

Corporate Reputation: Beyond Measurement

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INTRODUCTION

Public relations practitioners in many countries with transitional democratic political systems and emerging capitalistic economies (e.g., in Eastern and Central Europe, Africa, and the Middle East), as well as those regions' business sectors, governments, and nongovernmental organizations, have a unique opportunity that no longer exists throughout much of the world, that is the opportunity to define themselves professionally and, in this process, to adopt what has been proven successful and beneficial and to reject what has been proven ineffective or detrimental in countries and regions where public relations practice have had a much longer tradition.

Specifically, while embracing fledgling democratic forms of government and embryonic capitalistic economic systems, public relations practitioners in countries such as Ukraine, Poland, Latvia, and Bulgaria are being presented with a "clean sheet of paper" because they are not burdened by a long professional history that, in other countries and regions, has not always been linear and progressive and that sometimes has proven detrimental to society. Practitioners in these countries and regions are being presented today with an exciting opportunity to evolve quickly (i.e., within a highly compressed timeframe) as a recognized and respected professionalized occupation. They can accomplish this by building an appropriate body of professional knowledge that is consistent with – but not necessarily indistinguishable from – public relations literature and practice elsewhere in the world. They can do this, in part, by defining and making widely known their professional ethics that establish practitioners' relationships to their societies within the context of these societies' unique social/economic/political/cultural histories and by identifying criteria for entry into this professionalized occupation within the context of indigenous educational systems and certifying bodies (Boynton, 2002; Cheney & Ashcraft, 2007; Lee, 2005; Watts, 2006). These practitioners can also actively participate in defining the profession and practice of public relations by creating and maintaining a formalized system of professional education and development through professional associations, conferences, seminars, and forums and by enrolling in continuing professional education programs, such as courses that are offered by the Chartered Institute for Public Relations.

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This is a challenging, yet exciting, time for practitioners in these countries in political transition and emerging capitalistic economic systems – a time to define who they are and what they do as professionals. They have a unique and perhaps narrow window of time to develop a solid understanding of the most beneficial roles and functions of public relations in their societies while conducting public relations campaigns for employers and clients who demand strong business results and a measurable return of investment (ROI) for their public relations efforts. Of course, today public relations throughout the world, driven by corporations' management, focuses on demonstrating a positive financial Return on Investment (Grunig, 2006), and ROI is especially at the centre of attention in the newly developing markets of Eastern Europe.

Many practitioners in these transitional countries are examining how they can build and maintain corporate reputation while demonstrating and delivering a sound ROI. For instance, the theme of the 2007 Second European Public Relations Congress, "Tangible Trust—How to Make an Asset out of Corporate Reputation?", organized by the Ukrainian Association of Public Relations in Kiev, the capital of Ukraine, illustrates well these practitioners' perception of the problem as well as their attempt to define their role in transitional countries having new marketplace economies. This article reflects on the struggle of Eastern European practitioners, as evidenced in this conference's theme, and examines the broader issue of whether corporate reputation does or should influence corporations' financial profitability, whether or not these corporations are operating in countries having transitional democracies and emerging economies.

PUBLIC RELATIONS HAS INORDINATE INFLUENCE

Public relations practitioners in Eastern Europe, as elsewhere in the world, should enthusiastically accept with both confidence and humility the challenge of defining their own professionalized occupation. Practitioners, themselves, are best qualified to define their professional communities as well as these communities' ethical relationships with their societies (Gupta, 2007; Kirat, 2006). However, public relations practitioners should proceed humbly in this task, appreciating that their professionalized occupation has inordinate influence, not only over their clients and these clients' publics, but also over society-at-large. Because of their role in society, public relations practitioners are powerful as well as influential (Lee, 2006). Such influence and power are not to be misused or abused, and evidence of this influence and power's inordinate existence commonly places practitioners under a cloud of suspicion within society (Courtright & Smudde, 2006). Furthermore, the professional behaviour of today's practitioners not only must be consonant with the expectations of their indigenous societies, but also be acceptable to a 21st Century global society. Nevertheless, within those parameters, societies generally allow professional communities the freedom to determine specifically what they ethically may do in their relationship to society (Behrman, 1988). Thus, professional ethics that define public relations practice are shaped by: 1) the wider moral principles of society; and 2) the aims of the professionalized occupation. A society's general moral principles provide general constraints upon these aims and functions and how these functions may be executed (Olen, 1988).

Thus, the public relations professional community, itself, must define its role within, and responsibility toward, the society in which it practices by defining its own values and ethics within the moral norms of that society. It is important to remember that a society's pervasive or dominant culture largely determines what is unethical – as well as illegal – within that society.

Practitioners' attempt to reconcile questions of ethics, however, cannot be only as professionals. Public relations practitioners are also citizens of their societies, highly influential and powerful citizens because of their specialized knowledge and their unique professional role in their societies, who are members of their geographical communities and indigenous societies as well as of global society. Each practitioner must ask, "In what kind of society do I want to live, and what type of society do I want for my family and friends as well as for my country and for the world-at-large?" And, while all citizens should ask such questions, a thoughtful response is particularly critical for public relations practitioners who, by being influential and powerful in their professional role, are also oftentimes capable of exerting much influence and power in their role as citizens.

CAN ONE MAKE PROFIT ON CORPORATE REPUTATION?

Given this perspective, the question "Can one make profit of corporate reputation?"—interpreted narrowly—may seem naive at best and meaningless at worst. How does a public relations practitioner help turn corporate reputation into money, and is this the primary goal of public relations? One must first ask, "Why does a corporation want a fine reputation? To be profitable?" Of course, this is an obvious and certainly an acceptable reason in a capitalistic economic system, although evidence regarding the correlation between profitability and reputation oftentimes seems mixed, if not unconvincing, particularly in the short term.

What kind of corporate reputation? Investors want evidence of a generous return on investment as well as the promise of future ROI, to be expected ostensibly because of a corporation's good management; evidence of a consistent, if not growing, market; existence of a competent and dependable workforce; and the assurance of a continuing stable political and economic environment—among other factors that ensure a profitable and safe investment. A corporation's attributes that appeal to other stakeholders are as readily obvious: customers want the assurance of high-quality and safe products and services; employees want fair wages and benefits as well as a safe and pleasant working environment; governments want a stable, if not growing, tax base; and the geographic community wants assurance that a corporation is a good corporate citizen and neighbour that contributes to the community's general welfare and helps to safeguard its citizens. Other stakeholders likewise seek benefits from corporations, and these desired benefits, when they exist, are neither hard to identify nor difficult for a professionally educated and sufficiently experienced public relations practitioner to communicate to relevant publics. Intuitive logic and anecdotal evidence would suggest that a corporation's reputation for possessing these attributes (when well-communicated

by public relations practitioners) would translate into organizational success and, ultimately, increased profitability, in part through corporate reputation that fosters “profitable respect” – a concept to which some have referred as a triple-bottom line (Bishop & Beckett, 2006; Murphy, Maguiness, Pescott, Wislang, Ma, & Wang, 2005; Plowman & Chiu, 2007; Polonsky & Hyman, 2007).

Indeed, even the most mundane bromides among the myriad public relations definitions suggest that good public relations not only must be earned, but is beneficial to the organization’s stakeholders (Freeman, 2006). Ample anecdotal evidence supports this premise, as does people’s inherent sense of justice that encourages them to believe that good ultimately conquers evil (or at least should in a just-and-fair world) and that a “good” company would be more profitable than would a “bad” company because stakeholders would support a good company and would disassociate from and otherwise reject a bad one (Gibson, Gonzales, & Castanon, 2006; Kruckeberg, 2000).

Nevertheless, public relations practice may not always result in “profitable respect,” again, particularly in the short term. In reality, the public relations practitioner is at the mercy of her or his corporation, which, in its organizational entirety, must deserve the good public relations that it seeks, in other words, only the organization as a whole can “earn” a good reputation that ostensibly will result in the support of the organization’s publics. Of course in her or his counsellor’s role within the organization, the practitioner can advise policies that would result in improved public relations, which counsel nevertheless might be accepted or ignored. Importantly, a public relations practitioner who is engaging in ethical practice, who is not attempting to lie or to mislead publics, does *not* have the ability (nor ethically should attempt) to generate good public relations for undeserving organizations, while nevertheless finding her or his practice to be relatively easy for the “good” ones.

PUBLICS RESPOND TO GOOD WORKS

The basic assumption of public relations is that good public relations must be earned and that a corporation’s “good works” must be communicated effectively to “earn” good public relations. In other words, publics will respond with positive feelings toward an organization when that organization’s good works have been communicated “effectively”, thereby achieving “good public relations” that results in “profitable respect” for the corporation.

Nevertheless, this premise may not be as clear cut, nor as simple or as certain, as is oftentimes inferred. Practitioners and their organizations like to assume that an organization having a good corporate reputation will be more successful in achieving its goals, including maximized profitability, and all of us would like to believe that most people, including consumers, will tend to reward organizations that are good and will want to reject, if not attempt to punish, those organizations that are perceived to be evil – thereby increasing the profitability of corporations that have earned good public relations. However, these assumptions might not bear the close scrutiny of an accountant who might have determined that practices in diminished quality control,

while perhaps deserving bad public relations because of the resulting faulty or unsafe products that do not meet consumer expectations, could nevertheless improve short-term profits. An engineer might provide evidence that, by increasing pollution levels from corporate manufacturing processes to the maximum legal limit, the corporation would generate increased profits compared to the decreased pollution output that would be available from the adoption of costly technology, despite the public relations ramifications that would result from such lack of responsible corporate citizenship.

Rather, one should not and cannot declare *carte blanche* that good “earned” public relations is necessarily more financially profitable to a corporation in all instances, nor that a public relations practitioner has control over what public relations is justifiably provided to the corporation except in her or his wise counsel to corporate policymakers who, of course, are free to reject such advice and recommendations. The organization as a whole must “earn” its good public relations, which a public relations practitioner can then communicate to the organization’s publics. Of course, the practitioner cannot ethically communicate inaccurate positive stories about a bad organization, nor can the public relations professional be held responsible for the bad corporate reputation of an organization that does not follow good public relations counsel.

IS IT POSSIBLE TO CALCULATE ROI FOR PUBLIC RELATIONS?

In this context, calculation of ROI for public relations becomes not only impossible, but ultimately is unfair and meaningless. Indeed, imprecise comparisons between public relations publicity and advertising continue to be made in public relations specializations such as product promotion and marketing public relations (MPR). However, inquiring about the ROI for public relations is asking the wrong question. While the question “How does a corporation financially quantify (i.e., put a monetary price on the value of) the role of public relations in its broadest sense?” is perhaps valid at a tactical level for marketing support functions such as product promotion, a strategic challenge is to create social harmony between the practitioner’s organization and the society in which the organization is a member through public relations community-building efforts from which both the organization and its stakeholders benefit in financially immeasurable ways (Kruckeberg, Starck, & Vujnovic, 2006).

Indeed, such question illustrates well why organizations have public relations problems. Institutions’ responsibility must extend beyond their *strategic publics*, such as consumers who can increase corporate profit or those who can directly threaten the well-being of the organization and whom the organization must placate, to include the larger social system in which organizations can co-exist and prosper. Kruckeberg (1995-96) wrote that practitioners must be “keepers and reconcilers” of organizations’ values and belief systems up to and including their base ideologies. Kruckeberg (1995-96, 1998, 2000) and then Bowen (2005, 2008) argued that public relations practitioners must be their organizations’ interpreters, ethicists, and social policy-makers who guide organizational behaviour as well as who influence and reconcile public perceptions. This continues to be a good description of the role of public relations practitioners.

COMMUNITY-BUILDING AS THE MAIN ROLE OF PUBLIC RELATIONS

Democratic societies having capitalistic economic systems will exist in the 21st Century only through the support of the cooperative community-building efforts of corporations, governments, and civil society organizations. Survival and general well-being of the public relations practitioner's organization and that organization's stakeholders are the responsibilities of contemporary public relations practice – a role that does not lend itself to ROI measures nor should public relations be expected to directly generate fiscal revenue. The needed creation, restoration, and maintenance of communication linkages to support society are the responsibility of public relations in its philosophical, ideological, and strategic sense. A model of public relations that emphasizes community-building is of particular value in social/economic/political/cultural systems that have undergone rapid transformation to a more individualistic social system, to a more capitalistic economic system, and to a more democratic political system (Kruckeberg & Starck, 1988).

The role of public relations practitioners is to help recreate, restore, and maintain a communicative cultural environment that can assure a well-functioning and healthy society through the development and guidance of social and cultural policy that is designed to build and maintain community in 21st Century democratic and capitalistic societies. Public relations as a professionalized occupation needs to recognize the complexity of contemporary global society and must recognize and accept its role in responding to threats to society as well as to the public relations practitioner's organization. An "organic model" of public relations has benefits for every organization and every stakeholder, including the "nonpublics" that contemporary Western public relations literature says does not exist, but that are equally important in this model that emphasizes the organization's role in society-at-large, including "nonpublics" and the "general public," all of which are primary beneficiaries of this organic model (Vujnovic & Kruckeberg, 2005).

Product promotion and marketing public relations, as well as public relations for other corporate stakeholder publics, still use primarily an "asymmetric" model of public relations that centres the organization and its interests at the hub of the social milieu in its relationships with an organization's stakeholders – a worldview in which the "spokes" of a corporation's communication and relationships radiate outward to satellites of stakeholders (whether they be consumers or investors or other organizational publics). This model is arguably both obsolete and unethical and is certainly inferior to a three-dimensional community-building approach in which the corporation is not centred so self-importantly as the nucleus of the social system, but which recognizes that each organization is only one part of an interconnected global social system (Kruckeberg & Tsetsura, 2008). This is a more promising approach for corporations, particularly in embryonic capitalistic economic systems and fledgling democracies, than are other public relations and marketing communication approaches that drive much practice today throughout the world. It is through such a model from which corporate reputation becomes priceless in value and beyond measurement.

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