



STATUS OF CORPORATE REPUTATION MANAGEMENT IN SELECT CORPORATE HOUSES OF KARNATAKA STATE: AN EMPIRICAL STUDY

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Abstract

The increased public expectations and pressure from different stakeholder groups have increased the importance of examining and managing a company's reputation. The corporate house should build a reservoir of credibility and integrity in order to sustain corporate reputation in the midst of challenges and opportunities. The present investigation was carried out in Karnataka state to understand the status of corporate reputation which matters most from successful business management point of view on the basis of systematic survey research methodology. Primary data were gathered from about 318 stakeholders of organizational reputation management in four leading corporate houses based in Bengaluru city. The study revealed that the corporate houses have improved their employee relations, investor relations, supplier relations, distributor relations, customer relations, media relations, government relations, community relations, organizational coordination, working environment, cooperation and collaboration between the organization and stakeholders, the quality of corporate good governance, adequate networks and alliances for business promotion, standard of professionalism and efficiency, adequate cultural ambassadors and spokespersons and maintained equilibrium between economic and social benefits for reputation management. The investigation reveals that it is imperative to formulate a corporate reputation management policy since modern corporate houses have to ensure sustainable development in a highly competitive business environment.

Preamble

Corporate reputation is a most valuable asset in an organization in the corporate world. In each and every stage more customers, investors and prospective employs and other stakeholders make decisions based on that reputation and also proficient management. The corporate houses must have a strategy in place to build, protect and when necessary, restore reputation of the corporations. It is very familiar in the corporate world is that corporate reputation is a multifaceted concept that covers numerous components and strategies. The strategies following by the company and every dimensions of the corporate reputation have prominent effects on both internal and external stakeholders. In the present times, the open secret is that he public has lost faith in organizations and their executive bodies due to reputation, economic and other forms of crisis. Businesses that invest in corporate reputation management have a complete edge with customers, consumers, shareholders, investors and talent. Today, it's very challenging task to the management to maintain and protect the reputation therefore the top level managers are planning strategically everything and think about the various dimension. Corporate reputation strategies offer strategic communications counsel and implementation of communications plans. The present investigation was carried out in Karnataka state to evaluate the status of corporate reputation management in select corporate houses.

Corporate Reputation Management

Corporate communicators primarily seek to generate increased public recognition, co-operation and support in favor of the organizational policies, goods and services through systematic branding which involves the repetition of an image or product name in an effort to associate related qualities with the brand in the minds of consumers. Reputation management has become a priority sector of organizational management in modern corporate houses. The corporate houses have to reach out to the people through various communication campaigns in order to enhance their status and reputation. Corporate reputations once created are relatively steadfast (Higgins, 1996:20). Of all bases of differentiation, none is more difficult to duplicate than an organization's reputation. To gain a good corporate reputation, one must not only have integrity at the top, but also be ruthlessly intolerant of those who undermine the integrity and values of the organization (Gray and Balmer, 1998:17).

Corporate Reputation Management

The increased public expectations and pressure from different stakeholder groups have increased the importance of examining and managing a company's reputation. It is important to provide an overall framework for understanding corporate reputation and its underlying components and measures. Modern corporate houses are required to understand the corporate actions and issues for building reputation in a systematic way. The increased requirement for transparency, higher expectations by multiple stakeholder groups, word-of-mouth and online communication, customer's personal experience with



a company's products and services, effect of the influence of opinion leaders, growth in interest groups and increased attention from media have all contributed to the importance of assessing and actively managing a company's reputation.

The corporate house should build a reservoir of credibility and integrity in order to sustain corporate reputation in the midst of challenges and opportunities (Peter, 1982:23). Modern corporate houses undertake series of advertising and publicity campaigns to increase the visibility of positive opinions or to decrease the visibility of negative opinions. One common practice is the creation of positive content pieces about a business to counter negative organic content. A reputation manager posts positive pieces in sufficient numbers to make the negative commentary display less prominently in search results or on social media sites. These organizations consciously undertake the reputation building activities by involving seasoned experts in reputation management (Drucker, 1993:11).

Corporate reputation is a function of corporate identity and corporate image (Fombrun, 1996:13). Corporate reputation is sometimes viewed as the external stakeholders' perceptions about an organization. It refers to the associations that external constituencies have about an organization. The meaning of reputation remains a matter of debate by many scholars (Devine and Halpern, 2001:09). Corporate houses are required to sustain the institutional reputation since it is the foundation upon which the prosperity of corporate houses is cherished. The delivery of people-friendly goods and services and sustenance of public good would constantly safeguard the reputation of corporate houses (Hatch, 2001:19).

Corporate reputation is viewed as a comprehensive concept that comprises all aspects of corporate marketing including: corporate image, corporate identity, corporate branding, corporate personality, corporate associations and corporate communications. It is the integration of all these concepts together that makes up corporate reputation. Due to the nature of corporate reputation as a comprehensive and collective construct, many scholars have thought of corporate reputation as being the integration or summation of other corporate-related concepts. Many definitions for corporate reputation suggest that corporate image and corporate identity together form corporate reputation. Assessing antecedents and consequences of corporate reputation at the strategic level will enable a firm to improve the management of its resources to reach its corporate goals and objectives.

Examining corporate reputation at the stakeholder level is important in order to have a better understanding about how stakeholders form perceptions about the reputations of companies and accordingly develop behavioral intentions and behavioral outcomes toward those companies. Corporate reputation management has become an important concern for the makers of the destiny of modern corporate houses. Corporate reputation reflects a relative assessment by stakeholders who matter most from organizational development point of view. The corporate leaders are motivated by the importance of corporate reputation in attracting various stakeholders.

The corporate reputation of a firm and reputation risk has become major concerns for modern corporate houses in view of the rise of social media and the ongoing globalization. Therefore, besides building a positive corporate reputation in corporate reputation management, protecting the corporate reputation in corporate reputation risk management is crucial. Therefore, the firm can better evaluate its situation and use more meaningful and purposeful measures to improve the reputation for certain "stakeholder group – issue" combinations. After planning the future intended corporate image, the firm should take measures to achieve that the future intended corporate image equals the future corporate reputation, e.g. by working on their corporate identity (Eckert, 2016:12).

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Review of Literature

The review of literature indicates that few researchers in the State of Karnataka have examined the corporate communication and corporate social responsibility related subjects to a limited extent. Prominent among them include: Bennett and Kottasz (2000:07), Gotsi and Wilson (2001:16), Gardberg and Fombrun (2002:15), Argenti (2003:02), Alsop (2004:01), Wang (2005:25), Riel and Fombrun (2006:24), Gabbioneta et. al (2007:14), Bekkum et. al (2008:06), Melewar et. al (2009:22), Doorley (2010:10), Burke et. al (2011:08), Basu and Mueller (2012:05), Armstrong (2013:03), Guru et. al (2014:18), Balan (2015:04), Kumar et. al. (2016:21) and Eckert (2016:12). Adequate studies are not carried out on the role of corporate communication in corporate reputation management with special reference to Karnataka state. Further, past studies did not indicate the factors contributing to the scientific management of corporate reputation by the corporate houses in Karnataka.

Objective of the Study

The present investigation was carried out with a view to understand the use of corporate communication tools in select corporate houses and to assess the status of corporate reputation management in select corporate houses.

Significance of the Study

Corporate reputation building is indeed a challenging task which takes a long time to build a reputation. In reality, reputation acts as a gauge, defining and giving an organization its sense of identity. Corporate reputations once created are relatively steadfast. Of all bases of differentiation, none is more difficult to duplicate than an organization's reputation. Scholars have identified four business parameters that influence corporate reputation namely - general business management, financial management, corporate marketing and corporate communication. These parameters are widely discussed since they primarily include leadership and management qualities, organizational ethics, shareholder value, organizational sustainability, corporate branding, the marketing mix, public relations and relationships with stakeholders.

Corporate reputation is important to modern corporations because it can provide a multiple of benefits including reduced financing, advertising and deliver costs, increased access to new strategic opportunities and partnerships, easy in recruiting skilled aspirants and also good will with stakeholders when something goes wrong. On other hand Corporate Reputation is also important to the economy and society because it facilitates economic transactions where markets might otherwise fail, by providing incentives for firms to behave in certain, predictable ways. As such, it functions as a form of non-governmental regulation. The review of literature clearly indicates that the role of corporate communication in corporate reputation management of select public and private corporate houses in Karnataka has not been scientifically evaluated by the past researchers.

Research Methodology

The present study approached the problem through a systematic survey method. The corporate communication services rendered by these organizations for reputation management were evaluated through a scientific empirical investigation. A structured and pre-tested interview schedule was administered to the representative sample consisting of corporate communicators, customers, community leaders and media professionals working in Mysuru and Bengaluru cities. Primary data were gathered from about 318 respondents. Appropriate statistical tests were conducted to analyze the primary data, draw inferences, test the hypotheses and make recommendations.

Distribution of the Study Sample

Sl. No.	Name of Corporate Houses	Corporate Executives	Customers	Community Leaders	Media Professionals	Total
1.	KPCL	14	32	22	16	84
2.	BEML	14	32	20	14	80
3.	Wipro	12	30	26	12	80
4.	Biocon	12	30	18	14	74
Total		52	124	86	56	318

N=318

Statistical Analysis

The study being descriptive in nature, no parametric statistical tests were involved to draw inferences based on the sample results. The interpretation of the chi-square and contingency table analysis justify the assumption of independence which was primarily carried out at the 0.05% level of significance.



Findings of the Study

Status of Corporate Reputation Management

- The corporate houses have improved employee relations (75.47%).
- The corporate houses have improved investor relations (67.30%).
- The corporate houses have improved supplier relations (72.64%).
- The corporate houses have improved distributor relations (71.38%).
- The corporate houses had improved customer relations (78.30%).
- The corporate houses have improved media relations (70.75%).
- The corporate houses have improved government relations (73.90%).
- The corporate houses have improved community relations (63.84%).
- The corporate houses have improved organizational coordination (82.08%).
- The corporate houses have improved working environment (68.87%).
- The corporate houses have improved cooperation and collaboration between the organization and stakeholders (76.73%).
- The corporate houses have improved the quality of corporate good governance (68.87%).
- The corporate houses have improved developed adequate networks and alliances for business promotion (83.02%).
- The corporate houses have improved standard of professionalism and efficiency (73.90%).
- The corporate houses have created adequate cultural ambassadors and spokespersons for reputation management (59.12%).
- The corporate houses had not maintained equilibrium between economic and social benefits (83.33%).
- The corporate houses had not ensured adoption of pro-social behaviors (64.47%).
- The corporate houses had not achieved the goal of sustainable development (87.74%).
- The corporate houses had not ensured high share holder returns for organizational development (82.08%).
- The corporate houses have developed social media platforms for organizational development (85.22%).

Testing of Hypothesis

H1: The corporate houses have not used advanced communication tools for reputation management.

The data analysis furnished in the thesis indicates that the select corporate houses have used advanced corporate communication tool for reputation management. Hence, the above hypothesis stands disproved according to data analysis.

H2: The corporate reputation management status is not sound.

The data analysis furnished in the thesis indicates that the select corporate houses have attained a good corporate reputation status on the basis of sound principles and practices. Hence, the above hypothesis stands disproved according to data analysis.

Limitations of the Study

The usual limitations of the survey method and case study, namely time, human inadequacies, resource constraints, recollection and communication were experienced try the researcher. It was practically not possible to contact all the stakeholders of corporate reputation management in Karnataka State due to lack of time and resources. An exhaustive and intensive survey as well as case study was not possible because of large numbers and above practical constraints. Purposive and stratified sampling techniques were followed in selecting the respondents since this method of selection also gives significantly correct results with much less time, manpower, money and materials. Though much care was taken to collect the data, the memory bias on the part of the respondents cannot be completely ruled out.

Implications of the Study

The implications of the findings of the study on the communication strategies for corporate reputation management with special reference to leading corporate houses of Karnataka State namely – Biocon, Wipro, Bharat Earth Movers Limited and KPCL in general terms are given below:

The investigation reveals that it is imperative to formulate a corporate reputation management policy since modern corporate houses have to ensure sustainable development in a highly competitive business environment.

- The corporate houses should equip the corporate communication divisions with the state of the art technologies, resources and services for reputation management.
- The corporate houses should adopt pro-social behaviors and demonstrate corporate social responsibility for reputation management.



- The corporate houses have to take various stakeholders of reputation management and business management into confidence and manage the institutional activities according to their aspirations and build reputation.
- Corporate reputation management should be based on various dimensions such as employee relations, investor relations, supplier relations, distributor relations, customer relations, media relations, government relations and community relations.
- The corporate houses should also improve organizational coordination, working environment, quality of governance, professionalism, pro-social behaviors, inter-cultural communication and maintain equilibrium between economic and social benefits.
- The corporate houses should also ensure high stakeholders returns for organizational development.
- The corporate houses should have adequate corporate communication personnel with specialization on media selection, campaign management, events management and reputation management.
- The corporate houses should build adequate social media networks for reputation management.
- The corporate houses should develop a good suggestion system, collect feedback, analyze feedback and make suitable changes and modifications in business management and reputation management processes.

Conclusion

The present evaluation reveals that corporate reputation management is an important aspect of modern business management. It is necessary to understand what Winston S. Churchill said: “We make a living by what we get; we make a life by what we give”. These words emphasize the need for corporate reputation management by modern corporate houses in the new millennium. The corporate houses should ultimately realize that corporate reputation cannot be built over night. It is primarily based on the commitment of corporate houses towards their stakeholders to conduct business economically, socially, environmentally and professionally in a sustainable manner. The present study reveals certain shortcomings in respect of corporate reputation management tools, practices and strategies of select corporate houses. A surge in corporate reputation management interest is typically attributed to the strong relationship between the corporate reputation management and sustainable development of corporate houses. The future agenda for corporate houses must deal with delivery of goods and services with due respect to professional ethics and corporate social responsibility.

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