

## THE INSTITUTIONAL REPUTATION – A UNIQUE STRATEGIC ASSET

**DORA KABAKCHIEVA**

SENIOR ASSISTANT PHD, LECTURER AND PR AT  
SHUMEN UNIVERSITY "KONSTANTIN BISHOP OF PRES LAV"

**BULGARIA**  
PR@GSHU.BG

**ABSTRACT:** REPUTATION IS A COSTLY INTANGIBLE ASSET AND ITS MANAGEMENT AND USE AS A STRATEGIC TOOL ALREADY AFFECTS ALL SORTS OF BUSINESS, REGARDLESS OF THEIR SIZE AND AREAS OF ACTIVITY. THE DYNAMICS OF THE DEVELOPMENT AND THE GROWING COMPETITION PERSISTENTLY CORROBORATE THE THESIS THAT ONLY THOSE ORGANIZATIONS, WHICH UNDERSTAND THE IMPORTANCE OF PURPOSEFUL REPUTATION FORMATION AND WHICH BEAR THE BURDEN OF RESPONSIBILITY AND TRUST BROUGHT FORTH BY IT, CAN OFFER THE LONG-TERM COMPETITIVE PRIORITY. THE ARTICLE COMMENTS UPON THE MEANS AND METHODS FOR CREATING AND MAINTAINING SUSTAINABLE POSITIVE INSTITUTIONAL REPUTATION AND IT IDENTIFIES SPECIFIC STRATEGIES FOR ITS MANAGEMENT.

**KEY WORDS:** REPUTATION, INSTITUTIONAL REPUTATION, STRATEGIES FOR REPUTATION MANAGEMENT

At the end of the XX century the problems of reputation forming and management experienced a real "boom". Researchers of the corporate strategies argue that at the present moment reputation is amongst the most important intangible unique strategic assets of the organization. A suggestion of such kind presupposes that modern leaders should show understanding and invest continuously in making reputation and performance, to keep an eye on trends in the relations of their audience, to create programs for active management, etc. Only few among them, however, work really hard along these lines. Others assign this responsibility to the Department of Public Relations and so bring to an end their commitments. The common practice usually shows that there is no person, program or budget to monitor this key strategic asset in many organizations.

**THERE** are several main reasons for this attitude:

- ⇒ Now there is no interest in what the attitude of different social groups towards the organization or institution is.
- ⇒ The organization hasn't got the social status it deserves, but it does not know what can be done in order to change the situation.
- ⇒ The concepts of image is confused with reputation . People work with short-term goals, artificial images, without aspiring to authoritative knowledge and assessments.
- ⇒ There is only a vague idea of how reputation is formed, it is not perceived as a continuous analytical process and strategy. Its significance is underestimated.
- ⇒ There is lack of vision and a clear program on how to explore and utilize the opinion of the concerned parties.

⇒ The wrong levers of reputation management (or used in the wrong order) are utilized, thus causing more harm than good.

**MASTERING** the means and ways for creating and maintaining sustainable positive reputation of an organization or institution is not easy and light task. Reputation management is actually the management of organizational manners, culture and behavior. This is the ability to create a good first impression and perception, to enter into a decent environment to make their own visual image (which should not differ from the interior content), to determine the right interaction models with the surroundings and objects, to absorb behavior corresponding to the label and norms in formal and informal atmosphere, to listen to and understand what the other person has said, to become skillful at controlling techniques and style to place claims and apology, to control the body language, etc.

**IN** other words reputation depends not only on what the product (quality, price) is, on what the activities of the organization are. It depends also on how this product is offered to all concerned parties, and it depends on by what means their attention is attracted and with what attitude their interests are met. Reputation is a value formed by the trust of customers, staff, investors and other important parties for the organization. It is also formed by their commitment to its objectives and their positive ideas about its future development. Nowadays the concern about reputation goes from column "priorities" to the "absolute indispensable requirements." It affects all activities of managers and collaborators and the relationship of the organization or institution with all public and target groups. That's why it is useful for many organizations to preserve their image and not lose their business at a certain stage of the evolutionary development.

**IF** in the 90s of the last century financial risks were considered of prime significance, while the reputation ones were barely noticed, now not only are reputation risks regarded as major, but they are the ones that can even cause financial issues. According to D. Kartaliya, one of the managing directors of the company "Entegra Corporation"-which deals with reputation management- it takes 30 years in order to regain a good reputation, while it takes only 30 seconds to lose it.

**FROM** the fact that concerned groups maintain more stable relationships with reputable organizations, it follows that the organizations with a good reputation take much better position on the market (their partners are willing to work with them under better conditions; investors offer them more favorable loans, specialists in the specific branch strive for long-term cooperation with them, power structures relate to them with greater understanding and respect, the media are set in sympathetically, etc.).

**IN** the broadest sense of the strong reputation may derive two major benefits: (1) building trust and (2) capitalization of additional value and competitive advantages" - the specialized Institute of reputation management Ipsos MORI claim. (<http://www.ipsos-mori.com>) The United Kingdom research center has been conducting a survey on reputation for more than three decades, but – according to the results from it- only recently more and more organizations have decided to systematically survey their reputation after their key target groups. This activity is motivated by several reasons:

⇒ surveys can bring order to an already too saturated landscape of organizations and institutions;

⇒ the recognition of the importance of reputation grows together with its relationship with the "health" of the organization.

**REPUTATION** becomes costly intangible asset and therefore its management and its utilization as a tool in the competitive battle affects every kind of business, regardless of its size and areas of activity. There is a misconception that reputation plays an important role only in the strategic development of major business enterprises or holding structures. On the level of middle and small business the importance or reputation is lowered to the level of the image. It would be wrong to think that the organization's public reputation is necessary only when it has grown bigger and reached a level corresponding to the amount of work and corporate policy of the corresponding local, regional or state level. On the contrary – the very positive reputation that was formed in all the years of existence allows the organization to achieve a high level in its development, at which it could not rise up without the support of public opinion. Nowadays only those organizational structures that have initially adopted weak position in the relevant market could afford themselves not to have an idea either of their reputation, or of its value and management methods. Without establishing a good reputation, long and prosperous existence is generally impossible.

**TAKING** reputational measures as a key indicator of any organization, means binding reputation management with the overall business strategy and planning. Such a policy ensures that this organization does what it speaks, and speaks what it does – which is definitely a necessary condition for strong reputation. Responsibility (which the reputation has formed) and trust (the result of responsibility) are inherent to reputation. Responsibility is manifested in the relationship and interaction between all components of reputation and between all levels of the institution. This presupposes a well-balanced relation between material and human resources. The result is a clear-sighted policy providing long-term thinking and successful completion of this institution of the "market", and therefore considering possible crises, adverse conditions and mechanisms for overcoming them. In terms of reputation, all events that affect the accepted social values and the confidence between the parties or disrupt the activities of the social network of the organization are critical processes.

**ON** the grounds of the liability policy (social, business, moral and so on.), trust is established- a tactile quality indicator on the basis of which reputation is actually measured. Key imperatives for creating an organization with a high level of trust are:

- ⇒ productivity of all activities;
- ⇒ honesty of relationships;
- ⇒ concern for people.

**MAN'S** credibility in certain institutions, phenomena, actions or events depends on his personal notions of integrity, sincerity and regularity on the one hand, and on the established stereotypes in society, structures and socio-economic values on the other. It is thought of as a basic need of the individual that determines his sense of security and peace, and has functional significance in relation to reputation. The answer to the question: "What exactly means credibility in this case?" in N. Palashev's interpretation is - "it establishes the structure of the reputation and prestige." (Palashev 2006: 103)

**IT** is not possible to expect a favorable interpretation of the behavior of an organization or institution without establishing credibility as a value basis in its relationship with the concerned parties. According to J. Lehtonen this is the factor that distinguishes the true supporters of the organization from the "friends in favorable times." However, trust is not boundless even with friends.

**UNLIKE** the image, called to outline the organization as brightly as possible with memorable style and unique positioning against the overall competitive environment, reputation is based mainly on communicating notions of correspondence of the institutional actions with existing rules and standards. Any situation or event, which contradicts to the understanding of audiences for proper and legitimate activities or for honesty and sincerity, leads to a breakdown in relations and acclaim of the audiences. (Lehtonen 2006: 47) Often the actions and deeds of the organization that actually consume capital-reputation are directly linked with the moral choices that people, communicating with the organization, are faced with.

**THE** reputation of an organization does not fit only within the definitions of "none" or "positive". It may be "bad" ("very bad", "terrible"), and "very good" ("excellent", "magnificent"). The program-minimum should -at least in its management- aim to achieve recognition (fame), causing this positive associations at that. The purpose of the program-maximum is imperative to transform the organization into a trusted partner.

**THE** dynamics of the development and the growing competition persistently corroborate the thesis that only those organizations, which understand the importance of purposeful reputation formation and which bear the burden of responsibility and trust brought forth by it, can offer the long-term competitive priority. This allows them to provide for themselves a much better position to ease the realization of their strategic plans. "If you do not take care of your reputation, be sure your competitors will do it for you" teaches Henry Ford.

**TO** develop a proactive communication strategy, it must be defined and who (or what) dominates the basis of reputation at the present moment. In other words, when a judgment on the institution is made, first it must be clear who or what is taken into consideration. The existing reputation, even with minimal involvement of the institution (or without it), has always one or more objects on the grounds of which it establishes mainly evaluational opinion of the concerned parties. Such objects most often are: the governing body, team (collaborators and employees), production or service, achieved results, financial indicators. Focusing on this fact leads respectively and basic strategies for handling reputation:

✓ *Strategy built around the personality of the leader*

**WHEN** the reputation of the institution is inextricably linked to the reputation of its leader, the advantages are obvious: a celebrity inspires trust, everyone knows whom they should ask about the more vital and strategic matters. Moreover, the public manager is often viewed upon as a role model and thus he becomes a powerful motivational factor. It is important to distinguish between two cases. The first one - when the leader is a key object of public trust and of reputation strategy. The second case - when the head is located in the center of organizational communications, because he is in charge of taking all those decisions – to the smallest operational details. Either of them lead to transferring ambiguous or negative attitude from the head of the institution to its reputation, which is the most serious drawback of this strategy. Another disadvantage is the likelihood of deteriorating the reputation when the individual manager leaves. If a charismatic leader builds management in such a way that the contacts with the target groups are primarily based on his personal qualities and relationships, and they are not provoked by the work of the organization, his resignation would result in the loss of a number of attractive partners, customers and employees for the organization.

✓ *Strategy built around team*

**WHEN** the activity of the organization is diversified and various fields are loosely connected to each other or are separate structural units, the senior manager responsible for the overall management, is unable to maintain effective communication on specific issues with the wide range of target groups. In this case, the team of collaborators – which in practice manages various fields of activities - is the subject of reputational strategy. The strategy focused on the team work and towards potential future members of this team - the fact that the best specialists are valued and stimulated attracts new professionals. Utilizing this strategy is justified even when multiple staff members communicate daily with many people and the reputation of the institution is simultaneously carried by tens or hundreds of collaborators and employees (e.g. in education). In such cases in which the balance of the trust and communication is distributed between several persons, it is always possible to obtain the relevant information, even in the absence of one of the key personas. The disadvantage of this strategy is the uneven distribution of the audience's attention to public figures of the organization, and as a consequence one or more of them are always seen as primary representatives because of greater renown.

✓ *Strategy built around production*

**IN** most cases, the organization does not communicate with the outside world without talking about its products or services. Using this kind of strategy where they are in the focus of communication, accentuates on what the organization offers on the market, while all its other merits remain in the "shadow". The main advantages of this strategy are: (1) the quality of production can be assessed and (2) new products are selling easier when you have already built confidence related to existing similar ones on the market before. The strategy enables the usage of authoritative opinions of experts and consumers to support the organization's reputation and its production. Owners of large portfolios diversified brands stick to it - Procter & Gamble, Johnson & Johnson, Kraft Foods, Nestle, etc. Considering this fact (sometimes the amount of the brands in the portfolio of such companies exceeds 100) suggests how intensively the target groups are burdened with information about the names and characteristics of numerous products. In a situation of this kind, additional details on other values of the organization would be a real challenge for the already burdened public. Production offered by such companies, in most cases has a broad consumer demand and even if a particular product is not approved, it is quickly replaced by another, similar in properties - the choice is large and benefits are evaluated quickly enough via ads and numerous promotional shares. The disadvantage of this strategy is the "inanimation" of the production as an object of communication, which, as a rule, is made up for by mixing several reputational strategies. For effective reputation management with a focus on production, the organization is to monitor particularly thoroughly the communication process, to inform the public and to explore the market thoroughly. It should also look for feedback on important key issues and find out the needs of the target consumer groups.

✓ *Strategy built around achievements*

**THIS** strategy is commonly used as an adjunct to others. The focus of communication in it is achieved through the institution during its activity - how many years it is on the market, what is its history, its successful projects, etc. Such a strategy is often preferred by



organizations that offer implementation of technological solutions as far as their experience on the market and the amount of successful proposals are the most important information about the formation of reputation. The "inanimation" the object is again referred to as a disadvantage of the strategy. Another setback is the fact that the achievements are in the past and quickly forgotten - a man who knows the institution won't doubt them. A reputation strategy around several sites should be established to compensate for these shortcomings. For example, the team is completely possible to guarantee product quality and reliability is achieved. Given the fact that 99% of the reputation of an institution (or a person) is determined by the past, and only 1% - of the future, in a literate approach similar mix could be very successful and effective.

#### ✓ *Strategy built around finances*

**FINANCIAL** stability does not cause issues any more - proceeding from the financial indicators, the organization is easily compared to competitors and it makes appropriate conclusions. These are the positive aspects of the strategy. All banking institutions, e.g., take advantage from that to a greater or smaller extent. However, in order to form and strengthen the necessary reputation in conditions of strong competition and in such cases reputational strategy built around multiple objects is often applied - financial performance, achievements, and production team. When people use the services of a certain bank, they do not trust some imaginary business structure and the staff of this bank. They put their trust in the management or the experience on the market, so the mix of strategies is needed to achieve the desired objective in reputation forming. The main disadvantage of this strategy is that in its pure form it is impracticable – nowadays the credibility in an institution is formed on the basis of a comprehensive set of indicators in which financial results are important, but these indicators are not unique.

**REPUTATIONAL** strategy of every organization is figuratively divided into two parts: (1) formation strategy, securing and maintaining the necessary reputation and (2) a strategy to protect the reputation of the anti-crisis actions. Each of the above-mentioned strategies has its own characteristics that are considered when a strategy for the protection of reputation is drawn up. In the development of anti-crisis strategy the particularities of communication with the concerned groups that have an impact on the performance of the company are taken into account.

**DEPENDING** on the strategic priorities of the organization, the reputational strategy changes at a certain stage of its development. As far as at the customer demand and movement of products on the market is in the beginning of every business, then the initial choice of the object of communication is usually done for the benefit of the product (sometimes together with management) and over time it is partially or completely shifted to team performance or financial performance. When selecting a certain reputation strategy, one thinks perspectively - whether and how this strategy would work together in a crisis situation. It is obvious that when every word and action of the institution is considered critically by the public and is verified by media and experts, is too convenient to have someone long before the emergence of the crisis, and that someone has taken care to establish the necessary contacts and regularly informed the concerned groups on company operations.

**IN** this sense, the strategies, the object of which is a person (manager or team of collaborators), have an undeniable advantage over strategies, the objects of which are "inanimate" (production achievements or Finance). For this reason, the latter are rarely used

in pure form, without being combined with afore mentioned ones. If the institution gets into a crisis situation and defending a particular position is important, that moment would not be the perfect one for introducing the audience to the official spokesperson for the first time and people to be supposed to trust what he said. Even when applying the strategy, built mainly around production, a considerable attention is devoted to establishing a good relationships with consumers so it would bring them to the basic values of the organization and everything that would help to count on the support and understanding in critical situation.

**THE** success of a reputation is determined by the concentration and competently constructed sequence of influencing moments for the public groups. And this affects mainly on what occurs (hears or sees) for the first time, and not on what is a type repetition. So productive reputation management is built on relatively unique programs and on individuals (organizational and personal).

**IT** is not necessary for the goal to achieve the so called "flawless" reputation, even less "impeccable for everyone" reputation. In different situations a rotation of the most important of all possible reputational audiences occurs. The strife for relief accentuated balance between strengths and vulnerabilities (between defects that are possible because of criticism from interested groups and virtues for which these groups can forgive the shortcomings and maintain their loyalty in difficult the organization moments) would be much more productive. Thus this proportion between the merits and shortcomings should not look "fixed". The behavior of a carrier with absolutely unquestionable reputation is predictable, boring, uneventful and amorphous. Designing a "multy-objected" reputation allows the strategic development to set options, to adjust and change with the development of its brightness and relevance to audiences (including in crisis periods).

**DESPITE** the fact that investment in reputation as a rule are long-term investments, real regain of which becomes evident only after years, it is important that one is aware of the fact that if an institution does not have a strategy for managing its own reputation, then its audiences themselves will care to create it. But the version of audiences might not appeal to the institution.

## REFERENCES

1. LEHTONEN, Y., 2006: RISKS OF THE PUBLICITY, SOFIA
2. PALASHEV, N., 2006: CORPORATE COMMUNICATIONS. SOFIA: PUBL. "ABOUT THE LETTERS"