

# **THE ROLE OF COMMUNICATIONS DEPARTMENTS IN MANAGING REPUTATION: EMPIRICAL EVIDENCE FROM AUSTRALIA**

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# **THE ROLE OF COMMUNICATIONS DEPARTMENTS IN MANAGING REPUTATION: EMPIRICAL EVIDENCE FROM AUSTRALIA**

## **ABSTRACT**

This paper reports results of a study of Australia's Top 100 organizations by revenue, implemented by the Public Relations Institute of Australia (PRIA) in 2001 as part of the Good Reputation Index published by Fairfax Newspapers. A working group of 12 PRIA members developed a theoretical framework derived from the reputation and public relations literatures to study how the corporate communications function manages corporate reputation. The paper reports the theoretical framework, methodological issues, and the results, which indicate the key factors for managing corporate reputation in large organizations in Australia are a relationship-building approach to stakeholders, management of organizational constraints or enabling factors such as an ethical climate and provision of professional development for communications staff, participation of the top communications manager in strategic decision-making, and support for corporate citizenship activities.

## **INTRODUCTION**

There is widespread agreement that corporate public relations departments have a central role to play in managing corporate reputation. While the public relations function does not always have control over all aspects of reputation management, it is responsible for stakeholder relationship management and communications, important phases in reputation management.

However, most extant studies on corporate reputation focus on the North American and European markets and the application of this knowledge to the Australian environment is not always clear. The Public Relations Institute of Australia (PRIA) therefore welcomed the opportunity to participate as an expert group in a broad-based industry survey of corporate reputation<sup>1</sup> established in 2000 and repeated in 2001. The survey was of Australia's Top 100 organizations measured by revenue and therefore included domestic and foreign-owned-publicly held and private corporations. Our focus was specifically on the attitudes and practices relating to the corporate communications role in reputation management. We consulted the reputation literature, the public relations literature and senior PRIA members to develop four dimensions of the communications aspects of reputation management and collected data on those dimensions. This paper reports the background to the 2001 study and the results and offers preliminary evidence for a psychometric scale to measure reputation management ability. We conclude by highlighting changes in findings across the two years and reflect on the future challenges for large organizations that wish to effectively manage their reputations in Australia.

## **THEORETICAL FRAMEWORK**

Fombrun and Van Riel (1997) identified six streams of literature highlighting corporate reputation: an economic view, a strategic view, a marketing view, an organizational view, a sociological view, and an accounting view (pp. 6-10). Missing from their analysis is

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<sup>1</sup> The Good Reputation Index, published in the Sydney Morning Herald and The Age.

public relations, which is very commonly the vehicle used to manage corporate reputation (e.g., Strenski, 1998; Hutton, 2001).

Public relations is “the management function that identifies, establishes, and maintains mutually beneficial relationships between an organization and the various publics on whom its success or failure depends” (Cutlip, Center and Broom, 1994, cited in Wilcox, Ault, and Agee, 1997, p. 4). Communication is a prime relationship building tool and is recognised by Gray and Balmer (1998) in their definition of corporate reputation as indicating “a value judgment about a company’s attributes and evolving over time as a result of consistent performance, reinforced by effective communication”.

Central to the task of maintaining reputation are two sets of programs: first, internal monitoring programs that secure compliance to a set of principles and second, external relations programs that manage the interface with external constituents (Fombrun, 1996, p. 201). The communications role in reputation management therefore entails dialogue with stakeholders to understand how they view the company, and communicating the programs established by the organization for actively relating to its constituents. Fombrun and Rindova (2000) define the communications phase as “involving expressive interaction with stakeholders through which a firm conveys its position and the principles on which it will rely. Firms also take actions in accordance with these principles to validate the content of their communication.”

To this definition, the public relations literature adds the concept of two-way or symmetrical communication, in which balanced effects are pursued; that is, the organization adapts itself to stakeholder needs and concerns as it simultaneously advances its own position (Grunig and Hunt, 1994). This concern for effects on stakeholders is a unique contribution the public relations perspective makes to understanding corporate reputation. That is, public relations brings an appreciation for how stakeholder expectations intervene with corporate reputation and a perspective of how corporate reputation activities act as a self-improvement mechanism (Page, 1998).

Symmetrical communication introduces dialogue as a core value in public relations (Pearson, 1989). Thus, communications contributes to reputation building not by telling stakeholders what an organization wants them to know, but in the context of a respectful two-way relationship. Indeed, reputation management can be understood as a schema of organizational excellence, in which "theories of organizational relationships ... support the idea that there is a functional connection between the quality of communication --the excellence of public relations-- and the nature of relationships between organizations and their stakeholders" (Grunig, Grunig and Ehling, 1992, p. 82).

Thus both the reputation literature and the public relations literature informed the approach taken by the PRIA Reputation Working Group to develop the following four criteria for measuring the corporate communications aspects of reputation management. The criteria were:

1. *How an organization communicates its policies and practices - whether it practises two-way communication, and supported transparency towards stakeholders.*

Two-way communication is both ethical and effective in meeting an organization's goals (Grunig and Grunig, 1992). When a firm's interactions with stakeholders are based on the principles of transparency and expressiveness, the favourability of stakeholders' impressions results from a genuine meeting of interests and commonality of values (Fombrun and Rindova, 2000). Thus, we hypothesised that open, accessible and two – way communications would be an attribute of effective reputation management.

2. *Relationship building -- the foundation stone of a good reputation for an organization is good relationships with its constituents; whether it persistently pursues relationship building goals through planned and measured programs, based on understanding its stakeholders.*

The link between formal planning and measurement of stakeholder relationship building activities and reputation management ability is based on the proposition that "...

organizations are effective when they manage their relationships with strategic constituencies well, making it possible for them to choose and attain realistic goals. An effective organization also should have a good reputation if it builds good relationships with its constituencies" (Grunig, 1992, p. 223). Indeed, "current management thinking is ... increasingly orientated towards the development of relationships and wider acknowledgment of environmental influence on the bottom line through the impact of reputation" (Kent, 1996, p. 29). Thus, we hypothesised a second dimension of reputation management called relationship-building.

*3. The existence of shared knowledge and expectations within the dominant coalition about communications, top communication manager involvement in senior decision-making and whether the contribution of communications is valued.*

Dozier, et. al. (1995) defined the dominant coalition" as the group of people with the power to set directions and affect structure in an organization" (p.15). Communicators need to have the support of, and be valued by, the organization's dominant coalition to be effective. Thus, shared knowledge and expectations about communication with senior management are critical in enabling communications managers to deliver communications excellence. Specifically, the Excellence Study (ibid.) showed that communications excellence occurs when communications contributes to strategic planning. Thus, we hypothesised the existence of a dimension of reputation management relating to involvement in strategic planning by the organization's top communicator.

*4. Embedded capacity to manage reputation –an organization needs to have an underlying belief in the value of reputation and plans in place to manage its reputation in a crisis situation.*

Because symmetrical communication allows for organizations to change, not just stakeholders, reputation management based on symmetrical communication can be

understood as incorporating a self-improvement mechanism. Grunig's theory is that reputations are most useful over time as functional, evaluative and self-correcting mechanisms. Self-corrective actions of organizations are also seen as predictors of organizational credibility with stakeholders. Reputations are to be understood as a mechanism by which contractual problems with stakeholders are soothed. This is crucial for organizations that both want to thrive on current relationships with stakeholders and continue to benefit from these relationships in the future (ibid., p. 5). To manage the organization's response to issues, public relations managers need to understand the organizational environment. They do this through boundary spanning, the process of frequent interaction with the environment to gather select and relay information from the environment to decision-makers in the dominant colation (White and Dozier, 1992, p.93). Thus, we hypothesized the existence of a fourth dimension of reputation management comprised of a supportive environment for reputation management characterised by environmental monitoring activity and issues and crisis planning.

## **BACKGROUND TO THE STUDY AND METHODOLOGY**

The PRIA, as the peak body of professional communicators in Australia, was one of 20 'expert groups' invited to participate in the Good Reputation Index survey. Methodological guidelines provided by the Good Reputation Index organizers required us to score the Top 100 organizations on four criteria, which could then be summed as our group "ranking" of an organization's communications in respect of corporate reputation. Each of the 20 expert groups participating in the survey would then have their group scores summed to provide an overall rank order for the Top 100 which was to be published in two of Australia's leading newspapers owned by Fairfax Newspapers. We were to choose our own four criteria and collect our own data. These instructions provided the rationale for the four-dimension approach outlined above. Fairfax Newspapers wrote to the Top 100 organizations requesting them to comply with any requests for information that might be made by the 20 groups.

The PRIA recruited 12 senior members from consultancies, universities, government departments and the corporate sector to form a broad-based Reputation Working Group to manage our participation in the survey. The four-dimensional theoretical framework described above was developed in 2000 and refined in 2001. Data collection methods were also changed in 2001 to streamline the process for PRIA members and responding organizations.

In 2000 members of the reputation management survey team conducted in-depth interviews with the Top 100 organizations and reviewed published materials and web sites. Several difficulties were encountered in data collection. Some companies refused to participate. A handful of companies did not have a person designated to the communications function, 10 had a public relations function operated by a sole practitioner who was too busy to participate, and another 10 had a public relations functionary focused on media relations only, with limited access to the type of data being sought. Thus, we were able to interview a communications person in only about half of the companies, which meant that half were assessed purely on publicly available information such as annual reports and web sites. Although our methodology in 2000 gave us good data on the companies we had contact with, we were concerned at the imposition that our in-depth interviews may have made on the organizations, especially when we knew that 19 other organizations were simultaneously requesting information on which to base their rankings. We also wanted to be able to compare organizations on the same type of data to get a standardized basis for comparison, as in 2000 some organizations were rated on the basis of less complete information than others. Therefore, in 2001 a survey approach was adopted which we hoped would induce higher compliance by reducing the burden on participants, and provide a common template on which to base our scores. Organizations were also invited to submit documentary evidence in support of their reputation management practices.

The interview protocol developed for the 2000 surveys was adapted and expanded for use as psychometric scales to reflect each of the four dimensions (Nunnally and Bernstein, 1994). Psychometric scales are commonly used to measure intangible phenomena such as

attitudes, and the Likert-style format was easy and fast for the respondents to use. Twenty-eight items reflecting the four dimensions or criteria were anchored with five response choices from “strongly disagree” and “strongly agree”. Five industry experts outside the Reputation Management Working Group subsequently reviewed the criteria and pilot tested the items.

## **FINDINGS**

The survey was emailed to the senior corporate communications manager in each of the Top 100 organizations. Respondents were informed that the data would be used to rank their organization’s reputation. Sixty-three organizations responded, including fifty that submitted additional documentary evidence. Thus, participation rose from 50% to 63% in the PRIA survey even though overall compliance with Good Reputation Index surveys fell in 2001 (Brenchley, 2001). The most common reasons for non-compliance were either organizational policy to refrain from participating in surveys, inadequate time or dissatisfaction with the overall Index methodology.<sup>2</sup>

### **Quantitative findings**

Data was initially viewed for discrepancies and missing values and as a result one item was deleted from the analysis. Descriptive statistics were calculated for the remaining 27 items. The most striking finding was that there was relatively little variation in responses and data was skewed towards the high end of the range of response choices. In this self-assessment of capacity to manage reputation, all respondents rated themselves very well. After deleting further items through scale purification techniques described below, the remaining ten items (see Table 1) indicated a possible range of raw scores in the rank order of all respondents of –20 to +20, yet all scores were above 4 and half the respondents gave themselves 15 or more, i.e. half the respondents rated themselves in the top 12% for reputation management. This is not surprising considering respondents were

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<sup>2</sup> The PRIA data collected was not submitted for use in the published reputation rankings due to unreconciled differences about the treatment of non-respondents. Respondents were advised in writing.

informed in advance that the purpose of the survey was to rank their reputation management capacity against peers and competitors and highlights a weakness of the methodology pursued in the Good Reputation Index.

The items were then subjected to principal components analysis using Varimax rotation and reliability coefficients calculated for each of the factors (see Table 1). Ten items were retained for the final analysis. Three factors emerged which explained 64% of the variance. The first factor explained 27% with reliability co-efficient of .77, the second factor explained 20% of variance with a reliability coefficient of .81, and the third factor explained 17% of variance with a reliability coefficient of .64. Partial support for the four hypothesised factors emerged and is described next.

The items that loaded on the first factor appeared to address organizational constraints to effective reputation management. Such constraints influence both the policies and practices selected by an organization, and the organization's general capacity to manage reputation. Constraints (or enabling factors, when present) included policies to enhance ethical behaviour, access to professional development for communications staff, and a generally supportive environment for reputation management activities in which the contribution of communications staff is valued. A study by Ryan (1987) suggested that the most serious constraints on public relations effectiveness were access to management and freedom to collect information. Our data shows that when the public relations mission is broadened to include reputation management, a broader range of potential constraints must be identified and managed.

Items that loaded on the second factor addressed the ability of public relations to make a contribution to strategic planning. The three-nation Excellence Study (Dozier, Grunig and Grunig, 1994) showed that the contribution of the communications department to strategic planning is an essential component of shared expectations with senior management about communication planning, and is one of the attributes of "excellent" public relations. Our strategic planning factor therefore fits closely with our hypothesised

“shared knowledge” factor and supports the importance of including public relations counsel at the highest level when effective reputation management is a goal.

Items that loaded on the third factor captured aspects of an organization’s formal planning process, particularly related to the management of stakeholder relationships. Thus the data supported the hypothesised relationship building factor, although other aspects of relationship building are not included in this factor.

The reliability co-efficient for the whole scale was .80. Nunnally and Bernstein (1994) suggests that reliability of .80 for constructs in group research is adequate, although Grunig and Grunig (1989) argue that this rule generally refers to attitude scales with items differing only slightly in meaning from one another. With indices that have wide range and purpose, and with scores based on impressions of one or a small number of people, such as those reported here, reliability of .60 is “quite high” (ibid, p. 34). The reliability coefficients obtained in this study are above acceptable levels and the scales are therefore judged to be reliable.

Next, the data was split at the median to create two groups, those scoring themselves high and those scoring themselves (relatively) low. We compared differences in means and standard deviations on each of the ten retained items for the top and bottom groups and identified a) which items account for the most variation between the two groups, and b) which items show the greatest difference in actual score between the two groups.

The items that accounted for most variation in the bottom group, compared to the top group, were: policies that enhance ethical behaviour, provision of adequate professional development for communications staff, and involvement of the senior communication manager in strategic decision-making.

The items that showed the greatest differences in means between the two groups were provision of adequate professional development for communications staff, use of formal

research to identify stakeholders, and having a documented stakeholder communication strategy.

## **Qualitative findings**

Fifty organizations submitted documentation to support the information provided in their survey responses. This included published documents such as annual reports and stakeholder reports, as well as internal reports. Support for the three factors was found and comparisons were made between documentation submitted in 2001 and in the previous year. In addition, a corporate citizenship theme emerged from the content analysis that was not included in the survey. The qualitative findings are described next.

### Organizational constraints

The existence of policies to enhance ethical behaviour was identified as an important factor constraining or enabling organizations to manage their reputations effectively. Documentation submitted by respondents showed clear evidence of growth in the attention paid to ethics. Compared to the previous year, a growing number of companies had published corporate conduct codes and such like, and published policies and codes of conduct on their web sites. The policies covered reputation-building elements such as openness and transparency, communications, sustainability issues and giving back to local communities.

In many instances, these policies were demonstrated through the company's activities. For instance, a financial services company admitted that while it still had some way to go in forging relationships with NGOs "for the first time key NGOs were invited to tour...properties with key management to see first hand the programs we are putting in".

However, the documentation examined suggests that very few Australian companies are yet managing reputation in a co-ordinated way – only a few had managers specifically assigned to the task and there was little evidence of any processes to facilitate cohesion of

activities. The companies studied appear to manage reputation in a fragmented manner, rather than adopting an integrated approach or providing responsibility to a single function.

### Formal Planning

The use of formal planning to manage stakeholder relationships was illustrated by published stakeholder reports. In 2001 at least a third of companies submitted published stakeholder reports.

Stakeholder emphasis varied according to the type of market environment. For instance, communications materials showed that organizations in highly regulated markets had a high level of contact with government; that poor financial performers tended to concentrate on shareholder communications; and those with poor public images were working hard to improve customer and general community perceptions about their organizations. As an example, Australian banks, in general, received widespread negative publicity about many of their practices in 2000. In 2001, there was a clear increase in their stakeholder communications, particularly in highlighting their commitment to meeting their social responsibilities. One bank even reported its year's highlights in terms of achievements for major stakeholder groups rather than using the traditional financial reporting approach. Companies with either international markets or international parent companies tended to be more sophisticated in their reputation management practices and reporting. This was true in particular for those that had experienced crises and learnt through bad experiences or had been subject to scrutiny by environmental groups, for example, companies operating in the oil, gas, mining and paper manufacturing industries. These companies also tended to be more transparent and open about their performance, either producing scorecards in their stakeholder reports or reporting the results of independent surveys conducted amongst their stakeholders. One international petroleum company proposed that it would "work with others - our partners, suppliers, competitors and regulators - to raise the standard of our industry and to openly report performance, good and bad". A paper products manufacturing company recognized "that in future our

analysis will become more sophisticated as we develop and implement the necessary measurement and feedback loops to ensure that .... can play its part in building a sustainable future.”

Internal documentation submitted for review also showed that most companies also appeared well aware that crises and issues management formed part of reputation management.

#### Contribution to strategic planning

The data showed that around half the public relations managers reported direct to the CEO and were impacting at the senior executive level. This is consistent with previously published studies in Australia (Post and ACPA, 1993). The companies whose senior communications person was part of the dominant coalition took a more formal and regular role in contributing to corporate strategy development. A financial services company where the senior communicator was part of the CEO’s management team stated that submissions for annual strategic plans included potential public relations impacts and suggested mitigation strategies. Companies where the senior communicator was part of the senior management team were also more likely to have comprehensive stakeholder communications programs, including publications outlining corporate policies; stakeholder reports and stakeholder communications sections in their annual reports.

Those who exhibited the best practices also had CEOs who drove the reputational agenda and were committed to playing a responsible role in the community. In these companies, reputational aspects were incorporated in CEO discussion of vision and business strategies, for example, “recognition and respect for all stakeholders” (energy supplier) and “working to earn the trust of customers and communities” (bank).

The content analysis found that service companies, which traditionally score well in reputation studies and those in issues-rich sectors such as resources and banking, had the most substantial practices to positively support the three identified factors in the

quantitative analysis. For instance, all mining companies and banks recognised that their company's ability to succeed depends on its ability to effectively communicate with all stakeholders and that the value of their company is influenced by many different groups, not just shareholders. The communications function was recognised as a top part of management and all had a proactive approach to issues management.

### Corporate citizenship

A fourth theme to emerge from the content analysis, which was not pursued in the survey, was the approach taken to corporate citizenship activities. Included under the widely interpreted theme were published reports on corporate conduct, environmental stewardship, corporate contributions, diversity programs; community service and an increasing number of employee company sponsored volunteering opportunities and community service partnerships.

In 2001 there appeared to be a significant movement away from general corporate citizenship activities to a more specific and strategic approach. The following comments illustrate the trend:

“...has traditionally supported a wide range of arts, charity and other programs. While.... will continue to be involved in this traditional approach to corporate community relations in a limited way, it will become more directly involved in issues affecting customers and the communities in which it operates” (bank);

“It's no longer a matter of broad-based sponsorships and philanthropy, it's about selecting specific issues and crafting real solutions.” (international computer company);  
and

“We will support fewer causes and target projects to engage local stakeholders.” (an automobile manufacturer)

Community service partnerships were increasingly used as a basis for building stakeholder relationships. Mutual trust, co-operation, mutual advantage and other concepts were quoted as principles driving the establishment of these partnerships. An

automobile manufacturer's communications strategy stated that “while corporate giving and sponsorships can be part of corporate citizenship, long-term strategic partnerships with community organizations are the fundamental component of developing stakeholder credibility and reputation in relation to social responsibility”. Similarly an investment bank announced that its “new community/business partnerships seek to foster long-term strategic alliances with key community organizations which enable our Foundation and staff to become actively involved”. Staff involvement was a key component of many of the programs, especially within consumer goods or service organizations. In their annual reports a large number of companies announced major new community investments, all of which involved staff participation”.

Along with these new approaches, more executives with titles such as Sustainable Development Executive or Corporate Citizenship Manager had been appointed either to corporate public relations departments or were working closely with the departments.

Corporate citizenship was also part of a wider interpretation of corporate governance by companies compared to the previous year’s findings. “Promoting the reputation of the company and ensuring it meets its obligations as a responsible corporate citizen” was listed as one of the functions of the Board of Directors of an energy supplier. Banks, steel products, mining and transport companies also made corporate citizenship part of their corporate governance objectives.

Inclusion of a corporate citizenship factor, while not originally included in the theoretical framework for the study, is consistent with prior research, which shows that corporate social responsibility is a component of reputation (e.g., Fombrun and Shanley, 1988), and that public relations has a central role in the implementation of social responsibility (e.g., Freeman, 1984).

Differences between 2000 and 2001 qualitative findings

In comparing our results with the findings from 2000, companies appeared to have developed a deeper grasp of reputation management. In particular, more firms appeared to be incorporating communications considerations into strategic planning, more reported on engaging in dialogue with their constituents and more seemed to recognise the diversity of stakeholder groups that need to be addressed in reputation management activities.

In 2000, some organizations interpreted reputation management as a euphemism for brand management or generic public relations activity or reported on it in strictly triple bottom line terms. In 2001, the supporting materials showed that many more companies are putting communications issues on the agenda when any strategic issue is considered in the business. It was widely recognised that the communication of a clear vision and understanding about the importance of a good reputation inside the company were foundation stones for excellent external communication. Internal communications materials frequently covered these topics. Communications and relationship-building activities are taking on increasing importance as boards and CEOs recognise that intangible assets represent a significant part of a company's wealth.

The two-way communication claimed by many companies in 2000 had the appearance of consultation for the sake of it, rather than it being used as a vehicle for pursuing mutually adaptive behavioural outcomes. By contrast, in 2001 there was more evidence of companies engaging in dialogue with their constituents and along with this, many more engaged in communicating that sustainable development as a key business issue.

A notable feature of the 2000 findings was an apparent lack of appreciation of the many types of stakeholders who contribute to communications success, and subsequently little evidence of companies forging real relationships with a variety of groups. In 2001, at least among the best practice companies, there was recognition that reputation management is at least in part a function of how employees behave and spread the message internally and externally about the company's core values.

## **DISCUSSION**

Thus far, this paper has described the elements of good reputation management delivered by the corporate public relations function in large organizations in Australia. Overall, the organizations studied appeared to be far more aware than in the previous year of the need to practice reputation management through communications and stakeholder relationship building. The issue is becoming increasingly important to management, more resources are being applied and a greater number of reputation-building programs are being communicated to stakeholders. There appears to be a direct relationship between the resources that are put into communication, the sophistication and scale of activities pursued by the public relations department, and the extent to which reputation management was being practiced. This finding is consistent with Hutton's (2001) study undertaken for the U.S. Council of PR Firms, which found a direct correlation between the investment level in corporate communications and the reputation ranking of Fortune 500 companies.

The study also highlights the key management practices that need to be adopted by organizations wishing to actively manage their reputations. In particular, an ethical climate, attention to professional development, and the use of formal planning and measurement systems are advocated. This study identified that an ethical climate is a key enabling factor allowing corporate communications managers to effectively manage reputation. A North American study showed public relations has very little input into ethical decisions (Fitzpatrick, 1996). Involvement in developing an ethical climate within their organization may therefore be an important avenue for public relations managers to pursue.

Attention to professional development and the use of formal planning and measurement systems suggests an important avenue by which professional associations such as the PRIA can make a greater contribution to reputation management ability.

However, perhaps the single most important thing companies can do to enhance their reputation management strategies is to better integrate and co-ordinate various activities through a single function which has senior reporting and influence in the organization. Cross-functional communication through the development of “coherent images and a consistency of posture both internally and externally” is a key to organizational effectiveness (Fombrun, p. 165) in many other functional areas. So, too, reputation management activities need to have cohesion and be aligned with corporate strategy and tactics at all levels of the organization which interacts with stakeholders.

## **CONCLUSION**

The results of the PRIA study suggest that large organizations in Australia have taken on board the concept and practice of reputation management, and use the unique perspective delivered by a public relations approach to develop and manage their reputations. The survey results provide insights into the critical elements of effective reputation management, namely a relationship-building approach to stakeholders, management of organizational constraints or enabling factors such as an ethical climate and provision of professional development for communications staff; participation of the top communications manager in strategic decision making; and support for corporate citizenship activities as part of stakeholder relationship-building.

The study has also highlighted priority areas for organizations wishing to improve their reputation management abilities, namely, a focus on professional development of corporate communications managers in the reputation management area and improvement in research and planning abilities. The data reported provides a benchmark from which to monitor corporate communications practices and trends in reputation management and offers an Australian perspective missing to date in much of the industry and academic literature.

Finally, this paper has argued for, and provided empirical evidence for, the key role of public relations in managing corporate reputation and the unique contribution public

relations makes by bringing to the table a concern for the impact of organizational behaviour on stakeholders and an understanding of how this influences reputation.

Limitations of the study due to the parameters imposed by the Good Reputation Index methodology have also been noted. Perhaps the major limitation, however, is that the relevant and specific stakeholder groups for each of the Top 100 were not necessarily included in the survey design, therefore, the data collected by the PRIA (and by other groups, for that matter) does not actually describe or rate an organization's reputation. Therefore, no reputation rankings are reported in this paper. Further research could explore the attitudes of stakeholder groups to the assessments provided by the companies in ranking their reputational performance.

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**Table 1: Exploratory Factor Analysis of the Reputation Management Capacity Scale**

Item	Factor 1	Factor 2	Factor 3
	$\alpha = .77$	$\alpha = .81$	$\alpha = .64$
Our organization provides inadequate professional development for its communication staff <sup>R</sup>	<b>.849</b>		
We give up if stakeholder groups are difficult to deal with <sup>R</sup>	<b>.679</b>		.325
Our organization does not have policies which enhance ethical behaviour <sup>R</sup>	<b>.669</b>		
Our organization's senior management team values the contribution of communications staff	<b>.654</b>	.236	.235
Most people in our organization think corporate reputation communication programs are a waste of time <sup>R</sup>	<b>.603</b>	.372	.206
Our senior management team expects our head communications manager to contribute to strategic decision making	.160	<b>.876</b>	
Our head communications manager is involved in strategic decision making for our organization	.128	<b>.872</b>	
Our company uses formal research to identify stakeholders		.129	<b>.814</b>
Our organization has a documented stakeholder communications plan	.429		<b>.710</b>
Our organization has a risk communication plan including communication issues.		.492	<b>.623</b>

Factor 1: Organizational constraints

Factor 2: Strategic management

Factor 3: Formal planning

<sup>R</sup> denotes reverse scored items

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 6 iterations.

Overall scale reliability = .80.