Chapter 8: Findings

8.1 Introduction

The hypotheses for the study will first be explained, followed by the findings, which will focus on three areas. Stakeholder communication will investigate the channels of communication of The Group and its various stakeholder groups. Thereafter reputation performance will be explored and various elements influencing corporate reputation will be tested.

8.2 Hypotheses

The hypotheses for the purposes of this study, which have been deducted from the research objectives, are as follows:

- **H1:** The use of internal and external channels of communication to an organisation's stakeholder groups has an impact on corporate reputation.

- **H2:** There is a correlation between an organisation's corporate reputation in terms of general business management, financial management, corporate marketing and corporate communication.

8.3 Layout of the findings explained

The next section will explain how the findings of the study will be reported, i.e. the stakeholder communication channels will be discussed, followed by the perceived elements influencing corporate reputation. After this section, each of the stakeholder groups within this study will be explored in detail regarding these areas.

8.3.1 Stakeholder channels of communication

According to Klein (1999:32) a good gauge of an organisation's reputation considers the view of all its different stakeholders. A good measurement of corporate reputation includes more than investors' views. The perceptions of employees, clients, vendors and business partners are essential. A good reputation measurement tool will also look at all the messages the organisation is sending, intended and otherwise, through all the interaction it has, and how those messages are being received. Therefore, for the purposes of this study the following stakeholder groups were included to provide input: The Group's employees, The Group's executive board, clients, non-clients, financial analysts, trade and business media, partners and suppliers, public relations houses and the general public.

The findings in this section will focus on the communication channels of the stakeholders, i.e. who communicates with whom - where stakeholders get information on The Group from and with whom they in turn communicate this information. The amount of information they obtain from these sources and how credible they perceive the sources to be will also be discussed.

As employees, clients and financial analysts are regarded to be the most important stakeholders in terms of impact on corporate reputation through communication, as illustrated in the literature, diagrams will be included in the sections where these stakeholders are discussed.

8.3.2 The Group's corporate reputation performance

The second section will focus on specific elements that have an impact on The Group's corporate reputation. Several qualitative interviews were conducted to determine what the various elements are that have an impact on corporate reputation.

The respondents were required to indicate whether according to them a specific element had an impact on corporate reputation. The respondents were then required to evaluate

The Group's performance of the specific element in terms of corporate reputation. (This list of elements can be viewed in the quantitative questionnaire in Appendix B).

A performance matrix has been developed to illustrate the impact and performance gap of specific elements. The figure will illustrate the respondents' perception of a specific element's impact on corporate reputation, compared to the actual organisation's performance of these elements. The ideal situation for an organisation to strive to in terms of corporate reputation is where both the impact and the performance are high. This will indicate that the respondent is satisfied with the current situation. Should a specific element's impact be high and the performance low, it will be under-performing. These will be the elements that The Group will need to focus on, as they undermine corporate reputation. If an element is over-performing, in other words, the impact is low and the performance is high; unnecessary effort and funds are being spent on something that is not really regarded as particularly important. The money, time and effort used for any element in this area should rather be reinvested in elements that fall into the under-performance area.

This section will discuss each of the performance areas, i.e. under-performance area, area of concern and where applicable over-performance of the elements that influence corporate reputation. Diagrams have been included of employees, clients and financial analysts, as these stakeholders were identified in the literature as having the greatest impact on corporate reputation in terms of their channels of communication.

8.4   The Group's employees' perception of corporate reputation

In order to understand the perception that employees have of The Group's corporate reputation, it is important to first establish what the channels of communication are. The elements that have a negative impact on corporate reputation, as perceived by the employees, will then be discussed in terms of the under-performing areas and areas of concern. All the business units in The Group were included in this study.

8.4.1 Employee channels of communication

As stated by De Chernatony (2002:119), employees are not passive participants who absorb management edicts and pass them on to clients. Rather they interpret messages, become inspired by particular visions and create a brand atmosphere as they work with external stakeholders. Gatewood in Goldberg *et al.* (2003:173) states that management must define reputation-building strategies for attracting competent employees.

The figure below, Figure 12, illustrates the inflow of communication that employees of the organisation use to obtain information on their place of work. The information flow diagram has been used to illustrate the flow of information from various sources. The blue area is an indication of information sources within the organisation; green areas represent information sources outside the organisation. The percentages within each information source indicate the amount of information collected from the specific source and the number on the outside of the information source indicates how credible the collector of the information deems it to be. The respondents were required to rate the credibility on a scale of 0 to 5. A rating between 0 and 2 means a low credibility, 3 represents a medium credibility and a score of 4 to 5 means a high credibility.
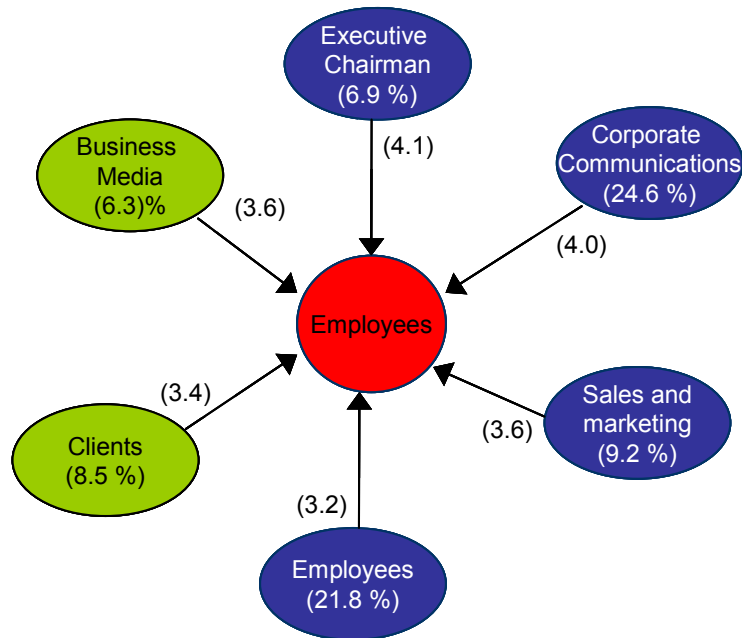
Figure 12 The Group's employee inflow of communication

From the figure above it can be seen that The Group's employees get most of their information about their organisation from the corporate communications department (24.6%). They deem this specific source to be highly credible (4.0). Employees also get most of their information on the organisation from their colleagues, with a medium (3.2) credibility rating. The role of the corporate communications department can be seen as very important.

Gary and Smeltzer (1985:76) concur that present employees are a final constituency that an organisation must consider when communicating corporate image. It is generally believed that a positive identity in the eyes of employees is a prime causal factor of high morale and efficiency. Bernstel (2003:15) comments that an organisation cannot deliver on its brand promise if the employees do not know or care about it. A successful organisation focuses on taking care of employees. Employee morale has an effect on everything from frontline service to negative word-of-mouth.

Employees seem to use mainly internal channels of communication as well as the grapevine to get most of their information. This could be seen as a possible opportunity for The Group's management to channel information to employees. Some current blockages in terms of communicating to employees through the management channel could be due to the broadcasting nature of current information sources as well as the lack of information cascading through the management structure.

The figure below, Figure 13, illustrates the distribution of communication from employees to various stakeholders of The Group.
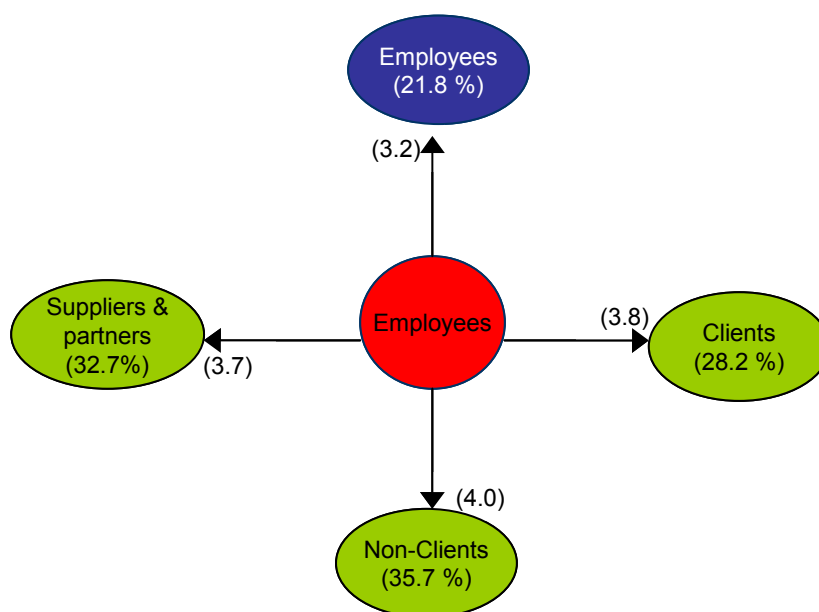

Figure 13 Distribution of communication from The Group's employees

Figure 13 illustrates the distribution of communication that flows from employees to the other stakeholder groups of the organisation. It is valuable to understand the flow of information from employees, as this will allow the organisation to optimise the utilisation of this channel of communication in terms of influencing corporate reputation. The Group's employees disseminate most information to non-clients, suppliers and partners.

Non-clients obtain 35.7% of all the information they collect on The Group from employees. This could be attributable to the personal relationship that is developed between prospective clients and employees while the employees try to convert them to clients. It is therefore imperative that the employees get accurate information to communicate to this group. The non-clients have rated the credibility of this source of information as 4.0, which is high; therefore the employees are crucial in the conversion of non-clients to clients and building the reputation of the organisation.

Another stakeholder group that gets most of its information from The Group's employees is the suppliers and partners; 32.7% of their information about The Group is collected from employees. They regard this source of information as of medium credibility (3.7). This could also be attributable to the close relationship that is built between these two groups.

Employees also obtain a large amount of information about The Group from their colleagues (21.8%). This source was also rated as of medium credibility (3.2).

The Group's employees are most probably the most important source of information for all stakeholders and should be treated as such. This implies that employees as a stakeholder group should probably be the responsibility of the executive chairman to underpin the importance of this group and to ensure that the information provided to this group is as accurate as possible. This stakeholder group has the ability to improve or damage the reputation of The Group and has probably done most of the damage in the past.

8.4.2 Employees' perception of The Group's reputation performance

This section will focus on the elements that build the corporate reputation as perceived by the employees of The Group. The figure below (Figure 14) illustrates the performance matrix of the employees within the organisation. The bottom left area of the figure is the under-performance area (i.e. the impact on corporate reputation is high, but the actual

performance is low). This is currently influencing the perception of corporate reputation negatively, according to the employees.
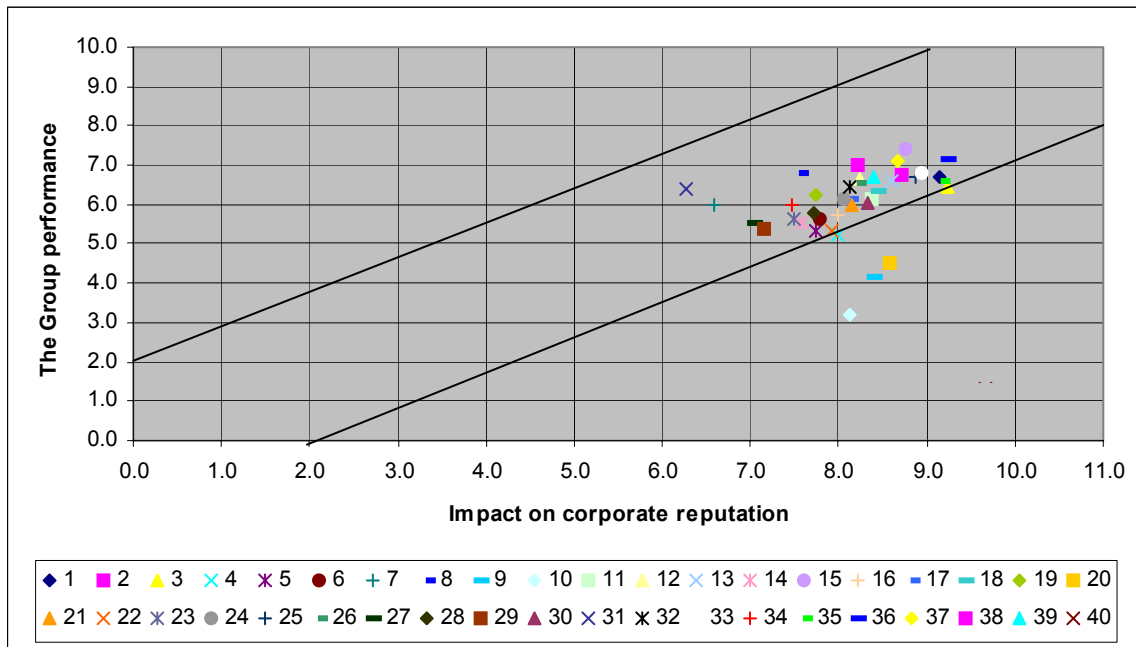

Figure 14 Performance matrix of corporate reputation according to employees

Two areas will be discussed: the area of under-performance, which leads to a negative perception of The Group that is created when the impact of a specific element is higher than its actual performance. Secondly, the area of concern will also be highlighted. These are elements that may have a negative impact on corporate reputation if left unattended in the future. These elements lie very close to the area of under-performance.

• **Under-performance area**

The under-performance area indicates a specific element's impact on corporate reputation to be high, but the actual performance is low.

Specific elements that currently lie within the area of under-performance, undermining corporate reputation, according to The Group's employees, are described below.

The greatest concern for this group in terms of negative impact on corporate reputation is financially orientated, namely the share price, shareholder value and investor attractiveness. These are the elements that are currently under-performing and should be The Group's primary focus in an attempt to rectify the perception where possible. The perception of these various elements is what The Group employees are currently communicating to various stakeholder groups, thus influencing the manner in which these stakeholder groups view The Group. It needs to be noted that although all the elements falling in this area are financial, they are not all under the control of The Group, as some are market-driven. Communication on these elements needs to be handled sensitively.

- **Area of concern**

Elements that lie very close to the area of under-performance need to be monitored and managed. If left unattended, these elements may have a negative impact on the corporate reputation in the future.

An element that may become a concern in the future and will need to be managed is client satisfaction, where the current perception of the impact on corporate reputation is higher than the actual performance. This is an indication that the employees feel that they are not optimally satisfying their clients' needs, which may be a concern. As Durvasula *et al.* (2000:433) assert, an essential ingredient for a successful organisation is to keep the clients satisfied on a long-term basis. The key to relationship management is developing, maintaining and enhancing the dynamics of a relationship with a client; the end result is likely to be a loyal client.

The organisation's marketing and sales are rated as performing much lower compared to the high impact these are regarded as having on corporate reputation. Most of the employees feel that not enough is being done to market the organisation and that it is not visible enough in the marketplace. Gary and Smeltzer (1985:73) and Gray and Balmer in Goldberg *et al.* (2003:173) state that a strong positive image among the general public is regarded as strategically beneficial. With respect to the IT industry, greater public awareness of the organisation's existence may be obtained through public relations releases and advertisements and by participation in international exhibitions, such as software exhibitions.

The organisation's corporate communication is also close to under-performing. Although there is ample internal communication throughout the organisation, this rating could be an indication that current communication initiatives are not necessarily effective and it may not be information that the employees want to hear. The concern with this rating is that the content, channel or timing of any communication initiative is not right and not reaching the intended stakeholder group.

Delivery on promises is perceived to have a low performance compared to the impact. This element may be a concern, as it indicates that the employees do not currently feel that they are keeping their promises to clients, or could be an indication that they do not have the necessary competencies to deliver on promises. The latter is something that management may need to focus on in the near future.

Black economic empowerment (BEE) initiatives are also a concern. If these are not managed they will undermine the credibility and trustworthiness of the organisation, leading to a negative corporate reputation.

8.5   The Group's executive board's perception of corporate reputation

In order to understand the perception that the executive board of The Group has of The Group's corporate reputation, it is important first to establish what the channels of communication are internally and externally. The elements that have a negative impact on corporate reputation as perceived by The Group's executive board will then be discussed. Five personal face-to-face interviews were conducted with the executive management of The Group.

8.5.1 The Group's executive management's channels of communication

The members of the executive board of The Group were required to indicate where they got most of their information about The Group.

The executive board of The Group indicated that they make use of a large number of sources. However, they predominantly get their information from their employees, which they rate as of medium credibility (3.8). They also get a large part of their information from the executive chairman, which they rate as of high credibility (4.5).

It is interesting to note that the executive board also got a fair amount of information from their organisation's suppliers and partners (12.5%), which they regarded as of medium credibility (3.4).

When the channels of communication were explored in terms of with whom the executive board of The Group communicates, the following was determined:

- **The executive chairman:**

    Employees use most of the information communicated by the executive chairman as one of their main sources of information about The Group. Employees get approximately 6.9% of all their information from the executive chairman and regard

him as very credible (4.1). This represents a major opportunity to influence the employees and to provide them with the correct information to influence the stakeholders that use them as a source of information.

Of the media respondents interviewed, 40% indicated that they got a large amount of all the information they gather on The Group (17.9%) from the executive chairman, and regard him as having high credibility (4.0).

Financial analysts also get a large portion of their information from the executive chairman (17.2%). However, it is interesting to note that this group does not regard the information communicated by the chief executive as very credible (2.8).

Organisational leaders must according to Testa (2002:262) and Wilson (2003:16) understand how internal and external stakeholders perceive them if the relationship is to be maximised. The leader must earn the trust of all stakeholders, which is a difficult balancing act, as each stakeholder group has different needs.

- **The executive board**

Clients make the most use of this source, 10.9% of all the information they collect on The Group is through the executive board. They regard this source as having a high credibility (4.0). Financial analysts get 11.8% of all their information of The Group from the executive board. However, they regard this source's credibility as medium (3.2). The total percentage of information that suppliers and partners get from this source is 7.4%, and they also regard the executive board as having medium credibility (3.4).

Worrying though, is the low level of client and non-client interaction with The Group's executive board as well as interaction with the media. In general the board

is perceived as a credible source and this should be used to The Group's advantage.

8.5.2 The Group's executive management's perception of The Group's corporate reputation performance

The executive board team of The Group was required to indicate what their perception was of the impact of certain elements on corporate reputation, and then indicate their perception on how The Group was performing on these elements. It needs to be taken into consideration that an executive board usually tends to be over-critical of its organisation and therefore a greater amount of elements fall within the area of under-performance. This is the area where the impact of an element is high on corporate reputation and the performance of the organisation on the specific elements is perceived to be much lower. The elements in this area should be the focal point for improvement in the future.

- **Under-performance areas**

    The financial elements are currently the greatest concern for this stakeholder group. This could be attributable to the low share price resulting from the dip in the whole IT industry and they feel that they have a responsibility towards their shareholders and employees. The financial elements are, however, market-driven and out of the control of the executive board, but all the relevant parties need to be kept up to date and informed as to what is happening on this front.

    The elements that are currently the greatest concern, are therefore the share price, The Group's shareholder value, investor attractiveness and profitability, because the impact that these elements have on corporate reputation is perceived as being much higher than The Group's current performance.

The corporate image of The Group is currently also perceived to be under-performing. The executive board feels that much could be done to improve the current image of the organisation. Easton (1966:168), Gary and Smeltzer (1985:73) and Bickerton (2000:42) as well as Christensen and Askegaard (2001:295) summate that the corporate image is based on the collective impressions of all the stakeholders of the organisation. These impressions are derived from an organisation in its surroundings, such as an individual's personal contacts with the organisation, hearsay, mass communication media and psychological predispositions not controlled by the organisation.

The general organisational elements that are under-performing are aspects such as BEE initiatives and The Group's lack of globalisation. The element of delivering on promises falls into the area of under-performance. Although the difference between the impact on corporate reputation and The Group's performance is slight, this is still an element that will need this stakeholder group's attention in order to change the current perception of The Group. The Group's corporate management process alignment is also under-performing. The stakeholder group was under the impression that the location of the corporate head office may have an impact on the reputation of an organisation.

Leadership style also fell within this area, which could be a possible concern for the organisation, as the members of the executive board indicated that they are concerned about the manner in which their colleagues are leading the organisation.

The product-related elements that fall within the area of under-performance are the value of offerings and the flexibility of products and services. Richardson and Bolesh (2002:54) suggest that reputable organisations protect their corporate images by maintaining high standards of practice no matter what the circumstances. The most admired organisations use a combination of transparency, strong ethics

and a commitment to quality products and services to build and maintain their reputations.

The executive board is also concerned about the current PR communication initiatives within the organisation, as it has rated the impact that this element has on corporate reputation as much higher than The Group's current performance. This could be due to the negative publicity of the IT industry in the media recently, lack of employee morale in the organisation and failure to communicate the right message through the right channel to the right stakeholder groups at the right time. Gary and Smeltzer (1985:73) and Gray and Balmer in Goldberg *et al.* (2003:173) state that management focusing on image management is able to build a positive reputation by investing in symbols of quality and indicators of a successful organisation.

Employee satisfaction was rated low. This could be an indication of low employee morale within the organisation, which could be attributable to the share price that is currently not regarded as an incentive but is viewed as a loss. It could also be as a result of ineffective internal communication initiatives and attributable to a fair amount of internal politics in the various business units. Testa (2002:262) notes that the relationship that develops between an organisation and its employees may be an indicator of its relationships with other stakeholders. Schlesinger and Heskett in Silvestro (2002:33) and Taina (2002:22) comment that low employee morale may lead to high absenteeism, high labour turnover, drop in productivity rates, negative attitudes and finally client dissatisfaction. This is attributable to minimal investment in training, poor rewards and declining levels of client service.

Two client-related elements fall within the area of under-performance, namely client relationships and client satisfaction.

- **Areas of concern**

    Areas of concern are elements of which cognisance needs to be taken and actively managed to prevent it from having a negative impact on corporate reputation and becoming under-performing areas. Areas of concern for this stakeholder group include:

    Social responsibility; in order to understand corporate reputation, there is a necessity, according to Wilson (2003:17), to understand CSR. CSR initiatives have become a board-level concern across all markets. People believe that organisations can really make a difference in terms of creating a better society or a more sustainable environment. However, delivering on the commitment to CSR requires a long-term view and the ability to deal with short-term volatility such as conflict and economic uncertainty without neglecting the future needs of the organisation.

    The corporate brand will also need to be monitored, to ensure that it does not become an under-performing element that has a negative impact on corporate reputation.

8.6   The Group's clients' perception of corporate reputation

In order to understand the perception that clients have of The Group's corporate reputation, it is important to establish first what the channels of communication are. The elements that have a negative impact on corporate reputation as perceived by the clients will then be discussed. Personal and telephonic interviews were conducted with The Group's clients.

8.6.1 The Group's clients' channels of communication

The larger clients of The Group were approached and were required to indicate where they got the majority of their information about The Group. Through this it was determined that the clients collect most of the information about The Group from employees, probably as a result of direct contact with employees working on projects within their organisations. They regard this source of information as of medium credibility (3.8).

Anon. (2002a:26), Harris and De Chernatony (2001:441) and Davies and Chun (2002:147) all agree that if staff members express negative views about their organisation or if what they say does not reflect the image the organisation is trying to project through its advertising, other stakeholders will believe the employees rather than the publicity. Employees are "brand ambassadors" and only if they "live the brand" will the reputation management efforts succeed. Organisations have to encourage employees to "buy into" the organisation's vision and values; they have to make sure that everyone within the organisation clearly understands what the common set of values is, for employees to be able to reflect them through their own behaviour and communication. For this to happen, reputation has to be based on reality in order to be credible.

The clients of The Group regard the executive board and other clients as the most credible sources of information (averaging 4.0). It also appears that The Group's clients make extensive use of trade media (17.4%). This is an indication that industry-specific, technical and product-related articles are very important to them.

The stakeholders to whom clients disseminate most of their information about The Group are external stakeholders such as other clients (11.9), non-clients (10.8%), suppliers and partners (11.6%), as well as employees (8.5%). The fact that clients talk to one another could indicate a snowball effect that could be either to The Group's advantage or detriment. Referrals are extremely powerful to obtain non-clients as clients; therefore clients are a very credible source of information.

8.6.2 The Group's client's perception of corporate reputation performance

The clients of The Group were required to indicate what they regarded as having the greatest impact on an organisation's corporate reputation. They were then asked to give their perception of The Group's performance on the specific element.

According to Doyle (2000:221) brand equity arises from the trust that clients place in the organisation's brand. This trust creates a relationship between the brand and the client that encourages preference, brand loyalty and willingness to consider the new products and services that the organisation may offer in the future under its brand name. There is clear evidence that strong brands, through corporate reputation, create value for shareholders as well as for clients. The figure below, Figure 15, illustrates the elements influencing corporate reputation as perceived by the clients of The Group.
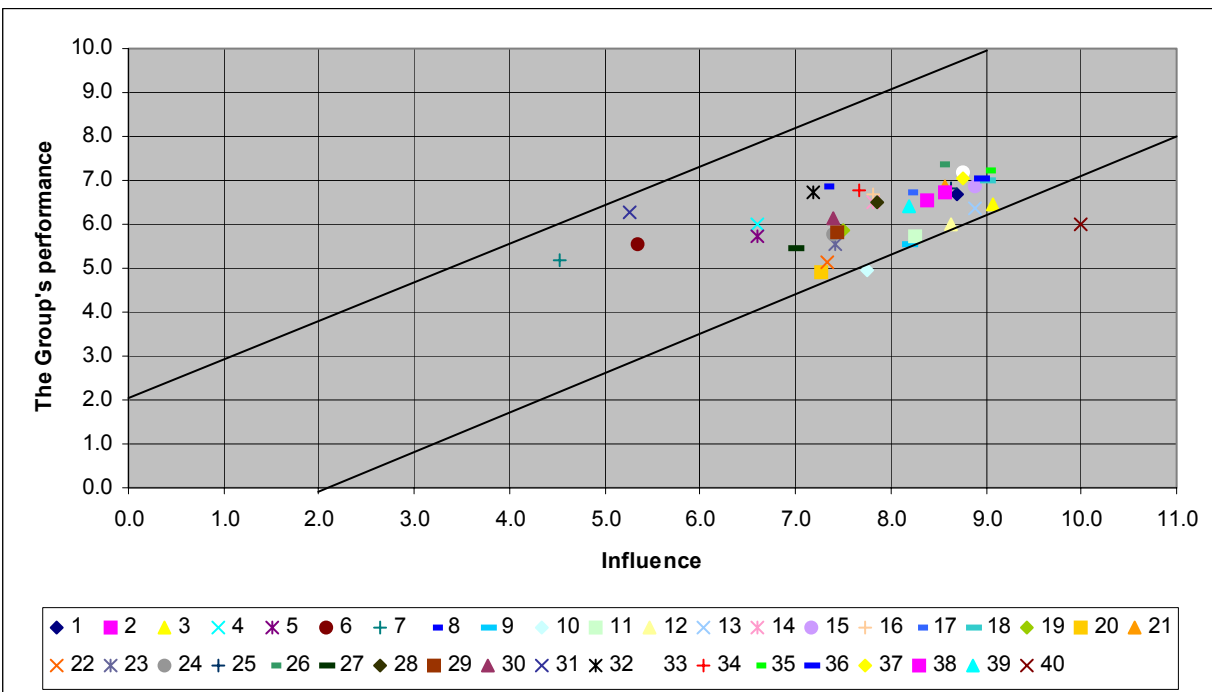

Figure 15 Performance matrix of corporate reputation according to their client

There are two areas that will be discussed: the area of under-performance, which leads to creating a negative perception of The Group when the impact of a specific element is higher than its actual performance. Secondly, the areas of concern will also be highlighted. These are elements that may have a negative impact on corporate reputation if left unattended in the future. These elements lie very close to the area of under-performance.

- **Under-performance areas**

    There was only one specific element that the respondents felt was under-performing: corporate management process alignment, where it was indicated that there needs to be greater business intimacy

- **Areas of concern**

    Areas of concern are elements of which cognisance needs to be taken and actively managed to prevent them from having a negative impact on corporate reputation. These elements will be discussed in this section:

    The Group's client satisfaction needs to be monitored to prevent this element from under-performing. This element was perceived to have a very high impact on an organisation's corporate reputation and was perceived to be performing lower in comparison to its perceived impact on corporate reputation. As noted by Durvasula *et al.* (2000:433) an essential ingredient for a successful organisation is to keep the client satisfied on a long-term basis. The key to relationship management is to develop, maintain and enhance the dynamics of a relationship with a client. The end result is likely to be a loyal client.

    Shareholder value and share price are also two important elements to be monitored as best possible. Although these are elements that The Group management has no

control over, the appropriate communication should be disseminated to the right stakeholders with regard to developments and changes in this area.

8.7   Non-clients' perception of corporate reputation

In order to understand the perception that non-clients have of The Group's corporate reputation, it was important to establish first what the channels of communication are. The elements that had a negative impact on corporate reputation as perceived by the non-clients are then explored. Personal and telephonic interviews were conducted with non-clients. The purpose of interviewing non-clients was to determine what their perception was of The Group. This will enable The Group to determine what the best way would be to convert the non-clients to clients in the future.

8.7.1 Non-clients' channels of communication

Non-clients or alternatively, potential future clients, were required to indicate the sources of information they use when gathering information about The Group.

The potential new clients got most of their information about The Group from The Group's employees. This could result from negotiations between the prospective clients and The Group's employees. Unlike The Group's clients, the prospective clients made more extensive use of business media as opposed to the trade media used by clients. This could be attributable to the fact that non-clients would be more interested in the financial side of an organisation and the general business practice. Therefore communications from The Group should focus more on business media in order to convert non-clients to clients. As noted by Morsing and Kristensen (2001:25), business media play a significant role in furnishing modern organisations with a day-to-day self-description.

Employees, business media and clients present a major opportunity to communicate with non-clients by re-enforcing the current messages as well as providing support to the current sales effort.

8.7.2 Non-clients' perception of The Group's corporate reputation performance

Non-clients were interviewed to understand what their current perception and view was of The Group. They were also asked to evaluate a list of elements that had an impact on The Group's corporate reputation. They were required to give their perception of the impact that the specific element had on corporate reputation and then evaluate The Group's performance on the specific element.

There are two areas that will be discussed: the area of under-performance, which is created when the impact of a specific element is higher than its actual performance. Secondly, the areas of concern will also be highlighted. These are elements that may have a negative impact on corporate reputation if left unmanaged in the future. These elements could become under-performing areas if they remain unattended to.

- **Under-performance areas:**

    No elements fell in this area, The Group's perceived performance was therefore in line with the perceived impact that the specific elements had on an organisation's reputation:

- **Areas of concern**

    Areas of concern are elements of which cognisance needs to be taken and actively managed to prevent them from having a negative impact on corporate reputation. These elements will be discussed in this section.

Areas that management will need to supervise to prevent the elements from falling into the under-performance area are BEE initiatives, delivery on promises and the quality of products and services. These three elements will also contribute to the credibility and trustworthiness of the organisation.

8.8   Financial analysts' perception of corporate reputation

In order to understand the perception that financial analysts have of The Group's corporate reputation, it is important to establish first what the channels of communication are. The elements that have a negative impact on corporate reputation as perceived by the financial analysts will be identified. This will be followed by an understanding of the financial analysts' knowledge of the core competencies within the organisation. Financial analysts have a significant effect on corporate reputation in terms of influencing the perception of shareholders and thus indirectly contributing to share price, shareholder value and profitability, which are the three most important elements affecting corporate reputation in terms of financial management.

8.8.1 Financial analysts' channels of communication

Financial analysts were required to indicate which sources of information they used to get information about The Group.
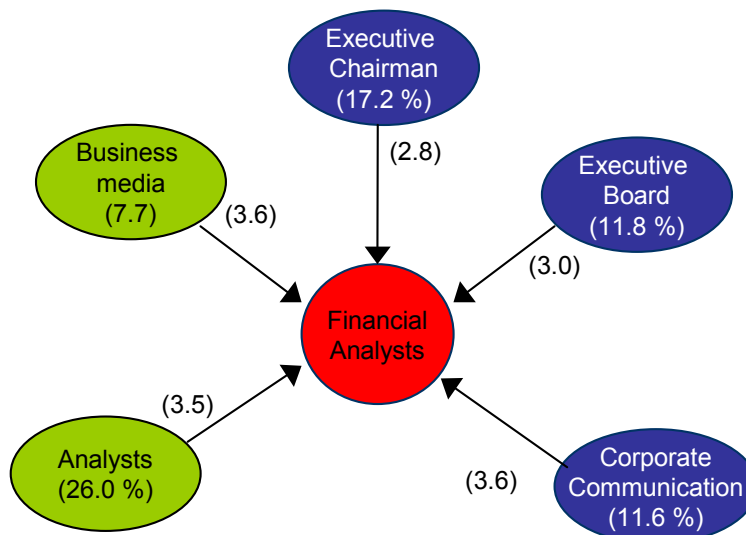
Figure 16 Financial analysts' channels of communication

There was a clear indication that the financial analysts obtained most of their information about The Group from internal sources to The Group, i.e. the executive chairman (17.2%), the executive board (11.8%) and the corporate communications department (11.6%). Financial analysts also get information from other financial analysts (26%). Business media provided financial analysts with 7.7% of all the information they collected about The Group and were rated as having medium credibility (3.6).

It is interesting to note that even though a fair amount of information is collected from the executive chairman, his credibility was rated low (2.8). The interaction between the financial analysts and the corporate communications department could possibly be due to the annual report that is compiled by this department.

Klein (1999:32) states that a CEO's reputation accounts for 40% of how an organisation is viewed by stakeholders and outsiders. A CEO's reputation influences shareholders to buy stock in the organisation, increases the credibility of the organisation if it should be under pressure in the media and will recommend the organisation as a good business partner.

In terms of disseminating information about The Group, financial analysts distributed most of their information about The Group to other financial analysts (26%). This could provide an opportunity to target the opinion leaders within the financial analysts and use them to inform the rest of the analysts.

8.8.2 Financial analysts' perception of The Group's corporate reputation performance

Financial analysts were required to give their perception of The Group's current corporate image and reputation. They first needed to indicate what impact various elements had on an organisation's reputation and they were then required to give their opinion on how they perceived The Group to fare according to the various elements. Doyle (2000:221) indicated that there is clear evidence that strong brands create value for shareholders.

The elements have been represented graphically in Figure 17 in terms of over-performing and under-performing.
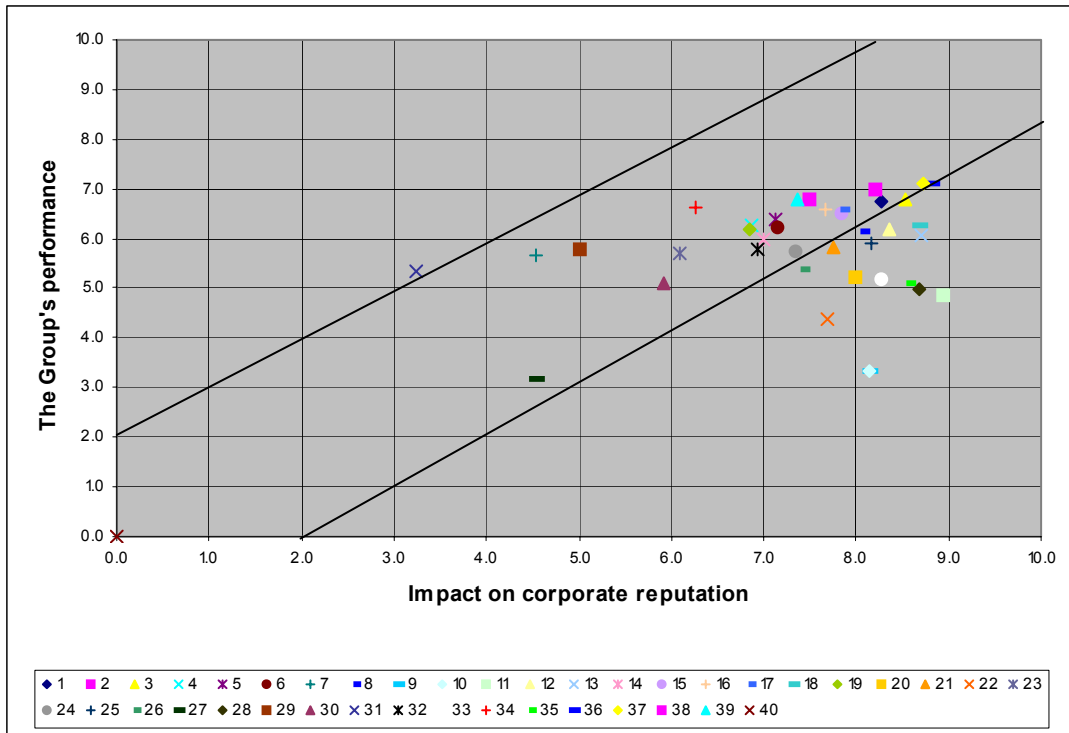
Figure 17 Performance matrix of financial analyst

The performance matrix illustrated above is a representation of the various elements that have an impact on an organisation's corporate reputation as perceived by financial analysts.

- **Over-performance areas**

   The over-performance area is the area where the impact of a certain element is low and the performance of the organisation is high in terms of corporate reputation. In this area, management should guard against spending too much time, money and effort on a specific element, as it will have no impact on the improvement of the organisation's corporate reputation.

   The element perceived as over-performing was the location of the head office. The financial analysts did not feel that the location of an organisation's head office had a

great impact on how an organisation is perceived in the market. It would therefore not be worth The Group's while to relocate its head office, as this will have no effect on the current perception of The Group from the point of view of financial analysts. Therefore the concern that the executive board had regarding their corporate head office is therefore justified in terms of staying in their current location.

- **Under-performance areas**

Under-performance areas are areas indicating that a specific element is regarded as having a high impact on the organisation's corporate reputation, but the perception of the respondent is that The Group's performance of this specific element is low.

The financial elements are the greatest concern for the financial analysts. They have rated The Group to be under-performing in the following areas: shareholder value, share price, transparency, profitability, investor attractiveness, sustainability and delivery on promises. This could be attributable to the disappointing year-end results and commercial viability.

They also felt that quality of management, business ethics, trustworthiness and BEE initiatives needed to be enhanced before their current perception of The Group's reputation could be positively changed.

- **Areas of concern**

Areas of concern are elements of which cognisance needs to be taken and actively managed to prevent them from having a negative impact on corporate reputation. These elements will be discussed in this section:

Elements that need to be monitored to prevent them from moving into the area of under-performance are client satisfaction, being in the IT industry, sustainability of strategy and having the ability to take advantage of opportunities.

8.9   The media's perception of corporate reputation

In order to understand the perception that the media have of The Group's corporate reputation, it is important to establish first what the channels of communication are. The elements that have a negative impact on corporate reputation as perceived by the media will be explored.

8.9.1 The media's channels of communication

Hanson and Stuart (2001:132) suggest that the manner in which the media portray events is more relevant for organisations than ever before. The fact that mass media play a major role in social issues and social change in the way they frame events is the essence of the notion of media framing. These frames, while largely unspoken and unacknowledged, organise the world both for journalists who report and to some important degree, for the general public who rely on their reports. Media framing, therefore, creates meaning over time. It does not directly cause changes in public opinion but forms a system with public opinion as the other element.

Various media commentators were interviewed for the purpose of this survey. Radio, magazine and electronic media respondents were required to indicate where they get information about The Group.

The media generally obtained most of their information from sources internal to The Group, such as the executive chairman (17.9%), the executive board (7.8%) and the corporate communications department (21.0%).

The media disseminated the information they had collected to stakeholders in two different formats, namely trade media and business media. Trade media focus extensively on industry-specific, technical and product-related articles, whereas business media focus more on the financial side of an organisation and general business practice.

Of all the stakeholders that use trade media as a source of information, clients use this source to the greatest extent, getting 18.3% of their information from this source, which is an indication that specific IT-related articles are very important to them. Non-clients also make use of trade media but much less of their information (6.7%) is collected from this source. Suppliers and partners get 12.9% of their information from this source.

Business media are used predominantly by non-clients to obtain information about The Group (10.3%). This is an indication that they are more interested in the financial aspects of the organisation in contrast to articles written about a specific IT function, which would be found in the trade media.

8.9.2 The media's perception of The Group's corporate reputation performance

This group comprised both trade media and business media. They were required to indicate their perception of the impact that a specific element had on an organisation's corporate reputation, and then to indicate how they rated The Group's performance on this specific element. They first needed to indicate what impact various elements had on an organisation's reputation and were then required to give their opinion on how they perceived The Group to fare according to the various elements.

Two areas will be discussed. Firstly, the area of under-performance leads to a negative perception of The Group that is created when the impact of a specific element is higher than its actual performance. Secondly, the area of concern will also be highlighted. These are elements that may have a negative impact on corporate reputation if left unattended and not managed in time.

- **Under-performance areas**

  The elements that have been rated as under-performing at present are the financial-specific elements such as shareholder value and share price. The quality of management, business ethics and trustworthiness also fall within this area.

- **Areas of concern**

  Cognisance needs to be taken of elements that are very close to under-performing. Action needs to be taken to manage these elements actively to prevent them from having a negative impact on corporate reputation. These elements will be discussed in this section:

  The elements that need to be monitored and where necessary managed, to prevent a negative impact on corporate reputation, are marketing and sales, being in the IT industry, profitability, investor attractiveness, BEE initiatives, leadership style, quality of products and services and the value of offerings.

8.10 Suppliers and partners' perception of corporate reputation

In order to understand the perception that suppliers and partners of The Group have of its corporate reputation, the channels of communication first need to be established. The elements that have a negative impact on corporate reputation as perceived by the suppliers and partners will be explored.

8.10.1   Suppliers and partners' channels of communication

Various suppliers and partners of The Group were approached to take part in this study. They were required to indicate where they got their information about The Group. Gary

and Smeltzer (1985:75) comment that suppliers and partners play an intermediate role in the distribution of the product and can influence the purchasing decisions of clients; therefore they play an important role in an organisation's corporate reputation.

Most information on The Group is collected from The Group's employees, since the suppliers have close contact with The Group's employees. The suppliers and partners rated this source of information as medium (3.7). Suppliers also tend to get more information from trade media as opposed to business media. Using trade media as a channel of communication will enable The Group to build a stronger reputation, enhance the manner in which it is viewed by its suppliers and partners and ensure long-term contracts, loyalty and sturdy relationships. Increasing published articles in the trade media could possibly lead to new and more partners and suppliers.

8.10.2   Suppliers and partners' perception of The Group's corporate reputation performance

The major suppliers and partners of The Group were approached to take part in this study and give their opinion on how The Group performs on various elements that have an impact on an organisation's corporate reputation.

They were required to indicate what impact various elements had on an organisation's reputation and then to give their opinion on how they perceived The Group to fare according to the various elements.

Two areas will be discussed. Firstly, the area of under-performance, which leads to a negative perception of The Group, is created when the impact of a specific element is higher than its actual performance. Secondly, areas of concern will also be highlighted. These are elements that may have a negative impact on corporate reputation if left unattended and not managed in time.

- **Under-performance areas**

  There are currently several elements falling within the area of under-performance. This should pose a great concern for The Group's executive board and needs to be managed appropriately.

  The under-performing areas include client relations and client satisfaction. This indicates that the suppliers of The Group are concerned that The Group is unable to satisfy its clients with the services currently provided to them.

  The suppliers and partners are also concerned about The Group's performance of various financial elements, such as shareholder value, share price and profitability. BEE initiatives and social responsibility are also aspects to be taken into consideration that are currently under-performing and undermining The Group's corporate reputation. The Group will also need to concentrate on corporate management process alignment and business ethics.

  The quality of services and products and the value of offerings also fall within this area of concern, which is an indication that the suppliers and partners of The Group do not perceive The Group to be performing very well in this regard. If The Group wants to retain its current suppliers and partners base and to attract new suppliers and partners in the future and to improve its corporate reputation and the way in which its suppliers and partners currently view it, these are elements that will need to be improved.

- **Area of concern**

  Areas of concern are elements of which cognisance needs to be taken and which must be actively managed to prevent them from having a negative impact on corporate reputation. These elements will be discussed in this section

The current elements that are reasons for concern include client loyalty, being in the IT industry (this is, however, an element that The Group has no control over), commercial viability, sustainability, investor attractiveness, globalisation and trustworthiness. These elements need to be monitored to ensure that they do not become areas of under-performance, which will have a negative impact on The Group's corporate reputation.

8.11 Public relations houses' perception of corporate reputation

In order to understand the public relations (PR) houses' perception of The Group's corporate reputation, it is important to first establish what the channels of communication are. The elements that have a negative impact on corporate reputation as perceived by the PR houses will be investigated.

Approximately 50 different PR houses were approached, of which only eight were familiar with The Group and able to complete the questionnaire. A separate questionnaire was then developed to determine what the general awareness of IT organisations in South Africa is.

8.11.1   Public relations' houses channels of communication

Of the PR houses approached to participate in the sample, only 11% were familiar with The Group and were able to complete the questionnaire. It was therefore decided to interview a random sample of 20 PR houses, to determine what their market awareness is of various IT organisations in South Africa.
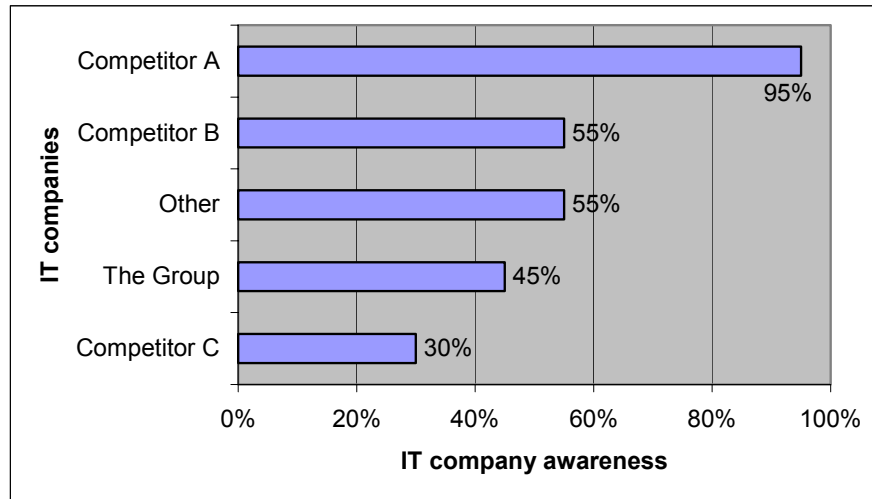
Figure 18 PR houses' awareness of IT organisations in South Africa

From the table above, it is clear that almost all the respondents in this group were aware of Competitor A (95%). Competitor C rated the lowest, with 30% market awareness; Competitor B rated 55% compared to The Group's market awareness of 45%.

8.11.2   PR houses' perception of The Group's corporate reputation performance

As the respondents interviewed had very little or no exposure to The Group, they were not required to complete this section of the questionnaire.

8.12 The public's perception of corporate reputation

In order to understand the general public's perception of The Group's corporate reputation, it was important to establish what the channels of communication were. The elements that have a negative impact on corporate reputation as perceived by the public relations houses will also be discussed.

A limited number of interviews were conducted with this group, as most of the interviewees were not familiar with The Group. A separate questionnaire was then developed to determine what the public's general awareness of IT organisations in South Africa is.

8.12.1   The public's channels of communication

A random sample of the general public falling between LSM 9 and LSM 10 was taken. However, a limited sample was familiar with The Group and was able to complete the whole questionnaire. It was therefore decided to develop an additional question to determine whether the public knew of other IT organisations in South Africa.

A sample of 29 general public respondents was contacted, to determine which South African IT organisations they were familiar with.
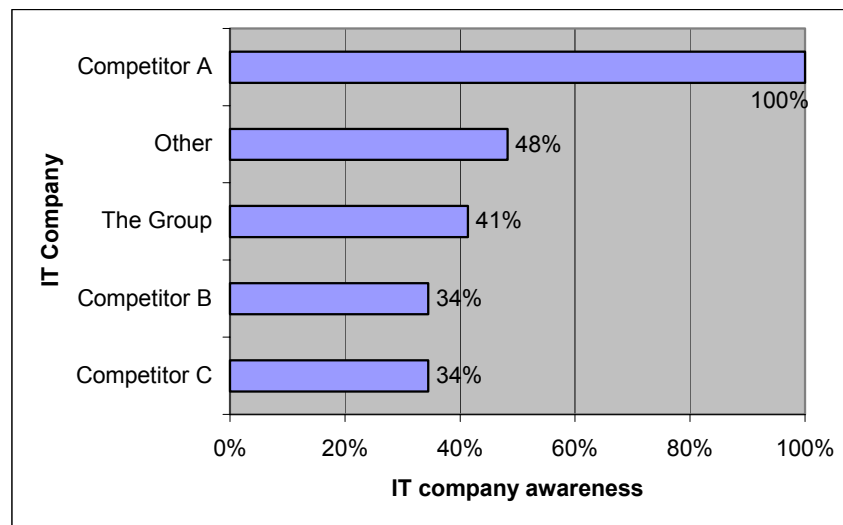

Figure 19 Public awareness of IT organisations in South Africa

The figure above indicates that the general public has a very high awareness of Competitor A. The general public awareness of IT organisations is very low.

8.12.2   The public's perception of The Group's corporate reputation performance

As the respondents interviewed had very little or no exposure to The Group, they were not required to complete this section of the questionnaire.

8.13 Conclusion on the perception of The Group's corporate reputation

8.13.1   The Group's communication model

In order for The Group to improve its communication it will be necessary for them to take its current communication model into consideration.

Its primary focus should be its employees, as most of the stakeholders interviewed get their information about The Group from the employees. Therefore corporate communications will also need to be improved and enhanced, as employees get most of their information about The Group from this source.

Trade media are also a source of information that can be used to The Group's advantage to enhance the perception of The Group, especially how clients and suppliers perceive the organisation.

Business media articles could be a possible source of information that can be used to convert non-clients into clients and also to enhance how suppliers and partners view the organisation.

Much more public awareness needs to be created and this could be done through more sponsorships and media coverage of the organisation. Van der Walt *et al.* (1996:380) note that sponsorships are a popular means of gaining publicity. These sponsorships could include, golf, cycling, rugby or cricket.

From all the information collected above it would appear that The Group is currently very reliant on its employees for communicating with the various stakeholders.

8.13.2   Conclusion on The Group's corporate reputation performance

All the results from the section focusing specifically on the corporate reputation performance of The Group have been collated and the major elements that are currently performing worst are illustrated in the table below. These elements need to be managed in a manner that would prevent any further damage to the corporate reputation of The Group.

	Customer satisfaction	Shareholder value	Share price	Investor attractiveness	BEE initiatives
The Group's employees	✔	✔	✔	✔	✔
The Group's Executive mangement	✔	✔	✔	✔	✔
Clients	✔	✔	✔		
Non-clients					✔
Financial Analysts	✔	✔	✔	✔	✔
Media		✔	✔	✔	✔
Suppliers and partners	✔	✔	✔	✔	✔
Frequency	5	6	6	5	6

Table 2 Under-performance elements that have a negative impact on corporate reputation

The figure above indicates the major elements that are currently under-performing. The elements that most respondents selected as having a negative impact on the corporate reputation of The Group were shareholder value, the share price and investor attractiveness. However, poor share price and shareholder value are not the only elements that undermine an organisation's reputation. Communication initiatives need to be undertaken to assure the various stakeholders that although the share price is low, the organisation is still performing well, The Group is still profitable and the positive aspects of

the organisation should be focused on, highlighted and reiterated. Not only the negative aspects of an organisation should be communicated. The good areas also need to be communicated in order to make the stakeholders aware of the various offerings in terms of the core competencies the organisation is able to offer.

An extensive BEE programme will need to be implemented in order to enhance the corporate reputation of The Group, thus also enhancing the trustworthiness and credibility of the organisation, which will have a positive impact on its corporate reputation.