

Chapter 9: Conclusion and recommendations

9.1 Introduction

This last chapter will critically evaluate whether the hypotheses stated have been proved. i.e.

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

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

9.2 Conclusions

9.2.1 Channels of communication influencing corporate reputation

The figure below, Figure 20, illustrates the entire network of communication flow internally and externally. It illustrates which stakeholders communicate with whom.

The very fine dotted line  indicates less than 5% communication between parties.

The thicker stippled line  indicates communication between 5% and 20%.

The thickest line  shows more than 20% communication between the various stakeholders.

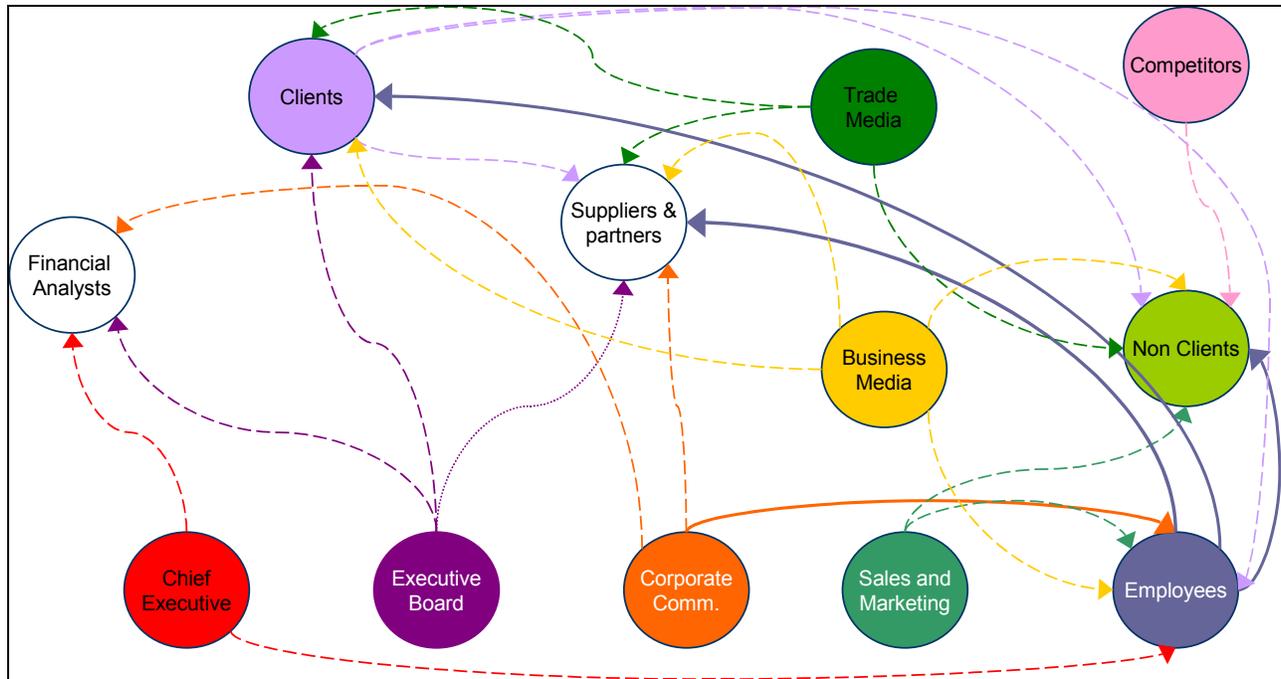


Figure 20 Total communication structure for The Group

In Figure 20 above the flow of information is clearly depicted. Most of the communication flows from the employees to the suppliers and partners, clients and non-clients. A large amount of information is gathered from corporate communication by the employees.

From all the information collected it would appear that The Group is currently too reliant on its employees for communicating with the various stakeholders. There are several other channels of communication that have been identified, which are also used by stakeholders to obtain information on the organisation and play an important role in forming opinions and perceptions of the stakeholders regarding corporate reputation. These channels of communication include external sources such as financial analysts, trade media and business media, clients, suppliers and partners.

Therefore the first hypothesis has been proved: the use of internal and external channels of communication with an organisation's stakeholder groups has an impact on corporate reputation.

9.2.2 Elements influencing corporate reputation

The figure below, Figure 21, illustrates The Group's overall performance score on corporate reputation in terms of all the elements of business processes, i.e. general business management, financial management, corporate marketing and corporate communication, influencing corporate reputation. This figure shows that The Group's corporate reputation performance of all the elements measured in total is 61%.

The blue area indicates internal sources, such as the employees; management and various departments within The Group and the green areas indicate external sources, which include clients, financial analysts, competitors, suppliers and partners, media and the public etc.

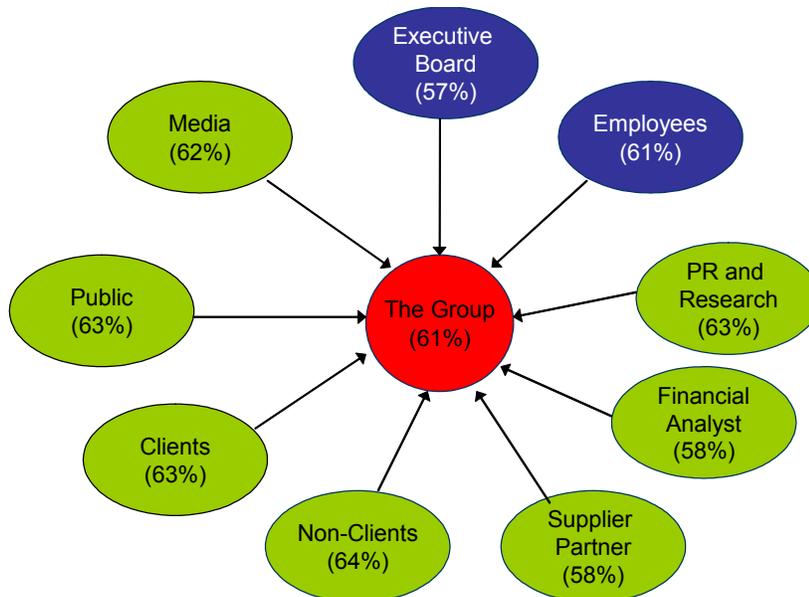


Figure 21 The overall performance of The Group's corporate reputation

The four business processes, namely general business management, financial management, corporate marketing and corporate communication, are interrelated in terms

of impact on corporate reputation. These business processes do not influence corporate reputation in isolation; they are related and must be viewed holistically. It can therefore be concluded that there is a correlation between an organisation's corporate reputation in terms of general business management, financial management, corporate marketing and corporate communication, proving the second hypothesis.

9.3 Recommendations for The Group to improve its corporate reputation

- **Leaders and management**

Just like any other wealth-creating asset, the leaders' reputation needs to be invested in, managed and leveraged over the long-term. Key elements of the leaders' reputation are credibility, integrity and high-quality communication with internal stakeholders about the direction of the organisation. The Group needs to make perception management part of its senior executive training regime, thus enabling greater understanding of corporate branding and resultant corporate reputation.

- **Employees**

As The Group's employees have been identified to play a crucial role in disseminating information, they should be specifically targeted with appropriate action to be able to disseminate the correct information effectively. 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.

Employees get most of their information about The Group from the corporate communications department. It is therefore very important that the corporate communications department should disseminate correct, accurate, reliable and timely information to this group.

Employees need to be quality-driven, be considerate to existing clients, attentive to signs of dissatisfaction among clients and to discovering quality defects before the client complains. The employees should make complaining easy.

Employees must project consistent and positive images of the organisation to internal and external stakeholders. Strong internal communication programmes that build understanding and buy-in of the organisation's position are critical in best-practice organisations.

- **Clients**

Clients disseminate most of the information about The Group to external stakeholders. Referrals are extremely powerful to convert non-clients to clients, as current clients are regarded as a very credible source of information.

- **Financial analysts**

Financial analysts disseminate most of their information among other financial analysts. This could provide an opportunity to target only the opinion leaders among the financial analysts and use them to inform the rest of the analysts.

- **Media**

The Group needs to make more extensive use of trade and business media. Trade media, which are used more frequently by clients, non-clients, suppliers and

partners, 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. These media could be used quite successfully to convert non-clients into clients. However, as only a few articles get published in business media, it may be necessary to use other vehicles, such as advertorials or normal advertising. Advertisements reach masses of clients with only one marketing communication message. Advertising's purpose is not only to convey factual information; on the contrary, advertisers must persuade potential clients to buy, and often remind them to buy again.

- **Public**

A number of sources suggest that the creation of public awareness for The Group will have a positive effect on the organisation and hence have a positive impact on corporate reputation. Significantly more public awareness needs to be created and this could be done through more sponsorships and media coverage of the organisation. A strong positive image among the general public is regarded as strategically beneficial. With specific reference 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.

- **Communication initiatives**

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 positive aspects of the organisation should be focused on and highlighted. Performance areas also need to be communicated to make the stakeholders aware of the various offerings.

An extensive BEE programme needs to be implemented in order to enhance the corporate reputation of The Group. It will also create credibility and trustworthiness for the organisation.

Finally it is recommended that The Group should agree to a set of actionable, implementable initiatives across corporate functions, marketplaces and service lines to enhance its corporate reputation, which has been benchmarked in this study.

A specific marketing and communication campaign focusing purely on corporate reputation, taking the various elements discussed in this study into consideration, needs to be developed and implemented in order to enhance the corporate reputation of The Group.

9.4 Limitation of the study

This study was limited to the IT industry within the borders of South Africa.

It is important to note that a limited number of public relations houses and public stakeholders were interviewed, as most of the respondents interviewed indicated that they were not familiar with The Group.

The planned sample of The Group's employees was not realised as only a limited number of the questionnaires were returned within the allotted timeframe. It needs to be noted that only a very small percentage (4%) of The Group's employees returned their questionnaires.

It was established that the empirical findings reflect and confirm the theoretical construct of the study. This study does, however, present a few deficiencies that offer scope for future research.

The questionnaire was based purely on theory and the literature summarised in the larger part of this study. It is therefore possible that other elements might exist that were not identified.

9.5 Recommendations for future research

A possibility for future study is to test a greater variety of organisations in different industries. Another area for future research is to repeat the study with the same respondents from the same organisations over time to track advances or any decline in corporate reputation.

The identification and inclusion of more business parameters could be included in the next study.

The most probable next step related to the current study would be to test and compare various IT organisations in terms of their corporate reputation.