BEHIND THE SCENE OF CORPORATE REPUTATION
- A Study of How PR Consultants Seek to Shape the Perception of Organisations

JOHAN ANDERSSON & EMMA TÖRNGREN
“Character is like a tree and reputation like its shadow. The shadow is what we think of it; the tree is the real thing.”

– Abraham Lincoln
Abstract

The interest in the concept of corporate reputation is growing. Prior research has recurrently shown that a good corporate reputation has a positive relation to organisational performance and gives organisations competitive advantages. Because of this, understanding the antecedents and how to manage corporate reputation is important. The industry of PR consultancies has grown on the Swedish market over the last decades and their services offered aims to help organisations with their communicative efforts. The purpose of this study is to examine how the work of PR consultants relates to their clients’ corporate reputation. The empirical findings are based on qualitative interviews to get a deeper understanding of the services provided by PR consultants. In the analysis the interviewees’ understanding the concept of corporate reputation is linked to a theoretical background of the antecedents and management of corporate reputation. In our conclusions we propose that the PR consultants’ work, seeking to affect the comprehension of stakeholders’ minds about organisations through corporate messages, also relates to the forming of corporate reputation.
1. Introduction

1.1 Background

We live in an informational society where all organisations are interested in spreading knowledge about themselves in order to form opinions, attitudes, and positions and thereby create a better chance to succeed in reaching their business goals (Malmsten, 2002, p. 9). Organisations need to build a character to separate themselves from their competitors when the commercial messages form a buzz and the quality of services and products are similar (Malmsten, 2002, p. 12-13).

Corporate reputation can be seen as the organisations’ character from the perception of its stakeholders. The interest of the concept is growing, since research has recurrently shown that a good corporate reputation has a positive relation to organisational performance and gives the organisation competitive advantages. Research illustrates that “... favourable reputations may enable firms to charge premium prices, attract better applicants, enhance their access to the capital markets, and attract investors” (Wartick, 1992, p.33). A good corporate reputation has been argued to have affects on the economic choices made by stakeholders’ and thereby direct influence on the financial performance of the organisation (Rindova, Williamsson, Petkova & Sever, 2005).

Media and Public Relations (PR) have an important role when communicating and shaping the messages that influence the perception of an organisation (Malmsten, 2002, p. 13). In “Everything communicates –the PR consultants show the way” ¹ the authors states that communication has become an essential factor for organisations’ success. A big challenge is to improve the strategic communicative role, and to understand its advantage to enrich the status of communication within organisations (Rawet, Dahl & Flick, 2002, p. 7). The industry of PR consultancies has grown over the last decades helping organisations to organise and professionalise their communicative efforts (PRECIS, 2009).

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¹ Translated from Swedish, original title “Allt kommunikerar – PR konsulterna visar vägen”
1.2 Problem definition

As mentioned above, a good corporate reputation is seen as a valuable and competitive asset. How it evolves and how to manage the phenomenon is therefore interesting to investigate since it can give an organisation a more lucrative way of running their business. Since corporate reputation is an intangible asset the components of the concept can be versatile. Communicating with stakeholders to separate themselves from competitors is a way to influence their perception about the organisation. Being professionalised in handling PR and communication, it is relevant and interesting to investigate how, and in what way the PR consultants’ work relates to corporate reputation. The attempt of this study is to answer the following questions. What are the PR consultants’ views on corporate reputation? What parts of PR consultants’ work are relevant for corporate reputation? How do their services relate to the antecedents of corporate reputation? And finally, how are the PR consultants’ services connected with the management of corporate reputation?

1.3 Purpose

The importance of forming a positive corporate reputation has increased for organisations. Communicative efforts are significant since reputation is built on a perception of the organisation's true character. The purpose of this study is to examine how the work of PR consultants relates to their clients' corporate reputation.

2. Theory

2.1 Corporate Reputation

The concern of corporate reputation is not a new phenomenon. It has been around ever since morality and ethics have been discussed (Power, 2007, p. 130). As a business term, reputation emerged during the 1990’s and became an organising concept that stretched across many management areas, such as marketing, accounting, and organisational strategy. Corporate reputation has been defined as “stakeholders' perceptions about an organisation's ability to create value relative to competitors”, but since the concept is intangible the definition is somewhat diffuse and various (Rindova, Williamsson,
Petkova & Sever, 2005). Stakeholders are referred to as “any group or individual who can affect or is affected by the achievements of the organization’s objectives” (Wartick, 1992, p. 34). The importance of corporate reputation has increased over time because of the positive effects it has on investors, customers, and other stakeholders. From an organisation's point of view, a favourable reputation enables the setting of premium prices, it attracts both better employees and investors, and because a well-reputed organisation is believed to be more loyal and secure for future earnings, the company can lower the cost of capital (Helm, 2007 p. 23; Eccles, Newquist & Schatz, 2007, Coombs, 2007).

Based on the facts presented above, it is clear that a good corporate reputation has an increasingly significant effect on organisations success. S. Helm (2007) states that return still is the prime factor for investment, but that corporate reputation climbs up the scale of importance. M. Power argues that since reputation is socially constructed almost anything within a firm can be rationalised and described in terms of its reputational implications (Power, 2007, p. 129).

2.2 Visibility through Communication

Research about corporate reputation of Scandinavian companies show that visibility and familiarity are important for a strong corporate reputation (Apéria, Brønn and Schultz, 2004, p. 229). Therefore companies are in need of publicity through media to be able to build a strong corporate reputation. There is also a risk in media publicity, for visibility alone is not enough to build corporate reputation, it is about what the publicity says that decides whether it is perceived negatively or positively (Apéria, Brønn and Schultz, 2004, p. 229). This gives media a powerful position in the building process of corporate reputation. It also puts pressure on organisations to professionalise their communication. Media is an effective channel to reach stakeholders, and have influence on how messages will be formed and therefore media has a great part in shaping a corporate image. Media analyst P. Malmsten argues that publicity is all about relationships to journalists and to stakeholders (2002). With a strategic plan of how to create a favourable position in the long-term perspective, the relationships need to be looked after. Publicity can lead to great opportunities for organisations to create
favourable relationships with their stakeholders, but as mentioned above publicity can also become devastating if the attention is perceived negatively. This encourages organisations to carefully consider what is being communicated through media (Malmsten, 2002, p. 10-17). Since the channels of media have rapidly grown with Internet, TV, and numerous newspapers, the communicative efforts have become harder to control (Rawet, Dahl & Flick, 2002, p. 10).

2.3 The Industry of PR Consultancies

On the Swedish market the industry of PR consultancies has grown rapidly over the last two to three decades. L. Larsson explains this growth with an increased need for communicative competence in a strong marketing and promotion culture, were the need of expertise in a complex and rapidly shifting environment is prominent (Larsson, 2005, p. 46).

PR-consultants' work has been defined as to “influence peoples’ opinions, attitudes, and behaviour” (Larsson, 2005, p. 54). L. Larsson argues that the consultants’ work has become an important intermediate between organisations and their target groups when constructing a desirable reality in peoples’ minds, with media as the strongest tool to reach this goal (Larsson 2005, p. 68). Therefore the influence from example journalists and editorial staff plays a great part in the work of PR-consultants. PR consultants’ work is about identifying organisations’ most important stakeholders and build relationships with them through communication (Rawet, Dahl & Flick, 2002, p. 12). The PR consultants are working backstage of organisations as directors of corporate messages and to attract publicity for their clients is often a goal. Behind the news-flow lays a lot of research and data collection (Larsson 2005, p. 64-65).

The traditional PR consultancy work is to handle marketing issues and advertising, but have developed into considering issues on an organisational and board level. Contemporary social and environmental analysis, surveys, planning, handling strategies, giving advice in communication issues are some examples of concrete work tasks for PR consultants nowadays. Clients that are in need of the services provided by PR
consultancies are for example authorities, political institutes, enterprises, interest organisations, and industry organisations (Larsson, 2005, p. 53).

2.4 Antecedents of Corporate Reputation

In the article “Being good or being known: An empirical examination of the dimensions, antecedents, and consequences of organizational reputation” the authors propose that corporate reputation consist of two dimensions forming stakeholders’ perception about an organisation (see figure 1). These two dimensions are argued to have the most relevant impact on the building of organisational reputation; a perceived quality dimension and a prominence dimension (Rindova, Williamson, Petkova and Sever, 2005).

The perceived quality dimension includes the quality signals sent out by the strategic choices made by organisations. Resources in forms of quality of inputs, and the quality of productivity assets in the product process, for example quality of knowledge, will according to the authors, have influence on the comprehension of an organisation’s ability to produce qualitative products compared to their competitors (Rindova, Williamson, Petkova and Sever, 2005).

The prominence dimension is to what degree an organisation receives recognition within its organisational field. The public recognition is argued to emerge through organisational evaluation from third parties, such as institutional intermediaries and high status actors. The institutional intermediaries entail media rankings and certifications of achievement, and the assumption is that they hold better and broader knowledge about the organisation than the average stakeholders do. Since stakeholders use media rankings as indicators of organisations’ position it will have influence of the prominence. Certifications of achievement work in the same manner, contributing with the notion of expertise and thereby increasing the prominence of the stakeholders’ minds. Affiliation with high-status actors will give the comprehension that the actor has evaluated the organisation in a positive way and therefore the prominence will be increased (Rindova, Williamson, Petkova and Sever, 2005).
The two dimensions; perceived quality and prominence are indistinguishable. An organisation which has a highly perceived quality is likely to be mentioned and patronised more often resulting in a greater prominence (Rindova, Williamson, Petkova and Sever, 2005).

![Figure 1. Antecedents of Corporate Reputation](Simplified version based on Rindova, Williamson, Petkova and Sever (2005))

2.5 Managing Corporate Reputation

The positive effect that comes with a good corporate reputation has lead to an increased interest in effective ways to manage corporate reputation. As mentioned before, the corporate reputation is a reflection of all different parts of the organisation. This means that if one part of the organisation has a bad reputation, it will reflect on the wholeness. In the article, *Reputation and Its Risks* (Eccles, Newquist & Schatz 2007, p. 104) the authors emphasise the importance of managing reputation, in an economy where 70 % - 80 % of the market value comes from intangible assets, it is critical for organisations to uphold a good corporate reputation. It is also explained that a problem is that most organisations focus on the threats that have already surfaced, meaning they have reactive solutions, but are missing proactive strategies. Quoting the authors; “Knowing
first aid is not the same as protecting your health” (Eccles, Newquist & Schatz, 2007, p. 106).

One sign of the increased importance of corporate reputation and living up to the external pressure on organisations is the increased focus on corporate social responsibility (CSR). During the last decades, CSR has gone from health and safety in the workplace to taking a global responsibility, as for example human rights issues. CSR has evolved from an internal issue, to be close to the centre of the corporate strategy in order to handle the demands and expectations from stakeholders (Power, 2007, p. 133, 135).

The authors of *Reputations and Its Risks* (2007) suggest a model on how to effectively manage reputation (see figure 2).

![Figure 2. The Five-Steps-model in Managing Corporate Reputation](image)


The model consists of five steps; 1) assessing your company's reputation among stakeholders, 2) evaluating your company's real character, 3) closing reality gaps 4) monitoring changing believes and expectations, and 5) putting a senior executive below the CEO in charge of the reputation management (Eccles, Newquist & Schatz).

The difficulty when building a corporate reputation is, according to this theory, the reality gaps that occur. Gaps are created when an organisation’s reputation is more positive than the underlying reality (Eccles, Newquist & Schatz, 2007, p. 107). Such gaps are discovered when companies fail to live up to stakeholders’ expectations, which can
damage the corporate reputation. To close these gaps, companies need to either improve its abilities so that the expectations can be met or reduce the expectations by lowering the level of promises (Eccles, Newquist & Schatz, 2007, p. 108).

As for creating an effective constellation of reputation management, M. Power is explaining it as a restructuring of the existing management areas, where reputational sensibilities are infused, since all parts of an organisation counts (Power, 2007, p. 147). Since there have not been structured and approved methods to manage corporate reputation the external supply of reputation management expertise has become a critical factor for organisations (Power, p. 129).

3. Method

3.1 Choice of Method

To form a basic understanding of corporate reputation, a search for relevant literature concerning the concept was the starting point of the work progress. This was followed by finding information from prior publications about PR consultants’ work, describing the services provided, and the work processes in general terms. With this background, an interview guide was conducted to lead us through qualitative interviews. The participants of the interviews are employed at three large and well-recognised PR consultancies on the Swedish market today, and the data collected formed the foundation of our empirical findings. We also contacted a media analytical company to get an outside perspective of the PR consultants’ work and a view of media’s role in shaping corporate reputation.

The interviews were conducted to get a deeper understanding of PR consultants’ work and how it relates to corporate reputation. We found qualitative interviews to be most relevant for the study since it generates a deep and rich understanding from the participants’ own perspective of the social reality that they are in (Bryman & Bell, 2007, p. 402). The participants can through the qualitative interviews emphasise what they believe to be important issues within their line of work, which otherwise risks to be
foreseen (Bryman & Bell, 2007, p. 474). Another reason to implement a qualitative research structure is because of the general idea of how the social reality is something created through the “outcomes of the interaction between individuals”, and not a static truth that can be captured “out there” (Bryman & Bell, 2007, p. 402). As argued in the theory, the concept of reputation is constructed in a social context, which is another reason why a qualitative research is highly relevant. The disposition of the empirical findings is divided into chapters after the interviews took place, into which we found were recurrent issues in all four interactions with the consultants for the study.

To approach the objective the empirical findings were compared to theoretical believes. To concretise the purpose, two describing models were used as tools in the analysis, suggesting the antecedents and the management of corporate reputation. To clarify the findings in this study of how PR consultants’ work are related to corporate reputation, a new dimension of the PR consultants’ contribution were added to already existing models in the theory chapter. Since the concept of corporate reputation can vary we have considered ourselves to have precedence when analysing the interviewees’ answers.

### 3.2 The Selection of Participants

The PR consultants interviewed for this study were M. Rydin and E. Nilsson at JKL, M. Ljungström at Intellecta and M. Hallvarsson at Hallvarsson & Halvarsson. Here follows a short description of these consultancies: JKL is one of the Nordic’s leading advisors in strategic communication. On their website JKL emphasises the importance of reputation, stating that reputational capital is creating room for manoeuvring. Since the founding of the company in 1985, JKL has moved from giving strategic advice to corporate management to provide various communicative services within multiple areas to build and preserve an organisation’s reputational capital (JKL, 2009). Intellecta is one of the leading organisations in corporate communications, based in Sweden and Denmark. On their website they claim to be experts in protecting, nursing, and developing companies’ capital of trust. They state that, no matter if the clients’ are seeking to improve the wholeness or just parts of the organisation, Intellecta has the knowledge and experience to make improvements (Intellecta, 2009). Hallvarsson & Halvarsson is a consultancy
supporting organisations in creating value through developing communication services that creates insight and trust. They have the ability to provide a client with continuous services to improve the communication with the capital market, employees, and society (Hallvarsson & Halvarsson, 2009).

The three consultancies are all members of the industry organisation; The Association of Public Relations Consultancies in Sweden (PRECIS) (PRECIS, 2009). They were also listed on the top ten consultancies on the market of Swedish consultancies in 2007 in the area of Public Relations (Konsultguiden, 2009). Therefore these consultancies can be seen as good representatives of the PR consultant industry in Sweden today.

To get an external input of how PR consultants work, and how it relates to corporate reputation, an interview with P. Malmsten at Infopaq was conducted. P. Malmsten has a valuable insight and an overview of how PR consultants work. From his work experience he also possesses an understanding of the affects of media and knowledge about corporate reputation, which added relevant insights for this study. Infopaq is a media analytical organisation that offers media analytic information and delivers measurements of how this affects corporate reputation. Their customers are for example PR consultants requiring information about their clients’ media exposure. Infopaq is based in Sweden, Norway, Finland, Denmark, and Estonia and deliver media analyses from various sources including newspapers, television, radio, and Internet publications (Infopaq, 2009).

3.2 The Interviews

The interviews were made face-to-face in a semi-structured design with open questions. This gives the interviewees the opportunity to enlighten topics outside the prepared questions, which is the advantage of this method (Bryman & Bell, 2007, p. 472). Since the definition of corporate reputation can vary, a standard definition was left out and the PR consultants’ perceptions of corporate reputation were taken into consideration in the interviews. In order to give the correspondent full attention during the sessions the interviews were recorded. This can be favourable when making qualitative interviews since engaging in the conversation will give more complete answers and lead to more
natural follow-up questions (Bryman & Bell, 2007, p. 489). The interviews were held in Swedish and the quotes and answers are therefore translated into English after a transliteration. The four interviews were held in each representative’s head office in Stockholm, and took between one, to one and a half hour each. To be able to stay within the area of our purpose of the study, we formed an interview guide that functioned as a support during the interviews (see Appendix). The interviewees were aware of the aim of the study and as for the ethical perspective they have given their permission for us to use their names and the companies they represent throughout the thesis.

3.4 Limitations

Corporate reputation is, as mentioned above, an intangible asset which can imply difficulties to make comparisons between individual perceptions. Therefore we let the participants in this study use their own definitions of the concept and then had precedence translating the different terms in use for the empirical findings and the analysis.

Letting the interviewees be aware of the purpose of this study entails a risk for a bias, where the participants will give answers adjusted to please the aim of the research (Holm and Solvang, 1997, p. 106). To avoid this situation the questions were formed in a semi-structured way making sure the interviewees had opportunity to express their thoughts about what they found to be of highest interest in this matter. We also saw advantages in letting the aim of the study be clear; to be able to get relevant information within the frame of the subject.

Another bias to consider is if using the interviewees’ names and the name of companies in the study is that it could have affect on the answers given during the interviews. We found the subject not to be of a susceptible character and therefore we believe that anonymity would not affect the results significantly. Instead we saw advantages to clarify that the answers are limited to the persons within the study. The limitation of the numbers of interviews is not to be seen as a problem, since the aim of this study is to give an indication of how PR consultants’ services relates to corporate reputation. We are not interested to outline a complete version about the PR consultancies’ services, but
to capture their own perception of how their work is related to the clients’ corporate reputation. The study is of a describing character and the results are not to be seen as generalised for the entire industry. However, as argued above we see our interviewees to obtain relevant and sufficient information and can be considered good representatives for the purpose of this study.

4. Empirical findings

4.1 Empirical Disposition

The structure of presenting the material collected from the interviewees will start with a discussion of the PR consultants’ view of corporate reputation. We will then continue with an argumentation held by our interviewees why the PR consultants’ services are required. Following this, we will look into four components that were discussed during all of the interviews, concerning the PR consultants’ work.

These are:

- Apprehending the surroundings
- Creating valuable messages
- Creating networks
- Coordinating organisations

4.2 PR Consultants’ View of Corporate Reputation

The consultants at JKL prefer to talk about the importance of building capital of trust instead of focusing on the term corporate reputation. They say that trust is achieved from the ability to meet the expectations from different stakeholders. Trust is a contribution in reaching business goals, but is not something to work for separately (M. Rydin & E. Nilsson, 2009). One of JKL’s corporate beliefs is how communication and reality relate to create a corporate image through the formula of, \( \text{Reality} \times \text{Communication} = \text{Corporate Image} \) (M. Rydin & E. Nilsson, 2009).
At Hallvarsson & Halvarsson, M. Hallvarsson sees corporate reputation as a competitive advantage, but once again the concept of trust is preferred. Fulfilling the basic demands in forms of laws, regulations, and norms is a necessity and corporate reputation will be accomplished when a company does something “extra”, something more than these basic demands. A brand must answer to a range of stakeholders’ expectations, for example this can be from a financial or a societal perspective, and trust is critical for all of the organisation's activities (M. Hallvarsson, 2009). M. Hallvarsson explains that for their clients, there is a good understanding of the economical value a positive corporate reputation has.

All of our interviewees see a trend of profiling a leader in an organisation, for example a CEO, as a way to gain trust. P. Malmsten explains this since the public need something made of flesh and blood to relate to, in order to create trust. It also makes promises more personal and real. In this way, it is easier to reach the intended audience, which can effect reputation in a positive way, but it is also a risk if the leader's reputation is damaged, so is the company's (P. Malmsten, 2009).

Ensuring stakeholders of what to expect from an organisation is essential in the creation of trust. Avoiding negative surprises and doing so by having an open and strategic communication with key stakeholders will have positive affects for the organisation in the long-term perspective. This is the general idea explained by the consultants at JKL. M. Hallvarsson says, “Through clear communication a company will gain trust for their business”. P. Malmsten’s statement is similar when he says, “The background to a good corporate reputation is predictability, safety, and stability”. He also states that, “A good corporate reputation functions as an insurance in critical times, and as a leverage in good times.” To clarify this statement; having a relationship with for example a key journalist can be useful if the organisation is in a somewhat turbulent situation. The relationship can in times of crises give the organisation an opportunity to explain the situation, resulting in an increased chance of avoiding negative publicity.

The representative from Intellecta, M. Ljungström, underlines that all of his consulting work includes corporate reputation, even though it is not a service solely requested by their clients. He points out the complication in the definition of corporate reputation and
how the concepts in use have changed over time. Today he refers to corporate reputation as capital of trust, but when he started working at Intellecta in 2006, it was called corporate relations while others can refer to it as brand value. Recognising the different concepts, it is clear that all strive for the same outcome, which is gaining a competitive corporate reputation (M. Ljungström, 2009).

From the point of view of P. Malmsten, corporate reputation is defined as the ability to live up to promises set by the brand name. P. Malmsten also talks about the difficulties with the conceptualisation and how it is almost like a competition among PR consultants about what concept to use and what concept is claimed to be the most important and valuable for organisations. As for the PR consultants, they may not be concerned with the wholeness that shape a corporate reputation, instead they concentrate on specific tasks, for example gaining publicity in a specific matter rather than looking over the whole of the organisations communication (P. Malmsten, 2009). This is also enhanced by the PR consultants in our interviews who mark out that their job is often very specific, for example to clarify messages in a financial report or getting publicity in a new restriction matter developed in the European Union that they have to adjust to.

**4.3 Professionalised View of Communication**

Being constantly reviewed by media, the ability for organisations to handle the spotlight has become an important part in living up to the external demands from stakeholders. According to the consultants at JKL, this has resulted in a more professionalised view on communication. They believe that structural management of communication has become of great importance within corporations, because of the increased demands of transparency from media and other stakeholders, which is something that is agreed upon from all of the interviewees. M. Hallvarsson makes an example of how the demands on communicative efforts have increased. The annual report that traditionally has been addressed to investors and shareholders today includes valuable information to all stakeholders of an organisation.

M. Rydin at JKL says: “Being a bit clever in terms of communicative efforts instead of leaving it up to chance, will lead to a faster, less expensive, and easier way in reaching
the business goal”. Having media under observation and the organisation coordinated in the communicative concerns will lead to positive results. According to the interviewees, coordination including having professional people knowing how to work with the communicative issues, will improve the ability to meet various stakeholders’ demands and give companies a better chance of identifying risks and threats that can damage the corporate reputation.

4.4 The Work of PR Consultants

According to P. Malmsten, a PR consultant’s job is to analyse organisations’ positions, understand who their audiences are, and then supply them with the right messages (P. Malmsten, 2009). M. Rydin at JKL put it as to deliver, “right news, at the right time, to the right people, thoroughly reinforced” (2009). At Hallvarsson & Halvarsson and Intellecta the opinion is shared about how their work is to identify the target groups that have the most significant impact on the organisation. Then messages are specified to create value for these groups and thereby the clients receive positive attention (M. Hallvarsson, 2009, M. Ljungström, 2009). Part of the work processes of the PR consultants we found to be; apprehending the surroundings, creating valuable messages, creating networks, and coordinating organisations. These parts will be looked into in the following section.

4.4.1 Apprehending the Surroundings

The PR consultants’ work is to outline the most important stakeholders, affecting a particular organisation, in order to understand how to form the communicative messages. Key stakeholders include for example customers, journalists, politicians, industry organisations representatives, stock brokers, and critics. The ability for PR consultants to contribute in this matter is explained by the consultants at JKL, “It is not always that our clients have access to certain information, or have the ability to take informal contacts the way we can” (M. Rydin & E. Nilsson, 2009). Analysing their client’s surroundings, JKL uses what they refer to as the arena method. This method considers the organisation as being a part of different arenas for example the headline-arena and the stock market-arena. According to JKL the organisation needs to be aware of the different arenas’ impact and its value for their corporation. The consultants emphasise
the value of being able to meet different stakeholders’ demands. They say it is about compromising about where to put the organisational focus until their client and its stakeholders agree in a mutual satisfaction (M. Rydin & E. Nilsson, 2009). At Hallvarsson & Halvarsson the analysis starts from the so called stakeholder rose (see figure 3).

![Figure 3. The Stakeholder Rose](image)

*Figure 3. The Stakeholder Rose*²

_Hallvarsson & Halvarsson’s starting point when analysing their clients’ surrounding_

Depending on what specific task they are assigned by their clients to do, it is decided where to put focus. M. Hallvarsson explains that throughout the stakeholder rose, trust is inevitable for an organisation to function. He explains that a brand has multiple sides considering it is being reviewed from various perspectives, which all needs to be looked after. To apprehend the surroundings, the consultants arrange interviews with industry organisations, journalists are contacted, competitors are questioned, and attitude surveys among customers are formatted. Quoting M. Hallvarsson about the role of PR consultants, “It is our job to know what people are thinking”. A job that includes reading newspapers, keeping updated with blogs, and watching TV, trying to recognise what is important on the agenda.

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² Translated into English from "intressentrosen"
P. Malmsten explains that organisations manage their trust under different circumstances. For example an organisation with close relationship to their customers, such as a supermarket has more ways to communicate to stakeholders, than for example an Internet based insurance company, where media has a stronger position in conveying a corporate image.

One of the most important tasks for PR consultants is to understand stakeholders preferences since attitudes and opinions will eventually transform into demands on organisations. This knowledge about changing attitudes is captured through interactions with the public from surveys, interviews, and constant media updates (M. Hallvarsson, 2009).

### 4.4.2 Creating Valuable Messages

E. Nilsson at JKL explains that after finding an organisation’s key stakeholders the best thing to do is to identify and communicate “the best truths” from the organisation. How and when something is being communicated are important issues to consider getting the desirable affect of your messages, according to M. Hallvarsson. M. Ljunström talks about this in terms of making the companies visible for the right reasons. He metaphorically explains communication as being comparable to “the fat in a sirloin steak, which makes it taste better” (M. Ljungström, 2009).

All the interviewees agreed on the fact that, in the long run the truth behind an organisation’s messages will be revealed and that is why honesty is such an important factor when working with clients’ communicative efforts. M. Ljungström explains that when they begin working with a new client they can be seen as lawyers who want to know everything about their client. “We want to know about all the skeletons they have in their closet, because when a company starts communicating their key messages and are put under the spotlight of medias’ observation, media will not only discover the beauty, but they will also see the flaws and cellulites” (M. Ljungström, 2009).

All the interviewees reflect on how media has taken an important role of reviewing organisations and as stated by M. Ljungström, “For an organisation to reach a favourable
position, it must be done in an honest way to be able to deliver from that position” (M. Ljungström, 2009). Publicity is the most effective way to reach an audience but it can be hard to give a deep meaning of messages and since the competition of getting media attention is tough, this way of managing reputation has its limitations (P. Malmsten, 2009). Opinions and personal thoughts are easily shared and spread through social media. Comparisons and analysis of organisations are constantly being done. Therefore the consultants agree that communication is not about enforcing a uniformed picture of the organisation. Instead it is a matter of careful consideration of finding the right truths and to make them visible for stakeholders.

To maintain trust and credibility, M. Ljungström highlights the importance of what an organisation says to be in line with what an organisation does in order to create a coherent picture of the reality (M. Ljungström, 2009). These components can be visualised in a triangle model, in how to sustain trustworthiness (see figure 4). An example of this is if an organisation is promoting environmental concerns and the CEO is driving around in a large SUV that is harmful to the environment, it will result in loss of trust in the organisation (M. Ljungström, 2009). Not only what an organisation says, but also what an organisation does is a way of communicating the corporate messages. This means that if there is a discrepancy between what is being said and what is being done, it damages the corporate reputation.

![Reality Triangle](image)

**Figure 4. The To Do-To Say-Reality Triangle**

*M. Ljungström’s explanation of how to maintain trustworthiness for organisations where the discrepancy between what is being done and what is being said needs to be eliminated.*
Working as a PR consultant is often about clarifying messages and making corporate matters understandable to the surrounding audience. M. Hallvarsson says that much of the work is to overlap cultural indifferences between the corporate management and the world around it by creating a communicative bridge (M. Hallvarsson, 2009).

**4.4.3 Creating Networks**

P. Malmsten says that one way of building a good and long-term corporate reputation is to find a positive position in the media and create good relations with journalists (P. Malmsten, 2009). At JKL a lot of their work consists of creating links between clients, media, politicians, and other key stakeholders to help the companies build good relationships. The intention is that the relationships will gain both actors in the exchange of information. For example journalists will get valid information and the organisation will get publicity. M. Ljungström explains this as a way of selling a product. Finding the right target group is the first thing to do, then recognising what they find worthy to “buy” from them, which for example can be valuable information for that specific target group.

**4.4.4 Coordination**

Occasionally PR consultants identify risks and threats within the clients’ organisation when doing analyses for communicative purpose. In these cases of identifying organisational problems, the PR consultants’ role is limited in the way that they do not implement changes in the entire organisational structure. Quoting E. Nilsson at JKL “we can only show you the door” meaning that it is up to the client to make the final changes of the suggestions given by the PR consultants (M. Rydin & E. Nilsson, 2009).

JKL stresses the fact of the importance to make an organisation independent and coordinated. This means to form key messages and make all divisions aware of them. The consultants arrange work shops in argumentation and make sure there are educated spokespersons within different areas of the organisation (M. Rydin & E. Nilsson, 2009). When an organisation lack in the ability to handle their communicative efforts PR consultants provide services of how to structure and manage these issues.
5. Analysis

5.1 The Challenge Behind the Concept of Corporate Reputation

Corporate reputation is an intangible asset and the definitions are many and varied. Stated by M. Power in *Organizing Uncertainty* and also found in our empirical study, the idea of the importance of a good corporate reputation can vary when enlightened from different perspectives.

The PR consultants in this study describe their work as to help their clients with communicative efforts and to make organisations visible. Through communication and visibility the aim is to create opportunities and better conditions for their clients to reach their corporate goals. The PR consultants in our interviews state that clear communication leads to a greater level of trust. Trust is created through the perceived ability to live up to stakeholders’ demands and expectations, and can be compared to the definition of corporate reputation used in this study; “stakeholders’ perceptions about an organisation’s ability to create value relative to competitors” (Rindova, Williamsson, Petkova & Sever, 2005). Trust in an organisation will provide stakeholders with predictability, safety, and stability. The different views on the importance of corporate reputation, we believe, are an outcome of individual readings of the concept.

5.2 Working with Communicative Efforts

Research shows that visibility and familiarity are important means in achieving a good corporate reputation, and that publicity is a strong tool to gain attention (Apéria, Brønn, and Schultz, 2004, p. 229). Explained by the interviewees, media has a great impact on shaping the minds of stakeholders by influencing the corporate image and thereby the corporate reputation. This is why the communicative efforts have become professionalised, as emphasised by the consultants at JKL, and a reason why PR consultancies’ services are required.

The PR consultants have competence and expertise in the area of communication. They help organisations to understand the essence of building relationships with journalists and to find valuable messages that will lead to favourable publicity. Explained by M.
Rydin at JKL, the communicative efforts needs “to be clever” instead of leaving it up to chance. The PR consultants also evaluate their clients’ organisation to decrease risks of getting negative attention for their business, since negative publicity can be damaging to the corporate reputation (Apéria, Brønn and Schultz, 2004, p. 229). Mutually agreed by the PR consultants in our interviews is the importance of delivering honesty, since it will increase the capital of trust, which we suggests is in line with gaining a positive corporate reputation.

Furthermore, the PR consultants at JKL prepare their clients with practical exercises of argumentation and educate spokespersons within the organisation in order to improve the abilities to handle media when achieving publicity. This is of great importance since media is a constant reviewer of organisations, as explained by M. Hallvarsson. As mentioned in the theory organisations need publicity in order to build a strong corporate reputation (Apéria, Brønn and Schultz, 2004, p. 229).

5.3 Services Related to the Antecedents of Corporate Reputation

Rindova, Williamson, Petkova and Sever (2005), suggest two main antecedents of corporate reputation (see figure 1). The authors state that the perceived quality dimension is one of two important foundations in the creation of a good corporate reputation. This is generated from strategic choices of quality made within the organisation. The PR consultants stress the fact that corporate messages must be based on true incitements to be able to have a positive effect in the long-term perspective. The aim is to decrease the discrepancy of what is being said and what is being done and thereby avoid failing in living up to stakeholders’ expectations. PR consultants thereby analyse companies with the intention to detect risks that can lead to negative attention when being reviewed by stakeholders. Doing so they aim to avoid negative attention which can cause trust loss, resulting in a decreased corporate reputation. The consultants make suggestions of improvement by assisting the organisation to leverage the best truths within an organisation. However it is up to the organisation to manage the quality by implementing the changes necessary. The role of the PR consultants is therefore to act as directors behind the scene, but not to fulfil the implementations. The PR consultant can point out what kind of quality improvements the organisation should
focus on based on the knowledge of stakeholders’ main interests after an analysis of the surroundings, and in that way help the organisation to focus their capacity in a righteous way. The idea that “everything communicates” is how the perceived quality can be affected not only by what an organisation says, but also what it does.

Social media has increased the opportunities to review organisations in multiple forums. The communicative efforts have thereby been put under pressure making the organisations more open and transparent. This leads us to the second big antecedent of corporate reputation, namely the prominence. Prominence is the public awareness of an organisation in the field of industry that they are in. Media rankings, certifications of achievement, and affiliation with high status actors will shape the perception of stakeholders’ minds (see figure 1). The PR consultants often create links and convey relationships between key stakeholders and their clients. They encourage the management to promote their vital messages to gain prominence of stakeholders. To do this the PR consultants need to identify the key actors influencing their client’s organisation, and then establish or suggest the connection by making informal contacts. The PR consultants help designing valuable messages to deliver to the media, critics, and other stakeholders owning a position to review and influence the general perception of the organisation. Thereby the PR consultants have a great part in forming the prominence, in other words what is being said about the organisation. As M. Hallvarsson expresses it, “My colleagues and I are somewhat of a culture bridge that clarify and emphasise messages of a company’s business to reach their stakeholders in the best possible way.”

Based on the model of Antecedents of Corporate Reputation (see figure 1), we have analysed the PR consultants’ views, roles, and work and how it relates to the perceived quality and prominence (see figure 5).
The PR consultants’ contribution is to help select valuable messages and to deliver these to stakeholders, which will increase the familiarity and visibility. This is connected to the background of prominence. Communicative efforts can affect the corporate image and the corporate reputation. Helping to format key messages the PR consultants plays a great part in creating a position for the organisation by shaping the opinions, attitudes, and behaviour in the minds of stakeholders. Helping an organisation to get attention from journalists or other stakeholders will contribute to the prominence of the company and thereby it has the possibility to affect the corporate reputation.

5.4 Managing Corporate Reputation by Communicative Efforts

In the five-step-model presented in the theory of how to manage corporate reputation (see figure 2), we found that the different steps can be linked to the work of the PR consultants. To clarify this we added a dimension in the front line to the original model explaining the contribution of PR consultants in each of the five steps (see figure 6).
Figure 6. The PR Consultants’ Contribution to the Managing of Reputation

The front line is the added dimension of the PR consultants’ work related to the five-step-model of how to manage corporate reputation.

The first step is described as to assess the organisation’s current reputation among stakeholders. Being an external actor the PR consultants have a better chance of succeeding in the matter of apprehending the surroundings. Again quoting M. Hallvarsson, “It is our job to know what people are thinking”. JKL says that they are able to make informal contacts and that they have an impartial way of analysing their clients’ organisations. Often an organisation does not have the resources or the capability to see their own organisation in an objective perspective and thereby miss to fully understand their surroundings. Methods used by PR consultants to apprehend the surroundings their client is in, is done through interaction with the actors surrounding the organisation such as industry organisations, stock brokers, and customers. To understand who are affecting an organisation and what issues to focus on based on the analysis of the stakeholders.

The second step, to comprehend the real character of an organisation, is recognised in the work of the PR consultants. When making sure that what an organisation says and does is coherent to the reality in order to create trust among stakeholders, the PR consultants want to know everything about an organisation. To avoid negative attention for an organisation, the PR consultants investigate the true character of an organisation.
Honesty is argued to be a critical factor behind corporate messages, and therefore essential for the PR consultants to understand in their work with communicative efforts.

The third step is to close reality gaps. In “Reputation and its Risks” the authors explain that gaps occur when the corporate reputation overcomes the underlying reality (Eccles, Newquist & Schatz, 2007, p. 107). M. Ljungström believes that what you do must be in line with what you say to display a consistent reality in order to gain a good corporate reputation (see figure 4). The importance of having a well functioning and honest organisation in order for the consultants to help their client with the communicative issues is highlighted by all the interviewees. But once again, it is up to the client to make reality of the changes suggested by the PR consultants. As E. Nilsson at JKL says, “we can only show you the door”.

The forth step in the theoretical model of how to manage corporate reputation, is to monitor changes in believes and expectations. Part of the PR consultants’ work is to be aware of stakeholders’ perception of an organisation. This includes understanding changes in believes and attitudes. The ethical and moral issues, such as environmental concerns and CSR are examples of how public attitudes and opinions have transformed into demands on organisations.

The fifth and last step is to put someone in charge of the management of corporate reputation. This issue is related to the companies’ desire of getting publicity or general awareness to attract stakeholders, and thereby seek to affect the corporate reputation. The constant review of media and various demands from numerous stakeholders creates a great pressure of handling corporate communication to live up to expectations. When an organisation does not have the resources or knowledge to cover the communicative division, the PR consultants can provide supporting services and assist and structure the communicative efforts. The PR consultants emphasises the importance of a long term engagement of the communicative efforts, and to have an organisational structure supporting the communicative concerns. Handling the communication is explained as to create trust among stakeholders, which in this study relates to the concept of corporate reputation.
5.4.1 Creating Trust throughout the Whole Organisation

All parts of an organisation counts, says M. Power (2007) in his discussion about managing corporate reputation. M. Hallvarsson reflects over the stakeholder rose and emphasises M. Power’s words by saying that a brand has many sides considering it is being seen from different perspectives, and all of these needs to be protected and managed. To find out what the most important issues are for a particular organisation and how to manage these is complex and varies from case to case. To protect a brand whether it is financial or social, M. Hallvarsson states that the key is to create trust within each area of the organisation. In this study, as mentioned earlier, we found the creation of trust to be resembled to the creation of a good corporate reputation. While M. Hallvarsson speaks of the stakeholder rose, JKL have a work method where they analyse clients in different arenas to evaluate their position. These are both similar ways of approaching an organisation’s surroundings and to understand its position. P. Malmsten explains a problem in the creation of positive corporate reputation from the services provided by PR consultants. He believes that PR consultants tend to oversee the wholeness of their clients’ organisation affecting corporate reputation since they are working with specific assignments.

6. Conclusions

6.1 How PR Consultants’ Work Relate to Corporate Reputation

During the interviews we found that corporate reputation is not a concept used directly within the work of PR consultants. Neither was it something that clients were requesting as a service. The PR consultants in the interviews emphasised the importance of a clear and open communication with stakeholders since it will create a capital of trust. Trust throughout the whole organisation is argued to be a necessity in order to reach the corporate goals since organisations are dependent on all of their stakeholders. In the analysis we discuss how capital of trust can be seen as synonymous to corporate reputation, both created from the ability to meet expectations from stakeholders. We find the linkage to be a realistic assumption since both rely on stakeholders’ perception of an organisation’s true character.
Working to improve organisations communicative efforts, PR consultants’ work can be linked to the theoretical models of antecedents and management of corporate reputation (see figure 5 & 6). The contribution of the PR consultants is to have an external perspective when investigating their clients’ organisations and its surroundings. Based on these analyses the PR consultants help to create valuable messages to communicate to the right people. The aim is to have a positive affect on the organisation’s stakeholders’ perception. The analyses are used to detect risks and threats within an organisation that can lead to negative attention. The PR consultants make suggestions for a client to avoid such an incident; however it is up to the client to implement these changes. The PR consultants also prepare their clients to be reviewed in media. Finding the corporate key messages, preparing the organisation to handle media exposure and making the organisation coordinated are examples of this.

In this study we argue, that even though the PR consultants’ work are limited to specific assignments it can be related to the shaping of corporate reputation. To make the communicative efforts reliable and supportive in the long-term perspective the PR consultants underline the importance of how communication must be honest and built on true attributes. Assisting organisations to be visible and familiar the PR consultants’ services seeks to improve the intangible and valuable asset of corporate reputation. The PR consultants can be seen as directors of corporate messages working behind the scenes. This study argues that while working with organisations’ communicative efforts with the intention to shape the stakeholders’ perception of an organisation, it also relates and adds value to their clients’ corporate reputation.
7. Suggestions for Future Studies

A positive corporate reputation is, as explained in the thesis, an important asset for organisations today. The constant reviewing from media has put pressure on organisations to deliver honesty, which is emphasised by the interviewees for this study.

An interesting question for future studies is how the development of communicative channels will affect the work of PR consultants. Today's methods are functioning as to put clients in relation to the surroundings and find the best and most favourable position. There are also norms and standards to follow that are mutually formed in a social context. Common knowledge is held within a frame of references conveyed for example by newspapers and television. This forms a certain field to work on, where the basics are given. Through the mutual frame of references the knowledge of the public can be identified, and thereby demands can be generalised. But what will happen when Internet becomes even more dominant, taking focus from newspapers and television? When individual interests spread, particularising the mutual frame of references through Internets countless sources of knowledge. How will the PR consultants meet this challenge? And how will their work methods develop?


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Appendix

Interview guide

Intervjufrågor

1. Hur definierar ni anseende? Finns det några aspekter av anseende som ni anser mer viktiga än andra?

2. Hur har ni i er yrkesroll som konsulter märkt av den ökade betydelsen av anseende?

3. Hur arbetar ni med att bygga anseende för företag? Kan ni ge något konkret exempel?

4. Hur sätter ni målen för era klienter i arbetet att bygga anseende? Går det att sätta upp mätbara, klara mål?

5. Hur utvärderar ni era insatser av anseendebyggandet i efterhand?

6. Anser ni att det finns risker med byggandet av anseende? Vilka risker förknippas ni med detta arbete?

7. Hur tror du/ni att betydelsen av anseende kommer att utvecklas för organisationer?