 1956; Budd, 1969; Crissy, 1971; Enis, 1967; Gates and McDaniel, 1972; Kennedy, 1977; Martineau, 1958; Schafhauser, 1967 and later on, Abratt, 1989; Alvesson, 1998; Bernstein, 1984; Dowling, 1986; 1993; Dutton et al, 1994; Ind, 1997; van Rekom et al 1992)	*Corporate reputation synonymous to Corporate image*
Differentiated School of Thought **1st View** (Brown and Cox, 1997; Brown and Dacin, 1997; Grunig, 1993; O'Sullivan, 1983; Semons, 1998)	*Corporate reputation is not related to Corporate image*
2nd View (Barich and Kotler, 1997; Mason, 1993)	*Corporate reputation affects Corporate image*
3rd View (Balmer, 1996; 1997; 1998; 2001; Bromley, 1993; de Chernatony, 1999; 2001; Fombrun, 1996; Fombrun and Shanley, 1990; Gray and Balmer, 1998; Harris and de Chernatony, 2001; Rindova, 1997; Saxton, 1998)	*Corporate image affects Corporate reputation* *Corporate brand image affects Corporate brand reputation*
A Balanced Approach – Adopted by This thesis	*Corporate brand reputation affects and is affected by Corporate brand image*

Table 2.1: Defining corporate brand reputation: The relationships between corporate (brand) reputation and corporate (brand) image

2.2.1 The Analogous School Of Thought

In the early writings of the reputation literature, authors have concentrated on the concept of corporate image rather than on reputation (Bernays, 1977; Boorstin, 1961; Boulding, 1956; Budd, 1969; Crissy, 1971; Enis, 1967; Gates and McDaniel, 1972; Kennedy, 1977; Martineau, 1958; Schafhauser, 1967). Most of these early authors in the Analogous School of Thought define the term corporate image in a way that appears synonymous to corporate reputation. Martineau (1958), for instance, regards corporate image as the *sum* of functional qualities and psychological attributes that exist in the mind of the consumer, while Boulding (1956) defines image as subjective *knowledge about the organisation.* Crissy (1971, p. 77) also does not regard corporate image as the immediate mental picture that audiences have of an organisation (Gray and Balmer, 1998), but rather as *"an aggregate stimulus value".* Additionally, in one of the earliest, yet most influential writings in this field, Kennedy (1977, p. 124) seems to view corporate image as synonymous to corporate reputation, when she suggests that *"an image, whether of a product or company, takes many years to cultivate".*

Several recent studies (Abratt, 1989; Alvesson, 1998; Bernstein, 1984; Dowling, 1986; 1993; Dutton et al, 1994; Ind, 1997; van Rekom et al 1992) have also adopted the aforementioned early writings' perspective and appear to regard the concepts of corporate image and corporate reputation as interchangeable. For instance, Dowling (1993) defines corporate image as the *total impression* of the company, while Bernstein (1984) suggests that reputation is a term loosely trading places with images. To add to the confusion, Dutton et al (1994), based on their own conceptual framework, argue that corporate reputation represents outside members' perception of corporate image. From yet another perspective, Alvesson (1998, p. 98) defines corporate image as *"a comprehensive summarised picture of the company held by a certain section of the environment"*. He regards an image as an overall picture of the company and by effect considers the terms corporate image and corporate reputation as identical. Contrary to the definition of image from the psychologists' perspective as a dimension of how people conceptualise and perceive an object, Alvesson (1998) considers the term corporate image as only meaningful when there is a certain distance between the observing group and the object in question. He argues that proximity to the object or even being part of it (e.g. being part of a particular company) leads to the object becoming too complex to permit discernment of any special "image". He therefore considers the term corporate image to apply only to the company's external audiences. Nevertheless, Alvesson (1998) does not provide any empirical research to support this view. Moreover, Ind's (1997, p. 21) definition of corporate image as *"the picture that an audience has of an organisation through the accumulation of all received messages"*, illustrates that the author does not distinguish the term corporate image from that of corporate reputation.

Many of the aforementioned authors in this Analogous School of Thought have a public relations background and this partly explains why they have been traditionally focusing on the concept of corporate image rather than on corporate reputation (Rindova, 1997). This public relations approach comes from the arts and regards image as *"something that a communicator creates – constructs or projects or gives to other people – who often are called receivers"* (Grunig, 1993, p. 126). However, Markwick and Fill (1997) and Caruana (1997) argue that the fact that many authors in this Analogous School of Thought consider the terms corporate image and corporate reputation as identical, has been a key factor behind the ambiguity that currently surrounds the concept of corporate brand reputation.

2.2.2 The Differentiated School Of Thought

More recently, authors have been increasingly considering the terms corporate reputation or corporate brand reputation and corporate image or corporate brand image as different concepts (Balmer, 1996; 1997; 1998; 2001; Barich and Kotler, 1997; Bromley, 1993; Brown and Cox, 1997; Brown and Dacin, 1997; Fombrun, 1996; Fombrun and Shanley, 1990; Gray and Balmer, 1998; Grunig, 1993; Marziliano, 1997; Mason, 1993; Rindova, 1997; Saxton, 1998). Within this Differentiated School of Thought there seem to be three dominant views. The first view considers corporate reputation and corporate image as different yet separate concepts based on the negative associations assigned to the latter. On the contrary, the second and third views consider the concepts as related. The second view proposes that a firm's reputation is one dimension towards the construction of its corporate image, while the third view explores the other side of the relationship and argues that the firm's reputation(s) or corporate brand reputation(s) is largely influenced by the multiple images held by its constituencies.

Corporate Reputation Is Not Related To Corporate Image

Contrary to perceptions by the Analogous School of Thought that regard corporate reputation as synonymous to corporate image, a number of authors consider the terms as totally separate concepts (Brown and Cox, 1997; Brown and Dacin, 1997; Grunig, 1993; O'Sullivan, 1983; Semons, 1998). The following quote captures the essence of this debate:

"I loathe the word image and Kotler is an image devotee – he tells his readers and audiences that "image is the set of beliefs, ideas and impressions that a person holds of an object". My Webster tells me that "an image is a reproduction or imitation of a person or a thing". If Kotler knew Latin, he would know that image is derived from imitari – imitation. We in PR must be concerned with that good, old-fashioned word reputation – not image". (Scott Cutlip, cited in Grunig, 1993).

This view that organisations should be focusing on the management of corporate reputations and not of corporate images is mainly based on the negative associations that a number of authors have assigned to the concept of corporate image (Balmer, 1997). According to Bernstein (1984) and Grunig (1993) image can mean falsehood or opposite to reality, while Olins (1978) remarks that it implies manipulation. Bernstein (1984, p.13) also notes that *"if any word needs an "image-job" it's image"*, a view presented in the past by Schafhauser (1967, p. 51) who argued that *"the term image-makers is generally seen as an insult rather than a compliment"*. Bernstein (1984) adds that a corporate image is a manufactured rather than a true reflection of the company's reality. O'Sullivan (1983) also suggests that although the original meaning of image has been equated with a visual representation of reality, now it commonly refers to a fabrication or public impression created to appeal to the audience rather than to reproduce reality. He concludes that the term therefore implies a degree of falseness since the reality rarely matches up to the image.

The aforementioned negative associations with the concept of corporate image have resulted in a transition of focus for many public relations academics, *"away from image management, which is seen as firms taking superficial actions to make themselves look better, and toward reputation management, which is seen as firms taking substantive and responsible actions to gain the esteem of the public"* (Rindova, 1997, p. 189). Public relations practitioners also seem to be following this trend, with the example of Shandwick USA, among the world's largest agencies in its field, which has recently transformed itself from a Public Relations Agency to a Corporate Reputation Management firm (Semons, 1998).

Taking into consideration the aforementioned views, Brown and Dacin (1997) proposed the term "corporate associations" as an umbrella term covering all the information an individual holds about a company. Brown and Cox (1997, p. 35) suggest that *"corporate associations for a particular company or organisation include cognitions, affects (i.e. moods and emotions), evaluations attaching to specific cognitions or affects, summary judgements, and/or patterns of associations (e.g. schemata) with respect to a particular company which are based on a set of memory inputs and/or current sensory perceptions"*. However, this thesis believes that the introduction of a new term covering all the debatable concepts in the literature does not resolve the ambiguity surrounding the concepts of corporate (brand) image and corporate (brand) reputation and does not clarify the relationship between the two concepts.

Corporate Reputation Affects Corporate Image

Contrary to the first view, the second view in this Differentiated School of Thought does not perceive corporate image as a separate construct but rather as related to corporate reputation. According to Normann (1984), corporate image should not be related to falsehood or imitation of reality. Normann accepts Boulding's (1956) interpretation of image as a mental representation of reality but adds that an image represents a model signifying one's beliefs and understanding of a phenomenon or situation. Taking into account that images represent people's own perceptions of reality, Normann (1984) argues that people act or choose not to act based on the reality that they perceive. He therefore suggests that even *"if the image is not an exact equivalent of reality, it is at least a social reality"* (Normann, 1984, p. 72).

Taking this into consideration, Barich and Kotler (1997) and Mason (1993) have developed conceptual frameworks where evaluations or other higher-order concepts are included as components of a firm's corporate image. Barich and Kotler (1997) suggest that attitudes should be included in the conceptualisation of the corporate image formation process and believe that the term "image" represents the sum of beliefs, attitudes and impressions that a person or group has of an object. In their work, they consider corporate reputation or favourable public attitude as a variable, which together with the level of public awareness, determines a firm's corporate image. Mason (1993) also regards corporate reputation as one of the dimensions of corporate image. Both Barich and Kotler (1997) and Mason (1997) consider

- *created from the bottom up as each of us applies our own personal combination of economic and social, selfish and altruistic criteria in judging a company and its future prospects*
- *a snapshot that reconciles the multiple images of a company held by all its constituencies. It signals the overall attractiveness of the company to employees, consumers, investors, suppliers and local communities".*

Fombrun (1996) therefore identifies the relationship between the concepts of corporate image and corporate reputation in the following diagram (Figure 2.2):

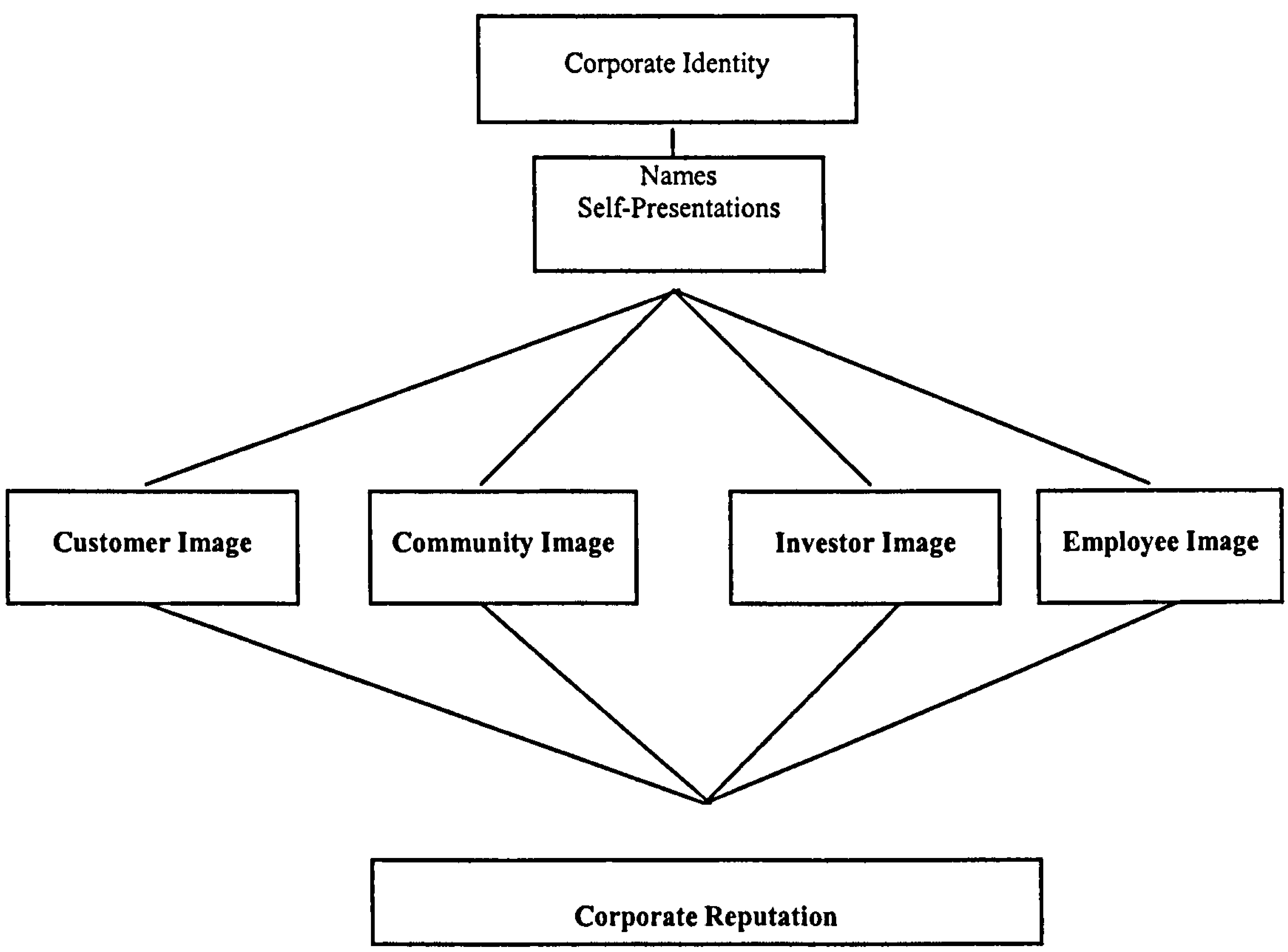

Figure 2.1: From Corporate Identity to Reputation
Source: Fombrun (1996)

He argues that as different evaluators rate a company against its competitors, images are formed and as a consequence an overall reputation crystallises from the variety of images produced.

There are several criticisms to this conceptual model. To begin with, although Fombrun (1996) recognises that different stakeholders can have a plethora of images of an organisation, the result of multiple corporate reputations is not illustrated in his model. Furthermore, the model does not indicate whether the relationship between a firm's corporate images and its corporate reputation is one-way or bilateral. The model also fails to acknowledge extra-organisational factors as an influence on a company's corporate images and hence its' corporate reputations.

Bromley (1993, p. 13) appears to offer a similar view on the relationship between corporate reputation and corporate image. He notes that *"the analogy between corporate reputation and corporate image is that large entities have sub-reputations, the reputations of its constituent parts, which is like the way personal reputations incorporate particular attributes"*. Whetten (1997) adds that the concept of corporate reputation involves communication acts and interactions between the company's "self" and its stakeholders ("other") and schematically represents the relationship between corporate reputation and corporate image in the following diagram (Figure 2.3):

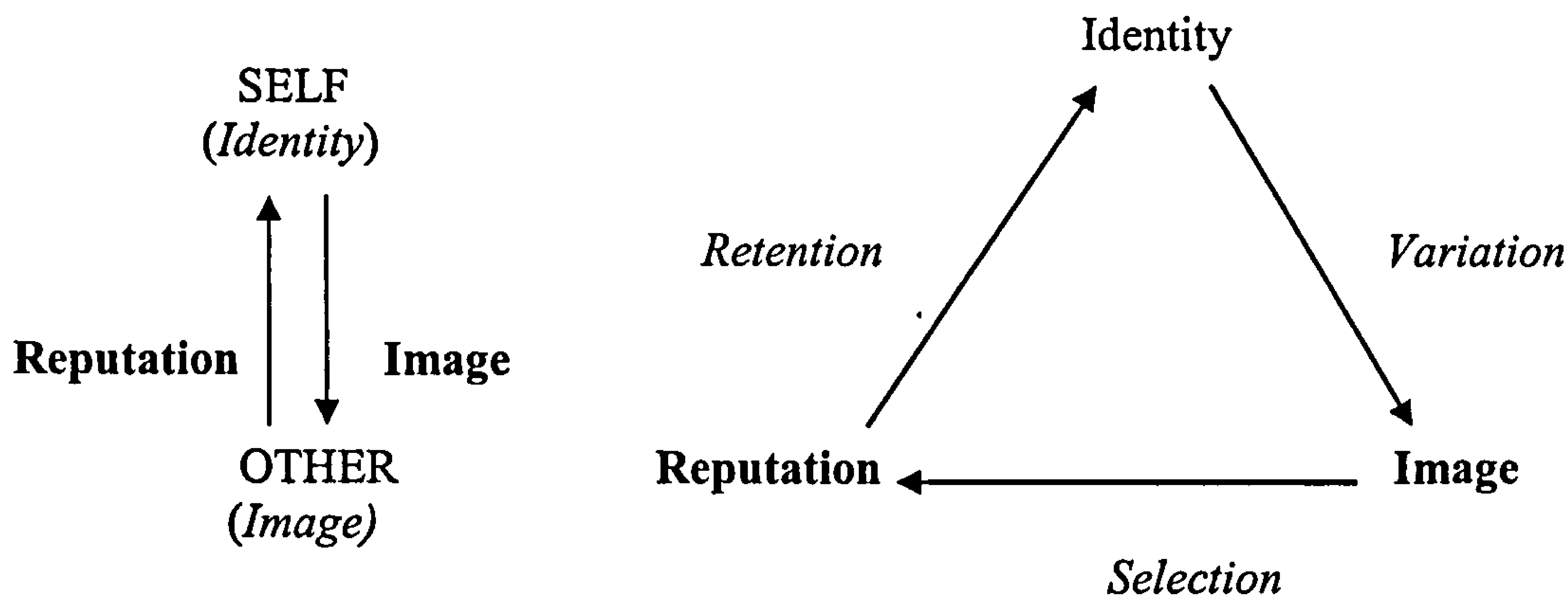

Figure 2.2: Relationship of reputation to related constructs
Source: Whetten (1997)

Although this conceptual model portrays how a firm's corporate identity, i.e. the distinct characteristics of the organisation or, stated simply, what the organisation is (Balmer, 1996), relates to how its audiences view the organisation, it fails to show the dynamism of these relationships. For instance, it can be argued that external audiences' perceptions of an organisation, in the form of corporate images and corporate reputations, may also influence the company's behaviour, communication and symbolism (Birkigt and Stadler, 1986) and hence its corporate identity. Therefore there is scope for the relationships in Whetten's (1997) framework to be bilateral.

Furthermore, emphasising the time element in the relationship between corporate reputation and corporate image, Gray and Balmer (1998, p. 687) add that *"corporate image is the immediate mental picture that audiences have of an organisation. Corporate reputations, on the other hand, typically evolve over time as a result of consistent performance, reinforced by effective communication, whereas corporate* *images can be fashioned more quickly through well-conceived communication programmes"*. Bromley (1993) also notes that reputations are evolving; they are not static, they change in response to the demands of the situation. According to Bromley (1993) a company therefore has as many reputations as are the distinct social groups whose members interact or for some reason take an interest in the company.

The aforementioned views of corporate reputation as the reflection of the organisation over time that reconciles the multiple images of a company held by its stakeholders are also mirrored in the emergent corporate branding literature, which seems to be the focus of recent research in the area. As Ind (1997) notes, *"the corporate brand is more than just the outward manifestation of the organisation – its name, logo, visual presentation. Rather it is the core values that define it"*. The corporate brand therefore encapsulates the functional and emotional values that the organisation aims to stand for to its stakeholders (Aaker, 1996; de Chernatony, 2001). It has also been regarded as the promise that the organisation makes to its publics (Balmer, 2001), reflecting the "desired" identity of the company (Kiriakidou and Millward, 2000). Based on Fombrun and Rindova's (1996) definition of reputation, Harris and de Chernatony (2001, p. 445) define corporate brand reputation as *"a collective representation of the brand's past actions and results that describes the brand's ability to deliver valued outcomes to multiple stakeholders"*. Following, a similar perspective to the majority of authors in this third view within the Differentiated School of Thought, Harris and de Chernatony (2001) suggest that corporate brand reputations and corporate brand images are different yet related concepts. They note that in contrast to a corporate brand's image, which reflects current and changing perceptions about the company, corporate brand reputation is more stable and represents the distillation of multiple images over time.

2.2.3 A Balanced Approach: A Working Definition For This Thesis

Having reviewed the literature within the Analogous and Differentiated Schools of Thought, there seems to be greater support for the views within the Differentiated School of Thought (second and third views) that consider the concepts of corporate reputation or corporate brand reputation and corporate image or corporate brand image as interrelated. This research therefore adopts Rindova's (1997, p. 193) perspective, that *"contrary to widespread opinions, image and reputation are not identical, nor is one imitation and the other the real thing. Rather the relationship between them is one of dynamism and stability, of variation and selection"*. The author of this thesis also believes that there is scope to merge the second and third views within the Differentiated School of Thought, since they appear to be presenting the two sides of a bilateral relationship. In this relationship, corporate brand images that stakeholders form can be influenced by their overall evaluation of the company, i.e. the corporate brand reputation (second view within the Differentiated School of Thought) and at the same time a firm's corporate brand reputation is influenced by the images that stakeholders form about the organisation in their everyday lives (third view within the Differentiated School of Thought). Finally, taking into account the view that the corporate brand is not only the visual presentation of the organisation but also the core values that define the organisation, what authors in the past labelled as corporate reputation appears synonymous to what recent studies within the corporate branding literature label as corporate brand reputation.

In an attempt to summarise the common elements among different definitions of reputation, this thesis assigns the following characteristics to the concept of corporate brand reputation:

- it is a dynamic concept (Balmer, 1997; 2001; Barich and Kotler, 1997; Bromley 1993; 2001; Caruana, 1997; de Chernatony, 1999; 2001; Harris and de Chernatony, 2001; Fombrun, 1996; Fombrun and Shanley, 1990; Gray and Balmer, 1998; Mason, 1993; Normann, 1984; Rindova, 1997; Saxton, 1998)
- it takes time to build and manage (Balmer, 1997; 2001; Gray and Balmer, 1998)
- there is a bilateral relationship between the concepts of corporate brand reputation and corporate brand image (Rindova, 1997): corporate brand reputations are largely dependent on the everyday images that people form of an organisation (Balmer, 1996; 1997; 1998; 2001; Bromley, 1993; de Chernatony, 1999; 2001; Fombrun, 1996; Fombrun and Shanley, 1990; Gray and Balmer, 1998; Harris and de Chernatony, 2001; Rindova, 1997; Saxton, 1998), while at the same time corporate brand reputations can influence stakeholders' everyday images of a firm (Barich and Kotler, 1991; Mason, 1993)
- it crystallises a company's perceived ranking in a field of other rivals (Fombrun, 1996)
- different stakeholders may have different reputations of the same company based on their own economic, social and personal background (Bromley, 1993; 2001;

Fombrun, 1996)

Therefore the following working definition of corporate brand reputation will be adopted for the purposes of this thesis:

A corporate brand reputation is a stakeholder's overall evaluation of a company's actions over time. This evaluation is based on the stakeholder's direct experiences with the company, any other form of communication that provides information about the firm's actions and a comparison with the actions of other leading rivals. It is also influenced by external environmental factors as well as by the stakeholder's own economic, social and personal background.

Having adopted a clear definition for this thesis, the next section will review writings on the value of a favourable corporate brand reputation. This aims to illustrate the importance of building well-reputed corporate brands in today's competitive marketplace and therefore highlights the importance of this thesis to the business and academic communities.

2.3 THE VALUE OF CORPORATE BRAND REPUTATION

Nowadays, intangible assets are gaining increased notice among academics and practitioners. Sveiby (1997) divides a firm's intangible assets into three areas: employee competence, internal structure and external structure. Within internal structure he suggests that a company's systems, patterns, research and development, copyrights, models and administrative systems, all constitute part of its intangible assets. Within external structure Sveiby (1997) adds that product recognition, brand names, corporate image, together with corporate reputation (McMillan and Joshi, 1997) are also important intangible assets for an organisation. Current accounting practice recognises the long-term benefits of these intangible assets, although their recognition in financial statements appears to be inconsistent (Dufrene et al, 1998; Tollington, 1998). Furthermore, several authors in the strategy field (Grant, 1991; Itami and Roehl, 1987; Peteraf, 1993; Quinn, 1992; Wernerfelt, 1984) have started to recognise the importance of a firm's intangible resources as a Sustainable Competitive Advantage (SCA), which will in turn have an impact on superior performance. Nevertheless, discussions on intangible assets have traditionally focused on intellectual property resources (Sristava et al, 1997). There is an evident dearth of studies on the value of corporate brand reputation.

An interesting research was conducted by Hall (1992). The study aimed to identify chief executives' most commonly identified and valued intangible resources. In his longitudinal survey, 95 CEO's were asked to order the relative importance of 13 intangible resources based on their contribution to the overall success of their company. The study demonstrated that one of chief executives' most commonly identified and valued intangible resources was the reputation of their corporate brands. In particular, the firm's reputation together with the reputation of its products/services and networks, were ranked as the three most important intangible assets in this research and the most critical to corporate success. As Fombrun (1996, p.6) comments, corporate brand reputations *"may well provide companies with a more enduring source of competitive advantage than even patents and technologies"* in a marketplace that appears to be more demanding and commoditised than even before.

According to Chajet (1997), the former Chairman of Lippincott and Margulies, which is one of the world's largest corporate identity consultancies, there are four main driving forces in today's marketplace that are propelling the importance of corporate brand reputation to new heights. These include the increasing access to information by consumers, the increasing trends towards internationalisation, the lack of differentiation and the increase in investment capital. For instance, it has been argued that the increasing access to information by consumers, combined with their insatiable appetite for information, can potentially damage a company's reputation unless all its communication activities are integrated at the corporate level (Van Riel, 1995). Moreover, increasing trends towards internationalisation and mergers and acquisitions have also highlighted the value of a strong, favourable corporate brand reputation. To illustrate the magnitude of these trends, within a recent survey of 12,000 senior managers in 25 countries, drawn from six continents, 45% of the companies employing more than 1,000 people had been involved in merger, divestiture or acquisition activity between 1988-1991 (Cartwright and Cooper, 1995), and the amount of strategic alliances and internationalisation activities was also in the increase. Taking this into consideration, Gray and Balmer (1997, p. 4) suggest that *"a pervasive image and favourable corporate reputation can be a powerful competitive weapon for a firm expanding internationally"*. They argue that companies like Coca Cola, McDonald's and Baskin Robins are salient examples of companies that have been able to expand throughout the world more easily than lesser-known firms, based on their high-profile, favourable corporate brand reputations. Chajet (1997) adds that another major driving force, which highlights the important value of a strong corporate brand reputation, refers to the lack of differentiation evident in many industries nowadays. In particular, commoditisation of products and services and the effect of rapid technological advancements have left many companies unable to differentiate their products and services using traditional marketing tactics. For example, most retail banks offer similar products and, as Schlesinger and Heskett (1991) note, technological development usually provides limited competitive advantage since it can be easily copied by competitors that can afford it. In the financial services sector it has therefore been argued that the most effective type of differentiation is the acquisition of a strong corporate brand reputation (Balmer and Wilkinson, 1991; Morello, 1986; Richardson and Robinson, 1986; Stewart, 1991; van Heerden and Puth, 1995; Wilkinson and Balmer, 1996). Furthermore, as an effect of capitalism, individuals are supplying more and more investment capital. Taking this into consideration, companies realise the need to build and protect their reputation, since a well-reputed corporate brand will influence the company's appeal as an investment choice.

It is therefore evident that today's competitive market environment requires organisations to develop and sustain strong, favourable corporate brand reputations in order to survive and prosper within their industries. As Whetten (1997, p. 30) notes, *"reputation is an inherently value-laden construct, in the sense that the statements about reputation reflect a set of underlying beliefs about what is good, right, desirable and so on"*. Realising the importance of effective corporate brand reputation management, several researchers from different disciplines have commented on the value of a well-reputed corporate brand. The following sections will therefore identify the benefits that a strong, favourable corporate brand reputation can offer a company, through a review of relevant studies.

2.3.1 Corporate Brand Reputation Has Financial Value

Authors suggest that a well-reputed corporate brand can significantly affect the company's financial performance (Barich and Kotler, 1991; Beatty and Pitter, 1986; Brown, 1997; Brown and Perry, 1994; Carrol and Dess, 1996; Gregory 1997; Fombrun and Shanley, 1990; Ind, 1997; McGuire, Schneeweiss and Branch, 1990; Orusoff et al, 1992; Ohame, 1989; Roberts and Dowling, 1997; Soebel, 1985; Srivastava et al, 1997; Whetten, 1997). Ind (1997) notes that the way in which the financial community perceives an organisation is among other factors largely driven by its reputation. He refers to anecdotal evidence from Fortune magazine, which show that there is a clear link between corporate brand reputation and return on investors. This conclusion is based on international research conducted by the Opinion Research Corporation (ORC) among 4000 businesses in 18 countries that highlighted the importance of an organisation's reputation and its effective management. He argues that a strong, favourable corporate brand reputation can sustain a company in times of controversy since it has financial value that is generally not appreciated and hence needs to be managed as carefully as any other company asset. Findings from this research also indicate a strong correlation between positive corporate brand reputations and higher price/earnings ratios in the financial marketplace. The study suggests that some 8%-15% of a company's stock price could be accounted for by corporate brand reputation. Nevertheless, one could argue that the relationship between corporate brand reputation and return to investors could also be the inverse. This means that a firm's impressive financial performance could also be the main reason for its good reputation with the financial community.

Similar results to the ORC's research are presented in Gregory's (1997) study of 50 Fortune 100 companies over a seven-year period. According to this research, corporate brand reputation affects business results, such as sales generated and the earnings and cash flow arising from those sales, as well as the way that the stock market evaluates a company in terms of the price/earnings ratio (the premium the market puts on earnings when setting stock prices) and the cash flow multiple (the premium put on cash flow). Again the inverse relationship is not examined, while one could also criticise the sample used for this research. Fortune 100 companies are very successful organisations with strong, favourable corporate brand reputations and the fact that the study does not include any companies outside this range does not leave much scope for interesting comparisons. Moreover, the study does not indicate whether it is a favourable corporate brand reputation related mainly with the perceptions of the shareholders that affects business results or whether it refers to reputations held by all the company's stakeholders. Nevertheless, Roberts and Dowling's (1997) research also supports the proposition that companies with stronger reputations are more likely to attain and sustain higher than average returns. They conducted an empirical study for 12 years, which revealed that the quality of a firm's reputation affects its ability to attain and sustain superior financial performance over time.

Brown and Perry (1994), Fombrun and Shanley (1990) and McGuire, Schneeweiss and Branch (1990) also support the notion that there is a two-way effect between a company's reputation and its financial performance. This is also evident in recent studies which indicate that firms with higher scores in Fortune's surveys of corporate reputation exhibit higher return on sales, are thought to be less risky (Srivastava et al, 1997) and are more likely to attain and sustain superior returns (Barich and Kotler, 1991; Brown and Perry, 1994; Fombrun and Shanley, 1990; McGuire, Schneeweiss and Branch, 1990; Soebel, 1985; Roberts and Dowling, 1997; Whetten, 1997). As a result a relative premium on the stock market value of firms with strong reputations has been recorded (Brown, 1997; Ind, 1997). Specifically, Brown's (1997) empirical research among 216 firms over a ten-year period confirms that there is a relative premium on the stock market value of firms with strong reputations for Corporate Social Performance (CSP). Furthermore, Beatty and Pitter (1986) argue that one major condition for the investment banking industry to enforce underpricing of initial public offerings is for the underwriter to have a non-salvageable reputation capital at stake when it is earning a return. Corporate brand reputation is also regularly used as a basis for brand valuation (Orusoff et al, 1992), and as collateral for loans (Ohame, 1989).

Taking into consideration the aforementioned studies, one could again criticise the selection of samples from firms with higher scores in Fortune's surveys of reputations. Companies of that status are bound to have a sound financial performance and their good corporate brand reputation with all their publics could only be one predictor of their financial results. However, Fortune magazine's Survey of Corporate Reputations is recognised in the literature as one of the most credible measures of favourable corporate brand reputations, to the extent that Galnes-Ross (1997, p. 51) describes it as *"the gold standard for measuring corporate performance"*.

2.3.2 Corporate Brand Reputation Influences Intention To Buy

The significance of reputation is also realised when customers have imperfect information about companies' abilities to handle and fashion the specific service provided, so that they can select a product or service that best fulfils their needs. Weigelt and Camerer (1988) for instance suggest that reputation is a particularly significant asset when companies are operating in markets where pre-purchase evaluation of product quality is vague and partial. Examples include knowledge intensive firms such as software companies, investment bankers and management consultancies, as well as service organisations, since it is difficult for customers to evaluate the quality of the service before its delivery. Clark and Salaman (1996) also believe that reputation substitutes for materialisation of the knowledge and expertise companies possess, a view supported by Podolny (1993; 1994) and Podolny, Stuart and Hannan (1996) who found that companies with strong, favourable reputations benefit more from their customers' uncertainty. Additionally, Soebel (1985) suggests that in situations that arise when people are uncertain about whether to trust the people or organisations they are dealing with, reputations for reliability are valuable. This applies in cases where consumers decide on whether they should consider certain advertisements as credible, where banks try to ascertain the reliability of their loan applicants or where employers decide on the level of responsibility they should delegate to their employees. Soebel (1985) also suggests that a company's earlier actions will determine the degree to which external agents trust the organisation. In addition, Vendelo (1998) notes that a good reputation is the basis for a company to be considered as a capable and reliable supplier of products (Kristensen, 1992; Larson, 1992), taking into account that it represents a highly visible signal of the company's capabilities and reliability (Powell, 1990).

Taking into consideration the fact that most of the aforementioned studies come from the economics discipline, arguments are mainly based on the information asymmetries evident in game theory, in which a firm's external observers rely on the company's reputation to determine their preferences and their likely courses of action. From a marketing perspective, Fombrun (1996) supports the view that good reputations increase credibility, making consumers more confident that service providers will really provide them with what they were promised. He notes that reputation is valuable because it informs people about what products to buy, what companies to work for, or what stocks to invest in and bases his arguments on relevant examples from everyday practice. Bernstein (1984) also argues that a strong, favourable corporate reputation can be used as a launch pad for new products.

2.3.3 Corporate Brand Reputation Is A Mechanism For Assuring Quality

Corporate brand reputations have also been presented in the literature as mechanisms that assist consumers when they evaluate the quality of products or services in the marketplace (Shapiro, 1982, 1983; Wilson, 1985). Wilson (1985, p. 27) suggests that *"one's reputation is a state variable affecting future opportunities"*. His research shows that a firm's reputation for the quality of its products is an important determinant of demand whenever quality is unobservable at the time of purchase or when no warranties or service contracts are actually offered with the product. Shapiro (1983) also associates a good reputation with the production of quality merchandise and suggests that reputation can operate only imperfectly as a mechanism for assuring quality. He argues that the initial investment in establishing a strong, favourable reputation is worthwhile since eventually the company will be able to sell its high quality products for a premium above their costs of production. Both writings are based on game-theory reasoning.

2.3.4 Corporate Brand Reputation Offers Inimitability

The value of reputation is also recognised in the literature in terms of the inimitability, which it offers to the company (Barney, 1991; Dowling, 1994; Diericikx and Cool, 1989; Rumelt, 1987). Although a reputation need not carry with it any market power and need not constitute a barrier to entry, it does constitute a cost of entry (Shapiro, 1983). Rumelt (1987) therefore includes a company's reputation as one of several isolating mechanisms, which prohibit competitor imitation. Barney (1991) and Dowling (1994) support this view based on the rationale that taking into consideration the complex factors contributing to reputation formation (which will be analysed in detail in Chapter 3), corporate reputation is an asset that is difficult to copy. Diericikx and Cool (1989) add that the fact that corporate brand reputations take time to develop also contributes to their inimitability. These arguments are based on conceptual reasoning. However, the aforementioned studies do not offer any empirical research to support these views.

2.3.5 Corporate Brand Reputation Influences Loyalty

In addition, several authors have developed conceptual arguments that suggest that a strong, favourable corporate brand reputation will encourage customers' and employees' loyalty to an organisation (Dutton et al, 1994; Gray and Balmer, 1998; Radner, 1981; Saxton 1998). Gray and Balmer (1998) suggest that the reputation of the company in the eyes of its stakeholders will influence their willingness to either provide or withhold support to the company and its aims. They argue that a negative perception of a company or its products will therefore result on a decline in the company's sales and profits. This view is supported by Saxton (1998), who proved that there is a significant relationship between reputation and loyalty. His studies indicated that customers are more likely to stay with, recommend and be committed to a company with a good reputation. On the other hand, a strong, favourable reputation can be a crucial factor for encouraging employee morale and productivity. Dutton et al (1994) support this view and suggest that favourable corporate reputations enable strong organisational identification by employees. Organisations like Hewlett-Packard, J. P. Morgan, Merck and Microsoft have traditionally attracted talented applicants because of their good reputation among the companies' stakeholders (Gray and Balmer, 1998). A company's reputation has also been found to have an impact on labour inputs to production (Radner, 1981).

2.4 SUMMARY

This chapter sought to establish a basic theoretical background for the thesis by defining the concept of corporate brand reputation and emphasising its commercial value. The chapter started with a review of the literature relevant to defining the concept of corporate brand reputation. In an attempt to clarify the ambiguity surrounding the concept, the chapter has merged studies into two dominant schools of thought based on authors' perspectives regarding the relationship between corporate (brand) image and corporate (brand) reputation. These include the Analogous School of Thought, which views reputation as synonymous to image and the Differentiated School of Thought, which considers the concepts as different and, according to the majority of the authors, related. Having reviewed the literature within both Schools of Thought, the author adopted Rindova's (1997) perspective and argued that there seems to be greater support for the views within the Differentiated School of Thought (second and third views) that consider the concepts of corporate reputation or corporate brand reputation and corporate image or corporate brand image as interrelated. The chapter therefore defined a corporate brand reputation as

"a stakeholder's overall evaluation of a company's actions over time. This evaluation is based on the stakeholder's direct experiences with the company, any other form of communication that provides information about the firm's actions

and/or a comparison with the actions of other leading rivals. It is also influenced by external environmental factors as well as by the stakeholder's own economic, social and personal background"

It also identified its characteristics, emphasising the bilateral relationship between corporate brand images and corporate brand reputations.

In the second section, the chapter reviewed studies on the value of favourable corporate brand reputations in light of recent developments. Apart from its financial value, a well-reputed corporate brand has been reported to influence intention to buy, act as a mechanism for assuring quality, offer inimitability and influence stakeholders' loyalty.

Having developed an understanding of what corporate brand reputation is and why it is important, the next chapter will now review writings on the factors that influence the formation of corporate brand reputation, in an attempt to identify ways through which organisations can influence their stakeholders' overall evaluations of the company's actions over time.

CHAPTER THREE

CORPORATE BRAND REPUTATION FORMATION AND MANAGEMENT: THE EVOLUTION OF FRAMEWORKS AND MODELS

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CORPORATE BRAND REPUTATION FORMATION AND MANAGEMENT: THE EVOLUTION OF FRAMEWORKS AND MODELS

3.1 INTRODUCTION

Acknowledging the commercial value of a strong, favourable reputation, marketing scholars and practitioners have consistently sought to identify factors that influence the formation of corporate brand reputations for more than forty years. As a result, a wealth of frameworks and models have been proposed, seeking to identify ways through which organisations can influence stakeholders' evaluations of their actions over time. However, vagaries in fashion in the use of concepts and different approaches to the subject of reputation formation and management have resulted in a multiplicity of perspectives. Writings in the 1950s and 1960s mainly focus on the role and management of effective graphic design (visual identity), while in the 1970s, authors adopt a more holistic approach, acknowledging both the multiplicity of stakeholders a company needs to address and the role that employees play in corporate image formation and management. In the 1980s, frameworks and models become less customer-centred and more inward looking, placing corporate identity management at the centre of corporate image management and emphasising the role of corporate culture in image formation. This approach has been in the ascendant over recent years, although since the late 1990s corporate reputation or corporate brand reputation management has *"almost eclipsed references to the corporate image in the literature and management parlance"* (Balmer, 2001, p. 268).

In an attempt to review this multiplicity of perspectives, this chapter traces the evolution of theory relating to corporate brand reputation formation and management since the 1950s, seeking to identify the main elements that authors propose a company should manage to influence its reputations with stakeholders.

3.2 1950s AND 1960s: REALISING THE SIGNIFICANCE OF CORPORATE IMAGE MANAGEMENT AND THE ROLE OF GRAPHIC DESIGN

The first phase of development in this area of study, during the 1950s and 1960s, is dominated by writers who emphasise the importance of managing a company's image rather than its reputation (Balmer, 1997). Boulding (1956) is one of the first authors to acknowledge the significance of image to organisations. In his book "The image" he concludes that an individual's image of an organisation, i.e. the immediate mental picture that he or she has of the company (Gray and Balmer, 1998), influences the person's behaviour towards the organisation and hence requires management's attention. Two years later, Martineau (1958) suggests that corporate image management is a strategic issue that senior managers need to consider within their organisation. Martineau (1958) is also one of the first authors to acknowledge that a company needs to address itself to different audiences. These include shareholders, consumers, potential customers, employees, vendors in the distribution system, suppliers and neighbours. Writings, however, in this period (Bolger, 1959; Boorstin, 1961; Bristol, 1960; Budd, 1969; Crespi, 1961) mainly concentrate emphasis on the consumer and the role of graphic design, the use of what authors nowadays label "visual identity" (Balmer 1995), in communicating externally a desired image for the company.

3.3 1970s: ACKNOWLEDGING THE ROLE OF PERSONNEL IN IMAGE FORMATION

In the 1970s authors begin to explore the role of visual identity in communicating the organisation's values and desired image not only to external stakeholders but also to internal audiences. Moreover, authors stress the distinction between a company's identity and its corporate image (Balmer, 1997). In 1977, for instance, based on research conducted in a small electronics company and a long-established manufacturing company in the consumer sector, Kennedy (1977) publishes her model on The Company Image Formation Progress (Figure 3.1).

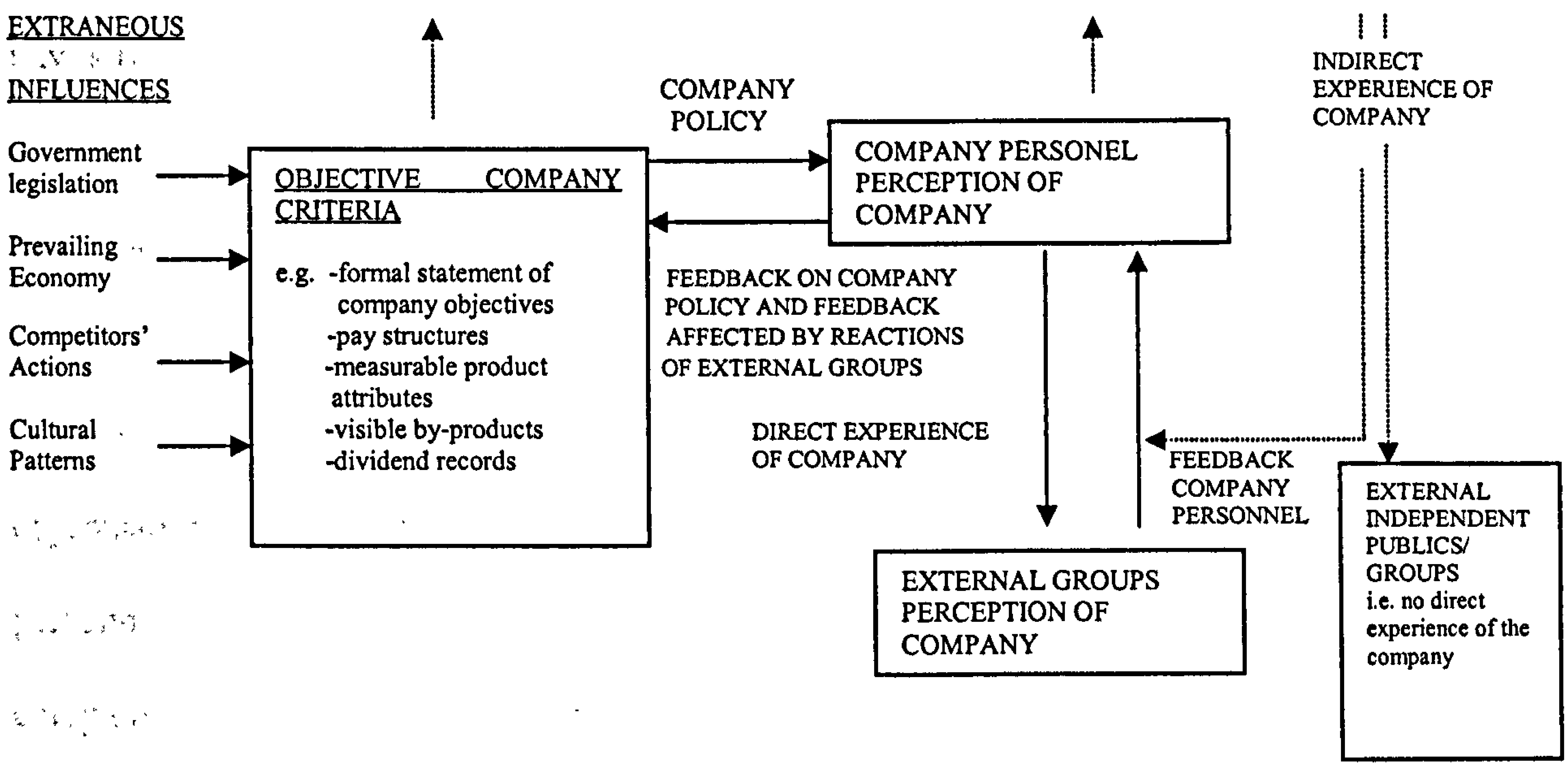

Figure 3.1: The Company Image Formation Progress

Source: Kennedy (1977)

Although Kennedy's (1977) model was proposed more than twenty years ago, it is still regarded as one of the most influential models in the reputation management area, since it is one of the few based on empirical research and the first to illustrate employees' influence on the ways through which external stakeholders perceive an organisation. She notes that *"to equate company image promotion with expensive media campaigns, or with non-media promotions such as sport sponsorship is looking at the tip, and not even the most important part, of a very valuable asset... Experience of a company, particularly in the industrial and service sectors will rely heavily on personal contact with employees. Acknowledging that employees are an active source of information steps are needed to ensure that the information, and hence the image they transmit, is compatible with the way in which the top management wish the company to be seen"* (Kennedy, 1977, p. 121). Kennedy's (1977) model suggests that 'objective company criteria' such as corporate objectives, pay structures, measurable product attributes, visible by-products and dividend records communicated through the company's policy influence personnel's perceptions of the company. Personnel's perceptions of the company in turn influence external groups' perceptions of the company. The effects of feedback processes are also highlighted within the model. External groups' perceptions of the organisation (with or without direct experience of the company) can influence personnel's perceptions of their company and their views in turn can affect 'objective company criteria'. Although Kennedy's (1977) model does not refer to the concept of reputation, this thesis believes that this is mainly due to the fact that the term was not fashionable in the marketing literature at that point in time. The model also focuses on employees and therefore does not propose how other ways through which a company communicates its desired identity (for example formal communication campaigns and corporate symbolism) relate to the components of the model. The argument propounded by Kennedy (1977, p. 158) is that *"image must be factually based if it is to be sustained in the long run, and that it has far more to do with any advertising or press activity which might be undertaken"*. Balmer (2001), however, argues that Kennedy's model does not address the question of whether consistency between perceptions and actions among senior management is a necessary prerequisite for managing the personnel's images of the company and therefore for influencing external image management efforts.

A year later, Olins (1978) also emphasises employees' pivotal role in corporate image management. In his book he introduces the concept of corporate personality. Olins (1978) argues that in their formative years organisations often mirror the personality of their founders and it is their personality that gives the organisation its distinctiveness. When the founder(s) leaves, the company is left with what Olins (1978) calls a "personality deficit". Over time the distinct mix of subcultures that exist within the organisation fill this void and develop a personality, which becomes the centre of the corporate identity (Balmer, 2001; Balmer and Wilson, 1998; Olins, 1978). According to Olins (1978) visual identity graphically represents the deeper identity of the company, *"the outward sign of the inner commitment, serving to remind its purpose"* (Abratt, 1989, p. 68).

3.4 1980s: Image Management Requires Identity Management

In the 1980s corporate image management models grew in popularity. Influenced by Kennedy's model, Dowling (1986), for instance, proposes an extended conceptual model on the corporate image formation process, which is presented in Figure 3.2 below.

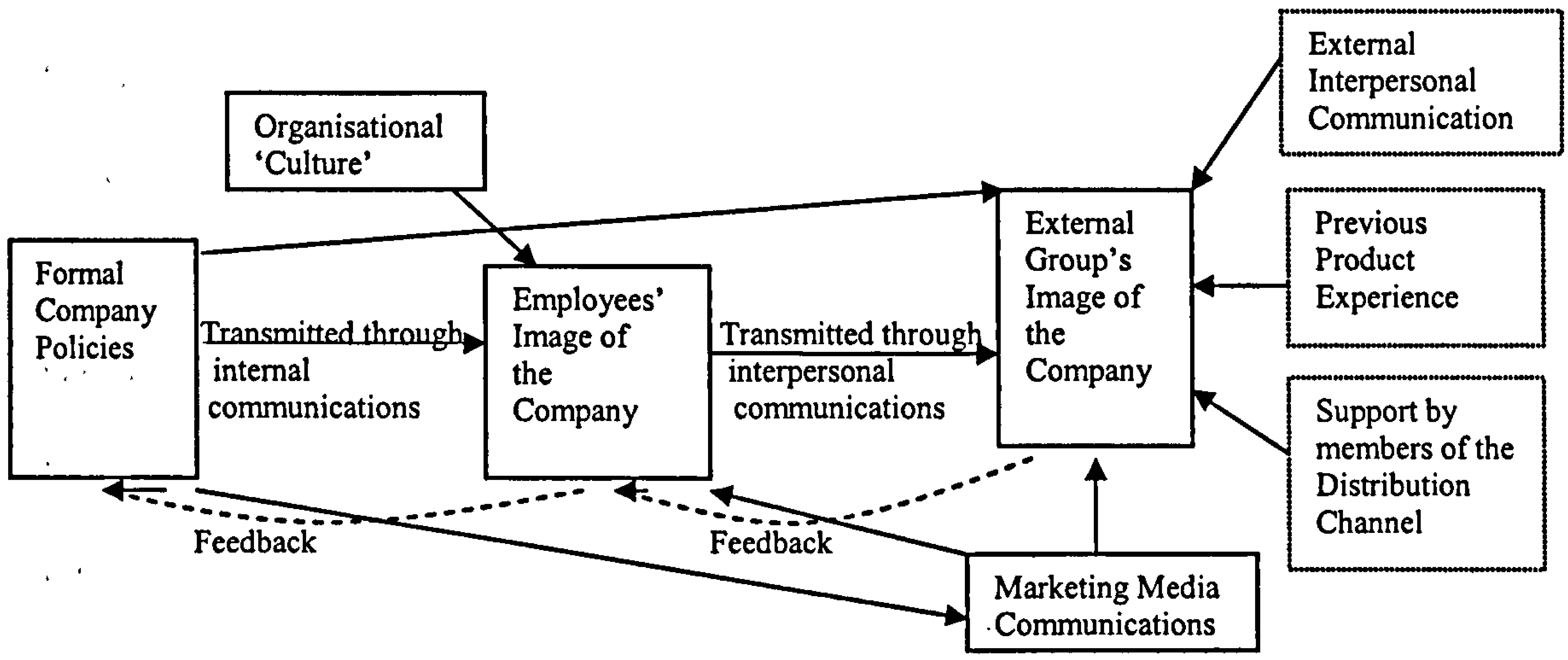

Figure 3.2: The Corporate Image Formation Process

Source: Dowling (1986)

Dowling's (1986) model suggests that apart from formal company policies, employees' image of the company is also influenced by the organisational culture. Employees then transmit images to external groups through interpersonal communications, which together with marketing media communications, external interpersonal communication, previous product experience and the level of support by members of the distribution channel influence external audiences' image of the company. Dowling's (1986) model has been criticised for its simplistic approach to culture, which he considers as a single entity that holds the organisation together, rather than a mix of subcultures (Balmer, 2001; Balmer and Wilson, 1998; Hatch and Schultz, 1997). Balmer (2001) also notes that it is surprising that Dowling makes no reference to corporate identity in his model.

The same year, the German writers Birkigt and Stadler (1986) place corporate identity management at the centre of corporate image management activities arguing that image management involves managing the corporate identity and the ways through which it is manifested to stakeholders. They broaden the term corporate identity *"towards a concept in which 'corporate strategy' on the one hand is clearly linked with 'communication in the broad sense' on the other"* (van Riel, 1995, p. 32) and identify its relationship with corporate image by introducing the concept of the 'corporate identity mix'. They define corporate identity as the planned and operational self-presentation of a company, both internal and external, based on an agreed company philosophy. In their conceptual model, which is later also adopted by van Rekom et al. (1992), Birkigt and Stadler (1986) argue that this self-presentation can be projected in three ways, namely the behaviour of the company, the communication activities a company employs and its symbolism. These constitute the corporate identity mix and are the concrete forms into which the corporate personality crystallises, which Birkigt and Stadler (1986) define as the manifestation of the company's self-perception. Van Riel (1995), however, later argues that Birkigt and Stadler's (1986) model does not take into account environmental influences on the corporate image, does not illustrate the potential reciprocal effects of changes in behaviour, communication and symbolism on the personality of the organisation and does not show the relationship between corporate image, reputation and performance.

Three years later, Abratt (1989) proposes another conceptual model on the corporate image management process as shown in Figure 3.3 below, in an attempt to illustrate the influence of corporate personality and corporate identity on corporate image formation:

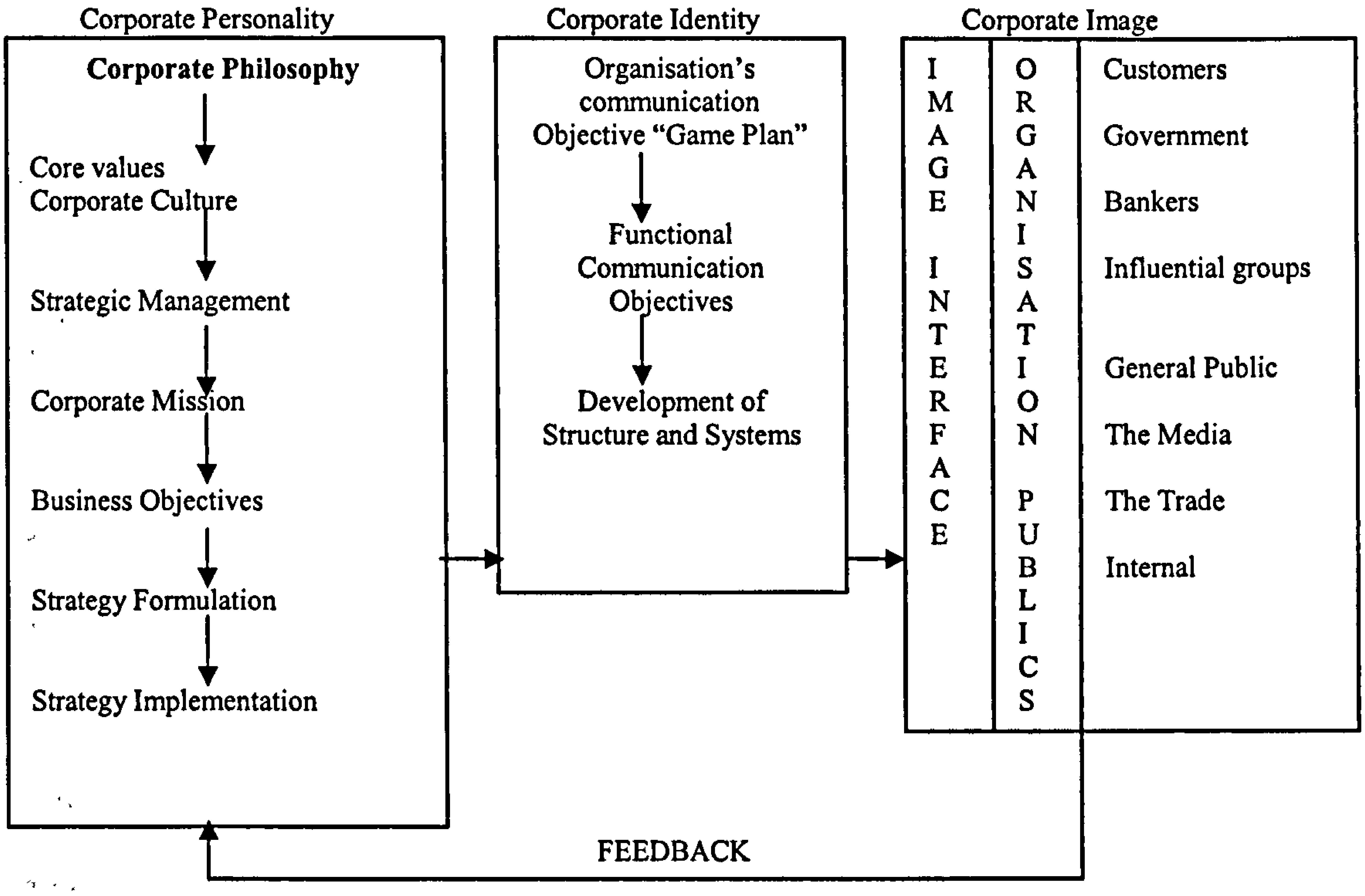

Figure 3.3: The Corporate Image Management Process

Source: Abratt (1989)

Although Abratt (1989) focuses again on image rather than reputation management, his model is most useful because it integrates the concepts of corporate personality, corporate identity and corporate image. The model suggests that the images an organisation has with its publics are mainly influenced by its corporate personality and its communication and systems, which he defines as corporate identity. Abratt (1989) also introduces the image interface concept, which has been an influential concept in later models (Balmer, 1995; Stuart, 1998), although Hatch and Schultz (1997) argue that internal/external boundaries have increasingly become blurred and hence question the saliency of the interface concept. Even though Abratt's (1989) model has been highly influential, authors over the years have identified several weaknesses. For instance, the model assigns too much emphasis to formal communication activities and ignores the effects of interpersonal communication on corporate brand image and reputation formation (Balmer, 2001). One could also argue that the relationships in Abratt's (1989) model should be bilateral based on the theoretical reasoning of Section 2.2. It also fails to indicate any influences from the macro environment on the firm's corporate images. In addition, his model has been criticised by Balmer (1997) in that it only refers to company personnel at the receiving end of the organisation's communication processes. Personnel in this model therefore appear to be a passive audience of the company's corporate personality and corporate identity, implementing the strategy but with no role in the company's communication processes. Balmer (2001) also argues that culture has a more central role in managing the reputation of the corporate brand and should not be regarded as only a component of the corporate personality.

3.5 1990s: Reputation Management Requires Identity Management

At the beginning of the 1990s Dowling (1993) revises his earlier model and proposes the following image management process (see Figure 3.4 below):

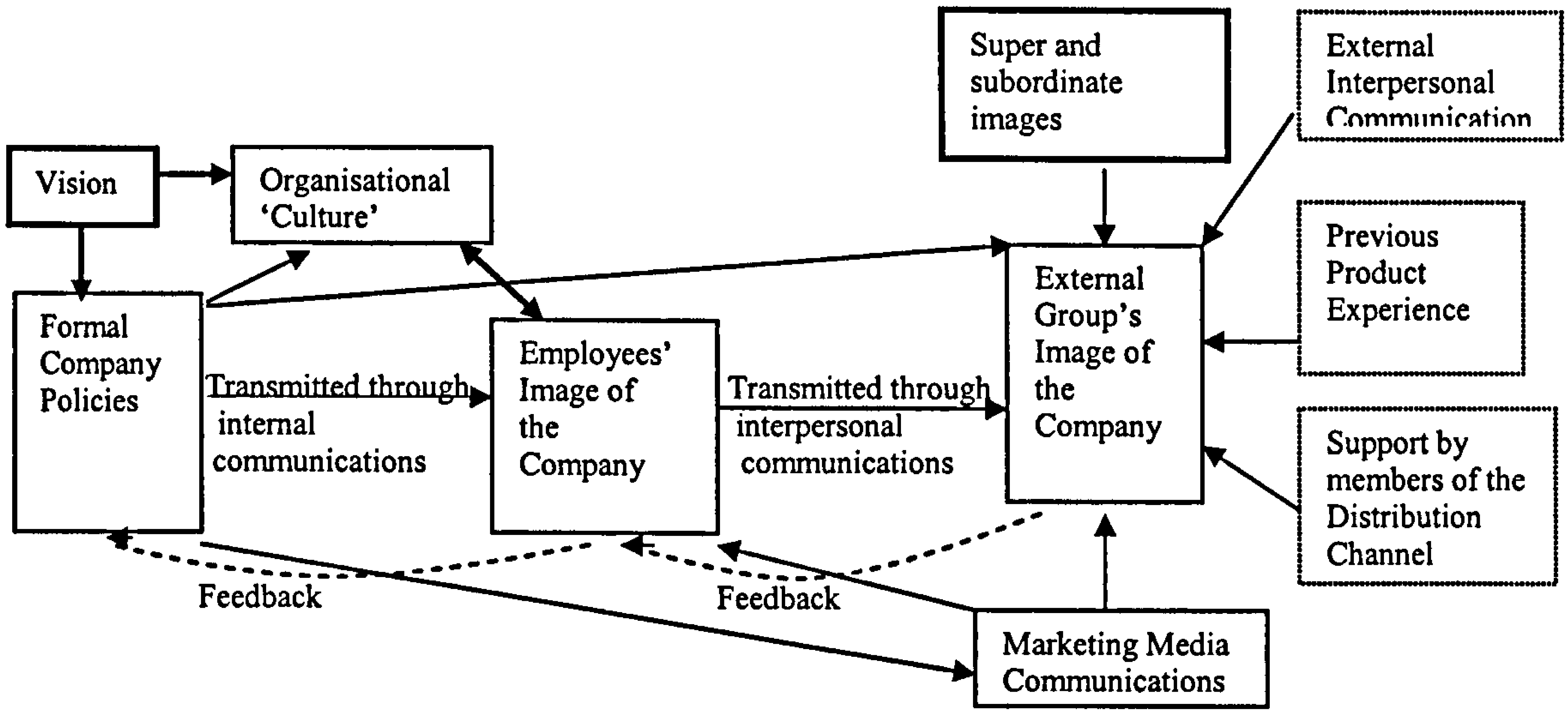

Figure 3.4: Developing your Company Image into a Corporate Asset
Source: Dowling (1993)

His revised conceptual model adds that the company's vision affects its formal policies and organisational culture and proposes a reciprocal relationship between the organisation's culture and employees' image of the company. It also acknowledges 'super' and 'subordinate' images as factors influencing external group's image of the company. The revised model, however, does not seem to have dealt with the weaknesses of the previous one (Dowling, 1986) as identified in Section 3.4.

A year later, Dowling (1994) publishes a book where he suggests that his models do not only capture ways of managing the images that organisations project to their publics, but also in the long term, their corporate reputations. Taking into consideration the influence that employees' images of the company exert on external groups' images of the company (Dowling, 1986; 1993) Dowling (1994) also proposes a set of factors that affect employees' images and reputations of their company (Figure 3.5):

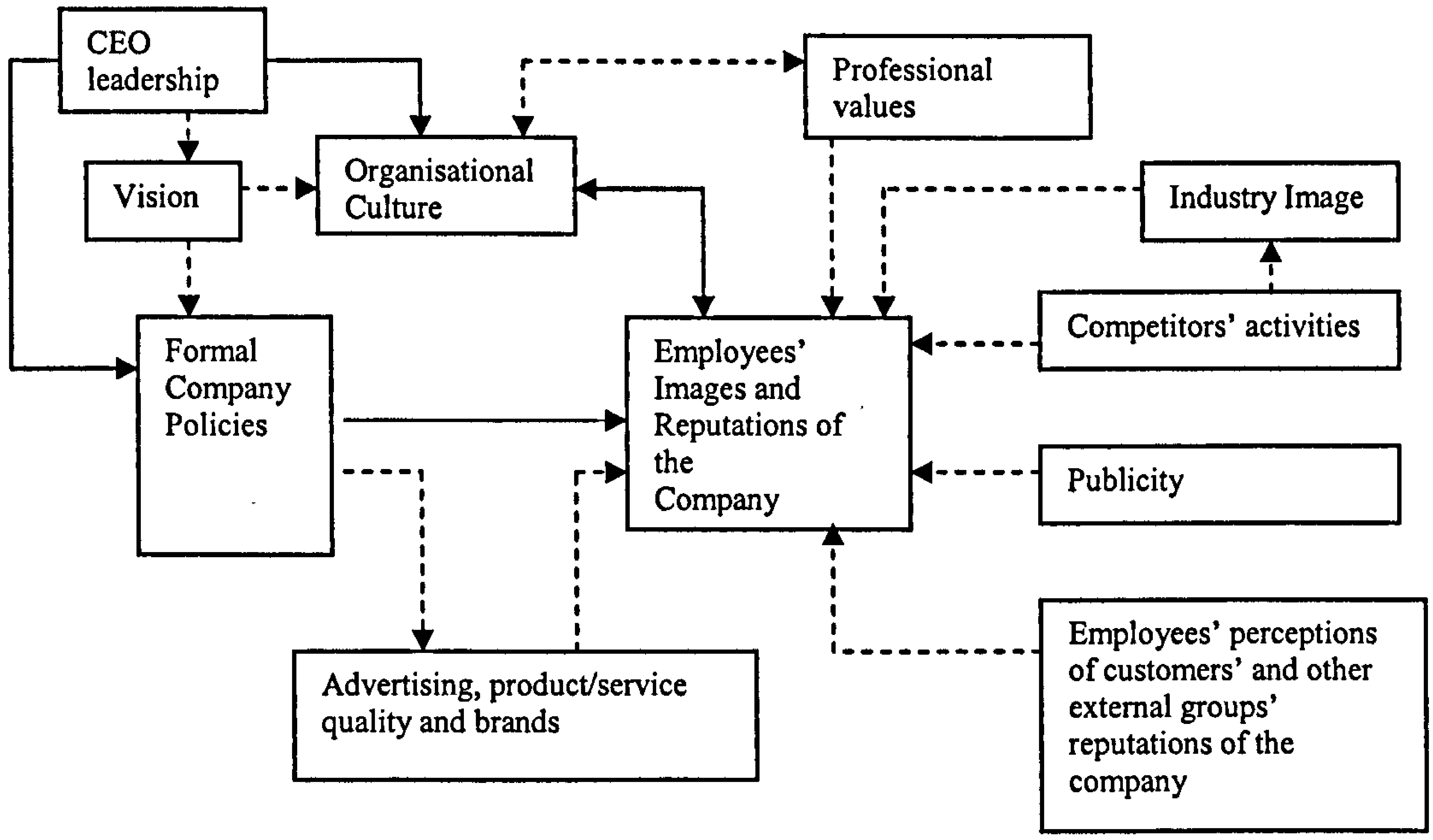

Figure 3.5: Factors affecting an employee's corporate image and reputation
Source: Dowling (1994)

Factors range from internal influences such as organisational culture and formal company policies to professional values, competitors' activities, publicity and employees' perceptions' of other stakeholders' reputations of the company. Dowling (1993), however, has been criticised for not providing any empirical results to support his framework and not referring to the concept of corporate identity in his work.

A year later, following increased interest in the concept of corporate identity and the corporate brand, Balmer (1995, p. 24) argues that *"the building of corporate identity* *underpins corporate brand management".* Acknowledging the value of the 'corporate brand name' Balmer (1995) notes that the management of the corporate brand, which he equates with 'strategic corporate identity management', should be the responsibility of top level management. Although Balmer (1995) does not refer to the concept of corporate brand reputation, he talks about 'corporate perception'. He proposes that *"the objective of corporate brand management is to establish a favourable disposition towards the organisation by its various stakeholders and, as such, this is likely to lead to buy the organisation's products or services, to work or invest in the company, etc"* (Balmer, 1995, p. 30). Balmer (1995) therefore offers the following model for managing the corporate image/corporate identity interface (Figure 3.6):

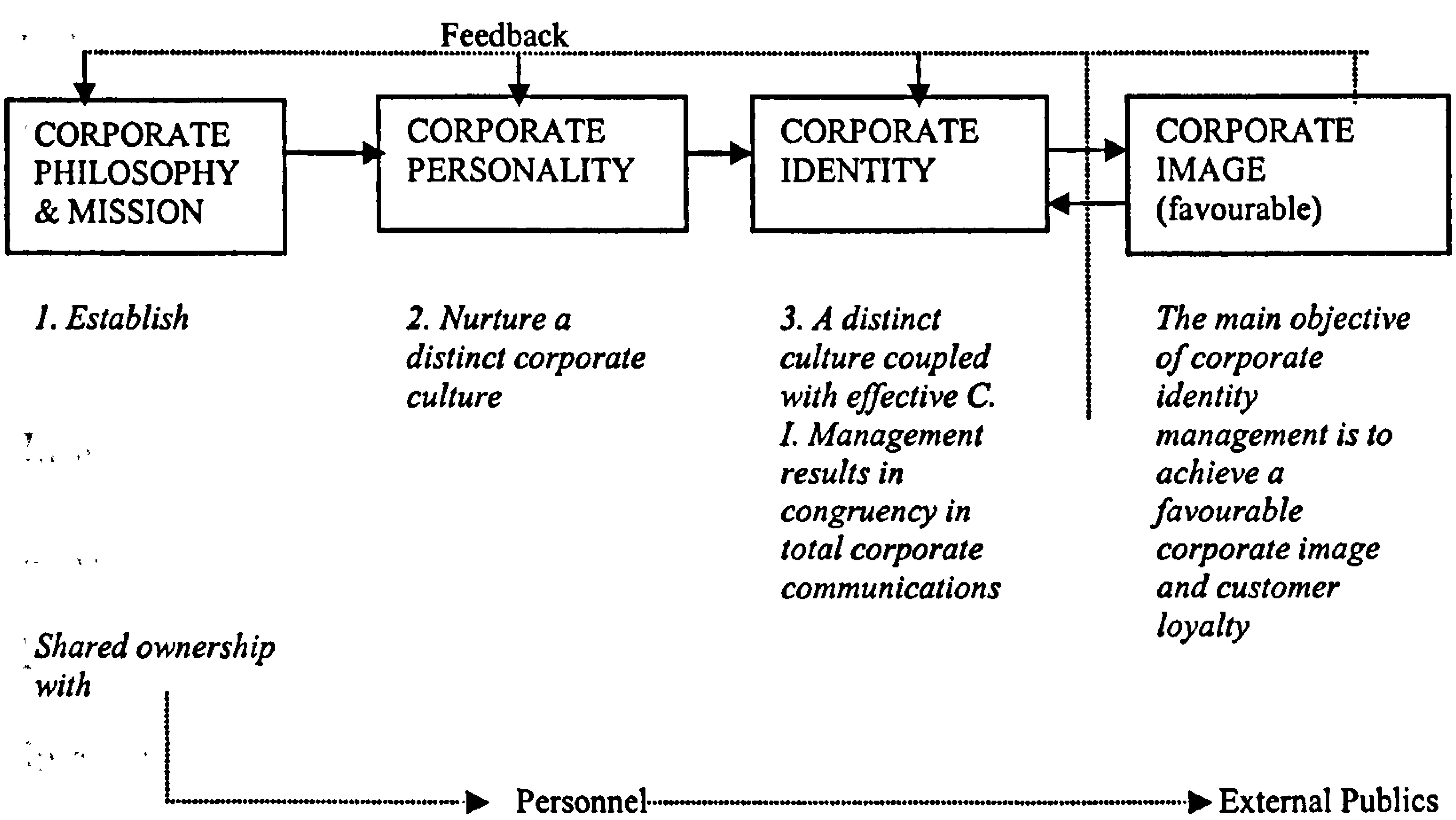

Figure 3.6: Corporate Image / Corporate Identity Interface

Source: Balmer (1995)

Balmer's (1995) model proposes that in order to develop a favourable corporate image and customer loyalty with external publics an organisation needs to clearly establish its corporate philosophy and mission, nurture a distinct corporate culture that will help the organisation develop a distinct personality and then consistently communicate it through the company's total corporate communication activities. By total corporate communications Balmer (1995) refers to the mix of primary communication (the communication effects of products and of corporate behaviour), secondary communication (management, organisational and marketing communications) and tertiary communication (word of mouth and messages imparted about the organisation from third parties) an organisation employs to project its desired identity (Gray and Balmer, 1998). The model, however, does not address how the multiplicity of images and cultures outside and within the organisation can affect the management of the corporate image/corporate identity interface. Also, it does not acknowledge the influence of environmental forces in managing the interface.

In a later study tracing changes in the corporate identity of the Co-operative Bank since 1872, Wilkinson and Balmer (1996) propose a revised conceptual model of how effective corporate identity management can lead to a favourable corporate image (Figure 3.7):

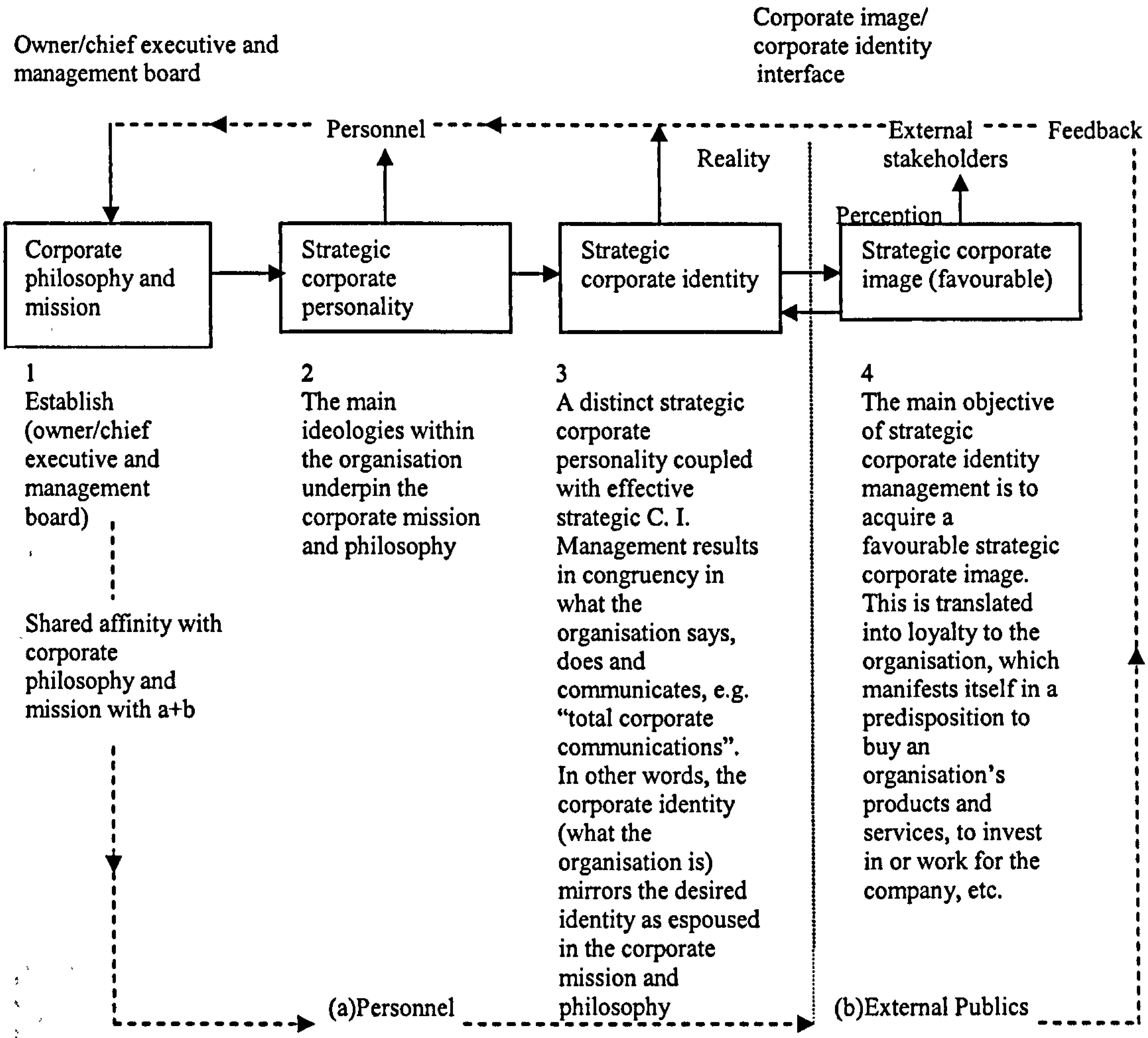

Figure 3.7: A simple model of strategic corporate identity formation

Source: Wilkinson and Balmer (1996)

The authors define strategic corporate identity as *"the situation whereby the organisation's identity (what it is) mirrors the organization's mission and philosophy as articulated by the founder (s) or by the board of management"*, as opposed to corporate identity which is *"the factors relating to the organisation which define what the organisation is"* (Wilkinson and Balmer, 1996, p. 23). Wilkinson and Balmer (1996) argue that shared affinity with the corporate philosophy and mission established by the owner/CEO and management team, develops a strategic corporate personality and results in congruency between the perceptions of the organisation by its major publics and the desired corporate identity, and hence in the acquisition of a favourable image. This revised model, however, again fails to integrate the concept of reputation, does not acknowledge the multiplicity of images that stakeholders may have of the organisation and also does not illustrate the influence of environmental forces in managing the interface.

A year later, Markwick and Fill (1997) also argue that the development of a favourable corporate image and reputation requires well-planned management of the corporate identity, as shown in Figure 3.8 below:

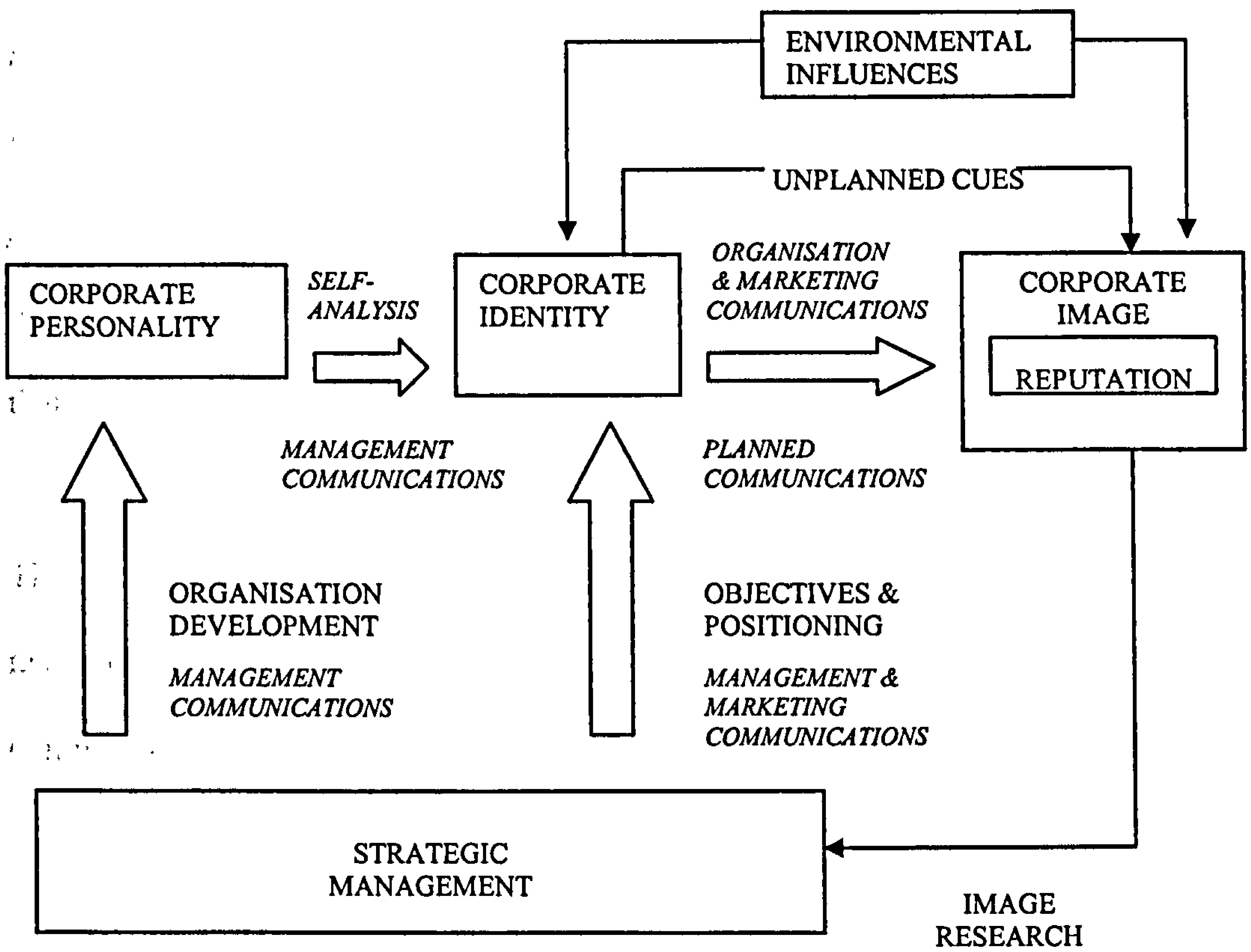

Figure 3.8: The Corporate Identity Management Process

Source: Markwick and Fill (1997)

The model mainly aims to highlight the linkages and dominant forms of corporate communications within the corporate identity management process. Markwick and Fill (1997) propose that the linkage between the corporate personality and corporate identity could be considered as a form of self-analysis, where organisations reveal their substantive essence through management communication (van Riel, 1995). The linkage between identity and image (and in the long run reputation) is primarily through marketing and organisation communications (van Riel, 1995), which emphasise the cues that organisations use to present themselves to their stakeholders. The model also highlights a link between image/reputation and strategic management. Markwick and Fill (1997, p. 402) argue that *"rather than undertake image studies in order that planned visibility cues are adjusted, image studies should be fed back into the strategy development system which will then feed corporate personality and corporate identity"*. Their model, however, does not acknowledge the multiplicity of images that stakeholders have of the organisation and the effects that this may have on the process.

The same year Rindova (1997) also proposes a conceptual model on reputation management, although the focus is again channelled into the media that communicate the desired identity to external audiences (see figure 3.9 below).

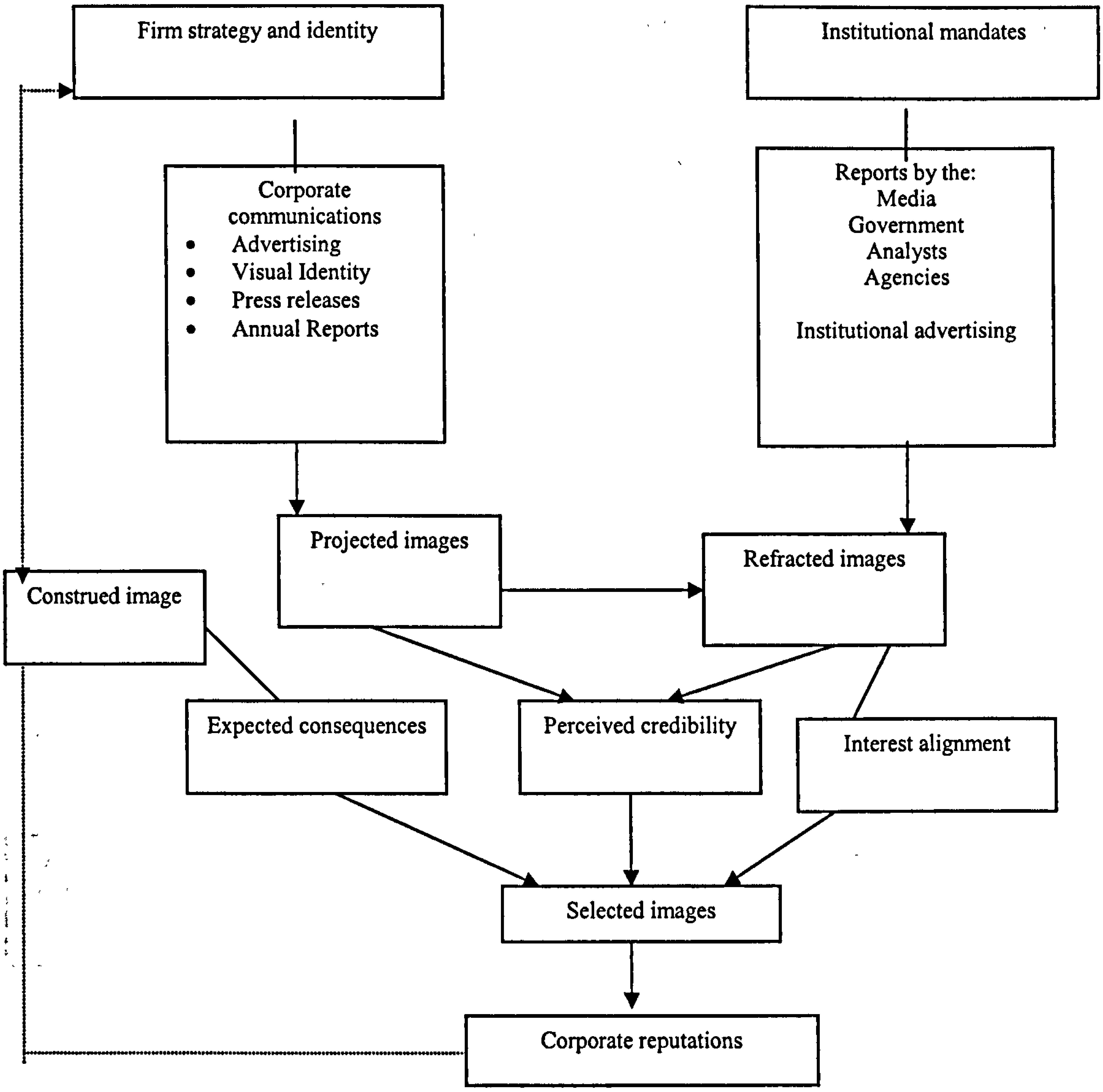

Figure 3.9: A model of image and reputation formation

Source: Rindova (1997)

The model suggests that reputations are developed on the basis of the selected images that people form of the organisation. These selected images depend on the expected consequences of their actions, the perceived credibility of the source and the interest alignment of the different images received by different sources for the company. Images are influenced both by the firm itself, through its corporate communications activities, reflecting its strategy and identity, and by different institutional mandates. Rindova's (1997) model, however, has an outside focus and does not highlight employees' role in the corporate communication process. The model also does not illustrate the elements of the corporate strategy and identity that influence the firm's corporate communication activities and hence need to be carefully managed to enhance perceived credibility by external stakeholders. Moreover, the model does not recognise that a firm's corporate reputations can also influence the corporate images formed by its stakeholders.

Following increased interest in reputation management, van Riel and Balmer (1997) propose another conceptual model (shown in Figure 3.10 below), based on the earlier Corporate Image / Corporate Identity Interface model by Balmer (1995).

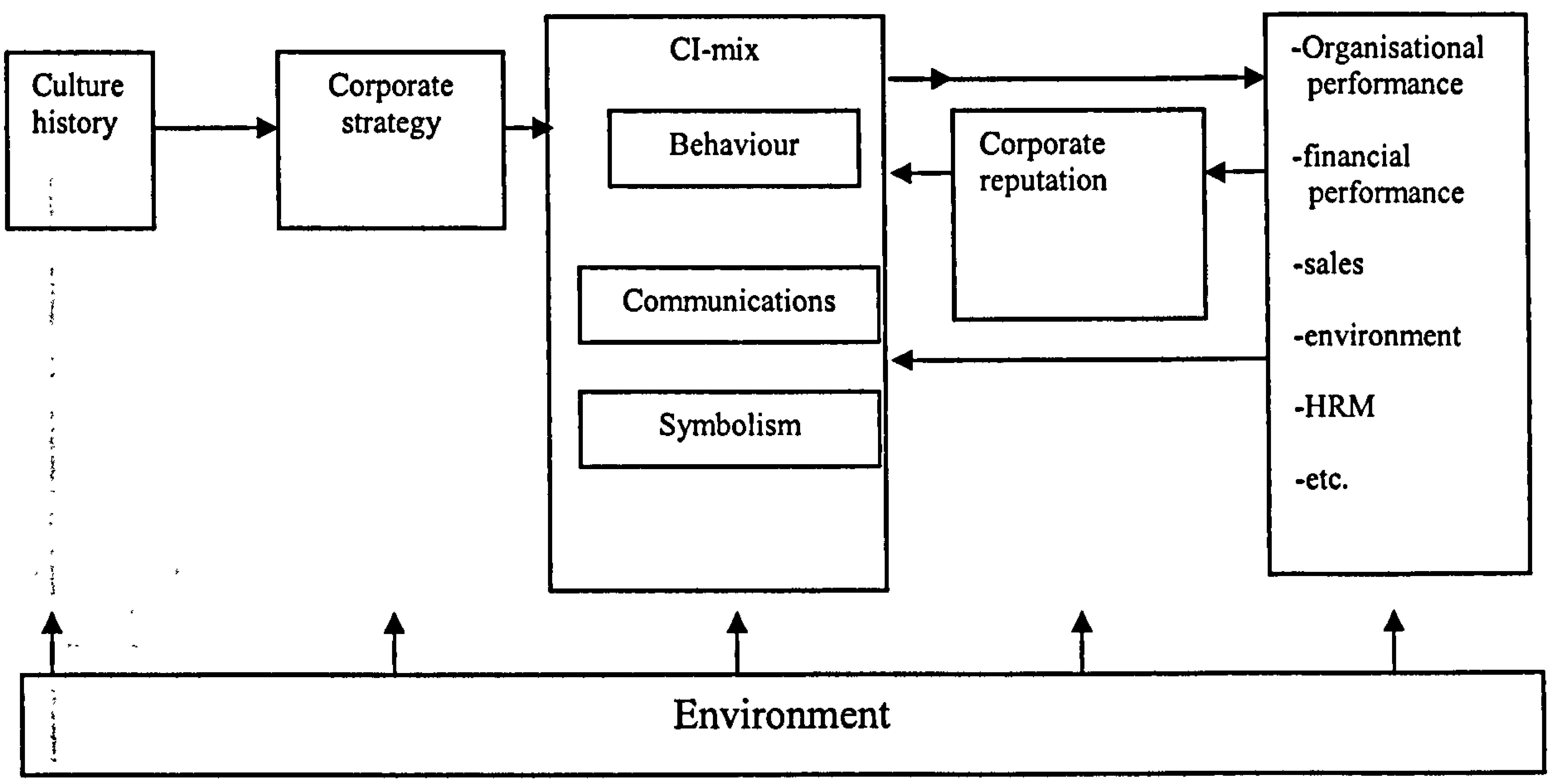

Figure 3.10: Interaction between corporate identity formation, reputation, environment and organisational performance
Source: van Riel and Balmer (1997)

The model suggests that a company needs to take into account *"its historical roots, its personality, its corporate strategy and the three parts of the corporate identity mix (behaviour of organisational members, communication and symbolism) in order to acquire a favourable corporate reputation, which results in improved organisational performance"* (van Riel and Balmer, 1997, p. 342). Although their model acknowledges factors that influence the formation of a firm's reputation, it appears to ignore the influence of corporate images in this process and considers culture as a single entity within the organisation.

A year later Stuart (1998) presents a revised version of Abratt's (1989) conceptual model, shown below in Figure 3.11:

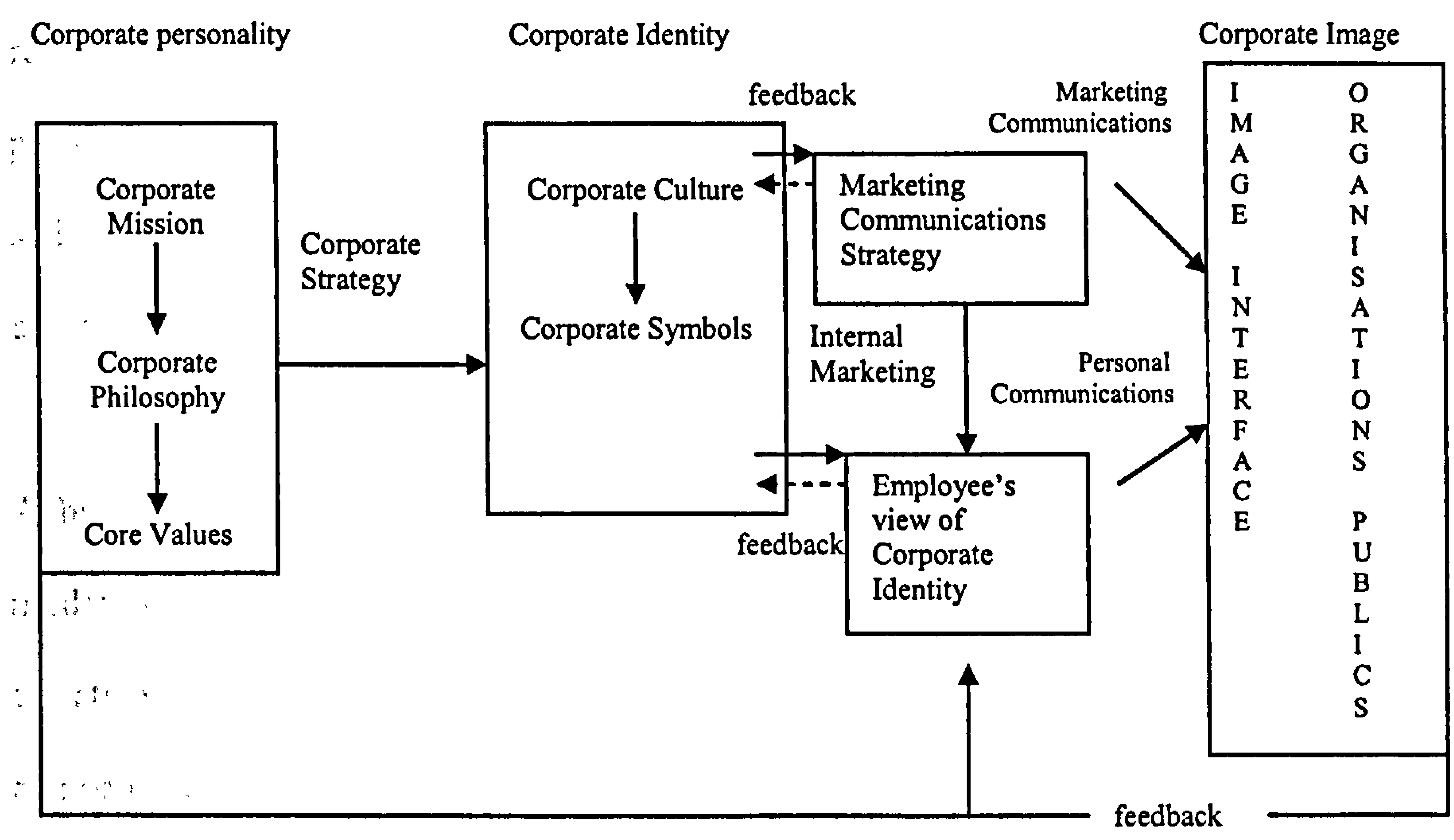

Figure 3.11: The corporate image management process

Source: Stuart (1998)

Stuart (1998) proposes that the corporate personality is at the heart of the organisation and embodies the corporate mission, philosophy and core values of the company. Contrary to Balmer (1995), Stuart (1998) considers culture as part of the corporate identity rather than the corporate personality and defines corporate identity as an expression of the corporate personality based on the corporate strategy, which embodies the corporate culture and corporate symbols of the company. The company then communicates its corporate identity externally through marketing and personal communications, to influence the formation of the corporate image an organisation has with its publics. The model also argues that employees' view of the corporate identity can be influenced by the company's internal marketing activities. However, Stuart (1998) does not acknowledge the multiplicity of images and cultures that a company may have and does not also provide adequate reasoning for regarding culture as part of the corporate identity rather than the corporate personality. Moreover, Stuart (1998) does not elaborate on how internal marketing activities can assist or hinder the company's image and reputation management efforts.

A basic assumption of all the aforementioned image or reputation management models is that a company has one culture and hence one identity and if these are effectively managed, aligned and communicated with the desired identity the company will project favourable images and in the long run will develop favourable reputations. A paper written by Balmer and Wilson (1998) however questions this assumption and hence the ease of implementing the proposed conceptual models of the past in practice. Two case studies that the authors conducted within BBC

Scotland and a large UK bank revealed that staff in both companies identified with values relating to more than one culture and hence identified with more than one identities, sometimes even with non-corporate identities, such as their job function or their professional and departmental/divisional culture. Managing the reputation of the corporate brand must therefore be much more multifaceted and complex than what has been suggested in conceptual models of the past. Balmer and Wilson (1998) argue that *"the mix of identities with which staff identify forms the corporate personality and it is this that provides the cornerstone of every organisation's identity... For their part marketers need to be more sensitive to questions of culture and staff identification when discussing questions of corporate branding, corporate communication programmes, and corporate marketing management"* (Balmer and Wilson, 1998, pp. 27-28).

The central role of staff is also emphasised a year later in the Journal of Marketing Management. A special issue is published on what Macrae (1999, p. 2) labels as brand reality, i.e. *"organising branding so that employees are uniquely proud of the company's brand leadership and passionately aligned to branding this through activities they work on individually and in team processes, creativity spaces and knowledge webs"*. Macrae (1999) argues that effective leaders connect their goals and the actions of each key stakeholder – customer, employee, business partner and investor – for mutual benefit, by meeting their needs, motivating and inspiring them, without over-promising. For this to happen he argues that companies need a framework that turns the corporate brand into a promise, a central thought that is evident and relevant across the whole organisation.

In the same issue, Balmer and Soenen (1999) present The ACID Test of Corporate Identity Management based on a review of available corporate image/corporate identity models and research conducted in a major corporate identity consultancy. They conclude that the corporate identity management mix should include managing the company's soul (history, core values, cultures, internal images and employees affinities), mind (vision and philosophy, strategy, products and services performance, corporate performance, brand architecture and corporate ownership) and voice (controlled communication, non-controlled communication, symbolism, personnel and corporate behaviour, indirect communication), in the context of its stakeholders, its environment and its reputations. They also note that most existing reputation management models are "vision driven" (Abratt, 1989; Balmer, 1995; Dowling, 1986; 1993; van Riel and Balmer, 1997). Most models suggest that the strategic vision of the founder or the management board is communicated through the company's behavioural, visual and verbal manifestations into positive corporate images and over time, positive reputations. Balmer and Soenen (1999) propose the ACID Test as a benchmark against which the effectiveness of corporate identity management practices can be checked. The ACID Test argues that companies need to achieve a dynamic congruency between their four types of identity, namely the Actual Identity, the Communicated Identity, the Ideal Identity and the Desired Identity, if they aim to project favourable corporate brand images and in the long run favourable reputations (see Figure 3.12 below).

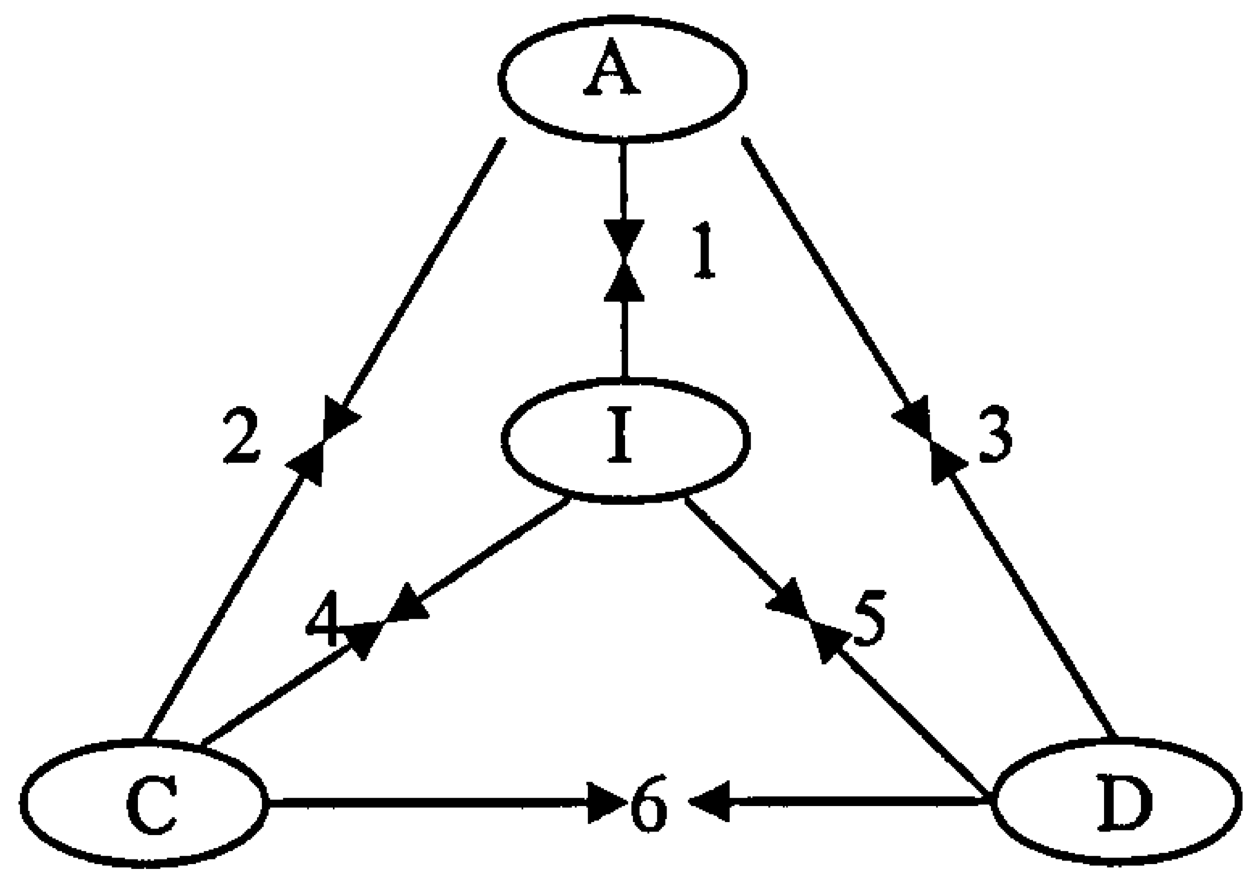

Figure 3.12: The ACID Test of Corporate Identity Management™
Source: Balmer and Soenen (1999)

The Actual Identity (A) represents what the organisation is, and refers to the values held by staff and management and how they are concretely manifested. The Communicated Identity (C) represents the reputations held by the organisation's stakeholders and how the organisation communicates its identity through its total corporate communication activities. The Ideal Identity (I) refers to the optimum positioning the organisation could achieve in its market or markets and the Desired Identity (D) refers to the vision and corporate mission of the organisation. According to Balmer and Soenen (1999) companies need to reveal their four identities, examine the level of alignment across the six interfaces presented in their model and diagnose the problem in an attempt to identify the type of change required to rectify the situation. Their model also provides a useful framework to assist companies to distinguish between four types of corporate identity change programmes as presented in Figure 3.13 below:

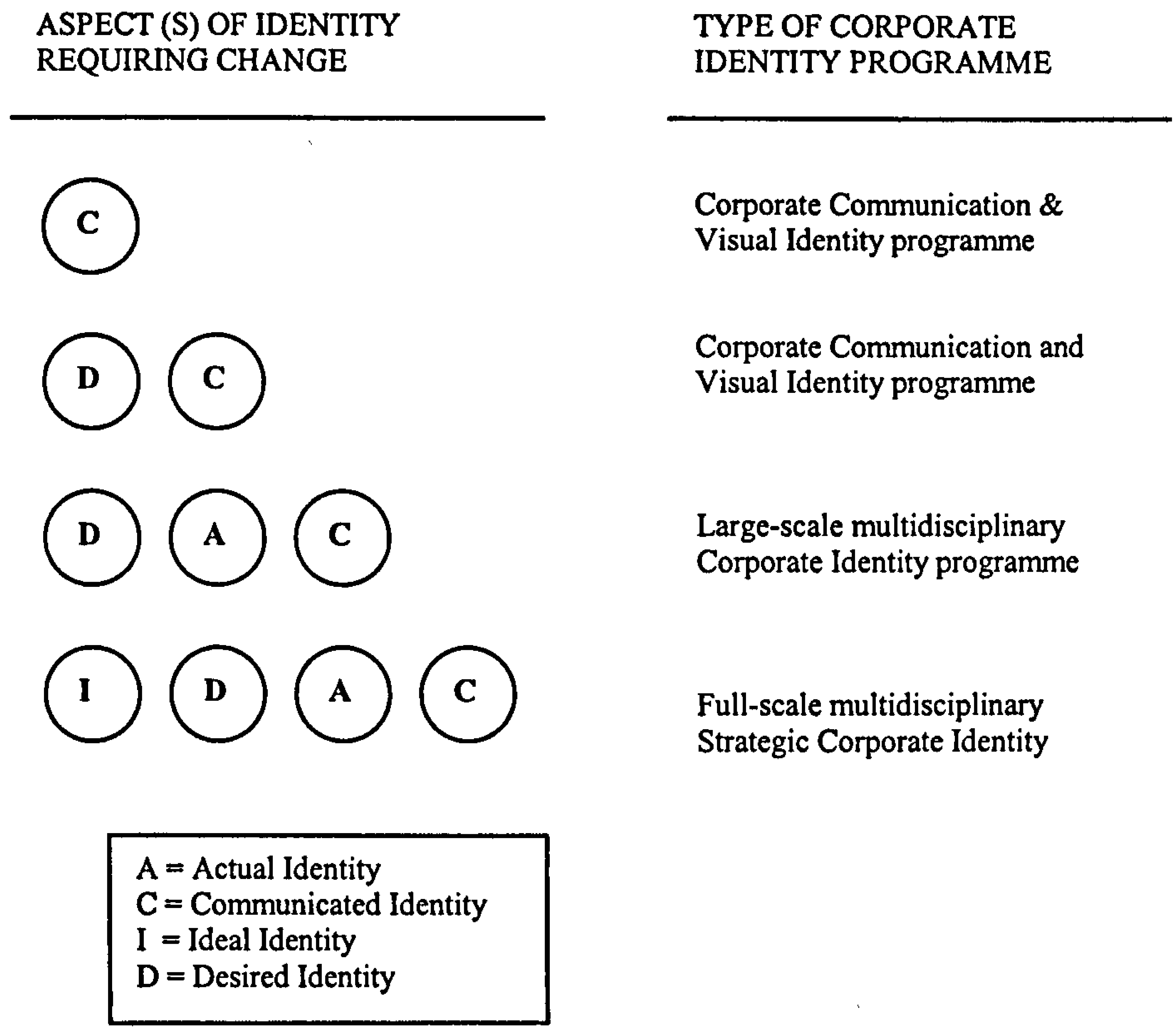

Figure 3.13: A taxonomy of corporate identity programmes
Source: Balmer and Soenen (1999)

Balmer and Soenen (1999) distinguish between visual identity programmes and more holistic, multi-disciplinary programmes that need to be employed in different situations. They also provide a useful framework for identifying the techniques of data collection and the analytic tools that can be used in different parts of this process. However, the authors do not present any empirical research to illustrate the complexity of identity management as part of a company's reputation management efforts in practice. Also, it could be argued that the concept of Communicated identity (C) is not clear. Is communicated identity the identity that the organisation actually communicates to its stakeholders or is it the identity that external stakeholders perceive when they form the images and reputations of the organisation? Moreover, based on Balmer and Wilson's (1998) study, if employees are identifying with more than one culture and hence with more than one identity, companies may also be communicating more than one identity to their stakeholders. Balmer and Soenen's (1999) model does not seem to acknowledge the complexity of this phenomenon. Lastly, since Balmer and Soenen (1999) acknowledge that the Communicated Identity (C) represents how the organisation communicates its identity through its total corporate communication activities, interpersonal communication between employees and other stakeholders must also be considered as an influential factor (Balmer, 1995). Since managing the images that employees project to external stakeholders is therefore inevitably involved in this process, one could argue that regardless of what aspect of identity requires change to trigger image and reputation change, a holistic, multidisciplinary approach is required in any case, rather than the taxonomy described in Figure 3.13.

Adopting a similar perspective, de Chernatony (1999), in the same issue of the Journal of Marketing Management, argues that research in this area needs rebalancing, addressing the role of staff in corporate brand building. He notes that with the move towards corporate branding, reputation management should emphasise value through employees' involvement in relationship building. This new model should evolve around culture management internally and customer interface management externally. As de Chernatony (1999, p. 159) argues, *"in the new branding mode corporate branding internally signals messages about the desired culture and externally it reduces the information overload problems from line branding, decreasing customers' information processing costs"*. He suggests that organisations should adopt an inward approach when building the reputation of their corporate brands. Managers increasingly find it difficult to sustain differentiation on functional values (Balmer and Snotvig, 1997; de Chernatony and McDonald, 1998; Lambin, 1996) and hence heavily rely on building emotional values, which evolve not just from advertising but also from company personnel interacting with external stakeholders. Developing well-reputed corporate brands is hence increasingly concerned with how managers and staff make brands unique. The key values that the corporate brand stands for must therefore be effectively communicated across the organisation to avoid inconsistencies between the brand's espoused values in the media and the values projected by the company's staff. Based on this rationale, de Chernatony (1999) proposes the following conceptual framework for managing the reputation of the corporate brand (see Figure 3.14 below):

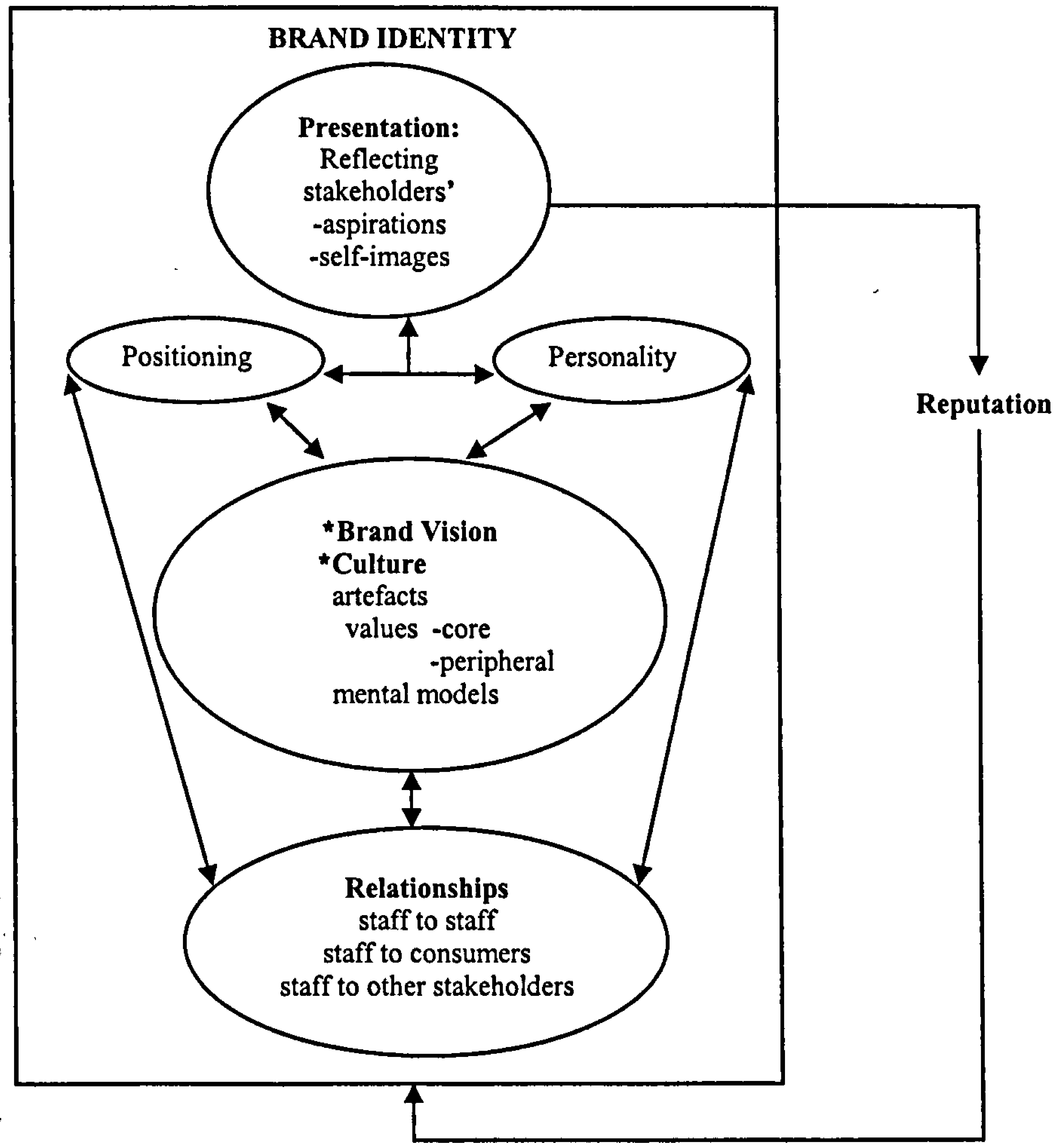

Figure 3.14: A process for managing brands

Source: de Chernatony (1999)

De Chernatony's (1999) framework views building a well-reputed brand as a series of gap reductions across the elements identified in his model. Managers can involve staff using participative workshops to reduce any gaps and fine-tune corporate strategies to ensure a better match between the desired corporate brand identity and its reputation. Favourable reputations require companies to perform consistently over time; if companies fail to respond to internal misalignments while over-promising externally, reputations will be damaged (Herbig and Milewicz, 1995).

Furthermore, de Chernatony (1999) argues that monitoring the corporate brand's reputation and comparing it against the desired corporate identity could provide insights about the urgency and direction for change. de Chernatony's (1999) model is most useful because it highlights the much-ignored important role of staff in managing the reputation of the corporate brand. His paper also acknowledges the multiplicity of cultures that may exist within an organisation and the pivotal role that they play in reputation management *"since they encompass the staff's values and assumptions which affect their behaviour and thus influence stakeholders' perceptions"* (de Chernatony, 1999).

3.6 Into The 21st Century: Vision, Culture, Image And Reputation – Consistency And Alignment

Acknowledging the weaknesses of many of the earlier models in this area, recent writings emphasise the need for a more holistic approach that stresses the requirement for organisation-wide "consistency" and "alignment" for companies that wish to develop and sustain strong, favourable corporate brand reputations. Many of the earlier models:

- are conceptual
- make no reference to corporate brand reputation (early models focus on the management of corporate image)
- assume that there will be a singly held image and reputation among all stakeholders groups and that a single corporate brand identity will be communicated by the organisation to its stakeholders

- do not give enough attention to the role that employees play in the reputation formation process and the ways through which organisations can influence employees' evaluations and projections of the corporate brand
- do not give enough attention to questions of cultural alignment and where they do the approach is often simplistic
- adopt a narrow marketing perspective on the area
- are based on the notion that it is possible to control the organisational elements that affect stakeholders' evaluations of the company relatively easily and quickly
- emphasise linearity and simplicity rather than intricacy and complexity

(Adapted from Balmer, 2001)

In an attempt to highlight the importance of a more holistic approach, Hatch and Schultz (2001) suggest that in order to build a well-reputed corporate brand, executives not only need to effectively manage, but to also align three essential elements: vision, culture and image (the authors define image as the outside world's overall impression of the company over time and hence relate it with what this thesis has defined as corporate brand reputation). Their research into a hundred companies around the world over a ten-year period shows that when the top management's aspirations for the company, the organisation's values, employees' behaviours and attitudes and the outside world's overall impression of the company are not aligned, gaps arise that can damage stakeholders' evaluations of the company. To minimise such gaps Hatch and Schultz (2001) propose that a company has to ensure that it practices the values it promotes, that the company's vision inspires all its subcultures and that its vision and culture are different from those of its competitors. The company also needs to realise that employees, especially in the service industries, interact with other stakeholders and hence external stakeholders' perceptions of the company are influenced by employees' perceptions of the company and vice versa. The authors argue that *"when stakeholders find that the culture of an organisation does not match their subjective image, it often spells disaster for the company"* and refer to British Airways' unsuccessful efforts to change the reputation of the airline to illustrate this point (Hatch and Schultz, 2001, p. 132). Lastly, the company needs to monitor management's vision, in terms of what they want the corporate brand to stand for, against what external stakeholders want from the company. This involves identifying who the external stakeholders are, what they want from the company and then effectively communicating the company's vision to them.

Authors in a recent European Journal of Marketing issue on corporate identity and corporate marketing also support this need for alignment and consistency (Balmer, 2001; Bromley, 2001; Harris and de Chernatony, 2001; McDonald et al., 2001; Wilson, 2001). Harris and de Chernatony (2001), for instance, suggest that building a well-reputed corporate brand necessitates that executives not only match external opportunities with core competencies, but also integrate internal activities to ensure cohesion and consistency in every projection of the corporate brand. Authors in this special issue emphasise the need for a holistic, balanced approach in corporate brand reputation management that takes into consideration the challenge of aligning the internal reality of an organisation, in terms of its vision, values, objectives and culture, with the promises the organisation makes to its stakeholders about its corporate brand (Balmer, 2001; Bromley, 2001; McDonald et al., 2001; Harris and de Chernatony, 2001; Wilson, 2001). This notion of a balanced perspective in the development of well-reputed, 'integrated' corporate brands is also promoted by de Chernatony (2001). His proposed process of building and sustaining brands suggests that managers should not limit themselves to developing brands with a clear vision and objectives, but should also ensure that subcultures within the organisation are aligned with the desired culture by undertaking appropriate action to encourage organisation-wide support for the desired brand values.

In his recent book "Living the brand" Ind (2001) also highlights the need to look inside organisations when seeking to build strong, well-reputed corporate brands. Ind (2001) argues that companies should seek to transform their employees into 'brand champions', by building meaning, purpose and values into the organisation that reinforce the corporate brand promise and foster a culture of enthusiastic employee participation. He notes that since it is the employees who mainly translate an organisation's strategy into reality they should be the focal point of any reputation management efforts and proposes Riondino's (2001) "Brand Model" as a useful framework for an integrated approach to corporate brand reputation management (see Figure 3.15 below):

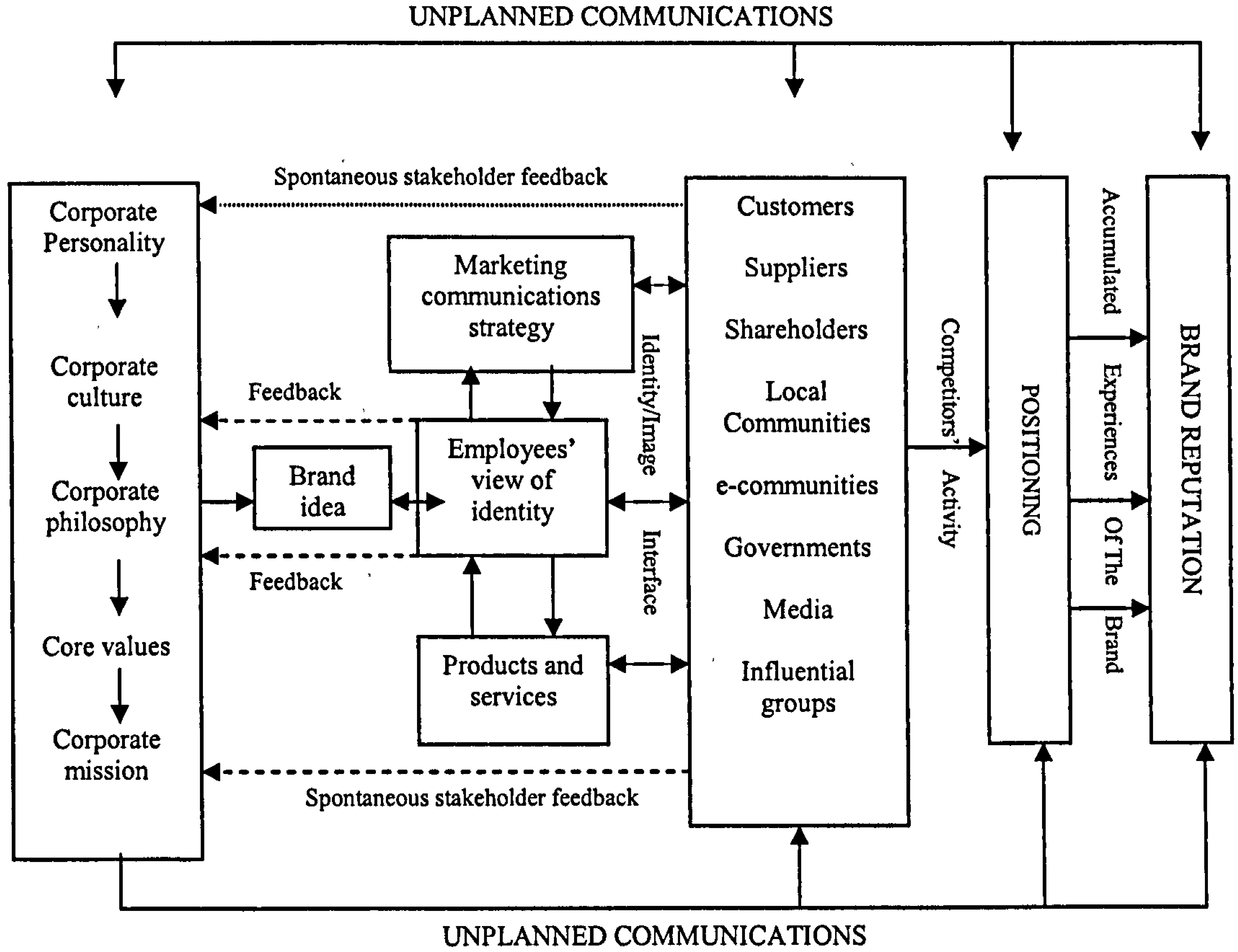

Figure 3.15: The Brand Model
Source: Riondino, in Ind (2001)

According to the Brand Model, the identity of an organisation, which stems from its personality, culture, philosophy, values and mission, is encapsulated by the 'brand idea', i.e. the articulation of the unique attributes that make the organisation what it is. The 'brand idea' is then transmitted through the marketing communications strategy, employees' interpretations of the identity and the nature of products and/or services offered by the company. These three all interrelate; hence, it is important to ensure consistency and alignment of all the messages communicated out with and within the organisation with the 'brand idea'. Taking into account the recent surge in corporate re-branding activities (Foreman, 2002), the Brand Model also raises serious implications for managing the alignment between new brand ideas and the messages communicated not only out with but also within the organisation. The model also stresses the importance of ongoing feedback to the organisation and highlights the existence of unplanned communications that can affect the images and in the long run the reputations that stakeholders form of the organisation. The Brand Model, however, refers to a single image and reputation, ignoring the possibility of multiple images and reputations. One could also argue that its approach to culture and identity formation, summarised in the first box of the model, does not encapsulate the complexity of the phenomena in organisational settings (Balmer and Wilson, 1998).

3.7 SUMMARY

This chapter sought to trace the evolution of reputation formation and management frameworks and models since the 1950s in attempt to identify elements that authors propose a company should manage to build and sustain favourable corporate brand reputations. The literature review indicates that models have progressed over the years from simpler frameworks to more holistic, inward-looking approaches. Although there is no single, generally accepted model of reputation formation and management, one could identify several common elements across the influential frameworks and models reviewed in this chapter.

To begin with, most models suggest that effective reputation management requires the identity of an organisation, which stems from its history, vision, philosophy, mission and culture, to be encapsulated in the corporate brand promise, reflecting the desired images and reputations a company aims to stand for to its stakeholders. This corporate brand promise should then be consistently communicated and supported internally and externally not only through the total corporate communication activities, i.e. the mix of primary communication (products/services and corporate behaviour), secondary communication (management, organisational and marketing communications) and tertiary communication (unplanned communications including word of mouth and messages imparted about the organisation from third parties), but also through the company's internal marketing processes, to encourage favourable corporate brand images and in the long run favourable reputations within and out with the organisation. Most models also include feedback processes highlighting the influence of communication between stakeholders and the importance of taking these into account when seeking to build and maintain strong, favourable corporate brand reputations.

Although all models acknowledge the importance of planned marketing communications in reputation building, recent writings emphasise employees' central role in communicating the corporate brand promise to external stakeholders and hence propose that they should be a focal point of any reputation management efforts (Balmer, 1995; Balmer and Soenen, 1999; Balmer and Wilson, 1998; Birkigt and Stadler, 1986; de Chernatony, 1999; Dowling, 1986; 1993; 1994; Hatch and Schultz, 2001; Kennedy, 1977; Macrae, 1999; Markwick and Fill, 1997; Olins, 1978; Stuart, 1998; van Riel and Balmer, 1993; Wilson, 2001). Models also highlight corporate culture as one of the key factors influencing the actions of employees and, hence, stress the need for those involved in corporate brand reputation management to understand culture within their organisations and aim to align the desired corporate brand promise with culture and vice versa (Abratt, 1989; Balmer, 1995; 2001; Balmer and Soenen, 1999; Balmer and Wilson, 1998; Dowling, 1986; 1993; 1994; de Chernatony, 1999; 2001; Harris and de Chernatony, 2001; Hatch and Schultz, 2001; Ind, 2001; Olins, 1978; Stuart, 1998; van Riel and Balmer, 1997; Wilkinson and Balmer, 1996; Wilson, 2001).

However this chapter highlighted a dearth of empirical research in the corporate brand reputation management literature in terms of:

- understanding the role of employees as the behavioural element of reputation management (Balmer, 2001),
- identifying the complex nature of corporate culture (Balmer and Wilson, 1998; Wilson, 2001), which authors agree is one of the key factors that influence employees' actions and hence consistently cite within their reputation management models, and
- understanding the challenges that organisations may encounter in their efforts to align the corporate culture with the corporate brand promise (and vice versa)

In order to set a solid theoretical framework for the purposes of this thesis it was therefore deemed appropriate to review writings that provide insight on these issues from two other established areas of research. Firstly, taking into account that the interest of this thesis lies in the study of reputation management within service organisations, the next chapter (Chapter Four) will review writings from the services marketing literature in order to illustrate why service employees play such a key role in delivering the corporate brand promise. Chapter Five will then review writings from the corporate culture literature in order to identify the complex nature of culture within organisational settings and explore the challenges that organisations may encounter in aligning their corporate cultures with their corporate brand promise.

CHAPTER FOUR

THE ROLE OF SERVICE EMPLOYEES IN DELIVERING THE CORPORATE BRAND EXPERIENCE

CHAPTER FOUR.

THE ROLE OF SERVICE EMPLOYEES IN DELIVERING THE CORPORATE BRAND EXPERIENCE

4.1 INTRODUCTION

The service sector is a dominant force in the economies of most Western countries employing around two-thirds of the British workforce and over three-quarters of the US workforce (de Chernatony and Dall'Olmo Riley, 1999). Over the last two decades, service industries have experienced increased competition due to advancements in technology, deregulation, privatisation of public corporations and the removal of trade barriers towards globalisation of operations. Service organisations therefore increasingly acknowledge the importance of developing well-reputed corporate brands as a means for gaining competitive advantage (McDonald et al., 2001). In their quest to build and maintain strong corporate brands, service marketers, however, have realised that the characteristics of services pose certain challenges to the traditional product-based corporate branding approaches (Levy, 1996; Stuart, 1997). Services are characterised by intangibility, heterogeneity, inseparability of production and consumption and perishability (Cowell, 1984; Zeithaml, Parasuraman and Berry, 1985; Zeithaml and Bitner, 1996) and often employees and their actions are the only physical element representing the reality of the corporate brand to external stakeholders (Bateson, 1992). As such, for many service organisations, planned marketing communication activities employed to externalise the corporate brand promise may often be negated or strengthened by the actions of service personnel in the service encounter (Wilson, 2001).

So why do service employees play such a key role in delivering the corporate brand promise? The following sections aim to offer some insight by illustrating the role that service employees play both as an input to the service encounter and also as performers that clearly affect the outcome of the service encounter. The first section therefore introduces the reader to the service operation and presents writings from the service encounter literature that highlight the key role of service personnel in the service delivery process. The chapter then reviews the role of service employees in the output of the service encounter. Reviewing writings from the service quality literature, specific emphasis is placed on the importance of service personnel as a determinant of perceived service quality from the customers' point of view. Introducing the Service Profit Chain (Heskett et al., 1994) the chapter also highlights the link between employee and customer satisfaction, hence emphasising the need to place employees at the centre of reputation management efforts within service organisations.

4.2 SERVICE EMPLOYEES AS AN INPUT TO THE SERVICE ENCOUNTER

This section firstly introduces the reader to the service operation. It starts by briefly defining the service encounter - the key interface between the service organisation and its customers. Then, using the Servuction System Model (Langeard et al., 1981) and relevant writings from the service encounter literature, the section highlights service personnel as a key part of service delivery and hence as a key input to the experiences of the corporate brand that are delivered to external stakeholders.

4.2.1 The Service Encounter

The service encounter has received great interest in the services marketing literature, representing the moment when the customer directly interacts with any aspect of the service organisation (Bitner, 1990; Bitner et al. 1990; Czepiel et al, 1985; Lovelock, 1988; Shostack, 1985; Solomon et al 1985; Surprenant and Solomon, 1987). It has been characterised by its interactive nature and is often defined as *"a process of doing things together"* (Swan and Bowers, 1998, p. 60). The outcome of the service encounter therefore depends upon the actions of both the service organisation and the customer being served (Solomon et al, 1985). It is also considered as the moment where the service organisation is significantly exposed to its customers, at which time perceptions are formed on the quality of the services provided. Based on this rationale, Normann (1984) and Carlzon (1987) refer to the point when customers come into contact with the service provider as 'the moment of truth' or 'the service seed, act or performance' (Berry, 1980). For the purposes of this thesis, a service encounter is defined as any interaction between a customer and all the ways through which a service is delivered, including the service personnel, operating procedures and technology-related service providers. Taking into consideration the definition of interaction as *"mutual or reciprocal action or influence"* (Webster's Revised Unabridged Dictionary, 1913) service encounters only exist when there is mutual influence between customers and the elements of the service organisation that are involved in the delivery of the service.

4.2.2 Service Personnel Are an Important Part of the Service Delivery Process

Throughout the years, authors have provided a plethora of theoretical frameworks in order to identify the key interactions between the various components involved in the delivery of a service during the service encounter (Bateson, 1995; Eiglier and Langeard, 1977; Gronroos, 1982a; Gronroos, 1982b; Gronroos, 1983; Harvey and Filiatrault, 1991; Langeard et al., 1981; Lovelock, 1996; Segal-Horn, 1988). A widely acknowledged model in the services marketing literature on the way that service delivery operates has been introduced by Langeard et al. (1981) (see Figure 4.1 below):

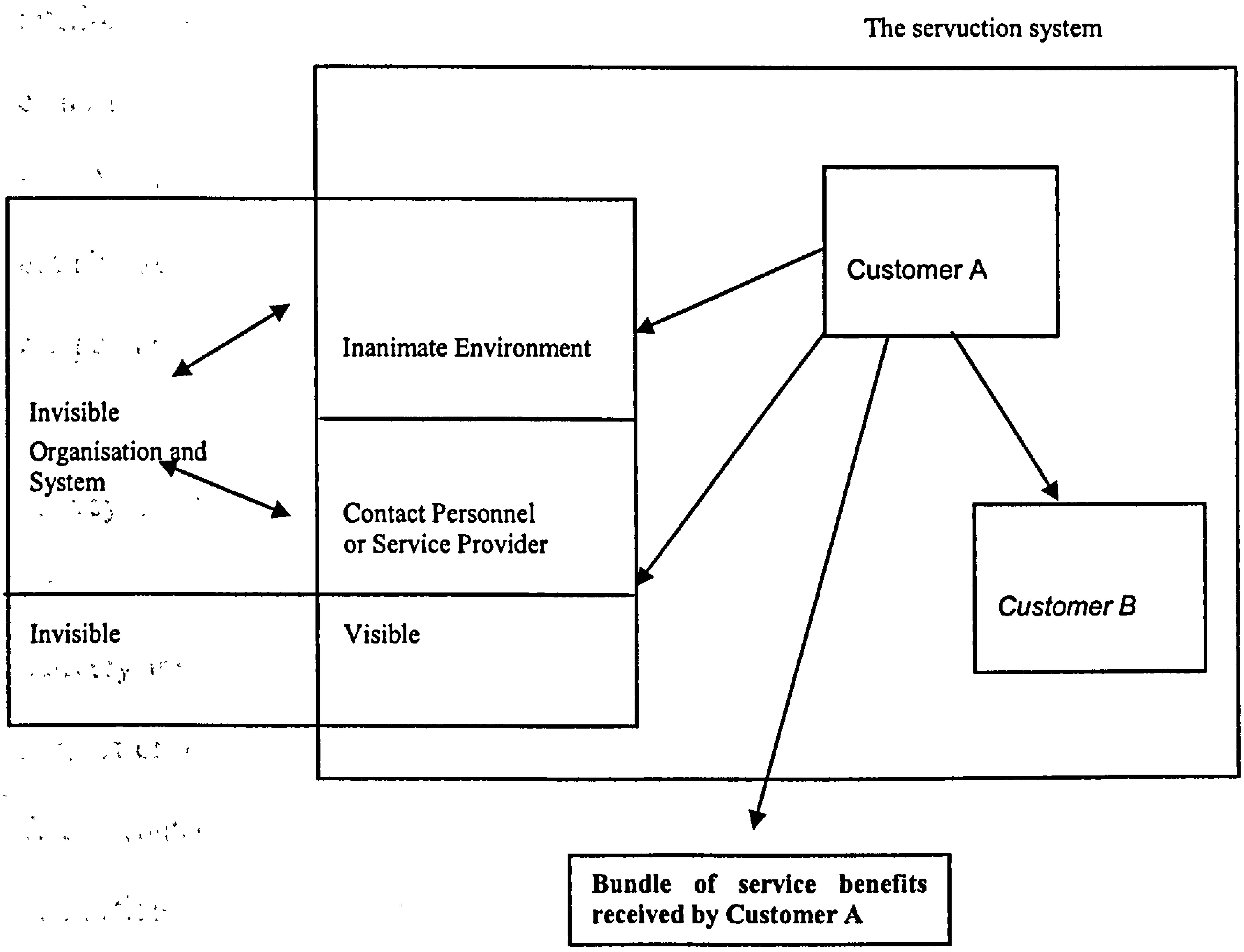

Figure 4.1: The "Servuction" System Model

Source: Langeard et al. (1981)

Within the Servuction System Model, Langeard et al. (1981) suggest that there are two key parts in the service delivery process: the invisible part and the visible part. The invisible part includes all the operations, which may not be visible from the customer's perspective but yet enable the delivery of the service. This important invisible part of the service organisation refers to processes such as the technology involved to enable service delivery, administrative 'back office' work and all other systems and processes needed to deliver the service offering (Grove and Fisk, 1983; Harris, 1989). Clearly 'back office' service personnel play a key role in the effective delivery of a service. On the front end, the visible part of the service organisation in the delivery of a service consists of the inanimate environment, e.g. the exterior and interior physical environment and the technology-related elements that the customers come into contact with, together with the organisation's contact personnel. The model also suggests that the customer not only receives and consumes the service, but also serves as a component in its production and delivery (Normann, 1991) and can potentially influence the bundle of service benefits received by other customers.

Harvey and Filiatrault (1991) and Lovelock (1996) offer similar perspectives on the service operation. Harvey and Filiatrault (1991), for instance, recognise that service delivery involves both the 'back office', e.g. all personnel and systems operating support or administrative tasks, and the 'front office', e.g. all personnel who are in direct contact with customers. Lovelock (1996) also appears to follow the interactions identified in the Servuction System Model. He notes that the service delivery system consists of four main elements:

(1) service personnel;

(2) service facilities and equipment, such as building exteriors and interiors, vehicles, self-service equipment;

(3) non-personal communication, such as signage; and

(4) other people, such as fellow customers encountered during the service delivery

Although the importance and effect of the aforementioned interactions within the service operation varies depending on the service provided, the service delivery channel used and the customer being targeted (Gronroos, 1982a; Gronroos, 1982b; Wilson, 1996), it has been proposed that the source of corporate brand power in a service business is greatly influenced by the performance of service employees (Berry, 2000). Berry (2000, p. 135) argues that service employees are a powerful medium for building strong corporate brands in the service industries; they *"make or break a brand, for the customers' actual experiences with the service always prevail in defining the brand for them. With their on-the-job performances, service providers turn a marketer-articulated brand into a customer-experienced brand"*.

Several authors have therefore focused on the important role that service employees play in the delivery process (Bateson, 1995; Eiglier and Langeard, 1977; Gronroos, 1982a; Gronroos, 1982b; Gronroos, 1983; Harvey and Filiatrault, 1991; Langeard et al., 1981; Lovelock, 1996), defining the service encounter mainly from an interpersonal viewpoint (Czepiel et al., 1985; Evans, 1963; Gronroos, 1978; 1985; Grove and Fisk, 1983; Knisely, 1979; Solomon et al., 1985). In the services marketing literature there has long been increased recognition of the importance of the person-to-person encounter between the buyer and the seller to the overall marketing success of the service organisation (Solomon et al., 1985). After all, *"in a service business you are dealing with something that is primarily delivered by people - to people"* (Knisely, 1979). Emphasising the important role of service personnel, Czepiel et al. (1985) and Solomon et al. (1985) therefore define the service encounter as face to face interactions between a buyer and a seller in a service context and view service encounters as human interactions and role performances. The service encounter is, hence, *"a purposive transaction whose outcome is dependant upon the co-ordinated actions of both participants"* (Solomon et al, 1985, p. 101), which consists of role performances. Each participant has a role to play, a set of behaviours that will increase the probability of goal attainment. Taking into consideration these dyadic views of the service encounter, its outcome highly depends not only on the economic, social, and personal characteristics that affect the behaviour of service personnel in relation to the customers that they are serving (Evans, 1963), but also on their awareness of and willingness to exhibit the key values that the corporate brand aims to stand for to the 'outside world' (Balmer and Wilson, 1998; Berry, 2000; de Chernatony, 1999; de Chernatony, 2001; de Chernatony and McDonald, 1998; Dowling, 1986; 1993; 1994; Harris and de Chernatony, 2001; Hatch and Schultz, 2001; Kennedy, 1977; Macrae, 1999; McDonald et al., 2001; Stuart, 1998; Thomson et al., 1999; Wilson, 2001).

Moreover, the 'boundary-spanning' role of service personnel during the service encounter also illustrates their importance in the delivery of a service (Thompson, 1967; Zeithaml and Bitner, 2002). Employees link the service organisation with the environment within which it operates and provide a communication medium with its audiences (Bateson, 1995). Service personnel therefore not only represent the service organisation to its customers and hence influence the formation of customer attitudes towards the services provided and the corporate brand as a whole, but also have the potential to serve an information transfer role for the service organisation (Aldrich and Huber, 1977; Thompson, 1967). Being the organisation's representatives, they are able to collect information about customers' attitudes toward the corporate brand and feed it back into the company.

Gronroos (1978) adds that the consumers of a service are likely at some point to see and meet an employee of the service firm, and hence argues that every single person in the service organisation is acting as a salesman and is engaged in the communication efforts of the company. He goes on to suggest that taking into account the important role of employees in the service encounter, every employee in a service organisation must be considered as part of the marketing department and be included in the "interactive marketing function" of the service firm (Gronroos, 1982a; 1982b; 1985). Stressing this important role of service employees in delivering the corporate brand promise through their everyday 'performances', Starbucks' founder Howard Schultz (1997, p. 247) notes:

"Our competitive advantage over the big coffee brands turned out to be our people. Supermarket brands are non-verbal and impersonal, with no personal interaction. But in a Starbucks store, you encounter real people who are informed and excited about the coffee, and enthusiastic about the brand... Starbucks' success proves that a multi-million dollar advertising programme isn't a prerequisite for building a

national brand – nor are the big pockets of a big corporation. You can do it one customer at a time, one store at a time, one market at a time"

4.3 SERVICE EMPLOYEES AFFECT THE OUTCOME OF THE SERVICE ENCOUNTER

Service employees play a key role as an input to the service encounter, but their importance is also highlighted through their impact on the output of the service encounter. Authors in the services literature propose that service employees' attitudes and behaviours affect the outcome of the service encounter, i.e. customers' evaluations of service quality (Gronroos, 1984; 1993; Gummesson, 1987; 1988; Henry, 1994; Hodge and Anthony, 1988; Johnston, 1995; Lehtinen and Lehtinen, 1982; Lehtinen, 1985; Morgan and Piercy, 1992; Parasuraman, Zeithaml and Berry, 1985; 1988; 1991; Wels-Lips et al, 1998), and hence their long-term evaluations of what the corporate brand actually stands for. The following sections firstly introduce the reader to the concept of service quality. Then, the thesis presents a review of writings within the service quality literature that highlight the influence of service employees' attitudes and behaviours on customers' evaluations of the organisation's service quality, therefore emphasising the key role that service employees play in building strong corporate brands in the service industry. The last section presents findings that propose a link between employee and customer satisfaction, hence stressing the need to place service employees at the centre of management attention within service organisations.

4.3.1 Service Quality and its Importance for Service Organisations

Despite the fact that service quality is the single most researched area in the services marketing literature, there is no unambiguous, generally accepted definition for the term (Bloemer et al., 1998; Brogowicz et al., 1990; DeRuyter et al., 1998; Lewis, 1989; Wilson, 1996). Hutchins (1986) suggests that the fact that the word quality is used in many contexts, as well as its elusive and abstract nature, have made it very difficult to construct a clear definition and measurement of service quality. There have been, therefore, numerous attempts to define the construct and these have resulted in a multiplicity of perspectives representing often conflicting or competing views (Garvin, 1988).

Traditionally, efforts in defining quality have largely come from the goods sector, regarding quality as 'fitness for purpose' (Juran, 1974) or as 'conformance to requirements' (Crosby, 1979). Nevertheless, these definitions are primarily technology-driven and production orientated and hence provide knowledge about goods quality which is however insufficient towards developing an understanding of quality in a service context (Gummesson, 1988). As highlighted in the servuction system model (Figure 4.1), the service delivery system involves customers and employees as participants in the production process (Bateson, 1995) and therefore normal quality-control measures that depend on eliminating defects in the factory before the consumer sees the product are not sufficient for examining the concept of quality in a service context. In the service sector, quality is therefore defined as a form of attitude, which is an outcome of comparisons between customers' expectations of the service experience and actual performance (Bolton and Drew, 1992; Lewis and Booms, 1983; Parasuraman, Zeithaml and Berry, 1988). Based on the expectancy disconfirmation paradigm, Zeithaml et al. (1990) define service quality as meeting or exceeding customer expectations; in other words, meeting or exceeding what the customer wants, when he/she wants it and at an acceptable cost, within the operating constraints of the business (Lewis, 1989). This definition stresses the fact that service quality is a measure of how well the service delivered matches customers' needs and expectations. Gronroos (1984) adds that every single customer perceives service quality in a personal way and Zeithaml (1988) defines perceived quality as the consumer's judgement with regard to an entity's overall excellence. From a similar perspective Avrican (1999, p. 10) defines perceived service quality from the customer's perspective as *"a global judgement, or attitude, relating to superiority of the service"*. It is therefore clear that if service quality exceeds customer expectations, companies have a basis to form effective and profitable relationships and build a strong corporate brand reputation with their customers; in the opposite case the relationship between the customers and the organisation may deteriorate. The aforementioned definitions all illustrate a dominant theme. This is that they view quality as a measure of the level at which the service delivered meets or exceeds customers' expectations. For the purposes of this thesis service quality from the customer's perspective is therefore considered as the degree of excellence with which an organisation meets or exceeds customers' expectations of the service delivered.

Maintaining high standards of service quality is important for service organisations, because studies indicate that perceived levels of service quality can influence customer satisfaction and potentially customer loyalty (Heskett et al., 1994). Customer satisfaction has been proposed as a route to sustained high performance and is the central focus of writings in the 'excellence' literature (Piercy, 1995), as well as in the service quality literature (Berry and Parasuraman, 1991; Parasuraman et al, 1988). Authors argue that customer satisfaction and service quality are conceptually distinct but related concepts (Bitner, 1990; Bitner et al. 1990; Crosby et al., 1990; Fisk et al., 1993; Oliva et al. 1992; Shemwell et al., 1998). Service quality is a primarily cognitive, evaluative and objective construct, while satisfaction is a combination of an affective, subjective component with a cognitive, evaluative and objective component. Researchers often differentiate the concepts of satisfaction and quality based on a longitudinal dimension (Rosen and Surprenant, 1998). Although some early works consider service quality as an outcome of customer satisfaction (Bitner, 1990; Oliver, 1981; Parasuraman, et al., 1988), later studies show quality as an antecedent of satisfaction (Anderson and Sullivan, 1993; Bolton and Drew, 1992; Drew and Bolton, 1991; Oliver, 1993; Shemwell et al., 1998). Many researchers, however, agree that customer satisfaction results from a subjective comparison of expected and perceived attribute levels regarding organisational standards of service delivery (Walker, 1995). Hence, for the purposes of this thesis, customer satisfaction will be considered as the subjective evaluation of an organisation's service quality from the customer's point of view.

Maintaining high levels of customer satisfaction is important because studies indicate that this can lead to increased customer loyalty and hence help the service organisation to retain its customers and realise economic goals like turnover and revenue growth (de Ruyter, Bloemer and Peters, 1998; de Ruyter, Wetzels and Bloemer, 1998; Heskett et al, 1994; Strauss and Heuhaus, 1997). Customer loyalty has been defined in two main ways, namely from an attitudinal and a behavioural perspective (Jacoby and Kyner, 1973). The first defines loyalty as an individual's overall attachment to a product, service or organisation (Fornier, 1994). The second definition, which is adopted for the purposes of this thesis, considers loyalty as behaviour that includes continuing to purchase services from the same supplier, increasing the scale and/or the scope of a relationship or the act of recommendation (Yi, 1990).

Taking into consideration the importance of service quality towards achieving high levels of customer satisfaction, loyalty and retention, the next section examines the role that service employees play in influencing customers' perceptions of an organisation's service quality.

4.3.2 Service Employees as a Determinant of Service Quality

Early conceptual studies on the dimensions or determinants of service quality from the Nordic School of Thought (Gronroos, 1984; 1993; Lehtinen and Lehtinen, 1982; Lehtinen, 1985; Gummesson, 1987; 1988) recognise service personnel as a key determinant of perceived service quality from the customers' perspective. Gronroos' (1984) Service Quality Model (see Figure 4.2 below) for instance suggests that customers form perceptions of the organisation's service quality by comparing messages inferred from the firm's marketing activities and other external influences, with perceived levels of service that are not only based on the technical outcome of the service process, but also on subjective attributes. These include service employees' attitudes towards customers, their approachability, appearance and personality.

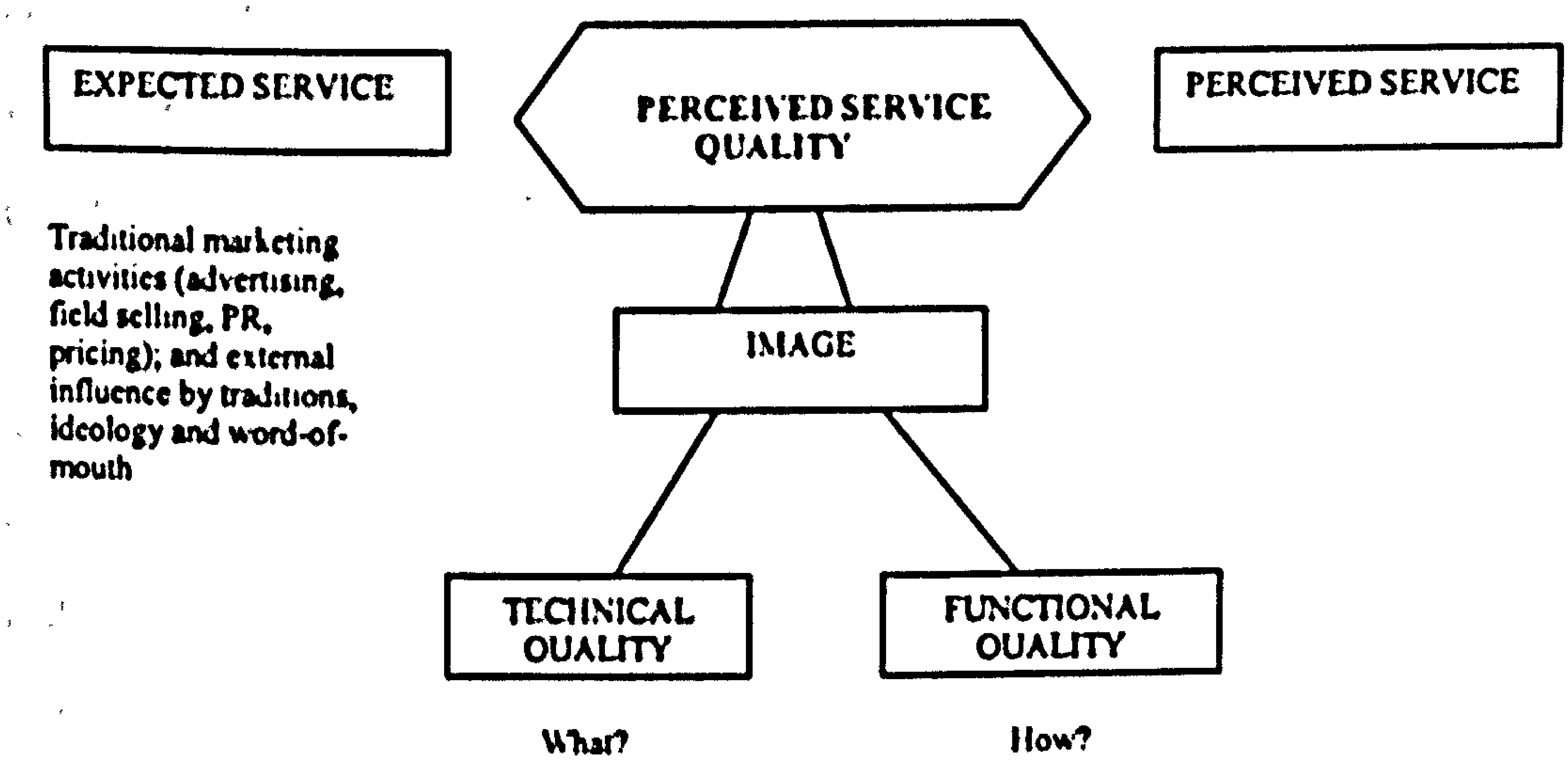

Figure 4.2: Gronroos's Service Quality Model
Source: Gronroos (1984)

Although Gronroos (1984) acknowledges that a favourable corporate image (what this thesis defined as corporate brand reputation in Section 2.2.3) can sometimes minimise the effects of occasional negative experiences, it has been argued that the more customers experience the company's 'total product', the more these experiences become disproportionately influential (Berry, 2000). Since employees are often the ones that deliver these experiences (Section 4.2.2) it is evident that they often have a focal role in influencing customers' perceptions of the organisation's service quality.

Gummesson's (1988) later synthesised "4 Q" model also places service employees as an important determinant of service quality. He argues that in order for a service firm to achieve high standards of service quality two conditions are necessary. Firstly, all employees must do their job properly and secondly, each employee must work in harmony with his/her colleagues. Some years later, Morgan and Piercy (1992) propose a theoretical model that also highlights the pivotal role of service employees in quality programmes, by including them as an important 'pillar' of quality management, labelled as 'people involvement'. Morgan and Piercy (1992) suggest that human interaction often plays a major part of the exchange process reality component and hence appropriate marketing and communications training of service provision staff is an important aspect of quality management. From a similar perspective, Lehtinen (1985) also proposes the dimension of interactive quality as a determinant of service quality, referring to the influence that the two-way relationship between customers and service providers can have on the outcome of the service encounter. In an attempt to summarise proposed theoretical constructs on the role of contact employees as an important determinant of service quality, Gronroos (1993) in a later study includes the professionalism and skills, attitudes and behaviour, and reliability and trustworthiness of service personnel as key service quality dimensions.

However, taking into consideration the conceptual nature of the aforementioned early writings in the Nordic School of Thought, the main studies that empirically illustrate the role of service employees' attitudes and behaviour in the quality of service delivery, come from the North American School (Parasuraman, Berry and Zeithaml, 1985; 1988; 1991). Parasuraman et al.'s (1985) exploratory qualitative study, consisting of in-depth interviews with executives from retail banking, credit card, securities brokerage and product repair and maintenance organisations, and of twelve focus groups with consumers, reveals five gaps or discrepancies between executive perceptions of service quality and the tasks associated with service delivery to consumers. The five gaps which lead to service quality shortfalls are presented in Figure 4.3 below, which Parasuraman et al. (1985) label as 'The Gap Model of Service Quality'.

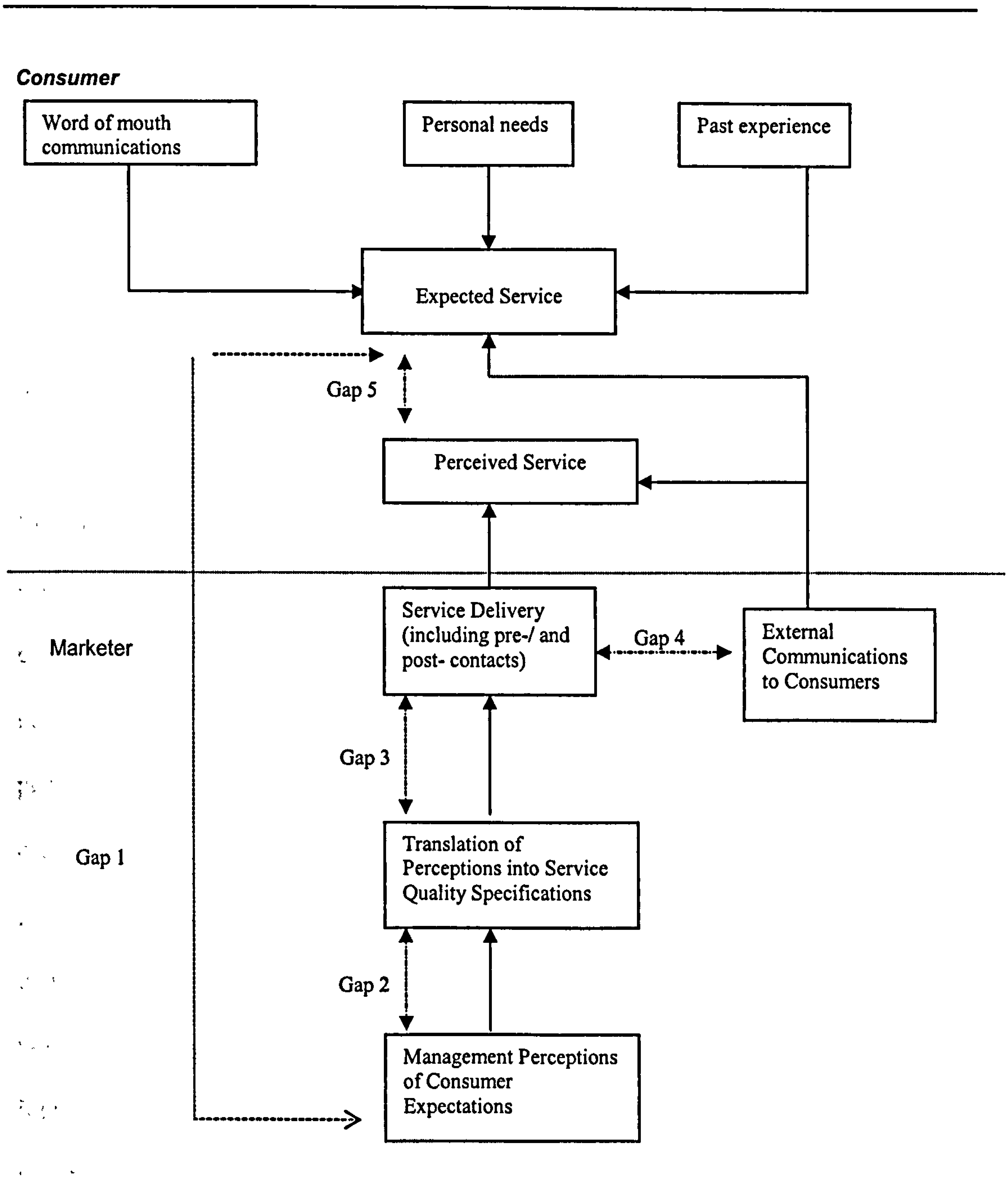

Figure 4.3: The Gap Model of Service Quality

Source: Parasuraman, Zeithaml and Berry (1985)

Although the theoretical validity of the model has been questioned (since it is based on empirical data derived from a limited number of service organisations), the Gap Model does provide a useful framework on why differences may occur between the messages promoted through external communications and the actions of service employees (Wilson, 2001). The first gap between expected and perceived service may arise as a result of management's perceptions of consumers' expectations of service being different from the service that is actually delivered to the customers. The lack of standardisation inherent in services or the 'over-promising' through the company's planned communication activities may often lead to the development of this gap. Gap two may arise when management's perceptions of consumers' expectations are not effectively translated into service quality specifications. Management may therefore realise that the company should offer services of specific standards, but the lack of aligned service quality objectives and specifications may encourage different standards of service. At the front end of the service delivery gaps three and four both emphasise the key role of service personnel in delivering positive customer experiences. As gap three indicates, since service personnel are often those who actually deliver the service to the customers, it is essential that the service delivered in the service encounter reflects the management's set service quality specifications. Nevertheless, unclear corporate brand values (Berry, 2000), poorly qualified employees, lack of appropriate training, low wages and lack of internal systems to support service personnel, are factors that have been found to negatively influence employees' performance (Schlesinger and Heskett, 1991) and can therefore result in a service delivery that does not follow the pre-set quality specifications set by management. Moreover, gap four highlights customer-contact personnel as a powerful communication medium for the service organisation and as such the messages communicated during the service delivery and those communicated through the company's formal communication activities need to be aligned. The desired corporate brand image projected through the firm's planned marketing communication activities must hence be consistent with the actual service experience that customers receive when visiting the company, or else gap four will arise and perceived service quality is likely to be negatively affected.

From the customers' perspective, the focus groups conducted in Parasuraman et al.'s (1985) study illustrate that customers also consider contact employees' behaviour during the service encounter as a critical determinant of the way they perceive the quality of the service delivered. More specifically, from the ten key service quality criteria that consumers are using when evaluating service quality (shown in Figure 4.4 below), seven seem to be clearly related to service employees' behaviour during the service encounter:

Service Quality Dimension	*Definition*
Reliability	Consistency of performance and dependability, e.g. performance of the service at the designated time
Responsiveness	Willingness or readiness of employees to provide the service e.g. giving prompt service
Competence	Possession of the required skills and knowledge to perform the service involving contact personnel, the operational support personnel and the service organisation
Access	Approachability and ease of contact, e.g. the service is easily accessible
Courtesy	Politeness, respect, consideration, and friendliness of contact personnel
Communication	Keeping customers informed in language they understand and listening to them
Credibility	Trustworthiness, believability, and honesty, and having the customer's best interest at heart
Security	Freedom from danger, risk and doubt and involves physical and financial security and confidentiality
Understanding/Knowing the customer	Making the effort to understand the customer's needs, e.g. providing individual attention
Tangibles	The physical elements of the service

Table 4.1: Dimensions of Service Quality

Source: Adapted from Parasuraman et al (1985)

The reliability of the service that service employees provide has to be complimented with a willingness to provide the service and please the customer, in order for the service encounter outcome to be satisfactory. Service employees are not only evaluated by customers on the basis of their skills and knowledge, but also on their courtesy, the ability to communicate in an easily understandable language, their trustworthiness and the individual attention that they provide during the service encounter.

A later study by Parasuraman et al. (1988) indicated a high degree of correlation among the communication, competence, courtesy, credibility and security dimensions, as well as between access and understanding, and hence the authors combined them into two broad dimensions, namely assurance and empathy. Parasuraman et al. (1988) therefore restructured their initial proposal into five dimensions and concluded that determinants of service quality can be categorised into reliability, tangibles, responsiveness, assurance and empathy. The authors argue that *"reliability is the most important dimension in meeting customer expectations, while the process dimensions (especially assurance, responsiveness and empathy) are most important in exceeding customer expectations"* (Parasuraman, Berry and Zeithaml, 1991, p.41). These five dimensions were identified by testing a multiple-item instrument known as SERVQUAL, that Parasuraman et al. (1988) have proposed should be employed whenever a service organisation requires to measure its' service quality. Smith (1995) later reviewed several criticisms of the SERVQUAL methodology including practical difficulties in measuring expectations and perceptions, the nature and value of the expectations scale used, psychometric problems in the analysis of difference scores and consumers' interpretation of gap scores and the mid-point of the perceptions scale.

What is evident, however, in the aforementioned five dimensions identified by Parasuraman et al. (1988) is the important role of employees in delivering service quality. This is reflected through four of the five dimensions of service quality, namely reliability, responsiveness, assurance and empathy that highly rely on the behaviour of front-line personnel. As Redman and Mathews (1998, p. 59) notes, the role of service employees is critical given the absence of any tangible artefact; it is their *"responsibility to project the image of the organisation and it is in their hands that the ultimate satisfaction of the consumer rests"*. In conjunction with this line of thinking several other studies emphasise the importance of employee behaviour as a service quality dimension. Wels-Lips et al (1998), for instance, examine the service quality dimensions that underlie the emergence of critical positive and negative incidents. They define critical incidents as 'moments-of-truth' in which the interaction between service providers and customers leads to an extremely positive or negative experience for the customer (Bitner et al, 1990; Flangan, 1954; Johnston, 1995; Mohr and Bitner, 1995). In their analysis of 800 critical incidents across six service industries they identify that service quality dimensions relating to reliability, competence and credibility, although involved in both positive and negative incidents, lead more frequently to negative as compared to positive critical incidents. On the other hand, the service quality dimensions of courtesy/understanding the customer, responsiveness and communication are more frequently part of positive rather then negative incidents. This reflects the importance of contact employees' behaviour as a service delivery element that can lead to extremely positive, memorable experiences for the customer (Wels-Lips et al, 1998). Johnston's (1995) study of critical incidents also supports these findings, suggesting cross-industry validity. His research indicates that in a banking environment quality dimensions such as attentiveness, care and friendliness act as satisfiers, while factors such as availability, reliability and integrity act as dissatisfiers. Henry (1994) also stresses the importance of service employees in building a cordial, lasting and productive relationship with customers, which reflects positively on customers' evaluations of the corporate brand. He adopts Hodge and Anthony's (1988) perspective and considers the role of the service employee as the 'company liaison'. Employees of service organisations are psychologically and physically close to the organisation's customers and therefore sensitive to their requirements (Adams, 1976; Aldrich and Herker, 1977; Parkington and Schneider, 1979). Taking into consideration the fact that customers and employees often work together in the creation and delivery of services (Berry, 1980; Lovelock, 1981), customers frequently rely on employees' behaviour in order to evaluate the service offering (Gronroos, 1983; Shostack, 1977a, 1977b). Several studies even indicate a strong link between employee and customer satisfaction, emphasising the need to place service personnel at the centre of management's attention. The following section explores this link by introducing the Service Profit Chain and relevant writings from the services literature.

4.3.3 The Link Between Employee Satisfaction and Customer Satisfaction

Over the past three decades several studies have indicated a strong link between employee satisfaction and customer satisfaction (Buchanan, 1990; Clark, 1997; Reicheld and Kenny, 1990; Schlesinger and Heskett, 1991; Schneider, 1973; Schneider and Bowen, 1985; 1993; Schneider, Parkington and Buxton, 1980; Thompson et al., 1999; Zeithaml and Bitner, 1996). The potential effects that service employees' attitudes toward their organisation can have on customers' attitudes toward the firm are summarised in Heskett et al.'s (1994) 'Service-profit chain', shown in Figure 4.4 below:

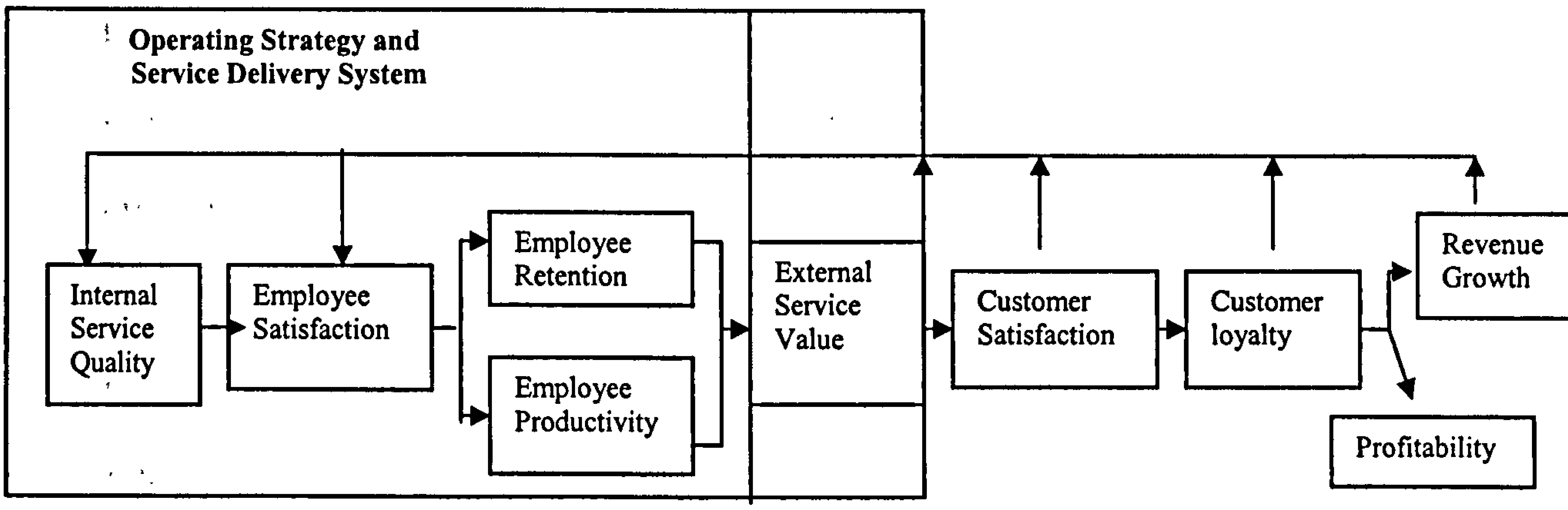

Figure 4.4: The Links in The Service-Profit Chain

Source: Heskett et al (1994)

The Service Profit Chain was developed from analyses of successful service organisations, such as Banc One, Intuit Corporation, Southwest Airlines, ServiceMaster, USAA, Taco Bell and MCI. Heskett, Jones, Loveman, Sasser and Schlesinger (1994, p. 164), all members of the Harvard Business School's service management interest group, suggest that it *"puts 'hard' values on 'soft' measures... it helps managers target new investments to develop service and satisfaction levels for maximum competitive impact, widening the gap between service leaders and their merely good competitors"*. Their research follows a previous study conducted by Schlesinger and Heskett (1991) that highlights a relationship between human resource management issues influencing employee satisfaction and turnover and relevant levels of customer satisfaction, loyalty and turnover. Heskett et al's (1994) research also confirms the need for service organisations to put service employees at the centre of management concern. The Service Profit Chain, which summarises the main outcomes of this study, portrays relationships between employee satisfaction, loyalty and productivity and external service value, customer satisfaction, loyalty and profitability. Heskett et al.'s (1994) study shows that service employees' attitudes toward their job and organisation influence the external service value that customers receive and in the long term their satisfaction with the services provided by that organisation. By the term external service value, Heskett et al (1994) refer to the results that customers receive in their encounters with the company, which appears to be equivalent to what is commonly known in the services literature as service quality from the customer's perspective (defined in Section 4.3.1).

Although studies increasingly recognise this link between employee satisfaction and customer satisfaction, Schlesinger and Heskett (1991, p. 17) observe that *"most service companies perpetuate a cycle of failure by tolerating high turnover and expecting employee dissatisfaction"*. They argue that service organisations often design their customer contact positions to be filled by people who work, at least temporarily, for wages marginally above statutory minimums. Some service companies also simplify jobs reducing them to a series of basic tasks, which require minimum training and make little effort to develop loyalty to the company. Schlesinger and Heskett (1991) suggest that this strategy leads to high employee turnover and increasing customer dissatisfaction. A survey by Woods and Macaulay (1989), for instance, indicates that entry-level service jobs often have annual turnover rates of 100% to 300%.

'Excellent' service companies, however, place employee satisfaction as a key corporate priority (Doyle, 1992). The Chairman of Marriott Hotels, for instance, considers Marriott's employees as the most important target group to satisfy. He argues that if staff like their jobs and feel a sense of pride and achievement within the organisation, they will serve the customer well. Hewlett-Packard also focuses on creating an environment where its knowledge workers feel satisfied. Doyle (1992) adds that unless employees are satisfied with and committed to their organisation and its goals, they will not give their best to sustain customer satisfaction, profit, growth and shareholder value and hence corporate brand reputation is bound to suffer.

4.4 SUMMARY

This chapter sought to explore the role that service employees play in delivering experiences that encapsulate the reality of the corporate brand to external stakeholders. The chapter reviewed writings from the services marketing literature that highlight employees' key role as an input to the service encounter and as a determinant to the output of the service encounter. To build a theoretical framework, the first section defined the service encounter as *any interaction between a customer and all the ways through which a service is delivered, including the service personnel, operating procedures and technology-related service providers*. It also reviewed writings within the services literature that propose service employees as a key part of the service delivery process. Service employees have been reported in the literature as a valuable communication medium. They create 'memorable' experiences with customers and act as the 'interactive marketing function' of the service firm. Service employees' 'boundary spanning', information transfer role has also been highlighted.

In the second section, the chapter defined the concept of service quality from the customers' perspective as *the degree of excellence with which an organisation meets or exceeds customers' expectations of the service delivered* and reviewed writings on the role of service personnel as a determinant of perceived service quality. Service quality models both from the Nordic and North American Schools of Thought propose that both back office service personnel's and customer-contact staff's behaviour affect customers' evaluations of the organisation's service quality standards. Reviewing the Service-Profit Chain the chapter also illustrated that employee satisfaction is linked to customer satisfaction. Studies suggest that not only are the actions of service employees fundamental to high-standards of service quality but also that their level of satisfaction with and commitment to their organisation and its goals affect customers' satisfaction with the company.

Clearly, service personnel have a central role to play in delivering the corporate brand experience to external stakeholders. There is, hence, a need for those involved in corporate brand reputation building activities within service organisations to understand one of the key factors that influence the actions of service personnel, that is, corporate culture (Wilson, 2001). The next chapter will examine the concept of corporate culture in an attempt to understand its complexity, explore its impact on the attitudes and behaviour of service employees and examine whether and how it can be managed or even changed within organisations.

CHAPTER FIVE

CORPORATE CULTURE: DEFINITIONS, PERSPECTIVES AND CHANGE

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CORPORATE CULTURE: DEFINITIONS, PERSPECTIVES AND CHANGE

5.1 INTRODUCTION

The pivotal role that service personnel play in delivering corporate brand experiences and influencing their outcomes (Chapter Four), together with the fact that increasingly internal and external groups belong to multiple stakeholder networks and hence exchange views and evaluations (Hatch and Schultz, 1997), necessitate service organisations to place their employees at the centre of their reputation building efforts. Service employees' perceptions of the corporate brand, as well as their behaviour in their interactions with external stakeholders therefore need to be aligned with the desired corporate brand identity the company aims to stand for (de Chernatony, 2001). Authors increasingly propose that this can be achieved by encouraging a suitable corporate culture, whereby everyone within the organisation understands and is committed to the values underpinning the corporate brand and performs behaviours appropriate for sustaining a strong reputation (Balmer and Wilson, 1998; Berry, 2000; de Chernatony, 1999; 2001; Harris and de Chernatony, 2001; Hatch and Schultz, 2001; McDonald et al., 2001; Thomson et al., 1999; Wilson, 2001). However, as noted in Chapter Three, existing frameworks and models in the reputation literature have been criticised for treating questions of culture in a superficial manner that fails to take account of the complexities of the phenomenon within organisational settings (Balmer and Wilson, 1998; Wilson, 2001).

This chapter therefore reviews the corporate culture literature in an attempt to explore its complexity and identify challenges that organisations may encounter in managing or changing their corporate cultures in their efforts to sustain alignment with their corporate brand promise. To set a theoretical framework for the reader of this thesis, the chapter starts by reviewing definitions on the concept of corporate culture and exploring the main perspectives adopted in corporate culture research (Martin and Meyerson, 1988). The chapter then reviews some of the key factors that influence the formation of corporate cultures. Next, it examines arguments as to whether corporate cultures can actually be managed and potentially changed, and reviews management practices and processes that authors propose can facilitate this change process. The chapter finally reviews writings which illustrate key challenges that organisations are likely to encounter in their attempts to change their corporate cultures.

5.2 DEFINING CORPORATE CULTURE

The concept of culture has its roots in the disciplines of anthropology and sociology (Hatch, 1993). The term culture is first used in an anthropological context at the end of the nineteenth century to refer to 'civilisation' and 'social heritage' (Morgan, 1986). A great volume of anthropology studies have focused on the subject, contributing no less than 164 meanings to the concept of culture (Kroeber and Kluckhohn, 1952). Anthropologists have argued that culture *"is a product; is historical; includes ideas, patterns and values; is selective; is learned; is based upon symbols; and is an abstraction from behaviour and the products of behaviour"* (Kroeber and Kluckhohn, 1952, p. 157). They have defined culture variously as the values and beliefs shared by members of a society; the shared patterns of behaviours, feelings and reactions in a society, including the unstated premises underlying behaviours; the learned responses that previously were met with success; the habitual and traditional ways of thinking, feeling and reacting that a group of people adopts to meet its problems; and, another word for social reality, the things that people take for granted (Deshpande and Webster, Jr., 1989). Scholars of sociology later paralleled anthropologists' interest in the concept of culture. Jacques (1951, p. 251), for instance, writes about 'the culture of the factory' which he defines as *"its customary and traditional way of thinking and doing things, which is shared to a greater or lesser degree by all its members, and which new members must learn, and at least partially accept, in order to be accepted into service in the firm"*.

However, it is not until the mid-1970s that the concept of culture is widely popularised to organisational contexts. Organisational sociologists realised that traditional models of organisations did not always provide an adequate framework for understanding observed disparities between organisational goals (strategy) and actual outcomes (implementation) and this led to the development of interest in the concept of culture within organisations (Ouchi and Wilkins, 1985; Deshpande and Webster, Jr., 1989). Wilson (1996) notes that researchers of culture within organisational settings initially used the concept as a metaphor to study organisations as forums where meanings were constructed and expressed through social interactions. Organisational sociologists viewed companies as mini societies that collectively expressed their personalities through distinct cultural traits. Culture was therefore perceived as something an organisation 'is', rather than as a variable, something an organisation 'has'.

In the beginning of the 1980s the concept of culture catches the interest of management researchers and practitioners. Management authors initially examine culture as an external independent variable embedded in geographic, linguistic or ethnic groups that is imported into organisations through their members (Smirich, 1983). As different societies presumably have different cultures, researchers explore whether organisations within these different cultures exhibit different structures, practices and management styles. Writings from this period focus either on the applicability of American management practices to other cultures (ethnocentric), on analyses of managerial and organisational practices within specific cultures (polycentric) or on comparisons of managerial and organisational practices across cultures (comparative) (Adler, 1982). Some commonly cited studies include Hofstede's (1980) large-scale comparative research across companies in developed countries, Ouchi's (1981) comparison of management styles within American and Japanese firms and Pascale and Athos' (1981) studies of Japanese management. While this view of culture finds great popularity among management academics and practitioners at the time, the focus is rather ethnocentric, emphasising national culture as the catalyst for differences across organisations rather than acknowledging culture as an integral part of organisations.

However, as culture increasingly becomes part of the vocabulary of management thinking, researchers begin to explore differences in cultures within organisations as possible explanations for differences in competitive effectiveness among firms, when few differences in other organisational characteristics are evident (Ouchi and Wilkins, 1985). Culture is hence increasingly proposed as a mechanism, which, if effectively managed, can provide companies with managerial effectiveness, superior performance and internal integration (e.g. Deal and Kennedy, 1982; Kilmann et al., 1985; Peters and Waterman, 1982; Wilkins and Ouchi, 1983). In conjunction with this line of thinking, more and more researchers therefore propose culture as an organisational variable rather than as a 'metaphor' for the organisation itself (Smirich, 1983); something an organisation 'has' rather than something an organisation 'is'.

Taking into account the aforementioned stages of development within the 'culture' literature it is not surprising that numerous definitions have been proposed for the concept of culture in the corporate setting. Some authors offer simple descriptions of corporate culture as 'the rules of the game' (van Maanen, 1976; 1977), or 'the way we do things around here' (Deal and Kennedy, 1982), while others propose more all-encompassing and useful definitions for research in the area (e.g. Denison, 1990; Kotter and Heskett, 1992; Schein, 1984; Schneider, 1958; Schwartz and Davis, 1981; Wilson, 1996). Schneider (1988, p. 353), for instance, defines culture as *"the values that lie beneath what the organisation rewards, supports and expects; the norms that surround and/or underpin the policies, practices and procedures of organisations; the meaning incumbents share about what the norms and values of the organisation are"*. Schwartz and Davis (1981, p. 33) refer to culture as *"a pattern of beliefs and expectations shared by organisation members"*. Focusing on the deeper, 'less visible' level, Schein (1984, p. 3) views culture as something an organisation 'is' and defines culture as *"the pattern of basic assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration and that have worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems"*. Denison's (1990, p. 2) definition considers culture as the *"underlying values, beliefs and principles that serve as a foundation for an organisation's management system as well as the set of management practices and behaviours that both exemplify and reinforce those basic principles"*. Acknowledging both the 'visible' and 'less visible' layers of culture Kotter and Heskett (1992, p. 4) argue that *"at the deeper and less visible level, culture refers to values that are shared by the people in a group and that tend to persist over time even when group membership changes. At the more visible level, culture represents the behaviour patterns or style of an organisation that new employees are automatically encouraged to follow by their fellow employees. Each level of culture has a tendency to influence the other"*.

In his review of definitions of corporate culture, Wilson (1996) identifies four key dominant characteristics assigned to the concept. Firstly, the view that culture is a shared phenomenon is widely held (Bate, 1984; Broms and Gahmberg, 1983; Gordon and Di Tomaso, 1992; Lorsch, 1985; Pfeffer, 1981; Posner et al., 1985; Schein, 1984; Schwartz and Davis, 1981; Tichy, 1982; Trice, 1985; Wilkins and Ouchi, 1983; Wilson, 1996). Culture is viewed as a kind of social or normative binding that is shared by a given group and that holds together potentially diverse members (Schein, 1985). In a corporate setting the group may be the whole organisation or several sub-groups within the organisation, depending on the organisation itself and the theoretical viewpoint adopted by researchers of culture (this will be further discussed in Section 5.3). Researchers like Balmer (1996), Balmer and Wilson, (1991; 1998), Gregory (1983), Hofstede (1998), Kotter and Heskett (1992), Louis (1983), Martin and Siel (1983), Schein (1991a) and Wilson (1996) have, for instance, illustrated that companies often have multiple cultures or subcultures associated with functional, professional or geographical groups within the organisation.

Secondly, the majority of authors (with the exception of Schein, 1984; 1985; 1991a; 1991b) agree that culture exists in two levels, the visible level and the less visible, deeper level. The visible level includes elements such as audible and visible patterns of behaviour exhibited by the group and physical artefacts, such as buildings or décor. The less visible, deeper level of culture relates to the values that the group shares and the norms that establish the kind of behaviours that group members should expect from one another. Hofstede (1980) suggests that the concept of value refers to "a broad tendency to prefer certain states of affairs over others".

Shared values reflect the social principles that comprise the basis for making judgements on what is important to the members of a culture, what is acceptable or not within the group (Wiener, 1988). In a corporate setting these values may be shared across the organisation and hence be explicitly stated in the company's mission statement as the values the corporate brand aims to stand for to its stakeholders. Often, however, corporate brand values are not based on prior organisation-wide cultural learning and hence may only represent 'espoused' values (Argyris, 1982; Martin and Meyerson, 1988; Schein, 1984; Siehl and Martin, 1988). 'Espoused' are the desired corporate brand values from the senior management's perspective, that may be out of line with the 'values-in-use', e.g. the values that are actually "enacted" through formal practices (e.g. training programmes or performance appraisal procedures) and other, more indirect processes (e.g. jargon, humour, organisational stories or ceremonies and rituals) (Siehl and Martin, 1988). Authors have argued that the degree to which the 'values-in-use' reflect the 'espoused' values often determines the strength of culture in corporate settings (Sathe, 1985; Martin and Meyerson, 1988; Wiener, 1988). Once values have been established within the group, norms then allow members to understand the types of behaviours that are expected of them in different situations. Schein (1985) adds that values and norms are underlined by a deeper level of what he calls 'basic assumptions', i.e. assumed ideas or concepts, which guide the group in coping with its environment and that lie at the preconscious level of human minds. Although Schein's (1984; 1991) definition of culture in corporate settings focuses only on manifestations of culture at this deeper level of assumptions and understandings, it must be noted that Schein (1984; 1991a; 1991b) does also use visible elements such artefacts and behaviours in his analyses of corporate cultures.

A third common element of culture definitions is that culture is learned (Wilson, 1996). Within a corporate setting, new members learn about the culture that prevails within their group through formal and informal, explicit and implicit cultural socialisation processes (Schein, 1991a; Schein, 1991b). These will be further explained in Section 5.4.3 of this chapter.

Finally, because cultures are learned, the last characteristic assigned to the concept of culture in the organisational behaviour literature is that it is relatively stable and hence changes slowly over time. It has been argued that cultures serve the human need for order and consistency (Schein, 1984). When a group is forming and growing, the culture is a 'glue' that binds people together; a source of identity and strength. Culture therefore provides *"group members with a way of giving meaning to their daily lives, setting guidelines and rules for how to behave, and most important reducing and containing the anxiety of dealing with an unpredictable and uncertain environment. Culture stabilises and normalises events and thus makes day-to-day functioning possible"* (Schein, 1991b). Changing corporate culture is therefore often presented in the literature as a difficult task to manage that takes time to accomplish.

Taking into account the consensus of the academic literature on the aforementioned four key characteristics of culture, this study adopts Wilson's (1996, p. 63) summary definition of culture in a corporate setting as *"the visible and less visible norms, values and behaviour that are shared by a group of employees which shape the group's sense of what is acceptable and valid. These are generally slow to change and new members learn them through informal and formal socialisation processes"*.

5.3 PERSPECTIVES ON CORPORATE CULTURE

The multiplicity of definitions offered for the concept of corporate culture (Section 5.2) mirrors the different approaches that management authors have adopted over the last two decades in their studies of culture within corporate settings. Corporate culture researchers do not always study the same phenomena and often approach the subject from different theoretical and methodological points of view. The next sections present the main perspectives summarised by Martin and Meyerson (1988) and Frost et al. (1991) on the concept of corporate culture (for a summary see Table 5.1 below):

	Perspectives			
Features	*Integration*	*Differentiation*	*Fragmentation*	*Holistic*
Orientation to Consensus	Organisation-wide consensus	Subcultural consensus	Lack of consensus	Mix of organisation-wide, subcultural and lack of consensus on different issues
Relation Among Manifestations	Consistency	Inconsistency	Not clearly consistent or inconsistent	Consistency in the midst of inconsistency
Orientation to Ambiguity	Exclude it	Channel it outside subcultures	Acknowledge it	Integration in the midst of ambiguities

Table 5.1: Defining Characteristics of the Main Perspectives on Organisational Culture
Source: Adapted from Frost et al. (1991)

5.3.1. The Integration Perspective

The integration perspective has dominated much of corporate culture research with many studies seeking to explore cultural consensus within organisations (e.g. Badovick and Beatty, 1987; Barley, 1991; Clark, 1972; Deal and Kennedy, 1982; Denison, 1990; Enz, 1988; Johnson and Lundin, 1977; Lincoln and Kallberg, 1985; Martin et al., 1983; Martin, 1982; McDonald, 1991; Ott, 1989; Ouchi, 1981; Ouchi and Jaegar, 1978; Ouchi and Wilkins, 1985; Pascale and Athos, 1981; Peters and Waterman, 1982; Pettingrew, 1979; Pfeffer, 1981; Pondy et al., 1983; Rohlene, 1974; Sathe, 1985; Schein, 1985; 1991a; 1991b; Sergiovanni and Corbally, 1988). Researchers within this perspective examine shared values (e.g. Badovick and Beatty, 1987), focus on elements of 'cultural strength' (e.g. Sathe, 1983) and/or explore the cultural manifestations necessary for corporate success (e.g. Peters and Waterman, 1982). Martin (1992, p. 12) contends that the integration perspective is adopted by studies that possess *"three defining characteristics: all cultural manifestations mentioned are interpreted as consistently reinforcing the same themes, all members of the organisation are said to share in an organisation-wide consensus and the culture is described as a realm where all is clear. Ambiguity is excluded*". Frost et al. (1991) explain that within these studies 'espoused' values are regarded as consistent with formal policies, which are consistent with informal norms, stories, rituals and so forth. Cultural members share the same values and understandings, and hence loyalty and commitment are promoted within the organisation. There is therefore unanimous agreement on what people within the organisation are meant to do and why it is worthwhile exhibiting relevant behaviours. In this realm of clarity, there is no room for ambiguity. Therefore, when inconsistencies, conflict or even sub-cultural differentiation are identified in studies adopting an integration perspective, they are seen as evidence of a weak or negative culture (Wilson, 1996) or even as an absence of a 'corporate culture' (Frost et al., 1991). From a methodological viewpoint, Wilson (1996) notes that much of the research within integration studies has involved small-scale qualitative research centred on interviews with senior management of target organisations (e.g. Barley, 1983; Deal and Kennedy, 1982; Peters and Waterman, 1982). Martin et al. (1983) criticises integration studies arguing that their approach can only provide an incomplete, senior management-biased perspective of culture within corporate settings.

5.3.2 The Differentiation Perspective

Contrary to the integration perspective, studies within the differentiation perspective are more attentive to alternative points of view within organisations (e.g. Barley, 1986; Bartunek and Moch, 1991; Brunsson, 1986; Cristensen and Kreiner, 1984; Feldman, 1985; Friedman, 1983; Gregory, 1983; Jermier, 1985; Louis, 1983; 1985; Lukas, 1987; Martin and Siehl, 1983; Martin et al., 1985; Riley, 1983; Rosen, 1985; Smircich, 1983; Smircich and Morgan, 1982; Sunesson, 1985; Turner, 1986; van Maanen, 1991; van Maanen and Barley, 1985; van Maanen and Kunda, 1989; Young, 1989). Researchers congruent with the differentiation perspective suggest that cultural manifestations within the organisations under study are predominantly inconsistent (Frost et al., 1991); corporate cultures are therefore portrayed as mosaics of inconsistencies (Martin and Meyerson, 1988). The defining characteristics of the differentiation perspective on corporate culture hence are *"inconsistency, subcultural* *consensus and the relegation of ambiguity to the periphery of subcultures"* (Martin, 1992, p. 83). Studies within the differentiation perspective argue that formal corporate policies are in reality often undermined by contradictory informal norms and hence cultural consensus only emerges in the boundaries of subcultures. Subcultures within the organisation may coexist in harmony, may operate in conflict with each other or with indifference to each other (Martin and Meyerson, 1988). Brown (1995) proposes three categories of subcultures, namely 'enhancing' subcultures, 'orthogonal' subcultures and 'counter-cultures' (de Chernatony, 2001). In 'enhancing' subcultures employees adhere to the values of the dominant culture more noticeably than the rest of the organisation. If the dominant culture reflects the 'espoused' corporate brand values then people in 'enhancing' subcultures are more likely to exhibit desired behaviours and project the desired corporate brand promise. On the other hand, people in 'orthogonal' subcultures, although aligned with the dominant culture, also accept a different, yet non-conflicting set of values within their group. Lastly, in 'counter-cultures' employees adhere to a set of values that are against the desired corporate culture and its espoused values. Subcultures may relate to different levels of organisational status or different professions (e.g. Hofstede, 1998; Rosen, 1985; Sackman, 1992; van Maanen, 1991; Wilson, 1996), different teams of people working together across the organisation (Wilson, 1996) or gender (Rosen, 1985). From a methodological viewpoint, research within differentiation studies has mainly been quantitative, using different forms of standardised research instruments (Wilson, 1996). However, studies adopting a differentiation perspective on culture are often criticised for their lack of depth in the culture phenomenon within corporate settings (Schein, 1991).

5.3.3 The Fragmentation Perspective

While the differentiation perspective recognises the inevitability of conflict across organisations, it has been argued that it fails to account for the ambiguities of organisational existence (Harris and Ogbonna, 1997). This was the basis for the emergence of the fragmentation perspective on corporate culture studies (e.g. Arac, 1986; Becker, 1982; Brunsson, 1985; Calas and Smircich, 1989; Clifford and Marcus, 1986; Cohen et al., 1972; Feldman, 1991; Grafton-Small and Linstead, 1987; Kreiner and Schultz, 1993; Levitt and Nass, 1989; March and Olsen, 1976; Martin, 1990; Martin and Meyerson, 1988; Meyerson, 1991; Rosaldo, 1989; Sabrovsky et al., 1982; Schultz, 1989; Sproull et al., 1978; Starbuck, 1983; van Maanen, 1988; Weick, 1979; 1991). Studies adopting a fragmentation perspective regard ambiguity as a hallmark of corporate life (Martin and Meyerson, 1988) and acknowledge the *"uncontrollable uncertainties that provide the texture of contemporary life"* (Martin, 1991, p. 354). They mainly focus on events that illustrate ambiguity and the constant state of flux within corporations. According to this viewpoint, clear consistencies or clear inconsistencies are rare in corporate settings; there is rather a constantly fluctuating pattern influenced by changes in events, attention, salience or cognitive overload (Frost et al., 1991). Relationships among 'espoused' values, formal practices and informal processes within the organisation are seen as blurred. Consensus is neither organisation-wide nor on a sub-cultural basis; it is rather issue-specific. Scholars adopting this perspective therefore study specific incidents such as the difficulties that complicated decision making one night at Tenerife Airport (Weick, 1991), social workers' experiences of ambiguity as a normal attribute of their work (Meyerson, 1991) and policy analysts' reactions to the uncontrollable ambiguity involved in their work (Feldman, 1991). From a methodological viewpoint, studies within the fragmentation perspective mainly employ inductive, interpretive research approaches. An assortment of qualitative methods is therefore often used including interviews, written exercises with members of staff from all levels across the organisation and participant observation.

5.3.4 The Holistic Perspective

Using data from case studies, Martin and Meyerson (1988), Frost et al. (1991) and Martin (1992) argue that corporate cultures contain elements that can only be understood when all three perspectives are taken into consideration. They note that these perspectives usually represent subjective viewpoints of the authors studying corporate cultures and in some cases of their informants within the organisations.

Authors usually adopt perspectives on culture that they feel more comfortable with and that they believe better equip them to understand and interpret what they see and experience in their targeted organisations. They usually adopt one of the three aforementioned perspectives as a consequence of the limitations in the ways they define culture and the research approach they apply (Martin, 1985; Martin and Meyerson, 1988; Frost et al, 1991; Wilson, 1996; 2001). Therefore studies that define culture in terms of organisation-wide consensus, consistency and clarity and only conduct research with senior staff are more likely to reach conclusions congruent with the integration perspective. On the other hand, when authors define culture in terms of subcultural consensus, inconsistency and ambiguity and when the majority of informants are lower status, junior employees, findings congruent with the differentiation perspective are more likely to be revealed. Similarly, when authors focus on events or issues that are characterised by unusually high levels of ambiguity, the fragmentation perspective is more likely to receive support. As Frost et al. (1991, p. 159) argue, *"research finds what it is looking for"*.

The viewpoints of informants within the organisations studied also affect the extent to which support for each of the aforementioned perspectives is more likely to arise (Martin and Meyerson, 1988; Martin, 1992; Wilson, 1996). Senior managers, for instance, are more likely to offer viewpoints congruent with the integration perspective, emphasising the company's desired values and organisation-wide cultural consensus. Personnel at middle management positions are, on the other hand, more likely to distance themselves from 'espoused' values and hence a differentiation perspective emphasising consensus within subcultures may be highlighted. Similarly, newly recruited staff or dissatisfied junior staff may express views emphasising ambiguity and a state of flux in the organisation, hence fitting more with the fragmentation perspective.

A company may therefore exhibit *"organisation-wide consensus on some issues, consensus only within certain subcultures on other issues and an ambiguous state on the remainder"* (Wilson, 1996, p. 76). This is why Martin and Meyerson (1988) propose that all three perspectives should be taken into consideration when researching corporate culture. In their study of the Peace Corps/Africa, for instance, when they viewed the organisation's culture from an integration perspective, 'values-in-use' mirrored the 'espoused' values of an ideologically motivated cadre of committed staff and volunteers. However, when they adopted a differentiation perspective, Martin and Meyerson (1988) soon identified various subcultures within the organisation among the senior management team, the volunteers assigned to the various African nations, and across different functions within the organisation. Similarly, by adopting a fragmentation perspective, it became salient that because volunteers could only offer their services for two years, commitment and turnover together with ignorance and confusion were high, with consensus existing only on specific issues. Martin and Meyerson's (1988) research and other later studies hence emphasise that corporate culture can only be viewed usefully when all three perspectives are taken into consideration (Martin, 1992; Frost et al., 1991; Wilson, 1996).

Having established a working definition of corporate culture and reviewed the different perspectives evident in the study of corporate culture, the next section will now focus on identifying the key factors that influence the formation of corporate cultures.

5.4 INFLUENCING FACTORS

So what are the key factors that influence the formation of corporate cultures? The following sections review four main groupings which have been proposed by Schein (1991a) and later used by Wilson (1996) as the key factors that create and influence corporate cultures: the business environment; leadership; management and the formal socialisation process; and, the informal socialisation process.

5.4.1 The Business Environment

The proposition that the general business environment affects corporate cultures is obviously related to the claim that organisations, in general, are affected by their environments. Industry assumptions often lead to the development of corporate values that are consistent with these assumptions; these value systems prevent the company from developing strategies, structures or processes that would conflict with these assumptions (Gordon, 1991). Industry-based assumptions can include perceptions about the traditions of a particular industry, about customers, competitors and individual professions (Gordon, 1991). *"Society at large will also influence opinions about work, money status and different types of jobs"* (Wilson, 1996, p. 64). Based on these assumptions organisations are likely to develop values that reflect 'the right things to do' and consistent with these values, the senior management will develop the strategies, structures and processes necessary for the company to conduct its business. The business environment in which a company operates is therefore an important dimension on the basic assumptions of the company's culture. Because not all organisations base their assumptions and values on the same industry imperatives, Gordon (1991) argues that researchers should not be surprised if they find significant variations in corporate cultures within the same industries.

The influence that the business environment exerts on the creation of corporate cultures has significant implications for cultural change. In particular, when a company's business environment significantly changes in terms of its competitors, customer requirements or societal expectations, organisational behaviours based on past assumptions and values are likely to be ineffective (Gordon, 1991). The company is therefore likely to experience negative results unless it creates pressure for changing the basic assumptions that drive the culture of the organisation. The question of whether organisations can actually proactively or reactively change the basic assumptions that drive corporate culture is one that has received wide academic interest and will be discussed in Section 5.5.

What is evident though is that the link between the general business environment and corporate culture is a crucial one (Osborne, 1996). Ignorance of what is going on outside the company can have detrimental consequences for the organisation. But Osborne (1996) argues that knowledge of external forces in the creation of the corporate culture is not enough. Failure to adapt to environmental changes can also have negative effects. On the other hand, when corporate values are perceptively aligned with the company's general business environment, competitive edge is often the reward.

5.4.2 Leadership

Of all the variables considered crucial to the success of any attempt to create or influence culture within a corporate setting, leadership has received the widest attention (e.g. Blunt, 1991; Conger, 1989; Handy, 1986; Hawkins, 1997; Kilmann, 1982; Kotter, 1988; Ogbonna, 1993; Sathe, 1985; Silverzweig and Allen, 1976; Smith, 1998; Thackray, 1986; Tichy and Devanna, 1986). During the founding period of the organisation it has been proposed that the values of the corporate culture often reflect the founder's own background and personal value system (Frost et al., 1991). Entrepreneurs influence the creation of the corporate culture in new organisations by communicating their own ambitions (Pettigrew, 1979) and by having a critical role in generating commitment and reducing anxiety in the new work setting (Schein, 1991a). Founders set the standards of acceptable behaviours within the newly formed company and identify the rewards for best practice; they represent the organisation's mindset to the new group members (Wilson, 1996). As companies grow, employees often find their own "way of doing business" in the company, which may or may not differ from the founder's initial assumptions. Consequently the emerging culture will accommodate these different viewpoints.

Throughout the organisation's life, leaders, however, continue to shape and share the corporate vision and provide direction, focus, meaning and inspiration to the work of others across the organisation (Blunt, 1991). In his in-company observations, Schein (1991) found that leader(s) and/or founder(s) influence the corporate culture through what they pay attention to, measure and control, their reactions to critical incidents and organisational crises and their deliberate role modelling and coaching behaviours. Wilson (1996) notes that these inputs together with leaders' impact on the management practices that guide people's behaviour (Section 5.4.3) exert an important influence on the cultural norms held by members of the organisation.

Leadership therefore plays a key role in influencing the creation of corporate cultures. Leaders not only influence the formation of cultures in new organisations, but also have the pivotal role of *"communicating through words and deeds this vision to internal and external audiences while motivating and inspiring the individuals who have to deliver it"* (Wilson, 1996, p. 67).

5.4.3 Management Practices and the Formal Socialisation Process

Although leaders influence corporate cultures by communicating their visions and strategies for the future, the specific manner in which companies are managed also influences the beliefs, attitudes and behaviours of employees and hence influences corporate cultures. Managers have control over several processes that can potentially affect corporate cultures. These include employee recruitment, formal socialisation processes and employee turnover (Harrison and Carroll, 1991).

Recruitment processes have long been considered as major levers that support cultural orientation within organisations (Guest, 1987; Legge, 1995; Iles and Salamon, 1995). Managers therefore often try to create or sustain a desired corporate culture by recruiting candidates that exhibit values, attitudes and behaviours which are aligned to those of the desired or existing corporate culture.

New recruits, however, may initially find difficulty in adjusting to the reality of the organisation, 'the way we do things around here' (Deal and Kennedy, 1982). Managers, therefore, often use induction training as an intensive socialisation process to orientate new employees to the attitudes and behavioural norms that are acceptable within the existing or desired corporate culture. This initial period of intensive training normally takes place when employees begin their jobs or within their first two weeks in the organisation (Rolag, 2002). Support for the existing or desired corporate culture is also later strengthened by ongoing training programmes that managers introduce to encourage formal socialisation. Sparrow and Pettigrew's (1988) research, for instance, shows that high technology companies place considerable emphasis on training practices that reinforce the key behavioural norms of the desired culture.

In addition, managers do not only design organisational structures in order facilitate desired behavioural norms and values across the organisation (Harrison and Caroll, 1991; Schein, 1991), but also reinforce required behaviours through appropriate reward and control systems (O'Reilly, 1989). Rewards refer to the total compensation that organisations offer including pay, incentives and benefits. Rewards must be allocated fairly and consistently in a way that recognises good performance and takes account of the circumstances under which it occurred (Jaques, 1989; Blunt, 1991). The behaviours that are recognised and rewarded will often provide a mental cue to employees in deciding what actions they should take (Ogbonna, 1993).

Management's formal internal communication practices are also an element of the formal socialisation process that influences cultural orientation within organisations. Communication has been defined as the processes by which individuals share meaning (Asif and Sargeant, 2000). Internal communication therefore often encourages (or discourages) behaviours that are aligned with the existing or desired culture (Dibb et al, 1991; Cheney, 1991; Cheney and Christensen, 1998). Although traditionally internal communication viewed employees as a captive audience that simply needs to be told what to do (Young and Thomson, 1999), current literature on internal marketing encourages organisations to adopt a "softer", more interactive approach to encourage staff involvement in the formal socialisation process

(Murphy, 2000). Foreman (1997) argues that the appropriate framework within which to companies can manage internal communications consists of three components, namely the atmosphere for communication, the communications process and the communications methods. The atmosphere for communication refers to the organisational context in which the communication is developed. Effective internal communication therefore requires processes that encourage both horizontal and vertical communication flows across the organisation. Moreover, internal communication can be more than a simple exchange of information; it can be a cooperative effort across the various groups that exist within the organisation (Asif and Sargeant, 2000). Communication methods that can influence the corporate culture include internal newsletters, the company magazine, the corporate intranet, CEO "road shows" and even the introduction of chat rooms where employees are encouraged to exchange views on different aspects of the company (Murphy, 2000).

Last, but by no means least, Harrison and Caroll (1991) suggest that employee turnover, whether triggered by managerial decisions or employees' voluntary actions, is also a factor that influences culture within organisations. Their research indicates that voluntary turnover often assists the establishment of cultural stability, since the people who decide to leave the organisation are also often the ones who resist the aforementioned socialisation processes (Wilson, 1996).

5.4.4 The Informal Socialisation Process

Apart from the aforementioned formal socialisation processes, corporate culture is also greatly influenced by informal socialisation processes. These occur within the groups that individuals work with in their work settings. Group dynamic theory suggests that individuals need to feel part of their group by developing a viable role; they need to feel powerful and able to influence and control situations, but at the same time they need to feel accepted and secure within their groups (McGrath, 1984; Schein, 1969, 1991a; Schultz, 1969; Wilson, 1996). Through working together group members gradually develop values and behavioural norms that accommodate individual needs and personalities and which are, ultimately, accepted and enforced across the group (Wilson, 1996). When newcomers join these established groups they gradually learn the established norms and values and try to behave accordingly in order to be accepted. This informal socialisation process happens through the telling of myths, stories and legends (Cohen, 1975; Martin and Powers, 1983; Schall, 1981; Schein, 1991a; Wilson, 1996). These refer to specific situations and how they were handled within the group in the past or hero stories that the group shares with new members. Authors suggest that what newcomers experience in the first weeks and months of their organisational career strongly influences their attitudes and behaviours in the organisation for years to come (Bray & Howard, 1983; Lee, 1992).

5.5 Corporate Culture Change

Companies often find themselves in the process of attempting to change their corporate cultures in response to their pursuit of profit and the push for 'service excellence' that characterises today's competitive business environment (Dawson, 2003; Wilson, 1996). But can companies actually manage corporate cultures and hence, potentially, change them? How can companies facilitate and manage cultural change in their working environment? And what are the key challenges that companies are likely to face in changing their corporate cultures? The following sections aim to shed some light on these interesting questions.

5.5.1 Can Corporate Cultures be Managed?

The multiplicity of definitions offered on the concept of culture in corporate settings (Section 5.2), with some authors regarding culture as something an organisation 'is' and others as something an organisation 'has', has led to an ongoing debate in the literature on whether culture can actually be managed and therefore potentially changed by organisations. Researchers who consider culture as something an organisation 'is', view the concept as inseparable from organisations and hence argue that there is very little point in trying to control a phenomenon which is embedded in the very roots of organisational existence (Ogbonna, 1993). Siehl (1985, p. 125), for instance, notes that "organisations don't have cultures, they are cultures, and this is why cultures are so difficult to change". Similarly Fombrun (1983, p. 151) argues that "managing corporate culture is... an awesome if not impossible task". Other researchers, such as Martin and Siehl (1983), go a step further and argue that corporate culture simply cannot be managed because it exists within the subconscious assumptions and values that guide people's behaviour. From this perspective, a deep-rooted, permanent change of corporate culture would therefore require changing the deeper beliefs and basic underlying assumptions that, without their awareness, guide people's behaviour; a task that is awfully difficult if not impossible to complete.

Robbins (1987, p. 368), however, argues that if one accepts that *"managers cannot guide their organisations through planned cultural change, the subject [culture] has limited practical utility"*. For those researchers that view culture as something an organisation 'has', culture can be managed (e.g. Chapman, 1988; Graves, 1986; Kilmann, 1982; Ogbonna, 1993; O'Reilly, 1989; Sathe, 1985; Silverzwieg and Allen, 1976; Sparrow and Pettigrew, 1988); managers can encourage desired behaviours and provide organisational members with a sense of identity. The task is, however, still difficult taking into account the possible existence of subcultures within the organisation. This perspective that corporate culture can be managed is built around the notion that although there are a set of underlying norms and expectations, which whilst not written, constitute a major influence on the behaviour of organisational members, individuals are not merely shaped by their cultures but also influence and shape the culture of which they are a part (Ogbonna, 1993). Proponents of this viewpoint therefore argue that the management of culture does not have to concentrate solely at the level of changing the subconscious beliefs and underlying assumptions of organisational members, thus making the task difficult if not impossible. It may be more useful to concentrate on changing the more visible, behavioural patterns evident across the organisation (e.g. Deal and Kennedy, 1982; Peters and Waterman, 1982; Piercy, 1987; Ogbonna, 1993).

5.5.2 Facilitating and Managing Cultural Change

If one adopts the perspective that corporate cultures can be managed and hence potentially changed the next question is, naturally, how can companies facilitate and manage cultural change? As Section 5.4 has illustrated, the factors that influence the formation of corporate cultures are *"complex and intertwined"* (Wilson, 1996, p. 78) and hence changing corporate cultures is not an easy process. Authors, however, over the years have proposed that companies can use their leadership, their communication activities and other formal socialisation processes to facilitate and manage cultural change in their working environments.

Charismatic and committed leaders have often been proposed as the key ingredient necessary for changing corporate cultures (e.g. Blunt, 1991; Chang and Wiebe, 1996; Deal and Kennedy, 1992; Kotter and Heskett, 1992; Silverzweig and Allen, 1976; Wilson, 1996). Leaders' motivation and commitment to make change happen greatly affect cultural change efforts. Authors argue that leaders have the power to influence the behaviour of their subordinates when they are not only being perceived as preaching behavioural change, but also as practising it (Silverzweig and Allen, 1976). They have an active, visible role that communicates in words and actions the desired values, attitudes and behaviours which will act as a catalyst for cultural change across the organisation. This process starts with the development of a strong vision. In order to persuade and mobilise others this vision needs to reconstitute or re-conceptualise the known and familiar, be vivid and memorable, recognise that its own realisation depends upon the contribution of others, make good sense to others and be a vision that the leader 'lives' and is seen to believe in (Blunt, 1991). This should also be supported by the establishment of a set of values that epitomise the desired culture and a leadership style associated with the clear communication of relevant goals and strategies (Chang and Wiebe, 1996). Hawkins (1997) adds that successful leaders of cultural change are sensitive to the needs of various stakeholders and initiate a double-dialogue process that receptively listens, actively challenges and allows for space for evolutionary change through the organisation.

Top leadership is also often responsible for creating the pressure for cultural change. The key is to have a unified front at the top for the sake of sending consistent messages to other employees (Schwartz and Davis, 1981). There is a pivotal need for commitment at the top to facilitate the cultural change. Todd (1999) argues that unless leaders are committed they will not be able to persuade and enforce change across the organisation and hence counter-productive politics, feelings of anger and feelings of grief about the disappearance of the 'known' organisation and the 'unknown' future are likely to prevail. Achieving corporate culture change in such cases where leaders are not committed to the desired culture often requires a change in leadership at the top or bringing in consultancy companies that specialise in change management. Emphasising the appointment of new leaders as a key factor behind the change in culture within British Airways and Rank Xerox (Chapman, 1988), Ogbonna (1992/3, p. 46/7), for instance, suggests that *"organisations wishing to change their cultures should consider hiring new leaders and both new and existing leaders should be encouraged to lead by example with the hope that their subordinates will emulate their behaviours"*. From another perspective, Todd (1999) suggests that change management consultants may also provide the company with their experience in the area and facilitate cultural change within the organisation. However, Todd (1999) warns companies to be sceptical about relying on external consultants in their cultural change process. She argues that unless the consultants are already familiar with the company they are unlikely to be able to acknowledge the particular barriers to change that a company may be facing.

Leadership therefore plays a key role in influencing the creation of corporate cultures. Leaders have a pivotal role in creating the pressure for cultural change and inspiring organisation-wide motivation and commitment to make change happen. However, other management practices, such as recruitment, training, rewards and effective internal communication are also important factors that can help to facilitate and manage cultural change across the organisation.

For instance, Browing's (2000) research within a car hire organisation highlights the need for prospective employees to "fit with the image of the business". Although one can easily understand the importance of recruiting 'appropriate' employees that 'fit' to the values and behaviours required from the desired culture, there is a lack of empirical research on this topic in the literature.

Training has also been proposed as an important management practice through which companies can facilitate and manage cultural change within their working environments (Ogbonna, 1993). Argyris and Kaplan (1994) note that training is necessary so that the logic and validity of any new approach is accepted. Training helps to break down the barriers to change; the fear of change is likely to increase the incidence of opposition to change and, hence, must be alleviated in a training programme. Training should therefore be organised in order to assist employees to deal with changes in the organisation and to meet the new demands placed on them

(Browning, 2000). Moreover, training should not only be supportive of the desired culture, but it should also encourage employees to practise what they are taught. Sparrow and Pettigrew's (1988) research, for instance, identifies high technology companies that place considerable emphasis on training practices to reinforce the key norms of the desired culture.

However, an attempt to change corporate culture without also developing a supportive reward system runs the risk of sending employees mixed signals and is much less likely to sustain long-term commitment (Blunt, 1991; Hawk, 1995; Jaques, 1989). Reward systems often send a clear message to employees about 'what's important around here'. The behaviours that are recognised and rewarded will provide a mental cue to employees in deciding what actions they should take (Ogbonna 1993). Reward systems must therefore promote the desired cultural change. Cultural change requires alignment of incentives, so that the systems and structures in place facilitate, reward and reinforce effective change (Argyris and Kaplan, 1994; Chang and Wiebe, 1996). Empowerment, delayering, the provision of timely and relevant information and the availability of financial and non-financial rewards for successful implementation, should all have a positive impact.

Furthermore, managing internal communication is also often cited as a necessary prerequisite for facilitating and managing cultural change within organisations (Foreman, 1997; George and Berry, 1981; Graves, 1986; Sathe, 1985; Silverzweig and Allen, 1976). CEOs of outstanding companies tend to use internal communications to address bad news, share good news and continually communicate the goals, values and beliefs of the company. Internal communication is a process through which employees share meaning, and hence often offers the means of creating and implementing behavioural changes in the working environment (Asif and Sargeant, 2000; Dibb et al, 1991; Cheney, 1991; Cheney and Christensen, 1998). The communication system within the organisation therefore needs to be supportive of the desired culture change (Ogbonna, 1993). In order to navigate the change authors argue that managers need to communicate the desired messages before and during the change process. Axley (2000) and Smythe (1996) argue that managers therefore need to facilitate understanding for those who need to adopt to the values and behavioural norms of the desired culture on why such as a change is required, what it will change and how it relates to their work in the organisation. Organisations need to take into consideration that when something important is about to change in people's lives almost everyone wants to know why such a change is actually required in the first place. Managers then need to effectively answer to several 'what' questions in their communication about cultural change (Axley, 2000). Employees will most certainly require to understand exactly what will change around the organisation and also what the change will actually mean for them and their everyday working lives. The less people are aware of why things need to change and what will change around the organisation, the more likely they are to *"create and circulate their own best guesses – almost always riddled with untested assumptions and demoralising worst-case inferences"* (Axley, 2000, p. 20). On-going internal communication, words as well as actions, therefore need to be well-planned, consistent and support the company's desired change process. Managers' role is to use the communication channels creatively to tell stories about new procedures, processes and products and to put them into the context of the vision in a way that both compels and motivates (Smythe, 1996).

Another issue that companies need to consider is who should have an input in the communication process. Axley (2000) argues that people are generally more supportive of things they have helped create. He notes that meaningful input in the change process often creates what he labels as "self-motivating pull" in encouraging support for change. On the contrary, people who feel have limited or no input in the change process often resist changing in almost always counter-productive ways. Although the traditional "top down" approach of internal communication sees employees as a captive audience that simply needs to be told what to do (Young and Thomson, 1999), recent writings therefore emphasise that it is far better to encourage a two-way communication process that encourages staff to be involved and buy into the change process (e.g. Murphy, 2000). The emphasis needs to be on face-to-face communication rather than on one-way traditional forms of communication such as bulletin boards and newsletters. Axley (2000) argues that messages about change that have serious implications for employees' everyday lives can be alienating if they are delivered through channels that are perceived as impersonal and that leave little opportunities for feedback.

However, communication difficulties are likely to be heightened where there are strong and perhaps conflicting subcultures within an organisation (Ogbonna, 1993). Communication is a two-way process, which essentially depends on shared meanings. The multiplicity of subcultures is therefore likely to present a multiplicity of meanings, which inevitably reduces the extent to which values can be shared and communicated within the organisation. Managers should aim to monitor the flow of information in the organisation and ensure that negative information is filtered out or changed, while positive information is encouraged (Ogbonna, 1993).

The next section will further explore challenges that managers are likely to face in their efforts to facilitate and manage cultural change within their organisations.

5.5.3 Challenges in Managing Cultural Change

"Given the various manifestations of change, it is not surprising that it evokes a myriad of emotions. Some find the prospect and experience of change exciting, challenging and fulfilling. Others find it daunting, stressful and unpleasant. It can cause both hope and despair. Managing change involves simultaneously managing resources, processes and emotions. This is what makes change a complicated and challenging task" (Nilakant and Ramnarayan, 1998, p. 9). The following sections examine two interesting challenges in managing cultural change; resistance to change and the role of organisational commitment.

5.5.3.1 Resistance to Change

Winning the "hearts and minds" of employees has been viewed as a prerequisite in facilitating and managing cultural change. After all, *"...all techniques for controlling work behaviour embody an attempt to shape the experience of paid employment by influencing meanings, values and sentiments given to work by workers, as well as programming and disciplining their behaviour directly through* *work organisation and supervision"* (Rose, 1988, p. 11). However, the implementation of planned cultural change is frequently problematical (Smith, 1998). Employees often resist cultural change initiatives and seek to maintain the status quo. Worry, perceived threat to future employment and other emotion-laden responses are therefore commonly evident during times of cultural change (Brockner, 1988; Brockner et al., 1993; Mossholder et al., 2000). This is usually the case when the proposed change is perceived to break the continuity of their working environment and to create a climate of uncertainty or ambiguity (Dawson, 2003).

Over the five decades authors have identified several reasons as to why employees may resist cultural change in their working environments. For instance, Roethlisberger and Dickson's (1950) classic study into the Western Electric Company Hawthorne Works in Chicago highlights that employee resistance to change is likely to commence when changes are introduced rapidly or without sufficient consideration of their social implications. Bedeian's (1980) study identifies parochial self-interest, misunderstanding and lack of trust as some of the key causes of resistance to change. Similarly, Eccles's (1994) later study summarises the following thirteen possible causes of employee resistance: a failure to understand the problem; the solution is disliked because an alternative is preferred; a feeling that the proposed solution will not work; the change has unacceptable personal costs; the rewards from change are not sufficient; the fear of being unable to cope with the new situation; the change threatens to destroy existing social arrangements; sources of influence and control will be eroded; new values and practices are repellent; the willingness to change is low; management motives for change are considered suspicious; other interests are more highly valued than new proposals; the change will reduce power and career opportunities. Although employee resistance to change often represents employees general resistance to management initiatives, Dawson (2003, p. 84), draws researchers' attention to the fact that *"these internal conflicts may not simply be a manifestation of workers' resistance to management but, rather, they may represent a complex political struggle between various occupational groups (managerial, supervisory and operative) with differing vested interests".*

Understanding and managing employee resistance is therefore a key challenge for organisations that aim to change their corporate cultures. *"Change for change's sake can result in employee cynicism and mistrust...It is important to critically reflect on the need and reasons for change and to take into account the concerns of others rather than to assume that, as resistance is inevitable, the reasons why people seek to resist change should be ignored"* (Dawson, 2003, p. 39).

5.5.3.2 The Role of Organisational Commitment

Gaining employees' commitment to change is critical in overcoming employee resistance (Burnes and James, 1995; Cummings and Huse, 1989). Organisations can encourage commitment to change and seek to overcome resistance through participation, communication and support before, during and after the change process (Clutterbuck and Crainer, 1990; Dawson, 2003). However, authors also suggest that there is a relationship between employees' acceptance of change and the extent to which they are committed to the organisation (e.g. Iverson et al., 1996; Yousef, 2000). Although organisational commitment is a multidimensional concept

(Kuruvilla and Iverson, 1993), studies usually relate organisational commitment to *"the relative strength of an individual's identification with and involvement in a particular organisation"* (Mowday et al., 1979). Iverson et al.'s (1996) survey with 513 nursing and paramedical staff at a hospital demonstrated that organisational commitment has a statistically significant impact on acceptance of change in the hospital. Yousef's (2000) study also investigated the role of organisational commitment in predicting various attitudes towards organisational change. His study used a sample of 474 employees in 30 organizations in the United Arab Emirates and revealed that employees' attitudes toward organisational change increase with the increase in organisational commitment.

Organisational values are known to have prominent roles in both the formation and maintenance of organisational commitment (Mowday et al, 1982; Pierce and Dunham, 1987). At one level commitment is influenced by the perceived congruence between an individual's personal values and organisational values. At another level, feelings of commitment are also affected by the degree to which the organisation's "espoused" values are congruent with its values "in use" (Katz and Kahn, 1978). Organisational commitment tends to be lower in organisations where organisational actions are inconsistent with publicly stated values. Value congruence at this level is thought to affect commitment through employees' identification with the organisation and the internalisation of its values.

Unfortunately, current levels of organisational commitment in UK businesses are dangerously low. This was demonstrated by the 1998 findings of a survey of staff working in large British organisations (commissioned by MCA and conducted by MORI). The survey revealed that only 37% of staff exhibit high understanding of and commitment to their organisations' values. These facts obviously raise serious concerns on the implications they are likely to have on acceptance of cultural change across British companies.

5.6 SUMMARY

The pivotal role that service employees play in delivering the corporate brand promise (Chapter Three) requires service organisations to place their employees at the centre of their reputation building efforts and to focus on developing appropriate corporate cultures that mobilise brand-supporting attitudes and behaviours. However, existing frameworks and models in the reputation literature have been criticised for treating questions of culture in a superficial manner (Chapter Two). This chapter has therefore reviewed the corporate culture literature in order to explore its complexity and identify challenges that organisations may encounter in developing brand-supporting corporate cultures.

The chapter first reviewed the characteristics of corporate cultures and adopted Wilson's (1996, p. 63) definition of corporate culture as *"the visible and less visible norms, values and behaviour that are shared by a group of employees which shape the group's sense of what is acceptable and valid. These are generally slow to change and new members learn them through informal and formal socialisation processes"*. It also reviewed four key perspectives that summarise the different approaches that management authors have adopted over the last two decades in their studies of culture within corporate settings.

The literature review also highlighted four key factors that influence cultures in a working environment, namely the business environment, leadership, formal socialisation and informal socialisation processes across the organisation. Although the importance of these factors has been highlighted in the literature, there is a dearth of empirical research exploring their relative important and contribution to cultural formation.

The next section then explored whether corporate cultures can be managed and, hence, potentially changed. Although changing the subconscious beliefs and underlying assumptions of organisational members may prove an impossible task, authors argue that it may be more useful for managers to concentrate on changing the more visible, behavioural patterns evident across the organisation. However, "behavioural compliance may be short-lived if the underlying values and norms that determine behaviour remain unchanged" (Wilson, 1996, p. 81). The change process should therefore be facilitated by committed leadership, two-way communication activities that explain, support and encourage the change process and other formal socialisation processes, such as recruitment, training and rewards that support behaviours aligned with the desired change.

The chapter lastly highlighted some key challenges that companies are likely to face in facilitating and managing a cultural change process. Employee resistance to change, negative emotions during corporate transformations and low levels of organisational commitment have been highlighted as some of the key challenges in managing the cultural change process.

This chapter concludes the literature review for the purposes of this thesis. The next chapter highlights the research problem derived from key gaps in the literature review and justifies the methodological approach adopted in this study.

CHAPTER SIX

THE RESEARCH PROBLEM AND METHODOLOGY

CHAPTER SIX.

THE RESEARCH PROBLEM AND METHODOLOGY

6.1 INTRODUCTION

This chapter discusses the research problem and the methodological approach adopted in this study. The first section highlights the key 'gaps' that have been identified in the literature review and have, hence, triggered the empirical research element of this thesis, and draws together the theoretical stance adopted by the author. Then, following Creswell's (2003) framework for effective research design, the chapter introduces the purpose statement (the central purpose or intent of this thesis) and then discusses the formulation of the research objectives and hypotheses of this study. The chapter then focuses on the research paradigm followed by this thesis and analyses the qualitative and quantitative phases of the primary research. This covers the research instruments, the sampling approach, research procedures and the data analysis procedures adopted by the researcher.

6.2 GAPS IN THE LITERATURE AND THEORETICAL STANCE

The literature review brings to light several gaps in relation to existing knowledge on the intraorganisational aspects of reputation management. Chapters Two and Three, in particular, highlight that the majority of studies in the reputation area to date have been either descriptive (i.e. vague, offering a few 'words of wisdom' without producing models or diagrams summarising their thoughts) or prescriptive (i.e. producing models or checklists but not presenting any form of empirical analysis to justify their conceptual frameworks). The following two tables (Table 6.1 and 6.2) draw together the major descriptive and prescriptive writings that have been leading conceptual thinking in this field in relation to the role of employees and culture in reputation management and their management implications. Descriptive studies include:

Author	Role of Employees	Role of Culture	Management Implications
Martineau (1958)	Employees are important in image management		
Olins (1978)	Employees are important in image management	Mix of subcultures form the corporate personality which is key in image management	
Balmer (2001)		Culture plays a key role in reputation management	
Bromley (2001)	Staff behaviour has a major impact on the impressions of external groups	Subcultures are critical but make reputation management a challenging process	
Harris and de Chernatony (2001)	Employee behaviour affects reputations	Culture plays a key role	Communicating the brand vision and values to staff is critical
McDonald et al (2001)	Employees play a central role in corporate branding	An appropriate corporate culture is key to support a clear corporate brand identity	
Wilson (2001)	Service personnel play a key role in delivering the brand promise	Highlights the key role of corporate culture and criticizes existing studies for their over-simplistic approach	Internal communication, recruitment, training, performance measurement and rewards are critical in aligning the corporate culture with the desired identity

Table 6.1: Descriptive Studies on the Intra-Organisational Aspects of Reputation Management

The literature is also populated with a wealth of prescriptive studies:

Author	Role of Employees	Role of Culture	Management Implications
Dowling (1986)	Employees' image of their company is key in corporate image formation (through interpersonal communication with external audiences)	Culture influences employees' images of their company	Formal company policies affect employees' perceptions Formal company policies are transmitted through internal communications
Birkigt and Stadler (1986)	Employees are part of the 'behaviour' of a company which influences its' self presentation		
Abratt (1989)	Employees are at the receiving end of the organisation's communication process	Culture affects the formation of the corporate identity	Communication objectives and systems affect corporate image
Dowling (1993)	Employees' image of their company is key in corporate image formation (through interpersonal communication)	Culture influences employees' images of their company	Culture is affected by formal company policies and the corporate vision Formal company policies affect employees' perceptions Formal company policies are transmitted through internal communications
Dowling (1994)	Employees images and reputations of their company affect external groups' perceptions	Culture affects employees' images and reputations of the company	Formal company policies and culture affect employee perceptions Culture is influenced by leadership, vision, professional values, employees' images and reputations of their company
Balmer (1995)	Employees are part of the corporate behaviour that projects the desired identity	Culture affects the corporate identity	Internal communication is used to project the desired identity
Wilkinson and Balmer (1996)	Need for congruency between employees' perceptions of their organisation and the desired identity		Importance of shared affinity with the corporate philosophy and mission

Markwick and Fill (1997)			Management and Organisation Communications are important
van Riel and Balmer (1997)	Employees influence corporate behaviour which in turn affects corporate reputation	Culture affects corporate strategy which in turn influences corporate behaviour	Corporate strategy affects corporate behaviour
Stuart (1998)	Employees' view of corporate identity affects images of organisational publics through interpersonal communication	Culture influences employees' view of corporate identity	Internal marketing affects employees' view of corporate identity Corporate mission, philosophy, values and strategy affect corporate culture
de Chernatony (1999)	Staff play a key role in corporate brand building	Corporate brand management should evolve around the management of cultures that exist within the firm	
Ind (2001)	Employees' view of identity influences other stakeholders' evaluations of the firm	The corporate culture affects employees' view of identity	
Ind (2001)	Employees' view of identity influences other stakeholders' evaluations of the firm	The corporate culture affects employees' view of identity	

Table 6.2: Prescriptive Studies on the Intra-Organisational Aspects of Reputation Management

Although the aforementioned studies have been instrumental in building a theoretical framework for the intraorganisational aspects of reputation management and their interrelationships, they do, however, highlight several gaps in our current understanding of the role of staff and corporate culture in reputation management. Firstly, although the majority of these descriptive and prescriptive studies acknowledge the importance of staff in reputation management, most do not explain *how* employees influence the delivery of the corporate brand promise and the *challenges* that this raises for managers in organisational settings. Interestingly, in the established services marketing literature, research (e.g. Bitner et al., 1990; Johnston, 1995; Parasuraman et al. 1985; 1988; Heskett et al, 1994) has consistently shown that employees in service establishments are critical both as an input and for the output of service encounters, a theoretical stance that is adopted by this thesis. Secondly, most traditional descriptive and prescriptive reputation management models are centred around the notion of the *one company culture*, a view that has been challenged by recent writings in the reputation area (e.g. Bromley, 2001; De Chernatony, 1999). In this respect, the literature review (Chapter 5) has highlighted that much can be gained from drawing on corporate culture studies. Research in this field has long identified that corporate cultures are often mosaics of inconsistencies (Martin and Meyerson, 1988); that formal corporate policies are in reality often undermined by contradictory informal norms and, hence, cultural consensus only emerges in the boundaries of subcultures. Consequently, cultural alignment is a challenging process that requires coordinated internal marketing and human resource management efforts (Argyris and Kaplan, 1994; Axley, 2000; Browning, 2000; Ogbonna, 1993; Sparrow and Pettigrew, 1988) and is frequently problematic. In particular, employees' resistance to change and their lack of organisational commitment may hinder cultural change management efforts (Bedeian, 1980; Eccles, 1994; Iverson et al., 1996; Yousef, 2000). This thesis espouses the findings of these corporate culture writings that portray cultural management as much more complex than is currently depicted in the linear conceptual frameworks that dominate the reputation field and, hence, adopts the theoretical stance proposed in de Chernatony's (1999) framework; that organizations often face the challenge of aligning *multiple* *subcultures* to the corporate brand promise in their efforts to develop and, in the long run, sustain consistently favourable reputations.

However, the writings that have attempted to empirically explore the role of service employees in delivering the corporate brand promise and identify the challenges and management implications of sub-cultural alignment in building corporate reputations are, disappointingly, scarce. In particular, the literature review conducted for this thesis (Chapter Two) has highlighted *only a handful of empirical studies* (i.e. writings that have based their research on data they have generated) that have empirically investigated these issues. These are:

Author	Role of Culture	Management Implications
Kennedy (1977)		Role of HR and Communication initiatives in influencing staff perceptions
Balmer and Wilson (1998) (drawing from Balmer, 1996 and Wilson, 1996)	Staff identify with more than one culture	Managing the corporate brand is much more multifaceted and complex due to the mix of subcultures that prevail within an organisation
Kiriakidou and Millward (2000)	Desired and actual values may differ indicating off-brand culture or subcultures	Managing the corporate brand is much more multifaceted and complex due to the mix of subcultures that prevail within an organisation
Hatch and Schultz (2001)	Need to align the culture with external impressions of the company	Practice the promoted values Brand vision needs to inspire all the subcultures

Table 6.3: Empirical Studies on the Intra-Organisational Aspects of Reputation Management

The scarcity of empirical research in this field could be explained by the difficulties that researchers commonly encounter in securing access into organisations to examine these issues in real-life corporate settings (Balmer, 2001). Not surprisingly, therefore, empirical writings to date have mainly drawn from single case studies (Balmer, 1996; Balmer and Wilson, 1998; Kiriakidou and Millward, 2000; Wilson, 1998). Admittedly, empirical inquiry in this topic is still in its infancy and this is probably why the aforementioned existing empirical writings do not yet seek to propose alternative reputation management models encompassing these complex intraorganisational elements. This thesis adopts the theoretical approach espoused by Balmer and Wilson (1998), that *'there is a strong link between reputation management and cultural alignment within organisational setttings; it may be more appropriate to speak of organisations' 'on-brand' cultures rather than a single corporate culture, and that; there is, hence, a need to reappraise the basis of reputation management regarding the establishment of a single corporate culture'* and aims to extend empirical understanding in this under-researched area.

To summarise, the researcher adopts de Chernatony's (1999) theoretical framework that portrays service employees as a critical component of corporate brand reputation management and views subcultural alignment with the brand vision as essential for the success of this process. The thesis also espouses the notion proposed by Stuart's (1998) conceptual model that internal marketing in the form of internal communications and HR practices is key in influencing employees' view of the corporate identity and, hence, need to receive a lot of attention when attempting to align the cultural environment with the desired corporate brand identity. Lastly, the thesis seeks to further explore and build upon the stance presented by Balmer and Wilson's (1998) empirical studies that this 'living the brand' process is not as straigthforward and linear as depicted in the aforementioned theoretical frameworks. On the contrary, the stance adopted is that it is a challenging task, as the cultural mosaics that are often evident in organisational settings make the establishment of a single 'on-brand' culture difficult to achieve and manage (Balmer, 1996; Balmer and Wilson, 1998; Kyriakidou and Millward, 2000; Wilson, 1996).

The author of this thesis trusts that the findings of this study will provide some much needed explanations as to how these issues affect the reputation management of organisations in actual organisational settings and that together with insights from existing (Balmer, 1996; Balmer and Wilson, 1998; Kiriakidou and Millward, 2000; Wilson, 1996) and future empirical writings they will provide some key blocks for building theory and models on the role of staff and the challenges of cultural alignment in reputation management.

6.3 PURPOSE STATEMENT

Taking into account the aforementioned gaps in the literature and the theoretical stance adopted by this thesis, the overall purpose of this two-phase, sequential mixed methods study is, therefore, to build on existing empirical knowledge by gaining insights on the internal aspects of corporate brand reputation management from reputation consultants and managers and using this information to develop and test an instrument with employees of an organisation that is currently in the process of changing its corporate brand reputation. The first phase of this study, hence, involves a qualitative exploration of the internal aspects of corporate brand reputation management by collecting data from reputation management consultants and managers. The second phase involves a case study with a leading communications company, which offers voice, data, internet and interactive services and is attempting to change its corporate brand reputation by encouraging a new corporate brand identity. The company will be cited as COM A, since the confidentiality agreement prohibits the researcher from identifying the company in this thesis. The case study starts with a qualitative exploration of the management processes and challenges involved in aligning the corporate culture with the new desired corporate brand values. Findings from this qualitative stage combined with findings from the initial exploratory phase and the extensive literature review are then developed into an instrument that tests hypotheses related to these issues with COM A's employees. The research objectives and hypotheses of this two-phase research design are discussed in detail in the following section.

6.4 RESEARCH OBJECTIVES AND HYPOTHESES

"From the broad, general purpose statement, the researcher narrows the focus to specific questions to be answered or predictions (i.e. hypotheses) to be tested" (Creswell 2003, p. 105). This section presents the research objectives and hypotheses that guided the primary research element of this thesis.

The principal theme that has linked the literature review chapters has been the important role of the human resource in corporate brand reputation management. Although traditionally reputation management models have focused on the role of planned marketing communications in reputation building, Chapter Three has highlighted that recent writings emphasise employees' central role in communicating the corporate brand promise to external stakeholders and hence propose that employees should be a focal point of any reputation management efforts. This is particularly relevant to service organisations since, as Chapter Four has highlighted, service employees play a key role as an input to the service encounter and as a determinant to the output of the service encounter. However, there is a dearth of empirical research in the corporate brand reputation management literature on this behavioural element of reputation management. The first objective of the initial exploratory phase of this study was therefore:

Objective 1: To explore the role of service employees in the corporate brand reputation management process

If service employees are seen as being important in the corporate brand reputation management process, the question then arises as to whether reputation consultants and managers undertake any activities aimed at attempting to control and influence service employees' attitudes and behaviours. Chapter Two illustrated that corporate brand reputation management models highlight the corporate culture as a key factor in influencing the actions of employees. However, taking into consideration Chapter Five's review of the corporate culture literature, existing reputation management frameworks and models seem to be treating questions of culture in a superficial manner that fails to identify the complex nature of culture in organisational settings. The second objective of this qualitative phase was therefore:

Objective 2: To explore the role of the corporate culture in the corporate brand reputation management efforts of service organisations

If reputation consultants and practitioners perceive corporate culture as being important in corporate brand reputation management, the question then arises as to whether they undertake any activities to develop an on-brand corporate culture. In this thesis, an on-brand culture is defined as a culture which promotes employee attitudes and behaviours that are aligned with the desired corporate brand values. The review of the corporate culture literature (Chapter Five) has highlighted that managers can attempt to influence employees' attitudes and behaviours through committed leadership, two-way communication activities and other formal socialisation processes, such as recruitment, training and rewards that support desired attitudes and behaviours. The third objective of this exploratory phase was therefore:

Objective 3: To explore the ways through which service organisations develop and sustain on-brand cultures within their working environments

Although existing corporate brand reputation models emphasise the need to align the corporate culture with the corporate brand promise, their (often) simplistic approach to the concept of culture typically fails to acknowledge the challenges that organisations may encounter in this process (Chapter Three). The review of the corporate culture literature has, however, highlighted that employee resistance to change, negative emotions during corporate transformations and low levels of organisational commitment can pose serious challenges to the managemement of culture within organisational settings (Chapter Five). The fourth objective of this exploratory phase was therefore:

Objective 4: To explore the challenges that service organisations are facing in encouraging and sustaining on-brand corporate cultures within their working environments

During this initial qualitative phase (the research design is analysed in detail in Section 6.4) reputation consultants and managers highlighted that companies today are often under pressure to change their corporate brand reputations. Consequently, they are increasingly faced with many internal challenges when they attempt to align employees' attitudes and behaviours with the requirements of new, desired corporate brand identities. The researcher therefore further investigated this issue in the context of a leading communications company (COM A), which is currently experiencing the challenges involved in managing such a change process (the case study is justified and analysed in detail in Section 6.4.2).

Although the desired change of COM A's reputation was well reported in the business press at the time when the company changed its visual identity, the researcher firstly needed to gain a deeper understanding on the rationale behind the change initiative within the COM A. Initially, the research, therefore, aimed:

Objective 5: To identify the motivation behind the desired change of COM A's reputation and understand the requirements of the desired change

Following a similar rationale to the one adopted in the initial exploratory phase, the researcher also studied Objectives 1, 2, 3 and 4 again in the context of COM A's internal efforts related to the desired reputation change. The research therefore aimed:

Objective 6a: To explore the role of COM A's employees in the process of changing the corporate brand reputation

Objective 6b: To explore the role of the corporate culture in the process of changing COM A's corporate brand reputation

Objective 6c: To explore the ways through which COM A's senior management attempts to align the corporate culture with the new desired corporate brand values

Objective 6d: To explore the challenges that COM A's senior management is facing in developing an on-brand corporate culture

Findings from this exploratory phase in COM A (see Chapter Eight) then formulated the basis for the generation of several hypotheses to be tested with COM A's employees. To begin with, although COM A's Directors were unclear as to whether the 'espoused' values of the new, desired corporate brand identity were perceived as 'values-in-use' by COM A's employees, they felt that staff were probably starting to identify with the new corporate brand values within their departments. To examine whether the new values were "enacted" at the departmental level the following hypothesis was, therefore, firstly generated:

H_1: COM A's employees believe that the new, desired corporate brand values are exhibited by their departments

With the null hypothesis taking the following format:

Ho_1: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are exhibited by their departments

However, the interviews also revealed that COM A's Directors did not all endorse the desired change in the corporate brand identity, nor did they all believe that the 'new' values were necessarily representative of the organisation (Chapter Eight).

The researcher therefore aimed to investigate whether employees sensed that and hence would report that the senior management team is not exhibiting the new values. The second hypothesis to be tested was, therefore, the following:

H_2: COM A's employees believe that the new, desired corporate brand values are not exhibited by the senior management

With the null hypothesis taking the following format:

Ho_2: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are not exhibited by the senior management

Directors also noted that COM A's employees come from three separate divisions with distinct sub cultures: telecommunications, Internet services and call centres. Consequently some Directors argued that many employees are probably still not identifying with the desired brand values at the organisational level. They argued that many employees are still resisting the 'one company one voice' mentality and are, hence, probably mainly identifying with their own departments rather than the organisation as a whole. This led to the development of the following two hypotheses:

H_3: COM A's employees believe that the new, desired corporate brand values are not exhibited by COM A, the organisation

With the null hypothesis taking the following format:

Ho_3: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are not exhibited by COM A, the organisation

And,

H_4: COM A's employees believe that the new, desired corporate brand values are exhibited by their department to a greater extent than by COM A, the organisation

With the null hypothesis taking the following format:

Ho_4: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are exhibited by their department to a greater extent than by COM A, the organisation

Moreover, during the interviews, Directors also discussed their efforts in developing an on-brand culture across COM A and highlighted the challenges that they have been experiencing in this process (Chapter Eight). The importance of cultural alignment with the desired corporate brand values was also highlighted in Chapter Three of the literature review. It was therefore considered appropriate to test the extent to which an on-brand culture existed in COM A. Taking into account the three key perspectives in the study of corporate culture (Chapter Five) this issue was approached from three different angles.

To begin with, looking at the integration perspective in the study of corporate culture, an on-brand culture would require organisation-wide consensus on all the corporate priorities of the new brand. According to this perspective, COM A's culture was therefore either on-brand or off-brand. The following hypothesis was therefore initially developed:

H_5: On-brand attitudes and behaviours are shared by all COM A's employees

With the null hypothesis taking the following format:

Ho_5: There is no evidence to suggest that on-brand attitudes and behaviours are shared by all COM A's employees

However, Chapter Five also highlighted that cultural consensus may exist within specific sub-groups of an organisation (differentiation perspective). Interestingly, COM A's Directors (Chapter Eight) also stressed that different divisions seem to be experiencing the change differently and that some may, hence, be more likely than others to endorse the desired on-brand culture. In an attempt to examine this, the following hypothesis was, therefore, developed:

H_6: Different divisions within COM A exhibit different levels of on-brand attitudes and behaviours

With the null hypothesis taking the following format:

Ho_6: There is no evidence to suggest that different divisions within COM A exhibit different levels of on-brand attitudes and behaviours

Lastly, corporate culture writings that support the fragmentation perspective suggest that organisation-wide cultural consensus may only exist with regard to specific corporate priorities (Chapter Five). Adopting this view, the researcher felt that the analysis should also examine whether COM A's culture was on-brand only with regard to specific corporate priorities of the new brand. The following hypothesis was therefore generated:

H_7: On-brand cultural consensus within COM A only exists with regard to specific corporate priorities

With the null hypothesis taking the following format:

Ho_7: There is no evidence to suggest that on-brand cultural consensus within COM A only exists with regard to specific corporate priorities

Furthermore, interviews with COM A's Directors (Chapter Eight) and recent writings in the culture (Chapter Five) and reputation literature (Chapter Three) highlighted that the level of organisational commitment can be extremely influential in encouraging or discouraging employees to buy-in to a new brand and exhibit on-brand attitudes and behaviours. To test whether the level of organisational commitment influenced employees' perceptions of an on-brand culture the researcher developed the following hypothesis:

Ho_8: Employees who are more committed to their organisation will report greater levels of an on-brand culture than employees who are less committed to their organisation

With the null hypothesis taking the following format:

Ho_8: There is no evidence to suggest that employees who are more committed to their organisation will report greater levels of an on-brand culture than employees who are less committed to their organisation

Moreover, writings in the culture literature (Chapter Five) stress the challenges that 'resistance to change' poses for service organisations that are attempting to change their cultures. In COM A's case, Directors noted that they have found it easier to encourage on-brand attitudes and behaviours to employees that have joined COM A after the visual identity change, than to employees that have been with the organisation before the change. The following hypothesis was therefore developed:

H_9: Employees that have joined COM A after the visual identity change will report greater levels of an on-brand culture than employees who have been with COM A before the change

With the null hypothesis taking the following format:

Ho_9: There is no evidence to suggest that employees that have joined COM A after the visual identity change will report greater levels of an on-brand culture than employees who have been with COM A before the change

Finally, since both the reputation literature (Chapter Three) and reputation consultants and managers (Chapters Seven and Eight) all emphasised the major role that training and rewards play in encouraging employees to align their attitudes and behaviours with new corporate brand values, the researcher aimed to examine whether training and rewards in COM A were promoting on-brand attitudes and behaviours. Several COM A Directors were very sceptical about the effectiveness of these initiatives in COM A (Chapter Eight) and hence the last two hypotheses were developed:

H_{10}: COM A's employees believe that the training they receive does not promote the new, desired corporate brand values

H_{11}: COM A's employees believe that they are not financially rewarded or praised when their behaviour demonstrates the new, desired corporate brand values

With the null hypotheses taking the following format:

Ho_{10}: There is no evidence to suggest that COM A's employees believe that the training they receive does not promote the new, desired corporate brand values

Ho_{11}: There is no evidence to suggest that COM A's employees believe that they are not financially rewarded or praised when their behaviour demonstrates the new, desired corporate brand values

6.5 RESEARCH DESIGN

In order to construct a sound research design that would allow the researcher to explore the aforementioned objectives and test the hypotheses, it was deemed appropriate to firstly develop an understanding of the main philosophical traditions in management research. As Creswell (2003, p. 5) notes, this process should assist researchers in identifying *"what knowledge claims are being made"* by their study and *"what methods of data collection and analysis will be used"* (Creswell, 2003, p. 5).

Knowledge claims refer to the philosophical assumptions about the relationship between data and theory that guide how and what researchers will learn during their inquiry (Creswell, 2003). In social science research, knowledge claims have been mainly influenced by researchers' ontological (one's perception of the social reality) and epistemological (the way one describes and accepts knowledge) assumptions (Crotty, 1998). Contrasting views on how social research should be conducted have led to two main philosophical traditions that underlie the designs of management research; positivism and social constructionism (Easterby-Smith et al, 2002).

Positivism assumes that social reality is external and hence should be measured by objective methods (Creswell, 2003). Consequently, positivists claim that *"there can be no real knowledge but that which is based on observed facts"* (Comte, 1853). This research philosophy dictates that the observer should be independent from what is being observed and aim to identify causal explanations that explain regularities in human social behaviour through a process of hypothesising fundamental laws and then determining their truth or falsity. To achieve this, positivists usually apply quantitative methods. They reduce their problems into the simplest possible elements, operationationalise the key concepts related to these elements in a way that enables quantitative measurement and make comparisons of variations in human behaviour across representative samples of the population (Easterby-Smith et al, 2002).

Although the paradigm of positivism has over a century and a half of usage and development, social science researchers have largely challenged its assumptions (e.g. Husserl, 1946; Taylor and Bogdan, 1984). This has led to the development of social constructionism. Social constructionism refutes positivism and contends that the world is socially constructed and subjective (Berger and Luckman, 1966; Easterby-Smith et al, 2002; Husserl, 1946; Shotter, 1993; Watzlawick, 1984). Its proponents, therefore, encourage researchers to seek an understanding of the world in which they live and work through sharing their experiences with others (Creswell, 2003). Subsequently, this research philosophy requires management researchers to be a part of what they observe, to focus on meanings and to try to understand social reality by looking at the totality of each situation and developing ideas through induction from data. Social constructionists therefore usually adopt qualitative methods that allow them to focus on understanding and explaining why people, individually and collectively, have different experiences and reactions to different situations.

Although it is evident that the positivist and phenomenological paradigms stem from contradictory philosophical assumptions, management researchers increasingly contend that viewing these perspectives as mutually exclusive may not always be beneficial for social science research (e.g. Baker, 1991; Easterby-Smith et al., 1991; Hirschman, 1986; Nancarrow, et al., 1996, Strauss and Corbin, 1990). Moreover, although the distinction between the aforementioned paradigms is usually very clear at the philosophical level (Burrell and Morgan, 1979; Easterby-Smith et al., 2002; Lincoln and Guba, 2000), when it comes to the choice of specific methods the distinction often breaks down (Bulmer, 1988; Punch, 1986). Even authors like Lincoln and Guba, who have systematically argued that at the philosophical level commensurability between positivist and social constructionist views is not possible, agree that within each paradigm, mixed methodologies may make perfectly good sense (Lincoln and Guba, 1985; 2000; Guba and Lincoln, 1981; 1989; 1994). Increasingly, authors therefore argue that it is the research problem that should be the focal point in designing management research and hence researchers should use pluralistic approaches to derive knowledge about the problem (e.g. Fielding and Fielding, 1986; Patton, 1990; Rossman and Wilson, 1985; Tashakkori and Teddlie, 1998). The research philosophy underpinning this approach is often cited as pragmatism (Cherryholmes, 1992; Murphy, 1990). Pragmatists are not committed to any one system of philosophy and reality (Creswell, 2003). They view the world as a mixed entity and argue that "truth" is what works at the time. Researchers following this paradigm are therefore encouraged to choose the mix of qualitative and quantitative methods, techniques and procedures that best serves the needs of their research problem. Pragmatism allows researchers to enjoy the benefits of both inductive and deductive research approaches for developing existing theory or extending theory and testing its applications (e.g. Baker, 1991; Easterby-Smith et al., 2002; Hirschman, 1986; Nancarrow, et al., 1996, Strauss and Corbin, 1990).

Following a review of the main research philosophies and the objectives and hypotheses of this research (highlighted in Section 6.2), the pragmatist research philosophy was regarded as the most appropriate in guiding the design of this study. Taking into consideration the lack of previous empirical research in the academic literature on the intraorganisational aspects of corporate brand reputation management and the role of employees and corporate culture in this process, an initial exploratory qualitative phase with reputation managers and consultants was deemed appropriate. In this phase, the interviewees highlighted that companies today are often under pressure to change their corporate brand reputations and as a result they are increasingly faced with many internal challenges when they attempt to align employees' attitudes and behaviours with the new desired brand identities. In order to explore these challenges in more depth the second phase of the research focused on a case study involving qualitative and quantitative research within one particular communications company offering voice, data, Internet and interactive services that is currently experiencing such a change. Figure 6.1 below depicts a schematic diagram of the research design:

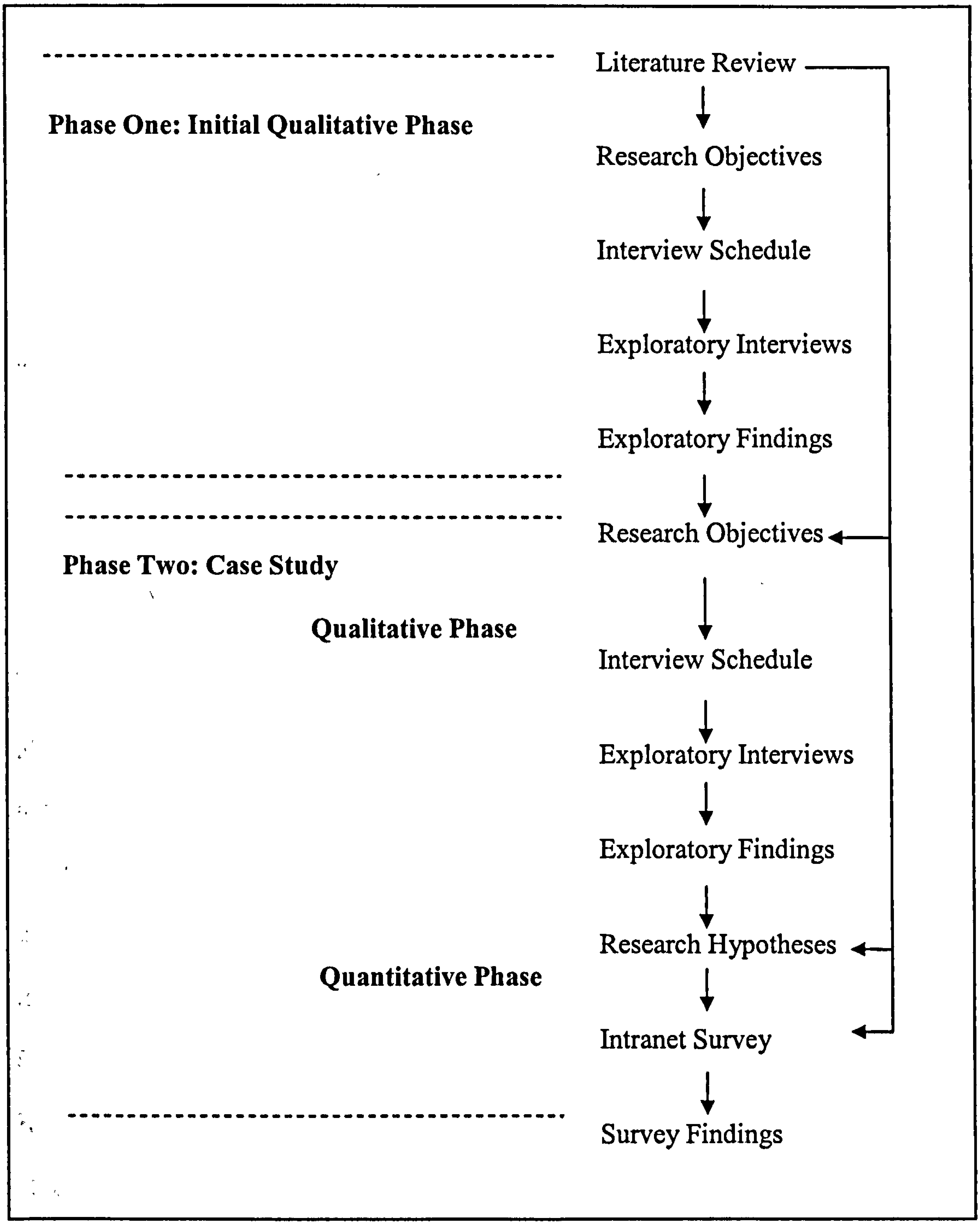

Figure 6.1: Schematic Diagram of the Research Design

The mix of qualitative and quantitative methods in the adopted research design encourages 'methodological triangulation' (Todd, 1979), which is *"an imaginative* *way of maximising the amount of data collected"* (Easterby-Smith et al, 2002, p. 146). The next two sections discuss in detail the two phases of the research.

6.5.1 Phase One: Initial Qualitative Phase

This section firstly provides justification for adopting a qualitative approach in this initial phase of the research. This is followed by a discussion on the selection of respondents and the interviewing procedures. The section concludes by explaining how data were analysed and by acknowledging the limitations of the validity and reliability of qualitative research findings.

6.5.1.1 Justification for a Qualitative Approach

Taking into consideration the dearth of empirical research in this area, this initial qualitative phase aimed to explore the linkages between corporate brand reputation management, and the management of service employees, corporate culture and cultural change. The emphasis was on exploring the nature of these linkages and identifying explanations for and approaches towards the management of such linkages. Consequently this phase required *"interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency"* of these phenomena (Van Maanen, 1983, p. 9). A qualitative approach which would allow the researcher to evoke, develop and build a pre-understanding of the aforementioned linkages (Gilmore and Carson, 1996; Hart, 1987) and that would assist the researcher to understand the nature of relevant decision-making processes (Baker, 1991) was therefore considered as appropriate. A qualitative research approach also allowed the respondents to develop their own views rather than being constrained in predetermined question areas. This equipped the researcher with *"an evolutionary interview structure which can change in response to a growing understanding of the issues and linkages"* (Wilson, 1996, p. 123) and hence provided rich data on the phenomenon under study.

Moreover, qualitative research is often viewed as a prerequisite to quantitative research, helping the researcher to identify the issues to be addressed, the parameters to be defined and the likely relationships between them (Baker, 1991; Erdogan, 1999; Hakim, 1987). This provided a further argument for its use, as practitioners' views were required to assist in the design of the second phase of the research and its research instrument.

The most fundamental of all qualitative methods is that of in-depth interviewing, although participant observation and diary methods have also been traditionally used in social science research (Easterby-Smith et al., 2002). This first qualitative phase involved personal in-depth interviews as opposed to focus group interviews since:

- one-to-one interaction with reputation managers and consultants was believed to generate a deeper understanding of the subject matter as practitioners might be reluctant to reveal examples of successful or problematic practices in front of competitors, and
- potential respondents were geographically spread and had very tight schedules; hence, it would be difficult, if not impossible, for the researcher to set up group interviews.

The researcher also had to decide on the degree of structure that that she would put into the interviews (Easterby-Smith, 2002). Peterson (1982) argues that highly structured interviews are usually appropriate when the subject matter is relatively uncomplicated and the research poses hypotheses that have been tested before. On the other hand, where researchers seek to understand the subject matter deeply, less structured personal interviews are recommended (Baker, 1991). Since this initial qualitative phase was exploratory rather than confirmatory, the degree of interview structure was limited to the extent that discussions would be relevant to the research objectives; semi-structured in-depth interviews were therefore adopted.

6.5.1.2 Selection of the Respondents

To achieve the initial exploratory objectives noted in Section 6.3, this first qualitative phase used 'elite' in-depth personal interviews. 'Elite interviewing' focuses on high status interviewees who are considered to be the influential and well-informed people in an organisation or community and are selected for interviews on the basis of their expertise in areas relevant to the research (Andriopoulos, 2000; Marshall and Rossman, 1995). King (1994, p.23) gives some advice on the role to adopt when interviewing 'elite interviewees'. He suggests that: *"..in order to avoid offending respondents, there is a need to refrain from being over familiar or to give the impression of being over expert. On the other hand, in order to be treated with some credibility, there is also a need to avoid being over nervous or submissive".*

To identify suitable respondents for these 'elite' in-depth personal interviews Marketing's 'PR League Table' of the Top Corporate Reputation Management

Consultancies was utilised (Marketing, 1999). Web sites were used to locate the addresses and phone numbers of the consultancies. The researcher phoned the top ten consultancies and then asked them to identify the best person(s) to contact regarding the research topic. She then asked for the phone numbers of the person(s) to be contacted. In every case contacts and phone numbers were granted. Following Easterby-Smith et al's (2002) guidance on obtaining access and trust with respondents, the researcher then phoned the potential interviewees informing them of the research and the email that would follow seeking their cooperation (Appendix 1). Out of the ten consultancies contacted, all replied either by mail or by email but two refused to take part in the study because of their tight schedules. After a series of emails and phone calls interviews were planned within a two-month period. Overall, ten in-depth personal face-to-face interviews and one in-depth personal telephone interview were scheduled with Directors from the following participating consultancies (Table 6.1):

Burson-Marsteller
Enterprise IG
Hill and Knowlton
Landor
MORI
Smythe Dorward Lambert
Weber Shandwick
Wolff Olins

Table 6.4: Participating Consultancies

The researcher also prompted consultants to recommend some of their client service organisations that could be approached to discuss how they experience the internal aspects of corporate brand reputation management in their organisations. Overall, eight companies from different sectors were identified and letters were sent to their reputation managers to grant permission for arranging in-depth interviews (Appendix

2). After several phone calls and emails, three companies granted access to personal, face-to-face interviews. These included an interview with the Reputation Director of a professional services firm, interviews with the Reputation Officer and the Corporate Communications director of a bank and an interview with the Corporate Communications Director of a communications company. These companies requested not to be identified in this thesis in order to preserve their commercial confidentiality.

6.5.1.3 Interviewing Procedures

In-depth interviews provide researchers with the opportunity *"to probe deeply, to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate, inclusive accounts that are based on personal experience"* (Burgess, 1982, p.107). However, the successful implementation of the in-depth interview process relies on careful planning to ensure that appropriate interviewing procedures are utilised.

To begin with, Easterby-Smith et al. (2002) suggest that effective interviewing skills are extremely important in the successful implementation of in-depth interviews. The researcher therefore firstly needs to ensure that a flexible approach is adopted which allows respondents to discuss their views without being restricted by pre-set questions. This needs to be balanced with a list of topics that the researcher will ensure are covered during the period of the interview, to maintain continuity and conversation flow (Gordon and Langmaid, 1988). In this study, a topic guide (Appendix 3) was developed to guide the interview process. This allowed respondents to offer their views on the key topics and encouraged continuity in the discussions. The researcher only prompted respondents on the key topics if they were not mentioned by them in the discussion. She also made an effort to concentrate on listening rather than projecting her own opinions on the issues that were being discussed and tried to observe any non-verbal cues, such as loss of eye contact or facial expressions that could provide clues about respondents' attitudes or opinions (Mayo, 1949).

When conducting in-depth interviews the researcher also needs to understand the importance placed on the social interaction between the interviewer and the interviewee (Easterby-Smith et al, 2002; Jones, 1985) and the need to establish a positive rapport with the respondent. Rapport is progressively built (or not) from the time that the respondent enters the interview room to the moment when they leave, as the interview terminates. Issues such as dress, mannerisms, voice or language are likely to affect rapport and hence should be considered by the researcher. In this study the researcher adopted a 'professional' dress code to mirror the respondents' dress style and made an effort to mirror the respondents' language or organisational jargon and their non-verbal communication. The researcher presented herself as a "researcher" rather than a "student" and managers were invited to a "discussion" rather than an "interview" to *"make the manager feel more relaxed and less threatened with the potential for genuine exchange"* (Easterby-Smith et al., 2002).

Authors also emphasise that the effectiveness of social interaction within qualitative interviewing largely depends on the establishment of trust and the creation of an atmosphere where respondents feel comfortable enough to talk freely and openly (Bodgan and Taylor, 1975; Easterby-Smith et al., 2002). This applies especially in one-off interviews where the people involved have not met before, and can be difficult to achieve in elite interviews, taking into account the power and expertise of the respondents. In this study, the researcher made an effort to develop rapport and trust with the respondents through a combination of different approaches.

Firstly, the researcher carried out detailed secondary research on each of the participating companies before the interviews, using sources such as websites, annual reports and press cuttings. This allowed the researcher to appear 'on the ball' in the interviews and make a good first impression. Secondly, the researcher established credibility by using letter headed paper of the university for all correspondence and by including the 'university signature' in all emails. Thirdly, the researcher provided feedback (of non-confidential nature) on a general basis from earlier interviews and shared personal and anecdotal information to enable social interaction and establish rapport with the respondents. However, care was taken so that this sharing of information did not lead or influence the discussion. Also, taking into account that different respondents were likely to have varying responses to the researcher sharing such information, the researcher adapted their style of 'sharing' from one interview to another to maximise rapport (Jones, 1985). Careful consideration was also given to the setting in which the interviews would take place. Since the interviews were lengthy (ranging from 1 hour and 30 minutes to 2 hours and 45 minutes) it was decided that respondents would feel most comfortable within their own environment and hence interviews took place at their offices. Lastly, the researcher tried to reduce anxiety over the use of a tape recorder by handing over the responsibility for switching the tape on and off to the interviewee (Easterby-Smith et al., 2002). Using the tape recorder aided the listening process and gave the opportunity to obtain an unbiased record of the conversation. Out of the fourteen interviewees only one had reservations about the interview being tape-recorded and hence notes had to be taken instead.

6.5.1.4 Analysis

The transcription of the interviews undertaken by the researcher generated over 80 pages of qualitative data. Easterby-Smith et al. (2002) argue that *"the problem with qualitative data is how to condense highly complex and context-bound information into a format which tells a story in a way that is fully convincing to the reader".* Although interpretation is a continuous process (Gordon and Langmaid, 1988), the need for a structured approach in the analysis of qualitative data was met by adopting the content analysis method. This was preferred over the grounded theory analysis method since the research findings related to only one phase of the research and the principle concerns were objectivity, clarity and searching for content (Easterby-Smith et al., 2002). Following Mile and Huberman's (1984) framework the analysis involved reading the transcripts several times in order to identify themes and statements related to the research objectives. The transcripts were then analysed to examine the frequency with which similar themes and phrases appeared in the fourteen interviews. This led to the generation of notes in a matrix format which identified the constructs along one axis and the respondents on the other. Explanations for statements were also noted at this time, as were relevant quotes that could be used in further illustrating the findings. The researcher decided to conduct the content analysis on her own rather than use a qualitative analysis software package (QASPs) like NU*DIST or Atlas-ti because:

- *"they always depend on the judgement of the researcher and cannot substitute for this*
- *it may often be much easier to analyse qualitative data by hand*
- *the availability of computer analysis may lead to an emphasis on counting the frequency of categories, at the expense of understanding the quality of ideas and experiences"*

(Adapted from Easterby-Smith et al., 2002, p. 129)

The textual and frequency information gathered comprised the basis for the findings of this initial qualitative phase, which are discussed in Chapter Seven.

6.5.1.5 Validity and Reliability

The validity and reliability of qualitative findings has received criticism based on the small sample size (and hence the generalisability of results), the interviewer and the respondent bias that it is often associated with. Although the selection of a small sample set (in this phase, fourteen interviews) through purposeful sampling techniques lacks the mathematical ability to be proven statistically reliable, it is designed to ensure rich and meaningful data from the respondents. The objective, after all, of this initial qualitative research phase was not to measure the frequency of the phenomenon, but rather to explore and explain the intraorganisational aspects of corporate brand reputation management.

It is also possible that during the course of the research, the researcher's personal values and beliefs may have an impact on the research focus. Unlike the positivist paradigm, this inherent bias in the research approach is acknowledged and recognised in the analysis of the research findings, although in this study every effort possible was made by the researcher to minimise bias from her perspective. To achieve this the researcher avoided using 'leading' probes and instead employed 'basic', 'explanatory', 'focused' and 'silent' probes when she wanted to discover responses to specific alternatives or to focus on specific issues (Easterby-Smith et al., 2002).

Lastly, although respondent bias can affect the reliability of qualitative results, there was no evidence of this in the interviews; respondents were forthcoming and openly discussed all topics. The similarity in responses across corporate brand reputation consultants and managers also confirms that the information provided did represent valid views on the issues studied.

6.5.2 Phase Two: Case Study

During the initial qualitative phase, practitioners highlighted that the complexity of the intraorganisational aspects of corporate brand reputation management is magnified in cases where companies attempt to change their corporate brand reputations by changing their corporate brand identities. Interviewees suggested that in such cases companies are faced with many internal challenges especially in terms of aligning employees' attitudes and behaviours with the values of the new desired corporate brand identities. In order to explore these challenges in more depth the second phase of the research aimed to focus on a case study of an organisation that is currently experiencing such issues. The following sections will provide justification for the case study approach and will then discuss the qualitative and quantitative phases of the selected case study.

6.5.2.1 Justification for the Case Study Approach

The case study approach can be defined as *"an intensive, holistic description and analysis of a bounded phenomenon such as a program, an institution, a person, a process, or a social unit"* (Merriam, 1988). Or as Yin (1984, p. 23) notes, it is *"an empirical inquiry that investigates a contemporary phenomenon within its real life context"*. Case studies are commonly used for the detailed examination of complex and current issues that need to be investigated with their own context or environment (Wilson, 1996). The relevance of the case study approach to this research is therefore evident, taking into account the complex nature of the intraorganisational aspects of corporate brand reputation management as highlighted by the extensive literature review (see Chapters Two, Three, Four and Five). Moreover, the process of aligning employees' attitudes and behaviours with the values of new desired brand identities and the role of corporate culture in this process can only be studied within organisations. The research therefore had to be undertaken within an organisation rather than on the fringes of an organisation. Finally, the internal management challenges faced when attempting to change corporate brand reputations are a contemporary phenomenon that relates to the current and evolving situation within an organisation. As such, analysis of this phenomenon must take into consideration its up to date context within the organisation.

Taking into consideration the nature of the research objectives (as highlighted in Section 6.3), it was evident that the researcher had to focus on what Stake (1994) labels as 'instrumental case studies'. The selection of an 'instrumental case study' is due to its representative nature on the research focus, and its expectation to advance the researcher's understanding of that research focus. Taking into consideration the research objectives, the researcher approached (see Appendix 4) four service organisations that had been recommended by the reputation consultants (involved in the initial qualitative phase) and requested their cooperation in the study. To be selected as instrumental case studies for the purposes of this thesis the targeted organisations had to meet the following criteria:

- They had to be in the process (within the last year) of changing their desired corporate brand identity (including visual identity) in an attempt to change their corporate brand reputation
- They had to be committed to the researcher and the research process and be willing to allow sufficient access to staff across all levels

Changes in the targeted organisations were mainly triggered by recent M&A activities, consumer pressure for change or PR pressure for change. The sensitive nature of the subject, however, made it very difficult for the researcher to gain access into the targeted organisations. This was no surprise, as the literature review clearly highlighted that this has been one of the main reasons behind the lack of empirical research in this area of study. However, after six months of negotiations, access was granted for a case study within one of the targeted organisations; a leading communications company (COM A) which offers voice, data, Internet and interactive services and is currently attempting to change its corporate brand reputation. Interestingly, the scarce empirical studies in this field are also based on single case studies of corporate settings (Balmer, 1996; Kiriakidou and Millward, 2000; Wilson, 1996).

COM A was selected as a suitable case study for the following reasons:

- COM A is in the process of changing its corporate brand identity in an effort to change its reputation with stakeholders. The company changed its visual identity nine months before the research commenced. It is therefore considered as an 'instrumental' case study for researching issues related to staff involvement and cultural alignment in reputation management.
- The Corporate Communications Director was willing to allow the researcher almost unlimited access to senior staff within COM A, including interviews and team meetings. The senior management also agreed to allow the researcher to conduct a large-scale survey on their Intranet, where their (just over) 1,000 employees could contribute their views and raise their opinions on the phenomena under study.

Before designing the qualitative and quantitative phases of this case study, attention was also paid to the main criticisms of case study research. There are three main criticisms for the use and implementation of case studies (Simon, Sohal and Brown, 1994; Yin, 1984; Wilson, 1996):

1. Little basis for scientific generalisation and questions of validity
2. A lack of academic rigour
3. A time consuming approach

To begin with, the qualitative case study approach has been criticised for providing little basis for scientific generalisation (Adams and Schvaneveldt, 1981; Hoaglin et al., 1982). Proponents of this view claim that for generalisations to be scientifically valid the sample size of the case studies must be greater than or equal to a population of thirty (e.g. Yin, 1984). This is further supported by those that claim that qualitative case study approaches fail to satisfy statistical tests for validation of collected data (Yin, 1989). However, Bryman (1988) argues that case studies can address the issue of generalisation if this is understood in theoretical rather than statistical terms. Case studies must therefore be viewed as a research method that is primarily designed to generate richness of information about a particular bounded system and to establish a deep understanding of a specific phenomenon. Campbell (1975) therefore notes that a case study should be viewed as a small step towards large scale generalisation, but generalisation should not be emphasised at the expense of understanding the phenomenon in question (Feagin, Orum, and Sjoberg, 1991). Qualitative case study research can therefore be used to generate theories, concepts, categories and statements rather than measure frequencies and answer questions such as 'how much?' and 'how often' (Gummesson, 1993).

Likewise, the generalisability and validity of research that is primarily based on a single case study has also received similar criticisms. Eisenhardt (1989, p. 545), for instance, argues that the generalisability of single case studies is problematic, as *"with fewer than four cases, it is often difficult to generate theory with much complexity, and its empirical grounding is likely to be unconvincing"*. However, authors such as Bryman (1988), Dyer and Wilkins (2001), Gummesson (1993), Yin (1984, 1989) and Znanieki (1934) argue that one detailed case employing a viable methodology can play a significant role in generating and testing theories. Znanieki (1934), for instance, was the first writer who claimed that a single case study can suffice for the purpose of induction and can aid towards the generation of hypotheses on the issues under study. In the under-researched reputation field a single case study in COM A can, therefore, enhance current understanding on the intra-organisational aspects of reputation management and their management implications. Gummesson (1993, p. 14) also pinpoints that medical knowledge has been primarily established through the (cumulative) learning from individual cases and argues that *"a single in-depth case could be used to generate theory including concepts, categories and models in order to understand things like decision processes on acquisitions, under what circumstances innovation thrives, how personnel react to incentive schemes, etc."*. The author of this thesis believes that the findings of the COM A case study together with the findings of existing (Balmer, 1996; Kiriakidou and Millward, 2000; Wilson, 1996) and future single case study research writings will provide the cumulative learning required to advance knowledge in the reputation management area. Moreover, Yin (1984) suggests that "... *the individual case represents a critical test of theory, where the case is a rare or unique event, or where the case serves a revelatory purpose*". The COM A case study represents such a critical test for current theoretical reputation management frameworks as they are one of the few organisations that are in the process of corporate rebranding and, hence, are faced with the challenge of aligning their staff's behaviour and their corporate culture to the new, desired corporate brand values. Lastly, Dyer and Wilkins (2001) support the use of single case studies by referring to some classic single case research in the management field. They argue that some of the more important studies that have advanced the knowledge of organisations include the writings of Becker et al. (1961), Gouldner (1954), Kanter (1977), Lipset et al. (1956), Michels (1949), Selznick (1949) and Whyte (1943), all of which have been based on single case studies. Dyer and Wilkins (2001) explain that single case study research can be a useful unit of analysis for theory building, providing researchers with the ability to focus on comparisons within the same organisational context. In this respect, the case of COM A can provide valuable theoretical insights. It will allow the researcher to further explore the notion of the 'on brand' culture and its management implications in an organisational setting and question the theoretical stance of the 'one company culture' that has been adopted in established reputation management frameworks, by enabling comparisons between divisions, locations, etc. in terms of their level of 'on brand' cultural alignment.

Another criticism of the qualitative case study approach has also been the common lack of academic rigour in its design and implementation (Yin, 1984). However, although personal bias and lack of attention to detail can affect case study research, Yin (1989) claims that this is not a limitation restricted to case study methods; it can also be the case for instance in survey studies. The researcher made every effort to minimise her level of bias in designing and implementing the case study, by careully reviewing the relevant literature, rigorously planning the research design, and maintaining a relationship with COM A Directors that ensured regular feedback on the research process. Moreover, case studies like the one adopted for the purposes of this thesis (Kiriakidou and Millward, 2000; Wilson, 1996) often use both qualitative and quantitative methods. The careful planning of the qualitative and quantitative components of the COM A case study aimed to support academic rigour in this phase of the primary research.

The final criticism of the case study approach is the time that the researcher is likely to require in order to investigate the bounded system and the phenomena under study (Yin, 1984). Case studies are often time consuming since their duration is likely to be affected by the particular phenomena under study, the access granted to the researcher, and financial and time constraints that the researcher may experience in conducting the research. In this research, the case study lasted five months in duration, although six months of negotiations preceded entry into the company.

The next sections will discuss in detail the qualitative and quantitative phases of the case study.

6.5.2.2 Qualitative Phase

As an initial step it was important to develop an understanding of the reasons behind the desired change in COM A's corporate brand identity and ultimately its reputation. The researcher also aimed to explore senior management's perspective on the change itself and the challenges that they have been (and are currently) facing during its implementation within their organisation. Do they consider employees as the focal point of their reputation management efforts? How did the senior management team prepare the organisation for this change? What types of management activities and processes do they employ to encourage alignment of employees' attitudes and behaviours towards the values of the new desired brand identity? What has the role of corporate culture been in this process?

To explore these questions and answer the objectives set by the researcher (Section 6.3), the approach adopted was qualitative and consisted of a programme of fourteen personal semi-structured in-depth interviews with members of the senior management team. The selection of respondents for the in-depth personal interviews was undertaken in collaboration with the Corporate Communications Director of COM A. The programme involved four interviews with the Corporate Communications Director (over the five month period of the case study), and interviews with the Head of Corporate Risk, the HR Director, the Director of Legal, Regulation and Strategy, the Information Technology Director, the Director of

Business Integration, the Product Development Director, the Marketing Director, the Brand Director, the Head of Sales and the Intranet Manager. The researcher was also invited to attend two senior staff meetings, were the agenda was to discuss feedback on current perceptions from employees, customers and other 'influencers' and exchange views on short and long term strategies. The researcher attended as an 'observer'.

The justification for the qualitative approach was similar to that for the initial qualitative phase of the research (see Section 6.4.1.1). The researcher needed a detailed understanding of the change process within COM A and of the challenges that managers have been (and are currently) facing in the 'internal branding' part of this process. As with the initial qualitative phase, the researcher aimed to *"describe, decode, translate and otherwise come to terms with the meaning, not the frequency"* of these phenomena (Van Maanen, 1983, p. 9) and hence a qualitative approach was adopted. This allowed the respondents to discuss openly the issues without being constrained by predetermined question areas, as would be the case in quantitative research.

Moreover, qualitative research is often viewed as a prerequisite to quantitative research (Baker, 1991; Erdogan, 1999) and in this case the interviews were required to provide a major input in the design of the quantitative phase of the case study. In particular, the interviews assisted the researcher with regard to:

- the development of the hypotheses to be tested by the quantitative research

- ensuring that the correct language and terminology was used in the quantitative phase of the research
- obtaining feedback on the proposed research instrument and facilitating the pilot testing of the instrument
- the development of internal support for the quantitative research

Similarly to the interviewing procedures in Section 6.4.1.3, the researcher adopted a semi-structured interview format to allow respondents to discuss their views without being restricted by pre-set questions (Easterby-Smith et al., 2002) and a topic guide (Appendix 5) was designed to maintain continuity and conversation flow (Gordon and Langmaid, 1988). To develop rapport the researcher carried out detailed secondary research on COM A and its senior managers prior to the interviews, and made an effort to establish credibility by using letter headed paper of the university for all correspondence and by including the "university signature" in all emails. Moreover, at the beginning of the interviews the researcher provided feedback (of non-confidential nature) on a general basis from earlier interviews and personal information to enable social interaction and establish rapport with the interviewees. Last, but by no means least, careful consideration was also given to the setting in which the interviews would take place. Since the interviews were lengthy (ranging from 2 to 3 hours) it was decided that respondents would feel most comfortable within their own environment and hence interviews took place at their offices. Lastly, the researcher tried to reduce anxiety over the use of a tape recorder by handing over the responsibility for switching the tape on and off to the interviewees (Easterby-Smith et al., 2002).

The researcher also acted as an observer in two senior staff meetings, which took place at the headquarters of COM A. Although the researcher was not allowed to interact with those under study, 'complete' observation often gives *"extremely accurate pictures of what takes place…even if it falls short of giving a full account of why things are happening"* (Easterby-Smith et al., 2002). The researcher, in both instances, was requested to keep notes of the meetings rather than use the tape recorder.

Following the interviews and the two staff meetings, the researcher transcribed the tapes and content analysis was carried out in the same manner as with the qualitative research in Phase One (see Section 6.4.1.4). Throughout this process the researcher took into consideration the proposed criticisms on the validity and reliability of qualitative research and tried to minimise the interviewer's and interviewees' bias (see Section 6.4.1.5).

6.5.2.3 Quantitative Phase

Quantitative research involves a systematic, controlled, empirical and critical investigation of phenomena, which is guided by theory and hypotheses that have been generated regarding the presumed relations among such phenomena (Kerlinger, 1973). Its philosophical roots lie within the positivistic paradigm and the focus of research is mainly associated with measuring quantities related to the phenomena under study. For a summary of the characteristics of quantitative research see Table 6.2 below:

Characteristics	*Quantitative Research*
Focus of Research	Quantity (how much, how many)
Philosophical Roots	Positivism, logical empiricism
Associated Phrases	Experimental, empirical, statistical
Goal of Investigation	Prediction, control, description, confirmation, hypothesis testing
Design Characteristics	Predetermined, structured
Setting	Unfamiliar, artificial
Sample	Large, random, representative
Data Collection	Inanimate instruments (scales, tests, surveys, questionnaires, computers)
Mode of Analysis	Deductive (by statistical methods)

Table 6.5: Characteristics of Quantitative Research

Source: Adapted from Merriam, 1988, p. 18

Quantitative methods are appropriate for testing hypotheses, synthesising variables to determine associations and controlling for generalisibility (Hart, 1987).

Following the qualitative phase of the case study a number of research hypotheses were generated (see Section 6.3) which the researcher required to test with COM A's employees. In selecting the approach for testing these hypotheses a quantitative phase was considered appropriate for a number of reasons. Firstly, there was a need to identify whether there was consensus in terms of on-brand values, attitudes and behavioural norms within COM A. The methodological approach therefore needed to allow for comparisons across different groups of service employees. The approach also needed to allow for comparisons between employees who exhibited different levels of commitment to the organisation and also between employees who joined COM A before and after the visual identity change. This emphasis on comparisons rather than the depth of understanding of the cultural components advocated a quantitative approach (Balmer and Wilson, 1998; Siehl and Martin, 1988; Wilson, 1996).

Critics of the quantitative approach in measuring cultural components argue that quantitative methods fail to uncover the deep and inaccessible elements of organisational culture (e.g. Gregory, 1983; Louis, 1983; Peck, 1988; Schein, 1991a). However, the focus of this phase was not to uncover these deeper elements of COM A's culture. It was rather on measuring the extent to which the desired on-brand culture actually exists in COM A and on obtaining a cross-sectional viewpoint of the organisation. A similar quantitative perspective has been adopted in two other recent studies in the reputation area: Wilson's (1996) study on the cultural components of a major UK bank and Kiriakidou and Millward's (2000) study on the fit between the desired and actual values of a leading telecommunications company.

Moreover, critics also argue against the use of quantitative methods by debating the appropriateness of using a priori questions or statements to measure cultural components in different, 'unique' organisations (Schein, 1991a). Taking this potential weakness into consideration, the research instrument was tailored to the unique characteristics of COM A, taking into consideration findings from the exploratory interviews with its Directors (see Section 6.4.2.3.2).

The following sections will discuss the chosen quantitative method of data collection, the research instrument, the sample, the pilot tests, the research procedures, issues data analysis and the limitations of the case study.

6.5.2.3.1 The Chosen Quantitative Method of Data Collection

Although tests (in the form of personality, attainment and intelligence tests) and standardised/systematised observation are sometimes used in quantitative research, questionnaires have been the most widely used data collection method in large-scale quantitative studies (Easterby-Smith et al., 2002). Questionnaires have been traditionally dispensed in three main ways: face-to-face personal interviews, telephone interviews and postal (mail) surveys (Jobber, 1991). As Table 6.3 below illustrates, each of these methods of data collection has its advantages and disadvantages.

Factor	*Personal*	*Telephone*	*Mail*
Questionnaires			
1. Complex issues	Good	Medium	Poor
2. Use of open-ended questions	Good	Medium	Poor
3. Flexibility	Good	Medium	Poor
4. Ability to probe	Good	Medium	Poor
5. Use of visual aids	Good	Poor	Good
Resources			
1. Time	Poor	Medium	Good
2. Cost	High	Medium	Low
Sampling			
1. Widely dispersed population	Poor	Good	Good
2. Response rates	High	Medium	Low
Interview			
1. Control of who completes the questionnaire	High	High	Low
2. Interviewer bias	Possible	Possible	Not possible

Table 6.6: A Comparison of Data Collection Methods
Source: Jobber, 1991, p. 178

Face-to-face personal interviews are often used in opinion polls to gather quantitative data (Easterby-Smith et al., 2002). They require the respondent to provide answers to a series of precisely worded questions. The interviewer then has to fit these responses into one of the pre-set answers that he/she has identified on his/her questionnaire. This method allows the researcher to examine more complex issues and provides more flexibility. Although response rates tend to be high, face-to-face interviews are a time consuming and costly quantitative method for data collection. Moreover, personal interviews involve interaction and hence interviewer bias is always a possibility.

To overcome some of the disadvantages of personal interviewing, researchers often use telephone interviews to collect quantitative data. This method is less time consuming and costly than personal interviewing and also allows access to a widely widespread population. However, it is less flexible and is often characterised by lower response rates than the personal interview method.

The least time consuming and least expensive quantitative data collection method of the three (see Table 6.3 above) is the mail survey method. Mail surveys allow researchers to generate representative samples and minimise interviewer bias. However, they are often associated with low response rates and they make it difficult for the researcher to control who completes the questionnaire.

Over the past decade, the low response rates of telephone and mail surveys have led researchers to look for other media that can yield fast and high response rates of representative samples in a cost-effective manner (Oppermann, 1995). An alternative option has been the use of fax surveys, as fax machines have become standard office equipment in most businesses. Fax surveys are, at least in theory, fast, they eliminate interviewer bias and allow researchers to use visual aids to attract respondents to the survey. However, the fact that response time is almost entirely under the control of the respondent and the increasing use of fax for direct marketing purposes have to be taken into consideration when one decides to adopt this method.

An increasingly popular alternative to the aforementioned methods is the use of the Internet as a market research medium. As the Internet grows in popularity and diffuses into a large and heterogeneous population, researchers increasingly seize the opportunity to use it as an extension to current research methodologies (Schaefer and Dillman, 1998). Online surveys have therefore been described as *"the hottest, fastest growing and most revolutionary development to change our industry [the Market Research Industry]"* (Taylor, 2000, p. 51). The following table summarises the main characteristics of online surveys:

They are often not based on probability sampling – they are usually based on convenience sampling
They are a visual medium – They allow respondents to see images, longer text messages, longer lists of response options, and as bandwidth grows, video images
They capture the unedited voice of the respondent – Replies to open-ended questions tend to be richer, longer and more revealing
They may be more effective in addressing sensitive issues – adults may be more willing to reveal information about their experiences with sensitive conditions
Scales may elicit different response patterns – Fewer people tend to pick the extremes on scales when they see as opposed to hear them
They may generate more 'don't knows' or 'not sures' – because respondents can see these options
Raw online data may substantially under-represent some groups – hence the greater importance of weighting than with good in-person or telephone surveys

Table 6.7: Characteristics of Online Surveys

Source: Adapted from Taylor (2000, p. 53/54)

Presently the two most popular forms of online surveys are email surveys and web site or Intranet surveys. The most common form of online surveys is via email.

Email surveys can be either embedded or attached (Dommeyer and Moriatry, 2000). Embedded email surveys require the researcher to embed the questions in an email that is then sent to every potential respondent. The recipient then has to respond by hitting the 'reply command' and 'by including the original message in the response'. Although this often provides the researcher and the respondent with the benefits of quick response, embedded email surveys are limiting in terms of the visual aids that they can accommodate. Researchers also need to ensure that all respondents will receive the text in the desired format. On the other hand, researchers can opt for sending the questionnaire as an attachment with an email. The respondent will have to download the questionnaire, complete it and save it so that he/she can then reply to the original message and attach his/her response. This method allows for more customisation in the design of the questionnaire. However, it also has several disadvantages. To begin with, it might be considered as time consuming from the respondents' perspective. It also assumes that respondents have the technical knowledge to download and attach documents and that their word processor can 'read' the attached file. Thirdly, respondents may be hesitant to download the questionnaire, fearing that it may contain a virus.

Whatever method one adopts email offers the opportunity of very rapid surveying at a low cost (Bachmann et al., 1996; Kittleson, 1995; Mehta and Sivadas, 1995; Sproull, 1986). However, response rates may be low, as this method does not guarantee the anonymity of respondents. Web site or Intranet surveys on the other hand are conducted on host web sites and, unlike email, they offer anonymity and are set up in html, therefore not allowing respondents to answer off-line (Kent and Lee, 1999; Comley, 2001). With this method researchers usually send emails to potential respondents, inviting them to visit a specific web site or the corporate Intranet and complete the survey. Web site and Intranet surveys allow for greater design input in the questionnaires and also often provide the benefit of automatically collecting and entering data.

Couper (2000) has identified three main problem areas in online surveys. These relate to coverage and sampling error, nonresponse error and measurement error. He claims that coverage error is presently the biggest threat to the representativeness of online surveys. Coverage error refers to people missing from the sampling frame (for instance those without web access). The main sampling issue that researchers often need to confront is therefore the unavailability of a comprehensive list of email addresses of the Internet population (Taylor, 2000). However, this is not as problematic when researchers conduct surveys with company employees or members of associations where the population can be easily identified.

Another problem with online surveys is the nonresponse error. This derives from the fact that not all people included in the sample are necessarily willing or able to complete the survey. Results of recent online surveys have varied considerably between a low response rate of 19% in a university to 73% in a corporate environment (Oppermann, 1995). There is at present little literature on what works and what does not, in terms of increasing response rates to web surveys (Couper, 2000). Functional equivalents to tried and tested motivation tools in mail surveys, such as advance letters, personalised signatures, letterhead, incentives, are yet to be developed and tested for online surveys (Couper, 2000). Moreover, technical difficulties interacting with an online survey may discourage some from responding to the survey. For instance, one contemporary problem of email surveys is the incompatibility between systems and the low sophistication level of some systems (Oppermann, 1995). Other issues such as slow modem speeds and unreliable connections may also pose problems in terms of response rates. Low response rates may also be associated with concerns about privacy and/or confidentiality, as some organisations keep records of all incoming and outgoing messages.

Lastly, measurement error can also create problems for online surveys. Although the importance of question wording in influencing respondents' answers is well recognised, there is growing interest in the design of web surveys (Dillman et al., 2000). However, to date there is a dearth of empirical research on the optimal design of web surveys. In addition, another source of measurement error is the effect of panel conditioning (Kalton and Citro, 1993; Kalton et al., 1989). In other words, the ongoing participation of panel members in online survey may influence their responses towards online surveys.

Although (as the aforementioned potential errors suggest) conducting general population online surveys is still problematic, researchers increasingly use the Internet to conduct surveys with company employees and association members, as in these occasions they tend to have nearly universal access. Intranet surveys in particular are increasingly used in order to examine employees' attitudes and reactions to management initiatives. The Intranet is an *"internal corporate network that works on the same open protocol found throughout the Internet"* (Taninecz, 1996, p. 45). Intranets operate using the same open formats as the Internet, but instead of being publicly accessible, only company employees can access the data (Cortese, 1996; McNaughton et al., 1999).

To date, there is a dearth of literature on the design of Intranet surveys. A few authors, however, have offered guidance on this relatively new data collection method (e.g. Gaddis, 1998; Zatz, 2000). Gaddis (1998), for instance, suggests that web site surveys with company employees require careful planning and implementation. For instance, she claims that pre-testing the survey before it goes online is essential. Researchers are advised to pretest both a paper version and the electronic version of the survey with several members of the target audience to ensure that respondents understand the questions and that the submission of responses is feasible. Moreover, Gaddis (1998) suggests that researchers should include a title and an introduction to the survey, which would give respondents enough information to elicit their cooperation. She also notes that it may advisable to divide lengthy surveys into sections so that respondents are not discouraged by the length of the survey. Gaddis (1998) also suggests that researchers should use promotional tie-ins to increase response rates. And lastly, she argues that online surveys should include a conclusion, thanking the respondents for their time and cooperation.

Zatz (2000) also provides advice on the design of intranet surveys. Firstly, he argues that surveys should be as short as possible; it should not take an employee more than ten minutes to complete the survey. Moreover, he notes that the researcher needs to promise anonymity; for instance, he/she can use a secure server that encrypts the survey answers. Employees also need to be prepared for the survey. The survey needs to be announced in advance through a memo, which alerts employees to the survey, but also addresses anonymity, the survey's goals and the importance of responding. In addition, Zatz (2000) argues that researchers need to take some form of protection against duplicate surveys, because respondents often tend to hit the "submit" button repeatedly in their responses. They also need to ensure that only the people who are supposed to be responding to the survey fill it out. A secure server can prevent unauthorised individuals accessing and completing the survey. Lastly, he argues that employees will expect the company to share the results.

Taking into consideration the advantages and disadvantages of the aforementioned quantitative methods, an Intranet survey was adopted for the quantitative phase of this case study for the following reasons:

- Taking into account the geographically dispersed sample and also the limited time and financial resources, personal interviews were not considered as a feasible option for this survey.
- Moreover, telephone interviews were also considered inappropriate, as both the researcher and the Corporate Communications Director of COM A believed that this method could negatively affect employees' perceptions of

the anonymity and confidentiality of the survey. Obviously time and financial constraints would also pose a problem if this method were to be utilised.

- The Corporate Communications Director of COM A also noted that over the past three years their employees have been bombarded with a series of internal 'mail' surveys on a variety of HRM and Marketing issues. They have identified that as the number of surveys increased, the response rate decreased dramatically; only thirty out of just over a thousand employees responded to the last survey by the Corporate Communications Department (a 3% response rate). It was therefore evident that another mail survey would probably not achieve desirable responses. Alternative methods therefore needed to be examined.

- Fax surveys were not considered as an effective alternative as not every employee had his/her own fax machine and hence it would be difficult to control the process.

- Although email surveys were initially considered as a viable option, this method was abandoned since COM A's Directors expressed concerns about employees' perceptions of the anonymity and the confidentiality of the survey.

- Taking into account the time and financial advantages of web-based surveys, the fact that they ensure anonymity and confidentiality in responses and the "novelty factor" that one would hope would attract employees to this method, an Intranet survey was therefore decided as the best method for the employee survey within COM A. All Directors agreed that this was the best approach to encourage higher response rates than the recent internal mail surveys.

The following section will discuss the research instrument used in this Intranet survey.

6.5.2.3.2 The Research Instrument

The development of the Intranet-based questionnaire was a challenging task. In deciding upon the constructs, it was important to look firstly at previous quantitative assessments of internal branding efforts. However, the literature review highlighted that there is a dearth of previous academic studies that measure issues related to internal branding and the existence of on-brand cultures. In order to test all eleven hypotheses (Section 6.3) it was evident that the researcher firstly needed to identify the new, desired corporate brand values. Following a similar approach to previous studies by Balmer and Wilson (1998) and Kiriakidou and Millward (2000) the researcher identified these 'espoused' values from the in-depth interviews with COM A's Directors and the corporate material that they have provided. The desired values representing the new corporate brand identity were:

Innovation
Simplicity
Speed
Service quality and customer service
Professionalism, integrity and respect for others
Clarity of standards and accountability
Effective, open flow of communication
Encouragement of teamwork
Emphasis on growth
Commitment to the community and being environmentally responsible

Table 6.8: The Desired Corporate Brand Values

The first two sections of the questionnaire (Appendix 6) were then designed to test hypotheses 1-4 and 10-11 respectively. The first section investigated whether the aforementioned ten values (Figure 6.5) were exhibited by respondents' departments, the senior management and COM A, the organisation. The second section then investigated whether existing training processes promoted the ten values and whether respondents were financially rewarded or praised when their behaviour demonstrated the ten values.

In order to test the internal consistency of these five groupings, the researcher carried out reliability analysis on the final data using Cronbach's coefficient alpha. The results of the reliability analysis are shown in Table 6.6 below. All groupings show a high degree of reliability (>0.75).

Construct	Number of Items	Cronbach Alpha
On-brand values by department	10	0.89
On-brand values by senior management	10	0.89
On-brand values by COM A, the organisation	10	0.88
On-brand values by training	10	0.95
On-brand values by rewards	10	0.97

Table 6.9: Cronbach Alpha Coefficients for On-brand Values by Department, Senior Management, the Organisation, Training and Rewards

The third section of the questionnaire was then designed to assess the extent to which an on-brand culture exists within COM A. This would form the basis for testing Hypotheses 5-9. In designing this section the researcher needed to develop constructs that would relate to the components of an on-brand culture in COM A. Taking into account that this issue has not been studied quantitatively in the past in the reputation literature, the researcher first consulted writings from the corporate culture literature to develop these constructs. In particular measures of cultural components were identified in the following studies:

Allen and Dyer (1980)	38 items in 7 subscales
Burke (1995)	33 items in 10 subscales
Cooke and Lafferty (1983); Cooke and Rousseau (1988)	120 items in 12 subscales
Cathy (1986)	24 items
Enz (1988)	22 items
Kilmann and Saxton (1983)	28 items in 4 subscales
Nave (1986)	29 items in 4 subscales
O'Reilly et al (1988); O'Reilly et al (1991)	54 items
O'Reilly (1989)	6 items
Sashkin and Fulmer (1985)	20 items in 10 subscales
Klein (1992)	63 items in 12 subscales
Wilson (1996)	47 items in 10 subscales
Xenikou and Furnham (1996)	Six factors with items from Cooke and Lafferty (1989), Kilman and Saxton (1983) and Sashkin (1984)

Table 6.10: Variables of Cultural Components

What was also evident was that almost all of the aforementioned studies used multiple-item scales. Wilson (1996, p. 143) argues that the benefits of a multi-item approach can be beneficial for the study as:

- *"the specificity of items can be averaged out when they are combined*
- *the more the items, the easier it is to distinguish groups and group characteristics*
- *the reliability tends to increase and measurement error decreases as the number of items in a combination increases"*

The researcher therefore constructed multiple items for the third section of the questionnaire based on items from the aforementioned studies that were related to the ten desired corporate brand values of COM A. The constructs were developed in close consultation with COM A's Directors to ensure the relevance and accuracy of the measurements.

In wording the constructs the researcher followed Dillman's (1978) guidelines. In particular she:

- selected words that are uniformly understood by the respondents
- avoided abbreviations or unconventional phrases
- eliminated words with vague meanings
- avoided questions that are too precise
- chose unbiased questions
- did not use objectable questions
- avoided questions that are too demanding
- did not ask double questions
- avoided using double negative sentences
- did not assume too much knowledge
- worded the questions correctly in technical terms

Each statement was shown to COM A's Directors to check on understanding and ensure that there was no ambiguity in the wording of the questions. Moreover, some of the statements were positively stated and others were negatively stated to reduce acquiescence type bias, where respondents give the same rating to all questions. Moreover, a number of similar statements were introduced to check on the consistency of respondents' answers.

Some refinements were made after pilot testing (see Section 6.4.2.3.4), and the final instrument for measuring on-brand culture elements consisted of 30 items representing the 10 desired cultural elements. Some of the more complex cultural elements related to 'innovation', 'service quality and customer service' and 'effective, open flow of communication' required a large number of statements to truly reflect the meaning of the constructs, while other more straightforward constructs related to 'simplicity', 'speed', 'professionalism, integrity and respect for others', 'growth' and 'commitment to the community and being environmentally responsible' required far fewer. The final groupings were:

Innovation

- Our organisation encourages new ideas
- Our organisation encourages employees to innovate and take risks
- Failure is punished within my organisation
- People in my organisation generally resist taking on new tasks

Simplicity

- We keep things simple in our work
- There are procedures in place to encourage simplicity in our work

Speed

- Speed is a key element in our work
- There are procedures in place to encourage speed in our work

Service quality and customer service

- Employees within my organisation are dedicated to outstanding service
- There is a strong commitment to maintaining quality without compromise
- We make the customer the priority over everything else
- I am not complimented or praised (by superiors) when I make an extra effort to satisfy customer requirements
- Staff in my organisation avoid tasks that require an extra effort

Professionalism, integrity and respect for others

- Personal integrity is given priority within our business
- Everyone takes responsibility to ensure that our corporate reputation is never damaged

Clarity of standards

- Staff in my organisation know what they are expected to accomplish
- All company policies are understood and there are structures in place to ensure this happens
- I receive inconsistent messages regarding what is expected of me on my job

Effective, open flow of communication

- Our intranet encourages an open flow of communication
- Two-way communication is encouraged and present in our organisation
- My supervisors are easy to approach and communicate with
- There are enough opportunities for interdepartmental communication within our organisation

Encouragement of teamwork

- In our organisation we are encouraged to work together as a team to get the job done
- Staff within COM A do not show a lot of trust and confidence in each other
- My team inspires me to give the job my very best performance
- Outside of working hours I socialise with other staff from our organisation

Emphasis on growth

- Growth is considered as a key priority within our organisation, guiding our behaviour
- Staff are rewarded on the basis of their contribution to the financial success of the company

Commitment to the community and being environmentally responsible

- We are regularly involved in community-related programmes
- We try to be environmentally responsible in all our actions

In order to test the internal consistency of these groupings, the researcher carried out reliability analysis on the final data using Cronbach's coefficient alpha. The results are shown in Table 6.8 below:

Construct	*Number of Items*	*Cronbach Alpha*
Innovation	4	0.74
Simplicity	2	0.97
Speed	2	0.91
Service quality and customer service	5	0.71
Professionalism, integrity and respect for others	2	0.62
Clarity of standards and accountability	3	0.74
Effective, open flow of communication	4	0.68
Encouragement of teamwork	4	0.65
Emphasis on growth	2	0.48
Commitment to the community and being environmentally responsible	2	0.61

Table 6.11: Cronbach Alpha Coefficients for On-brand Cultural Elements

Five of the groupings show a high degree of reliability (>0.75), four show a reasonable degree of reliability (>0.6) and the remaining one shows some reliability. This was not considered to be a major problem as the variance in the responses of this latter grouping was very limited.

The researcher also conducted reliability analysis using Cronbach' coefficient alpha to test the internal consistency of the 'on-brand culture' scale (which would include all thirty items). The scale showed a high degree of reliability, with a Cronbach Alpha of 0.92.

The third section of the questionnaire also included statements that measured organisational commitment. The researcher used Mowday et al's (1979) Organisational Commitment (OCQ) nine-item scale (alpha = 0.85). The following nine items were therefore incorporated in the third section of the questionnaire:

- I am willing to put in a great deal of effort beyond that normally expected in order to help this organisation be successful
- I talk up this organisation to my friends as a great organisation to work for
- I would accept almost any type of job assignment in order to keep working for this organisation
- I find that my values and the organisation's values are very similar
- I am proud to tell others that I am part of this organisation
- This organisation really inspires the very best in me in the way of job performance
- I am extremely glad that I chose this organisation to work for over others I was considering at the time I joined
- I really care about the fate of this organisation
- For me, this is the best of all possible organisations for which to work

Having selected the aforementioned thirty-nine items, the researcher then randomly ordered these items in Section Three of the questionnaire.

The aforementioned sections asked respondents to express their opinions based on a five-point Likert scale (Strongly Disagree, Disagree, Neutral, Agree, Strongly Agree). This is the most frequently used scale in marketing research and provides satisfactory properties with regard to the underlying distribution of responses (Bagozzi, 1994).

The final section of the questionnaire covered the 'demographics'. These included four multiple choice questions on respondents' age, location, division and length of employment with COM A and one dichotomous question on the respondents' gender.

After the pilot tests (see Section 6.4.2.3.4) an open-ended question was also added at the end of the third section, phrased as "Please add any further comments and/or suggestions in relation to current issues that you feel affect COM A's reputation".

6.5.2.3.3 The Sample

At the time of the research, COM A had just over 1,000 employees in different locations across the UK. The Corporate Communications Director reassured the researcher that all employees had an email address and access to the corporate intranet. Every employee was therefore a potential respondent on this Intranet survey.

6.5.2.3.4 Pilot testing

The questionnaire was piloted in COM A's headquarters with six employees and the Corporate Communications Director. Three employees and the Corporate Communications Director were asked to complete and submit the questionnaire online and then each respondent was questioned on his or her understanding of the questions, the ease of completion, and the time taken to complete the questionnaire. Revisions to the questionnaire were made and the revised questionnaire was tested with the remaining three employees. The revisions related to minor changes regarding the wording of three statements, the divisions within COM A and the age range of COM A's employees. The Intranet Designer had also forgotten to include two statements in the third section of the questionnaire, namely "There are procedures in place to encourage simplicity in our work" and "There are procedures in place to encourage speed in our work". The Intranet Designer made the appropriate changes before the questionnaire went "live" on the Intranet. Generally the instrument worked very well in the pilots.

6.5.2.3.5 The Research Procedures

The implementation of the research needed to encourage responses and at the same time ensure the maintenance of respondents' anonymity. To enable this to happen the researcher worked closely with COM A's Intranet Designer and the following procedure was followed. Employees were initially invited via an email sent by the Corporate Communications Director to visit the relevant link on the Corporate Intranet and complete the survey. The email introduced the researcher and the survey, stressed the fact that this is an academic survey and highlighted that confidentiality and anonymity would be ensured. An icon called 'Corporate Reputation Online Survey, University of Strathclyde' was designed and placed on the Intranet's home page. Once employees clicked on that icon they were then automatically transferred to a page, which introduced the corporate reputation online survey and the chance to enter a prize draw (Appendix 7). Respondents then had to click on the 'Go to the questions' link and they were transferred to the html version of the questionnaire. The questionnaire was divided into sections so that respondents would not be discouraged by the length of the survey. Having completed the questionnaire respondents were asked to click on 'send anonymously' and they were directed to a separate page were they had the opportunity to enter and submit their email address to enter the prize draw. Employees were also given the option to 'clear the form' and re-enter responses before sending the completed questionnaires. Results were then automatically sent to the researcher's inbox in the form of pre-specified codes.

Research in face-to-face, telephone, mail and email surveys has highlighted that two techniques have consistently been found to positively affect response rates (Diamantopoulos and Schlegelmilch, 1996; Goyder, 1985; 1987; Heberlein and Baumgartner, 1978; Jobber and O'Reilly, 1998; Kanuk and Berenson, 1975; Mehta and Sivadas, 1995; Schaefer and Dillman, 1998; Scott, 1961; Smith, 1997); followups and enclosed monetary incentives. Following this framework, the Intranet Designer sent employees two further emails (one after one week, the other after two weeks) to remind them of the survey and the prize draw and request the participation of those that hadn't yet completed the questionnaire. Moreover, respondents were invited to a prize draw for a chance to win 10 bottles of wine and 10 'gifts' provided by the Corporate Communications Department.

6.5.2.3.6 Analysis

After making every possible effort to increase the response rate, 243 valid responses were received within the three-week period that the questionnaire was online, representing a response rate of 24.3%. The timing of the survey may have affected the response rate, since the Intranet survey was uploaded for the three weeks prior to the Christmas break. Although 24.3% may be considered as a moderate response rate, Baker (1992) argues that 20% to 30% response rates should be regarded as adequate. Moreover, the response rate was definitely an improvement from the recent 3% response rate of the latest employee mail survey distributed by the Corporate Communications Department.

In order to confirm that the 24.3% that have responded to this survey can be treated as representative of COM A employees, the researcher tested for nonresponse error by comparing the responses of 'early' and 'late' respondents. Specifically, those that have responded during the first week were classed as 'early' respondents and those that have responded during the last two weeks were classed as 'late' respondents.

This technique is based on the assumption that people who are more interested in the subject of a questionnaire respond more readily (Baur, 1947; Larson and Carton, 1959; Reuss, 1940; Rollins, 1940; Suchman and McCandless, 1940), while subjects who respond less readily are more like nonrespondents (Pace, 1939). The two groups were then compared on their responses to the Likert scale questions using t-tests. No differences were found between the responses of 'early' and 'late' respondents so the results should be treated with confidence as generalisable to the target population (Miller & Smith, 1983).

Lastly, the data generated by the 243 responses was input onto an SPSS datafile and analysed using SPSS. Analysis involved descriptive statistics and techniques such as the Pearson Chi-square tests, the Independent Samples T-tests and the One-way Analysis of Variance (ANOVA). Brief explanations of these statistical techniques will be given in Chapter Eight immediately before their first use.

6.5.2.3.7 Limitations

The main limitation of this quantitative phase relates to the fact that COM A was the only one case study investigated in this research. Although this does not suggest that there is a lack of rigour in this approach (see Section 6.4.2.3), one needs to be careful in making generalisations from the results, in case COM A is atypical of other service organisations who are going through the same change process.

Moreover, the results of the Intranet survey do not claim to provide a detailed assessment of the unconscious and fundamental assumptions that may underlie COM A's culture. Findings, however, do provide insight on the existence of the desired values and on-brand culture within COM A and allow for comparisons across different groups.

Lastly, the Intranet questionnaire was tailored to the specific desired brand values of COM A, making it difficult to undertake comparisons with other studies that may, in the future, look at similar issues within other organisations. However, this is common in this area; previous research studies tend not to have used a standardised set of constructs (see Section 6.4.2.3.2).

6.6 SUMMARY

This chapter has set out the research objectives and hypotheses and the methodology used in the primary research phases of this thesis. Due to the limited empirical research in this area of study, the initial phase was essentially exploratory and made use of the social constructionist approach with the intention of clarifying the concepts related to the internal aspects of corporate brand reputation management. The second phase focused on a case study involving both a qualitative and a quantitative phase. The next chapter sets out the findings from the initial qualitative phase, with the findings from the case study being discussed in Chapters Eight and Nine.

CHAPTER SEVEN

INITIAL EXPLORATORY FINDINGS: 'LIVING THE BRAND'

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7.1 INTRODUCTION

This chapter explores the internal aspects of the corporate brand reputation management process and considers the management challenges that these raise for service organisations. The chapter presents findings from the initial qualitative phase of the field research involving eleven in-depth interviews with Directors in leading reputation management consultancies and four in-depth interviews with Reputation Officers and Corporate Communications Directors in leading UK service organisations. The sample frame, interviewing procedures and methods of analysis have been discussed in detail in Chapter Six.

In response to the research objectives (see Section 6.3), reputation consultants and managers offered interesting views with regard to the intraorganisational aspects of corporate brand reputation management. The following diagram (Figure 7.1) summarises their responses:

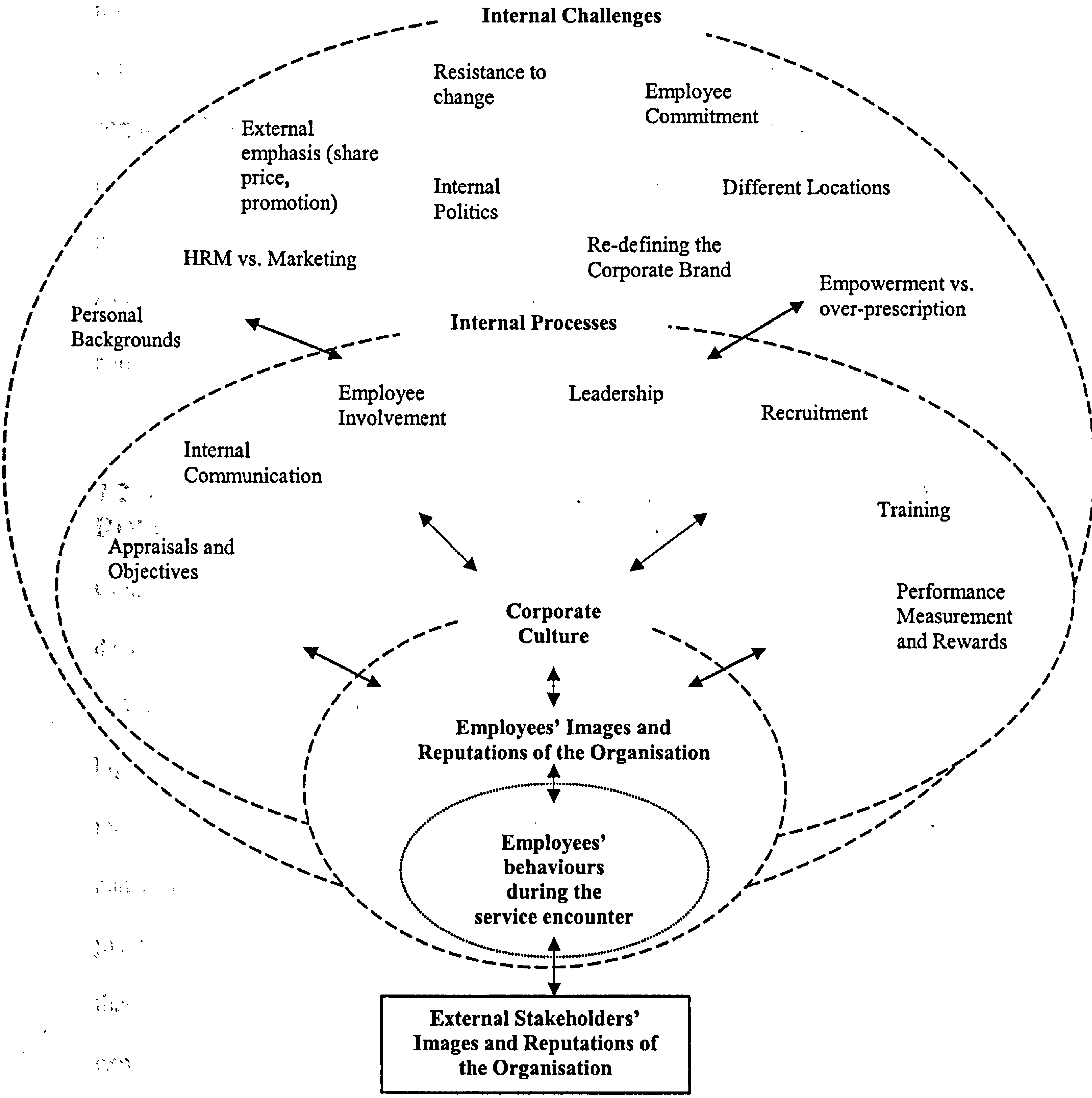

Figure 7.1: Schematic Diagram of the Research Findings (Phase One)

The chapter starts by discussing interviewees' views on the practice of reputation management and its evolution over the years, and then presents their opinions on the role of service employees in this challenging process. It then considers the role of corporate culture in aligning service employees' attitudes and behaviours with the corporate brand promise and explores the management activities undertaken by reputation consultants and managers to develop and sustain on-brand cultures within the working environment. Finally, the chapter looks at the challenges that reputation consultants and managers are facing in encouraging and sustaining on-brand corporate cultures in service organisations.

7.2 Corporate Brand Reputation Management And The Role Of Service Employees

Consistent with the academic literature, all interviewees emphasised the value of developing and sustaining favourable corporate brand reputations across the multiple stakeholder groups. In agreement with writings reviewed in Section 2.3, respondents highlighted the financial value of a favourable reputation, noted that it influences internal and external stakeholders' perceptions of and actions towards the company and emphasised its key role in attracting and retaining talent in today's competitive job market. Four interviewees also suggested that reputations are hard to destroy and that a good reputation can encourage external stakeholders to forget about a negative experience with a company. However, one consultant argued that *"we've also seen reputations destroyed in a moment when bad decisions were taken, which had a huge impact on people's perceptions about the company"*.

Interviewees then discussed how the practice of reputation management has changed over the past three decades. The general view was that visionary service organisations are now increasingly realising that they should be more proactive in managing their reputations. Consultants argued that waiting for a corporate disaster to happen to start spending money and effort on reputation management is a recipe for disaster. Today corporate brand reputation management is rather increasingly perceived as an important everyday practice. *"Big disasters like Shell's make companies realise that reputation can really damage their business"* (Consultant).

Consequently, although in the past a reactive, ad hoc approach was often adopted in managing corporate brand reputations, the process is now increasingly given strategic priority within service organisations. The following quote describes this change:

"I've been in this industry for fourteen years. When I started it was something that was only of interest to quite junior people, maybe a marketing manager. Now it's really different; chief executives, top people are interested, because they understand how their reputation affects their sales, their profits; there's an awful lot of money involved and reputations are now taken very seriously" (Consultant)

Consistent with the academic literature (Chapter Three) the majority of interviewees also highlighted the move from a design and advertising focus to a more holistic approach towards corporate brand reputation management. Interviewees argued that the goal of the reputation manager is no longer to explore what the various stakeholders want to hear and then find the best way of promoting the company's services to meet their demands. Whereas in the 1980s the focus was much more on the design of brands, interviewees argued that now there is a much more sophisticated awareness about the nature of brands. Reputation consultants and managers are therefore increasingly interested in managing the ways through which the character of service organisations is projected to external stakeholders and not just in managing physical representation of the corporate brand. Respondents' views mirrored recent writings in the academic literature that increasingly view brands as the core functional and emotional values that define an organisation, rather than just the design aspects of the company (e.g. Aaker, 1996; de Chernatony, 2001; Ind, 1997).

Managing corporate brand reputations is therefore *"being led much less than two decades ago by advertising and much more by quite deep thinking about the nature of the organisation, what they represent and the nature of what's important to it, what it believes is important in terms of its role in the community and how it projects that role in terms of its core values"* (Corporate Communications Director).

Interviewees highlighted that service employees play a pivotal role in this holistic approach towards building and sustaining strong reputations. So why are service employees important in this process? To begin with, all interviewees argued that delivering the brand promise in service organisations invariably involves staff. Quality service is often associated with staff that create enjoyable experiences for their customers. Consistent with the academic literature (e.g. Balmer and Wilson, 1998; Balmer, 2001; de Chernatony, 1999; Dowling, 1986; 1993; Hatch and Schultz, 2001; Kennedy, 1977; Macrae, 1999; Olins, 1978; Stuart, 1998) all interviewees also noted that visionary service organisations therefore understand that their staff, especially front line personnel, *are* the company and hence should be at the centre of the reputation management efforts. As one Corporate Communications Director suggested, *"reputations in services are made – or broken – by what people do, not what companies say"*.

Interviewees therefore argued that service employees can directly affect the reputation of their company with their actions and that, often, what staff say and do is the most powerful outward expression of the company's identity. These findings are similar to academic suggestions about employees' central role in communicating the corporate brand promise to external stakeholders (see Chapter Three and Chapter Four).

Consultants also argued that people nowadays are much more aware of *"advertising trickery"*, so they are looking for action before they establish perceptions about companies in the business landscape. In this process of constant evaluation, staff, with their attitudes and behaviours, are required to live up to the promises that the senior management project about the corporate brand and meet external stakeholders' expectations about their company. As one consultant argued, "*we talk about a brand being a promise, but essentially it needs to be a promise kept, a promise as an experience which is actually validated*". Staff therefore play a pivotal role in developing and sustaining strong reputations; *"if you don't deal with your* *people you'll spend lots of money on external promotion which will be daft, because the reality won't live up to the promise"* (Corporate Communications Director). Consultants argued that many service organisations are ignoring their internal audiences in their corporate brand reputation management; they focus on advertising and public relations campaigns and this usually has disastrous effects on their reputations. Because once external stakeholders interact with the organisation they are then likely to identify that the reality of the company and the desired projected image are not aligned.

This view is similar to the argument propounded by Kennedy (1977) that image must be factually based and hence that reputation management requires more than clever advertising and PR campaigns. Interestingly, one consultant noted that *"when you introduce a brand you have a time period that in the short term allows you to develop a level of desire without substantiation, without actually having experiences to substantiate it, you're allowed that"* (Consultant). However, the other interviewees argued that this can be a dangerous practice and noted that the need for internal and external messages to add to a coherent story, which both customers and staff recognise, is imperative.

Similarly to Hatch and Schultz (2001), interviewees also suggested that the role of service employees to 'live up to' the brand promise is today propelled to new heights by the growing leakage between formerly discrete communication channels. Consultants highlighted that today the general public wants to know more about the values and actions of the company behind the brand. A consultant for instance mentioned that:

"In one of our recent surveys when we asked people how they judge companies they said that they are very interested in how they treat their employees…and knowing someone who works there was found to be the most important factor influencing an organisation's reputation" (Consultant)

This is why when leaders of service organisations become concerned about the need to differentiate their brand more clearly in the marketplace, *"the distinction is often what the staff attribute to the brand"* (Consultant).

What challenges does this key role of service employees raise for building and sustaining favourable corporate brand reputations in service organisations? To begin with, all interviewees noted that it highlights the need for consistency across all company communications and actions.

"The organisation needs to work in such a way that the experience that people have when dealing with it, whether they are suppliers or customers or alliance partners, is consistent with what you are wanting people to perceive the organisation to be in reputation terms" (Consultant)

Interviewees noted that the company therefore needs to project consistent messages about the corporate brand both through its formal communication activities and through the actions (front stage and back stage) of its (senior and junior) employees. However, consultants highlighted that many of their clients are investing a lot of money on-brand building through advertising and PR but they are not following it through internally to ensure that the projected image is consistent with their reality and the experience of dealing with their organisation. The majority were concerned that companies are wasting their money; they argued that an external focus alone is not enough to sustain a successful service brand.

Consistency in corporate brand promises and actions is therefore key for effective corporate brand reputation management and this requires transparency in every action. Consultants argued that companies that have tried in the past to conceal anything within their organisation, from their employees or from other audiences, got into trouble. As one consultant put it: *"you're always going to get caught"* (Consultant).

In addition, all consultants stressed that the pivotal role of service employees in building and sustaining corporate brand reputations means that aligning brand actions to brand promises is a critical test for service managers. Similarly to academic writings (Balmer, 2001; Bromley, 2001; Harris and de Chernatony, 2001; McDonald et al., 2001; Wilson, 2001) consultants noted that consistency requires alignment and propounded that this is seldom an easy process. Consultants therefore highlighted that employee behaviour has to be aligned with the corporate brand promise; otherwise their organisations are likely to experience what four consultants labelled as 'brand dissonance'. To illustrate the term, consultants gave several examples from their experience in the industry. The examples of the Midland Bank and British Airways were common in their discussions:

"A classic example is the Midland bank. It positioned itself as "the listening bank" and then you went into the bank and the person didn't listen to you; there was no synergy between the brand values, the culture and the behaviour of employees" (Consultant)

Just like Hatch and Schultz (2001), consultants also referred to British Airways:

"Think about British Airways; on the one hand you got all these ethnic designs and then you got on the plane and especially if you were flying from Heathrow it was still a white, Anglo-Saxon, Protestant, usually older than younger crew, and you were thinking, well there's a picture of Africa on the outside but it's still a typical English person serving you. Typical example of brand dissonance" (Consultant)

Consultants also gave examples of companies that have been successful in aligning corporate brand promises with actions. Virgin and Easyjet were popular examples. For instance a consultant noted:

"If you look at Virgin the crew would tend to be more light-hearted and friendly and relaxed and younger than British Airways. Then look at the identity; it's hand-written and bright red and that all fits with the brand behaviour and the people's culture" (Consultant)

In addition, all interviewees argued that consistency and alignment requires the corporate brand promise to be 'reality-based' and highlighted the need for an 'honest' approach to corporate brand building. These findings mirror academic suggestions by Balmer (2001), Bromley (2001), Macrae (1999), McDonald et al. (2001), Harris and de Chernatony (2001) and Wilson (2001). Interviewees noted that successful brands reflect the reality of what their company is all about and what its aspirations are. On the other hand, consultants argued that *"organisations that try to establish brands which aren't based upon the reality of the organisation, that aren't based upon what the organisation is, really find it much harder"* (Consultant).

Similarly to De Chernatony's (1999) framework and Hatch and Schultz's (2001) paper, reputation management was therefore viewed by four of the consultants as a series of gap reductions.

"What you get, quite often, is a gap between what people are saying in the outside world and what people are believing inside the business. And really the process of managing the reputation is closing that gap" (Consultant)

The recent emphasis on managing *"what people are believing inside the business"* has led to an increasing interest in what consultants labelled as "internal branding". Interviewees argued that service organisations increasingly realise the need to communicate the corporate brand promise not only outwards to their customers, but also inwards to employees.

"I think that leaders in their industry recognise that brands are built inside out. External brand efforts need to be embraced internally for a service organisation to be successful" (Consultant)

Internal branding, according to the majority of the interviewees, aims to encourage service employees to 'live' the desired corporate brand values; to exhibit the values through their everyday attitudes and behaviours. Consultants highlighted that service organisations need to encourage staff at every level to embrace their role in fulfilling the brand promise – and to make the organisation as a whole 'live the brand'. Otherwise the corporate brand reputation management efforts are likely to be perceived by external and internal stakeholders as 'empty rhetoric'. 'Living' the brand values will encourage consistency in the projections of the corporate brand.

7.3 THE ROLE OF CORPORATE CULTURE

However, encouraging employees to consistently 'live the brand' and perpetually project its values through their everyday attitudes and behaviours is not an easy task. Reputation managers and consultants argued that staff have to 'buy in' to the brand's vision and values if they are to create a 'brand of work' and become its most important ambassadors; and this is seldom an easy process. Consistent with recent writings (e.g. Balmer and Wilson, 1998; de Chernatony, 1999; Hatch and Schultz, 2001), interviewees argued that this requires companies to encourage and sustain an on-brand culture that not only promotes on-brand attitudes and behaviours but also rewards such actions within the organisation.

The majority of interviewees therefore highlighted that the role of the corporate culture in encouraging or discouraging employees to 'live the brand' is paramount. According to all consultants, culture represents the values and behavioural norms that employees share within the company and that guide their attitudes and behaviour towards the organisation and its customers.

Consultants argued that employees' actions are influenced by their own evaluations of the corporate brand; the images of their organisation that they form in their every day interactions within and out with the company and the reputation that they have formed about their company over time. They also highlighted that employees' perceptions and behaviours are largely affected by the corporate culture; the values and behavioural norms that are shared within their working environment. The following quote comes from an interview with a Consultant:

"Apart from each individual's personal factors, you know, their background, education, their personal likes and dislikes, the values and behavioural norms that are shared in their working environment are going to be the major force shaping their perceptions of their company. And their perceptions will, no doubt about that, I've seen it happening time and time again, their perceptions will affect their everyday actions" (Consultant)

Clearly, the more these values and behavioural norms are aligned with the corporate brand promise the more likely it is that the company will project consistent images in its encounters with external stakeholders. As the Corporate Communications Director noted:

"Culture guides our employees' actions; those that have been with us for years and those that just joined ...if it has no connection with the corporate brand promise we're in real trouble" (Corporate Communications Director)

Consultants propounded that for visionary organisations sustaining on-brand cultures comes naturally. They argued that for industry leaders like Disney and Apple 'living the brand' is a way of life.

"Visionary companies tend to have 'cult like' cultures which are reinforced by carefully devised incentive and punishment mechanisms plus incessant indoctrination into company values" (Consultant)

But often for many companies sustaining on-brand cultures is not as straightforward; and the recent surge in corporate re-branding exercises is making this task even more complex. All consultants argued that if they had to name the main challenge that they are faced with today in managing corporate brand reputations this would be helping companies that are going through 're-branding' exercises to retune their corporate culture to the new brand promises. Why the recent surge in corporate re-branding activities? Interviewees noted that this happens for a number of reasons. For instance, one reason could be that an organisation is performing really badly or there has been a disaster, which forces its leadership to rethink the corporate brand

and the way it is managed. Or *"it could be that the chief executive or the senior group realised, without a crisis, that they need to shift gear and they need to change their old-fashioned image"* (Consultant). Or it could be driven by the market, particularly the financial market, which could be demanding something different. Or it could be *"the result of a re-organisation within the company, a merger or a redefinition of the brand aimed for example at increasing customer service"* (Reputation Officer).

Whatever the reason behind the corporate 're-branding' exercises, all interviewees agreed that re-tuning corporate cultures to new brand promises is a challenging process. The following quote from an interview with a consultant highlights this point:

"Encouraging an on-brand culture when the company is just starting up and everybody is full of enthusiasm is fairly straightforward. Sustaining 'on-brand' cultures, especially when your brand is changing, trust me, it's a challenge" (Consultant)

However, interestingly, all interviewees' view of corporate culture appeared rather simplistic. Similarly to many early frameworks and models in the reputation literature (Chapter Two) interviewees appeared to be following the Integration Perspective (Frost et al., 1991), adopting a unified view of corporate culture that fails to acknowledge its complex nature within organisations. They seemed to base their arguments on the fact that organisations only have one corporate culture and hence did not discuss the potential effects that subcultures are likely to have on the process of sustaining on-brand cultures. Having said that, interviewees did argue that developing and sustaining on-brand cultures is a challenging task.

But how can companies encourage and sustain on-brand cultures? The following section summarises interviewees' views on this interesting issue.

7.4 ENCOURAGING AND SUSTAINING ON-BRAND CULTURES

All interviewees argued that encouraging and sustaining on-brand cultures requires companies to facilitate and manage cultural change to ensure cultural alignment with the corporate brand promises. They also highlighted that this process is particularly complex when companies attempt to change their corporate brand reputation and hence need to retune their corporate culture to new corporate brand promises. The following sections summarise interviewees' views on how they facilitate cultural change to align the corporate culture to the desired corporate brand promises.

7.4.1. Leadership

Consistent with writings from the 'cultural change' literature (e.g. Blunt, 1991; Chang and Wiebe, 1996; Deal and Kennedy, 1992; Kotter and Heskett, 1992; Silverzweig and Allen, 1976; Wilson, 1996), all interviewees noted that leadership is key to encouraging and sustaining on-brand corporate cultures (this was mentioned unprompted by eleven interviewees). To begin with, all interviewees highlighted leaders' pivotal role in setting the vision for the brand and identifying the corporate brand values. This is a critical test for encouraging and sustaining on-brand cultures.

"If you do vision and values badly then you're really creating a dangerous situation, but if you do them well then you're creating a real springboard for quite substantial development" (Consultant)

From their experience, consultants argued that charismatic leaders will set a vision and decide on corporate brand values that will not only excite employees but will also reflect the reality of their organisation. They will do so by listening to and talking with junior and senior employees to ensure that the corporate brand promises reflect messages that employees can identify with. Leaders are required to define and articulate the core brand values and position the brand personality. Consultants argued that this will only be effective if it is the result of a consultation process across the organisation. To achieve this, consultants encourage leaders to talk to members of their staff, discuss the brand values and position with the senior management, consult research reports and conduct staff focus groups; *"anything that can help us really understand what the brand values should be"* (Consultant)

Especially in re-branding exercises, consultants argued that if this approach is not adopted then the corporate culture is likely to be out of tune with the desired corporate brand promises. A Corporate Communications Director for instance was discussing the problems that his organisation encountered a few years ago when they attempted to change their corporate brand:

"We've faced problems in the past...we wanted to change our reputation. The top team was setting the corporate brand values but noone else could identify with what

they were talking about. It was all just "empty rhetoric" (Corporate Communications Director)

Consultants argued that (especially in times of change) it is imperative that staff believe in the values and have a clear understanding of where the company is going. Otherwise companies are in a sense discouraging employees to identify with the brand.

These findings appear to be similar to Hawkins' (1997) argument that leaders of cultural change need to initiate a double-dialogue process and be sensitive to the needs of various stakeholders within and out with the organisation.

Moreover, consultants noted that charismatic leaders also ensure that the brand values excite people within the organisation; that they generate enthusiasm and encourage employee buy-in.

"The brand has to excite our people, so they can excite other people, the clients" (Consultant)

One consultant added that the corporate brand values, especially in re-branding exercises, should also not be in conflict with the company's history; otherwise employees are likely to rebel and encouraging buy in will be a difficult task.

"The company needs to show that what they're doing, the image they're trying to

project, has its roots in the company's history, its culture. Not a lot of people are comfortable with radical change" (Consultant)

However, the majority of consultants noted that although leaders in service organisations are increasingly concerned about the meaning of their brands, they often lack the commitment to facilitate the 'living the brand' process. Consequently, many companies spend a lot of time on developing their brands but still have a lousy reputation. Consultants believe that this is the case because the experience of dealing with their organisations is weak and the main reason for that is usually that there is a lot of tension within the organisation. Employees do not identify with the brand and this often comes down to weak leadership.

Commitment at the senior level is therefore a prerequisite for encouraging on-brand cultures. All interviewees argued that the leadership team needs to have a clear vision, to agree on and understand the corporate brand values and to have an active role in facilitating the required cultural change within the organisation. They also noted that this requires leaders to adopt an active, visible role in not only preaching the importance of on-brand behaviours within the organisation but also practising them (Silverzweig and Allen, 1976).

"People see us doing what we preach. It's important – it's the only way to encourage employee buy in" (Reputation Officer)

"They need to be 'leading the way' (the leadership group, however you define that)

and be very clear about the nature of the organisation they are aiming to create" (Consultant)

Consultants argued that leaders act as role models within their organisations; displaying the corporate brand values through their everyday attitudes and behaviours can therefore encourage cultural alignment with the corporate brand promise. Consultants gave some examples of leaders that are 'walking the talk':

"Archy Normann, the CEO, when he arrived he got rid of the company Jaguar, you know, showing respect to staff" (Consultant)

"Charlie Dennistown in Carphone Warehouse talks about his organisation being upside down. So he's at the bottom and the people on top of the company are the people in the shop who deal with customers, like an inverted pyramid" (Consultant)

"Hatjioannou just has a desk, he doesn't have an office and he's very good at communicating with staff" (Consultant)

The majority of interviewees therefore argued that encouraging and sustaining on-brand cultures requires more than impressive designs and cleverly designed PR campaigns. A Corporate Communications for instance argued:

"We've got a brilliant design team. Great logo, super web site. But we're still bad and ill equipped at setting an example, demonstrating how to 'live' the brand's

values through our leaders 'walking the talk'" (Corporate Communications Director)

Consultants added that charismatic leaders encourage employees to be proud of their company and what it stands for. They noted that when employees are proud of their company they go the extra mile to 'live' the brand'.

Five consultants therefore agued that they urge leaders to consistently share their company's success stories and encourage employees to share ownership of the success. They also stressed the importance of involving employees in initiatives, charity events and projects within the community in order to encourage people to identify with the corporate brand.

7.4.2. Involving Employees

All consultants noted that they encourage their clients to involve employees in the process of aligning the corporate culture with the corporate brand promises. They argued that particularly in cases where companies are aiming to change their corporate brand promises (in an attempt to change their reputation), involving employees from the very beginning is imperative.

"I believe that when a company is trying to manage its reputation, perhaps in the process of changing its image with its customers, it is very important to involve people from the beginning" (Consultant)

The majority of consultants highlighted that the more involved employees are in the cultural alignment process the more likely they will be to exhibit on-brand behaviours. Consultants explained that if employees are involved in designing the corporate brand values and identifying the desired on-brand attitudes and behaviours, they will find it easier to 'live' the brand in their every day working life.

"Clearly the more that is based on people's input in the first place (so they are contributing to the brand) the easier it is for them to then live it when it comes to the implementation stage" (Consultant)

These findings are in agreement with writings from the cultural change literature that suggest that companies should not view employees as a captive audience that simply need to be told what to do, but they should rather encourage employees to be involved and buy into the change process (e.g. Murphy, 2000; Young and Thomson, 1999).

Interestingly, the four reputation officers and communication Directors talked less about involving staff in the process and more about educating employees about the corporate brand promise and the desired on-brand attitudes and behaviours. For instance, a Corporate Communications Director argued:

"The only way you can build a brand and a reputation which is sustainable and meaningful, is by making sure that your people understand the corporate brand, which means you need to inform them and educate them about that and select on the basis of that interest" (Corporate Communications Director)

However, similarly to Axley (2000) and Smythe (1996), all interviewees highlighted that an important starting point in the 'battle' for cultural alignment involves explaining to employees why behavioural change is required in the first place. As one consultant noted:

"People are likely to collaborate only if they know why they need to change. Secretive 'don't need to know' cultures create 'don't need to bother' attitudes" (Consultant)

For example a Corporate Communications Director was discussing this in the context of his company:

"...our new environmental-friendly image and corporate responsibility needs to be translated to our people. People working for the organisation need to have a sense of 'why' the image of their company needs to change and 'how' this will be achieved" (Corporate Communications Director)

Interviewees therefore noted that charismatic leaders effectively communicate what the corporate brand is all about, why the corporate brand is changing (if it is) and also why people need to change the way they conduct their every day business in the company. Obviously, involving people in the change process makes this task less challenging. However, explaining *why* the culture needs to change is not adequate in itself to encourage and sustain an on-brand culture. All interviewees argued that employees also need to know *what* exactly needs to change in their attitudes and behaviour to ensure alignment with the desired corporate brand values. For instance a consultant noted:

"I'd say even if staff don't have to interface directly with the customer, they have to understand the brand and what needs to change in their behaviour in order to live the brand, in order that all of the manifestations of the brand's identity are in line with those core brand values" (Consultant)

To sum up, interviewees argued that successful cultural alignment requires companies to involve employees in the cultural change process, to justify why a change is required and to clearly explain what needs to change in employees' attitudes and behaviours to ensure consistency in all the manifestations of the corporate brand.

7.4.3. Internal Communication

Consultants and managers all noted that although traditionally managing the reputation of the corporate brand has focused on external communication, internal communication is now receiving increased attention as a tool for encouraging and sustaining on-brand cultures.

"Brands must also communicate the organisation's purpose and promise not only outwards to customers, but inwards to employees; their perceptions are likely to have a huge impact on the reputation of the business" (Consultant)

These findings are in agreement with Dawling's (1986, 1993) models that highlight internal communication as one of the key factors affecting employees' perceptions of their company and hence their actions in their encounters with external stakeholders.

However, all interviewees stressed that this does not mean that internal communication should be viewed in isolation from the company's external communication activities. The image that is projected externally needs to fit with the culture and the central vision of the desired brand promise and vice versa. Some companies go a step further and even include staff in their advertisements. A consultant for instance noted that:

"ASDA make a lot of effort to communicate with their staff. In fact they even go so far as in their television advert they have staff in the ad" (Consultant)

Focusing their discussions on internal communication, most interviewees argued that it helps employees to understand what the corporate brand stands for, why a change in their behaviour may be required and what the required change should be in order to enhance alignment with the corporate brand promise and consistency in all the manifestations of the corporate brand. These findings are consistent with writings by Dibb et al. (1991), Cheney (1991) and Cheney and Christensen (1998) who observe that internal communication can encourage (or discourage) behaviours that are aligned with the existing or desired culture. All interviewees therefore argued that they view internal communication as a key tool for aligning the corporate culture with the corporate brand promise.

"We use communication as a tool for cultural change; to change the ways in which the employees behave" (Corporate Communications Director)

In addition, five interviewees noted that by investing money and effort in internal communication activities companies show that they respect their staff and also indicate that they consider staff as very important in the corporate brand reputation management process.

How can internal communication encourage employees to 'live the brand'? In agreement with the academic literature, consultants argued that traditionally internal communication has been two-dimensional. Companies have been and many are still using formal internal communication activities such as corporate videos, posters on the wall, company magazines and relevant booklets to communicate the corporate brand values and explain what behaviours are expected within the organisation. A Corporate Communications Director also talked about the reports they often distribute internally which highlight customers' feedback on their services. And another Corporate Communications Director discussed how they have *"created this book that presents how the company started, its founders, how we evolved... It helps us to keep the dream alive"* (Corporate Communications Director).

Eight interviewees argued that although the aforementioned formal internal communication activities are often top-down and two-dimensional, they are however important. For instance two interviewees noted that:

"Our employee research shows that staff seldom feel that they have sufficient information about what is expected from them and what their customers think: they very people providing the service often seem to be left out of the feedback loop" (Consultant)

"Top down communication is needed. The corporate brand requires a unifying vision and clearly expressed values" (Corporate Communications Director)

However, in agreement with recent academic writings (e.g. Asif and Sargeant, 2000; Foreman, 1997; Murphy, 2000), the majority of interviewees suggested that internal communication also requires a less formal, lateral exchange of ideas and experiences within the organisation that promotes bottom-up contributions of views and ideas. As one consultant argued:

"Communicating the brand values tends not to be about posters on the wall or booklets. It tends to be much more about encouragement, face-to-face communication, it tends to be about the senior people in the organisation 'walking the talk', living the brand values" (Consultant)

The majority of interviewees therefore stressed that encouraging employees to 'live the brand' requires companies to consistently listen and talk to their staff and establish good feedback mechanisms within the organisation. A Corporate Communications Director noted that in their company *"...this happens through reasonably regular staff surveys and our appraisal process"* (Corporate

Communications Director). In the Reputation Officer's company, feedback is encouraged through the use of the Intranet; a dynamic site where employees have the opportunity to exchange views across departments and geographical boundaries. Another Corporate Communications Director talked about the success of their induction course for new employees:

"The process starts when one joins, with the induction course. This includes information on the history of the bank and a strong message from the top on what we stand for, but it's also very interactive. We want to involve people" (Corporate Communications Director)

Whatever approach a company decides to adopt with regard to their internal communication activities most consultants argued that internal communication needs to be multi-directional and to encourage active participation. By the term multidirectional consultants referred to activities that encourage employees to exchange views not only with the senior management, but also across their own department, across other departments and across different geographical locations. Consultants also discussed the importance of active participation in the internal communication activities. A Consultant for instance offered the following example:

"The typical internal campaign will be well orchestrated and managed in terms of appearing within the right timeframe in various different corporate media. But it will also be about special events that some or all of the people will go through in terms of 'living exhibitions' where people go through the experience of what the brand is

really all about; that helps them learn and feel what the difference would be like from the old to the new" (Consultant)

Evidently, clarity is key to the success of internal communication programmes. Consultants argued that if their clients want their employees to understand and ultimately 'live' the corporate brand they need to use a very direct language that represents what it is they're trying to achieve, but also in a sense that is engaging and compelling enough to raise interest. As one consultant noted:

"If you clarify sufficiently it's a pull, it's a magnet to them all; you will get a motion of 'buy into'" (Consultant)

One consultant also raised the interesting issue that often within teams, departments or divisions there are certain people that appear to be the 'opinion leaders' for certain groups. He therefore argued that companies need to identify these individuals (which he labelled as 'key enablers') and make sure that they are involved in the internal communication activities. He added that 'key enablers' can be identified by 'walking around', in committee meetings, or by searching for people that employees often refer to in their 'hero stories'.

"Hopefully if the key enablers are involved they'll become 'believers'...Then it should all spread; like a virus" (Consultant)

7.4.4. Human Resource Management Processes

The majority of interviewees argued that although effective internal communication is an essential prerequisite for encouraging employees to 'live the brand', over-reliance on communication is a narrow approach. Interviewees noted that what is ultimately required is behaviour change. *"Involvement, not just understanding is the key"* (Consultant). The corporate brand values and the promises projected to external stakeholders therefore *"need to be translated into day-to-day changes to people's behaviour and success criteria"* (Consultant). Human resource management processes are key in this respect.

The majority of interviewees stressed that behavioural change requires companies to align their HR processes with the corporate brand values, so that the HR activities promote the values that the firm preaches to believe in. This is because:

"If HR processes are not aligned to reinforce the behaviours required, conflicting messages will be sent out in terms of which behaviours are important" (Consultant)

The key HRM activities aimed at encouraging employees to 'live the brand' and hence sustaining an on-brand culture that have been used by all interviewees involved the following inputs:

- recruitment
- appraisals and objectives
- training
- performance measurement and rewards

These practices mirror the management practices that academics have identified as important ingredients for facilitating and managing cultural change within organisations (e.g. Argyris and Kaplan, 1994; Blunt, 1991; Browing, 2000; Hawk, 1995; Jaques, 1989; Ogbonna, 1993; Sparrow and Pettigrew, 1988).

To begin with, interviewees highlighted the importance of recruitment in encouraging and sustaining on-brand cultures. Interviewees argued that the recruitment process has changed a lot over the past two decades. Companies are now increasingly realising that they need to be recruiting employees not solely on the basis of their skills and their achievements but also on the level of fit with the corporate brand values. This was explained by a Corporate Communications Director:

"All of the messages about the nature and style of the corporate brand and the values that prevail, the way we work and the culture that prevails, I think are factors that are becoming increasingly important in the recruitment process" (Corporate Communications Director)

Consultants added that companies need to be clear and honest about prospective employees. They highlighted that, from their experience, recruitment can be a very expensive process especially if companies select people just on their functional skills and not on their cultural fit with the organisation. They argued that these people may find that as the organisation is moving down the particular cultural and values-based route they cannot operate in that environment.

Recruitment criteria therefore need to reflect the corporate brand values; individuals should be recruited on the basis of whether they exhibit the desired on-brand attitudes and behaviours. Consultants gave some interesting examples of companies that have been successful in this process:

"Heathrow Express did research which showed that people hate trains so they wanted to make it like an airplane, that sort of feel and service, and they didn't recruit from the railway industry, so that they could get people who are completely fresh and open-minded and you could train them towards that new approach" (Consultant)

"Carphone Warehouse did not recruit anyone who has ever worked in the mobile phone industry, so that they can train the fresh people to their standards and values" (Consultant)

"Pret-a-Manger are seeking for people who have outgoing characters who are friendly, quick, helpful and a lot of fun to match the message of the brand which is about the need to be fun, interacting with customers and alive, rather than bored and fed up" (Consultant)

Having set appropriate recruitment processes, interviewees argued that successful brands also link employees' objectives and appraisals to appropriate on-brand attitudes and behaviours. Especially when a company is attempting to change its reputation by changing the corporate brand promises, *"objectives, appraisals and* *work schedules need to be monitored and changed to fit the new image of the company"* (Consultant).

Moreover, the majority of interviewees stressed that training must also encourage on-brand attitudes and behaviours. Consultants and company Directors noted that they frequently use residential seminars and road shows to highlight and often demonstrate the desired behavioural change. Some companies also initiate specific training events to cater for individuals or groups within the company. For instance, to enhance speed, which was a key value for one of the companies, employees registered for different technology-related seminars to improve their current skills that have been obstructing them from a speedy delivery. Interviewees added that personal development and on-going support are essential for encouraging employees to 'live the brand'. As one consultant noted:

"If staff see no personal gain in terms of the development of their skills and careers, how is their enthusiasm and motivation to be harnessed?" (Consultant)

Last but by no means least, all interviewees discussed the importance of linking performance measures and rewards to the desired on-brand behaviours that the company aims to encourage. Consultants noted that most of their clients are currently in the process changing their performance measures in order to ensure that they assess people on the basis of whatever the values suggest and not solely on hard, financial measures. As one Consultant highlighted:

"If it's about teamwork, if it's about transparency, whatever it's about, those values are respected and reflected in the reward, remuneration and performance management systems" (Consultant)

Two Corporate Communications Directors gave examples of how they are currently implementing this change in their performance and reward systems. For instance, one company was trying to engineer a shift away from their traditional hard financial measures that have been all about the individual's performance, to measures that are more about team-based, cross-organisational performance. They were aiming to establish measures, which evaluate employees' actions in relation to the requirements of their corporate brand, as opposed to focusing on short-term financial requirements. Although the Corporate Communications Director admitted that the shift is challenging especially in terms of translating soft measures into performance criteria, he argued that the process is essential to encourage employees to identify with the corporate brand and its requirements. The other company was also in the process of aligning its reward system with the requirements of their corporate brand. The company no longer rewards staff with a fixed salary. A small bonus element has been introduced and people are rewarded verbally and financially for exhibiting on-brand behaviours.

7.5 Challenges In Developing And Sustaining On-Brand Cultures

All interviewees stressed that encouraging employees to 'live the brand' is, however, a challenging process. So what are the challenges that consultants and managers are facing in this delicate process of alignment?

To begin with, all interviewees highlighted that people are difficult to manage. Interviewees argued that although designing the visual identity for the corporate brand is often a relatively straightforward process, encouraging people to align their behaviours to the corporate brand promise is much harder. The following interesting quote comes from an interview with a consultant:

"Controlling the form of design and presentation of an organisation, not that everyone gets this right, is reasonably easy. Things like making sure that the signs are the same, the receptions are the same or the literatures are the same. It's much harder to get people's behaviour and culture aligned with the brand, because people are much more unpredictable than signs. People talk, walk, think, do things; signs just stay there" (Consultant)

Five interviewees added that there is only so much one can direct in terms of behaviour. Interviewees noted that although the senior management team can set the principles and provide all the necessary information and processes to support on-brand behaviours, employees inevitably will interpret differently what is appropriate and expected from the corporate brand. And their interpretations will not only be influenced by the senior management's efforts for cultural alignment with the corporate brand promise. Interviewees suggested that employees' own personal backgrounds (sex, age, education, nationality), their interactions with customers, colleagues, friends and family, the media and the industry in general, are all factors which are likely to influence their interpretations of the corporate brand and of what is expected from them in terms of their behaviour.

Moreover, three consultants noted that there is a thin balance between on the one hand allowing people to 'do their own thing' based on their interpretations of the corporate brand and on the other, being over-prescriptive about the types of behaviour that are 'allowed' in the organisation. A Consultant for example noted:

"Where you start scripting and being over-prescriptive it will all backfire. People hate to be told what to do. Allow them to find their own way" (Consultant)

Consultants argued that although the senior management team needs to create the frameworks to assist employees in understanding the brand and the way that they need to work, it is always better to involve rather than direct employees in this process. *"Invariably they'll do it much better than if you had to direct them"* (Consultant).

Consultants, however, highlighted that striking the balance between empowerment and direction is a challenging process. Companies, they said, tend to lean towards one of these two opposite sides of the spectrum and this often proves problematic.

In addition, consultants and managers highlighted that one of the key challenges that they are facing in their efforts to encourage on-brand cultures is that HRM and Marketing have traditionally been separate functions and hence lack of cooperation between the two departments can severely hinder the alignment process.

"Brand alignment isn't easy. It spreads responsibility for the brand way beyond its traditional stamping grounds of corporate communications departments" (Consultant)

Interviewees argued that aligning HRM policies with marketing targets and values requires good communication between the two departments; and often politics and budgets get in the way. A Corporate Communications Director was discussing some of the problems that they are facing:

"There needs to be an open culture where both departments cooperate on reputation management issues. Hidden agendas and politics are often disastrous in this process. This is, however, easier said than done!" (Corporate Communications Director)

Consultants added that traditionally they have been dealing with PR people. They now have to include HR departments in their work and this is often proving a difficult task. They argued that often HR people do not really value or even understand the work that they are doing and how it is related to their department. They did however note that this situation is increasingly improving:

"The more we work with HR Departments, the more they understand that they can do things to improve how staff behave, how they feel, which in turn will lead to a better reputation for the business" (Consultant)

On the other hand, five consultants also noted that corporate communications or corporate affairs departments often pose problems. They discussed that sometimes these departments are mainly interested in the investment community - how to align the reputation with the share price. They therefore sometimes disconnect with the company's day-to-day operations. As one Consultant argued:

"It should be self-explanatory but somehow corporate communications departments sometimes forget it in terms of staff" (Consultant)

Moreover, commitment is also a major challenge in encouraging employees to 'live the brand'. The majority of consultants argued that employees are usually more supportive towards the desired culture if they are committed to the company, if they believe in the company. This finding is in agreement with recent academic writings that highlight a relationship between organisational commitment and acceptance of change within organisations (e.g. Iverson et al., 1996; Yousef, 2000). However, interviewees stressed that people and companies change over time. People, for instance, are nowadays changing jobs on a frequent basis. A Consultant for example noted that:

"The 'job for life' concept is rarely valid today. People are changing jobs maybe once every two years now; they frequently have to re-tune their attitudes and behaviours to the new corporate brand promises"(Consultant)

Encouraging commitment to the corporate brand is therefore increasingly becoming very challenging and re-tuning newcomers' behaviours to the corporate brand promise is a difficult task. The following quote comes from an interview with a Corporate Communications Director:

"We need to focus more on newcomers. 'Enculturing' people in the corporate brand is not an easy task" (Corporate Communications Director)

But companies are also changing. Consultants highlighted the recent surge in re-branding activities and stressed the difficulties that this raises for aligning the existing culture to new corporate brand values and promises. The following quote comes from an interview with a consultant:

"How do you deal with this? People are committed, but they're committed to your past not to what you're now aiming to stand for" (Consultant)

Consistent with academic writings (e.g. Bedeian, 1980; Brockner, 1988; Brockner et al., 1993; Dawson, 2003; Eccles, 1994; Mossholder et al., 2000; Roethlisberger and Dickson, 1950) consultants therefore highlighted that resistance to change is a major problem in this respect. They argued that organisations often do not take into account that some people who have been with the organisation for a long time are likely to be nervous about a change; they may feel threatened by the process and they may even feel threatened by new staff that have joined the company after the change.

One consultant, for instance, noted that the people who are working in an organisation have probably been selected on the basis that their attitudes and behaviours fitted with the values of the corporate brand. When the corporate brand values change, existing employees may not feel ready yet to live in the 'new' environment. Sustaining on-brand cultures in the midst of such tensions can therefore be a challenging process.

Moreover, one consultant noted that multinational organisations are also facing the challenge of encouraging on-brand behaviours around different locations. And this is not just a matter of logistics:

"The challenge with multinational organisations is that obviously they are in many locations, they've got thousands of people from different cultures, that come from different organisations and have different expectations" (Consultant)

Being attuned to the needs and requirements of multinational employees makes the task of 'living the brand' even more challenging.

7.6 SUMMARY

This chapter has presented findings from the initial qualitative phase of the field research. Interviewees highlighted the key role that service employees play in 'making or breaking' a services brand. They argued that employees' actions influence external stakeholders' perceptions of the service organisation and hence should be considered as a key element of corporate brand reputation management. Service organisations therefore need to ensure consistency in all the manifestations of the corporate brand and this, according to all interviewees, requires transparency, aligning brand actions to brand promises and an honest, reality-based approach to corporate brand building.

Interviewees then discussed the pivotal role that the corporate culture plays in encouraging certain values and behaviours within the working environment and stressed the need to align the corporate culture with the corporate brand promise. Interestingly, interviewees made no reference to sub-cultures within organisations and their effects on this delicate process. Interviewees seem to adopt a unified view of corporate culture that, according to recent writings in the reputation literature (e.g. Balmer and Wilson, 1998; Wilson, 2001), fails to acknowledge the complex nature of culture within organisations. However, they argued that encouraging and sustaining on-brand cultures usually requires companies to facilitate cultural change. Interviewees noted that committed leadership, employee involvement from the early stages of the change process and internal communication and HR processes that promote on-brand behaviours, are necessary ingredients for encouraging employees to 'live the brand' and ultimately for sustaining an on-brand culture. However, encouraging and in the long run sustaining an 'on-brand' culture is a challenging process. Managing people is difficult and the tensions between Corporate Communications and HR Departments often complicate the process. Employees are also often resistant to change especially when companies go through re-branding exercises where the existing corporate culture needs to be retuned to new corporate brand promises.

So what kind of advice did consultants offer for companies who aim to be successful in 'living the brand'? To begin with, five consultants argued that service organisations need to 'change the way they change'. The following quote summarises their view:

"They often want to change and there's a lot of noise about changing and being different, but in fact the change experience is structured and delivered in such a way that there is no difference from the traditional norms of the organisation. So what the change does in the end is that it simply reinforces the traditional way they've been operating" (Consultant)

Service companies need to be serious about facilitating change in order to align the corporate culture with the corporate brand promise; short design-led fixes, especially when they are trying to change their reputation, will not be adequate. Unless behavioural change is facilitated within the organisation it is unlikely that employees will be 'living the brand'.

Consultants also noted that one dilemma that service organisations are likely to face in this process is whether they should first establish employee buy-in towards their (new) brand values and then communicate their (changed) visual identity or whether they should first (re)design the brand, communicate it visually externally and internally and then work on encouraging employees to 'live the brand'. Consultants offered mixed views on this. One consultant for instance argued:

"The thing is not to do everything outside and then impose the change inside.

Because it's not credible. Your reputation must be based on reality. Despite what people think PR people can't change reality; it will have to be genuinely good before we can improve the reputation" (Consultant)

But another noted that:

"Most companies are first dealing with the design issues and are then looking at managing their internal realities" (Consultant)

Moreover, a third consultant offered this interesting view:

"I believe we are faced with a paradox. On the one hand, unless you do things internally you're not likely to achieve a real change in your image. On the other hand, people need to have a clear sense of where the company is going and we've found that changes in visual identity are used to signal to people inside the organisation that change occurs" (Consultant)

Overall, the majority of interviewees argued that managing corporate brand reputations should be an 'inside-out' process. However, two consultants and one corporate communications director noted that the bulk of the budget is still directed to external marketing.

"The financial spend on the internal aspects of reputation management is still small" (Corporate Communications Director).

Interviewees suggested that this often creates tensions within the organisation. Consultants argued that companies tend to spend a lot of time, money and effort on the design aspects of the corporate brand and often fail to show equal attention to facilitating behavioural change for the organisation to 'live the brand'. Most interviewees added that this leads to a lack of clarity in terms of what employees should be doing to support the corporate brand promise; and this often leads to speculation and rumours which are likely to hinder the change process. The following quote comes from an interview with a Corporate Communications Director:

"When things are less clear there's a lot of ambiguity. People aren't being clearly directed, they are left on their own initiatives; 'living the brand' isn't going to happen this way" (Corporate Communications Director)

All interviewees also highlighted the need for a more formal process regarding the intraorganisational aspects of reputation management. Interviewees noted that the process at the moment in the organisations they are working with/for is very informal and consequently people tend to loose focus. A Corporate Communications Director, for instance, noted that:

"We slowly begin to realise that we need to formalise the process. We need more specialist skills and to lay down policies for everyone to follow. There needs to be formalisation and standardisation of formal controls" (Corporate Communications Director)

This includes proper accountability about the process and mechanisms that will report on the progress of behavioural change.

In conclusion, two consultants argued that the outstanding common feature of service organisations that have successfully sustained on-brand cultures over the years has been their expertise in managing change.

"Long-term survivors have a strong sense of cohesion and identity among their employees, a clear sense of what the corporate brand stands for and put an awful lot of work in facilitating 'on-brand' behaviours within the organisation; managing change is what they excel in" (Consultant)

Achieving this is, however, extremely challenging in a time where companies are often under pressure to change their corporate brand reputations. The task of aligning employees' behaviours with the requirements of new, desired corporate brand identities is a critical test for service managers. The next chapter therefore further investigates this issue in the context of a leading communications company (COM A), which, in their efforts to change their reputation, is currently involved in the challenging process of re-tuning the corporate culture to new corporate brand promises.

CHAPTER EIGHT

CASE STUDY: FINDINGS FROM THE QUALITATIVE PHASE

CHAPTER EIGHT.

CASE STUDY: FINDINGS FROM THE QUALITATIVE PHASE

8.1 INTRODUCTION

The previous chapter considered the role of service employees in the corporate brand reputation management process, discussed the importance of encouraging employees to 'live the brand' in order to sustain an on-brand culture and highlighted the difficulties associated with this process. One of the findings that emerged from this initial exploratory phase with reputation consultants and managers was that this process is particularly challenging when companies decide to change their corporate brand in an attempt to change their reputation with stakeholders. Consultants and managers argued that the task of aligning employees' behaviours with the requirements of new, desired corporate brand identities is a critical test for service managers. This chapter therefore aims to focus on a leading communications company (COM A), which, in its efforts to change its reputation, is currently involved in the challenging process of "retuning" the corporate culture to the requirements of the new corporate brand.

The chapter presents findings from interviews with the senior management team with reference to the following objectives (for a more detailed analysis of these objectives refer to Section 6.3):

Objective 5: To identify the motivation behind the desired change of COM A's reputation and understand the requirements of the desired change

Objective 6a: To explore the role of COM A's employees in the process of changing the corporate brand reputation

Objective 6b: To explore the role of the corporate culture in the process of changing COM A's corporate brand reputation

Objective 6c: To explore the ways through which COM A's senior management attempt to align the corporate culture with the new desired corporate brand values

Objective 6d: To explore the challenges that COM A's senior management are facing in developing an on-brand corporate culture

The findings are based on a programme of 14 interviews with Directors in COM A and observations of two senior staff meetings. Details of the selection of personnel for interview and the nature of the interviews are set out in Chapter 6.

8.2 CHANGE IN COM A

8.2.1 Introducing COM A

COM A, one of the UK's leading communications companies, provides voice, data, Internet and contact centre services to business customers. The company prides itself on offering individual, integrated solutions in partnership with its clients. Its services include:

- a wide range of data and telecommunication services, including direct and indirect switched, freephone, premium rate and other number translation services and non-switched products including capacity, leased line and managed data services,

- call centre services including telemarketing, call centre integration, fulfilment, consulting and disaster recovery services on a fully outsourced basis, and,
- a variety of Internet services, including web hosting, web design, leased line and e-commerce facilities, as well as wholesale Internet services and non-subscription Internet access.

COM A has offices in 14 locations in England and Scotland and at the time of the research employed just over 1000 staff. The company has an impressive client base including Amstrad, Big Brother, Cisco, Compaq, London Metropolitan Network, Nexus and Labtech, Sky and Standard Life.

In terms of its financial performance, COM A's turnover has consistently increased over the years, but the company has not been profitable for the last six years (see Table 8.1). However, in 2003, for the first time since their flotation, COM A has become operating cash positive (not after interest and capital expenditure).

	2003	2002	2001	2000	1999	1998	1997
Turnover (£000s)	291,236	268,354	229,322	213,903	166,058	81,482	40,314
Profit/Loss (£000s)	(58,985)	(103,756)	(55,263)	(59,696)	(3,028)	(4,607)	144

Table 8.1: The Financial Profile of COM A
Source: Annual Report COM A

8.2.2 The Evolution

The evolution of COM A is depicted schematically in the following diagram:

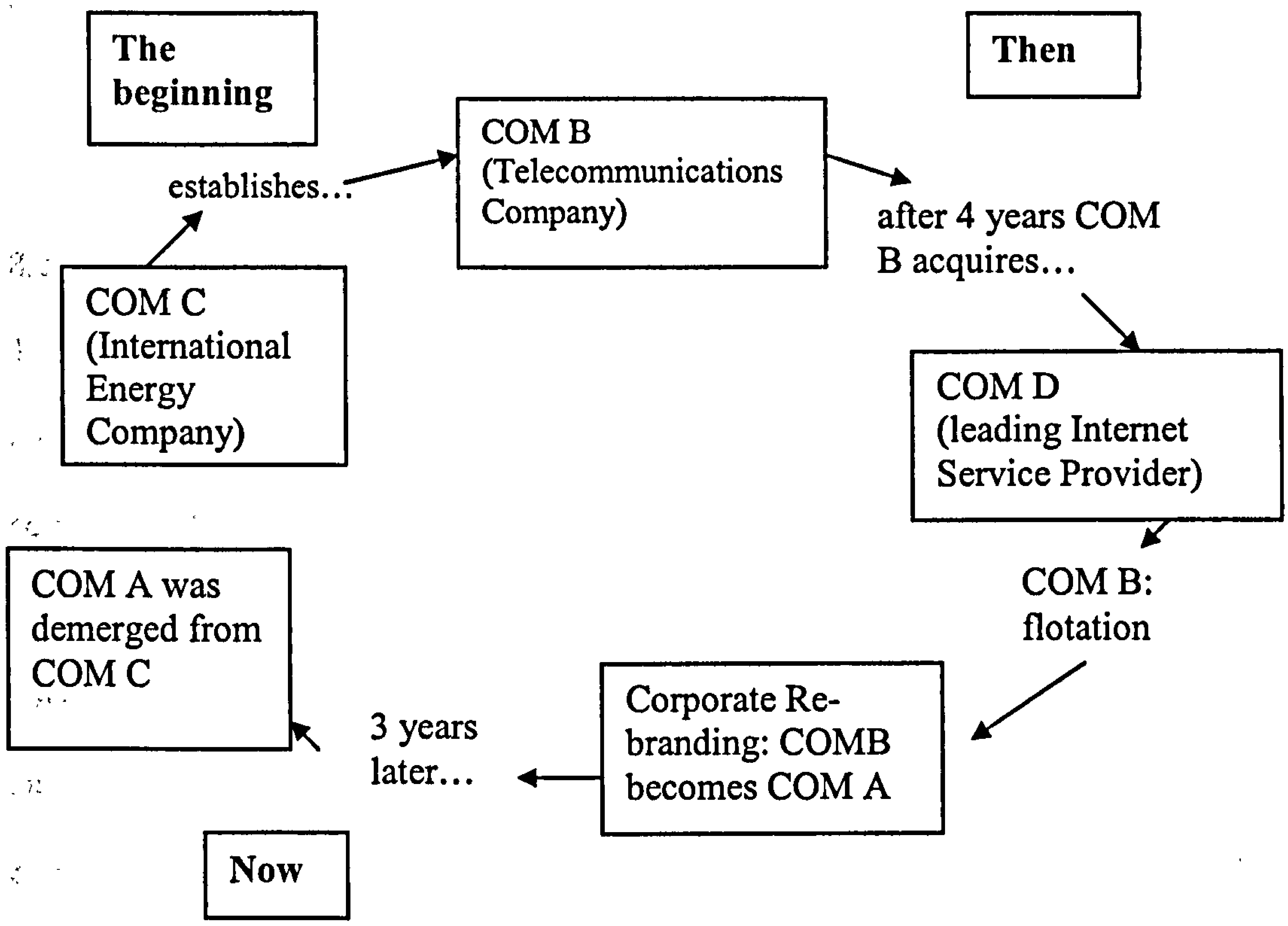

Figure 8.1: COM A: The Evolution

COM A started its operation as COM B and was originally established by COM C, an international energy company (these names will be used in the thesis to preserve confidentiality). In the early days, COM B was therefore regarded as the telecommunications division of COM C. Four years after its inception, COM B acquired COM D (again, this name will be used in the thesis to preserve confidentiality), an established, leading Internet Service Provider, known in the industry for its efficiency, flexibility and excellence. A year later, the rapid development of COM B led to the flotation of the company on the London Stock Exchange, with COM C remaining a major shareholder. Just before the flotation, COM B went through a corporate re-branding exercise and became COM A. Three years after the flotation COM A was demerged from COM C.

8.2.3 The Motivation Behind the Change

The initial objective of the qualitative phase was to identify the motivation behind the re-branding exercise and understand the requirements of the desired change. The company's Annual report in its first year operating as COM A stated:

"Welcome to the beginning. Welcome to Com A... (This) has been a year of enormous change for COM A. We have moved the business from a regional conglomeration of established but traditional telecoms businesses, operating as a wholly owned subsidiary of COM C, to an integrated and innovative communication company focused on the provision of next generation data and internet services to the UK wide corporate and SME market. The rapid development of our business led us to announce our intention to seek a separate listing and on (date) we were admitted to the official list of the London Stock Exchange... We've created a new company for a new age"

So what was the motivation behind the corporate brand change? Directors highlighted five main reasons as the key factors that triggered the change from COM B to COM A. To begin with, all interviewees noted that although COM B was traditionally seen as a regional player, this reputation was not reflecting the company's current situation. The acquisition of COM D and the expansion of their national network meant that the company neither was, nor it aspired to be a regional brand any longer. The company therefore wanted to change external stakeholders' perceptions and be regarded as a national player.

"COM B was a regional player and the name reinforced that, while we wanted to be a national business" (Head of Corporate Risk)

"It was the need to portray a national network; there was an objective of creating something that would portray a player competing in the greater market. Changing our name was a good starting step" (Marketing Director)

Moreover, Directors noted that COM B was also no longer a traditional telecommunications company, as the COM B name suggested. The brand therefore had to change to encapsulate the extended services that the company is offering. Interviewees highlighted that the company is participating in the Internet and data area and felt that the old brand had connotations of a national, incumbent, slow telecomms organisation, while they were trying to project a young, fast and dynamic IP, data and Internet organisation. Changing external stakeholders' perceptions of the company as a telecom was a priority.

"A lot of people still viewed us as a telecom. We wanted to get the message across that we weren't a traditional telecommunications company" (HR Director)

It is therefore evident that the new brand aimed to signify a new strategic direction for the company. In one of the interviews with senior management, the Head of Corporate Risk for instance noted:

"I think COM A came when we had real clarity of what we're trying to achieve as a business and the strategy for getting there. It was more than changing the name" (Head of Corporate Risk)

So the strategy of the company had changed and the senior management team felt that they needed to reflect that in the branding. Rather than being the regional telecommunications division of COM C, the new COM A aimed to become the pre-eminent alternative to the UK's leading communications provider in the UK business services market. The company withdrew from the provision of residential telephone services and aimed to solely target Corporate and SME customers. With emphasis on its data, contact-centre and Internet services the company also aimed to move away from the traditional, slow telecommunications image and project a more cutting-edge, young image in the market.

The majority of interviewees also felt that a key motivation behind the re-branding exercise was to develop a brand that would help unite the different parts of the business, internally and externally. From an internal perspective, the senior management team wanted to use the new brand to help unite the different component parts of the organisation: COM D, the call centres, COM B, etc. The company had grown organically and had therefore brought together different parts with different structures and cultures. There were different methods of working and little financial synergy between the different parts in terms of cost savings or supplier management.

"Essentially, people were operating in different cycles, in different companies under the brand of COM B" (Director of Business Integration)

It was therefore important to try very hard to unite the company under one umbrella corporate brand. This was not nurtured by the old visual corporate identity. Interviewees argued that the old identity portrayed the company as a group of separate entities. On the contrary the new corporate brand aimed to create a new unified identity to help all employees think more unified internally. As the HR Director noted:

"We wanted to unite everyone under one umbrella so that we have something common to identify with...to make sure that we got our employees to weld to that thinking" (HR Director)

Externally, the new corporate brand also aimed to bring together the different product lines and create cohesion for customers and the City. Although COM B had established a good reputation in the industry for high levels of service quality, COM D was still largely perceived as a separate company. A new corporate brand was therefore required to ensure that the company capitalises on the strengths of all its businesses.

"The goal was to create one flag, one company so that the City and our customers understand one strategy and one voice" (Director of Legal Regulation and Strategy)

However, two Directors were more cynical about the motivation behind the re-branding exercise. They argued that the main reason behind the change was that the company wanted to grab investors' attention before the flotation to ensure interest in the IPO.

"We needed to come up with a new name, something unusual and distinctive, and we did. So it got a lot of attention at a time when a lot of new players came into the market, a lot of IPOs" (Head of Corporate Communications)

They therefore viewed the corporate re-branding exercise more as a PR trick and less as a planned effort to change the strategy and retune people's behaviour within the organisation. They felt that the senior management team was hence mainly looking for a distinctive name that would grab investors' attention and raise discussions about the company's IPO; a cleverly designed facade without necessarily the substance to back it up.

8.2.4 The New Visual Corporate Brand Identity

Taking into consideration the aforementioned reasons, the senior management team embarked on the challenging process of corporate re-branding (one and a half a year prior to this study). Interviewees noted that their starting point was to select a new visual corporate brand identity. The company was following what consultants in

Chapter 7 identified as common practice in the industry: they planned to first re-design the brand, communicate it visually externally and internally and then work on encouraging employees to 'live the new brand'. The senior management team therefore searched for a new name, a new logo, something unique that would signify the company's new strategic direction as a national player with a wide range of services, that would unite people within the organisation, create a coherent image externally and grab investors' attention for the IPO. Interviewees noted that although a consultancy was involved in this process (providing help and expertise), the re-branding exercise was essentially led by the senior management team.

The researcher was then interested in exploring the extent to which employees were involved in this process for selecting the new visual corporate brand identity, since both academics in the cultural change area (Chapter 5) and reputation managers and consultants (Chapter 7) appear to suggest that the success of such re-branding exercises often depends on the involvement of employees from the very early stages of the change process. Interviewees offered mixed views on this issue. Some did not mention employees at all when they discussed how the senior management team selected COM B as the most appropriate name. Others mentioned that employees had some (but limited) involvement in the process.

Overall, employees' role appeared to have been mainly on the receiving end of the process. According to some interviewees, employees' involvement was limited to a few focus groups, where staff were asked to evaluate a number of different options for the new name. One of the focus groups was given the name COM A, one was given an alternative name and one was given the opportunity to say whether the company did need to change from COM B at all. Employees were not enthusiastic about any of the alternative names, but the consensus view was that although there was a lot invested in COM B and what it stood for was clear, there was a recognition that the brand needed to change to encapsulate the company's new strategic direction and provide something that everyone in the organisation could buy into.

The company, however, was mainly *"involving employees by communicating to them, not consulting with them"* (HR Director). Interviewees noted that this happened not because the senior management team did not consider employees to have a key role in building the desired reputation for the new brand; an issue which has been highlighted both in the academic literature (Chapters 3 and 4) and in the initial exploratory interviews discussed in Chapter 7. On the contrary, all interviewees stressed how important they considered employees' behaviour in validating the new corporate brand promise to external stakeholders. They all agreed that the success of the new brand largely depends on employees' willingness to adopt the new way of doing things in COM A and to project the new on-brand messages in their everyday attitudes and behaviours within and out with the organisation. However, interviewees noted that the company only allowed a limited time period for the introduction of the new visual brand identity and this, they argued, is probably the explanation behind the limited involvement of employees in the initial stages of the re-branding exercise. The senior management team wanted to launch the new visual identity before the flotation in order to raise publicity around the IPO and hence there was not enough time for an adequate consultation process with the company's employees.

At the end, the name COM A was selected by the Board of Directors and a new visual identity was designed. The new name was selected on the basis that it signified a new era for the company; it was unique, distinct and memorable (and hence had the potential to grab investors' attention) and it was not associated with any of the old identities (COM B or COM D) and, therefore, had the potential to encourage buy-in throughout the company.

8.2.5 The New Corporate Brand Values

Following the new visual corporate brand identity, a new set of values were also established at the re-branding time. Interviewees offered mixed views as to who established these values. Some talked about the involvement of the Chief Executive, while others argued that it was the result of a joint effort by the senior management team. The majority, however, highlighted that the values were mainly set by top senior people and that they were not a result of any extended consultation with the wider organisation. Moreover, although interviewees did not refer to a specific timeframe, it appeared that, as with the new name, the company did not invest a lot of time on re-designing the corporate brand values for COM A. As both academics in Chapter 5 and consultants in Chapter 7 highlight, such an approach is likely to result in 'espoused' values that are not 'enacted' within the organisation; values that encapsulate the vision of the board of Directors, but are probably out of line with the 'values-in-use' in COM A (Argyris, 1982; Martin and Meyerson, 1988; Schein, 1984; Siehl and Martin, 1988).

Having said that, the company literature provided by the Corporate Communications Director suggested that the formal new (desired) values of COM A are as follows:

Innovation
Simplicity
Speed
Service quality and customer service
Professionalism, integrity and respect for others
Clarity of standards
Effective, open flow of communication
Encouragement of teamwork
Emphasis on growth
Commitment to the community and being environmentally responsible

Table 8.2: COM A's New Corporate Brand Values

8.3 External and Internal Reactions to the Change

8.3.1 External Reactions to the New Brand

Interviewees highlighted that the brand change received mixed reactions externally.

"Some customers, for instance, seem to think the name is absolutely ridiculous and others quite like it" (HR Director)

Directors reported that customers increasingly consider COM A as an innovative and forward-looking company, at the leading edge in terms of technology. Recent surveys also illustrate that the company is highly regarded in terms of its attention to quality and the high levels of customer service. However, interviewees argued that many of their customers are still confused about the brand change. And this, according to three interviewees, is slowly but surely leading to a lack of identification with the company and a crisis of identity with its customers. Interviewees, for instance, noted that many customers still fail to understand what COM A is all about and also fail to make the connection with the old identity:

"We came up with a name which was an empty vessel. We had a strong identity; our customers knew what we stood for. They replaced this with a name that didn't mean anything" (Director of Business Integration)

According to the majority of interviewees although key customers perceive the new name as modern and high tech, they also view it as a name without a past. Directors therefore find that when they talk about COM A externally they (almost always) need to mention COM B or COM D so that customers understand what the company is all about, where it is coming from and add credibility to the new name.

Interestingly, four Directors noted that some customers fail to understand and identify with the new brand to the extent that they openly admit that they miss the old identity (COM B). Interviewees, for instance, noted that many customers report to miss the Scottishness they bought into the old brand.

"If we ask our customers now what do you think of the new identity many of the Scottish based corporate clients will say that they miss COM B, they miss the old identity. Because it was a very strong brand and it was replaced with a vacuum" (Director of Business Integration)

Some also miss the association with COM C and its values, especially in terms of the old emphasis on serving the family and the local community and the reputation for high levels of service quality and innovation. And others miss the maverick image of COM D and are confused about the relationship between COM D and COM A.

If one accepts that these views are a true representation of customers' reactions towards the new brand, then why are customers still attached to the old brand? One of the main reasons, according to the majority of Directors, is that the company has not been effective in communicating the new brand and its values externally. Recent surveys suggest that customers have been disappointed with the fact that the company has not marketed the new brand more aggressively to make COM A more visible and confident in the marketplace; and three Directors felt that this perception was probably true. They argued that the company did not support the re-branding by any sustained advertising or information externally.

"We published our name and that's all that we did" (Human Resources Director)

Although, according to the Corporate Communications Director, the company invested some time, money and effort on advertising and PR during the launch of the new corporate brand, this was not sustained after the flotation. Most interviewees therefore suggested that COM A requires more consistent external communication support to encourage customer identification with the new brand name and its new values. Some also suggested that it might be a very good and positive action to make COM A's past more explicit in their external communications and quit ignoring or suppressing the company's history.

Directors added that these confused reactions by COM A's customers have also been mirrored in the national press. According to the majority of interviewees, at best articles have been presenting COM A as *"entirely bland; there is nothing associated with our name at all"* (Director of Business Integration), while at worst with *"commentary such as isn't it a stupid name?"* (Corporate Communications Director). One would assume that such publicity must be unsettling both for senior and junior staff within the organisation.

In terms of the financial community, Directors argued that although the reactions to the re-branding exercise were initially positive (prior to the company's flotation), COM A seems to be losing credibility as time goes by.

"I think the City is on a wait and see at the moment for us. The market is very brutal. I think they view us with concern; a maybe, maybe not feeling" (Information Technology Director)

COM A has been through a rocky period in terms of its financial results and its share price. The Telecom industry is going through some rough times and COM A has been affected by the uncertainty evident in the market. This has obviously influenced investors' confidence in COM A. Directors argued that they reckon that the City is currently *"giving COM A a chance"* (Corporate Communications Director), but they are not sure as to how long it will be before investors lose confidence and interest in the company. Interestingly, all interviewees also noted that through their discussions with key investors they have identified that investors also miss the Scottishness of COM B. For instance, in one of the senior staff meetings, the Brand Director talked about an in depth discussion that she recently had with a City expert who was strongly arguing that the company's Scottish roots are currently a sleeping brand asset with COM A.

"The Scottish brand carried with it connotations to the rest of the UK; prudence and a value for money image. And that is something the financial community appreciates and we have probably lost that from COM B" (Branding Director)

Consequently, Directors highlighted that they are faced with a dilemma as to whether it makes sense to reconnect the new brand with its Scottish roots; after all one of the reasons behind the brand change was to move away from the regional image and be perceived as a truly national brand.

8.3.2 Internal reactions to the new brand

Directors reported that internally the new brand has also received mixed reactions. For instance, they noted that although many employees initially appeared to agree with the need to change the COM B brand, currently a large number of employees do not yet identify with the new brand and the new brand values. This, they argued, probably comes partly because many employees still identify to a larger extent with the old brand. Especially in the case of former COM D employees, Directors noted that they are particularly proud of the COM D brand, to the extent that some do not want to be considered as part of COM A.

"You often get the feeling that they don't want to be part of this; they want to be considered as part of COM D" (HR Director)

However, interviewees highlighted that it is not only COM D employees who are exhibiting a lack of identification with the new brand. Directors believe that there is a more general *"crisis of identity with our employees in terms of buying into the new image"* (Director of Business Integration). Interviewees, for instance, reported that employees often resort to old names to explain what the company is all about or which division they are coming from. They also noted that many employees seem to be concerned that the new name has suffered from a lack of external awareness. The Brand Director in particular highlighted how important it is for employees to be part of a well-reputed, externally recognised organisation. This was also highlighted in the literature review (Chapters 3 and 5) and in the initial exploratory findings with reputation consultants and managers (Chapter 7). The Brand Director was concerned that the more employees feel that COM A lacks an external presence and recognition, the more alienated they are likely to become from the new corporate brand identity.

Five interviewees also reported that they would expect that most employees in COM A are not aware of the new values:

"I don't think they have a clear idea of our vision and our values" (Corporate Communications Director)

They therefore argued that although the new corporate brand values encapsulate the desired strategic direction of COM A, they are probably not (or at least not yet) 'living' values. In other words, these five Directors felt that many employees may still not understand and live their everyday working life by the new corporate brand values. The following interesting quote highlights this issue:

"And when I say what our values are, I guess it implies what we say our values are; most people don't even know the values. Unless people understand what the values are and buy into them, they are not actually what our values are; I'm not even sure whether they are what they should be" (Director of Business Integration)

This was a common worry expressed in the interviews with the Directors and in the two senior staff meetings that the researcher observed. If it proves true that after a year and a half most employees do not identify with the new set of values representing the corporate brand promises of COM A then maybe these values are not in touch with the reality of the organisation and hence need to be redefined. Two Directors for instance argued that although boldness, simplicity and speed are core elements of the new values, COM A's processes aren't mature enough to validate these values. They stressed that operating with simplicity and speed is very difficult for a young company that is still climbing the learning curve. Moreover, three Directors debated whether growth is also a valid value for the organisation. They argued that the recent financial results are not demonstrating this value. Interestingly, one of the Directors noted that the value of quality of service is one that most people identify with within COM A. But that, he argued, is probably true *"because of the value that individuals within the company place on this particular corporate value and not that the corporate entity is placing particular value on quality"* (Director of Corporate Communications). His comment highlighted a potential "them and us" attitude within the organisation; the 'company' and the 'senior management' versus COM A's employees. This Director in particular suggested that employees may feel remote from the senior team, signs of a not very supportive, "get on with it" culture.

Another surprising finding emerged in one of the senior staff meetings that the researcher attended as an observer. In that meeting, when the CEO asked his first reports what COM A's values were, only one of the Directors in the meeting was able to answer the question. This was also confirmed in the interviews. When the researcher asked the senior managers to name the corporate brand values, although most of the respondents talked about boldness, simplicity and speed, only two managed to recall the full set of values. Faced with this uncomfortable situation most interviewees prompted the researcher to have a look at the 'value card' (a small card explaining the new values of COM A) in order to see for herself what the new corporate brand values were. The following are excerpts from two of the interviews:

"There's a little card that has all the values; have a look. If I tried a little harder I could tell you them all" (Head of Corporate Risk)

"Well, we have a set of business values, which is a little card. I can't remember them at the moment" (Director of Business Integration)

It therefore appeared that not only COM A's employees but also the senior management team suffered from a lack of identification with the new corporate brand. Although most members of the senior management team reported that they were happy about the name change, it was evident that most of them have not yet 'bought into' the new brand values associated with COM A. There are various possible explanations for this. Firstly, some of the interviewees noted that they have felt excluded from the process of setting the new values and hence have found it difficult to identify with COM A's values. Others, based on the interviews, clearly believe that the values are aspirational rather than actual; that they represent what the organisation should aim to become but not necessarily what the organisation is actually all about at the moment. And some felt that the process of setting the values was rushed and hence they haven't had the time to identify with the new set of values.

Whatever the reason behind the senior team's lack of identification with the new values, this is obviously a dangerous territory. Authors in the cultural change literature clearly suggest that in order to persuade and mobilise others in the organisation it is imperative that leaders 'live' the values and are seen to believe in them (Blunt, 1991; Change and Wiebe, 1996). Persuading and mobilising others to buy into the COM A brand must have been and still be really challenging if the leaders of the organisation themselves have not yet bought into the new corporate brand values.

Some interviewees also noted that all the aforementioned facts illustrate that the new values may not even encapsulate COM A's core competencies; that they are rather a set of aspirational values that demonstrably the company is not achieving very well. They therefore argued that this situation has created many problems for COM A. To begin with, three Directors suggested that the difference between the aspiration and the actuality is often too big and, they feared, that this may even discourage employees to accept that these values, even if they are aspirational, can actually be achieved. They argued that employees may therefore even fail to identify with the "dream" of the new corporate brand. In addition, two interviewees suggested that they fear that the new values have created a "credibility gap" for COM A; a problematic gap between the 'real' values (the actual values that guide employees' day to day attitudes and behaviours) and the company's espoused values communicated in the annual report. And their fear is that the company will fall into disrepute amongst the staff and externally as well. The process of designing the new values was rushed and as an effect, the majority of interviewees are afraid that, even one and a half year down the line, internal and external stakeholders still do not identify with the new values as what COM A actually stands for. One director even suggested:

"If we hadn't had the flotation then potentially we shouldn't have re-branded until now. But because we had the flotation we probably had to re-brand before then, but we couldn't follow through. It just hasn't been attributed the right values at all" (Brand Director)

8.4 THE ROLE OF CORPORATE CULTURE

Although the new brand has received mixed reactions both by external and internal stakeholders (even, to the researcher's surprise, by the senior management), all interviewees stressed that aligning the existing corporate culture with the new corporate brand values would be key for the success of the re-branding process.

In agreement with the academic literature (Chapters 3, 4 and 5) and findings from the initial qualitative stage with reputation consultants and managers, interviewees noted that COM A is essentially a service business and hence the behaviours of its employees are also likely to determine (to a large extent) whether the company will be able to change its reputation externally. Directors argued that staff can make or break the new brand; *"the brand is intangible but they give it life"* (Director of Legal, Regulation and Strategy).

Five Directors therefore discussed in some detail how the culture within COM A affects staff behaviour in the working environment. One of the Directors for instance argued:

"The culture defines the expectations. It highlights what's right and what's wrong, what's accepted and what's not. The culture will affect the behavioural norms, so yes, we knew that alignment would be a critical test for us from the very beginning" (Corporate Communications Director)

For COM A, aligning the corporate culture with the new corporate brand promises has hence been one of their main concerns over the past one and a half year. However, contrary to recommendations by academics (e.g. Clutterbuck and Crainer, 1990; Dawson, 2003; Murphy, 2000) and practitioners (Chapter 7) it appeared that the senior management team hadn't done any preparatory work regarding cultural alignment before the flotation and the launch of the new brand. Although studies clearly highlight the importance of involving employees from the very early stages of the change process and of assisting the organisation to prepare for the change it seems that this hasn't been the case in COM A. Directors noted that they *have* been extremely busy in trying to identify ways to re-tune the corporate culture but only *after* the flotation and the launch of the new brand. Their goal has been *"to affect employees' hearts and minds and encourage them to feel and think differently"* (HR Director) so that their attitudes and behaviours are aligned with the new corporate brand promises. All interviewees noted that behaviours have to change within the company, so that all employees pull together as a single entity, a single team, towards the new values of COM A. And this, they noted, requires employees to change from being very insular and protective of their division and its' past brand associations, towards a *"one company one voice way of doing things"* (Marketing Director).

So what kind of behaviours do they aim to encourage to nurture this new way of doing things? The majority of Directors argued that they essentially want to tip into the structure, discipline and documentation of the telecom and contact centre sides of the business, but also maintain the innovativeness and speed that have long existed in the Internet side. And this, they argued, is encapsulated in COM A's new corporate brand values. Staff behaviour therefore needs to promote COM A's key priorities: growth, customer satisfaction, boldness, simplicity, speed, integrity, professionalism, accountability, superior performance, teamwork, collective responsibility, a respect for the individual, commitment to the community and being environmentally responsible.

The HR Director for instance highlighted that the senior management team is trying to encourage employees to be accountable but also confident in their actions. She stressed that in COM B things happened in a much more constructed way, whereas after the flotation the company has been encouraging employees to stand on their own two feet, make a lot more decisions and push things forward. Directors argued that they are therefore trying to encourage what they called an 'ability-oriented' culture which is supported by teamwork and is not territorial. A culture which is supportive (to an extent) but also encourages very much a *"get on with it attitude to doing business"* (Head of Corporate Risk).

However, Directors' comments on the internal reactions towards the new brand (8.3.2) indicate that retuning the corporate culture has not been an easy process in COM A. The following sections discuss the efforts undertaken by the senior management team to encourage and sustain an on-brand culture and highlight the challenges that they are facing in this process.

8.5 ENCOURAGING AND SUSTAINING AN ON-BRAND CULTURE

Although establishing the desired values for the new corporate brand was an important starting point for the re-branding process, interviewees emphasised that the following have been instrumental in their efforts for aligning the corporate culture with the new corporate brand promises:

- Leadership
- Restructuring
- Internal Communication
- Human Resource Management, including:

  -Recruitment

  -Performance Measurement and Rewards

  -Training

8.5.1. Leadership

Consistent with writings in the academic literature (e.g. Blunt, 1991; Schein, 1991; Wilson, 1996) and findings from the initial exploratory stage (Chapter 7), all interviewees emphasised the key role that they feel leadership plays in encouraging employees to 'live' the COM A brand. Directors argued that as leaders of the organisation they are trying their best to foster cultural alignment with the new brand promise by actively leading by example. Directors felt that if they're not 'walking the talk' visibly within the organisation there is a danger that the re-branding efforts will be perceived as *"empty waddle of management rhetoric"* (Head of Corporate Risk).

As leaders of the organisation, Directors therefore believe that they have the responsibility to instil staff with a belief in COM A's values. They consistently strive to encourage employees to distance themselves from the COM B way of doing things and adopt COM A's philosophy. Directors suggested that in a sense they seek to encourage employees to feel passionate about the new brand. How do they achieve that? Three Directors argued that they are doing this by being consistently enthusiastic about the new brand in their everyday interactions with staff in COM A. By doing so they hope that enthusiasm will spread across the organisation. Five Directors also discussed the listening role that they have as leaders in the organisation. One Director for instance noted:

"You need to sit with your employees and listen to what they're telling you" (Director of Legal, Regulation and Strategy)

But the majority of interviewees argued that listening and getting feedback from employees has not probably been as effective as they would have liked within COM A.

"...we probably listen in patches. Sometimes we listen well and other times we don't listen. And you've got to listen all the time" (Marketing Director)

Although they emphasised the fact that listening to employees and involving them in the change process is essential for successful cultural alignment, they noted that their approach is often top down and quite prescriptive. But that, they said, has probably been the case because things have been rushed with regard to the re-branding exercise and, hence, no proper time has been invested for extended consultation with COM A's employees in the period before and just after the launch of the new brand. However, this is slowly changing. The senior management team is now actively involved in organising in-depth consultation sessions with groups of employees across organisations. For example, recently, the Brand Director organised seven employee workshops across the company, seeking feedback on current perceptions of the COM A brand and the effectiveness of the change process from approximately 85 employees. A Management Development Programme is also currently under way for assisting senior and middle managers in the process of encouraging on-brand behaviours within their divisions and departments.

But interviewees argued that they find their leadership role in assisting the alignment process within COM A to be challenging, time consuming and emotionally draining. To begin with, persuading and mobilising others to buy into the COM A brand has been really challenging for some of the leaders who have not yet themselves bought into the new corporate brand values. Three Directors in particular emphasised how hard they find it sometimes to encourage employees to buy into the values that they themselves often find aspirational and unrealistic. Moreover, most Directors noted that their leadership role in this change process is very time consuming. They argued that often there are other priorities that emerge in their day-to-day management of the business and hence they are often guilty of *"taking the eye off the ball"* (Corporate Communications Director) with regard to assisting employees in the change process. Over the past six months, for instance, they have been largely preoccupied with the financial situation in COM A and the management of the share price, and hence facilitating the change process has not always been high on the agenda. And last but not least, two Directors commented on how their leadership role is often hindered by politics within the organisation. They argued that competition for budgets and conflicting priorities within departments often pose obstacles for coordinating an organised effort for cultural alignment with the new brand promises. Two Directors argued that they find this process emotionally draining, especially when they have to be involved in direct conflict with colleagues from other departments or divisions in COM A.

8.5.2 Restructuring

All Directors noted that one of the areas that they have been very successful in their attempts to mobilise cultural alignment with the new brand promises has been the restructuring process that has taken place across the organisation. This was one of the first initiatives after the launch of the new brand and the majority of Directors suggested that it has made a dramatic difference in terms of how things work within COM A. The restructuring process transformed the organisation from a conglomerate of *"legacy business units"* to a company with *"function-oriented business units"* (HR Director). The business has now been reorganised under one structure and management reporting line. The structure has been centralised to ensure consistency across the organisation.

"We've now got one Sales Department, one HR department, one Engineering Department; we don't have multiple companies with all these departments any more" (Corporate Communications Director)

Most Directors argued that the new structure promotes commonality of practice and supports common reporting processes across the organisation. Overall, the new structure promotes clarity and transparency across the different divisions in COM A and encourages the 'one company one voice' way of doing things that the senior management team is so keen to nurture.

8.5.3 Internal Communication

Similarly to academic suggestions (e.g. Foreman, 1997; George and Berry, 1981; Graves, 1986; Sathe, 1985; Silverzweig and Allen, 1976), Directors emphasised that their efforts of aligning the corporate culture with the new corporate brand promises have also been supported by a range of internal communication initiatives. Interestingly, most interviewees noted that these communication activities have been mainly initiated after the launch of the new brand. In other words, contrary to suggestions by academics (e.g. Axley, 2000; Murphy, 2000) and practitioners (Chapter 7), the company did not have a planned internal communications programme before the brand change to encourage employees' involvement in the process (before the flotation and the launch). Since staff are generally more supportive of things they have helped create (e.g. Axley, 2000) this may have created problems for COM A in terms of the extent to which people actually identify with and understand the requirements of the new brand in their working environment.

Moreover, the lack of extensive consultation with COM A's employees before the re-branding exercise may have hindered organisational-wide understanding on why a change was required in the first place (e.g. Axley, 2000; Smythe, 1996; Chapter 7).

However, since the launch of the new brand and the flotation on the stock exchange a mix of top-down and two-way internal communication activities has been employed in COM A. To begin with, just after the launch of the new brand, the senior management team introduced a company magazine called OneVoice. The magazine has a twofold purpose. Firstly, it provides the senior management team with a medium to inform staff on new developments within the organisation, to reinforce messages related to the new brand and to clarify issues related to the change process in COM A. At the same time the magazine also aims to provide employees with a medium to share their and their department's success stories and initiatives and voice their opinions across the organisation. The majority of Directors noted that the OneVoice magazine has been received with great enthusiasm by COM A's employees and that it encourages cross departmental and divisional communication. It aims to *"break down the barriers that existed between divisions in the COM B way of doing things"* (Corporate Communications Director) and encourage staff to view the organisation as one entity with common goals and objectives.

Another form of communication that the senior management team have invested on heavily internally is COM A's Intranet. Directors noted that the Intranet is regularly used by COM A employees and is considered as *"state of the art – it's really tip top"* (Head of Corporate Risk). Currently, the Intranet has different sections where employees can learn more about the structure of COM A, the array of services offered, the functions of different departments and divisions within COM A and the vision, values and objectives of the new corporate brand. To encourage feedback within the organisation, the Intranet also has a Questions and Answers section, where employees can post questions and get answers from relevant fellow colleagues and/or the senior management team. However, the Intranet Manager highlighted that employees have not been using the 'feedback' section much on the Intranet. During the interview she therefore noted that:

"We are working very hard at this point in time to accelerate the improvement of the Intranet that's required to try and make it a communication device rather than just a tool" (Intranet Manager)

Her concern is that the Intranet is currently mainly used as an information medium, where staff log on when they are unsure about a service offering or when they need to get the contact details of a colleague in another department or division. The Senior Management team believe that the Intranet should offer much more than that. The Intranet Manager is therefore currently working with the Corporate Communications, the Marketing and the HR Departments to improve the interactivity of the Intranet and encourage a dialogue process across the organisation. For example, the HR Department aims to increasingly use the Intranet as a means of conducting employee surveys. The Corporate Communications Department is encouraging employees to use the Intranet-based news groups and also aims to increasingly use the Intranet as a medium for initiating a dialogue within the organisation on the challenges that employees experience in 'living the new brand'. The Marketing Department is also working hard to identify ways through which the Intranet could be used as a training device for new and existing employees with an emphasis on the desired on-brand behaviours.

The majority of interviewees also discussed the use of email within COM A. They argued that a lot of their day-to-day communication is email and web based and that they encourage employees to share news, stories or any interesting information regarding COM A. Although web-based communication has been criticised in the literature for being one-way, impersonal and offering limited opportunities for a dialogue process, Directors argued that their electronic communication is often very effective. The Director of Business Integration offered the following interesting example:

"There was a shareholder that contacted us recently for some information. And the information wasn't confidential but it was specific to that shareholder. The shareholder then posted the information on an Internet newsgroup, which was then taken from the newsgroup and posted internally on an internal newsgroup by a member of staff and everybody was talking about it within the same day" (Director of Business Integration)

However, the senior management team recognise that there is also a need for face-to-face communication. Such internal communication activities happen both at the organisational and the departmental level. Directors highlighted that the main formal face-to-face internal communication activities at the organisational level are the CEO's "road shows" across the company. Twice a year the CEO organises road shows around the business (they are now referred by employees as (CEO's Name)'s road shows) where around 100 people from different geographical locations, divisions and positions in COM A gather to share views and thoughts about the progress of the new brand. They normally take the form of Questions and Answers sessions.

Directors argued that at the Departmental level formal face-to-face communication is more frequent and probably more effective. Departments organise weekly conference meetings where they exchange views and discuss issues related not only to their day-to-day activities but also *"to the new ways of doing things in COM A"* (Corporate Communications Director). The Marketing Director for instance discussed how his team gets together every week. The meeting gives him the opportunity to update marketing staff, but also gives staff in England and Scotland the opportunity to ask questions and interact with each other (through a single conference call). He noted:

"From a global company point of view we have a way to go to improve the communication between the divisions. But this way we are trying to ensure that in the disparate nature of things we can communicate better" (Marketing Director)

Overall, Directors argued that they believe internal communication has been effective in *"cascading information"* (Director of Business Integration) within COM

A. The OneVoice magazine, the state of the art Intranet, the regular emails, the road shows and the local, departmental meetings have all been used over the past one and a half year to inform staff about the new brand and the required changes within COM A. However, most Directors believe that despite recent efforts, internal communication is still mainly top-down and that staff probably feel that there aren't many opportunities for feedback and dialogue about the change process within COM A. The HR Director for instance noted:

"Encouraging the desired culture means involving them at a very early stage and consulting with them, not communicating to them. I think right now the emphasis is too much a top-down communication approach" (HR Director)

Most interviewees were concerned that COM A still has a remote hierarchy, which hinders the communication process within COM A. The argued that employees probably believe that the senior management team is not approachable enough and does not communicate sufficiently well within the organisation both in terms of depth and in terms of width; within and across different divisions in COM A. Directors argued that face-to-face communication could be improved and that a more open, trusting approach should be encouraged. The Director of Business Integration also highlighted that the senior management team often confuses confidentiality with a failure to communicate effectively. Over the past one and a half years since the launch of the new brand he believes that several issues could have been communicated more widely and effectively. The senior management team has often been secretive about certain issues, particularly in cases that they were not really sure whether specific issues were confidential or not. The Director of Business Integration gave an example on the effects of this practice:

"The CEO had a meeting last week in (location) and made a significant decision about our strategy that hasn't been communicated to our staff yet. So therefore we are now two weeks later and people are still working on proposals, which we've already decided not to go ahead with. We are wasting resources by not communicating effectively" (Director of Business Integration)

As the quote highlights, the lack of transparency can have negative effects within COM A. Productivity is wasted, but also the company is not sending the right message to its employees. Murphy (2000) for instance argues that a softer, more interactive internal communications approach is required to encourage staff involvement in the formal socialisation process within a company. If COM A's employees are its most valuable assets and their behaviour has a significant impact on the reputation of the company, then open and transparent internal communication is imperative. Otherwise employees are likely to feel alienated and will find it increasingly difficult to understand what 'living the brand' means within the context of the new brand.

8.5.4 Human Resource Management

Similarly to the views of reputation consultants and managers discussed in Section 7.4.4, Directors highlighted that although internal communication is crucial in COM A in order to explain what the change is all about and assist employees in understanding the new requirements, what is ultimately required is behaviour change. All interviewees therefore emphasised that Human Resource Management processes play a fundamental role in aligning the corporate culture with the desired behavioural norms of the new brand. Directors argued that from the early stages of the change process they have realised that the new corporate brand values need to be translated into day-to-day changes to people's behaviour for the new brand promises to be validated everyday in the working environment. As the HR Director put it:

"HR is the owner of affecting people's hearts and minds and we've focused a lot on redesigning our processes to endorse behavioural change" (HR Director)

Interviewees noted that the HR function has changed completely in COM A to encourage employees to exhibit behaviours that are aligned with the requirements of the new brand.

8.5.4.1 Recruitment

Consistent with suggestions from academics (e.g. Browing, 2000; Guest, 1987; Legge, 1995; Iles and Salamon, 1995) and consultants (Section 7.4.4), most interviewees considered recruitment as a major factor in aligning the corporate culture with the new corporate brand promises within COM A. Directors noted that in COM B, employees were mainly recruited on the basis of their skills and achievements. They argued that since the launch of the new brand, greater emphasis has been placed on recruiting employees that also 'fit' to the values and behaviours required from the new brand. The HR Director, for instance, argued:

"We are very focused on the types of values that we want to encourage within the organisation. And we look for people who can demonstrate all those values during the recruitment process" (HR Director)

When interviewees were asked to give examples of qualities that they are looking for in new employees that they were not necessarily looking for when recruiting in COM B, many focused their discussions on the recruitment of self-motivated individuals. They argued that the old environment (in COM B) was much more supportive; *"people were just required to their job"* (Corporate Communications Director). On the other hand, COM A expects people to motivate themselves and take responsibility for their own careers, for their own development. Directors therefore regarded this as a very important recruitment issue. *"We are clear that if someone needs to be motivated by their manager or by the company, this probably isn't the right place for them"* (Head of Corporate Risk). Recruiting new employees on the basis of the new reality that the senior management team aims to encourage seems to be a key priority in COM A.

8.5.4.2 Performance Measurement and Rewards

In agreement with the academic literature (e.g. Blunt, 1991; Hawk, 1995; Jaques, 1989; Ogbonna, 1993), Directors also discussed how they use their performance measurement and reward systems to encourage on-brand behaviours across the organisation. The HR Director in particular emphasised that they strive to endorse the new values by these HR practices to project the message that on-brand behaviours are recognised and rewarded within COM A.

The HR Department has therefore redesigned the performance measurement system in COM A in an attempt to encourage cultural alignment with the new brand. The new system is called 'Windmills' and all interviewees were very positive about this new initiative. They discussed how the new values are built into 'Windmills'. Every position has a set of performance criteria attached to it and HR ensures that COM A's values are also articulated in the performance criteria for that position. Every employee is therefore still evaluated against hard results but other factors are now also taken into account. For example, the HR Department considers issues like *"how did the person go about that, did he treat other people with respect, was he behaving in a professional manner, was he very customer-focused, in terms of internal and external customers"* (HR Director). How do they evaluate these in practice? Directors argued that they are looking for examples of behaviours that support (or not) COM A's values. The rationale behind it is that the company aims to encourage and reward behaviours that exhibit the corporate brand values and equally aims to discuss and address behaviours that do not. Directors noted that this new performance measurement system is very effective. Three interviewees even referred to it as *"the most significant initiative"* (Information Technology Officer) in the challenging process towards retuning the corporate culture.

However, linking the performance management system to the necessary incentives and reward schemes has not been an easy process. Just after the flotation, the senior management team undertook a major benchmarking exercise whereby they understood that COM A was not competitive in terms of the rewards that they were offering to their employees. It was evident that COM A was not offering either the benefits or the incentives that other companies were offering in the same sector. Moreover, before the introduction of 'Windmills', employees were mainly rewarded on a salary basis. Consequently, Directors identified that many employees were concerned that their rewards were not adequate (compared to the market rate) and that their rewards were not directly linked with the desired on-brand behaviours. One would assume that if people were not rewarded on the basis of exhibiting these behaviours the motivation for aligning their actions with the new requirements of the corporate brand must have been limited. The Director of Business Integration gave the following example:

"We said we value customer service but we weren't recognising that people have gone the extra mile in terms of delivering customer service. People weren't rewarded for that" (Director of Business Integration)

Directors stressed that over the past year they have gone a long way to recognise and incentivise the new values through appropriate behaviours. The new 'Windmills' performance measurement system has been a critical building block. Interviewees suggested that the company now aims to recognise and reward superior on-brand performance through two main initiatives. Firstly, as a result of the benchmarking exercise, they are aiming to readdress actual salaries versus market rates; a bonus related element has also been added and is related to on-brand behaviours. As a long-term incentive they have also introduced the share option scheme (for all staff) and are aiming to use this as a means for encouraging desired behaviours. The Head of Corporate Risk added that the senior management team is constantly evaluating the type of reward that people should get for their job in COM A. He noted that this important not only because the compensation approach needs to be relevant to employees' changing needs, but also because it should be linked with the development of staff within COM A.

"Because it's a way of capturing performance but also it's a very developmental thing" (Head of Corporate Risk)

8.5.4.3 Training

Lastly, most Directors argued that initiating training programmes that promote the desired on-brand behaviours is also of high importance in COM A. Two Directors in particular commented on how this has improved since the old days in COM B. They noted that in COM B there weren't many opportunities for staff in terms of training and developing their skills. Directors argued that now there are more opportunities. There is a lot more training; technical training, workshops designed to train the customer service people, seminars aimed to train the sales team to understand the telecom sector and so forth. In addition, after the restructuring exercise more opportunities for development have opened up in different parts of the business, which were not available in COM B. For instance, in the past:

"If you wanted to apply for a training course that ran in another division you probably wouldn't be considered because you wouldn't be considered to have the necessary skills and you weren't part of all the businesses. Now people are part of

COM A and the opportunities are more equal; there's cross contact with other parts of our business" (Director of Business Integration)

Although most Directors stressed that training has improved within COM A none of the interviewees gave any specific examples as to whether or how the training initiatives have been linked with the new corporate brand values.

8.6 Challenges In Developing And Sustaining An On-Brand Culture

During the interviews with COM A's Directors it was evident that the process of encouraging and (hopefully in the long run) sustaining an on-brand culture in COM A has been (and still is) extremely challenging. The following sections discuss some of the key challenges that COM A's Directors have faced in encouraging staff across the organisation to 'live the new brand'.

8.6.1 Subcultures

To begin with, all interviewees highlighted the challenges raised by the different subcultures within COM A. Although the reputation literature has been criticised for treating issues of culture rather simplistically, recent writings increasingly recognise the complexity in aligning multiple subcultures to the corporate brand promise (e.g. Balmer and Wilson, 1998; Wilson, 2001). During the interviews, most Directors argued that despite the efforts made to align the culture with the requirements of the COM A brand, COM A is still a fairly disparate organisation with many divisions, which until fairly recently were separate companies with separate identities and very different cultures. In COM B staff where often isolated in their own divisions or what they perceived as *"their own company structure"* (Director of Business Integration). Since the flotation, the senior management team has been trying to bring this organisation together under the 'One Company One Voice' philosophy but *"the task is incomplete. People still reflect on their old identities and cultures"* (Development Director).

Directors argued that the cultural environment within COM A is complex. The telecom, Internet and call centre sides of the business have all traditionally had very distinct cultures. In addition there are also staff who have joined COM A after the change and, hence, are still blending into this environment. As the Head of Corporate Risk put it, *"the cultural environment in COM A is quite chaotic and this raises many challenges"* (Head of Corporate Risk).

Directors suggested that the telecom culture is process-driven, it is not particularly quick, there is documentation for everything and there is management control. The ethos on the telecom side of the business has always been an emphasis on quality, availability and coverage. One Director also argued that *"the (Scottish A) office still has very much to do with the Scottishness of our company, people there understand more the traditional way of management and traditional ways through which business operate, the old Telecommunications company"* (Corporate Communications Director). Moreover, the telecom division also employs a large number of employees that were originally recruited by COM C. Directors argued that these employees contribute to the bureaucratic culture of the telecom side of the business; these employees tend to have traditional values and place an emphasis on serving the local community. Directors therefore suggested that employees in the telecom side of the business still tend to identify with their established telecom culture and find it difficult to distance themselves from the Scottishness of the COM B brand and to adopt practices that promote boldness and simplicity in their division.

On the other hand, the Internet division comes from the old ISP (COM D), and has a more 'lets live on the edge', less controlled culture, which, according to the majority of interviewees, is definitely less receptive to financial controls and traditional business operations. The culture is more individualistic than the telecom side of the business and *"has always been more oriented towards innovation, speed, new thinking; it's revolutionary and technical"* (HR Director). Employees in the Internet division are not strong on documentation, on management control and on processes, but they are excellent at technical innovation, product development, being first to market and the inspirational use of technology. Directors highlighted that employees who used to be part of COM D have still not been persuaded about the change. They still identify themselves more with the Internet division than with COM A and many of them *"don't really want to be part of the larger organisation"* (Director of Business Integration). Directors argued that one explanation for this could be employees' perceptions of a shift in the power dynamics in the Internet Division. COM D's employees used to work for a leading and well-recognised ISP, which was quite powerful in its industry. Since the re-branding exercise, a large number of employees are concerned that the change has altered their power in the organisation. *"Some say, we're now just another division of COM A, it's just not the same as before"* (Development Director). The literature suggests that when a change is perceived to break the continuity of the working environment and to create a climate of uncertainty or ambiguity within the organisation employees are likely to resist the change initiatives and try to maintain the status quo (e.g. Dawson, 2003).

Five Directors argued that in both the telecom and the Internet divisions local managers have also often been quite protective of their employees and this may have had a negative effect on encouraging employees to 'live' the 'One Company One Voice' on-brand culture; *"employees might have been allowed to get on with their jobs and not spend a lot of time understanding the 'new ways of doing things' required by COM A"* (Corporate Communications Director).

On the other hand, Directors argued that although the call centres also have a unique culture, *"they have not been such a major problem in the change process; say versus the problems we've faced with COM D"* (Development Director). Although some call centre staff have permanent contracts the majority come from agencies and work on shifts. Having said that, most interviewees noted that the call centre culture is very customer-oriented.

"The call centre people are a very different type; they still rely on technology but the way they deal with customers is very different to the way you are dealing with customers in the Telecom world. In the call centre you call them customers and in COM B you would call them subscribers" (Director of Legal, Regulation and Strategy)

Moreover, Directors argued that speed is also a major element of their culture. Call centre staff have to meet clear targets within predetermined time periods.

So why did interviewees think that the unique culture within the call centres has not been discouraging them from 'living the new brand'? Directors noted that call centre staff get a lot of material from the head office and they tend not to question it. *"They are usually on track with our intended changes"* (Corporate Communications Director). This could be related to the nature of their work; the call centre staff have very clear job descriptions and roles to perform. Or it could be related to the fact that most of them are agency (and quite often younger) staff and maybe the job insecurity encourages them to conform more to the requirements set by the senior management team.

Apart from the sub-cultures within divisions, Directors also noted that geography also affects the different cultures in COM A. They argued that there has always been a Scotland/England, North versus South, division; this was more evident in COM B, but, to a lesser extent, still exists in COM A. Staff who came out of COM B, particularly those based in Scotland who came out of the COM C environment, have always had a strong Scottish element and a strong identification with the Scottish roots of the company. Most Directors argued that staff in England have always had a broader view of the company and noted that they have probably found it easier to accept the new direction of COM A as a national player.

Although the senior management team stressed that they have been working hard over the past one and a half year to encourage staff across different divisions and locations to behave as one team with one voice and collective responsibility to validate the new corporate brand promises (see Section 8.5), the majority noted that *"you still get the them and us, no question"* (Information Technology Officer). "Them and us" between divisions, between Scottish and English Departments and also between divisions and the senior management team. They therefore all argued that *"this will take more time to develop"* (Development Director).

Based on the aforementioned findings from the interviews with COM A's Directors one can assume that the different subcultures probably adhere to different sets of values. The subcultures are therefore either 'orthogonal', i.e. they are aligned with the desired on-brand culture, but also accept a different, yet non-conflicting set of values within their group, or they are 'counter-cultures', i.e. employees adhere to a set of values that are against the desired corporate culture and its espoused values (e.g. Brown, 1995; de Chernatony, 2001). If the latter is the case then employees are likely to exhibit very low identification with the new corporate brand values and the desired on-brand culture.

However, Directors argued that the more new recruits join the organisation the more mixed the cultural environment will become and the effects of the different subcultures in terms of resistance to change and the tendency for employees to seek and maintain the status quo (Brockner, 1988; Dawson, 2003, Smith, 1998) will gradually deteriorate. As interviewees put it, new recruits *"don't have the baggage"*

(Information Technology Officer); *"they come as blank sheets of paper and therefore they're able to adopt as we need them to"* (Marketing Director)

8.6.2 Emphasis on the Flotation and Time Pressure

Two Directors also highlighted that another factor that has hindered the 'retuning' process has been the pressure to re-brand before the flotation leaving little time to plan ahead for the transition process from COM B to COM A. The emphasis on the flotation and the time constraints have resulted in a lack of appropriate management attention in managing the transition, especially in the early days of the process. During the flotation most Directors admitted that they were more concerned about the company's financial position and the launch of the new brand rather than about investing time in planning for the transition process. As the Director of Business Integration put it, *"I believe we've taken our eye of the ball and this will probably come through in your survey with our staff"* (Director of Business Integration).

The two Directors therefore argued that although everyone in the senior management team believes that they have made the right decision to move away from COM B, they feel that they haven't invested appropriate management attention in terms of following this through with COM A. One of the Directors even argued that if the company had not had the time pressure of the flotation, they probably should not have launched the new brand until fairly recently. He claimed that employees were not prepared for this change:

"And it's only now that we're thinking about it but it's only now that we're able to think about it. If we hadn't had the flotation then potentially we shouldn't have re-branded until now. But because we had the flotation we had to re-brand before then, but we couldn't follow through" (Director of Business Integration)

8.6.3 Lack of Staff Involvement

Moreover, three Directors discussed how the lack of staff involvement during the early stages of the re-branding exercise has also posed challenges in encouraging employees to 'live' the COM A brand. These interviewees noted that the limited involvement of employees was a mistake. In an attempt to justify it, they argued that one and a half year ago the marketing team was much weaker and hence there was not enough pressure from them to involve employees in the re-branding process.

Directors argued that the lack of staff involvement has probably alienated many of the staff and noted that *"this has probably been a key reason why many people probably still don't identify with COM A"* (Director of Business Integration). The Director of Legal, Regulation and Strategy also highlighted that the lack of staff involvement has discouraged employees from giving feedback on the change process and the senior management's efforts to encourage employees to 'live' the new brand. He gave the following example:

"If you ask our staff whether they get enough communication they'll say no. But if you go back and ask, OK what communication would you like, there'll be a silence. I

think some of them just don't want to be involved" (Director of Legal, Regulation and Strategy)

8.6.4 Contradictory Values

Four Directors also discussed the problems raised by what they highlighted as "contradictory espoused values" (Development Director). The following quote from the interview with the Head of Corporate Risk summarises this argument:

"We're trying to promote a balance between boldness, simplicity, speed, which I think makes people behave in a certain way, with one of our equally important values, which is professionalism, integrity and respect for others. I think there's potential conflict in the kind of behaviours that support these values" (Head of Corporate Risk)

Four Directors therefore argued that these values are contradictory; they promote contradictory behaviours. Consequently, on the one hand, employees are often confused in terms of the types of behaviour they should be aiming to exhibit and on the other hand, the senior management team finds it difficult to strike the balance between the two antithetic sets of values. Interviewees therefore noted that encouraging employees to understand the new required behaviours has been extremely challenging.

8.6.5 No Sustained External Promotion

Four Directors also highlighted that the 'retuning' process has suffered from the lack of sustained external promotion of the COM A brand. Although there was some promotion of the COM A brand for a limited period before and after the flotation, the company has not promoted the new brand systematically over the past one and a half year. The Marketing Director for instance noted:

"What was done before was done specifically to support the launch of the new brand, so therefore was much more a one shot attempt at creating awareness for the brand" (Marketing Director)

This has not only had negative effects externally in terms of poor brand recognition, but it has also had negative effects internally. How? Interviewees stressed that many employees, especially in the Scottish offices, were proud of the COM B brand. COM B was recognised externally; employees felt that it had some status attached to it in the industry. With the lack of sustained external promotion of the new brand and the lack of identification by external stakeholders many employees fear that the new brand *"doesn't mean anything to anyone"* (Corporate Communications Director). Directors argued that this has probably resulted in discouraging employees even further to identify with the COM A brand and seek to maintain the status quo (e.g. Brockner, 1988; Dawson, 2003; Smith, 1998)

8.6.6 Effects of the Financial Results

Five Directors also discussed the effects that the poor financial results have had on encouraging employees to 'live' the COM A brand. To begin with, interviewees highlighted that the bad press resulting from the poor financial results has been unsettling for employees. COM A's share price crashed eight months ago (along with others in the telecommunications sector) and inevitably there has been a lot (negative) attention on the new brand and a lot of speculation in the press in terms of the future of the company. This has had an impact on staff morale.

"...frankly people like to be working for an organisation that is being perceived for being successful as opposed to an organisation that is being perceived to be at the lower end of its capabilities" (Marketing Director)

Interviewees also reported that the bad press has had an impact on the ability to recruit strong candidates.

Moreover, the Head of Corporate Risk and the Development Director argued that the press attention has probably forced the senior management team to take very short-term decisions. Directors suggested that because of the stock price situation and the subsequent stream of bad press related to COM A, managing the financial results was treated as the most urgent and important issue and communicating the key messages internally was not considered as a priority. The Development Director for instance argued:

"We are good at telling the story but we're not good at executing it. I know that we preach that 'people are our most valuable asset' but in reality I wouldn't say that is the case right now – we are focusing on the financials and employees are at the end of the line" (Development Director)

Furthermore, two Directors also highlighted the effects of the poor financial results on COM A's ability to reward staff for superior performance and for exhibiting desired on-brand behaviours (see Section 8.5.4.2). As the Business Development Director put it:

"The current financial status of the company and the market value mean that incentivisation is not going to work" (Business Development Director)

The two Directors argued that because of the poor financial results and the current stock price there is currently no long term incentivisation for COM A staff in terms of staying in the business, doing a good job, building for the future, building quality and so on. In these financial circumstances it has been extremely hard to offer competitive salaries and bonuses. Moreover, although the share option scheme was set in place as a long-term incentive for encouraging on-brand behaviours, the current share price has turned this into yet another unsettling element of working in COM A.

"...at the moment there's something of a culture that our values are meaningless, because we don't live our values, we don't demonstrate them. We say we value people but we don't pay them" (Director of Business Integration)

8.6.7 Commitment and staff turnover

Lastly, the Marketing Director argued that staff turnover is also hindering their efforts for cultural alignment. He noted that staff who exhibit low commitment to the organisation are likely to be affected by colleagues leaving COM A and this often leads to de-motivated staff or an increasing employee churn rate.

Two Directors also claimed that the more committed employees are to the organisation the less likely they are to be affected by staff turnover and the more likely they are to be receptive to the changes taking place in COM A. The Marketing Director for instance noted:

"I'm sure you'll find a clear difference between those who are committed to the company and those who aren't; the latter will eventually vote with their feet. Committed staff will be more receptive to all the changes" (Marketing Director)

8.7 SUMMARY

The depth interviews have clearly shown that COM A has been through a major period of change since the launch of the new corporate brand. Although two Directors were cynical about the change and viewed the corporate re-branding exercise as a PR trick for grabbing investors' attention before the flotation, most interviewees suggested that the new brand was necessary to signify the company's new direction. The new corporate brand had to reflect a national communications company that is now only targeting corporate and SME customers and acts with one voice and collective responsibility. Directors discussed how they have used existing and new internal communication initiatives to communicate the requirements of the new brand and emphasised the role of leadership, the new structure and human resource management initiatives in fostering behavioural change across the organisation and encouraging COM A's staff to 'live' the new brand. However, the depth interviews revealed that the involvement of employees in the change process has been limited and that the senior management team has not placed, at least not until fairly recently, a lot of emphasis on supporting employees throughout the 'retuning' process. Interviewees noted that the process has been, and still is, challenging. The subcultures within COM A, the emphasis on the flotation, the lack of staff involvement, the contradictory brand values, the lack of sustained external promotion, the bad financial results and the de-motivating effects of employee turnover have all hindered senior management's efforts in encouraging cultural alignment with the new brand promises. All the respondents taking part in the depth interviews therefore anticipate that this environment is having a very detrimental effect on attitudes and morale within COM A and that employee identification with the new corporate brand values and the desired on-brand culture is probably very low.

CHAPTER NINE

CASE STUDY: FINDINGS FROM THE EMPLOYEE INTRANET SURVEY

CHAPTER NINE.

CASE STUDY: FINDINGS FROM THE EMPLOYEE INTRANET SURVEY

9.1 INTRODUCTION

Following the depth interviews, a research instrument was developed and tested to measure the alignment of the cultural environment in COM A with the new corporate brand (a detailed discussion of the development and testing process as well as of the instrument itself is offered in Chapter 6). The first part of the instrument (Appendix 6) aimed to measure whether employees believed that their departments, the senior management team and the organisation as a whole actually exhibit the new corporate brand values. In other words, a year after the re-branding exercise, were the new corporate brand values 'espoused' or 'in-use'? The first section of this chapter examines this at different levels within the organisation (department, senior management, organisation) for a number of reasons. Firstly, both academic writings (Chapter 5) and COM A's Directors (Chapter 7) have suggested that employees (especially during times of change) tend to identify more with and be more positive about their departments than the organisation as a whole. In COM A's case, Directors highlighted that many employees are still resisting the 'one company one voice' mentality and are, hence, probably mainly identifying with their own departments rather than the organisation. Are employees, therefore, more inclined to "see" the new corporate brand values in their departments rather than the organisation as a whole? Secondly, a few Directors have also overtly or indirectly implied (see Chapter 8) that *they* have not bought into and hence are not "living" the new values; that the re-branding exercise was rushed and PR-driven and that the values are not necessarily representative of COM A's reality. Have employees sensed that? Will they report that the senior management team is not exhibiting the new values? The first part of this chapter therefore attempts to answer the aforementioned questions, by testing the following null hypotheses:

Ho_1: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are exhibited by their departments Ho_2: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are not exhibited by the senior management Ho_3: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are not exhibited by COM A, the organisation Ho_4: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are exhibited by their department to a greater extent than by COM A, the organisation

Analysis then focuses on identifying whether an on-brand culture actually exists in COM A. In other words, do employees report that on-brand attitudes and behaviours are evident in their every day working environment? Taking into account the three key perspectives in the study of corporate culture (Chapter Five) this issue is approached from three different angles. To begin with, if one adopts the integration perspective in the study of corporate culture, an on-brand culture would require organisation-wide consensus on all the corporate priorities of the new brand. According to this perspective, COM A's culture is therefore either on-brand or 'off-brand'. The following null hypothesis is, hence, firstly tested:

Ho_5: There is no evidence to suggest that on-brand attitudes and behaviours are shared by all COM A's employees

However, other authors in the corporate culture literature suggest that cultural consensus can also exist within specific sub-groups of an organisation. This differentiation perspective in the study of corporate culture raises some interesting questions for COM A. For instance, is the culture of some sub-groups more on-brand than others (as some Directors suggested in the initial qualitative phase)? And if there is evidence to support this then why is this the case? In an attempt to answer these questions the following null hypothesis is therefore secondly tested:

Ho_6: There is no evidence to suggest that different divisions within COM A exhibit different levels of on-brand attitudes and behaviours

Lastly, corporate culture writings that support the fragmentation perspective suggest that organisation-wide cultural consensus may only exist with regard to specific corporate priorities. Adopting this view, the researcher felt that the analysis should also examine whether COM A's culture is on-brand only with regard to specific corporate priorities of the new brand. The following null hypothesis is therefore also tested:

Ho_7: There is no evidence to suggest that 'on-brand' cultural consensus within COM A only exists with regard to specific corporate priorities

The chapter then examines whether certain 'types' of employees consider the culture to be more on-brand than others. Based on the interviews with the senior management team (Chapter Eight) and recent writings in the culture (Chapter Five) and reputation literature (Chapter Three) two issues appear to be influential in encouraging or discouraging employees to buy-in to a new brand and exhibit on-brand attitudes and behaviours; employees' level of organisational commitment and whether they have joined the organisation before or after the identity change. Based on academic writings and practitioners' suggestions one would expect that the more committed employees are, the more likely they will be to exhibit on-brand attitudes and behaviours and, that the employees that have joined the organisation after the identity change will have less 'baggage' and hence will report higher levels of an on-brand culture than employees that have experiences of the old status quo. To examine these issues, the chapter then tests the following null hypotheses:

> Ho_8: There is no evidence to suggest that employees who are more committed to their organisation will report greater levels of an on-brand culture than employees who are less committed to their organisation
>
> Ho_9: There is no evidence to suggest that employees that have joined COM A after the visual identity change will report greater levels of an on-brand culture than employees who have been with COM A before the change

Finally, since both the reputation literature (Chapter Three) and reputation consultants and managers (Chapters Seven and Eight) all emphasise that training and rewards play a major role in encouraging employees to align their attitudes and behaviours with new corporate brand values, analysis lastly focuses on examining whether training and rewards in COM A are promoting on-brand attitudes and behaviours. A few COM A Directors were very sceptical about the effectiveness of these initiatives (Chapter Eight) and hence the last two null hypotheses to be tested are:

Ho_{10}: There is no evidence to suggest that COM A's employees believe that the training they receive does not promote the new, desired corporate brand values

Ho_{11}: There is no evidence to suggest that COM A's employees believe that they are not financially rewarded or praised when their behaviour demonstrates the new, desired corporate brand values

The following sections present the sample demographics and discuss the findings of the Intranet survey in relation to the aforementioned hypotheses. Quotes from employees' responses in the comments/suggestions part of the questionnaire are also used throughout this chapter in an attempt to provide possible explanations for the Intranet survey findings.

9.2 SAMPLE DEMOGRAPHICS

The self-completion research instrument was uploaded on COM A's Intranet and 243 valid responses were received. The sample demographics are presented in the following table (Table 9.1). The Corporate Communications and HR Directors commented that the sample is representative of the general staff profile in COM A:

Characteristics	Frequency	Percent	Cum. Percent
Gender			
Female	96	39	39
Male	147	61	100.0
Total	243	100	
Age			
16-24	26	11	11
25-34	125	51	62
35-44	65	27	89
45-54	24	10	99
55+	3	1	100
Total	243	100	
Location			
Scotland	147	60	60
England	96	40	100
Total	243	100	
Area of employment			
Call Centre	46	19	19
Internet Services	44	18	37
Telecomms Provision	51	21	58
Corporate	102	42	100
Total	243	100	
Length of employment			
Less than 1 year	60	25	25
1-2 years	68	28	53
3-5 years	93	38	91
6-10 years	16	7	98
10 years+	6	2	100
Total	243	100	

Table 9.1: Sample Demographics

As highlighted in Table 9.1, the gender distribution of the respondents was skewed towards males (61%). More than half of the respondents were between 25 and 34 years old and two thirds were based in Scotland. 19% of the sample worked in Call Centres, 18% in Internet Services, 21% in Telecomms Provision and 42% worked in the Corporate Division. The majority of respondents have been with COM A for a maximum of 5 years; only 9% have been with COM A for more than 6 years.

9.3 CORPORATE BRAND VALUES: "ESPOUSED" OR "IN USE"?

As an initial step towards assessing the alignment of the cultural environment in COM A with the new corporate brand, the researcher first tested whether the new corporate brand values were 'espoused' or 'in use'. As previously explained, the researcher in particular wanted to examine whether employees regarded the values as "in use" at different levels within the organisation: by their department, the senior management team and the organisation as a whole.

Overall, the results demonstrated that the new corporate brand values were mainly 'espoused' rather than 'in use'. Employees were particularly negative in their responses when they were asked whether the senior management team (mean=2.65) and the organisation as a whole (mean=2.78) exhibited the new values. On the other hand, as suggested by writings in the cultural change literature (Chapter Five) and by COM A's Directors (Chapter Eight), staff were more positive when they were asked whether their departments exhibited the new values (mean=3.29). It therefore, on the one hand, appears that staff are more inclined to "see" the new values in their departments rather than the organisation as a whole and on the other, that employees have probably sensed that the senior management team are not "living" the new corporate brand values. There are several possible explanations for these ratings (and their variation).

To begin with, the low ratings and, hence, the conclusion that the new values are mainly "espoused" rather than "in use", are not surprising. During the initial qualitative phase (Chapter Eight), COM A's Directors admitted that employees' involvement in the change process has been limited and that the senior management team has not placed, at least not until fairly recently, a lot of emphasis on supporting employees throughout the 'cultural retuning' process.

Moreover, the higher ratings related to the departments rather than the organisation as a whole, may reflect employees' general resistance to the "one company one voice" philosophy of the new brand. During the initial qualitative phase (Chapter Eight), COM A's Directors highlighted that many employees come from three traditionally separate divisions with distinct subcultures: telecommunications, Internet services and call centres. Consequently, some Directors argued that many employees are probably still not identifying with the desired brand values at the organisational level. The following comments offered by employees at the comments/suggestions part of the questionnaire appear to support this argument:

"What does COM A mean? We are proud of who we once were, enough with the One Company One Voice motto" (Employee, Telecommunications Division)

"We've always emphasised quality of service and good communication in my department. Not too sure what the rest of the organisation is doing" (Employee, Call Centre Division)

Moreover, since the change initiatives have been mainly communicated in departments by middle management, with only a few company-wide events taking place, staff may also feel that their departments have been more active in adopting the new values than the organisation as a whole. One employee for instance noted:

"Everything I know about COM A has been either researched by me or has been communicated by my supervisor. I appreciate that the size of our company makes it difficult for information to be easily communicated across the company, however, perhaps a roving team of internal consultants could do this job" (Employee, Internet Division)

Additionally, the lower ratings in relation to the senior management team may reflect on the one hand Directors' failure to "live the new brand" (as highlighted in Chapter Eight) and on the other, employees' disappointment with the efforts of the senior management team. Employees, for instance, complained that:

"There seems to be a one-way flow of negativity coming from senior managers on to the shoulders of staff" (Employee, Call Centre)

"There is a serious lack of accountability within senior management. Leadership starts from the top, let's see some!" (Employee, Telecommunications Division)

Looking at employees' responses in more detail, findings revealed that the average ratings for each of the ten new, desired corporate brand values at the departmental, senior management and organisational level were as follows (Table 9.2):

Values of the New Corporate Brand	Department	Senior Management	COM A, the organisation
Innovation	3.24	2.75	2.97
Simplicity	2.98	2.38	2.47
Speed	3.16	2.28	2.35
Service quality and customer service	3.81	3.10	3.21
Professionalism, integrity and respect for others	3.74	2.71	2.96
Clarity of standards	3.25	2.45	2.56
Effective, open flow of communication	3.22	2.26	2.35
Encouragement of teamwork	3.58	2.74	2.87
Emphasis on growth	3.23	3.34	3.40
Commitment to the community and being environmentally responsible	2.66	2.51	2.67

(Scale: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

Table 9.2: On-brand values by Department, Senior Management and COM A, the organisation

The value that most respondents reported as evident in their departments was service quality and customer service (mean=3.81). This finding is not surprising as both the discussions with the senior management team and the many awards that COM B has received in the past for its high levels of service quality emphasised the importance that employees have always placed on this particular value. Most staff were also positive that their departments fostered professionalism, integrity and respect for others (mean=3.74) and teamwork (mean=3.58), indicating good working relationships with fellow employees in their departments.

On the other hand, at the Senior Management and Organisational levels it was "emphasis on growth" that received the highest ratings (with means of 3.34 and 3.40 respectively). This was also evident in the in-depth interviews with COM A's Directors, the annual reports and other company documents published after the flotation. Nevertheless, a few employees were sceptical about this corporate priority in the comments/suggestions part of the questionnaire. An employee working in the telecommunications division for instance noted:

"The word growth is mentioned a lot. My impression is that we are driven by revenue which is not the same and frankly puzzles me as I believe that a drive for revenue at any cost is a doomed policy" (Employee, Telecommunications Division)

This and similar comments possibly reflect employees' concerns about COM A's poor financial results, despite the emphasis on growth placed by the senior management team.

On a more positive note, most respondents also reported that, similarly to their departments, the senior management team and the organisation as a whole value service quality and customer service (mean=3.10). One employee from the Internet Division noted how important this is for staff in COM A:

"At least they are still serious about maintaining high standards of service quality. This is important for us..." (Employee, Internet Division)

The "them and us" mentality, however, reflects the tensions that currently exist within the organisation.

The values that received the lowest ratings at the departmental level were "commitment to the community and being environmentally responsible" (mean=2.66) and "simplicity" (mean=2.98). Although the former is a value that the senior management team have clearly said that they want the new brand to stand for, it appears to be more aspirational than actual. Having said that, interestingly, during the interviews with the senior management, none of the Directors offered any examples on how COM A is exhibiting this value in practice (so this finding is not surprising).

Employees also offered mixed views with regard to the extent to which their departments fostered simplicity in all their actions (mean=2.98). In the comments/suggestions part of the questionnaire four employees specifically commented that the new structure and the "new ways of doing things" were often confusing for staff. An employee from the Internet Division for instance noted:

"Many things have changed and it can be quite confusing. (Name) tries his best to clarify things but there still are many occasions when we're not sure whether we're doing the right thing!" (Employee, Internet Division)

And another commented that:

"Simplicity in back sales functions is non existent and quality often suffers as a result of this" (Employee, Corporate Division)

Simplicity therefore appears to be an area of concern across departments within COM A.

Perhaps even more alarmingly, the value that received the lowest ratings at the Senior Management and Organisational levels was "effective, open flow of communication" (with means of 2.26 and 2.35 respectively). As noted by one employee from the telecommunications division *"other principles seem to take a back seat to growth"* (Employee, Telecommunications Division) and communication seems to have suffered in this process. Comments like the following appear to encapsulate employees' concerns on this issue:

"The communication from senior management is at best fragmented and at worst non- existent" (Employee, Telecommunications Division)

"Communication from above is appalling - we do not know the company's strategy or even the major deals we are about to enter into" (Employee, Internet Division)

These findings confirm the fears of several Directors (presented in Chapter 8) who noted that because employees' involvement in the change process has been limited and Directors have often been secretive about certain issues, employees are likely to be feeling alienated and disappointed with the communication efforts of the senior management team and the organisation as a whole.

Lastly, similarly to departmental ratings, most staff were also negative about the extent to which the senior management team and the organisation as a whole promoted the values of speed (mean=2.28), simplicity (mean=2.38) and clarity of standards (mean=2.45). This again indicates that some values are aspirational rather than actual and that probably existing processes in terms for instance of the current structure and HR practices do not support and encourage "on-brand" behaviours.

9.4 ON-BRAND CULTURE: EMPTY RHETORIC OR REALITY?

During the interviews with the senior management team (Chapter Eight), Directors also discussed their efforts in developing an on-brand culture and highlighted the challenges that they are experiencing in this process. Taking into account that during the initial exploratory phase of this study reputation consultants and managers stressed that an on-brand culture is key in creating a 'brand of work' and encouraging employees to 'live the brand' (see Chapter Seven), it was therefore deemed appropriate to test the extent to which an on-brand culture actually existed in COM A.

Taking into consideration the three key perspectives in the study of corporate culture (Chapter Five), analysis first adopted the integration perspective and, therefore, aimed to identify whether there was organisation-wide consensus that on-brand attitudes and behaviours" were evident in the working environment. According to the integration perspective, if the analysis confirms organisation-wide consensus on all the corporate priorities of the new brand, the culture is "on-brand". If not, authors following this perspective would argue that the culture is "off-brand".

If one adopts this school of thought, then the survey findings indicate that the overall cultural profile of COM A is not on-brand. Analysis revealed an overall mean of 2.84 among all responses, suggesting that on-brand attitudes and behaviours are not shared by all COM A employees. But what does this mean about the cultural environment in COM A? Although one could interpret this finding as a complete lack of "on-brand" attitudes and behaviours across the organisation, a closer look into the ratings of the items making up the On-brand Cultural profile scale (Table 9.3) suggests that it is worthwhile examining whether the culture of some sub-groups is more "on-brand" than others or whether an on-brand culture exists across the organisation only with regard to specific corporate priorities of the new brand:

On-brand cultural profile items	Average Rating
Innovation	2.93
Simplicity	2.54
Speed	3.42
Service quality and customer service	3.03
Professionalism, integrity and respect for others	2.61
Clarity of standards	2.60
Effective, open flow of communication	2.82
Encouragement of teamwork	3.06
Emphasis on growth	2.93
Commitment to the community and being environmentally responsible	2.06

(Scale: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

Table 9.3: Items making up the On-brand Cultural Profile with Average Ratings

A further analysis of the ratings in Table 9.3 highlighted that although the majority of respondents either disagreed or strongly disagreed with all the statements making up the "commitment to the community and being environmentally responsible" (mean=2.06), "simplicity" (2.54), and "professionalism, integrity and respect for others" (mean=2.61) sub-scales, they offered mixed views on some of the statements relating to the "clarity of standards" (mean=2.60), "effective, open flow of communication" (mean=2.82), "innovation" (mean=2.93), "service quality and customer service" (mean=3.03) and "encouragement of teamwork" (mean=3.96) sub-scales (see Appendix 8).

For instance, with regard to "clarity of standards", although most respondents highlighted that they "do not understand company policies and that there are no structures in place to ensure this happening in the first place" (mean=2.11) and that they "receive inconsistent messages regarding what is expected of them on their jobs" (mean=2.70), when they were asked whether they "know what they are expected to accomplish" (mean=2.98) views were mixed. 36% either strongly disagreed or disagreed with the statement, 25% offered a neutral response, while 39% either agreed or strongly agreed. This may suggest that different sub-groupings within COM A experience "clarity of standards" in a different manner. For instance, certain divisions may "know what they are expected to accomplish" more than others because the immediate supervisors or middle management may have been clearer in their directions or because they have received more material than others on how the changes will be affecting their work. Based on the in-depth interviews with the Senior Management Team one would expect that Call Centre staff may have offered more positive responses than others on this issue (see Chapter Eight).

Similarly, although respondents were overall negative with regard to the extent to which "there are enough opportunities for interdepartmental communication within COM A" (mean=2.37) and "two-way communication is encouraged and present in COM A" (mean=2.49), and on the contrary positive when asked to comment on the extent to which they agreed that their "supervisors are easy to approach and communicate with" (mean=3.55), they offered mixed responses when they were asked whether the "Intranet encourages an open flow of communication" (mean=2.87). This may be related, again, to different experiences of and attitudes towards the Intranet by different divisions in COM A.

Staff also offered mixed views with regard to whether innovation is part of the culture in COM A (mean=2.93). Although most respondents were fairly negative when asked whether innovating and taking risks is part of COM A's culture (mean=2.54), they offered mixed views when they were asked whether "the organisation encourages new ideas" (mean=3.02) and whether "people in COM A generally resist taking on new tasks" (mean=2.91). Again, these findings could indicate that different divisions are experiencing this value differently in COM A.

Moreover, although the majority of respondents agreed that they "do not avoid tasks that require an extra effort" (mean=3.28), "are dedicated to outstanding service" (mean=3.14) and that they "make the customer the priority over everything else" (mean=3.09), staff offered mixed views with regard to the statement "I am complimented or praised (by superiors) when I make an extra effort to satisfy customer requirements" (mean=3.02). 40% strongly disagreed or disagreed with this statement, 15% offered a neutral response, while 45% agreed or strongly agreed with the statement. Although these variations may reflect differences between individuals (by age, gender, position), they may also, again, reflect different approaches to praise across different divisions.

Lastly, the survey also generated mixed responses with regard to whether teamwork is part of the culture in COM A (mean=3.06). For instance, employees offered mixed views when they were asked whether "in our organisation we are asked to work together as a team to get the job done" (mean=3.04). 37% disagreed or strongly disagreed with the statement, while 40% agreed or strongly agreed. Moreover, 49% disagreed or strongly disagreed with the statement that "staff within COM A show a lot of trust and confidence in each other" (mean=2.75). These findings may suggest that different groupings within COM A, for instance, different divisions, may experience this corporate priority differently in their working environments. However, interestingly, most employees appeared to identify with their immediate colleagues. The majority of respondents for instance agreed or strongly agreed that "my team inspires me to give the job my very best performance" (mean=3.34) and 44% agreed or strongly agreed that they socialise with other staff from COM A outside of working hours (mean=3.10). This could indicate that cliques or sub-cultures may be existent within divisions.

Taking into consideration the aforementioned findings it was, therefore, deemed appropriate to, firstly, examine whether the culture of some sub-groups in COM A was more "on-brand" than others. According to the differentiation perspective in the study of corporate culture, despite the lack of an organisation-wide consensus on the corporate priorities of the new brand, it is possible that sub-groups have different cultural profiles and that some could be more "on-brand" than others.

Although the t-tests between Scottish and English offices and male and female participants as well as the ANOVA statistic for different age groups revealed no significant differences in the respective on-brand cultural profiles of these sub-groupings, the ANOVA statistic (for an explanation of the ANOVA statistic refer to Appendix 9) confirmed that the "on-brand" cultural profiles of the four divisions in COM A were significantly different (see Table 9.4 below).

	Sum of Squares	df	Mean Square	F	Sig.
Between Divisions	3.946	3	1.315	3.886	.010

Table 9.4: Results of ANOVA on On-brand Cultural Profiles – Differences Between Divisions

In particular, analysis highlighted that although the overall cultural profiles of all four divisions were not "on-brand" it appeared that the culture in the Corporate (mean= 2.92) and Call Centre (mean=2.98) Divisions was more aligned with the desired "on-brand" culture than the culture in the Internet Services (mean=2.69) and Telecommunications Provision (2.67) Divisions. These findings confirm Senior Managers' concerns about Telecommunications and Internet employees' resistance to the change process and mirror their views that the Call Centre staff have been more receptive than others in adjusting their attitudes and behaviours to the requirements of the new corporate brand.

So what are differences in the on-brand cultural profiles of the four aforementioned divisions? Figure 9.1 below aims to offer a schematic representation of the "on-brand" cultural profiles of the four divisions relative to the desired "on-brand" culture:

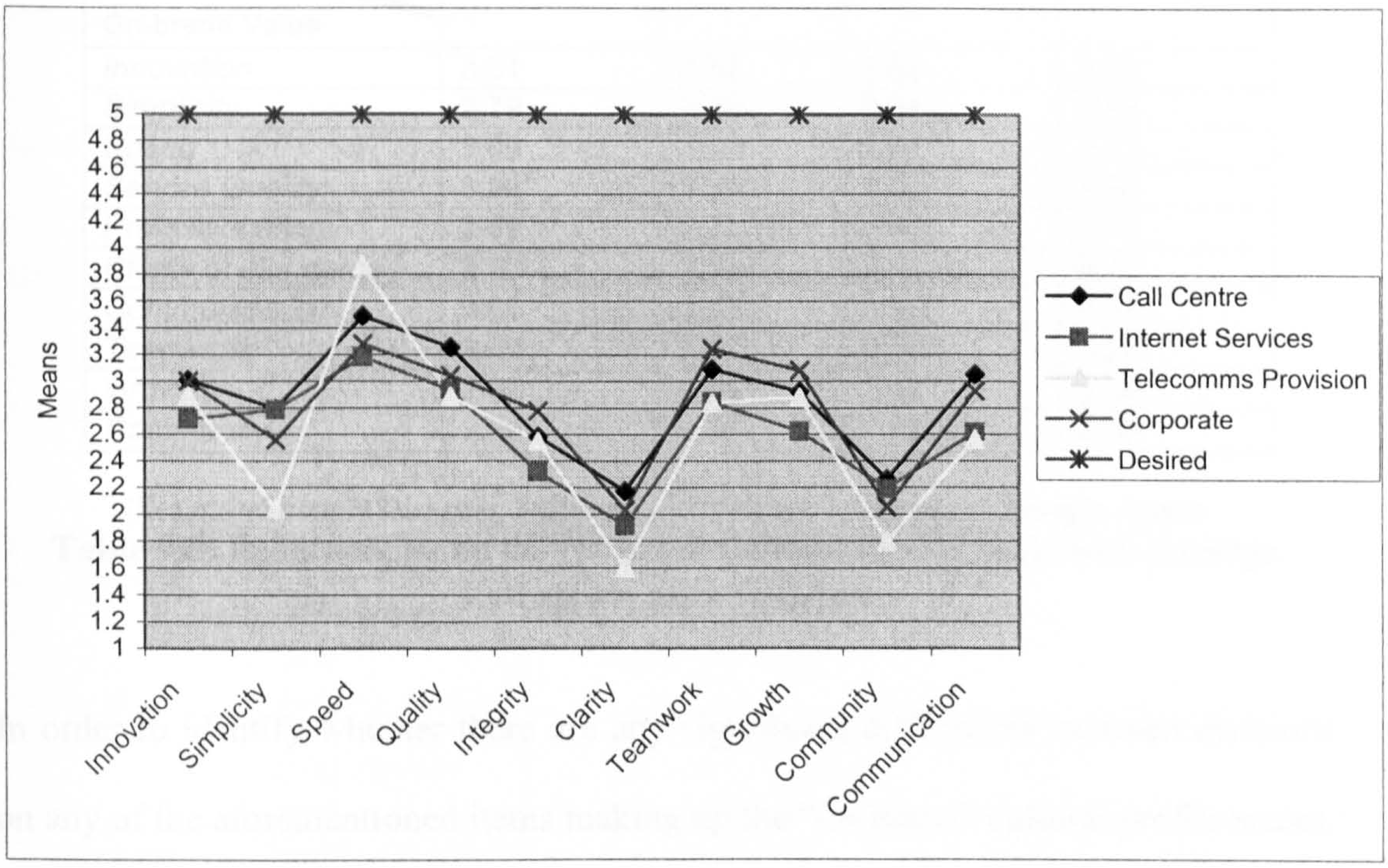

Figure 9.1: On-brand Cultural Profiles Across Divisions

Looking at Figure 9.1 it is clear that there are differences between divisions on their average ratings of the ten items making up their on-brand cultural profile. The following table presents the means across divisions for each of these ten items (Table 9.5):

Division / On-brand Value	*Call Centre*	*Internet Services*	*Telecomms Provision*	*Corporate*
Innovation	3.01	2.72	2.89	3.00
Simplicity	2.79	2.78	2.04	2.56
Speed	3.49	3.18	3.86	3.28
Service Quality	3.28	2.94	2.89	3.04
Professionalism	2.59	2.32	2.55	2.78
Clarity of standards	2.90	2.55	2.13	2.71
Communication	3.05	2.62	2.56	2.93
Teamwork	3.09	2.85	2.84	3.25
Growth	2.92	2.63	2.88	3.08
Community	2.26	2.19	1.79	2.05

(Scale: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

Table 9.5: Items making up the On-brand Cultural Profile Scale with Average Ratings for Each Division

In order to identify whether there are any significant differences between divisions on any of the aforementioned items making up the "on-brand" cultural profile scales, the researcher then analysed the variance of these cultural ratings using the ANOVA statistic. The results are presented in Table 9.6 below:

		Sum of Squares	df	Mean Square	F	Sig.
Innovation	Between Groups	2.945	3	.982	1.790	.150
	Within Groups	131.045	239	.548		
	Total	133.990	242			
Simplicity	Between Groups	18.397	3	6.132	6.105	**.001**
	Within Groups	240.056	239	1.004		
	Total	258.453	242			
Speed	Between Groups	14.726	3	4.909	4.906	**.003**
	Within Groups	239.116	239	1.000		
	Total	253.842	242			
Service Quality	Between Groups	3.812	3	1.271	2.157	.094
	Within Groups	140.802	239	.589		
	Total	144.615	242			
Professionalism and Integrity	Between Groups	6.888	3	2.296	3.334	**.020**
	Within Groups	164.612	239	.689		
	Total	171.500	242			
Clarity of standards	Between Groups	16.639	3	5.546	6.972	**.000**
	Within Groups	190.125	239	.796		
	Total	206.764	242			
Communication	Between Groups	8.858	3	2.953	4.262	**.006**
	Within Groups	165.578	239	.693		
	Total	174.436	242			
Teamwork	Between Groups	8.055	3	2.685	4.227	**.006**
	Within Groups	151.797	239	.635		
	Total	159.852	242			
Growth	Between Groups	6.608	3	2.203	2.551	.056
	Within Groups	206.382	239	.864		
	Total	212.990	242			
Community	Between Groups	6.242	3	2.081	3.293	**.021**
	Within Groups	151.019	239	.632		
	Total	157.261	242			

Table 9.6: Results of ANOVA on the Items Making Up the "On-brand" Cultural Profile Scale – Differences Between Divisions

The F ratios and the significance levels in Table 9.6 suggest that the significant differences in the cultural profiles of the four divisions relate to seven of the items making up their on-brand cultural profile scales. Specifically, the differences between divisions were significant at the 95% level on the following items (highlighted in bold in Table 9.6):

- Simplicity
- Speed
- Professionalism and Integrity
- Clarity of standards
- Communication
- Teamwork
- Commitment to the community and being environmentally responsible

And the differences between divisions were not significant at the 95% level with regard to:

- Innovation
- Service Quality
- Growth

In considering these two groups of variables, the group where there is consistency across divisions appears to relate to values that were also prominent in COM B. According to the interviews with COM A's senior management team (Chapter Eight), innovation, service quality and growth have always been part of their culture and have been guiding the company's agenda since its inception. On the other hand, the group of variables showing no company-wide consensus refer to attitudes and behaviours that seem to relate to "new values" (simplicity, speed, professionalism and integrity, clarity of standards, communication, teamwork, commitment to the community and being environmentally responsible), which the senior management have emphasised during the re-branding exercise.

Interestingly, the Bonferroni multiple comparisons results (see Appendix 9 and Appendix 10) highlighted that the Telecoms division seems to identify significantly less with attitudes and behaviours related to five of the aforementioned values than the other three divisions. In particular, employees from Telecomms were significantly more negative than staff in other divisions with regard to the extent to which they believed that attitudes and behaviours that promote simplicity, clarity of standards, communication, teamwork and relationships with the community were evident in their Division. This may reflect a greater general resistance of the Telecomms Division (as opposed to the rest of the organisation) to embrace the requirements of the new brand. In one of the discussions with COM A's Directors, the Director of Business Integration stressed that this is probably a major area of concern: *"I think the telecomms people feel that they've lost their power. Remember we were once COM B – many are still confused, most are still disappointed"* (Director of Business Integration). The redefinition of the power dynamics in COM A may have therefore played a role in the differences across Divisions, as well as in the particularly "off brand" cultural profile of the Telecommunications Division.

Overall, the aforementioned findings again support the argument that there is no overriding "on-brand" cultural consensus across COM A. This was also reflected by the Wilks' Lambda multivariate test of variance by division (for an explanation of this teat refer to Appendix 9), which produced a significant result at the 95% level (Sig=.000). This means that the analysis of the combination of subscales which create the overall "on-brand" cultural profiles of the divisions indicates that there are bigger differences between the "on-brand" cultural profiles of the divisions than there are between staff within each division.

However, although the aforementioned findings may suggest that COM A consists of division-based subcultures with different degrees of alignment with the desired "on-brand" culture, it may also indicate that the culture in COM A takes a fragmentation perspective where "on-brand" cultural consensus only occurs on specific corporate priorities. If consensus relates to the corporate priorities rather than the employee groupings, then different employee groupings should also only show consensus on the aforementioned three priorities; innovation, service quality and growth. In order to assess this, the ratings and their variance were examined relative to respondents' location, age and gender.

To begin with, the Independent Samples T Test (for a description of this statistic refer to Appendix 9) revealed no significant differences (sig.=0.345) between the on-brand cultural profiles of those based in Scotland and those based in England (see Table 9.7 below).

		Levene's Test for Equality of Variances		
		F	Sig.	Sig. (2-tailed)
CULPROF	Equal variances assumed	.501	.480	.345
	Equal variances not assumed			.337

Table 9.7: Independent Samples T Test for Variance Between Scottish and English Offices

This on the one hand reflects that contrary to Directors' beliefs (see Section 8.6.1) there are no significant differences on the on-brand cultural profiles of Scottish and English offices and on the other rejects the fragmentation hypothesis (that on-brand cultural consensus exists only on the aforementioned three cultural priorities).

Moreover, the ANOVA test for variance between the "on-brand" cultural profiles of different age groups (sig.= 0.152) and the Independent Samples T-test for variance between the "on-brand" cultural profiles of male and female respondents (sig.= 0.337) were also not significant.

The aforementioned findings suggest that the level of on-brand cultural consensus does not relate to specific corporate priorities but instead probably relates to specific sub-cultures that exist in different divisions in COM A.

The next sections will now test whether different "types" of employees consider the culture to be more on-brand than others. COM A's senior management team (Chapter Eight) and recent writings in the culture (Chapter Five) and reputation literature (Chapter Three) propose that the more committed employees are to their organisation, the more likely they will be to exhibit on-brand attitudes and behaviours and, that the employees that have joined the organisation after the identity change will have less 'baggage' and hence will report higher levels of an on-brand culture than employees that have experiences of the old status quo. The next two sections therefore test these hypotheses in the context of COM A.

9.5 EMPLOYEE COMMITMENT AND IDENTIFICATION WITH THE NEW BRAND

The researcher first tested whether employees who were more committed to the company considered the culture to be more on-brand than those who were less committed to the organisation. Not surprisingly, analysis indicated that employees' level of commitment to the organisation and their reported on-brand cultural profiles were significantly correlated (Table 9.8).

		Organisational Commitment	CULPROF
Organisational Commitment	Pearson Correlation	1	.559(**)
	Sig. (2-tailed)	.	.000
	N	243	243
CULPROF	Pearson Correlation	.559(**)	1
	Sig. (2-tailed)	.000	.
	N	243	243

** Correlation is significant at the 0.01 level (2-tailed).

Table 9.8: Correlations between Level of Organisational Commitment and reported On-brand Cultural Profile

Although this does not prove causality, i.e. that respondents report a more "on-brand" cultural profile because they are more committed to their organisation or vice versa, it does illustrate the relationship between the two variables.

To examine this relationship further the researcher then applied the ANOVA statistic to test whether there was significant variance on the "on-brand" cultural profiles of respondents depending on their levels of commitment to their organisation (Table 9.9).

	Sum of Squares	df	Mean Square	F	Sig.
Between Respondents with Different Levels of Commitment to COM A	26.713	2	13.356	55.151	.000

Table 9.9: Results of ANOVA on On-brand Cultural Profiles – Differences Between Respondents with High, Neutral and Low Commitment

As Table 9.9 highlights the ANOVA statistic was significant (Sig.=.000). Respondents that exhibited higher levels of commitment reported cultural profiles that were significantly more "on-brand" (mean=3.18) than the reported cultural profiles (mean=2.50) of those with low levels of commitment. These findings confirm suggestions in the academic literature highlighting the important role of organisational commitment in mobilising change within organisations and raise interesting implications in the context of re-branding exercises (see Chapter 10).

9.6 Length Of Employment And Identification With The New Brand

Seven COM A Directors also noted (Chapter Eight) that they have found it easier to encourage on-brand attitudes and behaviours to employees that have joined COM A after the identity change than to employees that have been with the organisation before the change. Analysis therefore then focused on testing whether there was evidence to suggest that employees that have joined COM A after the visual identity change reported greater levels of an "on-brand" culture than employees who have been with COM A before the change.

To begin with, findings highlighted that there was a significant positive correlation (Sig.=.000) between respondents' length of employment in COM A (based on whether they joined the organisation before or after the identity change) and the reported "on-brand" cultural profiles (Table 9.10).

		Length of Employment	CULPROF
Length of Employment	Pearson Correlation	1	-.200(**)
	Sig. (2-tailed)	.	.002
	N	243	243
CULPROF	Pearson Correlation	-.200(**)	1
	Sig. (2-tailed)	.002	.
	N	243	243

** Correlation is significant at the 0.01 level (2-tailed)

Table 9.10: Correlations between Length of Employment (Before or After the Identity Change) and On-brand Cultural Profile

Although this does not prove causality, i.e. that respondents report a certain "on-brand" cultural profile because they have joined the organisation before or after the identity change or vice versa, it does illustrate the relationship between the two variables.

To test this further, the researcher then applied the Independent Samples T-Test statistic to examine whether there was significant variance on the "on-brand" cultural profiles of respondents depending on whether they had joined the organisation before or after the re-branding took place (Table 9.11).

		Levene's Test for Equality of Variances		
		F	Sig.	Sig. (2-tailed)
CULPROF	Equal variances assumed	13.548	.000	.002
	Equal variances not assumed			.008

Table 9.11: Independent Samples T Test for Variance in the On-brand Cultural Profiles Between Respondents that have Joined Before and After the Identity Change

As Table 9.11 highlights the Independent Samples T-Test statistic was significant (Sig.=.008). Respondents that had joined the company before the re-branding took place reported significantly less "on-brand" cultural profiles (mean=2.77) than those that joined after the re-branding took place (mean=3.05). These findings confirm suggestions in the academic literature about resistance to change within organisations and the need that employees feel to maintain the "status quo". They also confirm senior management's comments that new employees have been more receptive to the change initiatives than those that have been with COM A before the identity change.

9.7 Training and Rewards: Alignment With The Corporate Brand Values

The literature review (Chapter Three) and the interviews with reputation managers (Chapter Seven) and COM A's Directors (Chapter Eight) all emphasised the pivotal role of aligning training and rewards with the desired corporate brand requirements as a means of encouraging and sustaining an "on-brand culture". Since analysis has highlighted that the new brand's values are still mainly espoused rather than "in use"

(Section 9.3) and that COM A's culture is not "on-brand" (Section 9.4), are training and rewards not aligned with the requirements of the new brand in COM A? During the interview process (Chapter Eight) COM A'S Directors raised conflicting views regarding the effectiveness of these initiatives in encouraging "on-brand" attitudes and behaviours across the organisation; the following findings confirm their concerns (Table 9.12):

	Value Promoted by Training	Value Promoted by Rewards
Innovation	2.62	2.47
Simplicity	2.57	2.33
Speed	2.67	2.50
Service quality and customer service	2.98	2.57
Professionalism, integrity and respect for others	2.82	2.43
Clarity of standards	2.63	2.36
Effective, open flow of communication	2.68	2.44
Encouragement of teamwork	3.00	2.47
Emphasis on growth	2.91	2.66
Commitment to the community and being environmentally responsible	2.21	2.17

(Scale: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

Table 9.12: On-brand Values by Training and Rewards

Overall, the majority of respondents reported that training (mean=2.7086) and rewards (mean=2.4399) in COM A do not promote the new corporate brand values.

Looking at the average ratings of employees' responses with regard to the extent to which they believe that the training they receive promotes each of the new, desired corporate brand values (Table 9.12) responses were overall fairly negative. Staff were particularly negative about the extent to which the training that they receive promotes "commitment to the community and being environmentally responsible" (mean=2.21) and "simplicity" (mean=2.57). Employees' responses in the comments/suggestions part of the questionnaire reflected the aforementioned negative responses on training in COM A. An employee from the telecommunications division for instance noted:

"Training here is not about encouraging us to make things simple, or about promoting any of these values. It only happens when they think we need to learn something" (Employee, Telecommunications Division)

Interestingly, 15 employees from different divisions also noted that the problem is not only the fact that training does not promote "on-brand" attitudes and behaviours. Perhaps more importantly, employees complained about a severe lack of training in COM A. They argued that training is viewed as an expense by the senior management team and hence it is not a corporate priority. The following quotes summarise these views:

"Why are there only three trainers for our call centre? Is training and development viewed as only an expense?" (Employee, Call Centre Division)

"Training is non-existent, it costs money. The organisation thinks if it trains people they might leave" (Employee, Telecommunications Division)

In addition, the average ratings of employees' responses on the extent to which they believe that they are financially rewarded or praised when their behaviour demonstrates the new, desired corporate brand values were even more disappointing (Table 9.12). Staff were negative (with means ranging from 2.17 to 2.66) about rewards in relation to all the desired corporate brand values. They were particularly negative about the extent to which they felt that they were rewarded when they demonstrated "commitment to the community and being environmentally responsible" (mean=2.17), "simplicity" (mean=2.33) and "clarity of standards" (mean=2.36).

Employees' responses in the comments/suggestions part of the questionnaire reflected their negative attitudes towards the existing reward system in COM A. Five employees, for instance, highlighted that COM A does not recognise good work. In particular, these respondents complained that staff in COM A were not paid in line with the market rates. The following quote encapsulates their concern:

"I have stayed here because of my share save option with COM C. Once this has matured I will also be looking to leave unless COM A starts paying in line with market rates" (Employee, Telecommunications Division)

Two respondents also argued that the reward system in COM A does not reward good performers and penalise under-performers and commented that this sends the wrong message to staff in terms of the company's intentions to "do what they preach".

"Management are not seen to do anything with those who continue to under-perform. Often those who under-perform are "put on" even more" (Employee, Internet Division)

"Strong performers are not recognised and non-performers are not weeded out - there is an attitude of complacency at senior management levels in this regard" (Employee, Telecommunications Division)

Consequently, six employees emphasised that at present COM A has a very poor reputation for reward and recognition (internally and externally) and as a result there is high staff turnover and the company fails to attract highly skilled candidates. During the interviews with the senior management team, managers also expressed their concern about these issues. The alarming fact is that staff turnover appears to have an impact on staff morale, as highlighted by the following quote:

"Already 7 staff within a department have left to go to another company, following the supervisor, with HR and management within that department doing nothing about it. We are frustrated and morale is very low at the moment" (Employee, Telecommunications Division)

9.8 SUMMARY

Overall, the findings of the employee Intranet survey illustrated that the culture within COM A is not "on-brand" and that a lot of work is required to encourage employees to endorse the re-branding exercise and the new corporate requirements.

The training and rewards practices, for instance, are not aligned with the new brand and hence do not appear to be encouraging "on-brand" attitudes and behaviours. Moreover, although employees appeared to be more positive about working practices related to their departments and immediate colleagues, they were quite sceptical and at points very negative towards the efforts of the senior management team and the extent to which they felt that the change process is endorsed and mobilised by leaders in the organisation. The findings also highlighted problems in identifying with the organisation as a whole, although this is probably expected at such an early stage of the change process. Interestingly, although overall the cultural profile was not "on-brand" there were significant differences across divisions. In particular, the telecommunications division seemed to be "off-brand" to a greater extent than the other divisions, which raises interesting questions regarding the effect of the change process on this particular division. Moreover, although there were no significant variations in the on-brand cultural profiles of staff based on gender, age and location, findings highlighted that staff that have joined COM A after the identity change tended to offer more positive results than employees that have been with COM A before the re-branding exercise. This indicates the effect that "corporate baggage" is likely to have on employees' adjustment to the "new ways of doing things". In addition, findings supported academic suggestions that employees who are more committed to their organisation will be more positive in their responses regarding the existence of an "on-brand" culture than colleagues that exhibit lower levels of commitment.

To sum up, based on the findings the following null hypotheses can be rejected:

Ho_1: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are exhibited by their departments

Ho_2: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are not exhibited by the senior management

Ho_3: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are not exhibited by COM A, the organisation

Ho_4: There is no evidence to suggest that COM A's employees believe that the new, desired corporate brand values are exhibited by their department to a greater extent than by COM A, the organisation

Ho_6: There is no evidence to suggest that different divisions within COM A exhibit different levels of 'on-brand' attitudes and behaviours

Ho_8: There is no evidence to suggest that employees who are more committed to their organisation will report greater levels of an 'on-brand' culture than employees who are less committed to their organisation

Ho_9: There is no evidence to suggest that employees that have joined COM A after the visual identity change will report greater levels of an 'on-brand' culture than employees who have been with COM A before the change

Ho_{10}: There is no evidence to suggest that COM A's employees believe that the training they receive does not promote the new, desired corporate brand values

Ho_{11}: There is no evidence to suggest that COM A's employees believe that they are not financially rewarded or praised when their behaviour demonstrates the new, desired corporate brand values

On the other hand, the findings did not provide any evidence to allow for the rejection of the following hypotheses:

Ho_5: There is no evidence to suggest that 'on-brand' attitudes and behaviours are shared by all COM A's employees

Ho_7: There is no evidence to suggest that 'on-brand' cultural consensus within COM A only exists with regard to specific corporate priorities

A fuller discussion of the implications of these findings relative to the literature is set out on Chapter 10.

CHAPTER TEN

CONCLUSIONS AND IMPLICATIONS

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CONCLUSIONS AND IMPLICATIONS

10.1 INTRODUCTION

This chapter summarises the findings of this thesis set out in Chapters 7, 8 and 9 in relation to the literature, relates the findings back to the theoretical stance of this thesis (Section 6.2) and examines their implications for academics and practitioners.

10.2 MANAGERS CONSIDER EMPLOYEES AS BEING IMPORTANT IN THE CORPORATE BRAND REPUTATION MANAGEMENT PROCESS

To begin with, both the initial interviews with reputation consultants and managers and the in-depth interviews with COM A's Directors identified that managers consider employees' role as pivotal in the reputation management process. Reputation consultants and managers in the initial exploratory phase (Chapter Seven) argued that service employees "are the company" and, hence, can make or break the corporate brand. In particular, they highlighted employees' role in aligning brand promises with brand actions and in ensuring that a consistent message is projected to external stakeholders. COM A's Directors also propounded that employees play a key role in building the desired reputation for their new corporate brand (Chapter Eight). They argued that it is up to their employees to validate the new corporate brand promise to external stakeholders and, therefore, all agreed that the success of their new corporate brand largely depends on employees' willingness to adopt the "new ways of doing things" and to project the new on-brand messages in their everyday attitudes and behaviours within and out with the organisation.

Although traditionally reputation authors have been externally focused, these findings mirror recent writings in the reputation and service literature that regard service personnel as "brand ambassadors" and, hence, highlight the necessity of "brand advocates" that consistently exhibit "on-brand" attitudes and behaviours during their encounters with external stakeholders (e.g. Balmer and Wilson, 1998; de Chernatony, 1999; Gronroos, 1984; 1993; Gummesson, 1987; 1988; Kennedy, 1977; Macrae, 1999; Redman and Mathews, 1998; Schultz, 1997; Wilson, 2001). However, current reputation frameworks do not explain *how* staff affect reputation management in organisational settings. These findings, therefore, extend current thinking on the role of service employees in reputation management as it is currently portrayed in the recent theoretical frameworks offered by de Chernatony (1999) and Stuart (1998), by highlighting *how* service employees affect the reputation of the corporate brand.

However, the findings also highlighted that, paradoxically, although COM A's Directors emphasised the key role that employees play in reputation building, in practice their actions did not seem to mirror their views (Chapter Seven and Chapter Eight). Directors, for instance, noted that employees were mainly at the receiving end of the re-branding exercise. Staff in COM A had limited involvement in selecting the new visual identity and there was limited consultation across the organisation on the values that employees should aim to endorse with their everyday attitudes and behaviours. Interestingly, Directors blamed this on the constraints of the commercial reality. They argued that there was not enough time to involve employees in this process; the pressure was on to introduce the new brand before the flotation. COM A's approach appeared to be PR rather than internally driven, mirroring several writings in the literature that have been criticised for their "outside-in" approach in reputation management (see Balmer, 2001). These interesting findings suggest that often in practice other priorities overshadow the need to involve employees in reputation management. Although the theoretical stance proposed by de Chernatony's (1999) and Stuart's (1998) models depicts staff as a key input of the reputation management process, it seems that in reality service employees are often at the receiving end of reputation management efforts. This study, therefore, highlights that the organisational challenges that lead to this phenomenon are largely ignored by current reputation management frameworks.

10.3 MANAGERS CONSIDER CULTURE AS BEING IMPORTANT

Furthermore, both reputation consultants and managers and COM A's Directors suggested that culture is a key factor for successful corporate brand reputation management (Chapter Seven and Chapter Eight). Consultants and managers argued that buying into the corporate brand's vision and values in order to create a 'brand of work' requires companies to encourage and sustain an on-brand culture that not only promotes on-brand attitudes and behaviours but also rewards such actions across the organisation. They noted that the corporate culture defines the values and behavioural norms that are shared within the working environment and, hence, affects employees' perceptions and behaviours. Consultants suggested that, clearly, the more these values and behavioural norms are aligned with the corporate brand promise the more likely it is that the company will project consistent images in its encounters with external stakeholders. Their views reflect the majority of the reputation management models that include culture as one of the key factors in managing corporate brand reputations (Abratt, 1989; Balmer, 1995; de Chernatony, 1999; Dowling, 1986; 1993; 1994; Hatch and Schultz, 2001; Ind, 2001; Stuart, 1998), but extend current thinking by explaining *how* the corporate culture affects the reputation management efforts of service organisations.

However, interestingly, similarly to the majority of reputation management frameworks their approach appeared rather simplistic. Consultants seemed to adopt a one-dimensional view of corporate culture that fails to acknowledge its complex nature within organisations, as highlighted by the corporate culture literature (e.g. Martin and Meyerson, 1988; Martin and Siel, 1983; Schein, 1984; 1985; 1991a; 1991b; Wilson, 1996). They did, however, acknowledge that aligning corporate cultures with corporate brand promises, especially in the case of re-branding exercises, is a challenging process. These findings indicate that contrary to the theoretical stance put forward by writings from Balmer and Wilson (1998) and de Chernatony (1999), in practice culture is still frequently treated uni-dimensionally within organisational settings. Managers, therefore, seem to adopt the integrated approach to culture that is evident in the linear, prescriptive reputation management models of the past and often fail to address the challenges highlighted in the established corporate culture literature.

This was clearly illustrated in the COM A case study (Chapter Eight and Chapter Nine). COM A's Directors recognised that aligning the existing corporate culture with the new corporate brand values would be key for the success of the re-branding process. They understood that the company's culture defines expectations and perceptions within the organisation and hence affects behavioural norms in COM A; what is "wrong", what is "right", what is accepted and what is not. Most of the Directors therefore felt that that cultural alignment with the new corporate brand would be a critical test for building COM A's reputation. However, Directors appeared overwhelmed with the task of aligning COM A's culture with the new brand promises. Sub-cultures, power dynamics, the "baggage" of different divisions, all made the task of alignment difficult to manage. These findings support recent writings in the academic literature that criticise traditional reputation management frameworks and models for their simplistic approach in dealing with culture within organisations (e.g. Balmer and Wilson, 1998; Wilson, 2001). The findings in particular highlight that the linear approach to cultural alignment with the corporate brand promise portrayed in recent frameworks (e.g. de Chernatony, 1999; Stuart, 1998) needs to be re-appraised. In the future, reputation management models will need to acknowledge the factors that are likely to hinder cultural alignment and portray this process in a non-linear manner that considers the mosaics of sub-cultures that are often evident in organisational settings.

10.4 Managers Attempt To Develop And Sustain An On-Brand Culture

The activities that consultants and managers proposed as critical in developing and sustaining an "on-brand" culture mirror suggestions in the cultural change literature (e.g. Balmer and Wilson, 1998; de Chernatony, 1999; Hatch and Schultz, 2001; Ind, 2001; Wilson, 2001). The interviews with reputation consultants and managers (Chapter Seven) and COM A's Directors (Chapter Eight) identified that managers regard visionary and committed leadership, high levels of employee involvement, multi-directional internal communication and, recruitment, appraisal, training and reward practices that promote on-brand attitudes and behaviours across the organisation, as critical in encouraging employees to "live the brand". These are all factors that are not explicitly acknowledged and, hence, need to be added to current reputation management frameworks (e.g. de Chernatony, 1999; Stuart, 1998).

However, as COM A's case study illustrated, applying and orchestrating these processes in practice is much more complicated than the often "over-simplistic", "one size fits all" solutions that consultants propose that they can achieve within organisations in tight timeframes. This suggests that the linear, cause and effect representation of these factors in traditional and contemporary reputation management frameworks does not reflect the complexity of this process in organisational settings. The following section summarises some of the challenges that managers of service organisations face in encouraging on-brand cultures within their organisations.

10.5 CHALLENGES IN LIVING THE BRAND

Contrary to the often over-simplistic frameworks offered by reputation academics (e.g. Abratt, 1989; Balmer, 1995; de Chernatony, 1999; Dowling, 1986; 1993; 1994; Stuart, 1998) and practitioners (Chapter Seven) encouraging and sustaining an on-brand culture is not an easy task. COM A's case highlighted how complex this process can be in the context of dynamic and multifaceted corporate environments.

So what are the challenges that managers encounter in encouraging employees to "live the brand"?

To begin with one needs to acknowledge that people are difficult to manage. Employees tend to resist change, especially when change results in high employee turnover and instability within the organisation. They also tend to be part of subcultures, which often makes the job of alignment challenging, if not impossible, for reputation managers. Moreover, employees are affected by their own backgrounds (education, previous employment, etc.) and also tend to quickly loose faith in the corporate brand if external reactions and early financial results are disappointing. All these make the "living the brand" process, especially in the case of corporate re-branding, particularly challenging. The current reputation management frameworks (e.g. de Chernatony, 1999; Stuart, 1998) fail to depict this and hence need to be reappraised.

However, challenges also stem from lack of coordination and commitment at the management level. Organisations often have conflicting corporate priorities that can seriously damage the cultural alignment process with the corporate brand. For instance, while reputation managers and consultants acknowledge the critical importance of employee involvement, commercial pressures for quick flotation and time constraints often mean that staff are at the receiving end of the process. Moreover, although reputation academics (e.g. Bromley, 2001; Harris and de Chernatony, 2001; McDonald et al., 2001; van Riel and Balmer, 1997; Wilson, 1996; 2001) and consultants (Chapter Seven) stress the importance of a joint Marketing and

HRM led effort in encouraging and sustaining on-brand cultures, re-branding exercises (as in the case of COM A) tend to be PR-led and mainly focus on the investment community rather than the internal audiences. Consequently the managers involved in this study have argued that employee buy-in to the cultural alignment process is often low. Practice is regrettably demonstrating a "quick fix" approach towards encouraging organisations to "live the brand", which contradicts with academics' recommendations for well-orchestrated, planned and sustained reputation management activities. This also contradicts the methodical, step by step, inside out approach to reputation management that is portrayed in de Chernatony's (1999) and Stuart's (1998) theoretical frameworks.

10.6 ON-BRAND CULTURE: INTEGRATED, DIFFERENTIATED OR FRAGMENTED?

Recent writings in the reputation literature have criticised traditional reputation management frameworks for their uni-dimensional approach to the concept of corporate culture (e.g. Balmer and Wilson, 1998; Wilson, 2001). To date, reputation frameworks have mainly adopted the "integration" school of thought in the study of corporate culture. Corporate cultures are therefore either considered in the reputation literature as "on-brand" or "off-brand". Interestingly, in the initial exploratory phase of this study (Chapter Seven), although consultants noted the challenges that subcultures often pose to reputation management, their approach to developing and sustaining on-brand cultures appeared also very much based on the assumption of the "one and only" corporate culture. However, COM A's case study has highlighted that the "integrated approach" in studying "on-brand" cultures does not always reflect the complexity of the phenomenon in organisational settings.

In COM A's case, for instance, there was no evidence either in the qualitative or quantitative research to suggest that the new brand's corporate values and desired attitudes and behaviours were shared by all service personnel; the culture was clearly "off-brand". However, the senior management team saw cultural differences between the four divisions and argued that different divisions may therefore demonstrate varying degrees of alignment with the desired on-brand culture. The quantitative research confirmed this by identifying significant variation at the 95% significance level in the reported on-brand cultural profiles of staff located in different divisions. It appeared that the corporate and call centre divisions reported significantly higher levels of an on-brand cultural profile than their colleagues in the telecommunications and Internet services divisions. Directors suggested that call centre staff had less organisational "baggage" than the Internet and the telecommunications divisions and had probably received more information from senior management on what the corporate brand change would mean to their jobs and the required attitudes and behaviours they had to demonstrate. Staff from the telecommunications division were, on the other hand, particularly negative and Directors felt that this reflected the loss of power that this grouping has experienced with the restructuring that followed the re-branding and, hence, the resistance to change that they are currently projecting. Interestingly, the differences between divisions were not significant at the 95% level with regard to attitudes and behaviours that were also prominent in the company before the re-branding exercise (namely innovation, service quality and growth). However, statistical analysis rejected the fragmentation hypothesis, since different employee groupings (by location, age and gender) did not only show consensus on the aforementioned three priorities. These findings support views in the reputation (e.g. Wilson, 1996) and corporate culture literature (e.g. Martin, 1992; Frost et al., 1991) that an organisation's culture should be assessed on the basis of a combination of the various cultural perspectives (integration, differentiation and fragmentation) to better understand the phenomenon in the context of organisational settings. Current reputation management frameworks like de Chernatony's (1999) and Stuart's (1998) presently fail to acknowledge these three perspectives and their management implications in their representation of the role corporate culture in reputation management.

10.7 EMPLOYEE COMMITMENT, LENGTH OF EMPLOYMENT AND ON-BRAND CULTURE

Managers (Chapter Seven and Chapter Eight) and employees (Chapter Nine) also endorsed views in the culture literature that the more committed staff are and the less "baggage" they have with the organisation, the more likely they will be to endorse cultural change programmes (e.g. Bedeian, 1980; Dawson, 2003; Eccles, 1994; Iverson et al., 1996; Yousef, 2000). Findings from the Intranet survey in COM A confirmed that by identifying a significance variation at the 95% confidence level in the on-brand cultural profiles of staff with high versus low levels of commitment and of staff that have joined before versus after the re-branding exercise took place. The survey highlighted that the more committed staff and those that have joined the organisation after the re-branding exercise reported more "on-brand" cultural profiles. More committed staff may therefore be less resistant to change in terms of aligning their attitudes and behaviours with the desired requirements of the brand. Moreover, "new" recruits may also be more receptive to the "living the brand" initiatives as they have a limited base for comparison with the "old" status quo; as newcomers they may also feel more pressure to fit into their new work environment. All these factors are currently ignored by present reputation management frameworks (e.g. de Chernatony, 1999; Stuart, 1998) and raise interesting questions in relation to the feasibility of the application of these theoretical models in companies that are attempting to change the reputation of their brand, as in the case of COM A.

10.8 IMPLICATIONS FOR FUTURE RESEARCH

The literature review has highlighted that with the exemption of three studies (Balmer and Wilson, 1998; Hatch and Schultz, 2001; Kyriakidou and Millward, 2000) empirical research on the intraorganisational aspects of corporate brand reputation management is scarce. This area of empirical inquiry is, therefore, still in its infancy. This study has attempted to shed some light into this gap and has revealed several interesting issues that future academic studies should seek to explore further.

To begin with, the qualitative and quantitative findings have highlighted the key role that service employees play in building and sustaining favourable corporate brand reputations. Future research should examine what this role specifically involves in different service organisations and possibly examine the differences in employees' reputation-building role in manufacturing versus service settings. Moreover, since staff seem to play a very prominent role in reputation management it would also be interesting to conduct further research on the factors that currently affect employees' perceptions of their organisation. This is an important area to research, as this study has highlighted that employees' perceptions of their organisation are likely to affect the way that they portray their company to other stakeholders. It also appears that this area of inquity would benefit from a multi-disicplinary approach involving researchers not only from a marketing background, but also scholars from the organisational psychology, human resource management and strategy fields.

In addition, this study highlighted the critical importance of an "on-brand" culture and identified the challenges that organisations are facing in encouraging employees to "live the brand". Future research in the reputation area should therefore move away from the one-dimensional approach to the study of corporate culture and examine the effects of sub-cultures on the process of aligning corporate cultures with desired corporate brand priorities. It would also be particularly interesting to examine these issues in the context of other organisations that are going or have recently been through a re-branding exercise in order to explore whether similar challenges and conflicting priorities emerge in the process of "re-tuning" their corporate culture. Similarly, these issues could be explored in the context of mergers and acquisitions were cultures collide and new corporate brands are developed. The accumulation of findings from multiple existing and future case studies should, in the near future, lead to the development of a framework that effectively portrays the role and management implications of cultural alignment in the reputation management efforts of service organisations.

In terms of suggestions for the research design of future studies in this field, this thesis has clearly demonstrated the merits of mixed methodologies. Future research should seek to report the multiplicity of views that needs to be considered in organisational research. Initial exploratory interviews with experts in the field, interviews with senior managers and employees and questionnaires across organisations will enable researchers to tap into the complexity of intraorganisational reputation studies.

Finally, there would also be great merit in this study being repeated within COM A. This would provide information on how cultures change over time (towards or against greater levels of alignment with the desired on-brand culture) and on how management efforts influence this change process.

10.9 Implications For Management

This study has looked at some of the key intraorganisational aspects of corporate brand reputation management: the role of service employees, the importance of an "on-brand" culture and the challenging process of encouraging service employees to "live the brand" and exhibit "on-brand" attitudes and behaviours.

The overriding message from this research is that it is naive if not dangerous for reputation managers and consultants to adopt an externally-driven, PR-based approach to corporate brand reputation management that places service employees at the receiving end of the process and considers corporate culture as a resource that can be easily manipulated or "retuned". On the contrary, the research findings clearly suggest that managing corporate brand reputations, especially in times of corporate re-branding, is a complex process that requires organisation-wide buy-in and an appreciation of the challenges in aligning subcultures of different sub-groupings with the requirements of the corporate brand.

This study has firstly highlighted that service employees play a pivotal role in making or breaking a corporate brand and hence should be the focal point of any reputation management or re-branding efforts. As illustrated by COM A's case study, although most senior managers appreciate the importance of employee buy-in in building favourable corporate brand reputations, it appears that employee involvement, internal communication and alignment of HR processes with corporate brand requirements are often not a priority in the corporate agenda; at least not until managers realise that their company's reputation is suffering due to the lack of employee buy-in to the corporate brand promise. It is clear that committed leadership that involves employees in defining the corporate brand values, together with multi-directional, consistent internal communication that supports the requirements of the corporate brand and HR processes that promote on-brand attitudes and behaviours are critical in encouraging "on-brand" cultures that endorse the corporate brand promise and aid to the establishment of favourable corporate brand reputations. Taking into account the existence of subcultures in organisational settings it also important that managers understand the "enacted" values of different organisational groupings and concentrate their efforts in dealing with the different levels and rationales behind resistance to change across the organisation. Especially in the case of re-branding exercises (as in COM A) it appears that although new recruits find it easier to adapt to "on-brand" attitudes and behaviours, long-standing staff often carry their division's "baggage" and find it harder to endorse new corporate brand requirements. Interestingly, within COM A, it appeared that a key factor in the success of the change initiatives was employees' level of commitment to the organisation. It seemed that the more committed employees were, the more likely they were to endorse the changes of the new corporate brand identity. Managers should therefore aim to nurture employee commitment and this one of the main reasons why there is a clear need for the marketing and human resource management functions to work together in encouraging employees to "live the brand".

In conclusion, this thesis has shown that managing service employees and sustaining an "on-brand" culture is far more complex than what is suggested by contemporary PR-based reputation management frameworks. Manipulating the intraorganisational aspects of corporate brand reputation management is a delicate process that requires commitment, planning and, perhaps most importantly, an appreciation of the multi-faceted nature of organisations.

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Appendix 1 Phase One: Email for Access (Consultancies)

Dear Mr X,

My name is Manto Gotsi. I am a PhD Researcher and Tutor at the Marketing Department of Strathclyde University specialising in Corporate Brand Reputation Management. My research focuses on the intraorganisational aspects of reputation management in the context of service organisations. I am particularly interested in exploring:

- the role of service employees in the corporate brand reputation management process
- the role of the corporate culture in the corporate brand reputation management efforts of service organisations
- the ways through which service organisations develop and sustain on-brand cultures within their working environments
- the challenges that service organisations are facing in encouraging and sustaining on-brand corporate cultures within their working environments

Currently, I am in the process of arranging meetings with Directors in leading UK reputation management consultancies to develop an initial understanding of the aforementioned issues. I was, therefore, wondering if you could provide me with some guidance as to who would be the best person(s) to speak to within (Company Name).

Following the meeting and in appreciation of (Company Name)'s assistance, I will send the interviewee(s) a summary of the collated information setting out the key findings of this study.

I am looking forward to hearing from you soon.

Yours sincerely,
Manto Gotsi
Doctoral Researcher and Tutor

Appendix 2 Phase One: Letter for access (Companies)

Dear Mr X,

While studying for my PhD I have developed a good working relationship with (Name of Consultant) from (Name of Consultancy) and in our last meeting he suggested that I should make contact with (Company) and provided me with your contact details. I am currently conducting the primary research of my study and (Name of Consultant) suggested that your contribution would be extremely valuable. My research focuses on the intraorganisational aspects of reputation management in the context of service organisations. I am particularly interested in exploring:

- the role of service employees in the corporate brand reputation management process
- the role of the corporate culture in the corporate brand reputation management efforts of service organisations
- the ways through which service organisations develop and sustain on-brand cultures within their working environments
- the challenges that service organisations are facing in encouraging and sustaining on-brand corporate cultures within their working environments

(Name of Consultant) suggested that (Name of Company) is particularly active in recognising the importance of employees to the development of a strong corporate brand reputation. I was, therefore, wondering whether we could arrange a meeting to discuss your experiences relating to the aforementioned issues and explore any possibilities for cooperating on academic research to our mutual benefit.

Following the meeting and in appreciation of your assistance, I will provide you with a summary of the collated information setting out the key findings of this study.

I am looking forward to hearing from you soon and meeting you in person.

Yours sincerely,
Manto Gotsi
Doctoral Researcher and Tutor

Appendix 3 Phase One: Topic Guide

- Good morning/Good Afternoon Mr/Ms______ Thank you for giving me the opportunity for this discussion.

- Brief introduction of my background and the purpose of the research.

- Before we start, could I ask you if you would mind me recording our discussion?

- Interviewees' background: Education, Employment, Length of Employment with the Company, Major Clients

- What are the elements that are involved in managing the reputation of a corporate brand in the service industries? Most critical? Most challenging? Examples? Intraorganisational aspects?

- From your experience, are service personnel important in the corporate brand reputation management process? Why? How do they affect the reputation of a service organisation? Examples?

- Introduce the Service Profit Chain. From your experience, do you see any relevance of these components to the corporate brand reputation management process in the service industries? Examples?

- How do you involve service personnel in the reputation management process? Examples? Key success factors? Common issues/problems faced?

- How do you align service employees' attitudes and behaviours with the desired corporate brand promise? Examples? Do you feel that any internal processes may play a role?

  -internal communication

  -training, development, appraisal

  -rewards

-management support, providing appropriate tools for the job
-role clarity, no overload, teamwork, justice
-autonomy, empowerment vs. routinisation

Also, what is the role of leadership in this process? What is that role of the corporate culture? How do you align a service organisation's culture with the requirements of the corporate brand? Examples? Challenges?

- Is there someone that you consider very experienced or knowledgeable in this area of study that I should maybe try to get in contact with to enrich my understanding?

- I am thinking of interviewing reputation managers from two or three service organisations during this initial exploratory stage. I am looking for companies that would be considered as benchmarks in terms of their reputation and in terms of how they manage their staff to sustain a favourable reputation. Would you recommend any of your clients/organisations to be included in this stage?

- Thank the interviewee and note that a report covering the key findings will be sent once the first phase of the research is completed

Appendix 4 Phase Two: Letter for Access

Dear Mr X,

While studying for my PhD I have developed a good working relationship with (Name of Consultant) from (Name of Consultancy) and in our last meeting he suggested that I should make contact with (Company) and provided me with your contact details. I am currently conducting the primary research of my study and (Name of Consultant) suggested that your contribution would be extremely valuable. My research focuses on the intraorganisational aspects of reputation management in the context of service organisations. I am particularly interested in the role of service employees in this process and the challenges that service organisations are facing in sustaining a culture that promotes "on-brand" attitudes and behaviours. My aim is to study these aspects in an organisation that is in the process (within the last year) of changing its desired corporate brand identity (including visual identity) in an attempt to change its corporate brand reputation. (Company) therefore seems as the perfect case study.

I was, therefore, wondering whether we could arrange a meeting to explore any possibilities for cooperating on this academic research to our mutual benefit.

I will contact you in the next seven days to hopefully arrange a meeting or you can contact me at m.gotsi@strath.ac.uk .

Thank you for your time and consideration. I am looking forward to meeting you in person.

Yours sincerely,
Manto Gotsi
Doctoral Researcher and Tutor

Appendix 5 Phase Two: Topic Guide

Topic Guide For Senior Management

This research aims to enhance your understanding on how you manage your corporate brand reputation after the identity change and what you do to support this activity internally. These interviews will form the conceptual basis for a questionnaire which will be distributed through your Intranet to all COM A employees to indicate areas of conflict between the messages being internally communicated through different communication and HR processes and the desired external messages that you aim to project. It is an exercise that involves the whole organisation and your contribution as a member of the senior team is of great importance for the validity of the study.

By: Ms. Manto Gotsi
Supervisor: Dr. Alan Wilson
Department of Marketing
University of Strathclyde

Prepared for COM A

Background

- Position
- Personal responsibilities
- How long have you been with COM A?
- Before we start, could I ask you if you would mind me recording our discussion?

Who we are, who we were, what changed, why and how

- How would you describe the reputation that COM A has with its stakeholders? Customers/ Investors/ Media/ Government/ Employees

- What are the key corporate brand values that your organisation is trying to project to these audiences / What do you aim to stand for externally and internally?

- Organisations are often categorised on a variety of attributes related to their business in terms of quality of management, innovativeness, etc. In order to get an idea of the image that your organisation is trying to project externally and internally I would like to get some of your thoughts as to where you feel COM A fits with regard to certain values. For example:

    1. How would you describe management within COM A? Would you say it is cutting edge? Good? Bureaucratic? Examples?
    2. How would you describe leadership within COM A? Is there a clear vision? Are the leaders visible within the organisation? Is the organisation associated with a particular individual?
    3. Compared to its competitors, how would you position COM A in terms of being a company that applies quality marketing to support a strong desired corporate brand image?
    4. How would you describe communication in your organisation? Would you say that external and internal communication is

strong/something you are good at? Are they aligned? Is there consistency in the communicated messages?

5. Would you see COM A as a company that is good at motivating/inspiring people? Is this something that you place strong emphasis on? How do you achieve this? What type of reward, training and communication mechanisms do you use to motivate staff towards the corporate goals?
6. To what extent is providing high quality products/services a core value of COM A? Are you aiming to keep with the industry's standard or is this something that you are aiming to be particularly good at? How do you achieve that?
7. Would you say that you are a company that positions itself as an organisation that greatly values customer satisfaction? How do you ensure that this message is communicated in your organisation? How do you communicate and support behaviours that promote customer satisfaction among your staff?
8. In terms of innovation and effective use of new technology what is the image that COM A aims to stand for? Cutting edge/Follows technological advancements with the rest of the competition? How do you achieve that?
9. What is the image that COM A aims to stand for in terms of its financial soundness and its value as a long term investment that has strong prospects for future growth? To what extent do you consider COM A as a company that effectively uses its corporate assets? Does the investor community and media share the same view with regard to the financial elements of COM A's reputation? What effects do you think that the company's financial situation and relevant press releases have on COM A's employees?
10. Is recruiting talented people an element that COM A considers as a key priority? Do you have a recruitment process that aims to identify staff that meet the behavioural requirements of the new brand?

11. Would you say that COM A places major emphasis on developing talented people? How?
12. To what extent would you say that COM A is an organisation that is good at retaining talented people? How do you achieve that?
13. Would you describe COM A as a good company to work for? Does COM A have high standards in the way it treats its staff? Does COM A offer a better workplace environment than its competitors? Examples?
14. Compared to its competitors how would you position COM A in terms of being a company that is environmentally responsible and committed to the community?

- Are there any values that we didn't mention that you feel also represent what COM A aims to stand for internally or externally?

- You have illustrated what COM A aims to stand for, what the key values are for your organisation. Do you believe that your employees see your organisation in the same way? (Probe on the key characteristics that the interviewee has stressed as the main values of the organisation) Do you think that employees working in different parts of your business (call centres, telecoms, Internet Services, Corporate) may have different views of your organisation? Why? What? Examples?

- Talking about values, what triggered the recent corporate brand identity change from COM B to COM A? In your opinion, what are the key differences between the COM B identity and COM A's identity? Who was involved in this change process? How?

- What influence has the new corporate brand identity had on your stakeholders?

- Who is responsible for managing this identity change and the reputation of your business? As far as you are aware, does COM A have a formal reputation management strategy, a strategy for ensuring that a favourable reputation is built with stakeholders around the values that COM A aims to stand for? How do you call it? Can you describe its components? Is there a need for a more formal approach? In what ways? Do you measure your reputation (externally and internally)? How? Why?

Employees and culture

- To what extent do you feel that your employees are an important audience in forming and, in the long run, sustaining a favourable corporate brand reputation? In what ways? What has been their role of in the corporate re-branding process?

- Was the change from COM B to COM A purely a cosmetic change or did you also expect a change in your culture/ a change in staff behaviour? How does COM A try to endorse these changes internally? What type of internal activities are utilised to support these changes and communicate desired behaviours? Do you think that employees in COM A understand what is expected from them in order for their behaviour to reflect the repositioned corporate brand identity?

- What has been the role of corporate culture in the corporate re-branding process? How does COM A's culture affect your internal reputation management efforts? In what ways do you try to align the existing culture with the desired attitudes and behaviours that the new brand requires? What is the dominant culture within your organisation?

Aligning internal communication with corporate brand values

- Taking into account that internal communication plays a major role in communicating your corporate brand values to your employees, can you give some examples of activities that you undertake to communicate the new values within the organisation? Examples? Any feedback mechanisms? Challenges?

- How effective do you feel that COM A has been/is in communicating the new values to its employees? What kind of problems can you identify?

Aligning HRM practices with corporate brand values

- Role of HRM in the corporate re-branding and reputation management process?
- Do you think that the HRM practices employed can affect the way that your corporate brand is projected to your external publics? Why? How?

- Does the HRM Director work together with the rest of the reputation management team to ensure that HRM practices encourage behaviours that reflect COM A's values? Are the HRM practices in COM A designed to reflect and support the values of the new identity? In what ways? How effective are they in reflecting and supporting the corporate brand values?

- Do you try to recruit people that are compatible with the corporate brand values? Effectiveness? Do your job recruitment advertisements try to project a certain image for COM A as a place to work for? What is that?

- What kind of training do you provide your employees with? Do they promote on-brand behaviours? Examples?

- How do you reward people? To what extent does your remuneration policy reward staff for projecting COM A's values? Examples? Effectiveness?

Thank the interviewee for participating in this research

Ask the interviewee to promote the Intranet survey

Appendix 6 Phase Two: Questionnaire

one and

One to one

:::::::::navigation:::::::::

Go to Corporate Communications home

Corporate Reputation Online Survey

Please answer ALL the questions

1. To what extent would you agree that the following values are exhibited by:

1= Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

	your department (1 – 5)	senior management (1 – 5)	, the organisation (1 – 5)
a. Innovation	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○
b. Simplicity	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○
c. Speed	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○
d. Service quality and customer service	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○
e. Professionalism, integrity and respect for others	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○
f. Clarity of standards and accountability	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○
g. Effective, open flow of communication	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○
h. Encouragement of teamwork	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○
i. Emphasis on growth	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○
j. Commitment to the community and being environmentally responsible	○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○ ○ ○ ○

2. Please indicate to what extent would you agree that, first, the training you receive within promotes the following values, and second, you are financially rewarded or praised when your behaviour demonstrates the following values:

1= Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

	i. the training you receive within promotes the following values	ii. you are financially rewarded or praised when your behaviour demonstrates the following values:
a. Innovation	1 ○ ○ ○ ○ ○ 5	1 ○ ○ ○ ○ ○ 5

b. Simplicity

c. Speed

d. Service quality and customer service

e. Professionalism, integrity and respect for others

f. Clarity of standards and accountability

g. Effective, open flow of communication

h. Teamwork

I. Promoting growth

j. Commitment to the community and being environmentally responsible

3. To what extent would you agree that the following statements represent an accurate description of your organisation? There are 37 statements.

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.	For me, this is the best of all possible organisations for which to work					
2	Our organisation encourages new ideas					
3	Employees within my organisation are dedicated to outstanding service					
4	Personal integrity is given priority within our business					
5	Staff in my organisation know what they are expected to accomplish					

next five

6-10

6.	In our organisation we are encouraged to work together as a team to get the job done					
7.	Growth is considered as a key priority within our organisation, guiding our behaviour					
8.	We are regularly involved in community-related programmes					
9.	I am willing to put in a great deal of effort beyond that normally expected in order to help this organisation be successful					
10.	Our organisation encourages employees to innovate and take risks					

next five

11-15

11. Our Intranet encourages an open flow of communication
12. There is a strong commitment to maintaining quality without compromise
13. Everyone takes responsibility to ensure that our corporate reputation is never damaged
14. All company policies are understood and followed and there are structures in place to ensure this happens
15. Staff within do not show a lot of trust and confidence in each other

next five

16-20

16. Staff within my organisation are rewarded on the basis of their contribution to the financial success of our company
17. We try to be environmentally responsible in all our actions
18. Failure is punished within my organisation
19. I talk up this organisation to my friends as a great organisation to work for
20. People in my organisation generally resist taking on new tasks

next five

21-25

21. We make the customer the priority over everything else
22. I receive inconsistent messages regarding what is expected of me on my job
23. My team inspires me to give the job my very best performance
24. I am not complimented or praised (by superiors) when I make an extra effort to satisfy customer requirements
25. Two-way communication is encouraged and present in our organisation

next five

26-30

26. Outside of working hours, I socialise with other staff from our organisation
27. I would accept almost any type of job assignment in order to keep working for this organisation
28. Speed is a key element in our work
29. Staff in my organisation avoid tasks that require an extra effort
30. My supervisors are easy to approach and communicate with

next five

31-35

31. I find that my values and the organisation 's values are very similar
32. We keep things simple in our work
33. I am proud to tell others that I am part of this organisation
34. There are enough opportunities for interdepartmental communication within our organisation
35. This organisation really inspires the very best in me in the way of job performance

last two

36-37

36. I am extremely glad that I chose this organisation to work for over others I was considering at the time I joined
37. I really care about the fate of this organisation

Demographics

4. Age — choose
5. Location: (please specify)
6. In which area of the business do you work: choose
   If Other, please specify:
7. How long have you worked for the company: choose
8. Gender: choose

Thank you very much for your time and opinions.

Send anonymously Clear form

Appendix 7 Phase Two: Intranet Survey and Prize Draw, Introduction

Corporate Reputation Online Survey & prize draw

This questionnaire is part of a piece of academic research looking at the corporate reputation management efforts within . The questionnaires will be analysed in **complete confidence** by academic staff in the Department of Marketing of Strathclyde University. All submission are **anonymous** and the management of will simply receive an overview of the situation existing in as a whole.

Prize draw

After you have submitted your survey you have the chance to enter the prize draw. 10 lucky names will be drawn out of a hat and the winners will win mystery prizes.

The questionnaire should only take around 5 minutes to complete.

Go to the questions

Thanks for your participation.

Manto Gotsi
Doctoral Researcher, Tutor
Department of Marketing
Strathclyde University

Appendix 8 Phase Two: All the Statements Making Up the On-Brand Cultural Profile with Average Ratings

Statements Making Up the On-Brand Cultural Profile	**Mean**
Our organisation encourages new ideas	3.02
Our organisation encourages employees to innovate and take risks	2.54
Failure is not punished within my organisation	3.24
People in my organisation do not generally resist taking on new tasks	2.91
We keep things simple in our work	2.58
There are procedures in place to encourage simplicity in our work	2.49
Speed is a key element in our work	3.60
There are procedures in place to encourage speed in our work	3.25
Employees within my organisation are dedicated to outstanding service	3.14
There is a strong commitment to maintaing quality without compromise	2.62
We make the customer the priority over everything else	3.09
I am complimented or praised (by superiors) when I make an extra effort to satisfy customer requirements	3.02
Staff in my organisation do not avoid tasks that require an extra effort	3.28
Personal integrity is given priority within our business	2.72
Everyone takes responsibility to ensure that our corporate reputation is never damaged	2.50

Staff in my organisation know what they are expected to accomplish	2.98
All company policies are understood and there are structures in place to ensure this happens	2.11
I do not receive incosistent messages regarding what is expected of me on my job	2.70
In our organisation we are encouraged to work together as a team to get the job done	3.04
Staff within Thus show a lot of trust and confidence in each other	2.75
My team inspires me to give the job my very best performance	3.34
Outside of working hours, I socialise with other staff from our organisation	3.10
Growth is considered as a key priority within our organisation, guiding our behaviour	3.47
Staff are rewarded on the basis of their contribution to the financial success of our company	2.39
We are regularly involved in community-related programmes	1.72
We try to be environmentally responsible in all our actions	2.41
Our Intranet encourages an open flow of communication	2.87
Two-way communication is encouraged and present in our organisation	2.49
My supervisors are easy to approach and communicate with	3.55
There are enough opportunities for interdepartmental communication within our organisation	2.37

Appendix 9 Phase Two: Brief Explanation of Statistical Techniques

The following statistical techniques were used in Chapter Nine:

ANOVA

The One-Way ANOVA test produces a one-way analysis of variance for a quantitative dependent variable by a single factor (independent) variable. Analysis of variance is used to test the hypothesis that several means are equal. This technique is an extension of the two-sample t test. ANOVA is most commonly used to test for differences among two or more means to determine if different levels or treatments of independent variables have significantly different impacts on a dependent variable. The output of the ANOVA test is an F value. If the statistical significance of this value is less than 0.05, then there is less than a 5% chance of obtaining an F value of this size when the independent variable has no impact on the dependent variable.

BONFERRONI

Once a researcher has determined that differences exist among means, pairwise multiple comparisons can determine which means differ. Pairwise multiple comparisons test the difference between each pair of means, and yield a matrix where asterisks indicate significantly different group means at an alpha level of 0.05. The Bonferroni test is a commonly used multiple comparison test. It adjusts the observed significance level for the fact that multiple comparisons are made. Bonferroni is particularly suitable when testing a small number of pairs of means.

WILKS' LAMBDA

This test relates to multivariate research that investigates independent variable effects on two or more dependent variables. The Wilks' Lambda statistic is commonly used to examine the between groups variability relative to the within groups variability.

INDEPENDENT SAMPLES T TEST

The Independent-Samples T Test procedure compares means for two groups of cases. The p-level reported with a T Test represents the probability error involved in accepting the research hypothesis about the existence of a significant difference between the means of the two groups under study. When interpreting the results of the T Test, Levene's Test for Equal Variance should be examined. The null hypothesis which this test assumes is that the two populations' variances are equal. When the observed significance level for the Levene's Test for Equal Variance is less than 0.05, then the hypothesis for equal variance is rejected. In that case, the test results shown under the Equal Variances Not Assumed cell must be considered in interpreting the results of the T Test. On the other hand, when the observed significance level for the Levene's Test for Equal Variance is high (i.e. more than 0.05), the hypothesis of equal variance is accepted and, hence, the results shown under the Equal Variances Assumed cell must be considered.

Appendix 10 Phase Two: Bonferroni Multiple Comparisons Results

Bonferroni: Differences Between Divisions on the Items Making Up the "On-brand" Cultural Profile Scale
(*Note:* *: The mean difference is significant at the .05 level)

Dependent Variable	(I) In which area of the business do you work?	(J) In which area of the business do you work?	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Innovation	Call Centre	*Internet Services*	1.17984	.62458	.361	-.4818	2.8415
		Telecomms Provision	.49446	.60227	1.000	-1.1078	2.0967
		Corporate	.03367	.52604	1.000	-1.3658	1.4332
	Internet Services	*Call Centre*	-1.17984	.62458	.361	-2.8415	.4818
		Telecomms Provision	-.68538	.60943	1.000	-2.3067	.9359
		Corporate	-1.14617	.53422	.198	-2.5674	.2751
	Telecomms Provision	*Call Centre*	-.49446	.60227	1.000	-2.0967	1.1078
		Internet Services	.68538	.60943	1.000	-.9359	2.3067
		Corporate	-.46078	.50796	1.000	-1.8122	.8906
	Corporate	*Call Centre*	-.03367	.52604	1.000	-1.4332	1.3658
		Internet Services	1.14617	.53422	.198	-.2751	2.5674
		Telecomms Provision	.46078	.50796	1.000	-.8906	1.8122
Simplicity	Call Centre	*Internet Services*	.01877	.42267	1.000	-1.1057	1.1432
		Telecomms Provision	1.50853(*)	.40758	.002	.4242	2.5928
		Corporate	.46931	.35599	1.000	-.4778	1.4164
	Internet Services	*Call Centre*	-.01877	.42267	1.000	-1.1432	1.1057
		Telecomms Provision	1.48975(*)	.41242	.002	.3926	2.5869
		Corporate	.45053	.36152	1.000	-.5113	1.4123
	Telecomms Provision	*Call Centre*	-1.50853(*)	.40758	.002	-2.5928	-.4242
		Internet Services	-1.48975(*)	.41242	.002	-2.5869	-.3926
		Corporate	-1.03922(*)	.34375	.017	-1.9537	-.1247
	Corporate	*Call Centre*	-.46931	.35599	1.000	-1.4164	.4778
		Internet Services	-.45053	.36152	1.000	-1.4123	.5113
		Telecomms Provision	1.03922(*)	.34375	.017	.1247	1.9537
Speed	Call Centre	*Internet Services*	.61462	.42184	.879	-.5076	1.7369
		Telecomms Provision	-.74723	.40678	.405	-1.8294	.3350
		Corporate	.41944	.35529	1.000	-.5258	1.3647
	Internet Services	*Call Centre*	-.61462	.42184	.879	-1.7369	.5076
		Telecomms Provision	-1.36185(*)	.41161	.006	-2.4569	-.2668
		Corporate	-.19519	.36082	1.000	-1.1551	.7647
	Telecomms Provision	*Call Centre*	.74723	.40678	.405	-.3350	1.8294
		Internet Services	1.36185(*)	.41161	.006	.2668	2.4569
		Corporate	1.16667(*)	.34308	.005	.2539	2.0794
	Corporate	*Call Centre*	-.41944	.35529	1.000	-1.3647	.5258
		Internet Services	.19519	.36082	1.000	-.7647	1.1551
		Telecomms Provision	-1.16667(*)	.34308	.005	-2.0794	-.2539
Service Quality	Call Centre	*Internet Services*	1.60079	.80927	.294	-.5522	3.7538
		Telecomms Provision	1.85124	.78037	.111	-.2248	3.9273

		Corporate	1.07673	.68160	.693	-.7366	2.8900
	Internet Services	*Call Centre*	-1.60079	.80927	.294	-3.7538	.5522
		Telecomms Provision	.25045	.78963	1.000	-1.8503	2.3512
		Corporate	-.52406	.69219	1.000	-2.3656	1.3174
	Telecomms Provision	*Call Centre*	-1.85124	.78037	.111	-3.9273	.2248
		Internet Services	-.25045	.78963	1.000	-2.3512	1.8503
		Corporate	-.77451	.65817	1.000	-2.5255	.9765
	Corporate	*Call Centre*	-1.07673	.68160	.693	-2.8900	.7366
		Internet Services	.52406	.69219	1.000	-1.3174	2.3656
		Telecomms Provision	.77451	.65817	1.000	-.9765	2.5255
Professionalism and Integrity	Call Centre	*Internet Services*	.53755	.35001	.755	-.3936	1.4687
		Telecomms Provision	.07587	.33751	1.000	-.8220	.9738
		Corporate	-.38491	.29479	1.000	-1.1692	.3993
	Internet Services	*Call Centre*	-.53755	.35001	.755	-1.4687	.3936
		Telecomms Provision	-.46168	.34152	1.000	-1.3702	.4469
		Corporate	-.92246(*)	.29937	.014	-1.7189	-.1260
	Telecomms Provision	*Call Centre*	-.07587	.33751	1.000	-.9738	.8220
		Internet Services	.46168	.34152	1.000	-.4469	1.3702
		Corporate	-.46078	.28466	.641	-1.2181	.2965
	Corporate	*Call Centre*	.38491	.29479	1.000	-.3993	1.1692
		Internet Services	.92246(*)	.29937	.014	.1260	1.7189
		Telecomms Provision	.46078	.28466	.641	-.2965	1.2181
Clarity of Standards	Call Centre	*Internet Services*	1.03656	.56423	.405	-.4645	2.5376
		Telecomms Provision	2.30350(*)	.54408	.000	.8560	3.7510
		Corporate	.56820	.47522	1.000	-.6961	1.8325
	Internet Services	*Call Centre*	-1.03656	.56423	.405	-2.5376	.4645
		Telecomms Provision	1.26693	.55054	.133	-.1977	2.7316
		Corporate	-.46836	.48261	1.000	-1.7523	.8156
	Telecomms Provision	*Call Centre*	-2.30350(*)	.54408	.000	-3.7510	-.8560
		Internet Services	-1.26693	.55054	.133	-2.7316	.1977
		Corporate	-1.73529(*)	.45888	.001	-2.9561	-.5145
	Corporate	*Call Centre*	-.56820	.47522	1.000	-1.8325	.6961
		Internet Services	.46836	.48261	1.000	-.8156	1.7523
		Telecomms Provision	1.73529(*)	.45888	.001	.5145	2.9561
Communication	Call Centre	*Internet Services*	1.74012	.70207	.083	-.1277	3.6079
		Telecomms Provision	1.96249(*)	.67699	.025	.1614	3.7636
		Corporate	.50171	.59131	1.000	-1.0714	2.0748
	Internet Services	*Call Centre*	-1.74012	.70207	.083	-3.6079	.1277
		Telecomms Provision	.22237	.68503	1.000	-1.6001	2.0448
		Corporate	-1.23841	.60050	.242	-2.8360	.3592
	Telecomms Provision	*Call Centre*	-1.96249(*)	.67699	.025	-3.7636	-.1614
		Internet Services	-.22237	.68503	1.000	-2.0448	1.6001
		Corporate	-1.46078	.57098	.067	-2.9798	.0583
	Corporate	*Call Centre*	-.50171	.59131	1.000	-2.0748	1.0714
		Internet Services	1.23841	.60050	.242	-.3592	2.8360
		Telecomms Provision	1.46078	.57098	.067	-.0583	2.9798
Teamwork	Call Centre	*Internet Services*	.98320	.67222	.869	-.8052	2.7716

		Telecomms Provision	1.01662	.64821	.709	-.7079	2.7411
		Corporate	-.61083	.56617	1.000	-2.1171	.8954
	Internet Services	*Call Centre*	-.98320	.67222	.869	-2.7716	.8052
		Telecomms Provision	.03342	.65591	1.000	-1.7116	1.7784
		Corporate	-1.59403(*)	.57497	.036	-3.1237	-.0644
	Telecomms Provision	Call Centre	-1.01662	.64821	.709	-2.7411	.7079
		Internet Services	-.03342	.65591	1.000	-1.7784	1.7116
		Corporate	-1.62745(*)	.54671	.019	-3.0819	-.1730
	Corporate	Call Centre	.61083	.56617	1.000	-.8954	2.1171
		Internet Services	1.59403(*)	.57497	.036	.0644	3.1237
		Telecomms Provision	1.62745(*)	.54671	.019	.1730	3.0819
Growth	Call Centre	Internet Services	.59783	.39191	.771	-.4448	1.6405
		Telecomms Provision	.08312	.37791	1.000	-.9223	1.0885
		Corporate	-.31884	.33008	1.000	-1.1970	.5593
	Internet Services	Call Centre	-.59783	.39191	.771	-1.6405	.4448
		Telecomms Provision	-.51471	.38240	1.000	-1.5320	.5026
		Corporate	-.91667(*)	.33521	.040	-1.8085	-.0249
	Telecomms Provision	Call Centre	-.08312	.37791	1.000	-1.0885	.9223
		Internet Services	.51471	.38240	1.000	-.5026	1.5320
		Corporate	-.40196	.31873	1.000	-1.2499	.4460
	Corporate	Call Centre	.31884	.33008	1.000	-.5593	1.1970
		Internet Services	.91667(*)	.33521	.040	.0249	1.8085
		Telecomms Provision	.40196	.31873	1.000	-.4460	1.2499
Community	Call Centre	Internet Services	.13538	.33525	1.000	-.7565	1.0273
		Telecomms Provision	.93350(*)	.32327	.025	.0735	1.7935
		Corporate	.41390	.28236	.864	-.3373	1.1651
	Internet Services	Call Centre	-.13538	.33525	1.000	-1.0273	.7565
		Telecomms Provision	.79813	.32711	.093	-.0721	1.6684
		Corporate	.27852	.28675	1.000	-.4843	1.0414
	Telecomms Provision	Call Centre	-.93350(*)	.32327	.025	-1.7935	-.0735
		Internet Services	-.79813	.32711	.093	-1.6684	.0721
		Corporate	-.51961	.27265	.347	-1.2450	.2058
	Corporate	Call Centre	-.41390	.28236	.864	-1.1651	.3373
		Internet Services	-.27852	.28675	1.000	-1.0414	.4843
		Telecomms Provision	.51961	.27265	.347	-.2058	1.2450