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Victor Vrsnik

McMaster University

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Abstract

Corporate Reputation and Competitiveness gives business leaders a fresh new look at strategic planning through the lens of reputation management. Perhaps the book's most compelling contribution is the "corporate reputation chain," a strategic management model that seeks to harmonize employee and customer perceptions of an organization. Do this, and behold explosive reputational results. Communicators can decipher a subtext in the book that breathes new life in the communications management role, and positions it at the centre of the strategic planning process. The ideas of the book were incubated at the Manchester Business School, home to Gary Davies and his co-authors.

Keywords: Gary Davies, Rosa Chun, Rui Vinhas Da Silva, Stuart Roper, business strategy, corporate reputation

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Victor Vrsnik
McMaster University

What hope is there for the future of public relations, a profession struggling to find its place on the corporate organizational chart? The fact it can't even settle on a name for itself would suggest the line-of-work is doomed. Public relations, corporate communications, external affairs, public affairs – all titles for similar functions. And yet there are more job opportunities for these roles than ever before. The growing threat of the external environment and digitally empowered stakeholders has business leaders looking to communication professionals to calm the stormy seas ahead. But many businesses are still paddling against the current, treating communications as a support function, not a strategic planning resource.

Enter *Corporate Reputation and Competitiveness,* a roadmap to put public relations back on track. Although not deliberately written to salvage the PR business, communications professionals can decipher a subtext in the book that breathes new life in the communications role and positions it at the centre of the strategic planning process.

Gary Davies and his co-authors Rosa Chun, Rui Vinhas Da Silva, and Stuart Roper give communicators and business leaders a fresh look at strategic planning and business performance through a corporate reputation management paradigm. The authors argue that companies gain competitive advantage and build barriers to rivals by accruing positive points of reputation in the minds of customers and frontline employees, the two most important stakeholders for business. If reputation can deliver financial results, argue the authors, it is something worth fighting for. But unlike other strategic plays based on product value, price or quality, reputation is to be mined, minted, and polished, starting at the base level of corporate culture.

Davies et al. situate their model of corporate reputation within the conceptual framework of Identity Theory, which focuses on the core features of an organization as a way to manage external perceptions. Within this approach, they make their greatest contribution to the field: that the interface between the employee and the customer is the core unit or relationship that influences the course of corporate reputation. Closing the gaps and harmonizing the internal employee perceptions with the external customer views of the corporation drives financial performance.

The ideas of this book were incubated at the Corporate Reputation Institute and the Manchester Business School, where authors Davies, Chun, and Da Silva lecture and conduct research on corporate reputation. Roper lectures in marketing at the Manchester Metropolitan University.

The book offers a balanced blend of theory and street smarts. Its theoretical contribution surely builds on scholarly research of reputation management. More so, it arms business leaders with a strategic program that leverages corporate culture and labour assets to gain competitive advantage.

Students of corporate reputation, public relations, and communications management would find this publication illuminating, as it neatly dovetails communication and public relations strategies with corporate strategic planning. As a testament to its relevance, the first publication in 2003 has since been reprinted three more times, the latest occurring in 2010.

The first section of the book makes the case for reputation management as a strategic approach to managing business. Strategy is understood as a company's ability to match itself to the external environment to achieve above average profits. Key players in the environment are customers who make or break a business. Organizations can manage the market by balancing the emotional attachment both customers and employees have to the business. They call this the corporate reputation chain.

To understand how it works, definitions of terminology are in order. Image is defined as "the view of the company held by external stakeholders, especially held by customers." Identity is taken to mean "the internal, that is the employee's, view of the company." Reputation refers to "all stakeholders' views of corporate reputation, including identity and image" (P. 61).

The chemistry in their reputation model works as follows: if external image is driven by how customer-facing employees perceive the organization, then image can be managed by altering identity through positive changes to corporate culture. The harmonization of employee with customer perceptions sets off a chain reaction with explosive reputational results that can propel an organization's performance forward.

Reputation management then is about taking steps to ensure that the same emotional attachments satisfy both employees and customers.

Bedrock to their thesis is that building and maintaining reputations among employees is key to influencing customer perceptions. However, the authors may have short-changed their argument by not casting a wider net. Employees interact not only with customers but also with non-customers in the role of corporate ambassadors, in person or on social networks. As such, they influence public opinion and the reputation of their employer. They may also have encounters with regulators, who act as third parties to frame public perceptions and reputations. Although the employee-customer nexus is pivotal for reputation formation, the research could have extended the same line of reasoning to other stakeholder relationships.

Part two of the book takes an evidenced-based approach that measures how stakeholders perceive an organization using a proprietary tool called the Corporate Personality Scale. What sets this measurement scale apart from the likes of Forbes's Most Admired Companies list and the Harris-Fombrun Reputation Quotient is the focus on internal identity and external image. Primary research into the predominate traits characterizing a wide-range of companies gave birth to the Corporate Personality Scale, broken into five main dimensions (Agreeableness, Enterprise, Competence, Chic, and Ruthlessness) and two minor dimensions (Machismo and Informality).

There is considerable overlap in both the Corporate Personality Scale and the Reputation Quotient. For example, the Agreeableness dimension is taken to refer to trust and social responsibility, correlating with Harris-Fombrun's Governance and Social Responsibility dimensions. Davies' Enterprise dimension lines up well with Harris-Fombrun's innovation attribute in the Products and Services dimension. One would be forgiven for mistaking the Chic dimension for Emotional Appeal in the Reputation Quotient.

Not all dimensions, however, align with other reputation models. Machismo, Informality, and Ruthlessness seem to be original points of reference to assess reputation. The value of this scale is that it correlates traits in common found among employees and customers as it relates to the measured reputations of the sample businesses.

Having assessed an organization's reputation using this scale, the next step is to manage image and identity. The authors illustrate their work with a large British retailer that had hopes of developing a more customer-friendly culture. After surveying employees and customers, the company defined a new set of corporate values and promoted them through employee training and internal communications. Operational changes were also brought to bear that had the effect of harmonizing the internal and external perceptions of the retailer.

At the end of the day, managers are asking what all this reputation business is actually worth and to what extent resources should be committed to reputation management. Davies et al. calculate reputation valued at about half a year's turnover and that a crude measure for reputation management investment is five per cent of turnover. They say spend the money on a culture-enriching tool kit that includes appearances (building design, lighting, and signage), training, company values generation, corporate identity (logo and letterhead), and recruitment (higher pay for model employees). Do this and increase employee satisfaction, a precondition to influencing customer satisfaction.

The beginning of the book characterizes public relations as an orphaned child looking for a home. By the end, the authors anticipate a new lease on life for public relations. As the public relations function evolves from an external to an internal focus, it influences organizational behaviour and purposefully adapts the organization to the external environment in an enlightened self-interest approach. Traditional persuasion makes way for attraction as a more reliable strategy to achieve organizational goals and meet socio-political expectations. Through the reputation paradigm outlined in this book, the public relations function has a bright future moulding the clay of corporate culture and identity to make a positive and lasting impression on customers.

References

Davies, G., Chun, R., Da Silva, R. V., & Roper, S. (2003). *Corporate reputation and competitiveness*. London, UK: Routledge.