Beyond Corporate Image: Projecting International Reputation Management as a New Theoretical Approach in a Transitional Country

ZULHAMRI ABDULLAH
Communication Department, Universiti Putra Malaysia

ABSTRACT
This paper seeks to build a theoretical approach to international reputation management from the perspective of strategic management and multiculturalism. Collective ideas and arguments are undertaken based on literature reviews of public relations, corporate communication, strategic management and cultural diversity. This paper has proposed an adaptive model of international reputation management based on realistic communication practice in a transitional country. This model seems unique in terms of localisation is focused to reiterate an international perspective beyond western philosophy. In the 21st century, the world has changed tremendously and so has the way global corporations operate their business in fast developing countries. Image alone is not enough to build a favourable reputation of corporations. Reputation management, a new and emerging function of corporate communication, is being used as strategic tactical and managerial roles within an organisation. This paper may benefit global corporations operating in a transitional country in how they may foster and maintain their business by focusing on ‘glocalisation’ instead of infusing their pure western philosophy.

Keywords: Identity, Image, Reputation, International and Cultural Diversity

INTRODUCTION
Nowadays, Malaysia, seen as a globalised country (Sriramesh, 2004) and has a rich multiculturalism, impressive economic development and political stability, is one of the fastest developing countries in the world. Not surprisingly, there has been an increasing number of global corporations operating in Malaysia such as

Any remaining errors or omissions rest solely with the author(s) of this paper.
Beyond Corporate Image

as IKEA, Tesco, Giant Hypermarket (under Dairy Farm), Carrefour of France, Kentucky Fried Chicken, Microsoft and many more. These international firms have successfully established a strong reputation in this country as the Asian market can be interpreted as a golden frontier in the 21st century. Walter (2001: 5) points out that, “Asia is the world’s third-largest PR market and arguably the one offering the greatest potential for global corporations”.

In Malaysia, one of the key drivers for their business success is the pivotal role of corporate communications/public relations1 in building a favourable reputation for these corporations. Today’s corporations must be aware that the unique roles of corporate communication that have been established in communication departments have changed the way global corporations operate their business. The world has been transformed from a traditional, ‘industrial economy to an attention economy’, (Bikker & Regt, 2001: 76) precisely from selling product branding to selling corporate branding (Kitchen and Schultz, 2001) in order to venture into globalisation challenges.

In the era of globalisation, there have been a growing number of academic debates regarding the role of corporate communications in the public relations, marketing and management literatures. Van Ruler and Lange (2003) argue that communication management has not yet been posited in the boardroom due to the professionalism crisis and needs to be enhanced at the strategic and managerial levels. Grunig and Grunig (2003) also agree with this notion by arguing that relationship management is a key function for excellent corporate communication. In contrast, it has been said that senior management values the three emerging functions of corporate communications: corporate image, identity and reputation as these functions are more likely to be aligned with the development of corporate strategy and corporations’ vision (Balmer & Greyser, 2003), particularly top corporate communicators involved in formulating and implementing a policy of corporate communication (Van Riel, 1995 and 1997).

CORPORATE IDENTITY, IMAGE AND REPUTATION

Much research has been carried out to determine the strategic roles of corporate communication within an organisation. This also includes studying interrelated functions like corporate image, identity, and reputation (see Argenti, 1998; Balmer & Greyser, 2003; Van Riel, 1995; Fombrun & Van Riel, 2004; Newell & Goldsmith, 2001; Davies et al., 2001).

Indeed, it is important to clarify three different concepts: corporate image, identity and reputation because these interrelated concepts are often misunderstood.

---

1 Corporate communication is a complex and distinctive management discipline, which refers to public relations management incorporating all strategic and managerial functions of communication in light of corporate identity, image, reputation, crisis and risk, and marketing communication.
Image is the perception of constituencies on how an organisation actually presents itself (Van Riel, 1995; Argenti, 1998), whilst corporate identity refers to the self-presentation of an organisation through corporate logo, colour, and any signal that can easily be seen by constituencies (Van Riel, 1995). Corporate reputation has a unique meaning and is more long lasting than corporate image. Importantly, it requires a constantly harmonious series of programmes (Melewar, 2003) and should be thoroughly crafted in line with the strategy development of an organisation. Reputation should thus be seen as “a key source of distinctiveness” to gain competitive advantage in the changing business environment (Fombrun & Van Riel, 2004: 5).

In today’s competitive business environment, Argenti (1998) points out the importance of corporate image and identity to corporations by developing corporate advertising campaigns as the pivotal intangible asset that should not be ignored by corporations. This can also be considered as a monolithic identity which makes the organisation distinctive and interesting (Ind, 1992; Dowling, 1994).

Indeed, Balmer and Greyser (2003) then emphasise the importance of multiple identities as a new corporate identity by developing an ACID test to illustrate how multiple identities may enhance the visibility of corporations and combat the corporate deadly sins. Another growing form, apart from corporate image and identity, is corporate reputation which has been paid considerably attention since the 1990s in the corporate communication literature (Balmer and Greyser, 2003). Fombrun and Van Riel (2004) then reveal the importance of corporate reputation for today’s corporations to create distinctive capabilities and gain competitive advantage. By formulating the Reputation Quotient, these reputation scholars have developed a reputation audit to gauge the reputation of corporations. This makes corporations more visible, distinctive, authentic, transparent and consistent in the complex business environment.

However, some scholars from different perspectives question the importance of image or identity as a symbol or illustration that portrays the good reputation of organisations to the public. Thus, more realistic models of reputation have been proposed. A good image of organisation alone is not enough. Understanding the competencies trait of the corporations may yield distinctiveness to achieve a truly good reputation (Podnar, 2004: 378). Davies et al. (2001) argue for the importance of corporate personality as a key reputation construct to measure both the image and identity of organisations from the perspective of organisational behaviour. From the perspective of public relations and psychology, Grunig (1992) and, Grunig and Grunig (2003) argue that image is associated with symbol and needs to be measured by using the quality of relationship management rather than by reputation indicators to portray the goodwill of organisations to their publics. Newell and Goldsmith (2001 in Berens and Van Riel, 2004) stress the element of trust as a key source of corporate credibility to measure the corporate reputation from the perspective of business to consumer literature.
Beyond Corporate Image

Indeed, Hutton et al. (2001) emphasise how it is fruitful to develop a new, emerging term, reputation management as a substitute for Bernay’s classic public relations focusing on image building in the world of spin (Ewen, 1996). The increasingly used term, reputation management has been predominantly initiated by professional service firms such as Burson-Marsteller, Waber Shandwick, and Edelman Worldwide (Deephouse, 2002). In the future, it is important that in-house communication departments in public and private sectors also expand their role by focusing on reputation management as a ‘guiding philosophy of organisation’ (Hutton et al., 2001:248) at the strategic managerial level. Today’s corporate communication requires a new paradigm for so called reputation management or perception management from the perspective of strategic management (see Hutton et al., 2001; Fombrun and Van Riel, 2004; Kitchen, 1997). Therefore, corporate communication may gain better recognition from senior management and also increase the budget for communication departments. This notion is more acceptable because from a broader view, it is built from an integrated system of corporate communication which combines the dimensions of corporate image, identity and reputation to underpin organisational capability and achieve the corporation’s mission and vision. Indeed, from an integrative view, Cornellisen and Elving (2003) propose a corporate identity management theory based on structuralism and the principle of an open-system to yield operational constructs in order to achieve organisational goals.

Reputation Management in a Transitional Country

There have been limited empirical studies carried out in transitional countries with regard to reputation management. In fact, there is no single model of reputation management built concerning the characteristics of a particular transitional country. In this study, it is argued that image building, as a symbolic presentation is insufficient to build a truly favourable reputation of a corporation in a transitional country.

The empirical study by Lines (2004: 234) shows nowadays, 80% of Asian corporations value the importance of corporate reputation compared to over the last five years. Specifically, this study argues that Asian companies value corporate reputation with regard to tangible aspects such as ‘stakeholders, bottom line performance and corporate governance’ but are less concerned with micro aspects such as ‘community relations, and internal communication’. Asian executives are concerned with three important aspects: ‘transparency (53%), ‘ability to innovate

---

2 Transitional country refers to fast developing countries where the ruler of nation has vigorously utilised a resource capital for sustainable development in order to develop an organic society. The term ‘transitional’ is used to emphasise a changing process in becoming a transparent and developed nation which applies a concept of a citizen-centred rather than an institutional-centred.
(47%) and adaptability to change (46%)' (Lines, 2004: 235). In addition to this, Asian executives are afraid that three aspects: ‘unethical corporate behaviour (65%), product/services problem (63%) and customer criticism (64%) may pose threats to the corporate reputation of the organisation (Lines, 2004: 236). Thus, self-regulation may be considered as a key behavioural construct for Asian executives to practise excellent reputation management based on the principles of transparency, trust and integrity.

Unsurprisingly, within strict regulatory environments, corporate governance is one of the important elements for improving corporate behaviour in Asian countries such as China, India, Korea, Hong Kong, Singapore, Thailand, Philippines, Taiwan and Malaysia. For example, managing corporate governance in relations to ‘fairness, transparency, accountability ad responsibility’ is taken into account by PetroChina in strengthening their corporate reputation (Lines, 2004: 237). Additionally, a state’s E-Governance initiatives under SMART\(^3\) government in Andhra Pradesh, India considers as changing practice from ‘institution-centred’ to ‘citizen-centred’ (Prahalad, 2006: 203).

Although achieving beneficial media coverage is the top priority for Asian corporations, managing corporate social responsibility has not yet been paid attention by top management. Therefore, there is a dire need to improve the strategic role of corporate social responsibility when developing a corporate communication policy in order to foster the favourable reputations of Asian corporations (Lines, 2004).

In fact, in Malaysia, excellent mega projects like the world’s tallest building, the Kuala Lumpur Twin Tower, the Kuala Lumpur International Airport and the Multimedia Super Corridor may be considered as exceptional achievements that have been vigorously developed based on the concept of image building (Chen et al., 2004). This concept is more likely to be associated with the traditional, monolithic image advanced by Olins, (1990). It may attract foreign investments to capitalise on the increasing opportunities in the Malaysian market, but the role of corporate communication remains one-way communication (Grunig & Hunt, 1984) and depends largely on typical functions, publicity and event management. In corporate-level communication, Malaysian corporations should be aware that monolithic image and identity may last temporarily; hence, to be successful, there is a need to practise reputation management from a holistic view.

Although reputation management is a growing form of corporate communications that is being practised by global corporations, there is room for improvement to develop excellent practice of reputation management in transitional countries. Fombrun and Van Riel’s notion (2004), developed for the developed and western countries, is considered as incomplete when applied to the corporations operating in transitional countries because it lacks sensitivity to the country’s

\(^{3}\) SMART Government – Simple, Moral, Accountable, Responsive and Transparent
Beyond Corporate Image

cultural differences. Thus, it remains a big challenge for MNCs to adapt their products and services with local market in a transitional country.

In an attempt to link between Hofstede’s intercultural dimensions and public relations practices, Sriramesh and Vercic (2003) argued that there is a need to study dimensions of culture in Asian country to harmonise communication practice. It is noted that ‘Asian countries have several distinctively different cultures’ that is required for MNCs to understand its complexity (Sriramesh and Vercic, 2003: 515). For example, in Malaysia and Singapore, the communication campaigns have always been aligned with ‘intercultural harmony’ (Sriramesh and Vercic, 2003: 515) such as a celebration of ‘Hari Merdeka’ (Independent day) which is concerned with local cultures for all races in those countries.

Thus, the dimensions of culture can probably be considered as one of the key reputation constructs in managing excellent reputation management. Indeed, there is an urgent need to develop international reputation management and seek its implications in a fast developing or transitional country like Malaysia, which is multi-lingual, multi-ethnic and multi-religious.

Theoretical Framework

This paper presents and discusses a (new) theoretical approach to corporate communication as a means of strategic reputation management from the perspective of strategic management and multiculturalism in a transitional country in order to prepare corporations for globalisation challenges. Reputation management, a new and emerging function of corporate communication which needs to be measured by observing ‘bottom-line behaviours’ of specific constituencies and ‘organisational goals’ (Hutton et al., 2001: 258), is being used as tactical and managerial roles within an organisation. In corporate level-communication, a strategic tactical role may be described as technician sophistication, for instance, practitioners may use online public relations to communicate company’s policies with their strategic constituencies, (Phillip, 2004) in the light of the new interactive technologies (Hutton, 2001), whilst strategic managerial role refers to developing corporate communication policies in line with the strategic development of organisations (Van Riel, 1995). In order to implement this concept, practitioners should be involved in making strategic decisions in the executive suite with all other top business managers regarding company policies.

4 Strategic management here refers to creating a systematic and proactive strategic planning and implementation is crucial for corporations in light of harnessing their strategic and financial performance and contributing to social responsibility.

5 Multiculturalism here focuses on how the values of cultural diversity (cultural facets such as local norms and taboos) can be shared among other races as human entity and can be used as a functional model/approach to develop an organic society.
This paper tries to develop a conceptualised framework to determine:

- what underlying concepts affect international reputation management,
- how reputation management of organisations can be adapted to cultural differences and local norms in transitional countries such as Malaysia which is multi-lingual, multi-ethnic and multi-religious, and more interestingly,
- a correlation between reputation and the principles of transparency, trust and integrity.

The real challenge here is how the reputation models may become global and functional models that can be directly applied to any organisation in any country in this world across boundary of multicultural values. It is our intention here western reputation models need to be improved and modified by considering multicultural values prior to applying to organisations operating in a transitional country. It cannot definitely be interpreted as a one-size fit all. Later, the world will pay attention that we are now moving towards multi-community that requires cultural sensitivity in the country where corporations invest in.

Indeed, when making strategy to project their reputation, many today’s corporations are extremely relied on superlatives such as best, most successful, most prominent, global player or leader, or the world’s powerful provider. Poignantly, it neither only sounds motivational to their stakeholders, nor contributes to the ‘make-thing-happened’ strategy. Thompson et al. (2006) argued that formulating an effective strategic vision must be clearly described ‘where we are heading to and why’. This must be realistically proven based on the past and presence track records of a company’s strategic and financial performances.

### A Proposed Model of International Reputation Management

Having discussed the importance of reputation to corporations, it would be useful to propose and discuss an adaptive reputation model that suits environmental complexities in a transitional country (e.g. China and India – a huge population – being occupied by multi-ethnics and multi-religious community; Malaysia, Indonesia, Brunei and Middle East – upholding Islamic values which business and religious facets cannot be separated). It is our argument that western models are still inadequate and may not be directly applied to a transitional country where multicultural facets should be taken into account. It is arguable that what has been practised in a western and developed country may not important in a transitional and Asian country. It is worth discussing how corporate reputation is practised in a transitional country where some varying patterns should be taken into consideration especially in an Islamic country like Malaysia, Brunei, Indonesia, and Middle East countries.
Beyond Corporate Image

Prior to presenting the conceptual framework, it would be useful to highlight the universal principles that communication practitioners should uphold and adhere to practising the excellent corporate communication. The detailed principles can be described as follows:

- Transparency (how we make decisions openly and open to inspection)
- Trust (how we can be trusted to build a favourable relationship)
- Integrity (how we being honest to others and ourselves)

These principles suggested should be aligned with ethical standards (e.g. Codes of Athens) and applied ethics (e.g. self-regulation) as a guidance philosophy in their professional practice. In a transitional country, considering multicultural facets and strict government regulations, new way of thinking should be practised with regard to corporate reputation. Although the western philosophy/theories have substantially influenced many Asian countries (Sriramesh and Vercic, 2003), the local values are still strongly embedded as a self-defence mechanism in their day-to-day practice especially in Malaysia. In Japan, retailers have to focus their products on local customization in order to appeal shoppers in Kyushu (Rowley, 2005: 27). In addition, in India and China, the importance of government relations (in terms of regulation and legislation) in positioning market economy becomes a central factor for corporate success (Mehring, 2005).

The central thesis of this conceptual framework is how Islamic concepts based on sharia (Islamic law) can be utilised to formulate the best corporate reputation model from a perspective of societal management. Formulating the global reputation model, it is essential to note that the Islamic values discussed can be shared among other races not for Muslim only and ideally, how this can realistically affect today’s corporate practice.

It is central to note that Badran et al. (2003) argued that westerners only understand Islam as ‘a matter of religion’ – traditional and ancient history (which needs to be separated from corporate practice). In contrast, Islam should be seen as a total way of life. In the United Arab Emirates, Islam is perceived as ‘normative and sustaining force’ that is everything Muslim does must comply with certain rules – Holy Quran and Hadis. In other words, if westerners rely on notions initiated by eminent philosophers such as Plato and Aristotle, in contrast, in Islam, Muslim admire respectful prophets’ management practice especially Muhammad and his companions.

From a communication management perspective, Islam strongly encourages ‘musyarawah’ and key relationships – dialogue and negotiation that can be associated with symmetrical communication initiated by James Grunig (1984, 1992, and 2003). From a strategic management perspective, Islam also encourages a bottom line strategy in management practice – Fritzroy and Hulbert (2005) pointed
out that Islamic banking has been practised as a mainstream banking system in many Islamic countries (such as Malaysia, Indonesia, Pakistan, and the United Arab Emirates). Surprisingly, in Malaysia, more than half of their customers are non-Muslim (Shameen, 2005). The principle of Islam has been practised in other sectors as well such as Takaful Insurance, one of prominent insurance companies in Malaysia. Unlike other conventional banking and insurance systems, based on Islamic concepts, their investments can involve in all sectors except unethical and immoral sectors such as tobacco, alcohol, gambling and pornography.

Today’s management practices including the western models of reputation discussed still compromise with extremely unethical and immoral sectors such as tobacco, alcohol, gambling and pornography. These four immoral and addictive sectors seriously harm the society at large. Thus, it is our intention to reveal the best corporate reputation management that aligned with corporate social responsibility based on the Islamic concepts – *sharia*’ that strongly condemns and prohibit the production and distribution of the unlawful sectors.

Importantly, the universal principles of transparency, trust and integrity must be aligned with Islamic concepts – every corporation must avoid/minimise the following four unlawful activities:

- Tobacco (effects – stroke, cancer and lung disease),
- Gambling (effects – pathological condition and social ill)
- Alcohol (effects - mental illness and heart diseases), and
- Pornography (effects – HIV, STDs, and social ill) – this activity is called TGAP.

The World Health Organisation has proved that TGAP activities as primary causes that extremely harm the society in this world. The British Medical Association has tightened its regulatory policies on TGAP activities by urging British peoples to minimise/avoiding the consumption of those TGAP. A medical practitioner said that ‘an alcohol is a poison’ that damages your brain.

Since 1960s much research has been conducted to prove that smoking has a significant relationship with major diseases such as lung cancer, chronic bronchitis, emphysema, and heart disease. Thus, a number of private health organisations including American Cancer Society have forced the US government to alert the side effects of smoking habits among American society (Argenti, 1998). In the United States, the stringent government regulation has affected the pharmaceutical and tobacco industries. Specifically, some regulatory bodies such as the Interstate Commerce Commission (ICC), the Federal Communications Commission (FCC), the Food and Drug Administration (FDA) and the Federal Trade Commission (FTC) are responsible for setting consumer policies, licensing and regulation with regard to some of TGAP unethical corporate activities to protect American society (Argenti, 1998).
It is central to note that the top global corporations should not be considerably involved in TGAP immoral activities in their business operation. There should be a clear policy and regulation that fights against TGAP immoral activities described. In the e-retailing industry, under eBay Trading Policy, eBay has restricted ebayers to sell products like tobacco, alcohol, lottery tickets, and pornography materials (Ebay, 2005).

In many Asian countries such as Malaysia, Brunei and Indonesia, although some TGAP immoral activities are being practised, the governments have set a policy that no pornography material is allowed to be distributed and sold to the public. New regulations and policies with regard to TGAP unethical practices have frequently been updated and tightened. Media and broadcasting companies must comply with the government regulation that no cigarette, alcoholic drink, gambling, or pornography material is openly advertised.

It is worth noting that this new corporate models cannot be only applied to an Islamic country but also to other developed and developing countries. The core suppliers of these TGAP unlawful activities such as Guinness, Salem, Playboy Entertainment and likewise should diversify their products and services by focusing on other potential retailing areas. An Islamic concept here, goes beyond the assumption that ‘a matter of religion’, is adapted to this reputation construct as universal principles in the respect of building goodwill between the organisation and its multiple stakeholders. This concludes our discussion that the best global corporations is not only about being famous but also how they may gain Holy Reputation – minimising/avoiding TGAP that should be seen as a bottom line strategy and key relationships for their corporate success. As shown in Figure 1, Holy Reputation is integrated with reputation capital that is being perceived as an organisational asset for the long-term benefits.

In the graphic presentation, Figure 1, this model is re-conceptualised based on collective ideas and arguments from eminent scholars such as Barnett et al. (2006: 33), Fombrun and Van Riel (2004), Argenti and Druckenmiller (2004), Davies et al. (2001), White and Murray (2004), and Larkin (2003). Every organisation will build their corporate personality by addressing their own identity – the way they want stakeholders perceive them. It must be personalised using corporate symbols, logos, and colours. The idea is to reflect a good image of organisation. However, it is argued that image is a matter of impression of stakeholders which is being categorised as awareness. At this level, it is difficult to determine whether the corporation would be able to change stakeholders’ behaviour. At the higher level, judgement is made by stakeholders about a company’s products and services which is categorised as assessment. Importantly, it is about to change the behaviour of stakeholders which results in purchase intention and brand loyalty. Indeed, the ultimate goal of organisation is to gain reputation capital that is being perceived as an economic asset. As mentioned earlier, this must be integrated with holy reputation to balance a strategic and financial performance (organisational interest) and a real social responsibility (public interest).
CONCLUSION

This paper has proposed the theoretical approach to reputation management from the strategic management and multiculturalism perspectives to fill a gap between theory and practice with regard to the strategic role of today’s corporate communication in a transitional country.

Indeed, in the strategic management literature (see Porter, 1985; Johnson and Scholes, 1999; Thompson et al., 2006), it is argued that organisations are survived and gained a competitive advantage when they have achieved an optimal, strategic and financial performance, however, many of them less likely emphasise on the role of corporate communication/public relations as a capacity building in harnessing ‘reputation management’ within a corporation.

There are several conclusions that can be made with regard to this theoretical approach. First, this theoretical approach probably may have the strong organisational capability needed to foster the strategic programmes of corporate communications. Thus, it may gain proper recognition from top management and benefit society as a whole. Focusing on reputation management goes beyond running publicity or corporate events. Second, the root of this model is strongly based on universal principles of transparency, trust and integrity, which may enhance the professionalism of communication practitioners. Third, unlike other
Beyond Corporate Image

conventional communication and public relations models that have been influenced by western philosophy, this adaptive model may fit into cultural sensitivity and local norms, which suits local people and their environment in a transitional country.

For future research, it is highly recommended that the reputation constructs drawn should be quantitatively and qualitatively tested and evaluated with regard to corporate communication practice in transitional countries which have a rich multiculturalism and cultural diversity to enhance the role of reputation management in a corporate communication discipline. In fact, this study focuses on specific transitional countries that are Malaysia and other Asian countries. It would be useful to expand this model to other transitional countries in Eastern Europe by observing and analysing more empirical studies in those particular countries.

REFERENCES


Beyond Corporate Image


183