Assessing Reputation Management, Internal Communications and Perceptions in Oakville, Ontario

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Abstract

Improving internal communications will enable organizations to achieve positive perceptions from employees. Better reputation and financial performance will follow afterwards. This is possible by working with strategic communicators and reputation managers to meet interests and gain harmony of internal values. This research sought to understand from the executive perspective how communications and public relations professionals can support management to improve performance. Internal reputation requires several factors in order to maintain better relationships with employees. Authenticity, diversity/cultural differences, and employees' needs were taken into consideration as the key factors. The researcher also explored best practices in employee communications by reviewing existing literature and asking managers to share their experiences.

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Natalia Villegas
McMaster University

Introduction

"It has become increasingly apparent […] that behaviours, beliefs and perceptions within business relationships have the potential to impact positively and negatively on the ability of organizations to survive and prosper" (Murray & White, 2005: 348). Organizations have realized they must achieve positive perceptions from all stakeholders by working with strategic communications and reputation managers to not only meet interests and gain harmony of values, but also to express authenticity.

CEOs are aware that whatever is said or written can affect the company's reputation. Building optimistic assessments will bring to the company enhanced commitment from all of its publics, and with it, better financial performance. Performing fairly and responsibly towards employees will result in improved perceptions inside or outside the company which will positively reflect on the overall reputation of the business.

The way every company conducts business creates either a good or bad reputation. Reputation management must therefore begin at home, inside every company. Employees are the best ambassadors – or the worst – and reflect the authentic interaction between management and employees. "Through internal communications it is possible to drive sustainable competitive advantage towards an important asset such as reputation" (Crozier, 2006: 279).

Canada has felt proud to consider itself a multicultural and multiracial country. Canada recognizes and embodies diversity as an essential part of its growth trying to include every community in their decisions. Canadians also believe that different cultures are key factors for building sustainable and healthy communities for generations as a source of social, cultural, spiritual, and economic enrichment.

In that sense, this study intended to identify the relationship between reputation, perceptions and internal communication. The author focused particularly on those factors that affect integration and better communication between employees. Those factors included authenticity, diversity/cultural differences, and employees' needs to better understand the company from inside.

Despite the vast amount of literature about reputation management, there is little written about how reputation interacts with internal communications to improve relationships with employees. This is especially important in Canada, which is considered by many to be an inclusive society that welcomes a diverse population. Also, to date, there has been minimal research on how internal communication and reputation management interact with perceptions, particularly in a Canadian

context, to reflect the development of public relations and to look for better techniques to improve interaction with internal stakeholders.

Literature Review

Reputation has progressively become one of the most important assets for companies. At an internal level, reputation is placed as a key element when it comes to motivating employees, maintaining high perceptions, and driving financial results. Internal reputation requires several factors in order to maintain better relationships with employees. Authenticity, diversity/cultural differences and employees' needs were considered the fundamental ones in this research and were taken into consideration to probe them in interviews with managers.

Fombrun and Van Riel (2004) state that successful companies build winning reputations by following five principles: (i) be visible, (ii) be distinctive, (iii) be authentic, (iv) be transparent, and (v) be consistent (85-110). The researcher agrees with Fombrun and Van Riel that all five principles are essential to build reputation. However, being authentic is most essential to the improvement of reputation among internal stakeholders.

Being authentic, according to Fombrun and Van Riel (2004) indicates that "a company's internal identification becomes the basis for the design of a constructed identity that is given shape through communications and initiatives targeted to employees" (172). This is, fundamentally, a process of internal discovery. Acceptance at an internal level supports the pursuit of favourable outcomes with other employees, customers and profits. Messages created for and by the employees should be consistent, simple and straightforward (Gillis, 2008: 4). Building a message from the inside "enables the company to build something sustainable, flexible and relevant" (Crozier, 2006: 279). Similarly, the development of a committed and engaged workforce that maintains stakeholders with positive attitudes due to their strong identification with the organization (Hamori, 2003: 305) also produces positive outcomes. "Authenticity [is] the coin of the realm for successful corporations and for those who lead them" (Arthur W. Page Society, 2007: 6).

The reality of the global economy has shown that the second factor, diversity/cultural differences in the workplace, must be addressed properly to reflect the complexity of the market (Arthur W. Page Society, 2007: 6). That is especially true in Canada where multiculturalism is a key aspect within the country's culture. Ravazzani (2006: 3) highlights the fact that mutual understanding is vital "to implement a really reflective strategic role in the public relations profession", which includes all parties. Moreover, Ravazzani (2006: 9) underscores that public relations practitioners should work as connectors or what Flynn (2006: 197) calls relationship builders, reputation managers and responsible advocates.

In addition, Dozier (1995) underscores the relevance of the presence of "communications programs actively tackling issues important to employees who are women and/or from ethnic backgrounds" (151) in organizations with excellent communication management divisions and programs. Communicators must be aware that the increasing diversity within their own companies is a reflection of the diversity in the marketplace. Employees from diverse backgrounds "construct pictures of reality [...] that more closely match the reality of others" (Dozier, 1995: 161) either inside or outside the organization.

Berger (2007) states that "cultural factors are equally significant and include a supportive organizational context, or a 'culture for communication', that reiterates, in words and deeds, equal opportunities for women, men, and practitioners of diverse, ethnic, cultural and racial background" (225). The company's communication culture reflects its acceptance of those priorities. "An organization's culture, in turn, may reflect values, beliefs and expectations from larger cultural systems" (Dozier, 1995: 181).

The third factor to tackle when it comes to internal communications embedded with reputation and perceptions is to find out what employees need or want. Baron (2006) affirms that when there is a strategic change in the company, "employees first focus on what is in it for them […], [they] first want to know if this new or revised business strategy will allow them to keep their job and feed their families" (94). After understanding the situation, employees are interested in the role they can play in the structure and are able to understand the big picture.

Currently, employees are harder to reach, because "of the sheer size of companies, their often expansive geographic coverage, and employees' shorter average tenure" (Arthur W. Page, 2007: 42). To improve employees' engagement, the most basic questions, "What is my job?" and "How can I help?" (D'Aprix, 2006: 237) must be addressed. The simplest questions are the ones most relevant to them. Employee communications should then progress into the most specific issues affected primarily by the work they are doing. Employees are also looking for a company that aligns with their beliefs and inspires them to keep going. When employees believe in the companies they work for, "enhanced commitment and better performance will follow" (Murray & White, 2005: 351). According to a survey, CEOs believe that 41.4 per cent of their time should be spent communicating face-to-face with employees; presence alone is very important to them (Iacono, 2007: 3-4).

Reputations are not built by themselves. To have an enhanced reputation, companies need employees and employees need companies. Good reputations are earned by organizations through the high-quality services provided and those services are possible through a committed workforce whose goals should be aligned with those of the organizations. "Corporate reputation and employees comprise a unique combination to create sustainable competitive advantage" (Cravens & Oliver, 2006: 294) that could be of benefit of both. Moreover, "good corporate reputation also acts as a guarantee for the high performance of employees" (Hamori, 2003: 306).

As noted by Grunig (2006), "the only way to 'manage a reputation' is through managing the organizational [internal] behaviours that are reflected in that reputation" (6). This statement is only possible when all the factors such as authenticity, diversity and employees' needs come together at an internal level in order to reveal "the level of involvement, a measure of how personally relevant a problem can be" for an employee (Aldoory & Sha, 2007: 340). Additionally, those factors can be verified by the company in a positive and real way through its "ability to demonstrate the outcomes and relationships that public relations facilitates for organizations to enhance their reputation" (Flynn, 2006: 197). Afterward, better financial performance will follow, a key component when it comes to showing measurable results.

Executives for Interviews

Visible minority groups account for the 16 per cent of the total Canadian population (Community Development Halton, 2008). Between 2001 and 2006 in the town of Oakville, Ontario, that population increased by 76 per cent (CDH, 2008). This research reflects the diversity of the town's population as well as some executives' perspectives and experiences surrounding internal communication, reputation management and perceptions within their organizations. Below is a brief summary of the executives interviewed and their companies.

Trivi Mehendale is the President of Intrepid Distributors. The company distributes electronic components worldwide. Their offices are located in Canada and the USA. At present, Intrepid has 17 employees; 14 of them are based in the company's Mississauga, Ontario headquarters. Mr. Mehendale is originally from India and has been managing Intrepid Distributors for over 30 years.

Joanna Matthews is the Executive Director of Halton Multicultural Council (HMC). HMC is a nonprofit community agency funded primarily by the federal government whose job is to support

newcomers to Halton and Peel Region. As of today, 96 % of HMC's work focuses on settlement for newcomers. In the last three years, HMC has achieved 150% growth for the organization due to growing market needs and funders' requests. HMC has 50 employees. Ms. Matthews was born in England and grew up in Canada. She has been in HMC for eight years.

David Chong is a partner with Nidea Corporate Real Estate. The company represents corporate clients to serve their commercial, industrial and investment real estate needs. Mr. Chong is from Jamaica with Chinese ancestors and has been living most of his life in Canada. Nidea was registered three years ago, although its partners have been in the business for a long time. Nidea is comprised of three major principals and two small owners who recently entered the business. Nidea has offices in Toronto and Oakville.

David King at the time of the interview was the Global Pensions Manager of Nortel Canada. He is originally from Brazil and was transferred in 2007 from São Paulo to the company's headquarters in Mississauga where he worked for more than six years. Nortel is a service provider of telecommunications infrastructure. Mr. King now works at Research in Motion located in Waterloo, Ontario.

Andres Navarrete is the Maintenance Manager of a corrugated container plant for Smurfit MBI located in Milton, Ontario. The plant employs more than 100 workers. He has been with Smurfit in Canada since 2004. He also worked in Colombia at the same paper-packaging multinational for 17 years. Smurfit MBI employs more than 800 employees in Canada with 147 plants. In the NAFTA market, Smurfit MBI employs approximately 7,000 people.

Interview Questions

The questions posed intended to understand the interviewers' relationships inside the organization with colleagues, supervisors and employees. Additionally, the questions sought to provide key findings about employees' perceptions of management, internal communications knowledge, balance between diverse communities, and knowledge about how and where public relations professionals can make a significant difference in organizations by supporting senior leadership. The following questions were addressed in the interviews with the leaders:

1. Do you think public relations could bring benefits for your company? How?
2. In your daily relationships with employees, how do communications help you disseminate your messages? Do you have someone dedicated to the task of coordinating employee communications?
3. Do you think strengthening internal communications could help you improve your financial performance and reputation?
4. How many employees does your company have? Does your company or organization have a diverse community?
5. According to your experience, do you think a dedicated communications or public relations person can help you better deal with a diverse community in an organization?

Expectations from Learning

Nowadays, executive leaders face immense challenges as they try to gain influence within their industries at a local, national or international level. Making a difference becomes very complex with the "emergence of a new digital information commons, the reality of a global economy, and the appearance and empowerment of myriad new stakeholders" (Arthur W. Page Society, 2007: 6).

However, many companies have proven to have a competitive advantage in the work they do. One of their differential factors is the way they deal with their employees.

According to Fombrun and Van Reil (2003), employees can be catalogued as the most important stakeholders. With satisfied employees, organizations improve productivity and financial results. Therefore, this research tried to understand the perspectives of executives (who are not in communications or public relations) how communications or public relations professionals can improve two-way communications with employees and enhance reputation. This research also endeavoured to find better strategies to illustrate how to improve employee communications based on literature and experience. Additionally, since the researcher is part of the group of people considered diverse, the research sought to receive managers' insights that would allow her to better deal not only with foreigners but also with locals.

Results and Analysis

Five managers were interviewed regarding employee communication. Due to the fact that the companies they own or work for are in different industries of the economy, their answers were somewhat dissimilar. However they expressed similar opinions when it came to managing reputation, employee communications and perceptions. All of the managers interviewed agreed that public relations brings benefits for the organization. For each one of them, the definition of public relations depends on their needs. Public relations may include outreach, publicity, and raising awareness. At the same time, they said public relations means developing relationships with all the stakeholders, or with very specific ones such as the financial industry or shareholders.

All executives agreed that public relations brings benefits regardless of what business they are in because it helps to achieve business goals by improving communications between staff and clients; therefore creating benefits for both parties.

One interviewee working in the services industry was very interested in public relations. He affirmed that one of his competitors make use of public relations very well. "My competitors have been quoted in certain publications such as The Globe and Mail, and different periodicals". Benefits to this work result in brand name recognition because CEO's read those magazines. "My company's name being named in one of those decisive magazines will positively affect its financial performance in the long run," he concluded. In response to the question of how communications can help you get your messages into your daily relationships with employees, managers agreed that having procedures in place supports their interaction with employees. Two of them explained the importance of job descriptions and summaries including policies and procedures that everyone has to follow that cover different aspects of the daily routine.

Communications helps all of them to achieve their goals. "Communications allow us to keep in the same page and keep focused," stated one of them. Additionally, "communications is a part of our business, without communications we would not be in this business," affirms one dedicated to the sales industry.

Another manager explained the communications challenges that developed as his small organization evolved into to a bigger one: "Communications have proven to be a point of a real difficulty and at the same time it was one of our strengths as a smaller organization As we grew to a larger organization our message of communication shifted so we needed to have program meetings instead of entire staff meetings, which results in misinformation as well. We are in the process of implementing new communication channels that work for an organization of our size. We are not there yet, we still have a lot of work to do around that but we know the shift we are undertaking."

In order to improve internal communication, in January 2009 the same manager conducted a staff survey to reveal how important communications really is and where they see the breakdowns.

Perceptions had become a big issue especially "in an organization like this one that moved from being a small company to a medium–big company in a small amount of time."

Related to reputation and money, all of the managers interviewed agreed that strengthening internal communications helps improve the company's financial performance and reputation. One of them highlighted that "by motivating employees, your company improves its financial performance," while other said that "if everyone is working towards the same goal, the results will be reflected in performance and reputation".

According to the interviewees, diversity is embraced almost everywhere in Canada. One of the managers from a multinational company stated that, "Canada is a diverse country, there are a lot of people from different backgrounds and my company has several policies related to diversity. For example, relocation all over the globe is encouraged." Another manager in the service sector affirms that, "we are a multicultural-employed organization, including ethnic backgrounds, states, and diverse backgrounds of employment as well; we are a very eclectic group of individuals. Regardless of their background, I surround myself with people that work really hard and we all get the job done. Everybody excels in their area of expertise."

A range of opinions resulted from the last question regarding a dedicated communications or public relations person helping to better deal with a diverse community in the organization. Most of the managers agreed that a person dedicated to this kind of communication will better deal with a diverse community and can better support the perspective from those employees who are foreigners.

On the other side, another manager from the services sector affirmed that, "I would be the only diverse member of our company. Our industry is very old and established, not a diverse field. It is very tough to get into this business as new, because you are dealing with presidents and the CFO. There are assumptions that are already made. A person could help us but not in regards to the diverse community section."

Conclusions

Five general conclusions could be delivered from this research. First, as seen by managers, internal communication has two components: human resources information including benefits, job descriptions, compensations, operational material on how to do a specific job and corporate policies; and direct communication to encourage, inform and reassure employees. Internal communication falls in the latter although for many of the managers the information seems to be the same.

In some sense, the managers interviewed still define communications management and public relations as something just for external stakeholders. Internal communication should be better developed to improve relationships with employees and must be separated from human resources matters. The human resources department, however, is an important and essential connector to communicate with employees.

Second, for big companies, internal communications is developed by chief marketing officers or vice-presidents of human resources. In organizations with more commitment to communications, there is a person dedicated exclusively to internal communications, plus committees managed by higher-ranked employees to address internal communications. Small companies with less than 50 workers, have the CEO, president, partner or executive director in charge of internal communications.

Third, electronic communications are becoming so important at an internal level that the priority to interact in person has been diminished. Personal contact is a key factor to maintain high degrees of commitment among staff. Contact through E-mail takes internal communications results for granted.

Four, responses about diversity in the workplace are dissimilar. All of the managers interviewed support diversity and many of them come from diverse backgrounds. But it also depends upon the industry where each one of them is involved. In sum, diversity is encouraged but it is important as well to take into account many other variables. According to the managers' responses, employees are hired based on their qualifications, irrespective of race, religion or colour. All of them, since they come from diverse backgrounds or work with internationally-trained professionals, showed greater appreciation for diversity.

Finally, the fifth finding embraces the relationship between employers and employees and their dissimilar perceptions. Some managers believe that some staff take shortcuts when performing their job, while employees complain because they have so much to do. It is difficult although feasible to achieve a balance that agrees with both sides and to have the right verbal and non-verbal communication tools to communicate with and encourage employees in a daily basis.

Two managers from diverse backgrounds underscored the importance of having clear conversations with their subordinates. "Asking clear questions and giving them straight answers are a must for a diverse manager." In other words, it is critical "to be clear with employees, telling what you expect out of them," and asking employees to repeat what they understand and what is expected from them. "I think that would get me closer to my goal," finished one of the managers.

Next Steps for Public Relations Professionals

As noted by Arthur W. Page Society (2007), public relations professionals need to take a strategic position when it comes to reputation management and internal communications. Public relations professionals must support managers by reflecting vision, mission and strategy in the organization's daily communications with employees.

If managers want to establish a good reputation at the external and internal level, their first step should take place within their company's doors. "Today a big part of the job is enlisting your own employees […] to buy into and help drive the strategy of the company. Now we're trying to make sure 70,000 people know the plan and help us get there" (Arthur W. Page Society, 2007: 47).

A well-executed plan can become a sustainable competitive advantage for the company. A strategic plan to develop internal communications is imperative to achieve employee-related goals. Employees must be seen like other stakeholders and should be treated as such.

Some of the most important goals to strive for are authenticity, truthfulness and relevancy for employees. Authenticity means that, for employees, key messages are needed at both tactical and personal levels. Managers, with the support of the public relations professionals, should include among their plans attention to basic elements of human nature. Mathews (2008: 1) includes the following key messages for enhanced internal communications: "It isn't about strategy, it's about people. What employees see is more powerful than formal communication. Informal communication is more powerful than formal communication. Non-verbal communication is more powerful than verbal communication."

Public relations practitioners could use diverse elements of research to develop their own requirements according to the company's size or immediate needs for enhanced employee commitment and superior performance. Afterwards, there should be a tailored communication program focusing on employees' most pressing factors. Preparation and consistency should precede any communications. The support of human resources will help improve communication among connecting parties.

Communicators can develop key messages taking into account that not everybody retains information in the same way. Different tools such as video, personal contact, electronic messages,

boards, Intranet and written communications, among others, should be utilized to convey real and truthful messages.

It might be important to recognize and develop some type of training for managers to teach them, using empirical evidence: the importance of internal communications; the role of employees in improving reputation at the external level; and how to keep employees enthusiastic.

Last but not least, public relations professionals must be aware of the constant change in demographics outside and inside the company. That would reflect a better understanding of reality, global economy and employees' needs.

Limitations

In spite of the valuable information found in this case study there were some limitations worth noting.

First, in-depth interviews are an effective method of obtaining qualitative information because they provide great detail and give insight into what individuals think. However, this type of research involves a high commitment of time due to the difficulty in accessing the participants. Moreover, this method "does not allow for generalizability to larger populations" (Stacks, 2002: 86) as compared to quantitative research which allows researchers to interpret data more broadly.

Second, the participants came from several industries. It would have been better to have the interviews with participants within the same industry to obtain similar perspectives.

Third, the researcher, in order to develop a more comprehensive report, and to preserve the confidentiality of the participants, did not disclose specific reference to any company by name. This anonymity makes it difficult for the reader to link the comments to the organization.

Fourth, some of the managers interviewed understood the practices of public relations and communications as the same function executed by the human resources department. Both tasks, although intertwined, are different. Thus the information received from the interviewers was not as straightforward as the researcher expected.

Fifth, public relations does not seem evident when it comes to internal communication, reputation and perceptions. Further research is needed in order to develop more definitive and specific answers.

Appendix A

Interview Questionnaire

Thank you for your time. I am pursuing the Master of Communications Management program at McMaster University. In order to fulfill a requirement for the Strategic Public Relations Management course, I need to conduct five executive interviews in a subject of my interest. In this case, my topic is the interaction between internal communications and reputation management. The interviews will be about your perspectives on that particular issue as well as your opinion on how communications and public relations can best support your organization's goals. The information I gather will be confidential and will only be reported in the aggregate, without specific reference to you by name. The interview will last less than 20 minutes. Do you mind if I record this interview for note-taking purposes? Do you have any questions before I begin?

1. Do you think public relations could bring benefits for your organization? How?
2. In your daily relationships with employees, how do communications help you get your messages? Do you have someone dedicated to the task of coordinating employee communications?
3. Do you think strengthening internal communications could help you improve your financial performance and reputation?
   a. How many employees does your organization have? Does your organization have a diverse community?
   b. According to your experience, do you think a dedicated communications or public relations person can help you better deal with a diverse community in your organization?

Would you like to add something?
May I contact you by email or phone if I have another question?
Thanks again and have a great day.

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