

## CHAPTER 1

### GENERAL INTRODUCTION

#### 1.1 BACKGROUND

Christie (2002) says every company has an image, whether planned or not, and a good image can contribute much to an organisation's success. Christie (2002) also believes corporate image to be of such value that he refers to it as "image capital" adding that it can serve to differentiate organisations that in other respects may be similar if not identical. A positive image can create value and impacts on consumer behavior but can also include perceptions which may or may not reflect the objective truth.

Corporate image can be defined as "shared meanings, knowledge, and opinions" of the organisational stakeholders. An image is "something projected" by the organisation and "something perceived or interpreted by others" (Massey, 2003). Corporate image consists of the following components (or determinants): corporate business conduct, corporate social responsibility, employee behaviour, products, price, communication, services and support and distribution channels (Keller, 2003)

The perceptions of the rural survivalist consumer group regarding the corporate image of pharmaceutical organisations will be investigated in this study and guidelines will be provided on how to align organisational behaviour more closely with rural consumers' perception of corporate image. It is therefore imperative to provide background on the rural survivalist consumers group, the health sector in South Africa and organisational behaviour

##### 1.1.1 The rural survivalist consumer culture

Burgess (2003) has identified 16 different South African consumer groups. These groups are based on the premise that South Africans, who have been brought together in

accordance with their social identity characteristics, encounter personal, social and situational forces in life from which they glean information about themselves. This information, obtained in the continuous, life long process of interaction with others and the environment, is used to construct personal, relational and social identities.

The profiles of the 16 consumer groups presented by Burgess (2003) are the product of a cluster analysis of data collected during in-home personal interviews. The data included variables usually associated with social identity - values, personality traits and other observable characteristics. Extensive steps were taken to preserve the integrity of the research.

The results of the said research on the South African consumer groups communicate the incredible diversity of South African identity. Although a few of the groups are ethnically homogeneous, many of them are decidedly heterogeneous. For the purposes of this research, and for the sake of simplicity, the 16 consumer groups are combined into four clusters. The four groups are the following:

- The rural survivalist consumer group

Those in the rural survivalist consumer group conduct their lives much as their parents and grandparents did and make up 43% of the population. Of this group 77% reside in rural areas. The agrarian and subsistence lifestyle is characterised by low human development. Many households rely on financial assistance from relatives in urban areas. A job, some education, as well as electricity and running water remain elusive for many of these people. Even basic household items like dishwashing liquid are a luxury.

- The emerging consumer group

Emerging consumers comprise 37% of the population, they reside in urban areas and are poor; 82% are African and 16% identify themselves as Coloured. The vast majority have attained a basic standard of living that includes running water, electricity and a flushing toilet, but their circumstances are nevertheless far from ideal (Burgess, 2003).

- The urban middle class consumer group

The household income and standard of living of the urban middle class consumer group are lower compared to the middle classes of industrialised Western countries, but they are high by world standards. Almost every household is furnished with a motor car, geyser, electricity, running water and a flushing toilet. More than 80% have a TV, entertainment/music centre, fridge/freezer, telephone, and a microwave oven. These people comprise 12% of the population and include all races, but are primarily White (62%), Asian (20%) and Coloured (14%) (Burgess, 2003).

- The urban elite consumer group

The members of this particular group are wealthy and prosperous. Penetration rates of satellite TV, personal computers, Internet access and other modern lifestyle elements are similar to those of Western industrialised countries for this segment (8%) of the total population.

Even this brief examination of the four aforementioned consumer groups demonstrates the complexities of South African social identity.

Burgess (2003) believes that all four of these groups constitute not only valid markets, but a tremendous laboratory in which SA firms can discover the formula for global competitive success. However the emphasis of this research is on the rural survivalist consumer consumer group.

### **1.1.2 The health sector in South Africa**

As discussed earlier, the study will focus on consumers in the pharmaceutical sector in Bushbuckridge. An overview of the healthcare services for rural people will be discussed in the paragraphs below.

Couper (2004) states that the vast majority of the country's 43 million people are cared for by the public health services, which is where the majority of doctors work. This is

specifically true for rural areas. The doctor-to-population ratio is as low as 1:7 692 on average in some provinces. The doctor-to-patient ratio in the rural areas is even lower.

Healthcare for rural people is thus mainly provided by district community hospitals and health centres as part of the public services. The brunt of healthcare is borne by nurses. Together with these nurses and doctors offer a full range of primary and secondary care, with a major focus on maternal and child care. Usually they carry much greater responsibilities for more people and with fewer resources than their counterparts in developed countries (Couper, 2004)

The huge burden of meeting development needs amongst the poor in South Africa after decades of systematic exclusion and disadvantage under apartheid is so overbearing that financial resources are severely limited. The lack of resources together with the lucrative opportunities for urban and private enterprise has created the reality of inadequately trained and poorly motivated bureaucracies and poor morale amongst healthcare staff (Couper, 2004).

### **1.1.3 Organisational behaviour**

Organisational behavior (OB) is a function (f) of the person (P), the group (G) to which she or he belongs, and the organization (O) with its own unique culture and external environment (E), or  $OB = f(P+G+O+E)$ . According to Steers (1991), environmental forces (E), such as consumer culture will have a major influence on the behavior within the Pharmaceutical organisations.

This study emphasises the following two of the concepts referred to in the abovementioned definition:

- **Organisation** -- It refers to human resource policies and procedures, organisational culture, organisational structure and design, and work design and technology.
- **External environment** – As mentioned, for the purpose of this study, mainly the African rural survivalist consumer culture and their perceptions of corporate image

of pharmaceutical companies in the greater Bushbuckridge area. The African rural consumer culture originates from the African rural societal culture.

This chapter will focus on the need for the study, research objectives, and the benefits of the study and will end with a structure and outline of the thesis.

## **1.2 NEED FOR THE STUDY**

The need to investigate the rural survivalist consumer group and their perceptions of corporate image in the pharmaceutical sector in the greater Bushbuckridge area, where the consumers reside will be discussed in the following paragraphs.

The rural survivalist group accounts for 43% of the total population of South Africa - far too large an economic segment to ignore (Burgess, 2003). In the Bushbuckridge area this group constitutes a much higher percentage of the total population of the area. Some businesses overlook rural areas because they have insight and expertise to secure a foothold in those markets. Several compelling reasons exist to investigate the rural survivalist consumer group in the Bushbuckridge area and their perceptions on corporate image and are described below:

- The rural survivalist consumer market is uniform across a number of areas. This allows for the Bushbuckridge area to represent other rural localities as well. Whether the market place is in Zulu, Sotho, Xhosa, Tswana or Venda areas, the scene is the same: primarily female vendors offering a narrow range of near-identical products at shifting prices with minimal packaging, rudimentary display and no promotion. The Swazi, Sotho and Tswana alike seek products that are small and thus carried easily, sold in single units at low prices that are durable and perform an important function. When the products fulfil their expectations, these consumers buy again (Fadiman, 2000).

The similarity of the rural survivalist consumer in different geographical area and cultures also makes it possible to generalise the research findings of the Bushbuckridge area.

- The demand for Western goods is growing in rural survivalist markets such as Bushbuckridge as a result of increased exposure to the media, and because the needs of the rural consumers are becoming more specific (Fadiman, 2000).
  
- Rural survivalist consumers in the Bushbuckridge area have considerable purchasing power. They are perceived as poor because of their low household income. One therefore assumes they have too little money to spend on goods. It is a common oversight to think of this potential market as comprised merely of individuals, rather than members of communal groups. Rural families do not live in isolation and can acquire sizeable capital through extended family and rotation funding (Fadiman, 2000).
  
- According to Fadiman (2000), the rural survivalist group has evolved dramatically since 1994. Not only has the pool of potential consumers expanded, but the very concept of urban marketing has acquired an additional dimension. Markets in the apartheid era were associated solely with what were then all-white cities. They now compete in order to penetrate the much larger all-black townships. Today Soweto features as an extension of the business district on the Johannesburg map, where in the past it was simply ignored or relegated to another zone.

This also holds for Bushbuckridge which has become an important extension of business in the province.

- The commercial infrastructure in the Bushbuckridge area is growing although at a slow rate. Government policy, like the critical infrastructure fund (CIF) ([www.dti.co.za](http://www.dti.co.za)) now calls for the creation of commercial corridors to link all townships with their respective urban cores. This policy also applies to Bushbuckridge and requires that the townships increase their share of water, electricity, sewerage and transport infrastructure – the building blocks of every

urban infrastructures. The construction of meeting, shopping and recreational outlets in each township core will generate commerce in these once stagnant communities. These vibrant urban structures signify enormous commercial potential (Fadiman, 2000).

- The Industrial Development Corporation (IDC) was implemented with the focus on schemes that are geared towards creating jobs, developing small businesses, promoting black economics empowerment, expanding franchising operations and building labour intensive projects in South Africa's rural areas (<http://www.horwathsa.co.za/Doing%20business%20in%20South%20Africa.pdf>)
  
- The Bushbuckridge area also has potential for niche ventures such as the distribution of traditional medicine in pharmacies. These niche markets remained underutilised by white businesses during apartheid. As a result, the modern retail outlets associated with urban shopping were absent (Fadiman, 2000).
  
- The research will present results that are important to convey to the rural survivalist buyers in Bushbuckridge. According to Rousseau (1991), low-income buyers are most in need of guidance in order to make more informed choices. However, a lack of consumer awareness prevents to a large extent these consumers from taking advantage of the information they receive.
  
- Poor education also renders these consumers less able to benefit from comparative shopping or to identify the best purchase from available options.

The following examples illustrate the success in the township market through providing relevant information:

- Information provided on technical resources:

Standard Bank has installed automatic teller machines (ATM) in Khayelitsha, an impoverished Xhosa township near Cape Town. Each branch office takes on the form of a small storefront with glass doors that are always open, thus avoiding the potentially intimidating image of the bank teller behind bars. First-time clients are guided through ATM procedures in local dialects. Depositors receive interest on their savings as well as a higher status, and this provides at the same time an unconventional solution to a serious township problem of robbery on payday (Fadiman, 2000).

- Information provided on products:

In many African households today, Omo is synonymous with the most prominent washing powder. How Omo got into this commanding position is the stuff of marketing legends, stretching back for decades. Omo initially established its name in homeland rural areas and apartheid townships by sending salesmen out to demonstrate the product. They rubbed their hands raw washing dirty linen in tubs and buckets, all the while extolling how cheap the product was. The Omo brand owes its longevity, in large part, to good timing: it entered the black market at a time when most retailers simply ignored it and thus forged an association with African family and community values (Fadiman, 2000). Similarly, Toyota realised long ago that the economic future of South Africa lies with black consumers and did a lot of research in rural areas to design the best product for the South Africa taxi industry (Kuzwaya, 2000).

- According to Couper (2004), it is also obvious that rural people bear the greatest burden of disease, which is mainly because of their poverty. Paradoxically, urban dwellers are better served by both public and private health care providers. A

uniform distribution of health care facilities across the country is necessary and therefore important to look at specific health care needs of rural people.

### **1.3 RESEARCH OBJECTIVES**

The main objectives of the research are the following:

- (i) To determine the rural consumers' perceptions of the ideal corporate image for Pharmaceutical organisations in the greater Bushbuckridge area.
- (ii) To provide guidelines for aligning organisational behavior more closely with the rural consumers' perceptions of corporate image. Specific emphasis will be on the organisational level variables which include human resource policies and practices, organisational culture, organisational structure and design, and work design and technology.

Perceptions of the following elements of the corporate image will be surveyed.

- the leadership conduct preferred by the rural survivalist consumer group.
- the preferred type of medicine and product attributes;
- the best communication methods with specific focus on advertising, main decision makers and preferred corporate colours;
- the kind of support consumers require from a pharmaceutical organisation, with specific focus on education and facilities;
- what consumers consider to be good services;
- the best distribution channel for pharmaceutical products; and
- What consumers perceive as good employee behavior.

### **1.4 METHODOLGY OF THE RESEARCH**

After careful consideration of the available methods, and the budgetary and time constraints, it was decided that the research question required both a qualitative and a quantitative approach.

Focus groups and structured interviews were conducted to survey the consumers' perceptions on how the ideal corporate image should be construed in order to improve healthcare delivery in the pharmaceutical sector in Bushbuckridge.

A sample of 850 rural consumers was interviewed.

The data collection consisted of the following steps: conducting a focus group interview, designing the structured interview, selecting and training fieldworkers, pre-testing the structured interview, conducting the final interview and the post-focus group interviews.

As mentioned previously, focus groups (qualitative) and structured interviews (quantitative) were conducted. The two sets of data require different methods of analysis.

- Focus group data was analysed by using content analysis. Content analysis involves coding and classifying or categorizing or indexing data.
- Once the completed structured interviews have been received, coding was assigned to the respective questions and categories. The completed structured interviews were evaluated to ensure they were correctly completed before entering the data into a data file. The statistical package for social sciences (SPSS) was used for the analysis of all the numeric data in the study.

There is considerable debate about what constitutes good interpretation in qualitative research (Hammersey in Denzin & Lincoln, 1994, p 476).

According to Krefting (1991) little attention has been placed on maintaining scientific rigor in qualitative research. He developed a model of trustworthiness for qualitative research based on four key aspects also relevant to quantitative research that were adhered to in this study

- The first of these aspects is truth in value

- The second aspect of trustworthiness is applicability.
- The third aspect of trustworthiness considers the consistency of the data, that is, whether the findings would be consistent if the research was repeated with the same participants or in a similar context.
- The fourth aspect of trustworthiness is neutrality - the freedom from biases in the research. While quantitative researchers try to maximise distance between the researcher and the researched, qualitative researchers try to increase the worth of the findings by decreasing the distance between the researcher and the participants by prolonged contact or lengthy periods of observation.

Several steps were taken to ensure the validity of the measuring instrument and the study itself:

- A panel of experts checked the formulation of the items.
- The items were checked individually for face validity.

The following procedures were followed in support of the above steps:

- A literature study regarding organisational behaviour, consumer behaviour, and corporate image and consumer culture was conducted.
- A framework was compiled from the available research.
- A structured interview was compiled that included theoretical concepts regarding corporate image and consumer culture
- Each item was discussed by a panel of experts and was placed in the relevant categories.
- A group interview was conducted with the purpose of determining the perceptions of the target market in terms of the corporate images in the pharmaceutical industry.
- Pre-testing of the structured interview was accomplished by interviewing group of consumers in several regions to determine whether the questions are clearly worded and easily understood. The pre-testing also ensured cultural standardisation.

## **1.5 BENEFITS OF THE STUDY**

The study should add value in a number of ways to the pharmaceutical sector and consumers. These benefits will consequently be discussed.

### **1.5.1 Corporate image**

The study highlights how a sustainable competitive advantage can be achieved by adopting a unique corporate image within health care services in Bushbuckridge. This unique corporate image can also be applied to the health sector in other rural communities. The study makes recommendations on the following components of corporate image:

- Corporate social responsibility: pharmaceutical companies can use the information to focus corporate social responsibly programmes on the specific needs of the community in Bushbuckridge.
- Corporate business conduct: The results may enable managers to create a leadership brand so as to ensure that consumers and employees will believe in the leadership's ability to create future results in an ethical way.
- Sales force: sales force qualities are identified which are needed to satisfy consumer needs.
- Distribution channels: managers can use the knowledge to identify the most effective distribution channels for medicine that will have a profound impact on the sales success of the brand and thereby create a more positive corporate image.
- Services and support: areas for services and support are to be identified that will support organisations to move towards consumer driven health care.

- Communication: managers can use the knowledge to compile advertisements to ensuring that an effective corporate image is born through positive publicity and maintained through advertising.
- Product: organisations may make use of the findings of the research to focus on the most preferred type of medicine as well as the preferred product attributes. This will assist organisations to create the image that they understand the consumer needs by focusing on the product attributes that will make a difference.
- Corporate employee behavior: managers can use the knowledge to create employee loyalty that will lead to customer loyalty.

### **1.5.2 Organisational behavior**

Organisations may use the findings of the research to align the organisation behavior such as human resources policies and procedures, organisational structure and design, work design and technology and organisational culture, with corporate image.

- Human resources policies and procedures

Managers will be enabled to develop appropriate human resources policies and procedures to ensure these are aligned with the proposed corporate image. The study makes recommendations on the following human resources policies and procedures:

- Recruitment and selection: managers will be able to use the information to recruit the most suitable person to ensure effective integration of employees into the proposed corporate image which will lead to employee satisfaction and reduced staff turnover.
- Remuneration and benefits: organisations will be able to use the findings to align employee's needs with the remuneration and benefits strategy of the organisation.

- Performance management: the study will equip managers to align organisational objectives, team and individual objectives with the corporate image. The alignment may increase productivity and engagements at all levels of the organisations which will increase business results.
- Training and development: the results of the study will be used to focus development programmes to ensure that employees and leaders are competent to implement the proposed corporate image.
- Employee wellness programmes: organisations may make use of the findings to implement wellness programmes with specific emphasis on health care so as to increase productivity.

- Organisational structure and design

Organisations may use the findings of the research to design their organisational structure in order to ensure effective co-ordinations of activities that will ensure effective management of corporate image.

- Work design and technology

Managers can use the knowledge to structure work design to ensure improved productivity and alignment with corporate image.

- Organisational culture

The study will enable managers to develop an appropriate organisational culture that is aligned with the consumer culture in Bushbuckridge.

### **1.5.3 Benefits to the field of organisational behavior**

The research is intended to contribute to the field of organisational behavior as follows:

- A large part of the South African population live in rural areas and illiteracy rates are high. These people are often not researched due to serious methodological problems. This study is therefore meant to equip managers with the skills necessary to satisfy the needs of rural consumers.
- Provide possible solutions for methodological problems which often occur when researching rural populations specifically in terms of literacy and cultural issues.

### **1.6 DELIMITATIONS OF THE RESEARCH**

The research had the following limitations:

- Although probability sampling is the preferred method of sampling, non-probability and probability sampling procedures were used in this study due to practical considerations.
- A structured interview was used that could have prevented other important topics from being raised by the respondent.
- All the determinants of corporate image were not discovered in great depth and therefore the recommendations for future studies as outlined in chapter 7.

### **1.7 OUTLINE OF THE THESIS**

The thesis is structured and presented as follows:

#### **1.7.1 General introduction (Chapter 1)**

The study is introduced by focusing on its background, the need for it, its purpose as well as the intended benefits of the study.

### **1.7.2 Corporate image (Chapter 2)**

The field of corporate image is approached through the investigation of various definitions of corporate image and related fields, including the components of corporate image. This chapter also focuses on the importance and management of corporate image.

### **1.7.3 The rural survivalist consumer culture (Chapter 3)**

The rural survivalist consumer group is discussed in detail in this chapter. This chapter also covers cultural diversity in South Africa.

### **1.7.4 Organisational behavior (Chapter 4)**

This chapter provides an understanding of organisational behavior. The emphasis is on definitions of organisational behavior; challenges and opportunities for managers; organisational behavior as an independent and multi-disciplinary study field; and a holistic conceptual overview of the field with specific focus on organisational level variables.

### **1.7.5 Methodology (Chapter 5)**

This chapter discusses the research methodology in detail and also outlines specific methods for gathering and analysing empirical information.

### **1.7.6 Results (Chapter 6)**

An interpretation and discussion of research findings is provided here.

### **1.7.7 Conclusions, recommendations and guidelines (Chapter 7)**

The conclusions, recommendations and guidelines aligning organisational behavior with the consumers' perception of corporate image are discussed in this final section.

## CHAPTER 2

### CORPORATE IMAGE

#### 2.1 INTRODUCTION

The perceptions of the rural consumers regarding the corporate image of pharmaceutical organisations will be investigated in this study. It is therefore imperative to discuss the corporate image of organisations and relate it to the pharmaceutical organisations in the Bushbuckridge area.

Gregory (1991, and in Christie, 2002) says every company has an image, whether planned or not, and a good image can contribute much to an organisation's success. Ferrand and Pages (in Christie, 2002) believe corporate image to be of such value that they refer to it as "image capital" adding that it can serve to differentiate organisations that in other respects may be similar if not identical. A positive image can create value and impacts on consumer behavior but can also include perceptions which may or may not reflect the objective truth.

Gooch (in Christie, 2002) believes that image is everything, and Lewis says reputation is an asset of immense value that enables organisations to charge a premium for their products and services. Schorff (in Christie, 2002) agrees saying that a good image can compel consumers to prefer a product to a lower-priced though equally good one.

The purpose of this chapter is to understand corporate image and why it should be aligned with consumer culture in the pharmaceutical sector. Recommendations will be made in chapter 7 on how organisational behavior (discussed in chapter 4) should be structured to be aligned with consumers' perception of the ideal corporate image in the pharmaceutical sector.

The emphasis in this chapter is on definitions of corporate image, its related fields, the determinants of corporate image and how to lead corporate image successfully.

## 2.2 DEFINITIONS OF CORPORATE IMAGE

According to Massey (2003), two definitions of organisational image are most prevalent in their research, one focusing on the perceptions of employees and the other focusing on the perceptions of outside stakeholders and other interested parties. The first set, sometimes referred to as “the construed external image”, is a descriptive view and refers to how insiders believe external audiences view their organisation. The second is a projective view and is defined as “outsiders’ ” beliefs about what distinguishes an organisation. Massey, 2003 argues that this “projective view” encompasses the “characteristics organisational elites want stakeholders to ascribe to the firm,” and refer to this definition of organisational image as the “communicated image”.

An organisational image is the “shared meanings, knowledge, and opinions” of the organisational stakeholders. An image is “something projected” by the organisation and “something perceived or interpreted by others” (Massey, 2003).

Organisational images are therefore created and sustained by organisations and their stakeholders; while the organisation is actively attempting to project a particular image of it, stakeholders are forming their own perceptions of the organisation. This duality is what produces the organisational image, and it is an important aspect of the definition of organisational image.

Keller (2003:538) says a corporate image can be thought of as the association that consumers have in their minds with respect to the company or corporation making the product or providing the service as a whole. Similarly, Kotler (2003:326) defines image as the way the public perceives the company or its products. Such an image is affected by many factors beyond the company’s control. According to Johnson and Zinkhan (1990 in Javalgi, Traylor, Gross & Lampman, 1994), corporate image refers to impressions of a particular company held by some segment of the public.

For the purpose of this research corporate image is defined as something created by Pharmaceutical organisations and something interpreted by consumers in the Bushbuckridge area.

## 2.3 RELATED FIELDS OF CORPORATE IMAGE

For the past three decades, researchers have demonstrated increased interest in public perceptions of organisations, including concepts such as corporate image, credibility, corporate reputation, corporate identity, organisational identity, corporate communication, visual identity, total corporate communication and corporate brand. One problem for the research in this area is that many, if not all, of these concepts have, at one time or another, been treated synonymously. Of course, similarities exist among the concepts, and there are interdependencies as well. However, the key differences between the concepts must be understood if research and theory in this field are to move forward.

Table 2.1: Corporate image and related concepts

<b>Concept</b>	<b>Key questions addressed</b>	<b>Explanations</b>
Corporate image	What is the current perception and/or profile?	In relation to the immediate mental perception of the organisation held by an individual, group or network.
Corporate identity	What are we?	Also involves addressing a series of questions, including: what is the business/structure/strategy/ethos/market/performance/history and reputation in relation to other identities.
Corporate reputation	What distinctive attributes (if any) are assigned to the organisation?	The enduring perception held of an organisation by an individual, group or network.
Visual identity (visual identification system)	What are the organisation's symbols and systems of identification?	The organisation's visual (and verbal) cues communicate what/ who the organisation is. What/who was the organisation.

		<p>What/who does the organisation wish to be.</p> <p>A mix of the above.</p> <p>To identify if there is clarity or confusion.</p> <p>To establish if it reflects or possibly inform current strategy.</p>
Corporate communications	Is there integrated communication?	<p>In relation to management, organisational and marketing communications.</p> <p>To establish if these are integrated in terms of management, philosophy and process.</p>
Total corporate communications	Is there congruency re vertical and horizontal communication?	<p>Vertical among corporate communications, corporate actions, performance and behaviors and with third parties.</p> <p>Horizontal as above but also congruency over time.</p>
Corporate brand	What are the promises communicated by the brand?	<p>To determine if these inferences are accurate, founded in reality (the promise/performance gap), shown in management commitment and underpinned/made explicit by effective communications.</p>

(Balmer, 2001)

Corporate identity and corporate reputation will be discussed subsequently.

### 2.3.1 Corporate identity

The past decade has witnessed a surge of interest from marketing scholars and organisational behaviorists in two distinct but inextricably linked areas. While marketers

have focused on the concept of corporate identity, the behaviorists have emphasised organisational identity.

Research in marketing, public relations and corporate communications, as well as those from a general management background, appear to be concerned with two issues: The nature of corporate identity and the purpose of corporate identity management.

Christie (2002) defines identity as the organisation's sense of self and image as what the organisation transmits to its receivers about itself and how these projections are received. He goes on to say that the picture receivers have of the organisation does not come solely from what is projected by the organisation; some of its identity may also be perceived. Similarly, Gioia et al (in Christie, 2002) define corporate identity as that which is core, distinctive and enduring about the character of the organisation.

The main objective of corporate identity management is to secure a competitive advantage for the individual organisation. It is based on the notion that the effective management of an organisation identifies results in the acquisition of a favourable corporate image and over time of a favourable corporate reputation which enables the organisation's key stakeholders and stakeholder groups to be favorably disposed towards it. An important prerequisite for a corporate reputation to contribute to business survival and success is that it offers a distinct advantage in relation to the organisation's external environment. This brings to use the concept of organisational identity (Christie, 2002)

### **2.3.2 Organisational reputation**

Organisational identity is based on internal stakeholder actions and perceptions and organisational reputation is based on external stakeholder perceptions. An organisation's reputation is premised on stakeholders' overall evaluation of that organisation over time. This evaluation is based on stakeholders' direct experiences with the company and on any other form of communication and symbolism that provides information about the organisation's actions (Massey, 2003). Notice that time is a key component of the concept of organisational reputation. This will become important in the discussions of organisational image.

Organisational reputations represent public's cumulative judgments of organisations over time. However, organisational reputations can likewise be an asset or a liability. Organisations with positive reputations are able to attract higher-quality job applicants, experience greater market share, charge higher prices, and are more attractive to potential investors. In short, a favourable corporate reputation gives an organisation a competitive advantage. Furthermore, a favourable reputation increases the quality of organisational performance (Massey, 2003).

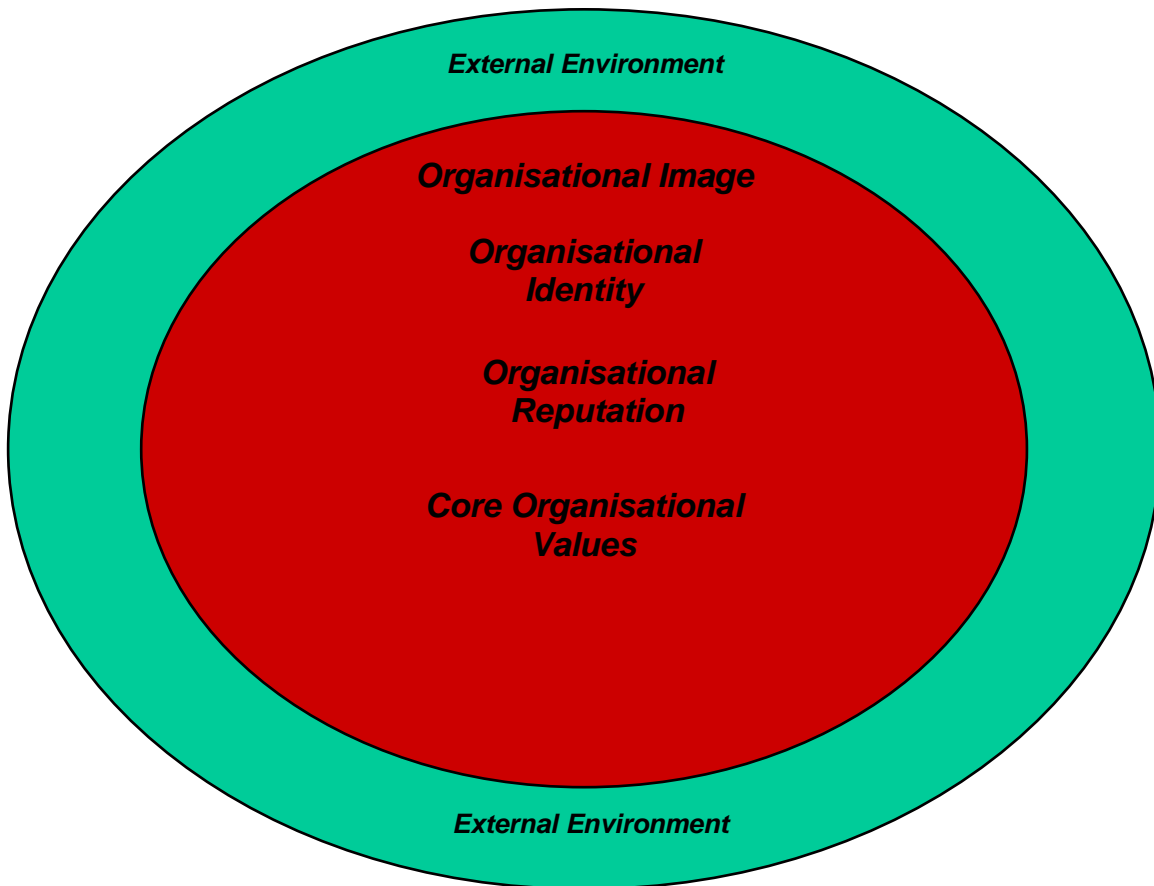
According to Gotse and Wilson (in Massey, 2003), three schools of thought feature in the research literature regarding organisational reputation: 1) the analogous school of thought, (2) the differentiated school of thought, and 3) the interrelated school of thought.

The analogous approach treats organisational reputation and organisational image as identical, the differentiated school of thought treats them as totally separate, and the interrelated school of thought argues that "there is a dynamic relationship between corporate reputation and corporate image". Massey (2003) proposed that the third approach should be taken and argues that while reputation and image are not identical, they are neither totally different from each other. Rather, organisational reputations are dynamic constructs which share interdependence relationships and organisational.

### **2.3.3 Illustration of the close relationship between image, identity, reputation and organisational values**

To illustrate the close relationship between image, identity, reputation and organisational values, Massey (2003:13) has created a model presented in figure 2.1.

Figure 2.1 Relationship between image, identity, reputation and organisaitonal values



(Massey, 2003: 13)

## 2.4 COMPONENTS (DETERMINANTS) OF CORPORATE IMAGE

Corporate Image consists of the following components (or determinants): corporate business conduct, corporate social responsibility, employee behavior, products, price, communication, services and support and distribution channels (Keller, 2003).

### 2.4.1 Corporate business conduct

Nortel ([www.itcilo.it](http://www.itcilo.it)) identifies five principal stakeholder groups, and the key commitments of the organisation to these stakeholder groups became the bases of its corporate

business conduct. The stakeholders and the fundamental corporate commitment to each of these stakeholders were determined to be as follows:

- Customer:
  - Deliver high quality products and services now and in the future
  - Customer should be treated fairly and honestly
  
- Employees:
  - Treat employees with respect
  - Practice fair and equitable employment
  - Protect employees health and safety
  
- Shareholders
  - Provide long term value
  - Provide honest and accurate information
  
- Suppliers
  - Act fairly in selection of suppliers
  - Act honestly in transaction
  
- Community/society
  - Contribute to wellbeing of local communities
  - Protect the environment

The above is also applicable to the pharmaceutical organisations driving business in the greater Bushbuckridge area ([www.itcilo.it](http://www.itcilo.it)).

### 2.4.1.1 Business ethics

Business ethics should be defined in the organisation so as to improve business conduct and thereby ensure a positive corporate image (Wikipedia, 2005).

De George, 2005 describes ethics in business as the application of everyday moral or ethical norms to business. Perhaps the example from the Bible that comes to mind most readily is the Ten Commandments, a guide that is still used by many today. In particular, the injunctions to truthfulness and honesty or the prohibition against theft and envy are directly applicable. A notion of stewardship can be found in the Bible as well as many other notions that can be and have been applied to business. Other traditions and religions have comparable sacred or ancient texts that have guided people's actions in all realms, including business, for centuries, and still do.

Business ethics has come to mean various things to various people, but generally it's coming to know what is right or wrong in the workplace and doing what's right -- this is in regard to effects of products/services and in relationships with stakeholders. Similarly Wikipedia (2005) argues that those who are interested in business ethics examine various ends of business activities and ask, "Is the conduct ethically right or wrong?"

Wallace and Pekel explain that attention to business ethics is critical during times of fundamental change -- times much like those faced now by businesses, both nonprofits or for-profit. In times of fundamental change, values that were previously taken for granted are now strongly questioned. Many of these values are no longer followed. Consequently, there is no clear moral compass to guide leaders through complex dilemmas about what is right or wrong. Attention to ethics in the workplace sensitizes leaders and staff to how they should act. Perhaps most important, attention to ethics in the workplaces helps ensure that when leaders and managers are struggling in times of crises and confusion, they retain a strong moral compass. However, attention to business ethics provides numerous other benefits, as well (<http://www.managementhelp.org/ethics/ethxgde.htm#anchor26548>)

### **(i) The relationship between business ethics and philosophy of business**

Business ethics is not identical to the philosophy of business, the branch of philosophy that deals with the philosophical, political and ethical underpinnings of business and economics. Business ethics operates on the premise that ethical operation of a private business is possible – those who dispute that premise, such as libertarian socialists, do so by definition outside of the domain of business ethics proper (Wikipedia, 2005).

### **(ii) Relationship between business ethics and the political economy**

Business ethics is also related to political economy, which is economic analysis from political and historical perspectives. Political economy deals with distributive consequences of economic actions. It asks who gains and who loses from economic activity, and whether the resultant distribution is fair or just, which are central ethical issues (Wikipedia, 2005).

### **(iii) Issues in business ethics**

Some typical issues addressed in business ethics include:

- Accounting and financial standards, and 'creative' accounting;
- Advertising deception;
- Black market sales;
- Bribery and kickbacks;
- Business intelligence and industrial espionage;
- Political contribution;
- Competition versus cooperation;
- Corporate governance including hostile takeover, fiduciary responsibility and shareholder rights issues;
- Corporate crime, including insider trading, price fixing and price discrimination
- Competitive disinformation;

- Discrimination, affirmative action, and sexual harassment;
- Employee issues such as rights, duties, elect drug testing, key employee raiding and professional conduct;
- Environmental right and related social concerns;
- Labour issues such as union strikes and union busting;
- Marketing sales and negotiation techniques; and
- Product issues such as patent and copy right infringement, planned obsolesces, product liability and product defects (Wikepedia, 2005).

#### **(iv) Corporate ethics policies**

Many companies have formulated internal policies pertaining to the ethical conduct of employees. These policies can be simple exhortations in a broad, highly-generalised language (typically called a Corporate Ethics Statement), or they can be more detailed policies, containing specific behavioral requirements (typically called Corporate Ethics Codes). They are generally meant to identify the company's expectations of workers and to offer guidance on handling some of the more common ethical problems that might arise in the course of doing business. It is hoped that having such a policy will lead to greater ethical awareness, consistency in application, and the avoidance of ethical disasters (Wikepedia, 2005).

An increasing number of companies also require employees to attend seminars regarding business conduct, which often include discussion of the company's policies, specific case studies, and legal requirements. Some companies even require their employees to sign agreements stating that they will abide by the company's rules of conduct.

Not everybody supports corporate policies that govern ethical conduct. Some claim that ethical problems are better dealt with by depending upon employees to use their own judgment. Others believe that corporate ethics policies are primarily rooted in utilitarian concerns, and that they are mainly to limit the company's legal liability, or to carry public favour by giving the appearance of being a good corporate citizen. Ideally, the company will avoid a lawsuit because its employees will follow the rules. Should a lawsuit occur, the

company can claim that the problem would not have arisen if the employee had only followed the code properly?

Sometimes there is disconnection between the company's code of ethics and the company's actual practices. Thus, whether or not such conduct is explicitly sanctioned by management, at worst this makes the policy duplicitous, and at best it is merely a marketing tool (Wikipedia, 2005).

To be successful, most ethicists would suggest that an ethics policy should be:

- given the unequivocal support of top management by both word and example; explained in writing and orally with periodic reinforcement;
- something employees can both understand and perform;
- monitored by top management, with routine inspections for compliance and improvement
- backed up by clearly stated consequences in case of disobedience (Wikipedia, 2005).
- explicitly articulate values as a key component to the policy;
- emphasise principles more than rules;
- be totally transparent with your constituents, and make that part of the strategy;
- have a framework and process for the resolution of ethical issues;
- make employee development part of the strategy and make ethics training part of employee development; and
- encourage all employees to be challenging and demanding in the ethical domain (Schulman, 2006).

#### **2.4.1.2 Business conduct in rural areas**

According to Fadiman (2000), to fully understand South Africa's business conduct in rural markets, organisations must research its "shadow" (black market) economy. South African cities and rural areas have one common characteristic. The overwhelming majority of their African population must buy and sell within the black market in order to maintain their living standards.

South Africa's black market is too large to regulate and also a too large a segment to ignore. South Africa's black markets spring up everywhere. Some form on major roads in long uneven lines composed of hawkers selling identical piles of nearly identical goods. Others extend like spider webs from bus and railway stations, tenaciously following every street and path commuters walk to reach their jobs (Fadiman, 2000).

All of these markets are very similar. Whether Sotho, Venda or Nguni, they are based on similar traditions and operate under similar conditions. One key rule is that black markets operate via relationships. Sellers thrive because consumers buy from them regularly, thereby developing the personal bonds that ensure fair treatment and protect against deception. Since these transactions are ignored or forbidden by government, buyers have no product guarantees and therefore no formal protection against fraud, deceptive pricing, adulteration and so forth. They overcome these problems by establishing lifetime relationships with selected sellers, from whom they receive not only reliable products but also favourable credit terms (Fadiman, 2000).

A second rule pertains to the ease of market entry. Hawkers launch ventures with virtually no capital. Two other rules pertain to unit sales and profit, both of which are small. Most goods sell in units of one, whether sugarcane, mangoes or aspirin. Malaria tablets, for instance, sell at the rate of one per consumer per week (Fadiman, 2005).

One rule appears to govern both product and price; there should be little differentiation. Most traders display identical goods in identical ways and sell, despite haggling, at near identical prices (Fadiman, 2000).

## **2.4.2 Corporate social responsibility**

### **2.4.2.1 Introduction**

According to Bowes, Lundy & Pennington (2004:347) companies, also in the pharmaceutical organisations in the Bushbuckridge areas often contribute to the society or community in which they do their business. Corporate social responsibility is not a new concept. For hundreds of years, organisations all over the world have been called on to support the poor. Sometimes they have responded by contributing generously and at other

times not at all. As the power of health and wealth of the corporation has grown, so big business has become a target for sharable requests. Again, the response has varied, with contributions ranging from tokenism or guilt payments (calculated to divert attentions from corporate wrongdoing) to strategic investments that help develop communities and corporate social infrastructure whilst also serving the corporate agenda.

According to Bowes, Lundy & Pennington (2004:28), the Johannesburg Stock Exchange (JSE) Corporate Socially responsible Index (SRI) was launched in 2004 to reflect listed companies' corporate social practices. The index is not the first of its type – already there are Financial Times Stock Exchange (FTSE) Good and Dow Jones sustainable indexes, but the SRI Index is the first sustainable index in an emerging market and the first to be sponsored by an exchange. So intrigued are people by the index that it receives significant international attention.

Corporate social responsibility supports corporate objectives by enhancing corporate image, increasing awareness of brands, or directly stimulating sales of products and services (Javalgi, Traylor, Gross & Lampman, 1994).

#### **2.4.2.2 Benefits of corporate social responsibility programmes**

According to Selfe (2002:20-21), corporate social responsibility programmes benefit the community by:

- encouraging entrepreneurship,
- contributing to economic regeneration,
- helping reduce public expenditure and
- building the community.

In addition, these programmes benefit participating employees by:

- motivating and inspiring them,

- encouraging personal development and growth of employees as participating employees are exposed to different cultures and communities and
- providing a sense of personal reward and satisfaction (Selfe, 2002).

Benefits to the business include:

- an enhanced corporate image and brand reputation,
- a raised profile in the community,
- a demonstrated commitment to corporate social inclusion,
- extra media coverage at no increase in ad-spend and
- corporate social investment programmes support the government's private-public partnership initiatives as well as the more recent initiative to get the public to volunteer in assisting with community service (Selfe, 2002).

#### **2.4.2.3 Basic criteria for social corporate responsibility**

According to Selfe (2002: 20-21), corporate social responsibility should meet certain basic requirements. These are:

- It should ensure improvement in quality of life of employees and create a corporate social infrastructure, which promotes cultural and education development in the community and
- It should also contribute to raising standards of living or quality of life, improve the working environment, and create a better corporate social, ecological and aesthetic environment to benefit all employees and all inhabitants from the local community to wider society and even the country as a whole.

The following guidelines should be followed when implementing corporate social responsibility:

- It should be integrated into the business and should include both centrally and locally driven initiatives. These should be sustainable and possible to be replicated.
- Involvement: hands-on ongoing involvement forms the cornerstone of any corporate social investment programme.
- Corporate social investment programmes must be based on the needs of the communities. In addition, all community improvement work should achieve some measurable output perceived to be of value to the community. Ongoing involvement should bring about real and lasting improvement.
- Ideally, corporate social investment projects should be selected in consultation and collaboration with community leaders and managed jointly by employees and the community and/or adopted home.
- Corporate social investment employee communities should make their own decisions and run their own projects (Selfe, 2002:20-21).

#### **2.4.2.4 Strategy for implementing corporate social responsibility**

South African companies and communities today are in a position to identify and address a broad range of business activities and investments. Together they can create new understandings and alliances that can lead to a flow of company and civil society projects and partnerships and better ways for all sides to respond to the growing number of social problems we face.

Once the company decides on where it wants to assist, the focus should be on sustained and meaningful involvement. Involvement should be multifaceted and enable the company and its employees to put something back into the communities in which they operate. This multifaceted process could include street children projects, shelters for the homeless and destitute, projects for the disabled, conflict-resolution programmes, youth-at-risk programmes as well as broader development of life skills training initiatives (Selfe, 2002)

#### **2.4.2.5 Employee involvement in corporate social responsibility**

Once employees acquire first-hand experience that the company will value their support of social investment as well as the difference made by teams in the community, they will give the team moral boost.

Employee involvement takes the form of fund raising, facilitating contact with relevant organisations, organising educational events, improving facilities at schools and institutions, or perhaps just getting to know the people and children in the organisations personally (Selfe, 2002).

#### **2.4.2.6 Maximising contributions in corporate social responsibility**

Effective and suitable programmes reaching out to large numbers are few and far in between and take a long time to establish. The programme needs to be responsive to change and rooted in the business of the society in which it is located. Organisation should consider the following to maximise contributions in corporate social responsibility:

- Understand the context of requirements of the communities around operations. Treat this microenvironment with the same seriousness that you treat the micro-market for our goods and services.
- Aim for long-term sustainability – “short termism” is the enemy of social responsibility.
- Use a captain or “programme entrepreneur” who possesses the charisma and leadership qualities to design programme implementation strategies, promote achievements and secure long-term funding.
- Create partnerships on the basis of shared objectives where all parties contribute to the common well being.

- Once conceived, the programme needs to be marketed and prompted in order to raise its public profile and sustain commitment to its implementation.
- If corporate social responsibility is to take root in the practice of modern leadership, it will be because it is part of the core value system of leadership and a key objective of the corporation.
- Protect the programme prototype from being cloned or expropriated without due acknowledgement (Selfe, 2002:20-22).

#### **2.4.2.7 Social responsibility in rural areas**

According to Mbigi (2005:95-97) the traditional African view of being and desire “to be” underscore the value of life. The value we place on social relationships and the sacredness of life for life’s sake (rather than on battling with the impulsive, primitive and senseless accumulation of material wealth) is significant.

The overall concept of business and organisational life in rural areas has to take into account the cultural traditions and values of the rural people. There is a need to adopt a community concept of business and organisational life that is rooted in African culture and belief system, which entails perceiving the business organisation as an enterprising community for the creation of wealth and value, whose members have a sense of shared destiny. Such a community is a viable dynamic and enterprising entity whose membership is by choice and which builds upon a social and psychological bond rather than on a fixed lifeless, cold and legal contract (Mbigi, 2005).

The community will have the features of a caring and generous extended African family, with close interpersonal relationship that are held together by a feeling of security, service, harmony, shared agenda and a sense of shared destiny, as well as a responsibility among all its members. The community concept of business is based on the humanistic and caring values of ubuntu; it is held together by values rather than by rules and regulations.

The Japanese with their cultural values of communalism have been successful in transforming the modern bureaucratic corporation into a sharing, enterprising, competitive and global corporation. One of the cardinal values of ubuntu is a habit of working together in the spirit of harmony, service and teamwork, in which care is taken to balance individual rights and communal rights (Mbigi, 2005).

Collective labour is common in traditional rural areas, for example cultivating someone else's field or building his house in the community it is done in the form of *nhimbe*, which is the practice of an individual appealing for help from all villages to accomplish some task or project. The individual provides food and beer for all helpers on the day; while work is accomplished it is also a celebration party that is often accompanied by joyous singing (Mbigi, 2005).

Another practice is that of *jangango*, where a number of friendly families take turns to cultivate their fields together. The other widespread practice is *mazoro*, where each family in the village takes turns to look after their livestock collectively. The habit of working together with a team spirit is entrenched in the rural African culture and is one of the key pillars of a world class organisation (Mbigi, 2005).

Development in rural areas requires an alliance between government, business and civil sectors to form a golden triangle with a shared agenda of progress. South Africa is the only country in the region that has formalised this tripartite alliance or relationship as a forum for discussing economic development strategies. The forum consists of government, business and civil society and includes unions, churches and non governmental organisations. The forum is called the National Economic Department and Labour Council (Mbigi, ,2005).

In the global information age it will be of little value to have ideas and information on development if we have not grasped their inner meaning of essence. The meaning of development, like that of democracy, liberty and love is very elusive and development should be defined in broad rather than narrow terms. The current Western definitions of

development which emphasise economic dimensions but excludes well-being and relations is inadequate as it undermines the values of ubuntu (Mbigi, 2005).

Development occurs when a country is moving towards greater opportunity, health, inclusion, justices, fairness, forgiveness and cultural expression. The principle of inclusion and solidarity is one of the most fundamental values of ubuntu our African communicates cannot develop at an accelerated and accepted rate until everyone both men and women participate in development in such a way that their aspiration can be accommodated so as to create a fair society (Mbigi, 2005).

### **2.4.3 Employee behavior**

Dutton (2005) argues that the greater the attractiveness of an organisation's construed external image, the stronger its employees' organisational identification. This is also applicable to pharmaceutical organisations doing business in the greater Bushbuckridge area.

The relationships between the attractiveness of organisational image and the strength of identification depend on employees' visible affiliation with their work organisation. Similarly Mbigi (2005) argued that the ultimate goal is to shift not only people's paradigm, but also their collective emotional and spiritual feelings about their organisations towards creating brand equity.

When employees are visibly associated with an organisation, they are more frequently reminded of their organisational membership. Visible affiliations, such as those made through public organisational roles, serve as vivid reminders of organisational membership and increase the potency of the organisation as a source of self-definition. These reminders make people's membership in the organisations accessible and salient to them. When a person is visibly affiliated with an organisation, self-perception processes heighten his or her own awareness of the attractiveness of the organisation. For perceived organisational identity, the attractiveness of this image will have a greater effect on the strength of a member's identification if he or she is visibly affiliated with the organisation (Wikipedia, 2005)

The visibility of a member's organisational affiliation can have an even greater moderating effect on the relationship between the attractiveness of the construed external image and member identification because of the motivation to manage impressions. Public knowledge that a person is affiliated with an organisation creates expectations about how she or he is likely to behave and the types of attitudes she or he is likely to hold. People expect a member who is visibly affiliated with the Rotary Club to behave in ways and to hold attitudes that are appropriate for Rotarians, whereas people not affiliated with the Rotary Club would not be subjected to these expectations. These expectations and member awareness of them encourage members to take on the qualities embodied in the perceived organisational identity. If one is visibly associated with the Rotary Club and this organisation's perceived organisational identity includes the attributes of community service, this quality will more likely become part of the member's own self-concept, thus strengthening identification if the member is visibly affiliated with the organisation (Wikipedia, 2005)

When people have organisational affiliations that are visible through physical display such as Rotarians, use label pins or their organisational location (e.g. having leadership or boundary spanning roles), they are in position of having to explain and justify their role and standpoint frequently. This strengthens the correlation between the attractiveness of the image and the strength of identification. The desire to create an impression for others that is consistent with the construed external image is also more intense when one's organisational affiliation is visible. This strengthens the correlation between the attractiveness of the construed external image and the strength of identification (Wikipedia, 2005)

#### **2.4.3.1 Employee behavior in rural areas**

Mbigi (2000:208) argues that Africa needs to invest heavily in brand equity; this creates a window of opportunity for global players to rewrite the competitive market rules by doing with customers and stakeholders things that have never been done before. Corporate organisations in rural areas need the courage to create and defy the crowd through

differentiation by creating distinct brands or else Africa is going to become extinct in the competitive global market.

#### **2.4.4 Products in the company**

The product is at the heart of the corporate image. Products must be designed, manufactured, marketed, sold, delivered and serviced in a way to create a positive corporate image. This is also relevant for organisations in the Bushbuckridge area. Product strategy entails choosing both tangible and intangible benefits to be embodied by the product and its surrounding marketing activities that are desired by consumers as well as deliverable by the marketing programme. A range of possible associations can become linked to the brand, some functional and performance related and some abstract and imagery related. Perceived quality and perceived value are particularly important brand associations that often drive consumer decisions. Because of the importance of loyal customers, relationship marketing has become a branding priority. Consequently, consumers' actual product experience and after marketing activities have taken on increased importance in building a customer driven corporate image (Keller, 2003).

##### **2.4.4.1 Characteristics of products**

There are three characteristics to any product or service:

- Psychological benefits (e.g. self-image enhancement, hope, status, self-worth); problem reduction benefits (e.g. safety, convenience).
- Product attributes and features, quality, styling, packaging protection and label information, brand name.
- Augmented product of services: warranty, installation, delivery, credit availability, after-sale service and maintenance (Wikipedia, 2005).

#### **2.4.4.2 Product management**

Product management ensures over time that a product or service profitability meets the needs of the customers by continually monitoring and modifying the elements of the product.

Product management deals with questions such as:

- what products should be produced and sold,
- what products to add,
- what existing products to discontinue,
- how long will it take for a product to penetrate the market,
- how many products to have in the product line,
- how to balance a product portfolio,
- how to introduce a product to the market,
- whether to use a product differentiation strategy,
- what is the best product positioning,
- whether to use individual branding or family branding,
- whether to use product building or product lining,
- what logo to use,
- product life cycle considerations, and
- planned obsolescence considerations (Wikipedia, 2005).

#### **2.4.4.3 Packaging of products**

Packaging is the enclosing of a physical object, typically a product that will be offered for sale. Labelling refers to any written or graphic communications on the packaging or on a separate label (Wikipedia, 2005).

### **(i) Packaging in rural markets**

Engaging in the African market requires modification of both the product and the packaging. Clients/consumers are poor and want the maximum value from each purchase.

For pharmaceutical companies to package successfully for the African market, they must transform European packaging in two ways:

- It must be strengthened. One goal is to protect products against Africa's climate, insects, animals and rough handling while simultaneously offering additional value in the packaging itself. Tea tins, for instance, allow buyers to reuse the containers to store and protect other foods.
- It has to be reduced. Items should be packaged in small units. Africans buy in small quantities to cut costs and save space. Small items fit into head loads, shopping bags, bicycles and shacks (Fadiman, 2000).

### **(ii) Naming the product in rural markets**

According to Kuzwaya (2000), a category cannot remain new forever. A successful product attracts competitors like moths to flame. In most instances, the competition has more money and better technology. Black– Like-Me attracted Caron and Proctor and Gamble.

When naming a product, it is important to choose a name that will last because a good brand outlives its founders. When it was launched, the name “Black-Like-Me” was aimed in the context of prevailing black consciousness. Coupled with lack of brand building on the side of Black-Like-Me, this led to Black-Like-Me losing its position to Dark&Lovely. The latter has connotations of both blackness and beauty.

Names that denote average quality should be avoided. Kuzwaya (2000) is of the opinion that the name OK Bazaars was doomed to fail on two accounts. Firstly, a product with a name and surname is cumbersome, and sooner or later people will shorten it. In the case of OK Bazaars, people dropped Bazaars and called it simply OK. A shop called OK can never be seen as selling quality products. What it sells is nothing more than okay. Nothing special. Compare this to Shoprite, which conveys “shopping right”. Shoprite is a kind of name that will stand for a long time, all things being equal. It has meaning.

A brand with a witty name stands the greatest chance of succeeding in the African rural market. Iwisa Maize Meal is a good example. People use maize meal to make pap which is gut filler. “Iwisa” is a Zulu word for a big beautiful knobkerrie. “Iwisa liyayiwisa indlala” people used to say, and that means “Iwisa knocks starvation down”. Iwisa is the market leader by far.

When a name is presented to the marketer, it is usually presented on beautifully mounted boards. Marketers and their agencies tend to forget that the product will be advertised on radio where no one will see its spelling. Also word of mouth is the best endorsement a product can get. People may talk about it at home, on the bus, at the public toilet, tavern or anywhere else where they may not have the product with them. So the name of your product should be memorable and easy to pronounce (Kuzwaya, 2000:73-77).

#### **2.4.5 Price**

According to Keller (2004), to enable a company to build a positive corporate image, marketers must determine strategies for setting prices and adjusting them, if at all, over the short and long term. Increasingly these decisions will reflect consumer perceptions of the value. The benefits delivered by the product and its relative advantages with respect to competitive offers, among other factors, will determine what consumers see as a fair price. Value pricing strikes a balance among product design, product cost, and product prices (Wilmshurst & Mackay, 2002:265),

#### **2.4.5.1 Pricing in rural areas**

According to Fadiman (2000:152) rural consumers expect low rates and flexible repayment terms. Thus, the ideal consumer for a black market seller would select a product, pay part of the cost, then irregularly have informal conversations and to pay off a bit more. Traders are more anxious to sell and extend credit to those with whom they either have a relationship or who have been recommended by kinsfolk and friends.

Kuzwaya (2000) argues that if you have a quality brand in Africa and good distribution you are on your way to success. Price is an issue but not only the only issue.

#### **2.4.6 Distribution channels**

According to Keller (2003:270) distribution channels are the means by which organisations, such as the Pharmaceutical organisations in the greater Bushbuckridge area distribute their products to consumers.

Hiebing & Cooper (2003: 214) define distribution as the transmission of goods and services from the producer or seller to the user.

Distribution channels strategy, to build brand equity, involves designing and managing direct and indirect channels to build brand awareness and improve the strength, favorability and uniqueness of brand association. Direct channels can enhance brand equity by allowing the consumer to better understand the depth, breadth and variety of the products associated with the brand as well as any distinguishing characteristics. Indirect channels can influence brand equity through the actions taken and support given to the brand by intermediaries such as retailers and the transfer of any association that these intermediaries might have with the brand (Keller, 2003)

Direct and indirect channels offer varying advantages and disadvantages that must be thoughtfully combined to both sell products in the short terms as well as maintain and enhance a positive corporate image in the long term (Keller, 2003).

#### **2.4.6.1 Channels of distribution in rural markets**

The channels for consumer goods are the general dealer, supermarket, spaza and street vendors. Most of them buy their stock from wholesalers like Metro Cash and Carry and Jumbo.

- The general dealer is a formal establishment that is usually situated centrally and within walking distance of the consumer's home. In the past, centrality was the general dealer's strength because of the large number of customers that could be served. But the proliferation of spaza shops has changed their fate (Kuzwaya, 2000).
- The spaza shop is usually attached to the owner's house. A spaza can also take the form of a garage, an outside room or even a disused ship container. Spazas are smaller than a general dealer and have an even smaller customer base. But that is their strength – they are convenience stores closer to their customers and with lower overheads. Another factor which makes spazas successful is that the owner is often a neighbour, and in a community where “neighbourliness” is prized this is a powerful advantage. Counter-service stores are still predominant in townships (Kuzwaya, 2000)
- The supermarkets are thought to offer better prices than general dealers or spazas. The bigger supermarkets in rural markets and townships face stiff competition from chain supermarkets like Pick 'n Pay, Spar, etc. In urban areas, however, chain stores have the upper hand, but some African supermarkets do hold their ground (Kuzwaya, 2000).
- The spaza supermarket is an imitation supermarket – a convenience supermarket. They are also attached to the owner's house but are bigger than the spaza and carry more stock. Consumers can walk through the aisles and choose their

favourite products or brands without assistance. The aisles are small, leaving little room for point-of-sale material which all brands need if they are to gather attention instead of dust. As the saying goes, size does matter, in this case the smaller the better (Kuzwaya, 2000).

- The street vendors who sell FMCGs are largely supported by impulse buyers; some brands have already captured this market. Street vendors are like political commissars in a revolution. They are on the ground with suppliers when the people need them most (Kuzwaya, 2000).

#### **2.4.7 Communication**

This section considers the final and perhaps most flexible element of the marketing programme. Communication is the means by which an organisation attempts to inform, persuade and remind consumers directly and indirectly about the corporate image. In a sense the communication represents the voice of the corporate image and is a means by which the corporate image can establish a dialogue and build relationships with consumers (Wikipedia, 2005).

Organisations, such as the Pharmaceutical organisations in the greater Bushbuckridge area, combine specific ingredients of the promotional mix to promote a particular product. The various components are discussed in the following paragraphs.

##### **2.4.7.1 Product promotion**

Hiebing & Cooper (2003: 264) argue that promotion provides added incentives, encouraging the target market to engage some incremental behavior. The incremental behavior results in increased short-term sales and/or an association with the product (e.g. product usage or event-orientated experience).

According to Wikipedia (2005), promotion comprises five subcategories: advertising, personal selling, sales promotion, publicity and public relations. The specification of these

five variables creates a promotional mix or promotional plan. A promotional mix specifies how much attention to pay to each of the four subcategories, and how much money to budget for each. A promotional plan can have a wide range of objectives, including sales increases, new product acceptance, creation of brand equity, positioning, competitive reactions, or creation of a corporate image.

### **(i) Advertising**

Generally speaking, advertising is paid promotion of goods, services, companies and ideas by an identified sponsor (Wikipedia, 2005).

#### **(a) Advertising media**

Some commercial advertising media include billboards, street furniture components, printed flyers, radio, cinema and television ads, web banners, web pop-ups, skywriting, bus stop benches, magazines, newspapers, sides of buses, taxicabs, musical shows, elastic bands on disposable diapers, stickers on apples in supermarket, the opening section of streaming audio and video, at the backs of event tickets and supermarket receipts (Wikipedia, 2005).

#### **(b) Objectives of advertising**

Whereas marketing aims to identify markets that will purchase a product, or support an idea and facilitate that purchase, advertising is the paid communication by which information about the product or idea is transmitted to potential consumers (Wikipedia, 2005).

In general, advertising is used to convey availability of a “product” and to provide information regarding the product. This can stimulate the demand for the product, one of the main objectives of advertising. More specifically, there are three generic objectives of advertisement:

- communicate information about a particular product, service, or brand.

- persuade people to buy the product; and
- keep the organisation in the public eye.

Most advertising incorporates elements of all three objectives. Typically, new products are supported with informative and persuasive ads, while mature products use institutional persuasive advertisements (sometimes called reminder ads). Advertising frequently uses persuasive appeal, logical and emotional, sometimes even to the exclusion of any product information. More specifically, objectives include increases in short or long-term sales, market share, awareness product trial, mind share, brand name recall, product use information, positioning or repositioning and organisational image improvement (Wikipedia, 2005).

### **(c) Advertising in rural markets**

Fadiman (2000) recommends the following promotion techniques when advertising in rural areas:

- Radio is the most effective channel for reaching the African market. It is also argued that Eskom's electrification proceeds at the rate of about 300 000 new home connections to the grid each year, access to television remains beyond the reach of the poorest households. That makes radio the most important medium of communication in South Africa for the foreseeable future ([www.btimes.co.za](http://www.btimes.co.za)).

The local radio station in Bushbuckridge is Bushbuckridge radio station that broadcast from its studio in Bushbuckridge. The station targets the LSM group 1-6 aged between 18-35 with an average income of R2 000 per month. The programmes are aimed at multilingual listeners in the area who speaks Sesotho, SiSwati, Tsonga and English with a mixture of music (55%) and spoken word (45%) ([www.themediacconnection.co.za](http://www.themediacconnection.co.za)).

- Television has the sharpest impact on the audience. Some 30% of African consumers watch TV regularly.

- Newspapers have managed only 25% penetration in urban African communities. According to Sue Grant, a board member on the ABC, four of the daily newspapers have circulations over 100,000, and account for 49.5% of the total circulation in this category. They are Beeld (104,932), Daily Sun (467,681), Sowetan (133,195) and The Star (168,776). The total circulation for these four grew by 3.3%, while the rest of the category, another 21 titles, only grew 0.8% ([http://www.marketingweb.co.za/pls/cms/iac.page?p\\_t1=1607&p\\_t2=0&p\\_t3=0&p\\_t4=0&p\\_dynamic=YP&p\\_content\\_id=399515&p\\_site\\_id=70](http://www.marketingweb.co.za/pls/cms/iac.page?p_t1=1607&p_t2=0&p_t3=0&p_t4=0&p_dynamic=YP&p_content_id=399515&p_site_id=70)). The Daily Sun and Sowetan are described briefly below:
  - Daily Sun: this is the biggest daily newspaper in South Africa. With over 400 000 sales in Gauteng, Limpopo Province, Mpumalanga and Northwest Province, the national expansion of the paper to KwaZulu-Natal, Free State and Eastern Cape will add to the existing circulation. Daily Sun targets readers in and around the major urban centers of South Africa. ([www.media24.com](http://www.media24.com)).
  - The Sowetan: This newspaper has space for working class views. It is the only newspaper with a labour desk and also has a weekly column called Workers Assembly ([www.numsa.org.za](http://www.numsa.org.za)).
- Magazines have a higher readership and more repeat readers, perhaps because they are also used to create wall decorations or wrappings. This suggests that advertising should be placed in print media that have a high image-to-text ratio. To attract consumers, advertising should depict one-image slogans, which should vary only slightly over time. Women's magazines accounted for 31% of all consumer magazines circulation, according to Grant. However, the average circulation has declined 16%, from 89,515 in 2005 to 75,478. Ideas/Idees have the highest circulation in this category with 141,001, after it relaunched and combined Women's Value and Dit. It is followed by Sarie, despite a drop in its circulation, then True Love in second place and Cosmopolitan following closely behind. Move is again the big climber, having more than doubled its circulation. True love magazine that focus mainly on African consumers are briefly described below:

- The true love magazine was born in 1972 as a sister magazine to Drum, and was started by the late publisher Jim Bailey. Over the past three decades it has followed all the roads that the True Love women have travelled. From the politically fired- up girls of the late 1970s who fought on the streets and took the struggle home to the State of Emergency women of 1980s' who were activist businesswomen, caregivers and home makers to the liberated and newly empowered women of the 1990s' to the women of the 2000s' who encompass all these qualities and more while celebrating their strengths, their uniqueness and their options ([www.women24.com](http://www.women24.com)). In 2004 True Love had close to two million readers per year (Delete) ([www.saarf.co.za](http://www.saarf.co.za)).

## **(ii) Personal selling**

According to Keller (2003:322), personal selling involves face to face interaction with one or more prospective purchasers for the purpose of making sales.

Sales or the activity of selling forms an integral part of commercial activity. Mastery of sales is considered by many as some sort of persuading “art”. On the contrary, the methodological approach of selling refers to it as a systematic process of repetitive and measurable milestones by which a salesperson relates her or his offering enabling the buyer to visualise how to achieve her or his goal in an economical way. Selling is a practical implementation of marketing, it often forms a separate grouping in a corporate structure, employing separate specialist operatives know as salesmen.

The primary function of professional sales is to generate and close leads, educate prospects, fill needs and satisfy wants of consumers appropriately, and therefore turn prospective customers into actual ones (Wikipedia, 2005).

### **(a) Modes of selling**

These include:

- Direct sales involving face-to-face contact (retail or consumer, door to door or travelling salesman, business-to-business selling).
- Indirect sales, human-mediated, but with direct contact (telemarketing or telesales, mail order, electronic).
- Agency-based selling (consignment, multi-level marketing, and sales agent) (Wikipedia, 2005).

### **(b) Sales promotion**

Keller (2003:309) defined sales promotion as short term incentives to encourage trial or usage of a product or service. According to Wikipedia (2005), sales promotion is media and non-media marketing communication. Examples include: coupons, discount and sales contents, point of purchase displays, rebates, gifts and incentives items.

Sales promotion can be directed at the consumer, sales staff, or distribution channel members (such as retailers).

Consumer sales promotion techniques include the following:

- Price deal, a temporary reduction in price such as “happy hour”.
- Cents-off deal offers a brand at a lower price.
- Price pack deals: the packaging offers a consumer a certain percentage more of the product for the same price (for example, 25 percent).
- Coupons have become a standard mechanism for sales promotions.
- Free-standing insert (FSI), a coupon booklet is inserted into the local newspaper for delivery.
- On-shelf couponing is presented on the shelf where the product is available.
- Checkout dispensers on checkout, the consumer is given a coupon based on products purchased.
- On-line couponing is available on line for consumers to print them out and take them to the store.

- Consumers are offered money back if the receipt and barcode are mailed to the producer.
- Contest, consumers are automatically entered into the event by purchasing the product.
- Point-of-sales displays (Wikipedia, 2005).

Trade sales promotion techniques include the following:

- Trade allowances are short-term incentive offered to induce a retailer to stock up on a product.
- Dealer loader is an incentive is given to introduce a retailer to purchase and display a product.
- Trade contest to reward retailers that sell the most products
- Point-of-purchase displays are extra sales tools given to retailers to boost sales.
- Training programmes where dealer's employees are trained in selling the product.
- Push money, also known as "spiffs" in the form of an extra commission paid to retailer's employees to push products (Wikipedia, 2005).

### **(iii) Publicity**

According to Keller (2003:321), publicity refers to non personal communication such as press releases, media interviews, press conferences, feature articles, newsletters, photographs, films and tapes.

Publicity is closely related to public relations. Whereas public relations are the leader of communications between the organisation and the general public, publicity is the leader of product or brand-related communications between the organisation and the general public. It is primarily an informative activity (as opposed to a persuasive one), but its ultimate goal is to promote the company's products, services, or brands. A publicity plan is a planned programme aimed at obtaining favourable press coverage for company's products.

The advantages of publicity are low cost and credibility. The disadvantages are lack of control over how the releases will be used, and frustration over the low percentage of releases that are taken up by the media (Wikipedia, 2005).

#### **(iv) Public relations**

Deals which will influence public opinion through the presentation of a client's image, message or product (Wikipedia, 2005). According to Keller (2003:321), public relations may also involve things as annual reports, fund raising and membership drives, lobbying, special events and public affairs.

Public relations agendas or officials deliver information to the media or directly to the public to convey messages towards wider audiences or to specific demographic segments within the public called "target audiences". Because similar opinions tend to be shared by a group of people rather than an entire society, research may be conducted to determine a range of issues such as target audiences, appeal, as well as strategies for coordinated message presentations. Public relations may target different audiences with the same messages to achieve an overall goal. Public relations can affect widespread opinion and thus result in behavior change (Wikipedia, 2005).

#### **2.4.8 Services and support**

One of the challenges for service marketers is to fully understand what it takes to make and keep customers happy. Happy customers are likely to become loyal customers, and loyal customers are the foundation of a business (Concalves, 1998, in Coleman, 2002).

In the services marketing literature various authors have stressed the fact that when an organisation knows what the customers expect and how they assess service quality, it will be able to maintain a long-term relationship with the customer and thus be able to increase income from those consumers (Shycon, 1992, in Coleman, 2002).

Customer service is meeting the needs and expectations of the customers as defined by the customers themselves. "Meeting the needs and expectations of the customers" means

that companies know what their customers want and what they expect and you provide to them on a consistent basis. To know what the customers want, the company has got to ask them (Smith, 1998, in Coleman, 2002).

Parasuraman (1997, in Coleman, 2002) echoes these sentiments and defines customer satisfaction as a post-consumption experience which compares perceived quality with expected quality. A customer receiving a lower standard of quality than expected will not tend to develop loyalty to a product.

#### **2.4.8.1 Services and support in rural areas**

According to Fadiman (2000:162) both retail outlets and hawkers stalls, pile goods rather than display them. Visual promotion may be limited to a single sign that states the obvious. Another sign may be placed to high or low for the customer to read. Audio promotion may be restricted to shouting. Colour combinations are rarely considered as selling tools, nor is music. Organisations should therefore teach all new sales employees how best to use space to display product images and which colours draw attention. The third aspect of training should deal with daily maintenance and product demonstrations. These are particularly effective in a marketplace that values relationships, especially where sharing product samples such as food. Both follow African tradition and lead to sales. Finally introduce sales employees to post sales services.

## **2.5 THE LEADERSHIP OF CORPORATE IMAGE**

### **2.5.1 The role of the leader**

The requirements for successful business leadership, also for leaders in the pharmaceutical sector are changing dramatically. Until recently, having operational skills, vision, business knowledge and people skills were enough to be successful managers, but the twenty first century will be totally different due to changes and new opportunities. Changes include the presence or survival of the dot.com mania, knowledge workers, the end of the job, downsizing or rightsizing, reengineering, self-management organisations,

flattening, technology, free agency, “brand me”, learning organisations, merger mania, executive MBAs, employment legislation, project orientation, work as a primary community, reliance on a “work family”, the spread of HIV/AIDS and virtual organisation. These changes will generate significant conflict and dissonance in organisations but also great opportunities (Levine, 2002:42). The 21<sup>st</sup> century leader will need special qualities to survive.

According to Joseph (2003:46), the twenty first century is being characterised by a new form of conflict which demands a new form of leadership: one of moral assertiveness, integrity, recognition and respect for others, rather than political, economic or military power. This leadership has a dream and unique ideas that constitute true competitive advantage. Sensual leadership thrives on unleashing this imagination and emotion. Twenty first century world class operations will make use of ever evolving collectives of talented, passionate and diverse individuals (Chowdhury, 2002:10).

Mbigi (2003:18) argues that people are all products of their culture. They can only see what their cultural paradigms allow them to see. Therefore, all leaders and employees only see what their cultural paradigms in their organisations allow them to see. Leadership is emotional, social, spiritual, political and rational. Therefore, any approach to the study of leadership should reflect this complexity and diversity.

Similarly, Van der Colff (2004:110) and Reichenberg have said that effective leadership, both now and in the future, requires qualities and skills that empower others and demonstrate to employees in practical ways the importance of commitment, integrity, vision and diversity within an organisational culture.

#### **2.5.1.1 Leadership in rural areas**

De Liefde (2003:110) emphasises that with these trends leaders and others can see the limitations of traditional ways of conducting business. Companies that operate globally have become too complex to be centrally run. In order to navigate in a world of constant change we need innovative leaders – tribal leaders. The pillars of tribal leadership are

humanity, dignity, trust, respect, daring and entrepreneurship. Leaders must be able to motivate multicultural teams and need to be able to steer through a symbiosis of “soft” and “hard” ideas to create space in organisation for rationality as well as for intuition for thinking as well as feeling. These leaders will need the power to conquer their own egos. This can be accomplished by developing their ability to listen attentively and openly without preconceived ideas as to the truth. This type of attitude will allow leaders to listen to every employee without judging the person by what she or he says and will create mutual trust and respect for the participants in the community and will open up the way for dialogue.

Innovative leaders will have to focus on the development of the company’s soul if they want to give employees a sense of meaning at work. By encouraging dialogue, the innovator helps to give the company a human face.

A tribal leader will stand in the centre of the working community, “his tribe”. He or she must encourage open communication and share the vision with members in the community; therefore the vision will become an essential part of the community. The main aim for tribal leaders must be sharing the trust, because that is the only way that dialogue can occur.

Viewed this way, Phillips was a tribe under Anton Phillips, and Hewlett Packard was a tribe under Messrs Hewlett and Packard (De Liefde, 2003).

De Liefde (2003:112) also believes strongly that tribal leaders are the best guarantees for continuity and profitability of a company. Under the tribal leader the organisation does not waste energy (through conflict) because of a lack of understanding. Through dialogue and tribal leadership more energy of the company can be directed outwards. Companies must decide if they choose tribal leadership, ubuntu or an organisation driven by reason only?

### **2.5.2 The leadership of corporate image**

Because of the dialogic nature of organisational images, organisational leaders, also in the pharmaceutical industry must strategically communicate with stakeholders to foster certain images and discourage others. Massey, 2003 argues, “Although the company image portrayed must reflect reality, it is entirely possible as well as desirable to select and promote characteristics that harmonises with the strategic plans of the company”. The characteristics should also be those deemed desirable by the public and important to the company. Development of the corporate image therefore requires that the organisation looks to its mission statement and overall purpose, and promotes desirable characteristics of itself to its stakeholders; desirability defined by both the organisation and its stakeholders. This process is key to an organisation’s success and what Massey (2003) refers to as organisational image leadership.

According to Massey (2003:14), corporate image leadership theory is developed from theories of image leadership and self-presentation at the level of the individual. Although organisations are different from individuals in important ways, they can be and are treated in the same way as individuals by many theorists and practitioners. According to organisational image leadership theory, an organisation’s image is the perception that stakeholders have about the organisation, so it is aligned most closely with the “communicated image” of Gioia and Thomas (1996, in Massey, 2003:15).

This is an important distinction in that it suggests that a dialogue is necessary for the creation of an organisational image. Specifically, an organisational image is developed dialectically by the organisation and its stakeholders over time.

Organisations must sustain an effective image with their stakeholders in order to maximise their chances of success. What is effective, however, is constantly in flux. Changes in the organisation’s environment and changes in the organisation itself make image leadership challenging. The concerns of both organisations and stakeholders are affected by a host of variables, including market dynamics, technology and contemporary social and political issues, among others (Massey, 2003).

The challenge for the organisation lies in being able to understand these changes and continually lead and adjust the organisation's image in anticipation of a/or response to environmental changes. Furthermore, the multiplicity of organisational stakeholders demands a strategic approach to image leadership in which the organisation attempts to present itself in terms relevant to all stakeholders, both internal and external (Massey, 2003).

Although this is challenging, organisations must engage in image leadership in order to be successful. Corporate image leadership is important for at least two reasons. First, images determine cognitive, affective and behavioral stakeholder responses toward the organisation. Second, shared images make possible the interdependent relationships that exist between organisations and stakeholders. Although each person's perception of an organisation is subject to idiosyncrasies, the collectively shared image of an organisation held by most stakeholders, when managed properly, allows for coordination of organisational activity that is consistent with stakeholder expectations (Massey, 2003).

As mentioned, corporate image leadership is a dialogic process in which organisations and stakeholders communicate with one another to create the image of the organisation. Thus a corporate image represents a collaborative social construct between organisation's top leadership and the multiple actors who comprise the organisational audiences. A particular interpretation of corporate image may be proposed by top leadership, but that interpretation must in turn be endorsed, or at the very least not rejected, by their various audiences if it is to persist (Massey, 2003:16-17).

### **2.5.3 Model of corporate image leadership**

According to Massey (2003:17), corporate image leadership is a three-stage activity that involves creating, maintaining and in some cases regaining an effective organisational image.

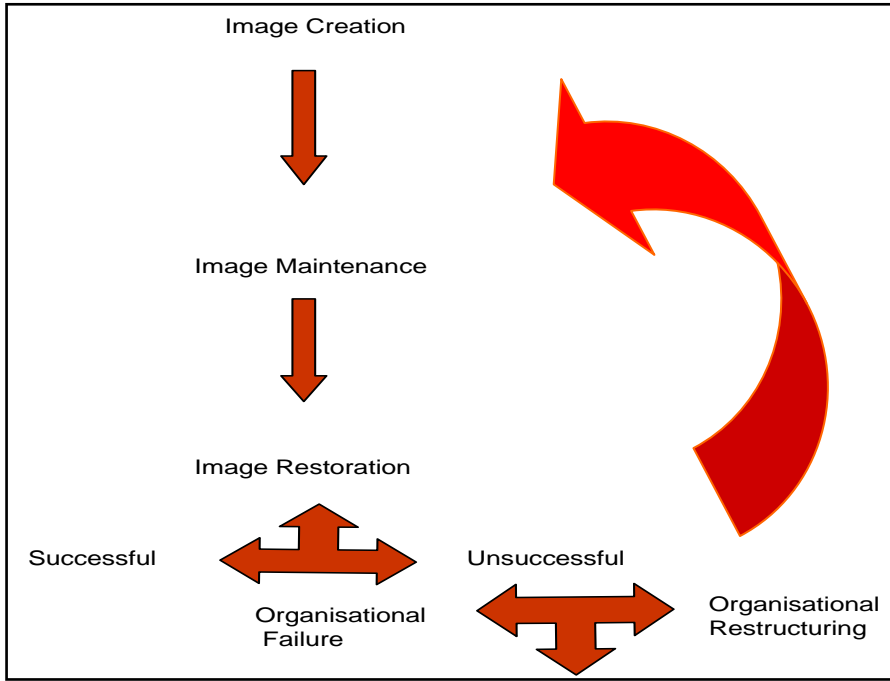
First of all, when an organisation begins or is unknown, it must create an image of itself with its various stakeholders. According to Garbett (1998, in Massey, 2003) this is difficult since most people have a certain amount of scepticism of the unknown.

Second, if an organisation is able to successfully create an image, it must work to maintain that image. Image maintenance is an ongoing process that requires an effective image; organisation must seek feedback from stakeholders and adjust its communication strategy accordingly. Again, the process is dialogic; while organisations are strategically communicating with stakeholders to influence perceptions, stakeholders are forming their own ideas about the image of the organisation. If an organisation fails to monitor and adjust to feedback provided by stakeholders, successful organisational image leadership is threatened.

The third stage of the process is regaining of corporate image, and it usually occurs because the organisation has experienced some sort of a crisis. Not all organisations experience the third stage of the model, but because of the increase in magnitude of crises many organisations will move to this stage.

If an organisation moves to this stage, then it must engage in strategic communication to regain a successful image. If successful, the organisation will return to the maintenance stage of image leadership, but if unsuccessful, it could fail or be forced to restructure itself. At a minimum, organisational restructuring involves the development of new identity and in extreme cases can result in merger, name change, and other end results that require movement back to the image creation stage of the process. Corporate image leadership is therefore a cyclical rather than a linear process as Figure 2.3 illustrates.

Figure 2.3: A model of organisational image leadership.



(Massey, 2003)

Corporate image leadership is a rhetorical process requiring a communication strategy designed to establish and maintain a particular corporate image (Coleman, 1990, in Massey 2003). In a related line of work, organisational communication scholars, particularly George Cheney (Cheney, 1990; Cheney & Christensen, 2001; Cheney & Vibbert, in Massey, 2003), have examined what they refer to as issue leadership. According to Cheney and Chirstense, issue leadership means that the organisation attempts to both “read” the premises and attitudes of its audience and work to shape them, often in advance of any specific crisis or well-defined debate.

Cheney and Christensen (in Massey, 2003) highlight the rhetorical nature of organisational communication and also the relationship that organisations share with their stakeholders. These authors state that as many organisations have to realise, the principal leadership problem in today’s marketplace of goods and ideas is not so much to provide commodities and services or to take stands on the salient issues of the day, but to take these steps with

a certain distinctiveness that allows the organisation to create and legitimate itself, its particular “profile” and its advantageous position.

Cheney and Christensen’s (in Massey 2003:19-20) suggests that at least two reasons are valid for organisations to engage in issues of leadership. Massey (2003:19-20) extends their argument and included image leadership as well. The first reason for engaging in image leadership is the organisation’s attempt to differentiate itself from the rest of the pack. Differentiation is not easy, but it is increasingly necessary in a global marketplace in which products and services are duplicated and advertised and other corporate communication messages clutter the landscape.

The second reason organisations must engage in image leadership is to maintain the stakeholder perception that the organisation is legitimate. Legitimacy can be defined as “the degree of cultural support for an organisation”. To achieve legitimacy, organisations must develop congruence between their own actions and the values of the social system in which they operate.

Organisations that successfully create legitimate images are more likely to survive than those which do not. Only through organisational image leadership organisations are able to successfully create and maintain, and in some cases regain, successful legitimate images of themselves (Massey, 2003).

## **2.6 SUMMARY**

In this chapter the corporate image of organisations is discussed because of its relevance to the objectives of the research (Refer to paragraph 1.3 in chapter 1)

The literature on organisational image, identity and reputation is discussed. These theoretical concepts all share a fundamental grounding in the long standing theory and research on source credibility.

Corporate images are the perceptions of stakeholders of organisational actions and are less durable than organisational reputations. It is also important to note that corporate

images are not based upon organisational reputations – rather, they share dynamic independent relationships.

Organisational identities are based on the core values of the organisation and are the actions taken and perceptions held by internal stakeholders.

Organisational reputations are developed by external stakeholders and are based upon organisational actions. They are dynamic, and are less mutable than corporate images.

According to Gotsi and Wilson (in Massey, 2003), in this relationship corporate images that stakeholders construct can be influenced by their overall evaluation of the companywide corporate reputation. At the same time an organisation's corporate reputation is largely influenced by the corporate image and stakeholders.

This chapter also emphasises that corporate image consists of the following components (determinants):

- Corporate social responsibility
- Employee behavior which will ensure successful coordination and functioning within the organisation
- Products: with the focus on different aspects of products, product leadership and products and packaging
- Communication with the emphasis on promotions that comprises four subcategories: advertising, personal selling, sales promotions, publicity and public relations.
- Price which means something quite different to those on the one side of the deal and those on the other. Price tells the supplier, manufacturer, services provider and retailer if their account methods are good enough and how much profit they will make; and it tells the purchaser what the cost will be to them, though cost is not necessarily evaluated purely in terms of the immediate cash payment
- Services and support and how to fully understand what it takes to make and keep customers happy.

- Distribution channel that can be defined as the transmission of goods and services from the producer or seller to the user (Heibing & Cooper, 2003:214)
- Company business conduct with the emphasis on business ethics

Some of the components of corporate image are discussed within the context of the rural African consumer market, indicating further the unique requirements of organisations doing business in this environment.

The effective leading of corporate image leadership is important because of the following reasons:

- It strategically differentiates the organisation from competitors, and
- It maintains the stakeholder perception that the organisation is legitimate.