

# Book of Graduates' Research Abstracts

PART-TIME EXECUTIVE INTERNATIONAL  
MASTER OF CORPORATE COMMUNICATION PROGRAM

**FRIDAY, JULY 1, 2005 - Class of 2005**



# Book of Graduates' Research Abstracts

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# Preface

*This is already the seventh Graduation Day of the Master of Corporate Communication Degree Program. We are proud to present the abstracts of the 20 theses that have been written by the Graduates of the Executive Master Program of Corporate Communication of the RSM Erasmus University Rotterdam in The Netherlands.*

*In this eight year we were able to allow twenty new graduates to become Master of Corporate Communication. This means that we have 99 MCC graduates. Most of these MCC's made a substantial career move after their graduation. I sincerely hope (but also expect) that the same will happen to the Graduates of this year. This year twenty representatives of the business world and non-profit organizations can celebrate their graduation of a program they participated in during two years of intense courses where they presented assignments, discussed the most recent academic theory and applied this to their daily life problems in their businesses. The participants graduating this year are:*

*Werner van Bastelaar (Autoriteit Financiële Markten), Loek van Daalen (De Nederlandsche Bank), Îeljka Davis-Vorih (Reichhold BV), Arnold Drijver (KPMG), Daniël Elffers (ElcaMedia), Laura Ettema (Cap Gemini Ernst & Young), Jos Frijters (FCT Strategische Communicatie), Yvonne Gruis-Bleize (Bleize Communicatie), Dido van Holthe (Dido Communicatie B.V.), Marit Husa (Marine Harvest), Ron van der Jagt (Boer & Croon Corporate Communication), Michel Kok (TU Delft (CiTg)), Ron Kok, Arjan van Loon (LSOP, Politie Onderwijs- en Kenniscentrum), Barbara Mulder (Heerema Marine Contractors), Suzanne Tesselaar (HvU Forum voor Communicatie & Journalistiek), Ilse Vegter (Transfergroep Rotterdam), Magdalena Wenas (MPR Consultant), Nathalie van der Wulp (Van der Wulp Communicatie), and Marjolein Zakee (Zakee!)*

*I hope they have learned a lot during the courses we offered them in the past two years. The least I could say, also on behalf of all the teaching staff that worked with them, is that we have learned a lot from them too. Their willingness to discuss practical problems in their own organizations and to relate these to the issues we discussed in the classroom were inspiring and exciting.*

*In the eight year of the Master of Corporate Communication Program we succeeded in creating an international program that presents all leading experts in a teaching role. I would like to thank the following people (teaching staff) who contributed tremendously to the success of this program: Paul Argenti of the Dartmouth College U.S.A., John Balmer of Bradford University UK; Kevin Corley of the Pennsylvania State University; Charles Fombrun of the Stern Business School, New York; Janet Duckerich of Texas University in Austin, USA; Mary-Jo Hatch, Cranfield University School of Management, UK; Joan Hemels, Universiteit van Amsterdam; Onno Maathuis, Positioneringsgroep; Michael Pratt of University of Illinois, Urbana/Champaign; Bertrand Moingeon of HEC in Paris, Peter Robertson, Robertson Consulting; John Rossiter of the University of Wollongong, Australia, Majken Schultz of Copenhagen Business School, Denmark; Frank Thevissen Vrije Universiteit, Brussel België; David Whetten, Brigham Young University, USA; and from our Faculty: Frans van den Bosch, Gerrit van Bruggen, Pursey Heugens, Kees Koedijk, Swalef Magala, Erik Waarts, Johan Wempe and all working at the Rotterdam School of Management, Erasmus University Rotterdam.*

*The first Graduation Day in 1999 was a great success thanks to the joint effort of several representatives of the business world (Mr. D.J. de Beus of PGGM, Mr. Rob de Brouwer of Hoogovens and Mr. Dries van de Beek of the VSB-Fonds) and several professors of the Erasmus University. Alexander Rinnooy Kan (member of the Executive Board of ING Group) was the keynote speaker at that time. In 2000 it was a great pleasure to have Mr. Cees van Lede, Chief Executive Officer of the Executive Board of Akzo Nobel as our keynote speaker. In 2001 we proudly announced the CEO of Grolsch NV, Mr. Jacques Troch, who spoke about the social responsibility of a company. In 2002, Leendert Bikker (CEO of Euro RSCG Corporate Communications) gave a speech about 'Building Reputation'. In 2003 we welcomed Mr. Wim Dik, the former CEO of KPN, who spoke about reputation management. And last year we were welcomed with great pleasure Mr. Frank Welvaert, Director of Social Responsibility at Johnson & Johnson Europe guest speaker at the graduation day.*

*This year we would like to welcome Mr. A.W.H. Docters van Leeuwen, Chairman of the AFM, as a guest speaker who will speak about 'The Importance of good Communication'.*

*It's also with great pride that we welcome Herman Kievits of Royal Dutch Shell, who will present the 'Shell Netherlands Stimulation Award for Excellence in Corporate Communication' to the author of the 'best thesis' of 2005. 'The Boer & Croon Innovation in Communication Award' will be announced by Mr. Peter Jurgens, Partner Boer & Croon Corporate Communication. The winners of both awards will be announced at the Graduation Day on July 1, 2005.*

*Prof. dr. Cees B. M. van Riel*

*Director Corporate Communication Centre and Chairman of the Part-time Executive Master Program in Corporate Communication*

# Program

## Friday, July 1, 2005

- 15.00 – 15.05      **Opening**  
Prof. dr. H.G. van Dissel,  
Dean RSM/Erasmus University
- 15.05 – 15.30      **Keynote Address:**  
Mr. A.W.H. Docters van Leeuwen,  
Chairman AFM
- 15.30 – 16.50      **Presentation of the Diplomas**  
Prof. dr. C.B.M. van Riel,  
Director Corporate Communication Centre
- 16.50 – 16.55      **Presentation of the Shell Netherlands  
Stimulation Award for Excellence in Corporate Communication**  
Drs. H.J.F.M. Kievits,  
Head External Affairs, Shell Nederland BV
- 16.55 – 17.00      **Presentation of the Boer & Croon  
Innovation in Communication Award**  
Drs. P.C. Jurgens,  
Partner Boer & Croon Corporate Communication
- 17.00 – 17.05      **Closing Remarks**  
Prof. dr. C.B.M. van Riel
- 17.00                **Reception**

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<b>Loek van Daalen</b>	<i>Corporate communication during a merger The process between De Nederlandsche Bank and the Pensioen- &amp; Verzekeringskamer</i>
<b>Zeljka Davis-Vorih</b>	<i>Corporate Culture as a Liability And how to set off the Communication of Change</i>
<b>Arnold Drijver</b>	<i>Stakeholdersdialogue; Unlocking the Business Benefits</i>
<b>Daniël Elffers</b>	<i>Battling for the Masses The true secret to advertising can be found in propaganda: An analysis of wartime propaganda versus American Icon Brands Coca-Cola and Pepsi</i>
<b>Laura Ettema</b>	<i>The Importance of Digital Employee Communication on Knowledge Management</i>
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<b>Dido van Holthe</b>	<i>The role of reputation at alliances in the public sector Love at first sight or forced engagement?!</i>
<b>Marit Husa</b>	<i>How to make a merger successful – from a human perspective?</i>
<b>Ron van der Jagt</b>	<i>Executives on Reputation De ‘dominant logic’ in de boardroom: het topmanagement van het Nederlandse bedrijfsleven over corporate communication en reputatiemanagement</i>

<b>Michel Kok</b>	<i>Identification through inspiration Searching for commitment for a new organizational course</i>
<b>Ron Kok</b>	<i>“The Nation Branding of the Netherlands”</i>
<b>Arjan van Loon</b>	<i>ZIP?Quality! The integration of communication in the operating process Communication is too important to be left just to communication professionals</i>
<b>Barbara Mulder</b>	<i>Measures that matter Performance management linked to reputation</i>
<b>Suzanne Tesselaar</b>	<i>The story of a KISS Timely communication in organizational change</i>
<b>Ilse Vegter</b>	<i>Making a Difference with Internal Branding in the Higher Education Business</i>
<b>Magdalena Wenas</b>	<i>An Organizational Analysis: Projected and Perceived Identity – A case Study of Sucofindo Indonesia-</i>
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*Werner van Bastelaar*

# Towards Communication guidelines on corporate governance;

*the introduction of the model of corporate governance  
communications*

Werner van Bastelaar (1963) studied at the Academy for Journalism (Tilburg) and at the University of Amsterdam (Amsterdam) where he got his propedeutic in political science.

He started his working career in Journalism and worked for the judicial press agency Cerberus and as a political reporter for the regional broadcasting organisations. He also worked for the Dutch national press agency ANP.

In 1995 he switched to the Dutch Central Organisation for the Reception of Asylum seeker (Centraal Orgaan opvang asielzoekers, COA) where he became a press officer. In 1997 he became Head of Communication of the COA-organization.

At the end of 1999 Werner became Head of Communication of the Dutch Securities Board (Stichting Toezicht Effectenverkeer, STE), an organization that changed in 2002 into the

Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten, AFM). The AFM is the conduct of business regulator for the financial markets. Based upon the discussions within the financial markets on the flaw at transparency and on corporate governance he wrote this thesis.

Werner lives in Muiden and enjoys his family life with his wife Elise, their children Christiaan and Julius and their dog Sydney.

## INTRO AND STATEMENT OF THE PROBLEM

The question I would like to answer in this thesis is to which extent the field of Corporate Communications contributes to the corporate governance of companies. Corporate governance deals with the way an enterprise is organized and on the way the supervision of this enterprise is organized.

But corporate governance is also all about communication. All in all corporate governance evolves around trust, transparency and power.

And if corporate governance is all about communication, are sufficient and also the right initiatives being developed within the field of corporate communications to support this. Is Corporate Communications steering or executive when it comes to the corporate governance of an enterprise and what is the effect of communication on governance on reputation. The misconception is that governance mostly is seen as a legal issue, in which legal also mostly takes the leadership. But there is an important role for Corporate Communications.

Within the field of Corporate Communications, Investor Relations (IR) is the main domain that directs the financial communication of an enterprise. But the domain of IR is no longer the only domain of the financial communication. Although there have been many newspaper publications over the last years on corporate governance, relative little to no literature is to be found on the role that Corporate Communications plays in relation to the corporate governance.

## HOW TO SOLVE THE FLAW OF TRANSPARENCY

There are hundreds of codes and standards on corporate governance. The definition of corporate governance is: as set of rules, which oversee and regulate management and control of companies. Through the institution and operation of internal bodies and external controls the corporate governance system defines the division of roles and rights amongst the participants in company life by assigning duties, responsibilities and decision-making powers.

The central code in this thesis is the Code Tabaksblad, used in The Netherlands since 2003. The core of the code is that business must give more openness of affairs and that the power of the shareholders is increased.

Corporate governance has the attention of the financial world for a longer period. But the alarming publicity in the spring and summer of 2000 in the United States and in the fall of 2003 in Europe over the shadiness of the external reporting and reports of a large number of incidents brought extra attention to the governance. New rules were introduced to repair trust of the public in the reliability of enterprises through transparency or communication.

But at the same time had to be observed that not everything could be caught in the issuing of rules. Understanding and a way of thinking in terms of transparency and governance must be principal based: the context in which fixed facts are being presented is dominant for the understanding and the transparency. A large quantity of European CEO's even doubts the effectiveness of the new laws and rules regarding governance and accountability.

Although transparency and a good corporate governance will strengthen the reputation of an enterprise, there is yet no agreement that good governance and transparency can be seen a one of the prominent – independent – drivers that influences the reputation of an enterprise. Good corporate governance will strengthen the position of an enterprise on the capital market: it gives insight into the possible risks of an enterprise. Theoretically seen more transparency will make a share rise because the demands increase.

A dilemma is the question which communication channels to choose in a way of being transparent on corporate governance. Another dilemma is the question how sensible it is for a business to be transparent. In order to be able to communicate the requested information it is in the interest of Corporate Communications that the structure and proper procedures are in place to communicate and to get the right information.

Examples of the manner on which organizations communicate on governance and accountability are the annual report and the website of enterprises (special corporate governance-sections). Especially the Internet has become the pre-eminently communication channel to communicate with stakeholders, much more than the annual report. Yet according to investigation especially smaller businesses make only limited use of the possibilities that the Internet offer. The qualities gap on terms of Corporate Communications between the larger a smaller enterprise becomes wider.

The interest of financial communication via the Internet became in The Netherlands in 2003 yet once underlined through the adoption of the standards for the annual Sijthoff-Award; from that moment on also the financial communication via Internet was taken along the standards for the Sijthoff-award.

## REGULATION AND THE LEGAL FRAMEWORK

Starting from the 1st of January 2007 there will be independent supervision on the financial accountancy and the Code Tabaksblat. The Netherlands Authority for the Financial Markets (AFM) will be responsible for this supervision. This supervision is part of the different initiatives that have been taken to strengthen the applicable legal frame about financial reporting in the Netherlands.

Other initiatives are the improvement of the existing annual account procedure, the reinforcement of the corporate governance structure and the introduction of independent supervision on the accountants organisations that perform legal control.

The AFM will not investigate all provided financial reporting at an individual investigation subject, but on systematic manner. For the supervision of the annual account the AFM works with a detailed framework, by the review of the annual report and the remaining information, including on corporate governance, this is otherwise.

The point of departure of the supervision is that the board and the supervisory board remain responsible for a 'true and fairly' image. Where the regulator looks at the fact if the annual report is not conflicting with other external expressions, corporate communication professionals play an important role to guard this. At the same time the question can be asked if the manner on which the AFM organizes her supervision, furnishes the well-desired contribution at the required transparency. There is criticism from the market and from the communication world that the supervisor has a too legal approach for the supervision.

In the Netherlands the response of companies on the code corporate governance (Code Tabaksblat) is in general positive. On the other hand there is support for improvements on the code, in order to prevent that Tabaksblat becomes 'a license for hollow meaningless phrase' or is like 'the transparency of a cryptogram'. The issuing of rules has led to particular standards / conditions, but did not always see to the result that was wanted: transparency.

From other research it became clear that information in annual reports is often difficult to find, and that the mutual comparability's of annual reports can be hard. A larger extent of standardization would be of use.

Over a longer period it is obvious that there has been an extensive information-asymmetry between the management of the enterprise and the shareholders. There are many indications that allude that the shareholders have been insufficient informed over the last years.

## THE RELATION BETWEEN CORPORATE GOVERNANCE AND CORPORATE COMMUNICATIONS

Corporate communications must take steps forewards, to show how they can pay contributions at better corporate governance. In the frame of their own accountability communications departments must be much more explicit on what their contribution is at the corporate governance of an enterprise.

The critical success factor for effective communication is not only the communications structure, the strategy and the means, but also the attitude with respect to communication. Communication divisions stand more and more under pressure, as a direct consequence of the higher expectations the management of an organization has on the role of Corporate Communications on advice and (strategically) contribution.

There is talk of a connection between the reputation of an organization and the manner on which an organization shows its transparency, then scores highly on the issue of corporate governance. The growing attention for corporate governance has established the attention on the so-called corporate governance rating: reports figures over the administration quality of enterprises. Good corporate governance is based on transparency with low barriers for the finding of the necessary information.

On the other hand there is a paradox of the transparent world: to know versus being known; "those who give information, will give freedom away at the same time". But there is little to no scientific proof for this thoughts and little support.

Good communication lays down the extent of transparency of an enterprise. But it is also demonstrated, that you cannot build a strong reputation with communication only. Reputation, transparency and corporate governance are questions that hit immediately the interest of the enterprise, and therefore should be permanent on the agenda of the board and the supervisory board. In relation to corporate governance and transparency there is a need for a universal risk management. Communication should be a core element of this process

There are a number of explanatory variables for the manner the best-practice definitions of Tabaksblat are observed. Investigation should be done to the question if these variables also apply on the level of Corporate Communications as well as the communication on the corporate governance of an enterprise. These variables are size, shares possession, dual listing, branch, results, AEX, composition of the supervisory board.

Another perspective in the relation between corporate governance and Corporate Communications is that reputation and transparency are elements that should be complementary at each other, or that even corporate branding is complementary at reputation and transparency.

In what is called the transparency-age the border between internal and external communication has faded and enterprises can no longer undertake with a double moral standard. Investigation should be done if communication divisions have adapted themselves sufficient enough at the dimensions of this era.

## **GUIDELINES FOR CORPORATE GOVERNANCE COMMUNICATIONS**

Financial and non-financial transparency has become a magic word in business. As a result of this process Corporate Communications has become a crucial instrument in the day-to-day management of many corporations.

Transparent communication is successful if stakeholders get the information that is needed to understand and to value the business, and ultimately to make decisions. The way to successfully communicate is to provide information that includes the general communication principles and that includes content beyond what is required by statutory requirements. This applies also to communication on the field of the corporate governance.

Corporate Communications professionals should come up with guidelines on communication on corporate governance. On this way, Corporate Communications can contribute at the development and the improvement of the corporate governance.

It is also of large interest that stakeholders can mutually compare the information of enterprises on corporate governance. This is also where Corporate Communications could show its added value. There is a risk of a 'game-growth' at non-financial information. It is important that the stakeholders get the information on the basis of which they can cut down themselves a judgement.

Therefore effective communications programs should be in place to ensure that investors understand a company and are confident in the management's ability. There is a plea in favour of standards, of guidelines, for more effective communication, standards that should be developed by the industry, not forced through the issuing of rules.

Those guidelines should translate themselves as the communication or management commitment to transparency and how governance issues are urged. Guidelines are examples of the manner on which national and international enterprises succeed through active Corporate Communications to strengthen the corporate governance of an organization. Effective corporate governance programs must integrate a variety of opportunities to communicate with stakeholders.

There should also be a form of comparison on corporate governance communication. A too large extent of open-endedness will bring the risk that especially positive tinted communication-expressions will take place. The introduction of guidelines has also an internal effect. Corporate governance is ultimately about the behaviour of an enterprise and the manner of which the employees behave and communicate this behaviour.

The question is if these guidelines should be rules-based or principle-based, and if an independent regulator (body) should give direction for those guidelines.

The guidelines in this thesis are brought together on the basis of research in literature, other publications, via a number of qualitative interviews with Corporate Communications-specialist, completed with own observation and investigation.

The guidelines are to group in the following dimensions:

- Design
- Media relations
- Reporting
- Traditional annual report
- Traditional website
- Use of new media
- Linguistic usage / elucidation
- Communication between management and shareholders
- Structure and strategy
- Internal communication



## CONCLUSION

There are numerous initiatives on the communication on corporate governance. Corporate Communications has an active play in this. However the landscape shows a various image: from extended communication on corporate governance to a minimalist approach.

The initiatives in the field of Corporate Communications must get their possession in a new domain: corporate governance communications. Guidelines, rule-based or principle based must give Corporate Communications divisions direction on how they should organize the communication on corporate governance.

An independent body should not initiate the creation of those guidelines. The occupational group of Corporate Communications should take this task up by itself.

*Loek van Daalen*

# Corporate communication during a merger

*The process between De Nederlandsche Bank and  
the Pensioen- & Verzekeringskamer*

De Nederlandsche Bank NV (DNB) was established in 1814 by King William I with a clear-cut objective: economic prosperity. The Pensioen- & Verzekeringskamer (PVK; the Pensions and Insurance Supervisory Authority of the Netherlands) saw the light in 1923. At end-October 2004, the two institutions combined to create a single organisation under the name De Nederlandsche Bank. The merger was occasioned by the growing cross-sector intermeshing of financial products and institutions; the Dutch financial market is being increasingly dominated

by a handful of financial conglomerates, offering products which transgress the boundaries of traditional insurance and savings products. The merger is further conducive to the stability of the extensive and economically important financial system. The opportunity was seized to set up a new organisation. The measures consequently taken, also with regard to staffing, created a considerable stir.

For a description of the merger from the perspective of corporate communication, one needs to look at the

survey of the (perceived) identities and reputations of DNB and PVK, the assessment of the corporate cultures of the two merger partners, the analysis of the environment and the ambition and strategy of the new organisation, the desired common culture, the recruitment scan made, the communication strategy of the new organisation, including the desired image, which was translated into a corporate statement and a sustainable corporate message, and the development of the house style.

## PERCEIVED IDENTITIES

An in-house survey among DNB staff showed that they agree that there is a major discrepancy between the perceived and desired identities of DNB. The perceived identity is sound, balanced and reliable, but also conservative and lacklustre.

PVK sees itself as reliable, professional and quality-conscious, but also as inward-looking and lacking external authority. This image corresponds in part with the desired identity, which is, among other things, reliable, unequivocal, professional and authoritative.

## REPUTATION

A survey held in 2001 showed that DNB was known, spontaneously, to 11% of the Dutch public aged 15 and over. When prompted, 82% of those questioned knew DNB. Without being prompted, the public knows relatively little about DNB's tasks. The care for the banknote circulation and supervision are the best known tasks. Only few people are able to indicate what DNB does for them; people find it hard to lay a direct link between DNB and their own lives.

Overall, DNB scores 7.1. It is seen as reliable, professional and internationally oriented. Furthermore, its staff is considered highly knowledgeable. DNB is not seen as dynamic, innovative, creative and accessible, and its visibility does not score very well.

The conclusions from a (limited) survey on PVK showed that it is well-known among those with experience of the financial world, as are its tasks. PVK's reputation among such "experienced" people is good: PVK is considered professional and reliable, albeit somewhat bureaucratic. Among those with at most two years experience in the financial sector, PVK and its tasks are (much) less known.

## CULTURE ASSESSMENT

In January 2003, the staff of both organisations were surveyed, with the aim of gauging the cultural discrepancies between the two merger partners, gaining insight into possible obstacles to the merger, and laying the foundations for the description of the desired culture for the new organisation.

The assessment yielded the following findings:

- DNB considers itself professional, task-oriented and international, but also hierarchical, formal, bureaucratic and inert

- PVK sees itself as professional, task-oriented and politically sensitive, but also as slow, bureaucratic and especially understaffed
- there are DNB-wide and PVK-wide cultures, without significant differences between the various organisational components
- PVK looks up to DNB as regards reputation and perceived identity
- both organisations see the merger as a takeover of PVK by DNB
- PVK sees itself as the underdog; this is also the perception at DNB
- the images of the ideal post-merger organisation correspond, the main characteristics being professional, cooperative, efficient, responsible and open
- the staff feels involved in the integration.

These observations gave rise to recommendations on a variety of concerns, including the equality of the two partners during the merger process, a common culture and change management.

## AMBITION AND STRATEGY

On the basis of an extensive analysis of their environments, DNB and PVK laid down their common ambition in a Strategy Paper, setting out the direction for the merger. It included the three concrete objectives of the merger.

To begin with, the integration was intended to enhance the quality of prudential supervision on financial institutions in the Netherlands, in order to remain ahead of the risks inherent in the continuously growing (complexity of) financial transactions. The integration was furthermore intended to boost the efficiency of DNB and PVK, externally in terms of the administrative and financial burden for supervised institutions and internally in terms of the primary processes and support within the organisation. This is in line with the increasing emphasis placed by the sector and the government on efficiency and a proper allocation of public funds.

Thirdly, the integrated institution was intended to reinforce the protection of the stability of the financial system as a whole, the aim being to make better use of the synergies between banking supervision, system supervision, monetary policy and oversight on payments.

These three objectives call for an institution which excels in the development and application of knowledge. Moreover, the dynamics and globalisation of the financial sector necessitate a large measure of flexibility and a strong international orientation. The multi-faceted, and at the same time closely linked, activities with regard to the financial sector call for an organisational structure and culture which run counter to internal compartmentalisation and which are naturally conducive to the exchange of information.

On the basis of the environment analysis and its ambition, DNB set out its strategy in a Framework Paper 2005. The objectives were divided into a number of core products and the foundation underlying these products. The foundation consists of elements which are essential to the effective production of the core products. Three elements are fundamental to corporate communication: effective means of exercising influence, a decisive culture and first-class talent.

## EFFECTIVE MEANS OF EXERCISING INFLUENCE

A solid reputation is essential to the well-functioning of DNB. DNB's currently scores high on this point, but needs to be on the alert at all times to keep things that way. The desired reputation is twofold. Above all, DNB wishes to be seen as an organisation which excels in the performance of its core tasks. But DNB also wishes to be an efficient and effective enterprise. DNB wants its reputation to be:

### *Authoritative*

DNB's efficacy depends on its authority. Such authority is generated by DNB's role within society and the significance of its tasks, on the one hand, and the excellence of its performance, on the other.

### *Transparency*

DNB is open about its actions, both in retrospect (accountability), and about its future course. Transparency makes DNB more effective.

### *Independent*

DNB is autonomous in numerous areas, both nationally and internationally. It fulfils an independent function and arrives at its policies and recommendations independently and impartially. Independence is crucial to the efficacy of its performance.

### *Knowledge-sharing*

DNB is known as an organisation which likes to share its abundant knowledge and information with others. This enhances the public's appreciation for DNB, and its reputation as an institution which pursues a well-founded policy. The latter is conducive to its efficacy.

### *Efficient*

Mindful of its public position, DNB performs its tasks efficiently.

Much of DNB's influence on policy is not exercised autonomously, but via national and international consultative bodies. Here, DNB needs to consider carefully what it wishes to achieve through these bodies, what interests are at stake and what strategy to use in its quest to achieve its objectives in a pro-active manner. The independence of its statutorily defined position is an important factor here. This implies an attitude which is more environmentally-oriented. Here, formal and informal contacts with stakeholders and other parties are a major factor.

## DECISIVE CULTURE AND FIRST-CLASS TALENT

An organisation consists of the people who work there. Appropriate talent is consequently a *sine qua non*. Recruitment should therefore focus explicitly not just on expertise, but also on qualities which reflect a decisive culture. DNB's long-term strategy will also include a plan for attracting the right talent. This plan should contain quantifiable objectives with regard to the recruitment of talent (selection policy), the development of talent (training policy, career opportunities and staff satisfaction). Attention should further be paid to the creation of a network of former staff members. With a view to attracting the right employees, DNB's recruitment campaign has been scanned. Concerning the desired reputation, to which the recruitment campaign should contribute, the conclusion was that the tone used in the recruitment advertisements was incompatible with the authoritative organisation that DNB wishes to be. The campaign is currently being adjusted.

DNB characterises its decisive culture as follows, in four core values:

### *Openness*

I am as open as possible; I say what I do and I do what I say. We address each other constructively and respectfully on what we have or have not done. The organisation sets an example.

### *Cooperation*

I realise that cooperation generates added value, I seek connection and I am helpful. The organisation strives for cooperation.

### *Own responsibility*

I am responsible for the achievement of the desired results. I am responsible for my own development. The organisation gives staff the opportunity to take responsibility.

### *Preparedness to change*

I am prepared to change and I stimulate change! The organisation gives staff the opportunity to take risks, to make mistakes and to learn in the process.

DNB holds that the desired change in culture can best be achieved through concrete and organisationally embedded management techniques, rather than via an elaborate predefined culture programme. DNB will gauge periodically whether the envisaged changes in culture are actually being achieved.

## COMMUNICATION STRATEGY

A corporate communication strategy has been formulated for the new organisation for 2005, setting out how communication can contribute to DNB's objectives. The main objectives are:

1) to demonstrably improve DNB's reputation

The aim is to enhance DNB's reputation, among the various target groups, internally, too, as an institution aiming for financial stability. This aim can be achieved by providing balanced information about the how, what and why of the various core tasks, with emphasis on their imperative mutual interconnection.

Experience shows that the more the public knows about DNB's core tasks, the more they appreciate DNB. Greater knowledge thus contributes to the desired reputation.

DNB's corporate statement forms the basis for activities which are aimed at augmenting knowledge about DNB among the various target groups.

DNB champions financial stability and makes an active contribution to prosperity in the Netherlands. To this end, DNB:

- cooperates with other European central banks to keep the purchasing power of the euro stable
- aims for smooth-running, reliable and efficient settlement of payments
- ensures that all financial institutions (banks, insurers, pension funds, trust offices and collective investment schemes) have adequate financial buffers to meet their liabilities and are controlled by trustworthy and expert policy-makers
- contributes to sound national and international decision-making in the above areas by providing economic advice.
- Expert knowledge and the collection of statistics are essential to the performance of DNB's tasks. DNB seeks to fulfil its role as a knowledge institution by sharing its knowledge with society.

Where its own staff is concerned, DNB has the following strategic objective:

- 2) to enhance staff decisiveness and commitment by:
  - ensuring a smooth exchange of information and knowledge, for one by improving the in-house media with the aim of enhancing staff commitment to DNB's strategy.
  - highlighting the progress being made DNB-wide with the implementation of the core values, on the principle that one should practise what one preaches
  - contributing to a labour market communication which does justice to the core values.

## **S U S T A I N A B L E   C O R P O R A T E   M E S S A G E**

In the context of the corporate communication strategy, the following sustainable corporate message has been formulated on the basis of the corporate mission statement.

“DNB champions the stability of the financial system, thus contributing to (confidence in) a sound economy and prosperity in the Netherlands. After all, financial stability is crucial to consumers wishing to spend, save or invest. DNB ensures that euro banknotes are genuine and fit, and that all non-cash payments are settled smoothly and safely. In conjunction with other European central banks, DNB safeguards the purchasing power of the euro. Consumers can also save or make investments. Here, too, DNB plays a crucial role in that it ensures that financial institutions such as banks, insurers and pension funds meet requirements as to solvency and integrity.



DNB contributes to sound national and international decision-making in the above areas by giving objective economic advice. For the proper performance of its tasks, DNB needs to have authoritative knowledge and to collect statistics. DNB wishes to fulfil its role as a knowledge institution by sharing its knowledge with society.”

## HOUSE STYLE

The merger between the PVK and DNB occasioned a new house style, which had to contain recognizable elements from both organisations.

## CONCLUSIONS

The question “Do reputations matter?” may be unequivocally answered in the affirmative. That is good news, according to Fombrun and Van Riel in *Fame & Fortune*, who hold that it is much more difficult to explain why reputations matter. DNB clearly subscribes to the answer given by these two authors: “If reputations matter, it’s because they are intrinsically connected to the strategic positioning of the company as a whole.”

From the perspective of corporation communication, the process of merging has positive as well as negative aspects.

On the positive side:

- DNB cannot do without a solid reputation.
- According to DNB’s President, Nout Wellink, DNB must safeguard its reputation and give it constant attention.
- The organisation has seriously addressed basic issues such as the analysis of its environment and the formulation of its ambition and the appropriate strategy.
- From the outset, much attention was given to the cultural aspects of the merger.
- The decisive culture has been translated into concrete terms, i.e. a set of four core values, which have been firmly embedded in DNB’s corporate communication strategy and human resource management. They form part of the performance management system for staff and managers.
- Internal communication is given much emphasis. It is described as the process through which organisations exchange information, enhance commitment and generate change. These three elements figure in the internal communications relating to the merger.

- The formulation of a corporate communication plan was the natural consequence to the above. The existing CI mix was assessed in terms of the desired mix. The measures needed to bridge the gap were taken.
- A partially new *personality* has emerged, with greater emphasis on interaction between the core tasks and the concept of financial stability.
- Although the new organisation bears the name of the Nederlandsche Bank, its *logo* reflects the merger.
- In terms of *behaviour*, the new organisation has taken a different direction in the new core values and function competences.
- Where *communication* is concerned, the new organisation will be regularly comparing its existing and desired reputations among its main target groups.
- The new organisation has drawn up a *communication strategy*, including a corporate mission statement and a sustainable corporate message; this message will be effective because is realistic, relevant and sustainable.

Although, overall, the process has proceeded smoothly, several remarks are in order when it comes to the CI component of Symbolism. The new logo (showing the PVK hooks around the name “De Nederlandsche Bank” in the blue colour of the old DNB logo) is understandable in times of economizing, does justice to the desire to show both merger partners, and is an indication of continuity. However, the opportunity presented by the merger for the development of a new logo has now been lost.

The stationery is the only house style carrier with the heading: Central bank and prudential supervisor financial institutions. This heading is intended to show that supervision has become a major task for DNB, which used to perform central bank functions only. A more indicative heading might be worth considering, showing DNB's objectives at a single glance. The sustainable corporate mission statement contains sufficient ingredients to that end. Incidentally, it is unusual for a central bank to use such a heading.

Where internal communication is concerned, it is worth noting that although it was given much attention from the outset of the merger process, one can say, with hindsight, that too much emphasis was placed on a media-dominated manner of presenting information.

## FOLLOW-UP

A large number of conditions for further reputation-building have been met, but whether and to what extent the organisation will manage to do so remains to be seen. Today, i.e. in the spring of 2005, DNB knows where it stands, on the basis of a zero measurement, which included the perceived external reputation. In 2008, these results can be compared with those of a new survey.

We will then be able to assess whether DNB has really succeeded in achieving the desired improvement of its visibility, distinction, authenticity, transparency and consistency, not just of its communications, but of the organisation as a whole. And whether the organisation has thus become better known and whether its reputation has improved, so that it has become more effective.

By means of perception and satisfaction surveys, the first of which is to be held in early 2005, it will be able to assess whether the new combined and decisive culture has come off the ground.

The year 2005 will also see a survey of the use and appreciation of the internal media. The consequent improvements, in combination with the attempts to raise the (perceived) external reputation by means of direct action ensuing from the communication strategy should help to discernibly reinforce the identification of staff with the organisation.

In other words, there is every reason to review the situation several years from now.

*Zeljka Davis-Vorih*

# Corporate Culture as a Liability

*And how to set off the Communication of Change*

Zeljka Davis Vorih was born in 1974 in Yugoslavia. In her native country, she attended Academy of applied arts, and in The Netherlands, she acquired Bachelor of Arts in Management from Webster

University. She was employed by various profit and non-profit organizations, including several NGOs where she worked on organization of peaceful conferences in Bosnia, after the Balkan war.

Since 2002 she has been working for Reichhold, chemical company located in Rotterdam.

## THE THESIS WAS BASED ON THE FOLLOWING QUESTION:

*How does Employee Communication bring valuable contribution to changing corporate culture?*

This thesis proposes that in order to successfully contribute to a change of corporate culture, Employee Communications should:

- define the communication climate ( the climate within employees),
- use CEO/Leader as a one of the main communication tools,
- define which leader has the most charisma and use that individual for the communication of the change.

## CORPORATE CULTURE AS A LIABILITY

AND HOW TO SET OFF THE COMMUNICATION OF CHANGE

*“Culture is an asset that can also be a liability. It is an asset because culture eases and economizes communications, facilitates organizational decision-making and control, and may generate higher levels of cooperation and commitment in the organization. The result is efficiency, in that these activities are accomplished with a lower expenditure of resources, such as time and money that would otherwise be possible. The stronger the culture the greater the efficiency.*

*Culture becomes a liability when important shared beliefs and values interfere with the need of the business and of the company and the people who work for it. For the extent that the character of a company's culture leads its people to think and act in inappropriate ways, culture's efficiency will not help effective results. This condition is usually a significant liability because it is hard to change a culture's content.*

*-Vijay Sathe (1985, p.25)<sup>1</sup>*

One of the most important reasons to manage culture is that a distinctive and strong corporate culture can give a business a competitive advantage over in the same industry. To understand the corporate culture one must understand the statement of Van Riel in his work on “Principles of Corporate Communications” that corporate culture and corporate identity (CI) go hand in hand. “CI is the sum of all the typical and harmonized methods of portrayal of corporate design, (Corporate) culture and communications...”<sup>2</sup>

<sup>1</sup> *Vijay Sathe (1985), Culture and Related corporate realities. Homewood, IL: Richard D. Irwin*

In initial works of Deal & Kennedy<sup>3</sup>, and Peters and Waterman 1982<sup>4</sup>, Schein 1983<sup>5</sup> on organization studies regarding the topic of corporate culture, organizations are viewed as the carriers of a single and unique culture. Corporate culture is generally presented as a set of values and ideas that would be homogeneously and unanimously shared by the entire organization. Reference is made to the “culture of the organization”, as if the organization would be a closed, homogeneous and well-defined universe whose super ordinate culture would dictate attitudes and behaviours to the individuals. In this acceptance of the term, organizational culture does not depend on employees, but is pre-existing and imposed upon them.

The concept of organizational identity by Schein, is not referring to the individual identity, but to the conceptualisations and categorization made by organization members of “who are we” as an organization<sup>6</sup>. On the other hand, Henrion (1980) defines that organizational identity embodies all non-visual expressions and behaviour in the social, economic and political field.<sup>7</sup> Since there are so many variations of the definition, Van Riel<sup>8</sup> concludes, “The more people write about the corporate identity the more definitions there seem to be”. He sums up the statement by illustrating the diversity in practice, and explaining that corporate identity in United Kingdom was most often defined as corporate communication or design, in Germany and Austria , as the total internal or external image, while in countries such as Spain and in Scandinavia, as external image and corporate culture.

**Internal communication** is recognized as one of the most critical factors for success during an organizational change. Over a quarter of a century ago, Katz and Kahn<sup>9</sup> observed that most of the problems are presumed to be the result of a lack of communication. These authors further noted that to solve these problems, the flow of communication must be increased so that everyone will have access to relevant information. Hence, communication is vital to our functional society in general, and in organizations in particular.

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<sup>2</sup> Riel, C.B.M. van (1992) *Principles of corporate Communications*, Essex, England: Prentice hall 30

<sup>3</sup> Deal, T. E, & Kennedy, A. A. (1982). *Corporate Cultures*. Reading, MA: Addison-Wesley

<sup>4</sup> Peters, T. J., & Waterman, R. J. (1982). *In search of excellence: Lessons from America's best-run companies*. New-York: Harper & Row.

<sup>5</sup> Schein, E. (1983). *The role of the founder in creating organizational culture*. *Organizational Dynamics*, 12 (1), 13-28. (1985). *Organizational Culture and Leadership*. San Francisco: Jossey-Bass.

<sup>6</sup> Schein, E. (1983). *The role of the founder in creating organizational culture*. *Organizational Dynamics*, 12 (1), 13-28. (1985). *Organizational Culture and Leadership*. San Francisco: Jossey-Bass.

**Leadership Communication: Why is a CEO/Leader supposed to be vital in communicating cultural change process?**

This idea derived from studying the Conventional teachings of Bartunek<sup>10</sup>, Peters & Waterman<sup>11</sup> in their works: "Changing interpretive schemes and organizational restructuring" and "In search of excellence: Lessons from America's best-run companies" show us that it is the senior management (communication) who has the most impact on change within organization<sup>12</sup>.

(Later on in my second hypothesis I will elaborate further on the matter, from the theoretic and practical point of view.)

It will offer the guidance (to understanding of process) to communication managers who work hand in hand with Leaders, how to assess the culture, communication perspective and create powerful communication toll in the First days of announcement of major organizational changes such as cultural change within organization.

## ASSESSMENT OF THE CORPORATE CULTURE

In order to assess the work on cultural change and the communication perspective which can be applied, one must understand that corporate culture is a part of organizational structure.

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<sup>7</sup> Henrion, F. (1980) *Corporate communication in der Praxis*, Weberforum

<sup>8</sup> Riel, C. van, (1992) *Principles of corporate Communications*, Essex, England: Prentice hall, 29

<sup>9</sup> Katz, D. & Kahn, R.L: ( 1978) *The social psychology of organizations* (Rev. ed). New York: John Wiley & Sons

<sup>10</sup> Bartunek, J.M (1984) *Changing interpretive schemes and organizational restructuring: the example of a religious order*. *Administrative Science Quarterly*, 29, 355-372

<sup>11</sup> Peters, T. J., & Waterman, R. J. (1982). *In search of excellence: Lessons from America's best-run companies*. New-York: Harper & Row.

<sup>12</sup> Bartunek, J.M (1984) *Changing interpretive schemes and organizational restructuring: the example of a religious order*. *Administrative Science Quarterly*, 29, 355-372

Deal, T.E & Kennedy. A.A. (1982) *Corporate Cultures: The rites and rituals of corporate life*. Reading, MA: Addison- Wesley

In 1987 Jablin, Krone and Putnam defined four perspectives of culture<sup>13</sup> which were based upon organizational structure and communication. They recommended that the certain structure in assessment needs to be defined if a corporation is in desire to successfully implement the “assessment process”. In 1985, Handy confirmed that statement and gave a base for four perspectives: Power, roles, task and individual and linked them to culture types<sup>14</sup>.

## HOFSTEDE THEORY OF CULTURES

Finally, in 1990, Geert Hofstede and his associates have conducted extensive studies of cultures in different countries and identified the following six dimensions of difference<sup>15</sup>:

- Process oriented vs. results oriented
- Employee oriented vs. job oriented
- Parochial vs. professional
- Open vs. closed systems of communications
- Loose vs. very tight bureaucratic control
- Normative vs. pragmatic

*H1: Is communication climate critical link between members of the corporation and the corporation itself? If it is, does it mean that the more favorable perceived communication climate, the higher level of organizational commitment?*

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<sup>13</sup> Krone, K.J., Jablin, F.M. & Putnam, L.L. (1987) *Communication theory and organizational communication: Multiple perspectives in F.M Jablin, L.L. Putnam, K.H. Roberts & L.W Porter (Eds.) handbook of organizational communication: An interdisciplinary perspective, Thousand Oaks,, CA: Sage*

<sup>14</sup> Handy, C.B., (1985), *Understanding organizations, Penguin Books, London*

<sup>15</sup> Hofstede, G., Neuijen, B., Ohayv, D. & Sanders, G. ( 1990) . *Measuring organizational cultures. Administrative Science Quarterly, 28, 359*



*This proposition appears to be true.*

Van Riel, Smidts and Pruyn have created an important building block with empirical evidence that positive communication climate determines if the content of the message has likelihood to positively influence organizational identification<sup>16</sup>. Hence, according to them the organization has a greater chance of accepting the change in corporate culture if it has been firstly brought to a positive climate.

Furthermore, Welsch and La van conducted research in 1981 where they found that communication climate was one of the significant predictors of organizational commitment. Many years before the communication climate was also defined as subjectively experienced quality of the internal environment of an organization, reports of members perceptions of messages and message related events occurring in the organization. (Falcone, Sussma, & Herden).

In 1992, Ruth M. Guzley from California State University conducted an intensive research on communication climate as a predictor of commitment to the organization. Ruth explained that communication climate was distinguished from organizational climate, because it included only communication phenomena and judgements concerning receptivity of management to employees.

In addition, based on the outcome of the research of Riel, C.B.M Van, Smidts, A, and Pruyn, At.T.H, and the theory they developed<sup>17</sup> I would like to highlight several key points which could create positive communication climate and enhance the commitment to organization and therefore easily accept the changes for the well being of the entire organization:

- Tolerating mistakes and helping individuals to understand that making mistakes is a part of learning process
- Joined decision-making process, where people feel as a part of the change, rather than as outsiders on whom the decisions have been opposed on
- Giving high value to Discussions and brainstorming sessions.
- Open Communication, appreciation of opinion
- Emphasizing on the importance of the feedback, whether given or received and stimulating the feeling that feedback has been taken seriously.

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<sup>16</sup> Riel, C.B.M van, Smidts, A, and Pruyn, At.T.H, *Organisatie-identificatie en interne communicatie*, pg 80-96. *Corporate Communication: het managen van reputatie*, Adfo, Alphen aan den Rijn.

<sup>17</sup> Riel, C.B.M van, Smidts, A, and Pruyn, At.T.H, *The impact of employee communication and perceived external prestige on organizational identification*, *Academy of management Journal*. Vol 49, nr.5g

One can conclude that preparations for communicating changes of corporate culture have at least two major factors:

- 1) Defining the perspective of communication is important, yet complex process when choosing the way to communicate the change of corporate culture.
- 2) It must be recognized that a “positive climate” contributes to a greater chance of “receiving” the communication about the change.
- 3) This theory leads to hypothesis 2:

*H2: For a successful communication of the news regarding change of culture, Communications department should use one of its most vital communication tools : a CEO “Organizations success is contingent on the vision or mission driving its leadership as well as leaders’ ability to meaningfully impart that vision to its constituencies”.*<sup>18</sup>

Not only the conventional teachings but also the studies from a more recent period confirm importance of leadership communication in correlation to change, such as Tompkins, P.K<sup>19</sup>. Several theorists have analysed the importance of leadership in an effective change process. McShane and von Glinow<sup>20</sup> (2000, pgs.450-451) named the importance of a “Transformational Leader” to bring about effective change in the organization’s strategies and culture so that they have a better fit with the surrounding environment.

*“A leader acts as an agent of change by developing visions and inspiring their employees with this vision.”*<sup>21</sup>

Furthermore, Noel Tichy (1984, pgs. 59-68) combined the definition of a transformational leader with a need for a radical change caused by changes in an organisation’s technology, people or environment<sup>22</sup>: The strategic change as planned by the transformational leader(s) results in a non-routine, non-incremental and discontinuous change which alters the overall orientation of the organisation or parts of it.

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<sup>18</sup> Fairhurst, G.T., (1993) *Echoes of the vision. Management Communication Quarterly*, Vol. 6, No. 4. Sage Publications

<sup>19</sup> Tompkins, P.K. ( 1962). *An analysis of communication between headquarters and selected units of national labour union. Unpublished doctoral dissertation, Purdue University, Indiana.*

<sup>20</sup> McShane, St., von Glinow, M.A. 2000, “Organizational for the workplace revolution”, McGraw-Hill

<sup>21</sup> McShane, St., von Glinow, M.A. 2000, “Organizational for the workplace revolution”, McGraw-Hill

<sup>22</sup> Tichy, N.M. and Ulrich, D.O. 1984, “The leadership Challenge – A call for the transformational leader”, *Sloan Management Review*, Fall, pgs. 59-68

**At InteractCM, we understand the importance of leadership communication in driving cultural change. In our experience, we have found that it is essential to have a leader who continually drives the organisation's culture vision. The leader requires a style that encourages employees to adopt the vision. This is particularly important when this vision is new to the organisation.**

<http://www.interactmanagement.com>.

Published in Harvard Business review, Mary Young and James E. Post conducted a study of how companies manage change and they uncovered eight benchmarks for effective communication. They have found that CEO is the most important persona in communicating change and have identified the position of CEO as a "Communications Champion" .

*H3: Better chance of reaching "high employee reception" is when the Charismatic Leader communicates the message.*

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<sup>23</sup> Seltzer, J. & Bass, B.M. (1990). *Transformational leadership: Beyond initiation and consideration*. *Journal of Management*, 16, 693-703.

Bass, B.M. (1985). *Leadership and performance beyond expectations*. New York: Free Press.

Bass, B.M. (1988). *Evolving perspectives on charismatic leadership*. In J.A. Conger & R.N. Kanungo (Eds.), *Charismatic leadership: The elusive factor in organizational effectiveness*. San Francisco: Jossey-Bass.

Avolio, B.J., Waldman, D.A., & Einstein, W.O. (1988). *Transformational leadership in a management game simulation*. *Group and Organization Studies*, 13, 59-80.

Avolio, B.J. & Yammarino, R.J. (1990). *Operationalizing charismatic leadership using a levels-of-analysis framework*. *Leadership Quarterly*, 1, 193-208.

Conger, J.A. & Kanungo, R.N. (1988a). *Behavioral dimensions of charismatic leadership*. In J.A. Conger and R.N. Kanungo (Eds.), *Charismatic Leadership: The Elusive Factor in Organizational Effectiveness*. San Francisco: Jossey-Bass.

House, R.J. (1977). *A 1976 theory of charismatic leadership*. In J.G. Hunt & L.L. Larson (Eds.), *Leadership: The cutting edge* (pp. 189-207). Carbondale: Southern Illinois University Press.

<sup>24</sup> See graphic at Reference

*This statement is correct.*

The research evidence to date demonstrated that leaders who engage in charismatic behaviour and communication produce the predicted followers and organizational effects and have highly satisfied and motivated followers and are viewed as effective leaders<sup>23</sup>. (Seltzer, J. & Bass, B.M, 1990; Avolio, B.J., Waldman, D.A., & Einstein, 1988; Conger, J.A. & Kanungo, R.N, 1988; House, R.J. 1977;)

The most direct test of the effects of charismatic leadership was performed by Howell and Frost in 1989<sup>24</sup>. This study conducted group of actors who were instructed to play a certain roles that were believed to be connected with charismatic style leaders. This study examined verbal and non-verbal behaviors. The entire study was conducted in a lab. The actors were given several roles: charismatic, structured and considerate leaders.

The audience in over 75% percent voiced the preference of charismatic leaders. The actors who carried to role on charismatic leaders communicated high performance expectations to followers, and exhibited confidences in follower ability to meet those high expectations. In their “charismatic roles” actors were coached to use non verbal cues such as extended eye contact, using vocal variety, speaking in relaxed posture, and using animated facial expressions. Consequently in their “structuring and considerate” characters said the same lines but with less dynamic and without verbal cues.

The outcome of the study was also re-confirmed with studies a entire decade later conducted by of Geyer and Steyrer in 1997, Kirkpatrick & Locke 1996, Kroeck & Sivasubramaniam, 1996. All these studies confirmed that leader’s charisma is related to unit performance and increase of predicted follower and organizational effects.

According to Deanne Den Hartog, in her work “Charisma and Rhetoric: Communicative techniques of international business leaders” several aspects of Rhetoric of charismatic leaders.

It is of a vital importance to choose a **charismatic** leader to get the best results. Therefore it is recommended to make a selection of individuals from the leadership team and select one that has as many as possible characteristics describing a Charismatic leader.

But what does charisma mean? According to Grolier Encyclopaedia<sup>25</sup>, “Charisma (Greek: “favor” or “grace”) originally meant a divine gift. More recently it has come to be applied to the extraordinary powers of great leaders. Jesus or Napoleon or F. D. Roosevelt – men with quite different aims – are all said to have displayed charisma. In common usage, charisma often means the personal, magnetic qualities of any popular leader.”

Etzioni, Katz & Kahn introduced the charisma in organizational literature, and stated that charisma was found in the top-echelon of the organization<sup>26</sup>. Later on in 1995, Shamir conducted an explanatory study where he elaborated that influence of vision and rhetorical skills on the attribution of charisma is particularly strong when the social distance between leader and followers is large<sup>27</sup>. This can derive from idea that in a situation of large social distance, followers are more likely to depend on verbal cues.

*They may forget what you said, but they will never forget how you made them feel.<sup>28</sup>*

*-Carl W. Buechner*

## CONCLUSION

Changing corporate culture is an intensive and ongoing process. The communication process plays one of the key roles in making this process a successful one.

I trust that this research has helped to achieve a more understanding in assessing the audience climate, and then choosing one of the effective tools to communicate the change.

Hence, To successfully communicate to employees that change of Corporate culture is about to take place, the Communications department can take several steps which will enhance the success of the process:

- firstly, carefully assess the Corporate culture, the communication patterns within the employees and Communication climate within that culture. Depending on the outcome they could proceed, or consider to first bring the communication climate to a more positive level before going further. I have pointed several factors, which communications departments can use to contribute in increasing a positive communication climate.

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<sup>25</sup> *Grolier Multimedia Encyclopaedia, 1996.*

<sup>26</sup> *Etzioni, A. (1961). A comparative analysis of complex organizations. New York : Free press. Katz, D. & Kahn< R.L. ( 1978). The social psychology of organizations, Second edition, New York: Wiley*

<sup>27</sup> *Shamir, B. (1995) Social distance and charisma: Theoretical notes and explanatory study . Leadership Quarterly, 6, pg. 19-47.*

- secondly, they should appoint a Leader or CEO as a communication tool. Through research and theory I have pointed why it is presumed that such a personality will have positive impact on employees. I have also highlighted several methods for Communication to find the best way to link CEO and employees.
- thirdly, choose a charismatic person from leadership group that will deliver the message. There are several techniques that communications department can use to enhance the communication of CEO or leader.

I hope that with this work I have helped communications managers to start up the communication process, and implement it successfully, when change of corporate culture is about to take place.

*Until all of us have made it, none of us have made it.*

*-Rosemary Brown*



*Arnold Drijver*

# Stakeholdersdialogue;

*Unlocking the Business Benefits*

Arnold (1971) graduated in European & International Law at the University of Utrecht in 1997. He started his career as Public Affairs advisor for the Dutch Ship Supply Association (NVvS) and the Organisation de la Communauté Européenne des Avitailleurs de Navires

(OCEAN), working both in The Hague and Brussels. In 1999, he joined Bennis Porter Novelli, one of the world's leading PR Agencies, as consultant corporate communication and account manager for, amongst others, AOL/Time Warner, ABP, EdF, BAT and the Dutch central

bank (DNB). Since 2001, Arnold has been Manager Public Relations & Public Affairs of KPMG Holding Netherlands. KPMG is one of the world's largest audit, tax and advisory firms. Arnold lives in IJsselstein together with his wife Etienne and his son Seppe.



## INTRODUCTION

Nearly three years after the Enron revelations first surfaced, the issue of trust still dominates the political and business agenda. After a slew of corporate scandals, companies have become well aware that a company's long-term economic success may depend on factors beyond economic performance. A company's behaviour in other areas can be closely intertwined with its success as a company in the long run.

In the past few years, the focus on issues associated with corporate behaviour has increased sharply in the public domain. How companies manage non-financial risks and stakeholder expectations can influence their financial success – while ignoring them can lead to a significant loss in business value. Companies therefore increasingly discover that how they manage non-financial issues can enhance their success in the marketplace.

These risks and expectations may vary depending on the type of organisation and the environment in which it operates, but companies realise that to ensure business continuity, it needs they need to engage with stakeholders to understand these expectations and to effectively respond to changing risks. However, the key challenge for companies is to control the relationship without damaging it.

Of course, companies should balance their legitimate business interests with those of stakeholders on issues under consideration, but limits on management time and attention guarantee that not all issues will be attended to equally. To effectively engage with stakeholders it is therefore important for companies to avoid responding solely to ad hoc issues of a wide variety of stakeholders, all of whom are unique stakeholders with their own unique values and interests. Consequently, companies need to engage with stakeholders but should also clearly delineate their own interests.

Companies therefore need to limit their time to a confined set of issues based on an issue agenda, in which the company delineates its own issues, determines its own interests and brings them into line with the expectations of society through dialogue with stakeholders. Such an approach strategically minimises organisational risks by revealing to stakeholders the types of issues for which the company is willing to be held accountable and, subsequently, the issues for which it assumes no responsibility whatsoever (Heugens, 2003).

One way in which companies can give shape to their stakeholder relationships is to focus on effective communication by engaging in stakeholder dialogue. Stakeholder dialogue forms a social infrastructure for gaining information and insights into the

company's business. It provides the company with a way of identifying and anticipating business risks and opportunities, issues and trends. In this way stakeholder dialogue can help companies reach their business objectives more effectively.

So, stakeholder engagement is therefore not driven by altruism but by a proper understanding of the company's own interests. Consequently, stakeholder dialogue does not so much emerge from a CSR concept but more from the company's own economic interest.

However, the subject of stakeholder relationships is extremely broad. While a considerable amount of academic material has been produced on this topic, much of it lacks a commercial perspective. Most research still links the understanding of whether and how stakeholder relationships contribute to business success to the concept of corporate social responsibility. In most cases emphasis is placed on social and environmental arguments for companies for a need to engage with stakeholders, while economic arguments seem to be ignored.

The thesis argues that companies engage primarily with stakeholders because of negative economic consequences if they ignore stakeholder interests. Based on the presumption that companies aim to reduce business risks in their business environment, the thesis supports the idea that not so much CSR considerations play a role, but a well understood self-interest on the part of the company.

The thesis examines the extent to which the business community in the Netherlands acknowledges the importance of effectively safeguarding relationships with stakeholders and sees it as a possibility for creating business value. It describes the stakeholder expectations companies face today and explains the need for companies to engage with stakeholders. It explains how stakeholder relationships can affect – both positively and negatively – business success and how adopting the concept of stakeholder dialogue can contribute to the company's achievement of its business objectives. It also suggests an approach management can take to managing these relationships in a way that drives business value.

The thesis also makes use of a recent KPMG survey on the business value of stakeholder relationships and stakeholder dialogue by presenting its conclusions. The survey establishes how important stakeholder engagement and stakeholder dialogue are for companies and assesses the level of corporate commitment to the subject. It also examines the rationale for corporate activities in the field of stakeholder dialogue and assesses how far companies have come in developing and implementing policies.

The thesis and the forthcoming KPMG publication of the survey are intended to help companies to understand the current state of affairs regarding stakeholder dialogue and future challenges, and to enable them to respond more effectively to stakeholder expectations, so they can deliver against their business objectives.

This leads to the following research question of this thesis:

*To what extent does the business community in the Netherlands acknowledge the importance of effectively safeguarding relationships with stakeholders – through stakeholder dialogue – and see this as a possibility for creating business value?*

## **PART I – STAKEHOLDER DIALOGUE: WHY TALKING?**

### *Changing environments*

Faced with growing exposure to new risks and declining tolerance for disruptions to operations, companies are increasingly evaluating their ability to respond to crises and mitigate future risks. These companies understand that being able to continuously satisfy stakeholder concerns is fundamental to ensuring business continuity.

Nowadays, a company's long-term success depends on factors far beyond just its economic performance. In the long run, a company's behaviour in areas other than finance will be of increasing importance for its economic success.

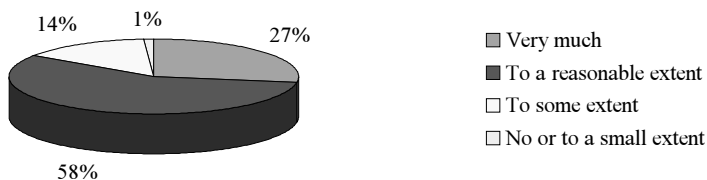
Therefore, for leading companies engaging stakeholders to gain added value is not so much a CSR issue but rather a strategic initiative that needs to be carefully integrated into its business functions.

Stakeholder dialogue is one engagement strategy that enables companies to express their views and seek common ground. The main objective is to respond proactively to changing social sensitivity. Organisations that do this successfully are rewarded. They create more involvement among their main stakeholders, to which the company owes its right to exist. Besides adding to confidence in the company as well as its reputation, it also enables the company to fulfil its basic function: the creation of added value.

Stakeholder dialogue should therefore be a critical part of business strategy. This means change for a lot of companies. It is no longer sufficient for them to simply defend the status quo. However, companies must never forget that in a changing world, 'no change' is usually a losing strategy.

The KPMG survey found that increasingly companies specifically recognise that their organisation's creation of business value depends on the quality of its relationships with key stakeholders (table 1.2.1). More than two-thirds of the companies surveyed (85 percent) consider stakeholder engagement to contribute to its business benefits. These companies recognise that the value of their businesses demands at least an acknowledgment of stakeholder requirements and they are aware that disenfranchisement of any one of its key stakeholders could jeopardise the company's future.

### **Do you consider good stakeholder relationships to contribute to business advantages**



#### *Towards building trust*

Companies increasingly recognise that a significant part of their market value lies in their intangible assets and reputation is a major ingredient of those intangible assets. A company's continuity is no longer simply determined by economic growth or recession. An (accounting) scandal can also signify the end.

In that respect, the Enron-Andersen case provides a textbook with urgent lessons for companies, and certainly one chapter is concerned with the importance of protecting corporate reputation. A company's reputation is not build over night but, in today's swiftly moving capital markets, it can vanish almost instantly when trust is called into question.

Trust has become an important asset upon which the reputation of a company is assessed by its stakeholders. The same principle should therefore guide companies in their business success. The volatile and mistrustful world requires organisations to concentrate on the issue of trust, as non-financial information is increasing in importance. Increasingly an organisation's ability to create business value ultimately depends on whether it has the trust of its stakeholders.

The surveyed companies in the KPMG study identified two key reasons for the increasing business focus on good stakeholder relationships. Each of these reasons links with the critical role played by their key stakeholders in creating business value. According to these companies, possible business benefits are specifically to be found in reinforcing the company's reputation and strengthening or winning the trust of stakeholders (table 1.3.2).

Good stakeholder relationships are therefore essential. Increasingly, companies realise that trust can only be earned through transparency and effective communication.

By being truly transparent, fully utilising engagement possibilities with stakeholders, and engaging in stakeholder dialogue, companies will ultimately be able to gauge their demands as well as pursue value creation.

#### *Engage or fail*

When companies are engaged, linked, connected to their stakeholders, they succeed. Today companies in isolation will fail. Organisations therefore must forge ahead in shaping an external environment that permits them to achieve their business objects while keeping its stakeholders informed and engaged.

Companies operate against a background in which issues in their environment are becoming ever more complex. Risks are no longer associated with time and place. The boundaries between the traditional roles of a company and its stakeholders are becoming blurred. Problems increasingly extend beyond the organisation's boundaries. Companies are not separate from society but at its centre, sometimes out of sheer necessity.

There are many more dependencies than there were in the past. Prompted by social demands for accountability and openness, companies will have to show how they give shape to their business management. They are increasingly calling for a coordinated approach involving various groups of stakeholders, possibly with a changing composition. The company is just one of them (Van Tulder *et al.* 2004). Consequently, these developments require that companies carefully manage the needs and expectations of stakeholders. Stakeholder engagement is therefore crucial.

The surveyed companies in the KPMG study identified what they believe are the key reasons for the increased business focus on stakeholder dialogue. All of which are directly related to the influence of different stakeholders on the business of the companies.

The reasons are: reputation; maintaining or winning the trust of stakeholders; rapidly changing demands of society (transparency) and the fact that a proper relationship with key stakeholders provides business advantages.

In essence, stakeholder dialogue is therefore a strategic instrument that enables companies to achieve added value on the basis of stakeholder value. This puts the company in a position in which it can guarantee its licence to operate and be more effective in creating business value.

Stakeholder dialogue can therefore be defined as a way of bringing the interests of the company and stakeholders into line. Giving shape to a structural stakeholder dialogue is therefore a form of enlightened self-interest on the part of the company.

### *Strategic relationships*

As emerged from the KPMG survey, most companies nowadays, in responding to this trend, explicitly recognise that the value of their organisation is increasingly dependent on intangible assets such as reputation; transparency; trust and good stakeholder relationships. To protect and enhance their company and business value, they are increasingly required to align with stakeholder expectations.



As companies ascribe the highest priority to non-financial factors, these elements will increasingly play a role in determining a company's – shareholder- value. Understanding the importance of non-financial indicators such as reputation and trust is therefore a fundamental part of managing overall business performance (fig. 1.5.3).

## PART II – STAKEHOLDER DIALOGUE: TALKING TO WHOM

### *Managing expectations*

Companies are increasingly facing higher expectations from investors, clients, employees and numerous other stakeholders. Many companies are active in a social field that has captured the attention of various stakeholders with a tendency to make critical judgements.

Because the company operates in a continuously changing environment, the expectations of stakeholders will also be constantly changing. The fact that different people want different things from their relationship with companies makes it impossible to know with certainty what stakeholders want.

Consequently, as the complexity of the business environment increases, so do stakeholder expectations.

A company therefore needs to identify, understand and manage stakeholder expectations by determining what they are and how they vary for each stakeholder. Addressing these questions helps an organisation understand how to anticipate and manage the needs and expectations of stakeholders against the background of its basic responsibility to create added value for all its stakeholders.

Once a company determines what stakeholders expect of it, it can determine how well it is meeting and managing these expectations, as well as how they might improve.

### *Defining stakeholders; who are they?*

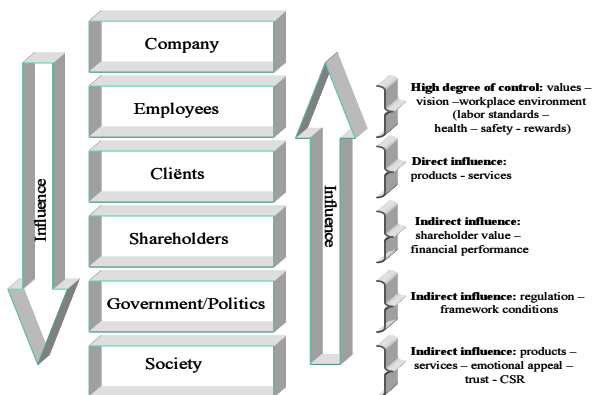
The world companies face today is much more complex than that of a few decades ago. Technological shifts and the economics of information have made corporate activities much more transparent. And, as traditional boundaries between companies and society have diminished, demands for greater accountability have also increased.

Business management is also changing on account of these new realities. Companies have new roles and new responsibilities in the modern economy. More so than in the past, business success is now largely dependent on acceptance by society. Because business has such an important place in the community, social acceptance has also become a precondition for business operations.

As society – the whole complexity of stakeholders – provides companies with a licence to operate, addressing stakeholder impact on the achievement of business objectives becomes increasingly important.

So, as business and society move closer together, a company that intends to be successful has to constantly improve its ability to respond to the expectations of the various stakeholders – employees, customers, investors, regulators and society – all of who have a significant stake in the company. Identifying a company’s stakeholders is therefore a key concern.

The relationship between the stakeholders’ impact on the company and the company’s impact on stakeholders is shown in figure 2.3.2.



The above clearly shows that taking the stakeholder’s views into account is no longer simply an option; it is now a matter of common business sense, or risk management, to be aware of stakeholder needs and concerns. Leading organisations build value by defining their key stakeholders and encapsulating their concerns. These companies will increasingly distinguish their reputation and improve their business performance on the basis of stakeholder relationships.

#### *Drivers of stakeholder dialogue*

Companies are inherently connected to other institutions in society (Clarkson, 1995). They are part of a network of stakeholder relationships in which not only are companies related to stakeholders, but those stakeholders also have relationships with their own stakeholders (Rowley, 1997).

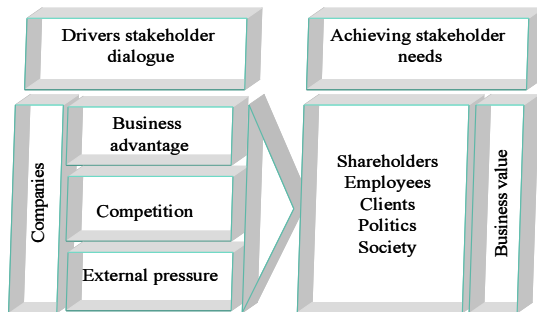
Stakeholder dialogue offers companies a way, to integrate stakeholder concerns with its business interests. As stated earlier, stakeholder dialogue can be seen as an engagement strategy upon which companies will express their views and constructively engage in discussions on issues where compromise is desirable.



The main objective is to respond proactively to changing social sensitivity. Organisations that do this successfully are rewarded. They create more involvement among their main stakeholders, to which the company owes its right to exist.

Companies responding to the KPMG survey identified what they believe are the key drivers behind their increasing attention to stakeholder dialogue. The survey found that most companies view stakeholder dialogue as an important management tool for creating business value as well as for gaining competitive advantage.

Business benefits, competitive advantage and pressure are key drivers behind stakeholder dialogue. The organisations surveyed are therefore aware that stakeholder dialogue can in fact deliver real business value. The survey also shows that over time, after an initial pressure-driven phase, companies will move towards a more integrated (business) approach (fig. 2.5.1).



As the survey shows, most companies are driven to engage in stakeholder dialogue because of the business benefits associated with the successful management of their business environment. By indicating the importance of good stakeholder relationships, companies acknowledge that non-financial issues play a key role in determining their business value.

## PART II – STAKEHOLDER DIALOGUE: WHEN TO TALK

### *Unlocking the business value*

Business disruptions have consequences along the entire value chain. In this environment, companies need to be prepared to address a wide range of stakeholders and their demands. Instead of responding to particular events, organisations need to focus on ways of engaging stakeholders while maintaining business. The key question for companies is therefore no longer: “How should we respond in the event of sudden stakeholder demands?” Rather, companies increasingly need to ask: “How should we manage stakeholder demands so that we can continue business operations?”

Given the complex network of influential parties that might have different points of contact with the company and different values and expectations, it is difficult for companies to appreciate the full range of needs and expectations of their stakeholders, the relative business criticality of those needs, and how to manage them effectively.

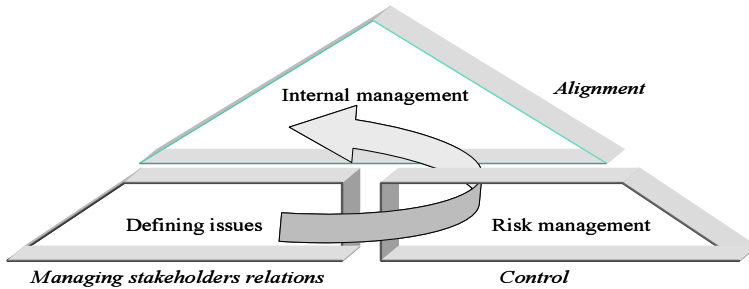
Traditional approaches to managing stakeholder relations emphasised a reactive approach. These plans inherently focused on ad hoc stakeholders’ needs and on issues as they arose. This approach is certainly important, and stakeholders expect companies to attend to them. However, if these basics remain a company’s sole focus, organisations will miss opportunities to add value to their company and its stakeholders.

Rather than continually reacting to short-term problems, companies should provide a comprehensive and thoughtful overview to enable them to anticipate risks as well as business opportunities. Proactive measures of this kind ensure business continuity and aid companies that seek to deliver added value to their shareholders and other stakeholders. While efforts required are higher, the indirect benefits include better responsiveness to stakeholder demands.

Company management therefore requires a system that is more capable of identifying and understanding stakeholder expectations and issues, so that they can be explicitly taken into account when business objectives and implementation plans are set. With the right system, a company is in a better position to make well-informed decisions and to see any new opportunities and risks that arise from impacts on and relationships with stakeholders.

What follows is an approach to meeting and managing stakeholder expectations within the context of a defined framework for developing and implementing an issue management structure in the company.

Figure 3.2.1 shows the three fundamental conditions for effective stakeholder dialogue, as indicated by the surveyed companies: improve insight into the issues, improve the management of the risks associated with issues and improve internal alignment.



Companies need to define the issues to avoid responding solely to ad hoc issues and mainly being occupied with maintaining the status quo. Companies therefore need to engage with stakeholders but should also clearly delineate their own interests. Once the opinions and expectations of stakeholders and the company's own interests are clear, the organisation can make responsible choices. Having clarity about this helps companies improve the management of their stakeholder relationships

The fundamental challenge companies face when managing these relationships is to have the ability to control and influence the relationship without damaging it. Internal and external coordination in relationships of this kind is often left to chance and is consequently based on an ad hoc approach. However, control over the process is critical and requires early attention, to ensure the dialogue matches the company's requirements.

Addressing the three fundamentals helps companies to internally align, manage risks associated with issues and improve their management of stakeholder relationships.

## CONCLUSION

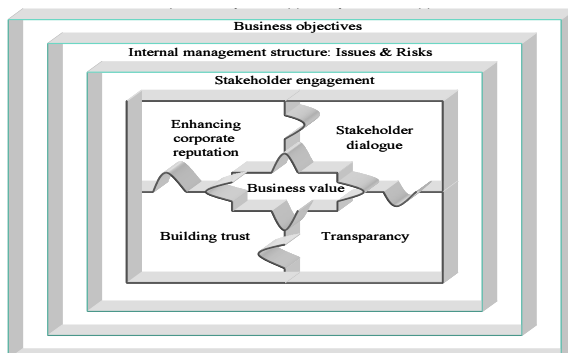
If the immediate past provides any indication of what lies ahead, it is that there will be future growth for companies who understand the importance of stakeholder relationships.

Companies are increasingly finding themselves limited in their ability to deliver promised outcomes by the unprecedented rate of change that now characterises markets. Indeed change is the one thing companies can be certain of.

The current shift in focus of leading companies towards building stakeholder value has occurred because these companies increasingly recognise that trying to build only shareholder value without engaging with other interested parties is detrimental to business continuity. Companies that overlook this may fail to address potentially difficult business challenges or opportunities.

The dialogue with stakeholders plays an important role in this. It should focus on maintaining or establishing the confidence of stakeholders in the company's performance. Companies will increasingly have to provide information on company policy, the considerations that play a role in policy, and the consequences for the various stakeholders. Providing transparency in adopted and future policies is a key factor in obtaining trust and, with that, the necessary licence to operate. Strong reputations develop when companies are transparent in the conduct of their affairs (Fombrum and Van Riel, 2004).

Successful companies are therefore the ones that are capable of operating in harmony with the needs and demands of their stakeholders. This does not emerge so much from a CSR concept but more from the company's own interest. In the future, firms will survive in the long run only by creating relationships rooted in trust. This therefore sets the challenge for the business community in the near future, when piecing the puzzle together:





*Daniël Elffers*

# Battling for the masses: The true secret to advertising can be found in propaganda

*An analysis of wartime propaganda versus American  
icon brands Coca-Cola and Pepsi*

Daniel Elffers (1979) was raised bilingually in Dutch and English in the Netherlands. Upon completion of secondary school in Zeist, he studied international hotel

management in Montreux, Switzerland and gained work experience in Singapore, Switzerland and the Netherlands in hotel industry sales & marketing, banking and trading. Since 2004 he is

owner of ElcaMedia, a multimedia company specialized in serving the needs of European B2B corporations.

## INTRODUCTION TO PROPAGANDA AND ADVERTISING

This thesis is about visual advertising and propaganda.

In the words of Daniel Starch in “Principles of Advertising” (1923):

“The simplest definition of advertising, and one that will probably meet the test of critical examination, is that advertising is selling in print.”<sup>29</sup>

Indeed simple, this definition can equally be used to define (printed) propaganda. Despite its more negative connotation compared to advertising, my opinion has been that propaganda is used (i.e. by governments) to sell not a product, but to sell their opinions.

*Following my research, this thesis is intended to explain how America's icon brands Coca-Cola and Pepsi have applied their visual advertising strategies and how these can be linked to (visual) printed propaganda used by governments in time of war.*

I have always been fascinated by the power that lies within advertising. It seems that if a certain formula is applied, a force is enabled that is strong enough to turn an unknown brand into a super-icon, or convince millions of people that a government cause is worth dying in a war for.

The goal of this thesis is to get closer to this formula, by:

1. Analysing 2 super-icon brands of superpower U.S.A.
2. Analysing historic propaganda strategies used by governments, since the available budget for the latter has been at least as great, if not even greater.

To conclude this introduction, I would like to heavily stress the fact that I have analysed (and sometimes credited) propaganda strategies used in time of war strictly from a (technical) communication perspective, and for a purpose of corporate communication analysis only, which I have done to the best of my knowledge and ability. The same applies for my research on the advertising campaigns of Coca-Cola and Pepsi. Finally, it has not been my intention to, in any way or form, link Coca-Cola or Pepsi with the terrible atrocities of any, or every war for that matter.

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<sup>29</sup> Daniel Starch, *Principles of Advertising, 1923, Chicago, IL: A.W. Shaw Company.*





My thesis is based upon following question:

*How can we use models from propaganda (in hostile times) to recognize the Visual propaganda of modern American Icons and use them in Marketing Communications (Marcom)?*

## **BACKGROUND ON PROPAGANDA**

Propaganda is an evocative word that brings to mind images of dictatorships and wartime misinformation. Although not as widespread as conspiracy theorists might have us believe, it is still in use daily in virtually every country.

In brief, then, propaganda is covert persuasion of large numbers of people.

In 1988 Edward S. Herman and Noam Chomsky, wrote about the Propaganda Theory and explained the propaganda model.

The propaganda model is a theory that seeks to explain the supposed systemic biases of the mass media in terms of structural economic causes.

## **NAZI PROPOGANDA**

Controlled by Joseph Goebbels, Nazi propaganda was used to instill Nazi racist ideology and to change patterns of traditional behaviour. Focusing on a major enemy (the Jew) the Nazis used false claims, deceptions and outright lies to justify and gain support for their murderous policies. Expert use was made of all media and educational tools.

The goal of propaganda is to garner either support or disapproval of a certain position, rather than to simply present the position. The primary target of propaganda is people's opinions rather than their knowledge. Therefore, the information conveyed is often presented in an emotionally loaded way and with other means of affecting the opinions of people.

## **PROPAGANDA AND ADVERTISING SIMILARITIES: COINCIDENCE OR INTENTION?**

In English language, the word "propaganda" often carries strong negative (as well as political) connotations, despite being accepted as a general meaning of advertisement, on rare occasions. This is not necessarily so in other languages, and usage of the term may lead to misinterpretation in communications with non-native English speakers.

“For example, in Brazil and some Spanish language speaking countries, particularly in the Southern Cone, the word “propaganda” usually means the most common manipulation of information—“advertising.”<sup>31</sup>

We remember more of what we see than of what we read. With that in mind, it would seem that the old saying ‘a picture says more than 1000 words’ still holds strong. In addition, in today’s world where people travel more than ever, immigrate, emigrate and are able to use brands from all parts of the world enabling multinational companies to serve their brand loyal customers wherever they go, it is important that people are able to recognize a corporation by its logo and appearance rather than only the written word.

I have selected what I believe are the most important aspects of propaganda that relate to modern day advertising and crosslink these with the existing academic theory and secondly the correlation with advertising campaigns of Coca-Cola and Pepsi.

***Hypothesis 1:***

***Propaganda must be planned and executed by only one authority. The same applies for advertising.***

This statement shows true in Theory and case studies.

This is confirmed by Van Riel in his course “Foundations of Corporate Communications” (quote):

- Firms benefit from a holistic approach in reputation management
- Specialists are needed to do a professional job satisfying the needs of different types of stakeholders like customers, investors, employees, governments, NGO’s etc.
- However, someone has to check the intentions and actions of these communication specialists in order to maintain a favourable reputation for the organization. That’s why firms need a CCO: a Chief Communication Officer = the Director of the CC on behalf of the CEO.
- A CCO has to be in control of all stakeholder relations as far as this (might) impact the reputation of the firm in the short or long run.<sup>32</sup>

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<sup>31</sup> <http://www.phatnav.com/>

According to David Clutterbuck in “Linking Communication to Business Success: A challenge for Communicators”, “The success of a company’s communication strategy is largely contingent on how closely the communication strategy is linked to the strategy of the business as a whole<sup>33</sup>.” According to Argenti in “Corporate Communication”: In addition to thoughtful design and careful planning of firm strategy, a company must have a strong corporate communication function to support its mission and vision.

To conclude with a quote from Fame & Fortune, by Fombrun and Van Riel:

“Consistency is an important characteristic of the best-regarded companies. It is achieved by adopting a reputation platform, shaping an identity around it, delivering integrated communications, and infusing the company with the spirit of its reputation-enhancing themes. For consistency to take hold, we suggest four key points:

- Create a platform that will be perceived as credible, relevant, and realistic by all stakeholders on which your company depends
- Create a corporate story based on at least two emotional drivers that give the story appeal and above all make it easier to remember
- Add attention-getting symbols to the media in which you express the corporate story; one picture says more than a thousand words
- Develop appealing channels to express the story, whether through advertising, public relations, or social initiatives, including personal branding of top executives (in addition to the CEO).”<sup>34</sup>

**Hypothesis 2:**

***Propaganda may be facilitated by leaders with prestige (credibility) / celebrities. The same applies for advertising.***

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<sup>32</sup> Prof. Dr. C. B. M. Van Riel, 2004 “Foundations of Corporate Communications”, Executive International Master of Corporate Communication Program.

<sup>33</sup> D. Clutterbuck, 2001, *Linking Communication to Business Success: A challenge for Communicators*

<sup>34</sup> *Fame & Fortune*, C.J. Fombrun, C.B.M. Van Riel (2004)

This statement shows true in theory and case studies.

In his book *Marketing Communications*, John R. Rossiter has developed a Rossiter-Percy-Bellman Grid, which determines brand awareness and brand preference tactics. Based on the qualitative research, they have concluded that “to increase acceptance of benefit claims, consider adding an expert, sincere presenter.” [...] If you benefit claims have to be more convincing, consider using an expert, sincere presenter. As should be evident from the discussion so far, for high-involvement/ informational persuasion, the benefit claims need to be strong without being too extreme- they have to be convincing but not exaggerate (in the Goebbels principles, several references are made as to the needed credibility towards to audience).

Rebecca H. Holman and Sid Hecker conducted a research, which they explained in the article: *Advertising Impact: Creative Elements Affecting Brand Saliency*. *Current Issues and Research in Advertising*<sup>35</sup>

“First, as we saw earlier among the tactics for brand awareness, a celebrity presenter is very effective for increasing brand recall. [...] It is reported that 70% of TV commercials use an international or Japanese celebrity, perhaps because advertisers there use so many short (5- or 10- second) commercials, which have to gain attention.

Clearly Pepsi has followed this advice and aired at the 73rd Academy Awards®, better known as the Oscars, an advertisement featuring former republican Senator Bob Dole, Presidential nominee, Senate Republican Leader, US Senator and Congressman, Vice Presidential nominee, Republican National Committee Chairman, County Attorney, and GOP Precinct Captain.



*Senator Bob Dole for Pepsi*

*The commercial, titled “Performance,” features Spears’ rendition of the “Joy of Pepsi” song and cut-ins of people viewing it - including former Senator Bob Dole. The commercial, which is 90 seconds to 2 minutes long: is set in a Pepsi bottling plant that comes to life when Spears and her “co-workers” feel the “Joy of Pepsi”.*<sup>36</sup>

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<sup>35</sup> Rebecca H. Holman and Sid Hecker (1983). *Advertising Impact: Creative Elements Affecting Brand Saliency*. *Current Issues and Research in Advertising*, 6 (1): 157-172.

<sup>36</sup> <http://www.dmswire.com/Pepsi-BritneyFeedOscarsAlert.htm>

Coca-Cola uses Senator Jesse Jackson (civil rights leader, politician, minister (religion)<sup>37</sup> who in return displays and drinks Coca-Cola on all its promotional events. “Coke is one of Jesse Jackson’s biggest financial backers, making six-figure gift after six-figure gift,” Flaherty said in a press release.”<sup>38</sup>

In addition to using only leaders with prestige in Political life, Pepsi and Coca-Cola go further and introduce their products by people of prestige (leaders) in Film and Music industry. Naturally, this is based on the first point of Goebbels principles of propaganda: “Propagandist must have access to intelligence concerning events and public opinion”.

In 2000, Coca-Cola launched an ad with Father Christmas, the role model symbolizing Christmas, family and home.



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*“Holidays are coming”, Coca-Cola Christmas ads 2002-2003*

*Pepsi in return launched a campaign featuring female leader of pop music such as Britney Spears, in her Christmas outfit.*



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*Pepsi Christmas ad with Britney, 2003*

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<sup>37</sup> [http://www.galegroup.com/free\\_resources/bhm/bio/jackson\\_j.htm](http://www.galegroup.com/free_resources/bhm/bio/jackson_j.htm)

<sup>38</sup> <http://www.cnsnews.com/ViewNation.asp?Page=\Nation\archive\200404\NAT20040422c.html>

<sup>39</sup> *Holman & Hecker, Advertising Impact: Creative elements effecting brand recall, Current issues and research in advertising, 1983.*



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*Left: David Beckham in early 2004 ad for Pepsi Gladiator, after the launch of Block Buster movie, "The Gladiator". Right: Beyonce, David Beckham and Jennifer Lopez. Far right: Britney Spears in summer 2004, for Pepsi*



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*Britney Spears for Pepsi vs. Polar bear for Coca-Cola*



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*Polar Bear still goes strong with "Always Cool" vs. Beyonce in "Ask for more".*

This is also confirmed in research from Holman and Hecker<sup>39</sup>, who provide sufficient evidence that celebrity presence will almost always increase brand recall and by large degree over competition brands. Furthermore, professor John Rossiter<sup>40</sup>, concludes that likeability of presenter, which is based on their physical attractiveness (main cue for liking a stranger), increases the likeability of their statements.

**Hypothesis 3:**

**Propaganda must label events/happenings with distinctive phrases/ Headlines, or slogans. They must be capable of being easily learned. The same applies for successful advertisement.**

This statement is confirmed in researches/analysis and also in theory.

Richard F. Beltramini and Vincent J. Blasko conducted An Analysis of Award-Winning Advertising Headlines<sup>41</sup>.

This study attempted to identify common headline characteristics that might contribute to the successful (award-winning) performance of an ad. A content analysis of 81 award-winning print ads is conducted by a panel of judges composed of agency creative people. In the process, six agreed-upon characteristics are derived from the headlines of the ads. **Analysis of the headlines based on these categories shows that over half of the headlines utilize “familiar saying” or “contrast.”**

The outcome: Fifty-six percent of award-winning print advertising headlines use variants of familiar clichés (32.4%) or juxtaposition (23.5%) of words or phrases.

Practice:

Coca-Cola sponsors Olympic Games<sup>42</sup>, Pepsi sponsors Academy Film Awards.



*Coca-cola advertisement banner for Olympics in Atlanta*

<sup>40</sup> John Rossiter, *Marketing communications*, 2003, University of Wollongong

<sup>41</sup> Richard F. Beltramini and Vincent J. Blasko (1986). *An Analysis of Award-Winning Advertising Headlines*. *Journal of Advertising Research*, 26 (April/May): 48-51.

<sup>42</sup> [www2.cocacola.com/presscenter/presskit\\_2004\\_olympics\\_factsheet\\_olympic\\_sponsorship.html](http://www2.cocacola.com/presscenter/presskit_2004_olympics_factsheet_olympic_sponsorship.html)

*“The Coca-Cola Company has helped fulfill the Olympic goals of thousands of athletes worldwide through its involvement since 1928 with the Olympic Games. Nearly 90 percent of the Coca-Cola system’s sponsorship support of the Olympic Games goes to help athletes train and compete, as well as to help stage the Games. As the longest continuous corporate supporter of the Olympic Movement, The Coca-Cola Company is proud to help create unique and memorable experiences for Olympic Games fans worldwide, while simultaneously providing resources to help more athletes and coaches pursue their athletic goals.*



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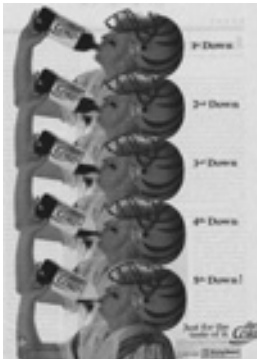
*ABC Sports Magazine, Coca-cola advertisement for Olympics in 1984.*



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*Pepsi is a sponsor of Pepsi Music event, Oscar Film Award and USA Family First sports park.*

Coca-Cola is known for sponsoring world soccer, while Pepsi is sponsoring national leagues and basketball as national sport.



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*Coca-Cola ad in 1990, Rugby players, Magazine: Sports Illustrated*

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<sup>43</sup> (<http://www.coca-cola7s.co.uk/coke.asp>)



Like mentioned before, Coca-Cola is turned more to a global consumer, sponsoring therefore, the global events such as FIFA World Cup. Here is the list of only few events sponsored by “The real Thing”:<sup>43</sup>

- FIFA World Cup™ - ‘Coca-Cola’ has had stadium advertising at every FIFA World Cup since 1950, and has been an official sponsor of each FIFA World Cup since 1978. As the exclusive non-alcoholic beverages partner, ‘Coca-Cola’ has developed significant global and local FIFA World Cup promotional programs in many of the nearly 200 countries where it does business.
- 2002 and 2006 FIFA World Cup
- FIFA Women’s World Cup 1999, 2003
- FIFA Confederation Cup 1999, 2001, 2002, 2005
- World Champions vs. FIFA All-Stars 2002, 2006
- FIFA World Youth Championships 1999, 2001, 2003, 2005
- FIFA U-17 World Championships 2001, 2005
- FIFA FUTSAL World Championship 2000, 2004
- Blue Stars/FIFA Youth Cup 1999-2006
- FIFA/‘Coca-Cola’ World Rankings



*Left: Coca-Cola ad featuring soccer players on a bench during a break, Right: Baseball.*



*Left: Pepsi ad featuring a NBA, basketball player, S. O’Neil. Right: 1965, Skiers enjoying Pepsi.*

In 1963, the slogan “Things go better with Coke” was a huge success. It was adapted to the youth market by allowing a number of popular music artists to modify and perform the song. Radio commercials were recorded by the Supremes, Tom Jones, Moody Blues, and Ray Charles.

This image set the stage for “have a Coke and a smile” which further emphasized the rewards in drinking Coca-Cola. From this tagline, the Mean Joe Green ad, featuring the defensive lineman of that nickname from the Pittsburgh Steelers, emerged and won a CLIO award in the world’s largest advertising awards competition. Also, in the 1970s, Coca-Cola was fortunate to have what has been described as the most memorable commercial in the history of television. The famous “hilltop” ad debuted in 1971. The ad features young people around the world standing on a hilltop in Italy uniting in song. It was part of the “its the real thing” series and is viewed as being a political message emphasizing peace and harmony among all people. <sup>44</sup>

The Atlanta Journal-Constitution took a poll and of 1500 people and the results below indicate the slogans most favoured.<sup>45</sup>

- 39% Always
- 23% I'd like to buy the world a Coke
- 23% Have a Coke and a smile
- 4% Coke is it
- 4% Enjoy
- 4% Life tastes good
- 3% The magic within



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*Footage from the ad “I'd like to buy the world a Coke”*

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<sup>44</sup> Pendergrast, Mark: *For God, Country, and Coca-Cola: The Definitive History of the Great American Soft Drink and the Company That Makes It*. New York: Basic Books, 2000 (second edition; ISBN 0465054684 ).

<sup>45</sup> <http://www.ajc.com/>



*The coke ad from 1984. (Mr. Benjamin Thomas, founder of the first Coca-Cola Bottling Company, said, “We need a bottle which a person will recognize as a Coca-Cola bottle even when he feels it in the dark. The Coca-Cola bottle should be so shaped that, even if broken, a person could tell at a glance what it was.” )*



*Picture 24. Footage from the latest Coca-Cola campaign: “First Experience”, launched in USA in beginning of 2005. Sentence reads: ‘Is it like kissing a girl?’*

## PEPSI

During the 1960's Pepsi invested its future in the youth of America with the discovery



*Left: Now it's Pepsi, for those who think young. Right: Ask for more Campaign*

The company changed slogans numerous times in the following decades:

"Now it's Pepsi, for those who think young"	early '60s
"Pepsi Generation"	1963
"You've got a lot to live, Pepsi's got a lot to give"	1969
"Have a Pepsi Day!"	1976
"Catch that Pepsi spirit"	1979 2000-2004
"Ask for more"	

**Hypothesis 4:**

*Propaganda must be carefully timed. A propaganda theme must be repeated, but not beyond some points of diminishing effectiveness. The same applies for advertising.*

Quoting Rossiter, the ultimate effectiveness is as follows: "The duration of an advertising cycle, in reality, is determined by a practical consideration. The duration is determined by the time needed to get enough insertions into the media vehicles selected so as to attain the desired amount of reach at the minimum effective frequency level (MEF). The number of target audience members reached at MEF is the level of effective reach. In the case of media such as magazines and direct mail, the time of the advertising insertion and the time when it is actually seen or read by the target customer may represent a long delay. For broadcast media, in contrast, the insertion and the seeing or hearing are instantaneous. However, from a practical standpoint we

need to suggest a duration (for insertions) to aim for. [...] Depending on the size of the frequency requirement, the duration for insertions will be 1 day, 1 week, or 2 weeks.” Rossiter goes on to explain the various types of advertising campaigns, dependent on the budget available: The Blitz pattern (the ideal pattern, but also the most expensive), and the Wedge pattern (slightly less effective, but also much less expensive).

## LESSONS TO LEARN & CONCLUSION

Many factors contribute to successful advertising campaigns. What my paper has shown, is that advertising has many paths that lead to propaganda. Usage of celebrities, leaders with prestige and of course perfect timing are like I have shown not only characteristics of propaganda but also key factors in advertising. I hope that with this work, I reach the awareness of communication managers of the great importance of the correlation of these two (propaganda and commercial advertising). Secondly, I hope that I can create awareness and evoke an ethical approach of communications department to visual presentation of products among companies' advertising campaigns.

*Laura Ettema*

# “The Importance of Digital Employee Communication on Knowledge Management”

Laura Ettema is an advisor in the field of corporate communication and IT. Ettema can effectively combine her two studies Information Science (1994) and Corporate Communication (2005) in a business environment making more and more use of modern techniques.

Some five years ago, she developed the IntranetScan, which she recently updated to the Employee Portal Scan.

Several articles about these scans have been published, and in October 2005, the book “The Portal Principle, a managers handbook” will be published (Academic Service).

Laura currently works as an independent advisor for Ulysses Consulting. She has done projects for numerous clients, national and international: Philips, Corus, iVenus, Smurfit, KLM, British Telecom, NIB Capital, HEMA, NS, Universiteit Utrecht.

She also teaches at Hogeschool Utrecht on the subjects multimedia strategy and knowledge management.

Laura is married, has two children, and lives a happy and rich life with her family and friends.

People, who are interested in the full thesis or have other questions, can reach Laura at: [laura.ettema@ulyssesconsulting.nl](mailto:laura.ettema@ulyssesconsulting.nl).

## INTRODUCTION

In today's society, technology develops at the speed of light. As humans, with our own speed, we have trouble to keep up adapting to these new technologies. We need time to understand the meaning and the way of working of the new device, often the way of communicating with it. Meanwhile, technology evolved further, leaving us almost behind.

Living in 2005, computers and computer chips are everywhere, are ubiquitous. Billions of households possess one or more personal computers; and everybody with access to Internet, can find anything they want. One could say that we are living in the information age.

Modern companies are highly depending on computers, and are in the possession of large amounts of – merely unstructured – information. For companies too, it is important to understand that any information can be found on Internet: Never before has every product description, every price, every policy, every technical support note, every detail of just about everything you do as a company, been published on Internet (Gartner, 2000). This means that companies need to structure their information in order to use and reuse it; often this results in so called 'knowledge management'. In short this can be described as preventing the re-invention of the wheel (Cuijpers and Hengstmengel, 1997).

Most knowledge management initiatives took off with the launch or the improvement of an intranet. Seen in a technical way, intranet development is not difficult. However, getting employees to do with an intranet what they are supposed to do, is a very challenging process. Attracting employees to use intranet, and share and re-use their knowledge is supposed to be one of the hardest tasks in intranet development. The promotion of intranet usage is a never ending story.

Digital communication, knowledge management, and the combination of the two, turns out to be a difficult process, which leads to the central question of my thesis:

- *Can employee communication facilitate knowledge management making use of intranet?*

The questions derived from the above statement are:

- *What is the role of intranet on employee communication?*
- *What is the role of intranet on knowledge management?*
- *What makes employees use intranet?*

To answer these questions, the following subjects have been studied from a theoretical perspective:

- Digital communication;
- Employee communication;
- Intranet;
- Knowledge management.

To further investigate the practical side of these questions, research has been done by making use of the following subjects:

- Intranet Growth Model;
- IntranetScan.

## DIGITAL COMMUNICATION

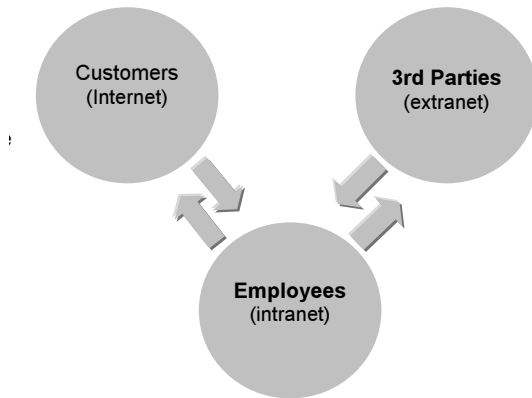
In the 'old' economy, people 'only' communicated by their physical presence in a meeting room, by talking 'real time' with each other using phones, writing letters on paper, and giving coins and paper money to make payments. The new economy added digital communication to it: by making use of computers, people now can communicate via email, store and look for documents on large computer networks, and look for anything, anywhere, anytime, via Internet. The physical boundaries have disappeared.

By making the comparison of something simple as the old-fashioned post office and email, one immediately feels the difference and the effects of the digitalized - or computerized - economy. The advantages of email are numerous: fast, easy to spread to large groups, easy to search in past communication, alerts of new arrivals. With the introduction of digital communication, people now can work together on projects without being in the same office.

The invention of the Internet has revolutionized the communication world like nothing before. It is at once a world-wide broadcasting capability, a mechanism for information dissemination, and a medium for collaboration and interaction between individuals and their computers, without regard for geographical location.



Organizing digital communication starts of with organizing stakeholders. Structuring digital communication can be brought back to three main channels and linking their constituencies (Ettema, 2004) according to the picture in figure 1:



#### *Customers – Internet*

Common factor of this group, which also includes potential clients, civilians, students, patients, is that the ‘sending party’ does not know where the members of this group are. Therefore they use the most open variant of digital communication, the World-Wide-Web, mostly through marketing communication.

#### *Partners – extranet*

This distinct group is well known by the ‘hosting’ party, and include suppliers or other business partners with whom the organization has a close relationship. The extranet environment is a secure set of web pages, making use of usernames and passwords.

#### *Employees - intranet*

This group of users is very well known by the hosting or sending party, it concerns their own personnel. Although employees must be able to have easy access to the intranet, it is a highly protected environment since intranets often include companies’ intellectual capital.

This model can be used in different ways. The most important angle is the user data: storing and re-using the behavior of the end-user of the medium – customer, partner or employee – can tell companies a lot about information need and interests. This information is highly important and should be used by companies in order to optimally service their stakeholders.

## EMPLOYEE COMMUNICATION

Employee communication is the process through which organizations share information, build commitment, and manage change by a professional application of four dimensions of employee communication: flow, structure, contents and climate (van Riel, 2000).

### *Flow*

Upward: when sending messages downward, managers and supervisors should solicit employees' feedback: comments and questions.

Downward: instructions, job rationale, explanation of rules, policies, standards, feedback to employees, and employee indoctrination to build commitment to organizational goals;

Lateral: direct contact between managers, departmental taskforces, and (full-time) coordinator roles are examples of lateral flow. Lateral flow always is horizontal, where upward and downward are examples of vertical flow.

### *Structure*

Line: line channels support upward and downward flow, such as reports, memo's, general meetings, and meetings with the direct manager.

Parallel: parallel channels are functional for cooperation and creating unity between different departments and for lateral employee communication flow. Examples are newsletters, brochures, external website, email, phone, workgroups, and lateral meetings.

Grapevine: these channels are functional and unavoidable to create interpersonal trust, cooperation climate, and to enhance unity in the organization. Examples of these channels are the company bar, restaurants, non-work related activities.

### Contents

Me: individual feedback;

We: information about the company;

TEC: task oriented information;

MEC: motivation oriented information.

### Climate

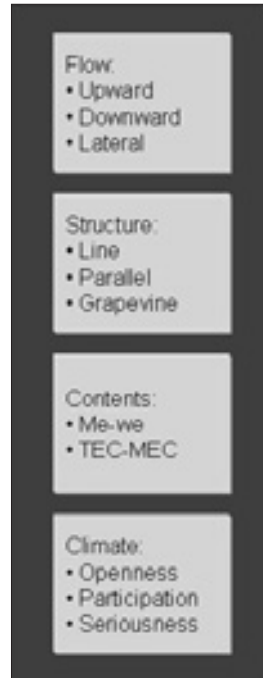
Effective employee communication is especially characterized by a positive climate, consisting of the following three expressions:

Openness;

Participation;

Seriousness.

Employees communication increases the identification with the organization and provides the glue that keeps constituent parts together by the exchange of goals and rules individuals are supposed to have. Employee communication matters can be measured and managed, and should be considered as highly important.



## INTRANET

Many companies are nowadays in the possession of an intranet, and some of several intranets. An intranet was more or less seen as a sort of internal internet, protected against the outside world, for employees of the particular organization only.

Intranets are still 'young' and have their origin in the mid nineties. The seasons for having an intranet vary, but the technology hype around this phenomenon is over: more and more it is now used in a strategic way:

- Improve accessibility of information;
- Improve employee communication;
- Provide management information;
- Store, share, and reuse knowledge;
- Support and improve business processes.

Although every intranet is unique, they consist of a set of common denominators:

**Information:** looking at information and publishing of it (web pages), and search;

**Communication:** email, discussions, collaboration;

**Transaction:** accessing administrative processes, and buying goods.

*The main advantages of intranet usage are:*

- Easy to use – built correctly, intranets are intuitive and easy to use;
- Accessibility – a computer with a web browser is enough to access intranet;
- Easy to structure – set up correctly, technically it is easy to build a clear structure;
- Tailored information – employees only access information they need;
- Coordination – in stead of physical meeting, people can use intranets for e.g. idea generation;
- Binding – intranets serve as the ‘virtual home base’ for employees abroad;
- Relative low investment – building intranets may not be expensive and should have high ROI’s;
- Cost reduction – many processes can be optimized, and mailings on paper can be reduced;
- Productivity raise – while people find information easier, they save time and money;
- High returns – some institutes researched that ROI’s of 1000% can be reached.

*The main topics to look after, while developing or exploiting an intranet are:*

- Security – especially in a time of wireless networks, security is a hot topic. If employees can access the intranet, in theory everybody possibly could. A broad variety of security software and hardware exists, from firewalls to chip cards, and should be installed;
- Waste of time – 1) management thinks intranet is a waste of time; 2) information is very hard to find and cost a lot of time, leaving employees behind thinking it is a waste of time;
- Dead duck syndrome - the past years a lot of organizations were dealing with intranets that were badly or not at all used. A lot of symptoms can be the reason for ‘deceased’ intranets. From what I found in the past three years at large – mostly Dutch – companies, it can be summarized to three main problems: 1) the information is not up to date, 2) the intranet does not facilitate daily work, and 3) the existence of a large number of intranets diverts the attention away from the corporate intranet.

Building an intranet is one thing, getting employees to do what they are supposed to do, using the intranet as their common gateway to corporate information, is the most important and most difficult part of intranet usage.

## KNOWLEDGE MANAGEMENT

Knowledge management still is an important topic in many companies. The last 20 years many books and articles have been written about this broad subject. And there are more to come. Managing the company's knowledge more effectively is still thought to be the key competitive advantage.

What exactly is knowledge? It is a concept which people find hard to define, but fortunately some of the most leading researchers agree upon this:

- Data: a gathered body of facts, symbolic representations of numbers, amounts, quantity or facts; data is static and singular, easy to store and reuse – example: 30;
- Information: stimuli that have meaning in some context for its receiver, is called information – example: 30°C;
- Knowledge: adding experience to information delivers knowledge – example: although it is July, 30°C still is hot for this time of year, being in the Netherlands.

In order to structure knowledge in organizations, it must be categorized:

- Explicit knowledge: structured, stored, static knowledge such as documents.
- Tacit knowledge: unstructured, implicit, dynamic knowledge, based on people's experiences, skills and attitudes.

Management of knowledge is a challenge:

- Knowledge is difficult to create;
- Knowledge is difficult to exchange;
- Knowledge is difficult to protect;
- Knowledge is difficult to capitalize;
- The influence of knowledge is difficult to quantify to the (financial) success of the company.

Knowledge management comes in two main processes:

- Obtaining new knowledge;
- Exploiting available knowledge.

Since today's business environment is characterized by continuous, often radical change, the demand for new attitudes and approaches is widespread felt. Actions must be anticipatory, adaptive, and based on faster cycles of knowledge creation.

In some ways, knowledge management is more essential to company success than capital or labor, yet often it is most overlooked. The supply chain relies upon knowledge from diverse areas including planning, manufacturing, warehousing, and distribution. Today's volatile business environment demands a new attitude and approach within organizations.

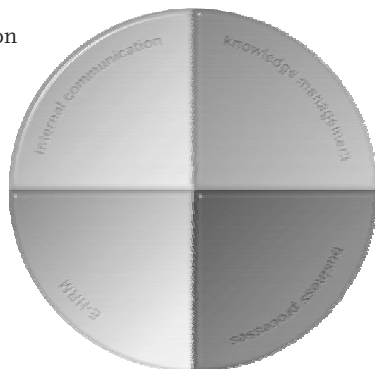
Knowledge management can be discussed in a much broader perspective, as organizations use information in three arenas: to make sense of its environment, to create new knowledge, and to make decisions. Sense making constructs the shared meanings that shape the organization's purpose and frame the perception of problems or opportunities that the organization needs to work on. Working with problems and opportunities often become occasions for creating knowledge and making decisions.

### INTRANET GROWTH MODEL

Looking at intranets, one can see that all intranets have common starting points and for the greater part the same structure and functionalities. Since intranet development is fairly new, not much literature can be found on this subject. Therefore the Intranet Growth Model was founded (Ettema, 1999). After discussing this model with many company executives, such as financial and communication experts, it was clear that all intranets are build from four different phases:

Inform: keeping employees informed about everyday issues that relate to both the employees' activities, the company and his peers;

- e-HRM/self service: providing of information with respect to personnel issues or human resources management;
- Knowledge management: this phase and part of intranet deals with sharing and reusing knowledge such as documents and experiences;
- Business processes: an integration of the processes that form the heart of the daily operation of the organization.



The model can be used in two ways:

Content weight: every quadrant should equally contain the same amount of content;

Development / introduction: an order that works for employees is the introduction of first 'inform', then 'e-HRM/self service', next 'knowledge management' and finally 'business processes'.

## INTRANETSCAN

The concepts of the foundation of the IntranetScan are based on the Intranet Growth Model. The IntranetScan also was introduced in 1999, together with the model, by Laura Ettema.

The IntranetScan is an interactive, digital questionnaire. The test consists of 60 pairs of two statements. Each statement can be plotted in one of the four areas of the Intranet Growth Model.

Per quadrant of the Intranet Growth Model, another division in three parts is made: the most important intranet functionalities per quadrant:

<b>Inform</b>	<b>e-HRM</b>	<b>Knowledge management</b>	<b>Business processes</b>
Messages	Vacancies	How to learn and share	Work flow management
News desk	Education	Knowledge base	Facts & figures
Department / business units	Human resources management	Standards	Web enablement

**Table 6.1** *Sub divisions with intranet functionalities as basis for the statements of the IntranetScan*

The scan exists from statements that express feelings about the daily working environment and the need for specific communication or information. The scan itself originated from a psychological test, giving the right results in stead of political correct answers of the interviewees.

Interviewees at the end of the test, immediately see their results. These results are presented in a picture as shown on the right side: the Intranet Growth Model with a radar plot on top of it. The axis consist of a ten-point scale: the closer the result gets to zero, the closer it gets to the middle of the radar.

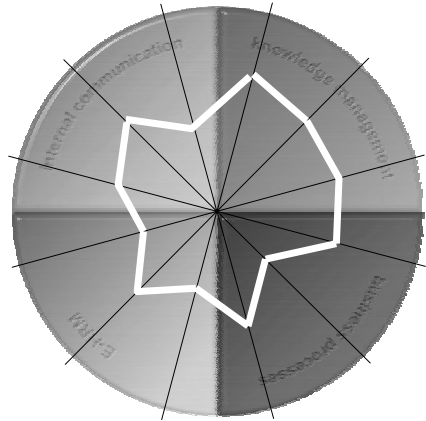
Scanning the information preferences of employees with the IntranetScan, means researching what actions need to be taken to get employees to use the intranet where the benefits are, in knowledge management and business processes.

## RESEARCH

The past six years, many IntranetScans have been performed for a broad range of companies. Most scans included results from about 100 respondents or less, some of more than 100 respondents, and one company decided to perform the scan world wide, resulting in almost 1500 respondents.

The results of this large scan response – for reasons of numbers respondents - I choose and used in this thesis.

The most important tool for knowledge management, the company decided, was their intranet. People were stimulated to use the intranet in finding other people around the globe, work together on projects, and leave (new) documentary on the intranets knowledge bank. Unfortunately the intranet was very poorly used. The number of people who visited intranet was dramatically low. Statements about not knowing a corporate intranet even existed were made to the knowledge management committee frequently. This resulted in performing the IntranetScan.



The interviewees of the scan, a potential of 20.000 employees, were segmented to: business unit, function, location, and role. With the results of the scan it was possible to focus more in detail on different segments, in trying to define actions and projects to facilitate improving the usage of the organization's intranet.

For all the segmentations the need for information was drawn up. And together with this, a first taxonomy was designed too. Since the segmentation was recognized as correct, this formed the starting point for the taxonomy, which helped the renewed setup of the knowledge base.

The intranet committee was recommended to visit personally the countries of France, Norway and Spain, to actually hear why people hardly filled in the scan.

The organization plans another scan somewhere in this or next year (2006): I recommended the split sending of the announcements to management and other groups of employees since this gave a very blurry result.



One of the most striking results was the low deviation of the base line score of 5. Although I previously performed dozens of scans, within small and large organizations, these (general and detailed) results were new to me. It seems that the employees do not have a clear preference for one quadrant – inform, e-hr/self service, knowledge management, business processes – and this can be the results of bad intranet management, or poor intranet promotion. Employees from time to time need to be told what is important in the usage of intranets. When this is well performed, this results in clear scan preferences, as I saw in many companies before. Scores of 7 or higher are normally seen in overall results.

In the end, or to be more specific, by the year 2005/2006, the company wishes all employees to have high scores on the parts knowledge management and business processes, at the point of scanning, a lot needed to be done.

Recommendations for 'programs' to promote knowledge sharing and knowledge reuse were done. They were taken over by the committee. These programs should emphasize the usage of intranet, since the scan showed that the interviewees want to learn about how to learn and share.

For business processes, especially the web-enablement was left out of the next years' scope. To web enable business processes, the need was felt to turn the companies' intranet into a corporate or intranet portal. The company expects this to happen around the year 2006, wanting to give all its attention to knowledge management. However the recommendation is to start preparing already, since knowledge management and taxonomies are very good facilitated by portal software, making it easier for the company to reach its goals.

And last but not least the strong recommendation was to – as soon as possible – communicate to all employees the results of the scan. Together with the communication department, the company wished to inform their employees themselves.

## CONCLUSIONS

Communication is and will always remain difficult. Small family misunderstandings can turn into fights for years, unclear messages making it even worse. The same goes for organizations. Corporate communication is important and yet very difficult. Small misunderstandings can create chaos, unclear messages making even more damage.

Fortunately, researchers understand these difficulties and work world wide hard to understand the science of communication. The ever progressing digital techniques also are helping to facilitate communication: with the invention of internet, communication boundaries were broadened. Anywhere, anytime, at many devices we now can reach each other. We can exchange information, whatever, music, text, photo or film, and find almost anything on the World Wide Web. Hundreds of millions web pages exist and the web is constantly growing. It is - on the other hand or therefore - sometimes very difficult to actually find what you are looking for. The companies that are presently winning are the ones that invent or develop smart search engines. Google makes a very nice example. Google reported record revenues of \$1.256 billion for the quarter ended March 31, 2005, up 93% year over year ([www.google.com](http://www.google.com)).

Smaller versions of the World Wide Web can be found within companies, and are called intranet. Mostly large collections of web pages, existing of the companies' information on important and less important matters, containing critical applications, accommodating the diamonds and pearls of companies: knowledge. Is it easier on these smaller nets to find the right information?

Perhaps it is even harder. On the World Wide Web the same information can be found by many different ways and on different locations, in companies one has to master the taxonomy of the corporate intranet.

## INTRANET AND EMPLOYEE COMMUNICATION

Developing an intranet, seen in a technical way, is quite easy. A lot of companies do have an intranet established, some even more than one. Many companies did so, to enable knowledge management, or at least to facilitate the sharing and re-using existing information and connected experience which we nowadays call knowledge.

Literature and experience show that the hardest part of intranet development is to get the end-user to do what he is expected to do:

- Check the company news desk a view times per week;
- Find information about human resource management on the net;
- Put his documents together with his experiences and look for others to be faster in his job;
- Use applications via intranet, for ordering business cards, filling out résumés, order booking in sales orders;
- Checking inventories of business partners or other locations.

And many more examples would make this list more complete. All in all, the modern employee is bombarded with information, experiences an increased work pressure and is pushed to work more efficiently. He is forced to do so by making use of the corporate intranet. And pressed to share knowledge!

From the above text it seems trivial, that in intranet development the information demand of the end-user is the starting point for developing the information model which will form the intranet. Unfortunately, this is a very tough job to do, and many project teams decided to skip it entirely.

<p><b>Flow</b></p> <ul style="list-style-type: none"> <li>• Upward</li> <li>• Downward</li> <li>• Lateral</li> </ul>	<p>Upward: intranet can be used to facilitate upward flow. The digital medium can easily facilitate feedback from employees to management. "Talking" to the computer loses part of the spoken word. The same is true for input from employees, spontaneous reactions can be put on email or special designed pages.</p> <p>Downward: instructions, rules, policy, standards, can all be found on intranet. The medium makes it easy to access anywhere and to make corrections when needed immediately.</p> <p>Lateral: peer to peer communication can be facilitated by it e.g. team rooms where reminded colleagues find each other. Lateral can never be replaced by any intranet functionality. Intranet will be not more than a channel for them to gather information.</p>
<p><b>Structure:</b></p> <ul style="list-style-type: none"> <li>• Line</li> <li>• Parallel</li> <li>• Grapevine</li> </ul>	<p>Line: intranet will not take over the total role of line communication but can play an important facilitating role in distributing memo's and other "line" documents. Also meetings, group and lateral, is often planned making use of email and online agenda's.</p> <p>Parallel: although the paperless office will probably never exist, newsletters can be sent in email or put on web pages. Many companies decided to ban the paper-handless and switch to digital. Team rooms also are an example of the parallel structure of communication between employees.</p> <p>Grapevine: although intranet never can take over the role of company restaurants and bars, a digital chat room can do something for the "far and away" employees.</p>
<p><b>Contents:</b></p> <ul style="list-style-type: none"> <li>• Me-we</li> <li>• TEC-MEC</li> </ul>	<p>Me: personal performance and development plans and more and more put on intranet for the sake of available anywhere, anytime.</p> <p>We: company information must be found on intranet. Information about vision, mission, strategy, but also legal, who are our customers, is information which can and must be distributed also via intranet: employees will look for it.</p> <p>TEC: task oriented information is easy to spread via intranet and will help employees understand their jobs better.</p> <p>MEC: motivational communication will be difficult to spread via intranet although positive feedback from a manager via email will do a lot of good to employees.</p>
<p><b>Climate:</b></p> <ul style="list-style-type: none"> <li>• Openness</li> <li>• Participation</li> <li>• Seriousness</li> </ul>	<p>Openness: via the way, style and style of communication, openness can be facilitated via intranet. There is no such thing as intranet will communicate openness.</p> <p>Participation: intranet is very suitable to use in asking for participation on whatever. Especially when employees are asked to co-operate in finding solutions on difficult matters, the digital intranet highway is easy to access. Most people type faster than they write and you can change words more easy then using correction fluid.</p> <p>Seriousness: intranet can show the company takes her employees serious by telling stories on e.g. the new desk or explaining what to do when employees have complaints or other barriers in their job or life's.</p>

In today's companies, intranet is a part of employee communication. While looking at the model of Cees van Riel (2005), describing flow, structure, contents and climate of employee communication, the role of intranet can be filled in.

Intranet plays a role, direct or indirect, in all subjects of employee communication. In flow, structure and contents it plays a more direct role through several functionalities from the news desk with daily news, to standards how to perform jobs, task information, feedback mechanisms - upward and downward. Climate plays a more indirect role, yet not less important. As in employee communication in general, a positive climate lays the basis for good flow, structure and contents. The same goes for intranet communication. Especially when information needs to be looked up for in

stead of sent in mailboxes, employees need to feel they are taken seriously. Participation will only 'work' – for intranet and employee communication in general – when people feel taken seriously.

The question from the introduction, what is the role of intranet on employee communication, falls apart in different angles:

The role is highly important as intranet is an important channel that marches through the whole of employee communication. At the same time is it important because it's characteristic being digital: employees easily can be reached who are not frequently in the offices due to the nature of their tasks; intranet can be accessed anywhere, anytime and more and more through 'any device'. The role of intranet is a facilitating one, but not a goal on its own. Intranet is part of employee communication and should therefore be managed (too).

## INTRANET AND KNOWLEDGE (MANAGEMENT)

With all the information that can be found on the World Wide Web, and on other nets such as intranet, we have difficulties finding the information we need. What we do find is data, loads of data, unstructured pages of text, pictures, sound, and references to other pieces of data. Fortunately a lot of this data within companies is immediately put into context, at least in the companies' context which makes the data more understandable and turns it into information. But searching through all this information still does not make our daily tasks easier. On the contrary. The internal digital highway certainly can help; several intranet functionalities have proved to relieve our duties. Knowledge banks – repositories of documents, people finders (who = who), web pages with standards (e.g. documents) and procedures, and pages explaining how to share and re-use knowledge are of great importance. When employees leave the company, at least their documents and stored experiences stay behind – when they were motivated enough to actually use the intranet that is.

The question from the introduction, what is the role of intranet on knowledge management, falls apart in a positive statement and a recommendation. On the positive side that means that intranet can be the important repository to store and facilitate the companies' intellectual capital: storing documents and experiences on the one hand, giving insight in people's experiences and education on the other.

An important recommendation is to be careful to use the intranet fully as knowledge management tool, simply because it isn't. To create a living knowledge network, it is not sufficient to merely introduce a tool. Knowledge sharing must go along with a change of culture. People are typically hesitant about sharing their knowledge as well as about reusing existing knowledge. There are ways, however, to motivate people to exchange their knowledge. Employee communication can play a major role in it.

## EMPLOYEES AND INTRANET

After 'plotting' intranet on the EC-model, and answering questions about the role of intranet on employee communication and knowledge management, it is time to look at the end-user. After all, the model itself implies this, while the communication climate must be constructed around openness, participation and seriousness. Involving employees in intranet development means taking employees seriously. But it remains a difficult and time consuming process. How can all employees – who will or are already be working with intranet – be asked about their needs and wishes?

The IntranetScan makes this job easier. By filling in – online – a questionnaire about information demand in daily work practices, a picture will be formed of the current or future situation which forms input in developing intranets from the end-user perspective together with the strategic goals of the company.

Employees give information about their information preferences by filling in the test. The outcome – which shows the preferred picture or the opposite – forms input for the next steps.

With the outcome next steps, small actions or large programs can be started and very precise pinpointed to the segmented group. If department A showed high scores on knowledge sharing, but department B didn't, only the last group needs a program to stimulate them to do so, to change their behavior.

These actions and programs should be extensions of the communication plans of the company and therefore need to be performed by the communication department, by the group responsible for employee communication.

The question from the introduction, what makes employees use intranet, isn't univocal to answer with one ready-for-use response. The answer – again – falls apart in four parts.

First and most important answer is, to seriously involve employees. Ask them about their information needs, what they really need to do their work. And explain what you did with the input they gave, how this is translated to the (new) intranet. As soon as user figures are showing a downturn, take action and go back to the people the intranet is dependent on: the end user.

Another important point is to explain why you want employees to use the intranet, why is it important, what company benefits are served, at last but not least, what is the benefit for the employee himself. This explaining is not a one-time event but has to last and is part of the – constant – promotion. Also give feedback when results are positive, when users are doing what they're expected to do, use intranet. Explain what benefits were gained, cost cutting for instance. All this is part of taken the end user – the employee – serious.

On the managerial side of developing and maintaining intranets, although trivial, content needs to be up to date and kept that way. Intranet should be a mature channel and therefore needs to be actual, and trustworthy, thus useful.

The final suggestion is in the technical field: the intranet needs to work properly. It must be available and pages need to 'load' quickly. "Under construction" is not acceptable anymore.

## FINAL CONCLUSION

Employee communication is important, and needs to be managed. So is digital employee communication: the facilitation of knowledge management and the usage of intranet are important and need to be managed. Technological developments do create a different context for employee communication, enabling organizational members to be more selective, faster seeking information, expressing their points of view more easily towards management and each other. Employee communication facilitates the usage of intranet, employee communication uses intranet as a channel, and employee communication facilitates knowledge management, while making use of intranet.



*Jos Frijters*

# How to win the battle on the news-market

Jos Frijters (1966) works for *FCT Communicatie* and Taalent tekstschrijvers. Together with Ton Boender he founded FCT in 1992. Taalent was acquired in 2004. The company now employs twenty people and serves clients in various sectors like health-care and education, governmental institutions and several multinational companies.

Jos roots in journalism. He graduated from the School for Journalism in Tilburg in 1988 and worked for six years for the daily newspaper *De Stem*. As a freelancer he published in several nation wide newspapers and magazines. Between 1998 and 2001 Jos worked on a temporary bases for Start Holding as Manager Concern Communications and spokesman on behalf of the board of directors.

With Ton Boender he published *Streetlife New York, London, Paris and Prague*. A series of alternative travel guides (1996/1997).

Jos is married to Astrid Kersseboom. Together they have two children. Jos loves a *Bourgondion* life style and wants to laugh more than once every day.



## INTRODUCTION

On 14,000 registered Dutch Journalists, about 55,000 PR professionals are employed to 'deal' with them. The Dutch Federation of Journalists (NVJ) and the Dutch National Scientific Council concerning Governmental Policies (WRR) recently expressed great concern about the quality and the independency of journalism. But leading journalists and several Dutch scholars stated that quantity is not equal to quality. The fact that about 90 % of the press releases never gets published illustrates this.

## PROBLEM STATEMENT

Apparently PR professionals are often not able to position their story in such a way that journalists are convinced they should publish it. This suggests that PR professionals consider the media merely as a non-descript distribution channel for their messages instead of a specific target group with specific needs. In marketing terms one can say that these PR practitioners bring a product to the market and focus fully on the consumer, but forget to consider the needs of the retailer that has to sell it for them.

This leads to the hypothesis that PR professionals who are adequately equipped to fulfil the needs of journalists when they evaluate an offered story, will be much more successful in getting their message published. This requires vital knowledge of the way journalists operate and the capability to use journalistic techniques in the delivery process.

## METHODS

The merits of this hypothesis are researched by a review of scientific literature in order to present a theoretical framework in which the importance of a strong reputation, media impact on reputation and the required skills for PR professionals are described. Analysing a historical case study assesses these findings.

## THEORETICAL FRAMEWORK

Various scholars have proven that organizations with strong reputations perform better financially, attract better-qualified and motivated employees and are more able to cope with crises than companies with worse reputations. (Fombrun Shanly, Van Riel, Brown). For many stakeholders the media are the main source for information about an organization. They rely on the media as information intermediaries who screen, spin and broker information and help the audience to make sense of companies' complex activities – and so affect company reputations (Akerloff, Fombrun, Weigelt & Camerer). To manage the *media reputation* (Deephouse) of an organization, PR professionals have to understand the selection and rejection process by journalists. This so-called selective gatekeeping is widely researched, a.o. by Galtung & Ruge. PR professionals can use scientific knowledge like the agenda setting theory and framing to influence this process (Hallahan). This suggests that education and training in journalism is essential in the curriculum for PR-students. Scholars like Hallahan and Kruckeberg defend this statement, but other authors review this approach as too one-dimensional (a.o. Grunig).

## CASE STUDY: STICHTING WONEN MET DEMENTIE

Stichting Wonen met Dementie (Foundation Living with Senile Dementia) launched a PR-campaign as a brand new organization. The strategic goal of the organization was to attract the attention of the public and the government to the old fashioned and often deplorable way the caretaking of demented people in the Netherlands is organized and to present an alternative for this. The PR campaign was executed from March 2003 until December 2003. This case study focuses on the so-called free publicity part.

## STRATEGY

The PR-professionals of the agency advised the foundation to attract the attention of the media by creating primary news (headlines in main news sections) in leading mass media by taking a firm stand about the quality of the regular care-taking of demented people. Using a challenging critical tone towards government and the own sector. As the chronological table clearly shows, the board of the Foundation Wonen met Dementie initially was not prepared to valid the execution of the proposed strategy. Fear of repercussions by governmental institutions and / or disturbance of fraternal relations instigated a more nuanced approach. Based on their journalistic experience the PR consultants indicated that this approach would only lead to so-called secondary news, and not to a national debate. The consultants eventually succeeded in convincing

the board that led to a dramatic change of course. The NIPO-institute was assigned to conduct a survey and the results turned out to be very satisfying. There was one very cynical, but significant conclusion too: Dutch people wish that they are dead before they get senile dementia and have to be hospitalized. The board of the foundation was quite shocked by this result and did not want to communicate it to the press. The board was supported in this way of approach by a second PR-agency that was hired by the sponsor of the NIPO-survey, a large bank.

#### Chronology of free publicity campaign *Wonen met Dementie*

Date	Event	Discussion	Result
February 2003	Development of strategy	Tone of voice, angle	<ul style="list-style-type: none"> <li>- Decision: creating primary news by aiming on best practice</li> <li>- Creating secondary news by presenting case studies to local and regional media</li> </ul>
May 2003	Press release #1 General introduction of the small scale concept, offering case studies for interested media and announcement of the national campaign (and action week)		<ul style="list-style-type: none"> <li>- Publications in several special interest magazines like <i>Afhoorocht voor Verzorgende en Zorgvrij</i></li> <li>- Publications in various local media about specific cases</li> </ul>
June/July 2003	Convoicing mass media by agency in order to interest them in best practices	Some newspapers and TV-programs show interest, but want outspoken opinions regarding the sector and government	<ul style="list-style-type: none"> <li>- Publication in <i>Algemeen Dagblad</i> in special section -&gt; secondary news</li> <li>- Latent interest of media leads not to primary news</li> </ul>
August 2003	Change of course - NIFO will conduct a survey - Agency is permitted to change tone of voice in press contacts		
September 2003	Press release #2 Announcement of the so-called action week and presenting <i>Wonen met Dementie</i> as alternative for the 'classic' model		<ul style="list-style-type: none"> <li>- Publication in several large regional newspapers in special sections -&gt; secondary news</li> <li>- Various special interest magazines and Radio and TV-editions show interest for the action week</li> <li>- TV-station (E) agrees to broadcast a documentary about the small-scale model</li> </ul>
October 2003	NIFO survey is ready for presentation	Different agencies do not agree about news angle and framing techniques. Intense discussions between consultants and client about 'sensationalism' in results	Decision WMO: Present news of the fact that Dutch people rather are dead than institutionalized in a nursing home in initial and general press release (no exclusives)
October 2003	Press release #3 Results of NIFO survey		<ul style="list-style-type: none"> <li>- Publications and reports in main sections of all national and regional newspapers</li> <li>- Top headline Radio news</li> <li>- Mentioning on TV Journal (VWS)</li> <li>- Interviews and reports on Radio: <i>Business News Radio</i> and <i>Radio 1 Journal</i></li> <li>- Interviews and reports on TV: <i>Hart van Nederland (SR)</i>, <i>Twee Vandaag (Met 2)</i> and <i>Genet (NPO)</i></li> </ul>
October 27-31 2003	National action week Small-scale care		Publication in numerous local and regional newsmedia focusing on local events

## DISCUSSION BETWEEN PROFESSIONALS

The board now was confronted by two consultancy agencies that do not agree about the strategy that has to be followed. Agency A roots in practical journalism and therefore claims to be a media-specialist. Agency B is very reputed but - as a business unit of an advertising agency – has no roots in journalism. The case clearly shows a difference in thinking between the journalistic trained PR professionals (“Agency A”) and their counterparts (“Agency B”), where – in marketing terms - the positioning of the message was concerned. Agency B was focussing if the content of the message to be delivered to the media matched the criteria of the client whilst Agency A was focussing on constructing that message in such a way that journalists would consider it as newsworthy.

## RESULTS

Eventually the board of Wonen met Dementie went along with the advice of their original agency (A). The result of the press release about the NIPO survey was overwhelming (see table). More important for the Foundation Wonen met Dementie was that the covering of the news of the NIPO-result worked like a flywheel. A lot of media published follow-ups with in depth-analysis of the situation of nursery homes in Holland and reviews of the alternative presented by Wonen met Dementie. Members of parliament and pressuregroups (so-called cliëntenraden) took the opportunity to adopt the topic of care in nursery homes in their debates.

## EVALUATION BY PANEL OF JOURNALISTS

To asses if the assumptions that led to strategic choices during the execution of the free publicity campaign were correct, the case was reviewed with a panel of journalists. The fact that in the autumn of 2003 the results of the NIPO-survey became nationwide primary news, is caused by the fact that at that moment in time this subject provided a relatively new perspective in the debate about the quality of national health care as a whole. The situation in nursery homes was not explored in this context and leading politicians and other groups had not put it on the public agenda yet. This indicates that urgency and unexpectedness were indeed important selection criteria in this matter. The fact that the survey is conducted by the NIPO-institute meets the criterion of relevance. The panel confirms the assumption that the first and second press release of Wonen met Dementie did not meet the common used criteria for primary news.

## EVALUATION OF THE ACHIEVED RESULTS

It is save to say that one of the goals of the campaign - to initiate a public debate about the way senile demented people are taken care of in nursery homes – was in fact realised. But the main strategic goal: to position Wonen met Dementie as an innovative and leading organisation introducing an alternative way of caretaking, was not accomplished. The media focused on the perceived mal practises in several institutes. This is partly a result of the dynamics that the effect of the NIPO-news produced. Other factions in the sector took over the lead in the discussion of Wonen met Dementie. It turned out that other organizations were more prepared to formulate sharp convictions of responsible administrators than Wonen met Dementie.

## CONCLUSIONS

- **Mindset top management crucial for success**

By applying journalistic techniques, the ‘translation’ of the corporate message in a newsworthy press release can result in a message with a different tone and content than top management would use in a letter to its clients or employees. As the case Wonen met Dementie shows it requires a certain mindset at the top management of an organization to valid the required actions of journalisticly trained PR-professionals.

- **PR professionals have to anticipate on frame negotiations**

The case furthermore shows that once the message is delivered it is not over yet. Journalists use your story to make new ones and new actors are invited to interpret it. PR-consultants have to anticipate on these frame negotiations by positioning and preparing their clients or top management as authoritative sources.

- **Journalistic predictions can be an asset in reputation management**

PR consultants who are able to – as it were – impersonate a journalist, are in fact equipped to make reasoned predictions about the way the media will react. From the perspective of management of media reputation this ability can be an asset. Not only when the strategy is offensive, as in the Wonen met Dementie-case, but also in a defensive concept (e.g. in crisis communication).

- **Independent journalists?**

The Wonen met Dementie-case indicates that if an organization delivers its news tailor-made to the media it in fact will get published. This suggests that a significant amount of news in the Dutch media is probably initially provided by PR-sources. To prove this assumption right, adequate scientific research as executed by Cutlip in The US (1962, 1989) is needed.

## RECOMMENDATION

Based on these conclusions I recommend organizations that want to compete successfully on the news-market to approach the media by following proven marketing strategy:

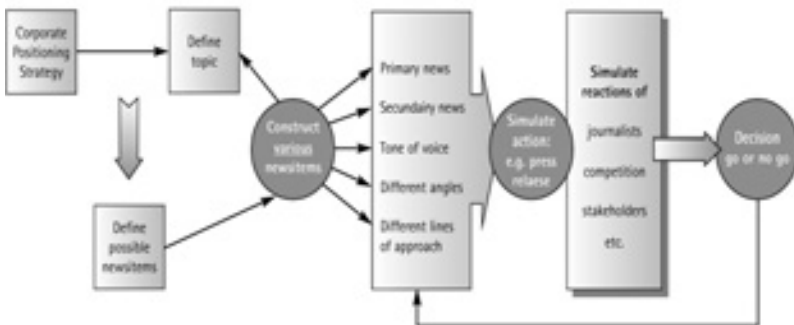
- define the **needs** of the aimed target group (journalists)
- **position** the product (corporate message) in order to match those needs
- **offer** a tailor-made product (e.g. press release)
- provide well organized **service** (position the organization as an authoritative source on the subject)

Knowledge of journalistic practise and the ability to execute journalistic techniques are a vital condition for successful execution.

## INTRODUCTION OF A PRE TEST-MODEL

In order to enlarge the chance of success, marketers often use the method of pre-testing. Especially since the predictions of journalistically trained PR professionals often are perceived as a result of 'gut feeling' the possibility of pre-testing of a media-setting strategy could be a decisive factor. I therefore designed a pre test-model that can facilitate PR professionals and their top management to distinguish what topics they want to set on the media-agenda, how to position them in relation to the expected needs of the main target group: the journalists and – in the slipstream – the reactions of other relevant actors in the field once the message is published.

### Media Reaction Simulator Model





*Yvonne Gruis-Bleize*

# Realizing the inheritance

*A study of succession within family businesses from a communication point of view*

Yvonne Gruis (1966) discovered at a young age that making one's own choices yields by far the most energy. Therefore she did not take the most easy and most obvious courses. She chose for a combination of hard work & maximum pleasure. This resulted in a working space near the water, which makes 'lack of creativity' the best excuse for going on a sailing trip during the day.

She developed into a communication professional and is occupied with positioning issues of medium-sized to large companies. The discrepancies between image and identity are often a leading issue. Yvonne performs different roles: spokeswoman, interim communication manager, intermediary and consultant. She does not have a problem with being 'the court jester'; by naming bottlenecks the

solutions will soon become nearer at hand. She enjoys working with and for clients who dare to think 'out of the box'.

Yvonne is married, mother of 3 children en has her own communications office ([www.bleize.nl](http://www.bleize.nl)).

In spare time she enjoys the garden, cooking and water sports.



## INTRODUCTION

Family businesses are 'in' and are enjoying the increasing attention of researchers and (financial) consultancies. This is not so strange; 55% of the businesses in the Netherlands are typified as family businesses and are therefore very important for the Dutch economy. In the next 10 years in the Netherlands, about 100,000 family business will change owners and/or management. That this is not always a good thing is evident from the fact that about 35% of those businesses see their profits drop after transfer, while a considerable number (10%) actually go bankrupt after transfer. In Europe, poor succession planning is the second most important reason for bankruptcies. In this thesis, I have focused on the succession period, and investigated from a communication point of view which sore spots can be identified and recommendations made that can see to it that the inheritance is maintained.

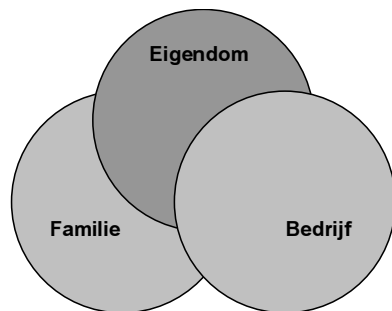
## THE FAMILY BUSINESS

When is a business a family business? There are an increasing number of definitions in circulation, including that of Flören (2002), which is often used:

A business is a family business if it satisfies at least two of the following criteria:

- over 50% of the ownership is in the hands of a family;
- one family has decisive influence on the business strategy or succession decisions;
- a majority, or at least two members of the company management come from one family.
- If the business was incorporated less than ten years ago, at least one family member of the CEO must work there or own part of it.

The strength of the family business is determined by the mutual influence of business interests, family interests and property interests. In non-family businesses, these are essentially incompatible systems independent of one another. In the family business, they not only overlap, but they are often mutually dependent. The combination of rationality, emotions, financial independence and entrepreneurial spirit determine the unique position of the family business.



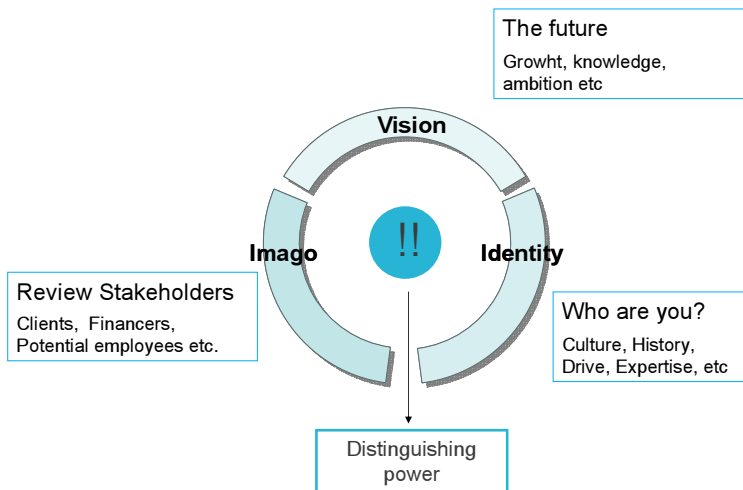
That this strength can also work against the business becomes almost tangible when succession is an issue. For the entrepreneur, succession is more or less synonymous with 'the end of his life'. After all, for a large part of his working existence, he has put his heart and soul into the business. Certainly in family businesses, both owners and family derive a large part of their identity from this. It therefore stands to reason that entrepreneurs even put off the discussion of their succession as long as possible. Danco (1982) introduced the term "corporeuthanasia", by which he means owners who deliberately allow their business to go bankrupt by not wanting to provide (in a timely fashion) for a good succession strategy, and with that, continuity.

Various events can accelerate succession. In 'family business theory', the main reasons are called the 4-D's: Death, Disability, Depression and Divorce. If succession is not well regulated in those cases, businesses run a great risk. Entrepreneurs of family businesses leave the business prematurely five times more often than those of non-family businesses.

In my thesis, I deal with the various dilemmas facing entrepreneurs and their successors when succession enters the picture; naturally, family interests play a big part. These have an effect, for example on the choice of the successor; is it really about competencies, or do we follow the order of birth? And what (influential) role does the entrepreneur's partner play in this selection process? I also deal with conflict situations that arise under the influence of generation styles, leadership style and ownership relationships. All these elements demand an exceptional amount of attention in the succession process in family businesses.

## IMPACT ON THE BUSINESS

Strangely enough, the advisers of family businesses (mainly banks, legal and tax advisers) and the family businesses themselves primarily concentrate on the process prior to the actual succession. This seems logical; this often involves major (share) transactions and an intensive guidance of dad and son toward the actual transfer. From a communications perspective, it is not very logical to view this process as 'only' an issue within the family. I use 'the wheel of fortune' to illustrate that the impact on the (continuity of) the business can be very great.




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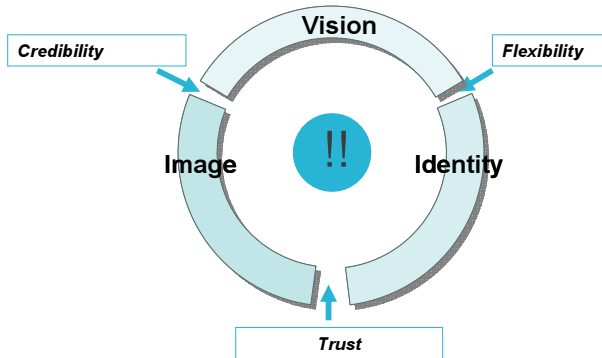
*Wheel of fortune, Gruis*

In a strong, healthy organization, there is a high degree of congruence between management vision, organization culture and company image (Schultz & Hatch 2001). I have translated the insights of these Danish researchers into a 'wheel of fortune'.

The strength of this model is that the three elements are linked to – the perception of – the three main groups of stakeholders of an organization;

- Image: external stakeholders (clients, suppliers etc)
- Identity: employees
- Vision: management

As soon as large 'gaps' appear between these three elements, the 'brand' or the organization will immediately begin to suffer.




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*Wheel of fortune, Gruis*

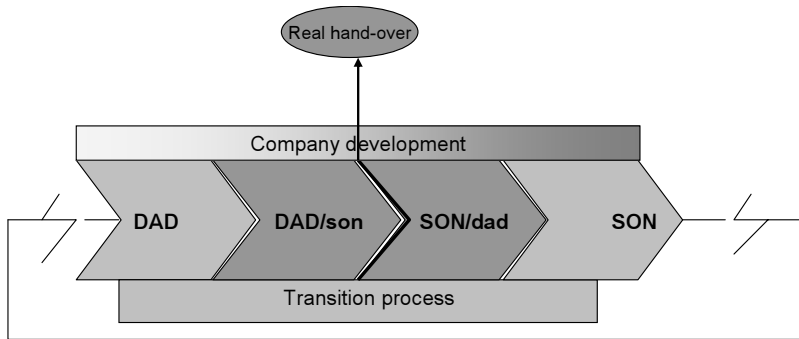
The smaller the discrepancies, the better the three elements of the wheel will be in line with each other. This creates a stronger profile, or a better, more consistent print once the wheel starts rolling. If you use the print as a metaphor for an organization's reputation, this confirms the importance of the triad.

The change having the most impact on the family business during the succession process is the changing of the guard. So not the emotional preparation of 'dad' or the discussion within the family, but the change of leadership style and the corresponding changes in culture and business operations; or identity and vision.

These changes – how crescendo they may be introduced – can widen the discrepancies and therefore have an impact on the image. This suggests that during the transfer process, express attention should be paid to the relationship with both the internal organization and the outside world.

### LEADERSHIP VACUUM

Not just leadership style, but also other influences of the new generation result in organizational changes. Research has shown that 65% of successors think that the business has become more professional after the departure of the former CEO. On the other hand, the fact is that almost half of the departing entrepreneurs do not plan to take full leave of the business. Only one out of three owners actually leaves for good after the transfer (KPMG). The CEO who has departed frequently claims his position of authority upon returning to the company for a visit. And the successor, out of respect for dad, turns a blind eye to this. A situation that is unclear to everyone involved, including employees and maybe even clients.



*Succession cycle, Gruis 2005*

It is very important to know how long this so-called “leadership vacuum” lasts in practice. Studies into succession processes focus mainly on the surface of the process, until takeover. From a leadership point of view, an additional stage is added to this process.

In the succession cycle, it becomes clear that the transition process already starts during the time that dad himself is still fully in charge. While the organization develops further, a gradual process takes place, in stages based on visible leadership: who is at the helm?

In stages 2 and 3, most tensions occur that are noticeable by the business. My own research in this context among family businesses in the Netherlands shows that stage 3 takes almost the same amount of time as stage 2. This is significant. Not taking sufficient account of the influence dad still has during stage 3 and on its duration will increase the risk of underperformance for the successor and the business more than assumed.

**COMMUNICATION STYLES**

To determine what influence the change of leadership has on the external image, I developed a model including various communication styles used in family businesses. In family businesses that have recently gone through a succession situation, I then examined whether a noticeable change occurred in the way in which the business communicated during the transition process. It can be gathered from this which changes are noticeable by the internal and external stakeholders.



### *Corporate Silence*

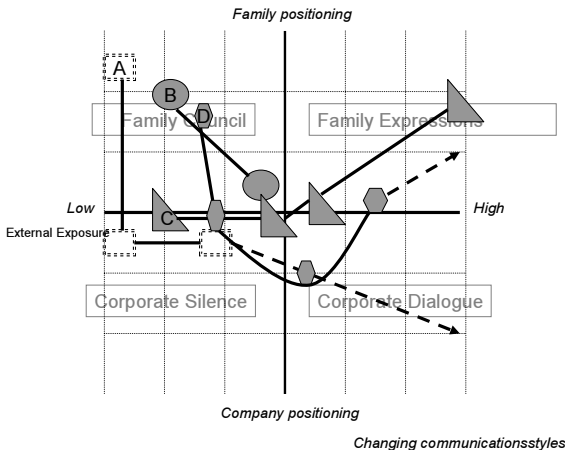
- Company values essentially direct the communication style
- Internal: one-way street
- Largely internally oriented; management close their ranks
- 'no-comment style'

### *Corporate Dialogue*

- Company values essentially direct the communication style
- Internal: dialogue
- Largely externally oriented; dialogue with different stakeholders
- Several senders of messages at functional level
- Internal and external communication is structured

## COMMUNICATION STYLES DURING THE TRANSITION PROCESS

Based on existing studies, I assumed that family businesses consider the transfer process as a kind of crisis. This crisis situation supposedly results in a reversion to family values and (even) less communication. The case studies did not show this. There was indeed a movement toward a different style during the transition process. This is closely connected with the personal styles brought along by successors, but also with the generation style. The developed case studies show a clear movement in all cases toward a more external style of communication. In addition, it is clear that the style can change drastically in a short time. This confirms that the communication style of the business can be strongly inspired by the communication style of the manager; this is not necessarily genetically determined.



## CONCLUSIONS AND RECOMMENDATIONS

Precisely because successors (out of respect for dad) introduce changes only several months after succession, the full impact of the transfer process on the organization can only be felt a few months to a year after the successor has made his entry. We also established that the duration of the transfer process is longer than may have been assumed. It is therefore advisable for family businesses not to consider the succession process as an 'issue', but as an essential part of the day-to-day routine.

Whatever role the family plays in the business, and whether or not they choose to express family values, the succession process should be considered as a business problem. This means that halfway through Stage 1, dad should choose a planned approach. The old adage can apply to this: if the business is doing well, the family will do well. The reverse is not always the case.

## CONSISTENT BUSINESS THROUGH COMMUNICATION

All family businesses change after transfer. This implies that there must be a focus from the business on the right expectations among the different internal and external target groups. Precisely because transfer is an emotional and prolonged process, and therefore demands a lot of attention from the management, there is a strong tendency to neglect the outside world. A professionally organized communication makes businesses less vulnerable in these types of situations. Family businesses have a choice to utilize the strength of the family values to a greater or lesser extent in their communication. They should also be consistent in doing so. The businesses that start their websites with the first two lines about their origin in 1854, but never return to that, would be better off if they made a more stringent choice.

Businesses would, of course, be better off if they developed a communication style on the right side of the matrix; Corporate Dialogue or Family Expressions. This does, after all, suggest that they not only communicate actively externally (and therefore internally as well), but are also looking for a certain interaction with their target groups; the more openly you communicate, the more you invite a response.

This feedback results in knowledge; of your target groups but also of their perception of the business. And that enables you as a business to gain insight into the possible gaps that block 'the wheel of fortune'. Family businesses have a tendency to make disciplines such as communication the responsibility of the General Manager. But ... precisely that function is fulfilled somewhat vaguely for a long time (succession). A good communication manager (possibly an externally filled position) is not only able to improve and safeguard the company's image, but also to manage the feedback.

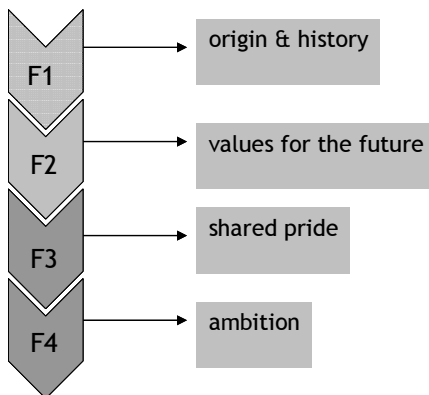


*The Sustainable Corporate Story; more than just a story*

Precisely because of the history of family businesses, the “Sustainable Corporate Story’ (SCS) is a fantastic way to boost the company brand. Van Riel (2000) introduced the SCS as a tool for telling the corporate story to different kinds of stakeholders, without specifically tailoring it to the knowledge and/or expectations of a specific target group.

A story with a head and a tail is remembered many times longer than a 2-page strategic vision. The SCS encompasses all this: the values, distinctive capacity, positioning and competencies. The SCS reads as a fairy tale. It is accessible and understandable, and the point remains in everyone’s memory for a long time. But it can be more than just a story.

The SCS can play a part in the process in the period before, during and after transfer of the business. It provides a framework for an exchange of ideas and views on the competencies of a business and its future, between dad and son. Without the emotional discussion that might have to do with ownership relationships, dad and son can battle with each other in several process steps to develop the ultimate SCS. The business takes a central position in this process, while full justice is done to the dad’s knowledge and history in relation to the son’s vision of the future. Shared pride is converted into common ambition for the future. The responsibility for the 4 different chapters runs in synchrony with the stages of the succession process.



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*Sustainable Corporate Family Story, Gruis 2005*

The creation of this Sustainable Corporate Family Story is more than just a writing process. Father and son develop the story by telling it. And the story develops during the entire succession process. It is, in fact, never finished, but functions as a thread for dad and son who, although they differ from each other, both give the business a central place. This gives the process, in which roles change with respect to each other, and mutual trust in each other must be found regarding the new role, a new, non-threatening footing. The fact that, at the same time, it provides strong frameworks for the total corporate communications is a more than welcome bonus.



*Dido van Holthe*

# The role of reputation at alliances in the public sector

*Love at first sight or forced engagement?!*

Dido E.E. van Holthe (1965) is owner and director of Dido Communicatie b.v., a consultancy firm for interim and project management, and communication consultancy.

After graduating HEAO Communicatie (1990) she started her career as junior consultant sponsoring at PTT Telecom. Then she continued

working for a small law firm, specialised in corporate finance (mergers and acquisitions, alliances, negotiation etc.). After a short period of working as 'freelance communication consultant', she joined PGGM as senior consultant corporate communication, followed by a sabbatical during which she travelled around South

America. After her return, Dido started working at Van Sluis Consultants, as consultant issue communication. In 2002 she started her own company. Dido now works for different clients in health- and homeware, public services, not for profit organizations and financial services.

## INTRODUCTION

Strategic alliances are daily news. Newspapers report on the initiatives, outcomes, results and breakdowns of all kinds of strategic alliances, not only in the profit but also in the non-profit and public sector. Almost 50% of the alliances fail. To be successful, there are different succesfactors in the alliance processes. Scholarly research indicate that along with mutual benefit and relationship management, reputation is a succesfactor. The reputation of an organization has impact on the process of strategic alliances (Dollinger, Golden and Saxton, 1997), on the readiness to cooperate (Royer, Simons and Waldersee, 2003) and on simplifying access to resources (Padanyi and Gainer, 2003).

This thesis researches the role of reputation at alliances. The question is which role the reputation of an organization has at strategic alliances in general, and in the public sector specifically, and how this reputation can be managed such that it attributes positively to the process of an alliance. Also, the signal that goes from an alliance to the market and its influence on the reputation of an organization is being studied. And finally, the question which elements of the reputation are involved during the partnerselection and the implementation of the alliance.

### *Research*

The research focused on both literature as well as qualitative research. Subjects of research in the literature research were strategic alliances in general, and alliances in the public secotor specifically. Also the phenomenon 'signaling' has been studied. Then the literature about reputation has been studied, specifically on the Reputation Quotient. Last but not least the connection between alliances and reputation has been studied. The qualitative research consisted of nine strutured interviews in the public sector 'care and housing'. The public sector of '(health)care and housing' has been chosen as research field, because, due to changed legislation and market developments, alliances are very actual here.

### *Strategic alliances*

The role of strategic alliances in strategic management increases. It has become a common tactic in order to attain strategic goals (Dollinger, Golden en Saxton, 1997, et al). There are several reasons to get into an alliance, such as globalisation, technical innovation, increased deregulation. The research indicated that in the public sector 'care and housing' the main reasons for alliances are: development of new products and services, getting into new markets and giving a signal to the market. While entering an alliance, housing cooperations seem to be more driven by the demand of their clients than (health)care organizations, who tend to show a more 'agressive' attitude towards their immediate competitors.

Not only the reputation of an organization has impact on the process of strategic alliances, reputation also seems to be an important factor in order to successfully start and implement a strategic alliance (Saxton, 1997). Apart from that, the mutual benefit is proven to be a succesfactor (Moss Kanter, 1994, and Hamel, Doz and Prahalad, 1989). In the public sector of 'care and housing' the fare most important factor turns out to be the personal click on Board level.

A strategic alliance (being a strategic move) is a signal to the market (Heil, Day and Reibstein). This so called marketsignal is an action or message which communicates the intentions, motives, goals or internal situation to competitors (Waarts, 1999, Porter, 1980). These marketsignals give information about the organization and influence the image stakeholders might have of the organization (Fombrun and Shanley, 1990). 'Signaling' is also in the public sector 'care and housing' seen as an important reason to start an alliance. It generates familiarity and supports the profiling of the organization.

The process of getting into an alliance, distinguishes different steps. Research points out that the reputation has a role during partnerselection and implementation (Moss Kanter, 1994, and Twynstra, 2000).

#### *The reputation*

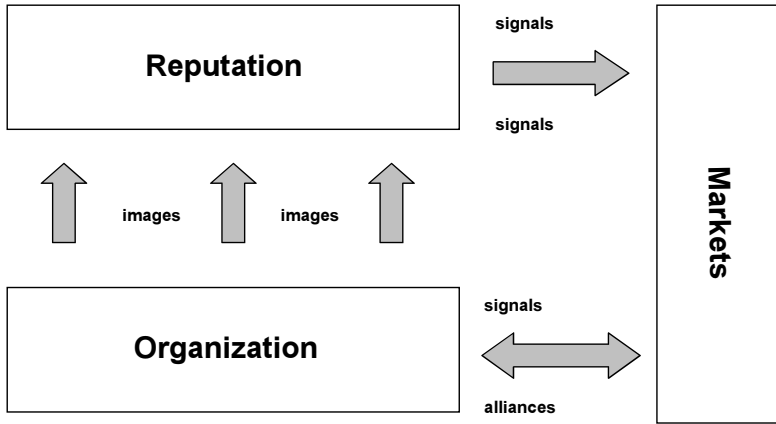
The importance of a strong reputation is increasing rapidly, due to globalisation, increased competition, the battle for human resources and the more critical world citizins. A good reputation works like a 'magnet' (Fombrun and Van Riel, 2004) and influences the ability of being a succesful marketplayer (Fombrun, 1998). Also for organizations working in the public sector, a good reputation helps in order to attract resources (Padanyi and Gainer, 2003).

The Reputation Institute developed the *Reputation Quotient*, which measures a broad range of attributes with a broad range of stakeholders. In the public sector of 'care and housing', the attributes differ slightly from the attributes of the Reputation Quotient. The attributes found in the qualitative research are:

- Emotional appeal, particularly the personal 'click' on Board level, this means the perceived behavior of the Board members;
- Vision and leadership;
- Products and services, particularly the geographical coverage and content of the supply;
- Social responsibility;
- Sufficient, qualified personnel.

## REPUTATION IN THE CONTEXT OF STRATEGIC ALLIANCES

The reputation is an important factor in order to successfully start and implement a strategic alliance. It sends a signal to the market, which says something about the partner, as well as on the added value which might be attained through the alliance. The reputation thus plays a role on two levels: as a signal to the market and as a given fact itself.



The qualitative research in the public sector of 'care and housing' confirm the fact that a good reputation influence the succes of an alliance process and the interaction between the organization, reputation, alliances, and signals. A positive reputation attracts potential partners and is thus an important 'resource' for an organization. The reputation is important during partnerselection and the implementation. The research showed that during partnerselection the personal click on Board level, as part of the emotional appeal of an organization, is the most important factor, followed by vision and leadership, products and services and social responsibility. During implementation more 'human', interrelational factors are involved. Now the personal relationships, not only on Board level, but also on lower management level are important, as well as the broadcasting of the message the alliance indicates. Still, the *personal click* on Board level and vision and leadership are important, but apart form that the importance of workplace environment, trust in top management, social responsibility and the access to sufficient, qualified personnel increases.

### *Conclusions*

The research indicated that the reputation of an organization in the public sector 'care and housing', amongst others, is indeed a succesfactor that should be taken into account when considering alliances. First, entering into an alliance as such, it results into a clear signal towards the market of the organization. This way, alliances influence the image-building and reputation of an organization in the market in which it operates. It was also found that alliances in the public sector of 'care and housing' simplifies the access towards resources, and underlines the image of being an attractive alliance partner.

In the public sector 'care and housing', the Reputation Quotient deviates slightly. The reputation-elements that are playing a role here, are emotional appeal, particularly the personal 'click' on Board level, vision and leadership, products and services, social responsibility, and sufficient, qualified personnel.

During the alliance process, reputation plays a role at the partnerselection, and during the implementation. The research concludes that the personal 'click' on Board level, as part of the emotional appeal, plays the faremost important role during partner selection. Followed by the vision and leadership, products and services, and the (perceived) social responsibility. During the implementation of the alliance the human factor gains importance. The personal 'click' preserves its importance, as well as vision and leadership do. But in this phase of the alliance process it merely concerns the way in which the alliance is being executed.

Conscious steering on reputation and organising reputation management, contributes thus in the public sector 'care and housing' to succesful strategic alliances.

### **RECOMMENDATIONS**

- For organizations in the public sector of 'care and housing', being confronted with much dynamics in the market and an increase of strategic alliances, it is important to invest on reputation management. Especially on the reputation elements which were found valuable in this research.
- Organizations who intend to proceed on alliances should communicate loud and clear on their intentions, goals, and considerations for the alliance they wish to proceed.
- Organizations in the public sector of 'care and housing' who are preparing to go into an alliance, should explain to stakeholders with who the expect a negative attitude towards the alliance, why they are entering the alliance, in order to avoid a negative reputation with this stakeholders.



- The *personal click* on Board level is seen as very important in the alliance process. Also while implementing the alliance. The immense importance holds a risk when Board members leave the organization. The importance can not be underestimated, but the dependency should always be taken into account. Focus on implementation as such should be a constant point of attention.
- It is important to communicate about an alliance, the successes and progress. It underlines the reputation as a trustworthy alliance partner, which can help in future alliances.

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*Marit Husa*

# “How to make a merger successful – from a human perspective?”

I was born in December in 1968 – in Bergen, Norway. I grew up on an island (Fedje) just north of Bergen. I lived on this island till I was 15-16 years old. Due to the size of the island, and that there is no college there, I moved to Bergen to take my education. Later, I studied Business and Marketing (Bachelor in International Marketing) in Oslo, Norway and in France. This was an exchange programme between the Norwegian School of Management and Ecole Supérieur de Commerce.

I moved to the Netherlands in January 2001 to work for Nutreco. I got this opportunity as I was already working for a daughter company of Nutreco in Norway. This was an interesting challenging – but I did not plan to stay that long... I am still living here, but just changed job, as I was offered the position as Communication Manager for Marine Harvest International B.V – which is 75% owned by Nutreco.

I have enjoyed very much doing the Master of Corporate Communication study at the Erasmus University in Rotterdam. It has been a challenge, but indeed interesting. I start my new job with extra knowledge and experience gained.

The way forward is not known..... whether I will stay in the Netherlands, go to another country or back to Norway. I am open for challenges, and in the meantime I do enjoy the time here!

The environment is in constant change, and so are organisations. They need to in order to be able to survive in a changing environment. In a changing environment different partnerships take place. Cultural aspects, financial and legal aspects are involved. Assets change owner, new entities are created.

The theme of this thesis is how to make a merger successful – from a human perspective. The main focus is on employee communication.

The problem statement is that more than 70% of mergers fail. It is much easier to *make* a deal than to make a deal *work*. Can one of the main reasons for this be the lack of attention to the human perspective in a merger process?

*“Managing change is like the company is undergoing several medical procedures at the same time. One person is in charge of repairing the broken leg, another person is working on the displaced shoulder, and still another one is getting rid of the gallstone. Each operation is a success, but the patient dies of shock.”*

*(J.D. Duck, Harvard Business Review, November/December 1993)*

One of the main challenges for organisations is how to survive in an increasingly complex environment. Consolidations are taking place. In a merger situation two entities are joining forces and creating a new entity. Each organisation has its own identity, or multiple identities. Identity reflects who one is, and is central to the human existence. At an organisational level, the identity will differ depending on the viewpoint of the stakeholder. Identity can be defined as characteristics for an organisation – that is *central, unique and enduring*. For two organisations to join forces and enter into a partnership, legal, financial and human aspects have to be considered and analysed. A new entity with a new identity, a new culture is being created.

Managers have knowledge about the business they are in, the strategy, the market and the operations, but what about the human aspect? Why do so many mergers fail? How can communication and a better focus on the human aspect be used to achieve successful mergers? Can all kind of organisations merge, or do they need to have some criteria in common? Which roles does organisational identity play in a merger process?

In order to get an overview of why organisations need to change, I started looking at the environment, the market situation and the development of organisation structures, globalisation, regulations etc.

Theory on change management and organisational identity to analyse the relation between organisational identity and successful mergers has been used. In addition, practical case examples have been studied together with interviews executed at four larger companies in the Netherlands.

An argument is that mergers are mainly focusing on legal and financial transactions and less on the human role in a change situation. The human is a non-rational individual and therefore a different approach is needed to ensure a successful transaction of human's mind. The mind needs to be won; it cannot be bought like the other assets of the company. In a merger process, the tools used to create a new entity are therefore different from transactions of objects than of humans. Comparison of mergers characteristics have been studied and compared with how the communication was done.

In a merger situation people expect changes and are anxious to receive information. Employees are eager to receive information related to their role in the process. Employees are mostly concerned with 'Me' questions, so questions related to their role.

Especially in merger situation managers need knowledge about how to manage people and not only on how to manage the business.

Adequate and relevant communication can therefore support the effectiveness of the organisation so the time is not spent on rumours, speculations and other inefficiencies. It can be very costly for organisations when employees spend lots of time on these non productive issues due to lack of adequate information.

The Dutch Bureau of Labour Statistics estimates an organisation loose 1 hour productivity per day beginning when the merger is announced, or more than EUR 120.000 on total impact per day.

An organisation needs motivated employees who focus on the tasks, and a top management that is able to manage in a change situation – to ensure the mind of the people are won, and not only that the assets have changed owner.

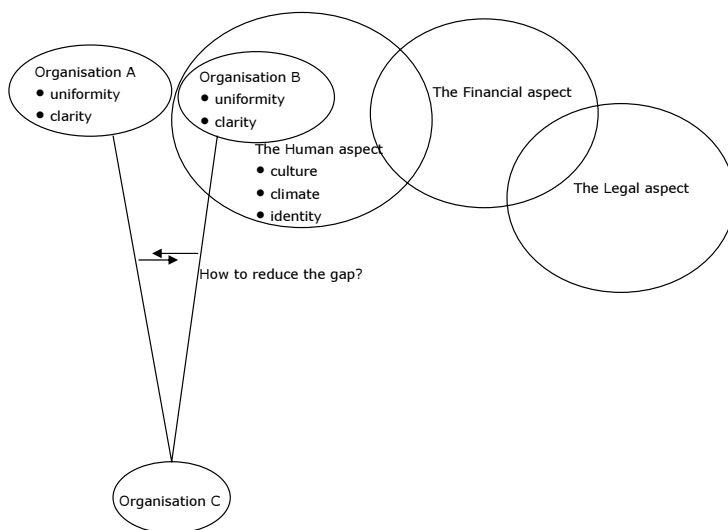
Based on results of other studies referred to in this thesis, communication *openness* and information *adequacy* are reasonable good and equally important predictors of job satisfaction. Job satisfaction influences the climate and will therefore likely have a positive influence on the organisational identification. This is therefore a positive spiral.

When the management communicates conflicting messages, information is being withheld and a negative spiral occurs.

The role of organisational identification seems to be less important in organisations where the Generation X climate is leading. In the 1990's Generation X has been used as an expression for people who wanted to jump off the carousel of status, money and social climbing. Typical for Generation X was that they did not want to commit to a company, but worked on projects for companies, typically in the IT sector. Generation X is more tasks driven than motivated by the feeling of belonging to a group. This could therefore have an impact on the success rate of a merger, as one would expect that it would be easier to merge organisations where the organisational identification was less important.

I have summarised some of the thoughts and discussions done in this thesis into a figure (figure 1). This figure illustrates that two organisations (A and B) will merge into a new entity, organisation C. The reasons why they should merge should be clearly defined before they enter into a merger process. Hidden agendas, power game and personal conflicts could be underlying reasons for why organisations merge with the selected partner. When the management is not sending uniform messages both internally and externally, the audience get confused and it will typically be hard to get support.

The closer two organisations are with regard to cultural differences, the more likely it will be to have a successful merger. The gap should be as narrow as possible. Organisations which are too far from each other in the positioning, strategy, identity and goal, will have problems to achieve a successful merger, especially if these are important for the members of the organisation. Merging two organisations with completely different cultures is not manageable. The larger the gap, the more difficult it will be to have a successful merger.



**Figure 1:** This illustrates that a successful merger needs to start with a clear and consistence reason and goal for the partnership. The larger the gap, the more difficult it will be to have a successful merger.

I have analysed three cases where major changes were considered or took place, focusing on *how the communication* was executed and the *characteristics* of the organisations. I have compared these with theory on organisational identity and discussed success criteria for how to make a merger successful from a human perspective. In addition to the case studies, results from interviews with four larger companies which have gone through mergers, are discussed.

The organisations selected are cases published by Harvard Business School, USA and the European Case Clearing House, UK and USA. The cases selected are DaimlerChrysler Merger: The Quest to Create “One Company” (The European Case Clearing House), Hewlett Packard – Compaq; the Merger Decision (Harvard Business School) and Taking Charge at Dogus Holding (Harvard Business School).

The reason for selecting these cases was that I wanted to apply the theory on larger organisations, which one would expect to be professionals in change management and management of people. The cases chosen are larger organisations and therefore well known. This also makes it easier for the reader to relate to the cases. Two of the organisations (Hewlett Packard-Compaq and DaimlerChrysler) had already conducted a merger. The focus was therefore to analyse how the integration had been, and

whether it could be regarded as a successful merger. The third case, Dogus Holding, was facing a situation where they had to make an important decision of how to manage the corporation in the future, with the changes in the environment that the Turkish company faced.

None of the cases studied can be characterised as successful mergers, from a human perspective. The reason for this is that the employees were not properly managed.

*Summary of the main outcomes of the cases analysed:*

- In two of the cases there were a weak leadership and lack of trust in the management (Hewlett Packard-Compaq and DaimlerChrysler).
- The main driver for the change in all the cases were to survive in a changing environment with increased competition
- It was important to gain confidence by investors and financial market (Hewlett Packard-Compaq and DaimlerChrysler).
- The merger decision or decision to change was taken by the top management. The main challenge for the CEO at Dogus was whether to involve his management team in the decision making. For Hewlett Packard the CEO contacted the CEO of Compaq. Their respectively Board of Directors were informed when the CEOs felt there was sufficient interest to enter into a merger process. The CEO of Daimler first contacted the CEO of Chrysler – a meeting which lasted less than 20 minutes.
- In all the cases, there seemed to be a lack of focus on employee communication.
- DaimlerChrysler used external statements to emphasis internal messages. There was a big gap in the cultural, climate and identity of the merged organisations.
- The management were skilled to manage the business, but seem to lack ability to manage the change process and the people.
- There seemed to be no strong identification with the new, merged organisations – which could be due to lack of a clear direction by the management, and the audience got confused and not supportive.

*The main outcomes of the interviews:*

- The reason why a merger will take place should be communicated clearly, both internally and externally.
- The role of communication is extremely important in a change process.
- Uncertainty is one of the sources for rumours and loss of productivity. This is not wanted in an organisation.
- Communication can take away uncertainty and help the organisation to be transparent.
- Negative information spread fast and takes the focus away from the business. In a merger situation there is typically lots of uncertainty.

- People expect changes in a merger process. Therefore the necessary changes should be done when it is expected and not when things have fallen back into status quo.
- Time plays an important role. Action should be taken as soon as possible, and communicated to all involved.

The findings in this thesis indicate that the lack of consistency in the message from the top management and the lack of a strong leadership have a negative impact on support from employees and other stakeholders, and further on the success of a merger. Based on these findings, a successful merger needs to start with a clear and consistent reason and objective for the partnership. Both parties need to have the same goal and the differences should be manageable. This is interesting to compare with the 'marriage' of two persons.

A love story starts with getting acquainted, so the courtship. Then you close the deal, you marry, you make the marriage work, you are fruitful. Would some more love, emotions, respect, listening, communication added to the relationship, improve the rate of successful mergers?

Timing is an important factor in a change process. People expect changes when a change process is going on. Time is not only related to quick actions in the change process, but also to take enough time to inform and involve the people involved in the change process, so they understand the need of the change and support the decision. The motivation and support of employees are important to make a merger a success.





*Ron van der Jagt*

# Executives on Reputation

*The dominant logic of Dutch senior business executives on corporate communication and reputation management*

Ron van der Jagt (40) is an associate partner at Boer & Croon Corporate Communication, a strategic communication consultancy boutique within Boer & Croon Strategy and Management Group.

Before he joined Boer & Croon he worked as a partner and director at Bikker in Rotterdam during ten years, de last few years as the managing director.

Ron is strong in strategy and analyses and is known for his

drive in professional development. His expertise and consultancy work are focussed on organisational identity, corporate positioning, reputation management and corporate communication strategies.

During last few years he has been working for the Dutch government (Rijksvoorlichtingsdienst) and companies like CSM NV, KPMG, Rabobank, Heijmans NV, Philips Electronics NV en TPG / TNT NV.

Next to his work for Boer & Croon he is a board member of the Dutch association for communication professionals (BvC) and the Dutch strategic management society (VSB). He is the author of 'Corporate Reputatiemanagement. Bouwen aan Vertrouwen in het Transparantietijdperk' (Kluwer, 2004).

Ron is married with Janneke Vrij. They live in Rotterdam-Hillegersberg and have a daughter, Jet (1).

## INTRODUCTION

The area of corporate communication and reputation management is still young, but thanks to professor Van Riel and others it is rapidly developing. The international orientation among professionals is growing and for practitioners more and more best practices, proven concepts, academic knowledge and research findings are made available.

During recent years a lot of surveys among Dutch practitioners have been done, for example by the Dutch professor Van Ruler. She frequently does research on the amount of practitioners in this area and on the vision of these practitioners on their own profession. All very important and interesting, but I increasingly got the feeling that this professional area is too much inward looking.

In the Netherlands, there has hardly been any serious research to the vision, the wishes and the expectations of the real decision makers in the corporate world. In other words: the Dutch corporate communication professionals have never asked the top managers of Dutch corporations how they think about this area. And without that kind of insights, it seems impossible to me to make any effective progress with this profession and increase the added value of practitioners.

This gave me a very strong motivation to do this research project, called 'Executives on Reputation'. Thanks to professor Van Riel and thanks to Boer & Croon I had the unique opportunity to have personal interviews with 25 leading senior executives of some of the largest Dutch companies.

Senior Executive	Company	Senior Executive	Company
Peter Bakker, CEO	TNT N.V.	Mike Leers, CEO	CZ Groep
Willy Biewinga, CEO	Deloitte	Jos Nijhuis, CEO	PriceWaterhouseCoopers
Michiel Boersma, CEO	Essent N.V.	Ben Noteboom, CEO	Randstad Holding N.V.
Luc Dahlhuis, CEO	Royal Friesland Foods N.V.	Henk Rutgers, CEO	Bouwfonds
Wout Dekker, CEO	Nutreco N.V.	Thony Ruys, CEO	Heineken N.V.
Boudewijn Dessing, CEO	VGZ-IZA Groep	Maarten Schönfield, CFO	Stork N.V.
Maarten Dijkshoorn, COO	Achmea N.V.	Michel Tilmant, CEO	ING Groep N.V.
Carel van den Driest, CEO	Koninklijke Vopak N.V.	Ad Veenhof, CEO	Royal Wessanen N.V.
Herman Hazewinkel, CEO	Koninklijke Volker Wessels Stevin N.V.	Aad Veenman, CEO	N.V. Nederlandse Spoorwegen
Guus Hoefsloot, CEO	Heijmans N.V.	Ben van der Veer, CEO	KPMG Holding N.V.
Herman Hulst, CEO	Ernst & Young	Wim van Vonno, CEO	Koninklijke BAM Groep N.V.
Rokus van Iperen, CEO	Océ N.V.	Rein Willems, CEO	Shell Nederland
Maurice Lippens, <i>chairman</i>	Fortis N.V.		

## PROBLEM DEFINITION

This research project is completely focussed on finding the explicit or implicit vision of senior management on the area of corporate communication and reputation management. In other words: we want to find out the way they think and the rules behind their decision making. Using the academic concept of the 'dominant logic', the central problem definition of this research project is the following:

*To what extent is there a 'dominant logic' among the senior executives of large companies in The Netherlands on corporate communication and reputation management?*

The relevance of a research project with this problem definition is threefold:

- Within the world of corporate communication and reputation management practitioners the impression exists, that senior executives find this area extremely important and far more important than in the past. But what is the opinion of the executives?
- In all the serious publications on corporate communication and reputation management, numerous arguments are used to explain why this area is so important to companies and their leaders. But do these leaders recognise these arguments and how important do they find this area?
- Last but not least this research project has a very practical relevance. It is crucial for the professional development of the corporate communication discipline to know and learn more about the vision of the top management of corporations on this area. Without this knowledge it is impossible, or at least very difficult, to make effective progress and improve our added value.

## DOMINANT LOGIC

The concept of 'dominant logic' has been introduced in the scientific management literature by Bettis en Prahalad (*Strategic Management Journal*, 1995). They state: "Relevant data are filtered by the dominant logic and by the analytic procedures managers use to aid strategy development. These 'filtered' data are then incorporated into the strategy, systems, values, expectations and reinforced behaviour of the organization".

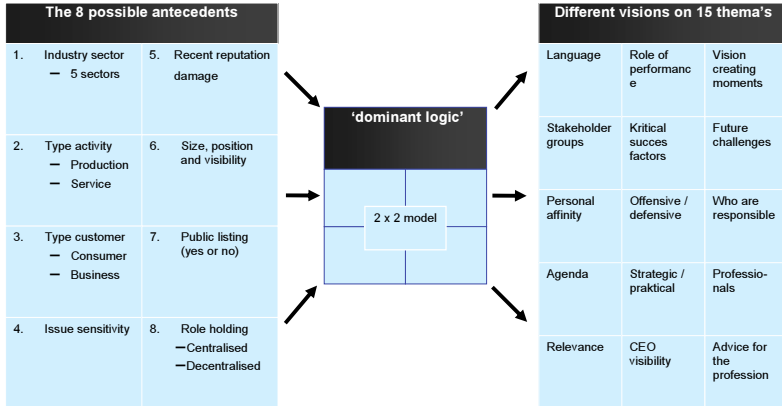
In other words: the 'dominant logic' is the way managers think and the way managers select and process information. It is the way managers filter relevant information, and that's how they are able to make decisions. The 'dominant logic' can be seen as the system of dominant argumentation rules in the mind of the manager, which is the dominant logic in decision making situations. What information is filtered as being relevant depends on the 'dominant logic' of the top management. Only information that does 'fit' in the vision can get across.

This all makes the dominant logic of the senior management of a company, according to Bettis en Prahalad, a dominant factor for the future of a company.

## RESEARCH MODEL AND METHODOLOGY

This project has all the characteristics of qualitative research, using semi-structured interviews. The objective of the project is not to prove something. The objective is to find a pattern in the vision of senior executives on corporate communication and reputation management. So this project also has the characteristics of an explorative survey: we are discovering a way of thinking.

To give this research project a solid structure, the following model has been used. The 'dominant logic' is built up from the left to the right part of the model. To find the dominant logic, we have to work the other way around: from the right to the left. In the personal interviews executives have been asked for their vision on 15 different themes. Based on that the dominant logic has been defined: first individual and based on that for the whole group. After that, an analysis has been made to see what antecedents have the strongest influence. In this research project the choice has been made to only use company characteristics as possible antecedents that could explain the dominant logic and predict the vision on the 15 themes. The research started with 8 possible antecedents.



## CONCLUSIONS

Research findings clearly show a strong dominant logic among senior executives of Dutch companies. The interviewed top managers are very outspoken on the subject of corporate communication and reputation management. The different visions on this area can be divided into four dominant ways of thinking:

	Defensive	Offensive
Strategic	"Our future strongly depends on reputation protection and our <i>licence to operate</i> . That's why we need professional systems for issue-, risk-, crisis- and stakeholder management."	"This is about our ability to differentiate. Our competitiveness and leadership, as well as the pride of our people, require professional approach of brand and reputation."
Practical	"It is easy to lose the reputation of your company and that's why we handle that very carefully. Down to earth, with no mistakes, no hypes, no bullshit."	"Our image is important for success in the market and on the labour market. That's why we pay a lot of attention to the way we present and profile the company."

As stated before, this project has all the characteristics of a qualitative, exploring research. The data collection is too small to draw strong conclusions or correlations. Still it is interesting to use data analyses to look at the overall impact of the antecedents. This clearly shows that five antecedents influence the dominant logic of senior executives:

	Defensive	Offensive
Strategic	"Our future strongly depends on reputation protection and our <i>licence to operate</i> . That's why we need professional systems for issue-, risk-, crisis- and stakeholder management."	"This is about our ability to differentiate. Our competitiveness and leadership, as well as the pride of our people, require professional approach of brand and reputation."
Practical	"It is easy to lose the reputation of your company and that's why we handle that very carefully. Down to earth, with no mistakes, no hypes, no bullshit."	"Our image is important for success in the market and on the labour market. That's why we pay a lot of attention to the way we present and profile the company."

*Note: More detailed results of this research project will be presented later.*

*Michel Kok*

# Identification through inspiration

*Searching for commitment for a new organizational course*

Michel Kok (1972) studied communication at The Hague University (Haagse Hogeschool) and followed a senior communication advisor course at Van der Hilst communications. He started working at Delft University of Technology (TU Delft) at the end of 1997. During these past years he has worked in various functions. He started

at the communication department of one of the central service departments. There he was a content manager of the departmental website. Shortly after that he transferred to the corporate marketing and communication department. There he started with working on the implementation of a new corporate website and

content management system for the whole of TU Delft. Now he works as a senior officer corporate communication. His tasks include amongst others advising the Executive Board and the development and implementation of a corporate positioning and branding strategy.



## INTRODUCTION

The organization central in this thesis is Delft University of Technology (TU Delft). TU Delft is coping with a new, more competitive environment. In response to this new environment, the executive board initiated some major changes in the organizational primary and secondary processes. Because the employees of knowledge intensive companies like universities are the vital resource of the company (Alvesson, 2000) it is crucial that they subscribe to the new course. One of the key concepts within this thesis is identification. Why? Because in today's turbulent environment the organization 'must reside in the heads and hearts of its members' (Albert, Ashforth, and Dutton, 2000). And employees who identify with the organization show a supportive attitude toward them and act according to organization objectives (Ashforth and Mael, 1989; Smidts, Pruyn, Van Riel, 2001) will perform better and show organizational citizenship behavior (Dutton et al, 1994)

The objective of this thesis is to develop tools for TU Delft to enhance the identification of its employees.

## IDENTIFICATION

Identification involves an individual transferring characteristics of a person or a group to the self. Smidts et. al. (2001) say organizational identification concerns the perception of 'oneness' with an organization; Dutton, Dukerich and Harquail (1994) and Masterson and Stamper (2003) say it is the degree to which an organizational member defines him- or herself by the same attributes that he or she believes define the organization. An important thing to note here is that identification deals with the *perception* of the identifying individual not with the actual situation.

## WHEN DOES IDENTIFICATION OCCUR?

Ashforth and Mael (1989) state that (social) identification occurs when people classify themselves into groups. Dutton et.al. (1994) describe, amongst others, the attractiveness and distinctiveness of the organizational identity and image as possible identification antecedents. Pratt (1998), combining Ashforth and Mael and Dutton et al., divides organizational identification antecedents into two groups: antecedents based on 'categorization' and antecedents based on 'self-enhancement'.

## IDENTIFICATION, IDENTITY AND IMAGE

Dutton et.al. (1994) state that the way employees perceive the organizational identity and the way employees think outsiders perceive the organization are the two key attributes of organizational identification. Because identity and image are such vital elements concerning organizational identification in this report these two concepts will be explored.

First the perspective on these concepts will have to be defined. Hatch et.al (1997) mention two main views: an organizational view and a marketing view. In the organizational view you have organizational identity and organizational image. In the marketing view you have corporate identity and corporate image.

	<b>Identity</b>	<b>Image</b>
<b>Organizational</b>	Emphasis on commonly shared perceptions by employees and their relationship with the organization.	Emphasis on the way employees think outsiders perceive the organization
<b>Corporate</b>	Emphasis on the way (top) management wants to express themselves toward key audiences.	Emphasis on perceptions of key external audiences

*Table 1: Differences between the organizational en marketing view on Identity and Image*

Because this thesis deals with the employees perception the main focal point is the organizational view.

## IDENTITY

Organizational identity is one of the key intangible assets of organizations (Glynn, 2000). Albert and Whetten (1985) introduced a much used description of organizational identity. They say an organization can describe its identity by answering the following three questions: what is central, what is enduring and what is distinctive about the organization. Gioia, Schultz and Corley (2000) feel that this definition poses limits because it leaves out the possibility of a more dynamic view on the identity-concept. They also mention the benefits of an instability in identity because it allows the organization to a quicker adoption of new realities due to increasing unstable environments. 'The definition of identity does not exist. It depends on which angle you prefer.' says Van Riel (2004).

He notices the four following variants:

- 1 *Perceived identity* (The identity in the eye's of the organizational members.)
- 2 *Desired identity* (The 'dream picture' by management.)
- 3 *Applied identity* (The identity as comes to life in the actual behavior of the employees.)
- 4 *Projected identity* (The identity as projected through the companies communication instruments.)

## IMAGE

As mentioned above organizational image does not deal with how outsiders view the organization, but how organizational members *think* outsiders view the organization. Because people who identify with an organization transfer the question 'how do others think about the organization' into 'how do others think of me because of my membership of the organization.' (Dutton et al., 1994) organizational image is a closely related to the concept of identification.

## RELATIONSHIP BETWEEN IDENTITY AND IMAGE

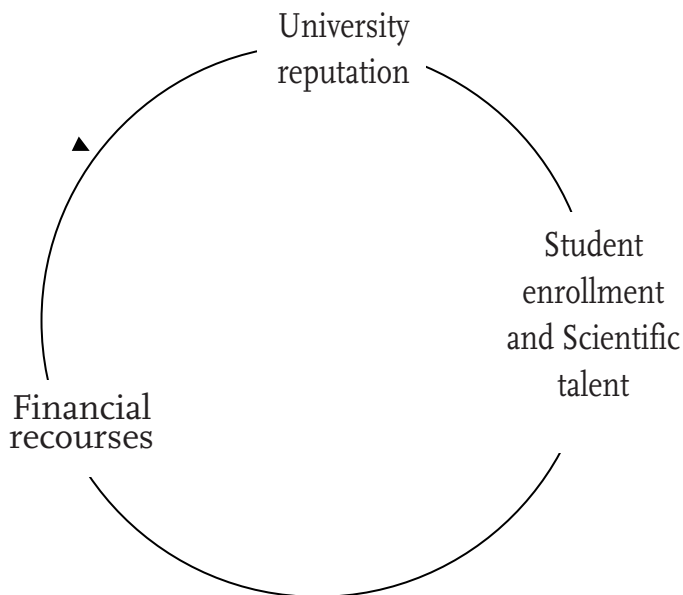
The fact that organizational identity and organizational image are closely related is obvious. Elsbach and Kramer (1996) show that there is no conceptual boundary between organizational identity and organizational image. Hatch and Schultz (1997) visualize identity and image as a circle, continuously influencing each other.

## THE UNIVERSITY

Because this thesis deals with (the employees of) a university this type of organization will now be dealt with a bit deeper. The roots of the University lie in ancient Greece where Plato founded his academy in 387 BC and in the 'cloistered environment of the monastery' (Albert and Whetten, 1985). One of the great influencers of modern day universities was the German Wilhelm von Humboldt. He said universities should have state-guaranteed autonomy and academic freedom for those within them (Van Vught, 2004).

Mintzberg (1989) defines a university as a professional bureaucracy. The professional bureaucracy emphasizes on the authority of a professional nature. The specialists are highly trained and skilled and are given a considerable control over their work. But increasing specialization has led, next to considerable success, to problems. The more

specialized the professional operates the more independently he or she will work from his colleagues. Researchers withdraw from the university organization and communicate mainly with equal level specialists (Van Vught, 2004). Now, economic, demographic and political changes at the end of the 20th century force(d) universities to turn from an inward looking (scientific oriented) worldview towards an outward looking (market and competitive) worldview (Gioia and Thomas, 1996). As figure 1 shows, in this environment (corporate) image and reputation are the vital strategic competitive assets.



*Figure 1: Reputation circle (Birnbaum, 1998 and Fombrun and Van Riel, 2004)*

## TU DELFT IN TRANSITION

In the Netherlands, increasing competition for universities is a bit strange as opposed to our egalitarian nature. But because this new way of looking at the organization and the environment is vital for survival, the Executive board issued substantial changes in order to prepare the university for this new biotope. The first was a restructuring of its research portfolio. The objective of this exercise was to obtain more focus, leading to more quality, leading to a better international competitive position. The executive board also started the program 'Focus op Onderwijs' (Focus on Education). Objective of this program is to improve the quality level of the education. The final reorganization, which ends in June 2005, deals with the restructuring of all of the support staff.

## RESEARCH

In order to enhance the identification of the TU Delft employees first the organizational identity has to be examined. Through empirical research insight is obtained in the following identities of TU Delft:

- 1 *Applied identity* (The identity as comes to life in the actual behavior of the employees)
- 2 *Projected identity* (The identity as projected through the companies communication instruments)

To collect the data I interviewed 20 employees of TU Delft (15 scientists, 5 support staff members). I carefully selected the employees in order to ensure it was a good mix from the TU Delft employees related to the hierarchy as well as the technical discipline (Rekom, 1997).

To ascertain the applied identity I used the means-end measurement method (Van Rekom, 1997; Van Rekom et. al., 2002). This method makes it possible you to find common values in heterogeneous organizations. Following Albert and Whetten (1985) I then asked the employees of TU Delft to define what they thought to be central, enduring and distinctive about TU Delft. To examine whether the employees were aware of the projected identity I asked them if they knew with what general message TU Delft presents itself to its various stakeholders. To ascertain insight in their perception concerning the projected identity I than asked them what they wanted this message ideally to be.

## APPLIED IDENTITY

Van Rekom (1997) mentions a formula through which it is possible to determine the most central concept (value) among the TU Delft employees.

Creating new knowledge	0,039
Creating benefits for society	0,033
Preparing students for a place in society	0,024
Publicizing in scientific journals	0,024

*Table 2: Centrality within TU Delft*

‘Creating new knowledge’ in the means-end ladder is often related to one of the other two concepts dealing with TU Delft benefits for society in the table. The knowledge created is transferred to the students and companies. Publicizing in journals is the first concept in the means-end ladder which is not related to a societal oriented concept. Therefore TU Delfts’ role is seen as the most central concept.

## PROJECTED IDENTITY

To determine the projected identity of TU Delft I examined the website, corporate and marketing brochures, the alumni magazine, corporate advertising, the annual report, strategic documents and articles in the press.

When we use the Albert and Whetten (1985) definition of identity, TU Delft projects the following identity:

<b>Central</b>	The importance of TU Delft for the development of society
<b>Enduring</b>	TU Delft was founded in 1842. From the beginning you see the function of the engineers ‘ <i>servng nation and industry</i> ’. When we look at current communication material society’s current and future issues and the role of TU Delft plays in solving them is prominently present.
<b>Distinctive</b>	TU Delft distinct itself by its history and the way TU Delft covers more engineering terrains than other Dutch universities of technology. Also TU Delft is by far the largest university of technology.

## ACTION

### *Creating identification*

Before mentioning a possible course of action, first the following has to be addressed: In the course of action we follow Foreman and Whetten (2002) stating that ‘identity congruence (between an organizational member identity and the perceived organizational identity, MK) significantly affects their level of organizational commitment.’ Meaning: identification leads to organizational commitment.

An organization has three main groups which all struggle for organizational attention (see the Identity Triade Model by Elstak and Van Riel, 2004). This potential intraorganizational conflict might lead to the formation of subgroups which will make overall identification impossible. Top management therefore must keep the organization balanced. To create identification with TU Delft and as a consequence commitment to the strategic course TU Delft has to function as a source of inspiration.

The first step management has to take is determine an issue (core message) it wants to communicate to the employees (themed messaging). Fombrun and Van Riel (2004) state that creating a common view of (a) strategic issue(s), enhances identification. This issue should overarch the core strategy of TU Delft so it can serve as a sense of direction for all employees and overcome possible intraorganizational conflict. Then management has to translate this issue into consequences for lower organizational levels and concrete behavior consequences for the employees. Next of course is communicating about it. TU Delft has to explicitly label the organization (Ashforth and Humphrey, 1997) to ensure that there is no misunderstanding about the strategic direction of the organization, e.g. via a pay-off. The identity research and the desired behavior function as input to create a story line by which the label can be created in such a way that it appeals to the employees and contains the necessary direction. The value of a solid story line or sustainable corporate story is mentioned by Van Riel (2000): ‘a sustainable corporate story functions as a source of inspiration for all internal and external communication programs’. A corporate story can provide TU Delft the necessary direction and focus for its communication, leading to consistent, distinctive and authentic messages.

## CORPORATE ADVERTISING

To communicate the new label TU Delft can initiate a corporate advertising campaign. Via corporate advertising it can communicate to its external and internal stakeholders the new direction. Argenti (2003) states that many companies use corporate advertising to strengthen their identities following structural change. The same would be the case with TU Delft. But besides communicating to external stakeholders about the new organization it 'can create excitement among [...] current employees.' (Argenti, 2003).

### *The role of the CEO/ Speech communication*

The CEO plays an important role in inspiring the employees. As Young and Post (1995) show the CEO should be a communications champion. They show the CEO plays an important role in determining the tone for the rest of the company based on his or her commitment to communication as a strategic tool to achieve organizational goals. Van Riel (2000) emphasizes the fact that stories must be told: 'Such stories can stimulate the realization of internal purpose.'

## CONCLUSION AND DISCUSSION

Top management has to search for a synthesis between on the one hand the academic world and on the other hand the business world. The way the CEO is able to inspire the employees, to communicate a vision and create the necessary identification and commitment to the strategic course will determine if a university can focus its energy on excellent education and research or if it has to use all its energy struggling for internal coherence.

Many articles in various journals show universities trying to make the transformation to a more business like organization with monolithic identities, based on successes in the corporate world. But universities are quite different from profit-companies. Universities should be reserved in copying business models to the academic environment. For further research it would be interesting to go deeper into the differences between profit organizations and universities. Are these business world communication models applicable on universities? An organization with different standards and especially a different kind of employee. Maybe the current theories revolving around branding and corporate communication should be adapted in order to fit in the world of universities.



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*Ron Kok*

# The Dutch approach of Islamic terrorism at the end of 2004 has damaged the 'Brand name Holland'

At the end of the eighties, Ron Kok (1960) started to work for a financial service provider with its head office in the Netherlands. He respectively fulfilled the positions of account manager, copywriter, editor of staff and new media manager. From 1998 to 2005, he was Head of Communications at several large divisions. As from 1 July 2005, he is a senior communication advisor.

In the mid-eighties, he finished his studies (passed with credit) at the university of Nijmegen. He is married with two children and is working for an international group. Therefore, he follows the recent political and social developments in the Netherlands with amazement, and with concern in particular.

At the end of 2004, a few politicians stated that the image of the Netherlands had suffered damage. For his thesis, Ron chose a media-analysis of the national and international 'Nation Branding' of the Netherlands. He largely confines himself to the period from the end of 2004 and the beginning of 2005.

*On 2 November 2004 filmmaker, TV-personality and columnist Theo van Gogh died. He was murdered in broad daylight. In Amsterdam, in the morning, on his way to work. Extremely violently and cold-bloodedly. According to Prime Minister Balkenende, Holland's reputation had only been slightly damaged by this murder, certainly by its violent after-effect – for instance an exploding shell and burning mosques, churches and schools. "Holland as a down-to-earth, open-minded, tolerant and well-organised model country, has been slightly damaged."*

State Secretary Karien van Gennip put it differently. The 'brand name Holland' has sustained heavy damage by the murder of Van Gogh. In her view, foreign countries generally think positively about Holland. *"Although the image they have of our country is quite diffuse"*. This is why she called in the help of a group of experts in 2004 who, by means of a Branding Working Group, have to come up with spearheads and advice to boost the image of Holland. What is branding?

## BRANDING

Branding is a contemporary way of presenting a product or organisation – but also a person, city or a country -, by transferring brand values. This is done by creating and maintaining a network of positive, memorable and strong emotional associations between a product and a group of customers. The goal is 'purchase facilitation': creating brand awareness, brand emotions & benefits, and brand preference. It is about gaining and maintaining stakeholder confidence and brand loyalty. Branding is a set of persuasive promises that differentiates the product from others.

Branding encompasses three dimensions: the visual identity, an emotional dimension and a rational dimension. When a consumer chooses a product, it is not only about functional qualities and the image of a product, but also about the (desired) image of the consumer himself. Branding is an activity to strengthen the image/reputation. Reputation or image is just a snapshot.

Above all, a good company image will be more effectively built by good performances. The combination of fine performances and public relations adds more to improving a reputation than advertising. With Branding, rational incentives are less important – such as product quality, price of the brand and sales promotion – than responding to emotions. The way people experience a brand is crucial.

## NATION BRANDING

Nation Branding is a special way of Branding. In fact, it is a controversial political concept. A Nation Brand does not come into being as a tabula rasa. It relates to an already existing image, most of the time without a preceding conscious strategy.

Nation Branding is an infinitely more extensive and complex task the marketing discipline had to deal with ever. However, every country will start working on it. Because in today's globalising world, with a growing international competition on one hand, and an increasing number of uniform countries on the other hand, the image of countries on various areas is much more important.

Holland – that earns 60 cents of every Euro in foreign countries – needs a positive reputation to be able to positively presenting itself in the future. With this reputation, we can preserve our national income and prosperity. Because of the globalisation, the upcoming economies in Eastern Europe, but also for other reasons, competing countries are ready to take over Holland's prominent international position.

The areas of Nation Branding are: tourism, brand exports, foreign and domestic policy, people (the population itself), investment & immigration, culture and national heritage. National culture and heritage are the essence of a country. The challenge for all countries is to present and combine the cultural past with contemporary equivalents, in order to also make it attractive to younger target groups. In this context, many countries are experiencing tension between the monocultural past and the multicultural present.

In the past, the dissemination of information to foreign countries – an activity within the scope of Nation Branding – was propaganda in most cases. Propaganda, however, is not allowing the freedom to form opinions, or other views. In public diplomacy, obtaining commitment, creating “two-way traffic”, and the willingness to listen to other people are becoming the key concepts. The communication process is going differently.

Many diplomats have to switch over to a different, untraditional way of thinking. Neither the well-founded analysis of international relations nor the justification of the policy are the main things. Effective Branding it is not about what is being said, but what people hear. One must realise that Nation Branding can not be managed by controlling it– which is far too complex – but it can be channelled. You can show the way to do it. Apart from that, this is a matter of cautious brand management rather than radical rebranding. Perceptions do not change quickly or easily. At least, not in a positive sense.

## DESIRED VERSUS PRESENT IMAGE

A Dutch Study Group Branding called into being by State Secretary Van Gennip, as said before, could elaborate on the recommendations of the former Study Group Holland Image. This Group stated that the desired image of Holland should be a.o.: friendly, hospitable, living together in harmony, open-minded and tolerant, thus inspiring to e.g. cultural contacts with foreign countries, professional skills, quality consciousness and personal devotion.

A desired image is, indeed, an ambitious ideal picture. In most cases, an actual image is always less rosy. This difference is the working field for Nation Branding. What was Holland's image at the end of 2004 and the beginning of 2005? What was being said about Holland?

### CURRENT IMAGE NUMBER 1: PERSECUTION OF THE JEWS AND SREBRENICA

There is a difference between current image and desired image. This also goes for Holland, which was proven by foreign publications about Holland: concerning aspects than the murder of Van Gogh and its after-effect. The war record of countries is an international topical subject. About Holland, it was written that the Dutch participated in the persecution of the Jews in our country during World War II; and not only a few of them. Also the City of Amsterdam, which enabled the deportation of approximately 100,000 Jews. The mass murder of 7,500 Muslims in Srebrenica was also mentioned in this respect. Dutch UN soldiers did not offer them protection, but, on the contrary, assisted in transporting Muslims to be executed. The integration of almost 1 million Muslims also came up for discussion, whereby new proposals and measures to suppress militant Islam were given a lot of attention. These publications show a totally different image of Holland than the friendly, hospitable, personally devoted, etc.

### CURRENT IMAGE NUMBER 2: EUTHANASIA

Holland is the first country in the world to allow euthanasia. A Groningen hospital that published procedures for the termination of life of terminally ill new-borns caught a lot of attention. So did the fact that this form of euthanasia was already being carried out. Only a few people pointed out that everyone knows that euthanasia is being carried out all over the world, but under a lot of hypocrisy: more than half of the number off all deaths in the world take place under the supervision of a doctor. For more conservative Americans, this proved that Dutch doctors are engaged in practices *'that got some German doctors hanged after Nuremberg.'*

### **CURRENT IMAGE NUMBER 3: OTHER ASSOCIATIONS**

Ms Ayaan Hirsi Ali, Dutch parliamentarian for the VVD, is a phenomenon in the eyes of foreign countries. In the USA, she is even being considered a world leader and a revolutionary, who cannot live and function normally in the Netherlands. She had to live sometime at a naval base to prevent opponents from killing her. A more positive aspect was that Holland, f.i. in Bangladesh, was commended for its centuries-old traditions of tolerance and development aid, also in Islamic countries. With the integration problems of one million Muslims in Holland was pointed out the fact that Holland is Europe's most populous county, with six per cent Muslims. 'Amsterdam would stand for six P's: poop, prostitution, pot (drugs), porno, panhandlers and pedals to metal.

### **CURRENT IMAGE: IN HOLLAND ITSELF**

Publications about Holland in the Netherlands – with a.o. the large-scale survey '21minutes.nl' – discussed the fact that the population takes a pessimistic view of the future. There is a big gap between what the population wants with 'Holland' and what the government has in mind. Furthermore, the Dutch are under the impression that current politicians do not have the necessary qualities. Moreover, they were said to be lacking vision. Democracy is under pressure by a paradox of trust. People do not trust the government, but nevertheless expect a lot of it. Freedom has individualised in Holland; responsibility has been collectivised. Now populism arises. This is to be typified as a phenomenon that had been stopped by the political elite for a long time. It remains debatable how this populism has been accounted for. Is it authentic? Or only a voice against the current Dutch politics? After all, populist politicians polarise while increasing differences, thus scoring well in polls. Large-scale investigation shows that people, on the contrary, want to coexist peacefully.

### **CURRENT REPUTATION: INTERNATIONAL PUBLICATIONS**

In the hundreds of foreign publications about the murder of Van Gogh, the large number of burning mosques and the Dutch approach of terrorism, Holland certainly did not always come across positively. The tenor of the hundreds of publications is that Holland is changing. The tide of the political and social climate is turning. This looks mainly as a polarisation: a decay of moral standards and values, and the growing level of verbal and physical violence. But what is actually happening in Holland is a conflict of different (and sometimes new) identities. This will inevitably lead to the search for a



new identity with common standards and values. It is clear internationally, that for the time being the new Dutch identity will no longer allow: ultra tolerance, 'live and let live', segregation, free of obligations or tolerance.

The current Dutch nostalgia for Holland in 'the good old days' – the fifties or seventies – is pointless. What is happening now in Holland is no imminent reversion to the cultural level of almost medieval times. On the contrary, it is a contemporary phase in globalisation, in which our country is growing from a quite homogeneous social democracy, with a high level of mutual solidarity, into a more heterogeneous democracy, where new symbols are needed to bind communities. Hence, Holland has not taken a step back in time, but has entered a new phase in worldwide globalisation.

A few people called this process the 'Americanisation' of Western Europe, predicting that in a few decades, Europeans will be looking back on the current juncture and conclude that they did not realise that Western Europe was increasingly starting to look like the US in that era. What they were saying was that countries such as Holland, with a fairly homogeneous population, have changed into countries with a heterogeneous population, such as the US. (What some people in Holland do not understand, is that a country must have a 'Leitkultur', but that it should not be considered to be dogmatically. This is a kind of fundamentalism that causes organisational blindness. Every dominant identity or 'Leitkultur' should develop itself and be stimulated by others.)

#### VAN GOGH: NATIONAL PUBLICATIONS

In national publications, it was clear that huge emotions, mutual mistrust and in particular fear, were at stake within the parties involved. Party politics prevailed and a proper analysis of the situation was only seldom made. Especially strong, hard statements were apparently received well in the Netherlands. Apparently it had to be made clear that the Dutch were no longer soft, or trying to reach a consensus.

The paradox is that Dutch politicians who were calling the loudest for the protection of Dutch civilisation and democracy, sometimes even were striking at the roots of our liberal society because of their blunt way of communicating and their polarisation. Holland's vulnerability is not (yet) in attacks by a handful of young foreign terrorists, but in a few hot-tempered young Dutch immigrants and politicians who, with their apocalyptic language, are taking advantage of the feelings of the people. They even want to change the Constitution to get their own way. "*We need to change the law, so that we can expel people more easily, for it must be done legally*", someone said. With that, the social-liberal democracy will be reduced to an undermined cliché and an excuse for the justification of your own actions.

Let's suppose that 'democracy' is not a goal in itself, but a way to let people with different opinions and backgrounds be equal, and to let them live together in harmony as much as possible. In that case, various politicians proved at the end of 2004 that our democracy is far from functioning as it should. In Holland, a debate is increasingly focussed on expounding one's own views, without any respect for others, and preferably tripping up the other party.

Playing the man rather than playing the ball, is becoming a normal thing in our culture

## TERRORISM VERSUS INTEGRATION PROBLEMS

During the after-effects of the discussions about Van Gogh, integration and terrorist problems were often being mixed up. Integration, however, is a socio-economic, cultural and thus a social issue. And, according to the experts, you only become a terrorist by various individual psychological processes and a lack of perspective.

In other words: people who do not (want to) properly integrate, can resign to their often inevitable underprivileged position or even poverty, and hope for better times (option I). They could become a criminal (option II), but they do not naturally become a terrorist. Please note: an intelligent person such as Mohammed Bouyeri was well integrated, and became a terrorist in spite of that. Hopefully, he will finally express his real motives for his disaffection, for terrorists usually are not 'crazy' at all. He did something terrible, but he is not a representative of 'Evil'. Terrorists are people who can switch over and be capable of doing anything next.

The link between integration problems and terrorism is, that the people involved have no perspective – or in any case too little, in their opinion. The fact that especially well-educated, intelligent youths become terrorists, may be due to the fact that they in particular realise that they, or their companions are not making progress in life, caused by injustice. People saying that a good education is the key to the solution of the terrorist issue, do not have a fully fact-based opinion. People's chances after education are much more essential.

Terrorists and criminals often chose the violent circuit 'to build a career'. Economically, they are not making progress in legal society, so they choose a kind of parallel economy: lucrative crime. Compare it with the Mafia in 'The Godfather'. Deprived Italian immigrants rob and murder to make a living, for they want to make a career in order to get power, influence and status.

## LEADERS

The image of Holland in the country itself was divers at the end of 2004. One party thought that Holland was being too soft, too tolerant, and not assertive enough. The other party recognised that there are many integration problems, but abhor populism and the sometimes authoritative and discriminatory attitude towards foreigners in Holland. It is clear that Holland has not been itself lately. At least, if it wants to continue to manifest itself as a decent and liberal country. From the most tolerant country in the world – according to some people – Holland suddenly had become a leader in repressive and sometimes intolerant measures. At the European Council, Holland was even charged for the massive deportation of 26,000 asylum seekers. This accusation was rejected, but it does say something about Holland's reputation.

It is typical that everybody is/was saying whatever they like, but that there are no true leaders, except for Hirsi Ali, who stood up to lead the discussion. Prime Minister Balkenende talked sense, but did not really play a prominent role. He was intelligent and honest, but he did not live up to its promise as the new leader of Holland. That may be too much to ask nowadays, for leadership can only be compelled if other people are willing to do so. To be open to others, is something that only few people can do, or are willing to do. However, the fact that Balkenende, being the Dutch prime minister and Chairman to the European Union at the end of 2004, did not put Islamic terrorism on the agenda of the European summit after the murder of Van Gogh, was good, from a tactical point of view, for bringing Turkey into the EU, but a missed opportunity for his national leadership.

Minister Donner got more changes. Like Balkenende, he seemed to be honest and intelligent. As a governor, he said meaningful things. But he neither was the charismatic figure we needed. In fact, he was being depicted by Hirsi Ali as a otherworldly ('honourable') man in 'Ever Land'. Wilders, Verdonk and Van Aartsen were politicians who did manifest themselves, but how convincing their message was, and if they can cash in their virtual victory, will only be clear after the next elections. Wilder's comments were: "*I peak to soon.*" The last polls show that he is indeed peaking too soon, and that 'Left' is gaining popularity again. This is how people demonstrate that they do not want polarisation at all, but solidarity. This was also proven by a large-scale study called "21 minuten.nl".

In fact, Holland was doing a lot of things wrong from a communication point of view. At least when dealing with an international problem was concerned that also had become an issue in a civilised country like Holland.

Sometimes, 'we' spoke about Islam without knowing much about it. We often were being superficial. People who were saying that we had to save our civilisation, did not act very civilised themselves. People who thought that immigrants must adopt our Christian, Jewish and humanistic basic values, were not applying them themselves. There was f.i. little 'Charity'. The 'Good Samaritan' in the Bible, however, did not see a destitute, suffering foreigner lying by the road, but a man in need. People who said that Muslims should have more self-criticism, often did not show any self-criticism or introspection at all. We often demanded forced integration, but actually alienated other people from us by doing so.

In this way, Holland will become a country with little warmth and mutual respect. Everyone talks about terrorists and aggressive young Moroccans, but – especially in the beginning – hardly anyone spoke of the large majority of well-meaning Muslims. The victim (Van Gogh) often wished other people the most unimaginable, horrifying things, but the "Imam student" from Brabant was not allowed to wish Wilders an early death. And, initially, hardly anybody spoke of the outrage of extreme right. And that very thing frightened people abroad. These are just a few examples of how Holland is applying double standards.

#### DAMAGE TO THE IMAGE: THE DOUBLE GAP

The working-areas of Nation Branding are: tourism, brand export, foreign and domestic policy, people, investment & immigration and culture & heritage. The biggest damage to the image of Holland are in the fields of 'policy' and 'people'. As far as 'people' are concerned: the distance between politics and the people is huge nowadays, which, of course is not a new conclusion. Party politics and Dutch regency culture are f.i. concepts that were already mentioned by late Pim Fortuyn in 2002. But the differences between national politics and the Dutch population, and between the autochthonous population and immigrants seems to be enlarged further by the commotion over the murder of Van Gogh. Some Dutch politicians tried to fill the first gap by emphasising the second gap.

Where politics often came with harsh standpoints and statements, well-meaning immigrants and autochthonous or local authorities, managed to get along at several places in Holland. Often, they made overtures to each other. In fact, it was a great part of the population that was living by the tradition of tolerance that characterised Holland for centuries. Integration problems could therefore better and more concretely be dealt with locally than nationally.

Apart from Hirsi Ali, there are no leaders that can stand for the cause both charismatically as well as substantively. And politicians do not often speak the language of the people. It seemed that some of them even took advantage of the gap between the autochthonous population and immigrants in order to narrow the gap between the population and themselves.

Holland and the Dutch politicians are very self-centred. A self-fulfilling prophecy threatens to become true, whereby a.o. the more moderate-minded Muslims are driven into the arms of radicals. Muslims are being crudely forced to go on the defensive much too often, as we caricature Islam. You cannot blame the Islamic religion for f.i. a cultural aspect such as revenge of honour, which had been existing for a long time. Long before there was Islam.

Recent investigations show that the Dutch population hardly has any confidence in politics. The results from '21 minuten.nl' are really bad. One can ask oneself how democracy in Holland works, as the majority of the population disagrees with current national politics, and has no longer confidence in its leaders.

In some publications, '2 November' became the Dutch equivalent of '9-11' and 'Madrid'. It sounds cynical and you shouldn't actually be saying it, but ... let us hope for it. Let us hope that the terrorist killings in Holland ends with one person. Although this person was unique to Dutch society, and of course to his family. Let us hope that all politicians have woken up and will be looking outside the windows of the 'Binnenhof' instead of looking at their own reflection in the same windows.

#### FURTHER DAMAGE TO THE IMAGE

The way Holland was described in national and international publications did not match up with its desired image. The image or reputation evoked did not have much to do with 'friendly', 'hospitable' and 'living in harmony'. People abroad were often concerned and amazed about the sudden unfriendliness and intolerance of the Dutch towards each other and towards immigrants. They speak about a 'Dutch affair'. Even during the international summit in Brussels, President Bush mentioned the violence in Holland as a deterrent that must be prevented. The whole world must have understood what Bush said, including most people in Holland. However, the reaction of the Dutch Minister of Foreign Affairs, Bot, was unbelievable and says a lot about the gap between the Dutch government and the population. He did not know what Bush meant ....

In Dutch politics, there is hardly any dialogue or a constructive debate, but a sequence of opinions: calling out to each other again and again. Parties did not come closer, there was hardly any leadership or time for reflection during the discussion.

The fact that the policy on immigration – a field of Nation Branding – has become more strict than anywhere else in Europe, is being followed with amazement and interest abroad. One wonders whether f.i. the obligatory naturalisation courses will be effective (and to a certain extent implicitly casts doubt on the skills of the Dutch politics).

The idea of the Dutch living harmoniously together in a respected 'polder model', has cleared up for good now. Holland has lost (forever or temporarily) its reputation of a consensus culture or the land of the exemplary polder model.

In fact, in most publications, Holland did not come across very sympathetically. We have lost a lot of goodwill and respect. At managerial level, we are not dealing well with our problems, for example because we do not have a broadly supported analysis. We also sometimes are authoritarian towards minorities, show little respect for other people and speak coarsely. At best, we receive a little bit of empathy from the foreign hardliners against Islamic fundamentalists. If I were a populist Dutch politician, I would say about Holland's image that it is slipping gradually: *"Holland is more and more seen as an unreasonable country that is desperately fighting against being irretrievably lost."*

## CONCLUSION

Holland is performing badly as far as tolerance is concerned. Reports on arson and attacks on mosques, churches and schools have almost gone all over the world. In the eyes of several countries, and not only the Islamic ones, we have changed from the most tolerant country into a, by fits and starts, very intolerant country. Now, because of this, people are even doubting whether we really have been as tolerant as we think in the past.

The remark of a prominent American terrorist and religion expert was significant. She said that Holland has become a laboratory for hatred. She will especially be coming to Holland to investigate this. It has never been formulated so strongly.

The next question is, how Holland is currently being seen as producing country ("Made in Holland"). For foreigners, we often used to be - simply speaking - a tolerant and liberal country with mills, cows in the fields, cheese, people wearing wooden shoes and Hans Brinker who saved the country from being flooded by putting one finger into the dike. Since a few years, we have been in the news because people did not understand our ultra-liberal policy on drugs or euthanasia, the sex industry, Srebrenica, aggressive

football hooligans, environmental pollution and gay marriage. You can now add a new export product: intolerance towards minority groups. People in countries such as Belgium, Germany, Denmark or Finland are afraid that what is happening in Holland, can happen in their own country as well. *“Holland ist überall.”*

Whether this can affect our reliability is not clear to everyone in Holland. For the time being, Holland seems to be remaining an attractive country for investments. It is, however, clear that national or international policy is the flaw in the Nation Branding of Holland. The question is, whether our progressiveness, but there are more progressive countries in the world, our awkward arrogance, the envy of the wealth of this chilly country of ours, or the limited effectiveness of our public diplomacy, are the problem.

In Germany, people still remember that in 1993, the Dutch sent over one million postcards saying *“Ich bin wütend”* to Bonn, to protest against attacks on immigrants in Germany. Now they can see that the flames were sparking in Islamic schools, mosques, churches, et cetera in Holland itself. The Dutch government was being called speechless and powerless.

It is clear, according to the Dutch and internationally, that the ‘political skills’ of some politicians had failed to guide us through this difficult period. Or was it a lack of political determination and maybe even a sense of responsibility to tackle a tricky problem together? Sometimes, they were unnecessarily adding fuel to the fire with severe or unfounded statements such as: *“This is war, the Shariah is here, we are losing our country.”* And so on. Some Dutch people may love such statements, but others found it another confirmation that our politicians are being found wanting. Unfortunately, a few persons considered these statements to be legitimisation to smash windows, or to pull off veils.

The statement and the gut feeling this thesis investigates, was the following:

***The Dutch approach of Islamic terrorism at the end of 2004 damaged the ‘Brand name Holland’.***

The conclusion is that this statement is true. A whole lot of age-old positive associations with the brand name Holland were, at least temporarily, outstripped by the negative image due to intolerance, bigotry, and linguistic usage in the very touchy issue of international terrorism and integration.

## ESTRANGEMENT

It is obvious that in Holland, as in all countries, a lot of matters leave room for improvement. Holland sometimes unconsciously evokes a negative image abroad. People often do not understand the things Holland is doing. This does not improve the brand name Holland. As said earlier, this incomprehension also applies to larger Dutch groups, who also often do not understand 'Holland'. Nor do they recognise the direction Dutch politics is going.

Branding especially is about emotional perception and 'having an experience'. Research shows that often even the Dutch do not experience their own country as pleasant – contrary to their opinion about their own residence or neighbourhood. This, on one hand, has to do with globalisation, whereby, even as in 'Gone with the Wind', a former, familiar way of life disappears. People are losing touch with national policy and Dutch identity: they become more and more individualistic and even more superficial. People are treating each other more coarsely or indifferently. The social capital Holland used to have is partly lost because of that. Prime minister Balkenende put it this way: freedom has been individualised, while responsibility has been collectivised.

## PARTICIPATION

The murder of Van Gogh and its after-effects are not the cause of the deterioration of the image of Holland. This process has been going on much longer, but the above did accelerate this process like a catalyst. Especially for Nation Branding subjects such as 'people' and 'national and international policy', Holland is not looking very promising. For politics, H-hours has come to bridge the differences: both within society as between politicians and society. It is f.i. time for a different political approach to rebuild Holland's unity and solidarity. The 'social capital' that connected Holland once, should be rebuilt in a modern style.

Obviously, this does not go automatically. That is why there is a case for the introduction of a broad compulsory social service, whereby f.i. immigrants and the autochthonous population must cooperate. As a result, everybody's involvement in the working of the Dutch society can be increased. Through this participation in the improvement of society, we can create more understanding and respect for others and also more identification. Finally, this is the way to a better integration of immigrants and the autochthonous population. Perhaps we should talk less, and just roll our sleeves up.



The harsh lesson Holland is learning little by little, is that everyone in Holland is worrying, but only a few people are really coming into action. This mainly concerns politicians. Which example are they actually setting? Besides that, every healthy citizen, until he is 50 years-of-age, should spend some 20 hours a year as an unpaid contribution to society: to education, health care, environment or safety.

In business, practise learns that finally nobody is responsible or in charge when 'the collective' is responsible. Everybody – as far as they are capable to do so – should be made responsible for the developments in his village, city or Holland.

'Made in Holland' has not been an attractive brand association lately. If Holland were a company, it would be having unhappy staff complaining that the management does not listen to them. The irony is that these employees of Holland – the population – are shareholders as well: the electorate. That is why it is very important to politicians to invest in the Nation Branding of Holland: time, attention and most of all mutual efforts. This may be more important than money. It is important to realise that in Holland – and in any country in the world – there are many 'good' things, but that there are also many things that can be improved. But in Holland there is nothing 'wrong' that cannot be replaced by the 'good'.

The harmonious balance between an evolving democracy and an open trading nation such as Holland is, and will always remain fragile. But, as William of Orange said: "*Je maintiendrai*". In the year 2005 we will have to closely cooperate to preserve our democracy and prosperity. This is only possible with open dialogue and cooperation.

This may sound softly. But perhaps 'soft' – just as the approach of terrorism and the integration problem - proofs to be effective in the long run. Even hardliner Donald Rumsfeld admitted that radical Imams can recruit young Muslims for Jihad faster than the West can arrest these youngsters. With that, he admitted that his severe approach did not work.



Arjan van Loon

# ZIP?Quality!

*The integration of communication in the operating process  
Communication is too important to be left just to  
communication professionals*

Arjan van Loon (1971) has been coordinator of Communication & Marketing at the Police Academy since 2004. Apart from a number of research centers, the Police Academy offers the Dutch Police a Police Knowledge Network and a range of training facilities ranging from police volunteers to surveillants and bachelor's/master's courses. In addition training courses are provided for mobile units and arrest squads and in digital investigation, environmental matters, traffic and advanced driving, etc. From 2000 onwards Arjan van Loon was deputy head of Communication & External Relations, with particular responsibility for the

development of the house-style, the presentation of training courses, press contacts and the production of intranet and Internet sites and various CD-ROMs.

New media and the house-style were also areas of responsibility when he worked as communication adviser at the Windesheim Christian College of Higher Professional Education in Zwolle, where he was also responsible for the Windesheim media campaign and overseeing large projects. Before then he worked as project officer at Bureau Broekman in Nijmegen, a PR agency specializing in the graphic industry and quality assurance.

After studying Higher Information and Communication Education at the school of Journalism in Zwolle – graduating in Information & Public Relations – Arjan took a number of supplementary professional courses and in 2003 enrolled for the Masters of Corporate Communication course at the Rotterdam School of Management (Rotterdam Erasmus University).

During his free time he is involved in a number of projects at the interface between religion, young people, communication and new media.

## INTRODUCTION

Quality, operating processes and communication have more to do with one another than is often realized. Simply dealing with the pressure of day-to-day events tends to obscure the growth of the organization with regard to image and image-building, while seen in communication terms, operating processes tend to be something of a poor relation. Since government institutions exist in the interests of the community, they are continually required to show what they are and what they do. They are, accordingly, increasingly assessed in terms of quantifiable performance and public ratings by the ministries in question. Quality assurance and quality models then evolve into standard elements for the permanent improvement of the organization. This covers the quality of all the processes within an organization; quality itself becomes an operating process. Not everything is known about the path to improving the effectiveness, working methods and the route to excellence as an organization, but integration is certainly a factor.

Each organization faces the question as to the meaning of integration in optimal form. What is integration and what needs to be integrated, to what end? And do communication officers have a role to play and is this in fact one they take up and do they do so well? Does the government play the same role in this regard as the private sector, or do other factors come into play? And seen from the perspective of the police, does not the pressure of everyday events always take precedence?

The main question / issue arising from these considerations is:

*How is the integration of communication into the policy and quality process to be promoted within government in the interests of more effective image management? And to what extent does this take place in practice among the police?*

## GOVERNMENT AS POINT OF DEPARTURE

The government and private sector differ. The government is, in brief, required to maintain the rule of law, to ensure a just distribution of the available resources and to prevent negative effects. The government also regulates matters of relevance to all and encourages innovation and co-operation in society.

In terms of these core tasks, the communication undertaken by government institutions faces a number of differing challenges. What the government decides to do and not to do, for example, needs to be based on the desire to gain public support. Public support is not easily reconciled with an active duty of openness such as that laid down - solely for the government - in the Government Information (Public Access) Act. This is awkward to manage because openness involves a degree of dependence on reporting, while the media determine the public discourse. This represents a challenge, a mission or impossibility for communication which, according to Jumelet and Wassenaar (2003), splits communication into communication about policy, communication as policy, communication for policy and communication in policy. A topic which even transcends corporate communication, as it takes place inside processes and is involved with processes. In short: integrated communication

## QUALITY

Integratedness also forms part of quality. On the basis of theories concerning quality and quality assurance, an examination of the INK model leads to an exploration of the possibilities. The INK model is one that is used by the police on the basis of the statutory requirement for quality improvement. Organization fields and result fields provide a mirror of the organization. A continuous process of improvement takes place within five relatively standard development phases (from orientation towards activities, processes, system, and chain to the excellent organization).



Figure 1: INK model

INK is a model that only works once it has been adopted within an organization and within the communication process. What is required in order to grow effectively as an organization? Can quality in fact be measured? Who determines quality, and is quality the full story? Is it clear what changes in each phase? And for whom? These are questions that are interesting enough for the performance process to be examined from this perspective as well. When does something amount to a performance, and how should it be measured? Are there other influences that affect the figures? Can an organization exert influence itself and what role does communication play in this regard?

A brief survey conducted among various police forces and an exchange of information with specialists in various subfields has been designed to provide an answer to these questions.

## SURVEY

The interviews were based around the proposition that communication officers do not always have their “sights” accurately trained, i.e. that their “visor” is askew. This proposition arises from the fact that working in the daily turmoil of events detracts attention from the many influences that in fact apply to the organization but which sometimes only become visible and discernible after some considerable time. The visor model comprises four areas of influence affecting the core of the visor, namely the Population Police Monitor performance indicator. This is an important indicator since the results form part of the performance contract with the minister. The quadrants show the relevant factors. The media are at once the messenger for public opinion and the recipient of what is professionally reported and susceptible to influence. The same applies to stakeholders. These need to be identified and classified and their behavior and attitudes understood and guided. As the front-line resource of an organization, the staff must also display behavior appropriate to that organization. As ambassadors of the organization they largely determine the quality and make or break the organization’s reputation. This must also be secured within the organization since it otherwise becomes simply a matter of reactive management.



Figure 2 : *Communication visor; quadrants, indicators and focus* (© Van Loon 2005)

Apart from a survey of the literature, policing in practice was also examined. The heads of communication of a smaller police force (Flevoland, Mr Demmers), two medium-sized police forces (IJsselland, Mr Gerritsen / Limburg-South, Mr Tans) and a large police force (Utrecht, Mr Dekker) were prepared to speak openly. In more specialized terms, cooperation was received from the former deputy head of Communication of the Ministry of the Interior, Mr Siepel (*on Government & Opinion*), the head of the Police quality control bureau, Mr Dijkshoorn (*on Quality & Police*), and the author of the book 'Oordelen over de politie', Mr Lammers (*on the Police & Police Monitor*), and from Mrs Binsma of the agency Capra Communicatie (*on Communication & INK*)

Questions concerning image formation and the media, the application of communication insights and the how and why of the police monitor, image, quality, securing and day-to-day practice have been incorporated in this thesis in a number of hypotheses.

- The Public Prosecution Service affects the reputation of the police
- Communication is too much “owned by” the communication department
- Communication needs to be strategically anchored but also to have a focus on primary processes
- Insufficient awareness among police officers of the importance of image

- Expectation-based management has effective influence on reputation
- Reputation and image thinking is underdeveloped

## CONTEXT OF THEORY, PRACTICE AND THE DAY-TO-DAY

Since the police are assessed in terms of the Population Police Monitor (Dutch acronym PMB), a brief discussion of this instrument is required. PMB is the largest national population survey in the Netherlands in the safety and security field and is at the heart of the visor model. From the viewpoint of communication the “availability and satisfaction” indicators are the most important as it is these on which the notion of appreciation is based. It then becomes interesting to examine the factors responsible for determining satisfaction and appreciation. The customer may set the agenda, but the customer is also a decidedly awkward concept for the government and certainly for the police. The government does not provide freedom of choice when it comes to the service in question and a detained suspect is unlikely to feel a satisfied customer. The so-called symbolic function of the police also has an effect on the sense of satisfaction. Symbolically the police is the strong arm of the law, the difference between right and wrong and good and evil. As Lammers (2004) indicates, however, this apparently positive approach towards the police also has its negative side; satisfaction with the police is the outcome of expectations minus the actual experience!

It is time to take the professional communication process into account. Satisfaction and appreciation are matters that should not depend on waiting and seeing, and it is this added value that is delivered by communication. We need to know what others are expecting (*expectation management*). This means knowing what impact the behavior of the organization makes on others (*image / reputation management*). But who are those others, is everyone required, are there also stakeholders in unexpected quarters (*stakeholders*)?

Should communication take place when something is ready or should stakeholders be involved at an early stage? Can certain developments affect the very foundations of the organization (*issue management*)? Can these issues be integrated or mobilized (*in policy*)? This calls for a thorough approach, in the sense of integration into the operating process but also with an understanding of the organization’s own added value (*accountability*).

Recent literature indicates that public opinion and the media are also important factors in relation to satisfaction. Meijer (2004) states on the basis of research: “*The media profile of the Dutch police shows they are successful at solving crimes. Of all the sectors and companies, the police were most in the news with their successes, which improves the reputation of the police. Remarkably, the police also received a great deal of criticism by the*

*media that harmed their reputation, since the media are perceived by the public as reliable sources. The reputation of the police is the second worst of all the focal companies and sectors. This raises the following questions about press policy of the police: Why are the media skeptical about the police in spite of their successes? Do the journalists know whom to call when the police are having difficulties, or is their press policy mainly oriented towards the distribution of press releases in the case of a success?"*

Beunders & Muller (2005) investigated the relationship between the police and the media and they too concluded that a great deal of good news was conveyed to the outside world by the communication departments and actually published. The mutual relationship between the police and the Public Prosecutions Service was then examined from the citizen's perspective. This needs to be improved since the division of responsibilities in the various areas has become muddled. Who should be held accountable for what is not clear to the public. This has a detrimental effect on the image of the police.

There are therefore many factors that affect the organization and many in which communication can make a contribution towards the proper integration of the "inside" of the organization and the outside world. According to Siepel and Dijkshoorn, this requires the government to show the public what is being done with their money. This then becomes a matter not of *managing* but of *earning* public confidence. This calls for vigorous leadership. Leaders must be visible, must take action themselves, must make themselves felt and must also be accountable for the results they achieve – results that can also be achieved in the integration of quality and communication. Professional insights such as issue management, stakeholder integration and the management of public opinion still need to be integrated within the profession. The web scan conducted by Binsma provides a frame of reference, while a complete program based on this will help the discipline of communication penetrate more effectively into the various INK phases.

## RESULTS OF THE HYPOTHESES

All in all the topic generated interesting angles of approach and information. Linked to the hypotheses these are:

- Public Prosecutions Service affects the reputation of the police  
*The demarcation between the police and the Public Prosecutions Service is too unclear to the public. Joint action, e.g. via a media strategy, can have a significant bearing on expectations - including incorrect expectations.*



- Communication is too much “owned by” the communication department  
*The decision by the management to place the responsibility for communication with a single department is not a good one. It has meant that communication has been converted into a discipline in which policy is primarily portrayed by means of setting the right tone for the right target group. While communication concerning processes and quality is achieved in this way, the essence of the organization - the operating processes - are not integrated. In the absence of an accountability requirement for communication departments, the added value cannot then be rendered measurable.*
- Communication needs to be strategically anchored but also to have a focus on primary processes  
*Communication departments almost always have direct access to senior management. The most important people personifying communication, however, are those in the street or having direct contact with the customer. Reputations are made and broken by employees. In the case of the police this means modifying the “public contact” profile and specific attention to this aspect in police training. The organizational position of communication is well regulated, but communication thinking is not effectively secured.*
- Insufficient awareness among staff of the importance of image  
*Awareness of communication needs to be promoted from the bottom-up in the organization. The potential gains are considerable. A powerful street-level leadership shows that recognition in the street is important for each police officer. You are needed in the street, in the street you bear out what is expected or confirm images people already have (including negative ones). In brief, whether you do or do not do something determines the image and hence the reality as perceived by the public. Police officers need to be trained in awareness of the “public contact” referred to above and the consequences this has. Communication is too important just to be left to communication professionals.*
- Expectation-based management has effective influence on reputation  
*When the police are in touch with the public, expectations and reality do not match up. Because the police are measured in terms of satisfaction it is time to bring back the old PR slogan: “Be good and tell it”. Ensure quality, coordinate and report. Managing public confidence can be effective in this regard.*
- Reputation and image thinking is underdeveloped  
*The tendency is for the police to be on the receiving end of public opinion. Since it is not made clear who is responsible within the security chain for what, the Public Prosecutions Service and the police tend to lean on political elements and reporting in the media . Professional developments with which a grip could be gained and retained over image and reputation are hardly applied.*

## MODEL: ZIP?QUALITY!

This thesis establishes and discusses the link between proven matters (i.e. the results from the theoretical analysis) and practice. In my approach this results in a zipper model: ZIP?Quality!

By zooming in (Z) one sees the integrated (I) processes (P) that must lead to (?) the attainment of quality (Q). The zipper is of course communication, which must continually improve itself within that “fastening” role on the basis of the PDCA (Plan-Do-Check-Act) circle.



Figure 3: ZIP?Quality!-model (© Van Loon, 2005)

The stage of corporate communication is past when the organization always works, thinks and communicates with a view to the ultimate integration of behavior and the organization's and customers' expectations: when this is achieved we have integrated communication!

## CONCLUSIONS

- The police's degree of dependence as an organization can be reduced. Since it is the most recent contact with the police that determines the results, the most recent contact must be the subject of direction! The present method of working is to adjust matters after the monitor results have been published. But the input of people and resources alone may be compared with braking and accelerating. Although these form an integral part of the driving process, the gear mechanism (monitoring/audits) and the steering possibilities, i.e. the course (and who is setting the course) are critically missing. Professional elements such as issue management, stakeholder integration and managing public confidence are the instruments for placing oneself in the driving seat. The professional upgrading of, in particular, the central communication departments, is an important consideration, and standing back from whatever happens to be topical a good second. Topicality is not the same thing as prioritization and influencing means investing and taking the necessary time.
- Street-level leadership is badly needed. It is in the street that contact with the public is made, it is there that the organization is made or broken; it is there that communication concerning the familiar three areas (knowledge, attitude and behavior) with police officers can make gains. The initiator of the PDCA (Plan-Do-Check-Act) circle, W. Edwards Deming, stated "Quality is everyone's responsibility", and while he is right, communication is also everyone's responsibility! From this viewpoint the introduction of a modified "public contact profile" among the police and in police training is something that is needed in the very short term.
- The Public Prosecutions Service (PPS) and the police need to cooperate closely in media policy since it is not clear who is dealing with what when it comes to the subject of security. Thus the police are viewed and judged in terms of negative issues that in fact belong to the PPS. The joint modification of the "designation, information, investigation and prosecution" procedure needs to be a first step.

## FOLLOW-UP / RECOMMENDATIONS

- The parallels between policing and developments in other organizations merit a follow-up survey/professional benchmark. Examples include how to deal with negative reporting (cf. the body implementing employee insurance schemes, UWV), and autonomous units (such as police forces) which are nevertheless subject to standard and centrally prescribed guidelines (cf. Rabobank). Lessons may also be learned from a government institution that is responsible for enforcement and which is nevertheless relatively free of negative associations, such as the tax department.

- The Population Police Monitor must be improved. Information concerning the reasons for an assessment and identifying the sources of dissatisfaction are vital.
- Improvements to the organization lead to a different INK phase. Police forces with which the public is satisfied score more highly on the Population Police Monitor, but does a good quality organization also obtain better results on the Population Police Monitor and is there a causal link? It may be that focusing on the organization itself, the processes and the cooperation becomes so inward-looking that the external customer aspect becomes obscured. In the light of the system-oriented phase of the INK this is crucial! It would be interesting to explore this angle in greater depth.

*The functioning of the police is therefore closely related to such aspects as public perceptions of the efforts of individual police officers but also the perceptions of the results achieved by the organization as an overall system. With this in mind it is then a matter of securing, planning, doing, checking and acting. There is enough to do for communication.*



*Barbara Mulder*

# Measures that matter

*Performance management linked to reputation*



## INTRODUCTION

The object of research in corporate communication is the interdependency between organizational performance on the one hand and identity, reputation and the orchestration of communication on the other. This thesis describes the development of a performance management and measurement system that explicitly links organizational performance to reputation. It is used to understand, manage and measure the internal operational aspects of reputation management, whereby it focuses on the important role of employee performance and the quality of internal processes in building and enhancing an organization's reputation.

Financial performance measures such as return on investment, stock prices and quarterly earnings have long been considered paramount to estimate the performance of an organization. But things have changed. Organizations realize that non-financial value drivers and in particular organizational reputation are of increasing interest. Reputation is considered as a strategic resource of competitive advantage and as such of great importance for the continuity of an organization.

## CENTRAL QUESTION

This thesis is based on the central question:

Can the concept of reputation be used as a platform to develop an employee performance management and incentive system that

- involves the entire organization in building and maintaining reputation as a source of competitive advantage;
- stimulates employees to embed the perspective of non-financial value drivers in their performance;
- incorporates existing internal processes and management systems such as programs on quality management, safety management, finance management, risk management and management development;
- is consistent and relevant to all levels and functional areas within an organization.

Based upon an extensive study of academic literature on reputation, reputation management, identity, stakeholder expectations, performance management and corporate communication, I designed a framework that illustrates the input that is needed to develop a valid reputation-based performance management system. I

further describe the implementation of such a system within the Heerema Group, a group of companies that provides business-to-business services to the international offshore oil and gas industry.

## REPUTATION

Whilst the strategic role of reputation is no longer a matter of debate, it proves difficult to come to a clear definition. Not only is reputation primarily an emotional concept that is difficult to rationalize and verbalize, the fact that it is studied from the perspective of various academic fields -accounting, economics, communications, marketing, sociology and strategy- contributes to a variety of definitions (Fombrun and Van Riel, 1997).

For the purpose of this thesis I present the following definition:

A corporate reputation is a collective representation of an organization's past actions and results that describes the organization's ability to deliver valued outcomes to multiple stakeholders. It determines an organization's relative standing both internally with employees and externally with its stakeholders, in both its competitive and institutional environments (Fombrun and Rindova, 1996).

A sound corporate reputation creates a competitive advantage and supports an organization in attracting the best resources at the best conditions. It influences the decisions stakeholders take -which products to buy, which organization to work for, which investment to make- and stimulates supportive behaviors from both internal and external stakeholders.

## REPUTATION QUOTIENT

It follows from this definition: reputations are built on stakeholder perceptions. Charles Fombrun grouped these perceptions into six categories and developed a multi-stakeholder measure of corporate reputation, the Reputation Quotient (RQ). The RQ identifies six drivers of reputation: emotional appeal, products and services, financial performance, vision and leadership, workplace environment, social responsibility. Each driver is broken down into more specific attributes, with a total of 20.





Though the RQ was developed as a tool to measure and compare corporate reputations, its drivers, attributes and multi-stakeholder approach provide an insight into the key pillars on which reputations are built. The six RQ drivers also demonstrate that an organization's reputation is based on a combination of emotional appeal (1 driver) and rational appeal (5 drivers). Interesting in the context of this thesis is the fact that five of the six drivers represent non-financial information cues.

## PERFORMANCE MANAGEMENT

A well-known and often applied performance management system is the concept of the Balanced Scorecard (Kaplan and Norton, 1992). The balanced scorecard was designed to overcome the financial focus of traditional performance measurement systems. It keeps track of an organization's performance in four key perspectives: the customer perspective (how do customers see us), the internal business perspective (what must we excel at), the innovation and learning perspective (can we continue to improve and create value) and the financial perspective (how do we look to shareholders).

An important implication of the balanced scorecard is that it puts strategy and vision, not financial control, at the center of performance management. Developing a valid scorecard requires input from the various functional areas in an organization and heavy involvement of top management. They should establish a limited set of value drivers (Critical Success Factors) that are considered to be crucial to reach the organization's strategic goals. Kaplan and Norton's Balanced Scorecard identifies these value drivers within the framework of their four perspectives.

## CONCLUSIONS FROM LITERATURE STUDY

The academic literature on reputation, identity and performance management provided the following insights in the context of the research question in this thesis:

- Reputation is a strategic resource of competitive advantage.
- The six RQ drivers are the key pillars of reputation. They demonstrate that an organization's reputation is based on a combination of emotional appeal and rational appeal. Five of the six RQ drivers represent non-financial information cues. They can be considered to represent the non-financial drivers of competitive advantage.
- Reputation is a concept that is built on the perceptions of multiple stakeholders. Stakeholder management implies involvement of all employees: they interact and build relationships.
- Identity, organizational performance and reputation are linked. Identity is expressed by an organization's activities and more specifically, in the activities and behavior of its employees.
- Traditional performance management systems have a financial focus. The Balance Scorecard has stretched this to a multi-disciplinary approach and provides a link with the overall strategy of an organization. However, performance management systems to date have not yet incorporated the perspective of multiple stakeholders. They are strongly biased towards financial stakeholders and customers.

## WORKING METHOD AND SYSTEM SET-UP

The following framework illustrates the links between reputation, identity and performance management. It shows the input that is needed to develop a valid reputation based performance management system and the tools that are used to assess both employee and organizational performance.



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### *Input and tools for reputation-based performance management*

## ACTUAL AND IDEAL IDENTITY

The organization's actual and ideal identity features are the foundations on which the reputation based performance management system is built. Extensive desk research and interviews with top management throughout the organization provided input for a two-day strategy meeting with top executives. They discussed the current and desired state of the organization's strategy, actual and desired reputation, structure, culture and identity in the context of specific market and general business trends, financial results and forecasts and actual and desired business performance.

Management was also challenged to identify and prioritize the organization's stakeholders, using the concepts of Grunig and Hunt and Mitchell, Agle and Wood to overcome their bias towards commercial and financial stakeholders and to set the scene for an approach to reputation management that balances the interests of all relevant stakeholders.

## REPUTATION AND REPUTATION DRIVERS

Kaplan and Norton's Balanced Scorecard identifies value drivers and critical success factors within the framework of their four perspectives. The reputation-based performance management system uses the RQ-drivers to establish the 'vital few' value drivers of an organization's reputation and the critical success factors that are crucial to the value drivers.

Instead of applying the RQ drivers to describe the output of the organization's performance in terms of reputation, they were now used as input perspectives. This resulted in the formulation of six CSF's and 20 attributes that were called business principles:



*RQ as the basis to develop reputation value drivers and their critical success factors*

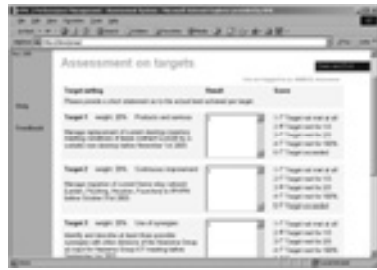
The relevance of the business principles was tested extensively to make sure that they indeed provided a sound starting point for the reputation-based performance management system that was valid to all functional areas in the organization. Testing involved management workshops, extensive study of a cross-selection of job descriptions (350) and interviews with employees (85).

## PERFORMANCE MANAGEMENT AND MEASUREMENT

Next step therefore was to develop unambiguous and useful tools that could be used to manage and evaluate both employee and organizational performance.

### EMPLOYEE PERFORMANCE

Employee performance is managed and reviewed with the digital 'Performance Review Tool', which contains two sections. The structure and content of both sections is based upon the business principles.



Sections A and B of the Performance Review Tool

Section A is used for an overall (yearly) review of an employee's contribution to the organization's reputation. It contains detailed descriptions of the expected behavior for each business principle. Employees can score on a five point scale. An example:

GOAL ORIENTATION (PEOPLE PRINCIPLES)		
<b>1- Expectations not met</b>		
Is not focused on objectives. Cannot effectively establish priorities.	Regularly fails to deliver what is promised. Shows indifference to most milestones.	Is not interested in considering the interests of parties involved.
<b>2- Expectations partly met</b>		
Has to improve on effectively establishing priorities and focusing on objectives.	Has to improve to deliver what is promised and to meet milestones.	Has to improve on considering the interests of parties involved.
<b>3- Expectations fully met</b>		
Is focused on objectives and establishes priorities effectively.	Delivers what is promised and meets milestones.	Takes into consideration the interests of parties involved.
<b>4- Expectations exceeded</b>		
Is focused on objectives and establishes priorities effectively in all situations.	Delivers what is promised and meets milestones. (Often helps to colleagues when reaching the goal is endangered).	Takes into consideration and balances the interests of parties involved.
<b>5- Expectations exceeded by far</b>		
Is focused on objectives and establishes priorities effectively in all situations.	Exceeds on promises and meets milestones, at all times. Helps colleagues when reaching the goal is endangered.	Takes into consideration and aligns interests of parties involved.

Descriptions of expectations and scores on business principles

Section B is used by managers and employees to set targets (minimum 3, maximum 7) according to the SMART principle: they should be Specific, Measurable, Acceptable, Realistic and Time-framed. Targets should relate to a specific business principle. Again, a five-point scale is used to list achievements.

An extensive list with relevant target examples grouped around the business principles was developed to inspire managers and employees.

LEADERSHIP		
<b>Entrepreneurship</b>		
<b>GOALS</b> Project committees should pro-actively propose and evaluate financing alternatives (e.g. raise or loan)	<b>TARGET EXAMPLES</b> Increase risk contribution of accepted financing alternatives by at least 50% by the end of this year	<b>MEASURES</b> Increase risk contribution of accepted financing alternatives by at least 50% by the end of this year
Business planning has to be improved	Get approval for business plan by supervisory board before November 2009	Quality of business plan (as evaluated by supervisory board)
<b>Business environment</b>		
<b>GOALS</b> Reports about competitive situation must be prepared on time	<b>TARGET EXAMPLES</b> Ensure 100% on time delivery of Management Data (MDP) to business units urban managers and directors this year	<b>MEASURES</b> # of MDP reports distributed within two weeks after data has been performed / # of MDP
Legal environment must be monitored proactively	Ensure comprehensive reporting on changes for legal environment in West Africa this year	# of changes to contracts due to lack of knowledge about legal environment
<b>Guidance</b>		
<b>GOALS</b> Vision and company strategy must be understood by all H&M employees	<b>TARGET EXAMPLES</b> Reduce costs for identity of vision and strategy from informal survey by 50% by the end of the year	<b>MEASURES</b> Score this year/ Score last year -1
Management must assume an active and guiding role in career development	Get development plans approved by HR for all employees under supervision by the end of June 2009	% of development plans prepared and approved

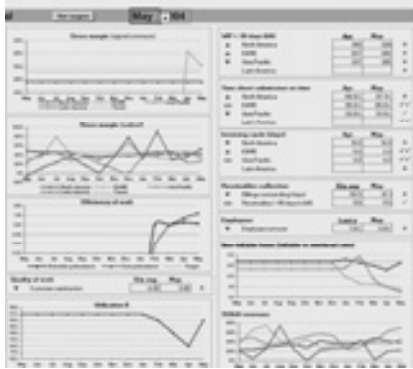
*Part of list with target examples*

The total assessment score calculation is straightforward: both sections carry equal weight. The total score impacts the bonus pay-out, salary increase and career opportunities for employees.



## ORGANIZATIONAL PERFORMANCE

For the purpose of monitoring the organization's performance throughout the year, a system of performance dashboards –grouped around the business principles- has been developed that combines information from a number of management information systems on financials, risk management and safety management.



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### *Organizational performance dashboard*

Moreover, the organization's performance is reviewed by internal and external reputation surveys for which a standardized set-up has been developed, again based upon the 20 business principles.

## CONCLUSIONS

In the light of the research question and the results as presented it can be concluded that the Concept of reputation can be operationalized to the level of individual employee performance and provide a platform for a performance management and incentive system. Its abstract nature made it suitable to serve as the strategic basepoint any performance management system should be founded upon and through the translation of the RQ drivers into relevant drivers for the organization's performance in its specific industry it could be broken down into a consistent framework of business principles that covers all business processes and activities.

Consistency however has not been driven to the extreme. In order to indeed clarify how individuals at all levels and within all functional areas of the organization contribute to the reputation through their day-to-day activities the system needed flexibility as well. It therefore provides a framework with sufficient opportunities for employees and their managers to determine which business principles are relevant within the context of their job descriptions and how they can actually be operationalized into recognizable and measurable targets.

This performance management system has now been in use for over a year within the Heerema Group. Targets have been set and employee performance was reviewed and rewarded using the new system. The performance management system has proved to be a vehicle to embed the concept of reputation, reputation management and stakeholders' expectations into various processes within the organization and into the mindset of management and employees.

Although it is evident that reputation management and the implementation of the reputation-based performance management system requires an extensive effort of the entire organization, corporate communication specialists have a specific and significant role. They operate on the crossroad of identity and reputation and support the organization with a variety of communication strategies, activities and tools to express its identity and contribute to reputation building by ensuring that all communication activities are built upon the key ingredients visibility, transparency, distinctiveness, consistency and authenticity.

My recommendations therefore focus on the role of this specific expertise. With reputation management as a strategic issue, communication specialists throughout the organization should:

- establish and enhance the strategic role of their departments,
- continuously stress the importance of consistent communications and their expertise in this field,
- form close working relationships with the human resource departments in order to jointly monitor the performance results with respect to reputation,
- use the business principles platform to establish the key promises of the organization and develop a sustainable corporate story use these elements for both internal and external communications.





*Suzanne Tesselaar*

# The story of a KISS

*Timely communication in organizational change*

Inside out, upside down, sideways, back to front, nothing Suzanne Tesselaar does is straight forward. As is the decision to take up the MCC study again in the midst of a successful career as consultant and trainer in marketing, communication, and change management. Also different is the subject of her research.

Her enthusiasm and constant flow of new ideas, gives

others inspiration to look at things from a different perspective. Suzanne's working background incorporates leading advertising agencies, American Express, Plan International, Rabobank, British Telecom, KPN, CGU and starting the first Dutch international call centre.

Suzanne has written several books and publications on communication, marketing,

multimedia and her pet subject "time". She completed the MCC degree course whilst working at the University of Professional Education in Utrecht, responsible for post-graduate communication education.

Suzanne has been a regular guest lecturer to MBA students at business schools of Palermo, Southampton and Maastricht.

## INTRODUCTION

Corporate and organizational communication leads to the success of organizational change, if and when it is appropriate. This thesis discusses the significance of addressing cultural issues, as organizational identity, at the early stages leading up to an organizational change. It shows the contribution of organizational behavioral aspects to the success of strategic change processes from an internal, organizational, communication perspective. The subject of time is extensively researched by scientists i.e. (Adam, 1990 onwards), Knights (2001 et al, 2001, 2003) and Sabelis (2002, 2004). Scientists researching communication have so far not used paradigms involving the notion of time and time perception. Time is the fourth dimension as the prime parameter in any communication process. Time is either the addition to marketing and communication paradigms or it should be the underlying motivation for communication studies. In this study, I research an organization at a time of radical and strategic, organizational change.

Hypothesis of this thesis is:

*Timely communication significantly enhances the chance of success in processes of organizational change.*

I will show evidence which answers the central question of this thesis:

This study includes evidence based literature and empirical research in a longitudinal sequence. I used several research methodologies: action research, storytelling and discourse analysis. The results of these methodologies I combine with theories on:

- sense making (Weick, 1995, Gioia, 1996 and Corley, 2000)
- flow (Csikszentmihalyi, 1990 and Gioia, 1991)
- time dimensions (Adam, 1990).

## TIME AND TIMESCAPES

Addressing time alone, as clock time, months and years, does not suffice in the case of communication in organizational change. Dimensions in time have been extensively researched by Adam (1990). She distinguishes different temporal dimensions in her research (Adam 1990,1996) in:

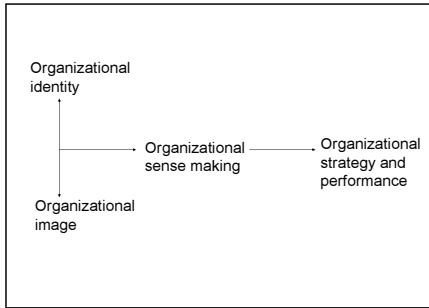
- time and space
- tempo and rhythms
- past present and future
- clock time
- time perception

These time dimensions running side by side, together making a virtual landscape, into what Adam (1996) defines as a timescape. Sabelis (2000) refers in her research to this theory as time/s in the work and life of top managers. Clock time is beyond control, time perception is what we are able to influence and control. I used the following model by Sabelis (2002) to define clusters in the timescape theory.

Timing	Duration	Tempo	Rhythms (cyclical)	Temporality (linear)	Times (resource, quantity, measure)	Past, present, future
Synchronisation	Moment	Speed	Seasons	Change	Lifetime	History
Co-ordination	Eternity	Slowness	Day/night	Ageining	Finitude	Memory
Priorities	Continuity	Pace	Bodily rythms	Impermanence	Year	Identity
Strategies	Time-scales	Inensity	Biological time	Ephemerality	Month	Projection
Flow? +	Short/ long term	Juggling	Periodicity		Week	Intention
beginnings/ends	Point in time	Compression	Repetition/ habit/routine	Transience	Day	Motivation
pauzes/breaks	Flow	Efficiency	Reincarnation	In/finite	Minute	Goals
time out	History	Effectiveness	Feedback	Innovation	Nanosecond	Anticipation
returning	Sequence	Acceleration	Backfiring	Creativity	Millenium	Biography
repetition	Chronology	Deceleration	"Takt"/reliance	flow	Bounded duration	
moment	Priority		Repetition/			
no change		Tenure				
	Timeline		Change/stability		Sun-moon- earth	
					Cycles of life and death	

## ORGANIZATIONAL CHANGE

In communication theory, Corley (2003) defines the steps in organizational change in the following model:



**Model 1.**

The subjects in the model can be seen in sequential and chronological stages:

1. Organizational identity (Van Riel, 2003)
2. Organizational sense making (Weick 1995, Gioia, 1991)
3. Organizational strategy and performance (Fombrun, 2004)

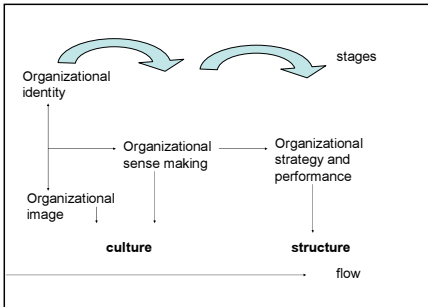
## EMBEDDING

To achieve success in change processes, organizational embedding is crucial.

Schein (1997) addresses embedding mechanisms in a ten step model.

Projecting culture and structural embedding in the model (model 4) the first two stages, identity and sense making, are the cultural embedding dimension.

Strategy and performance are the structural embedding dimension.



**Model 2.**

Indicators of structural embedding are:

- goal attainment
- measurable results
- continuity

Analysis in Sabelis (2000) research show that the first set of values is predominant with top managers; They feel more comfortable to communicate predominantly on structural issues. The effect of this mechanism can be found in several researches. Fairhurst (1993) for example shows that discourse stays behind when institutionalised systems are introduced. She discovers a gap between the vision and organizational talk in Total Quality Management.

The conclusion of several theories being that management leaves something out by only addressing structural embedding. Translated into the sense making theory, this would indicate the need to address embedding from another perspective; a cultural one.

*Time in structural embedding is: continuity*

## CULTURAL EMBEDDING

The missing dimension in organizational change is culture. Indicators of cultural embedding are:

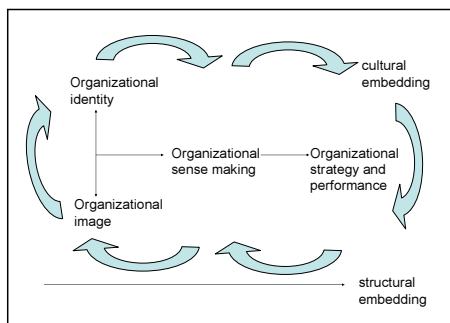
- Organizational identity
- Sense making (Corley, 2000, Gioia, 1991, 1994 and Weick 1995)
- Momentum

Gioia and Chittipeddi (1991) introduced the term, sense giving, as an attempt to influence organizational sense making by management. In the model (Model 1) the link between identity and strategy is sense making. From the three described sense making theories, sense giving is dominant from top management as a first step in organizational change.

*Flow in sense making*

- Top down: sense breaking -unfreezing and aculturising - (Schein 1997)
- Top down: sense giving
- Lateral and bottom up: sense making -cognitive restructuring- (Schein 1997)

This theory shows that the sense making process is not linear, as seen in the previous model, but a cyclic process (model 3).



**Model 3.**

**MOMENTUM AND CREATED MOMENTUM**

Corley (et al, 2000) states that identity changes, not only because of organizational change but through the passage of time; without intervention or embedding. Gioia & Mehra (1996) talk about retrospective sense making in creating an organizational identity. Because these processes of cultural embedding have different rhythms and time dimensions, it is relevant to research the momentum. According to Dutton (Dutton & Duncan 1987) momentum is “a force created by energy for action”. Expressing that momentum creates control of time. Jansen (2004) introduces the following dimensions in momentum:

- Inertia (tendency of a body to resist acceleration or change)
- Stasis based (energy related to persisting with or extending current route)
- Change based (energy related to pursuing a new route)

Time in cultural embedding is: momentum

The temporal dimensions in cultural embedding are:

- Moment = a stage
- Momentum = the force created by energy for action (Jansen, 2004)
- Created momentum = the present in momentum (Wiebe, 2004)

*Time in created momentum is: the present*

## CASE STUDY

The organizational change I researched was called KUS (Kunstuitleen Utrecht Samen), translating as KISS. I used the several methodologies to research nine organizations in the same stage of strategic change. I created three momenta in which I measured the communication managers of each organization and their directors. Table 1 is an example of the discourse analysis from the first created momentum. The research subjects, originating from each of the organizations involved in the merger, brought a symbol for KUS and were asked to tell their stories.

Symbol	Sense breaking	Sense making	(Pre-emptive) Sense giving
Wires	these are different electrical wires, with different structures, colours and they all point to another direction	connected wires held together with durable iron stands for all of us as one entity	it is messy, we need clarification. If we connected the wires wrongly we will short circuit
Puzzle	we are all individual parts of the puzzle	when the pieces are put together we have one radiation	the pieces are all mixed up
Game: balls	the balls go their own way. We have overlapping activities	little balls together in formation on one platform	have to be careful in the process of putting the balls together
Rubics cube	we have our own identities and the blocks are all mixed up	our own identities put together in one colour	I find it very difficult to put all the colours together, but it can be done
Text	each have our own colour: black or red and our own text	all the text will be written and visible	there is no text visible
Candy	it stands for our individual taste, smell and colour	one candy cake that tastes good and makes people happy	we can produce something together from all the different pieces
Whistle	each of us blow their own tune	we can make something sound good together	its very hard to work in two different situations but I think we have the strength to pull it off



Symbol	Sense breaking	Sense making	(Pre-emptive) Sense giving
Hare	something I love and am attached to	do not know where it leads to, it's a political decision	free fall, looking apprehensive, unknown destination
Corks	it stands for worries about now	keeps the good inside, always floats no matter what	only when forced to, the good content will be released and flow out

**Table 1**

This is the discourse analysis at the directors created momentum (nr. 3):

Resistance	Slowing down	Distance
Not sure yet	Not even at this level yet	Over enthusiastic employees
We are still	Not at this moment	I am only interested in
We are not so sure	Not yet agreed	Communication is all very nice
We need to first		I prefer to put my money

**Table 2.**

## RESEARCH CONCLUSION

By not addressing time and temporal aspects management caused organizational silence (Wolfe & Milliken, 2000). My research provides evidence that Mintzberg (2004) is correct in his conclusion that trained MBA's are not successful leaders.

The storytelling sessions with the communication managers created teamwork, mobilized the group to the merger and actively involved them in the change process, by giving the subjects power to make a difference as Knights (2003) and Foucault (1966) found in their research.

Fairhurst (1993) describes gaps in multiple identities to be a stumbling block to organizational change. The art library research proved that the group session method creates unity, safety, affiliation and added to the self esteem of the group. The group session resulted in a perceived shared identity for the new organization.

The change based stage in created momentum creates control of time in the timescape. Momentum has to be created by management. Created momentum, according to Wiebe (2004), allows for managers to fully engage in shaping their organizations in both incrementally, and radically, novel ways.



If an organization wants to accelerate the early change process, a created momentum is needed every three months. If cultural embedding is addressed in messages between created momenta, the motivation towards organizational change persists.

## CONCLUSION AND ADVICE

Mintzberg (2004) could very well be right in stating to "Teach managers to think culture." The current generation of CEO's is lost. This would call for business schools and universities to include organizational behaviour and organizational culture in the curriculum of management studies.

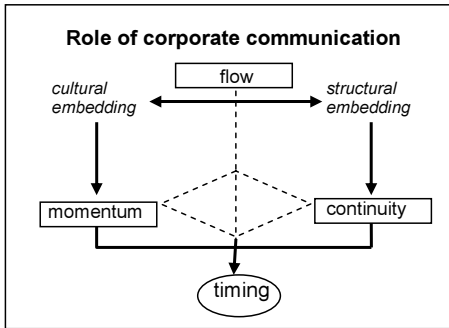
The timing and rhythm of messages and created momentum, is predominantly the role for corporate communication departments. In most organizations, there is no other discipline with know how, clout and access to communication media capable of performing accountable communication.

With two separate leaders addressing structural and cultural embedding issues, each of these with their own dynamics and timing, this could result in two processes running side by side. My research shows that the processes should be intertwined. Communication executives are instrumental in the process of changing the organisation - internal and externally. The role of organizational communication in the process should be the linking pin between structural and cultural embedding issues.

The condition for this role is that the manager responsible for corporate communication, holds a position on the board of directors.

Corporate communication has a signalling and reporting role within the organization during the process leading up to the change. Ensuring that sense giving and sense making issues can be addressed at the appropriate time, with the right message and the best flow.

In my theory, corporate communication is predominantly responsible for timing. By managing the three timescape clusters; continuity, momentum and flow, corporate communication is able to manipulate and anticipate; at any stage or phase in the strategic change process.



**Model 7**

Summarizing the findings in this research, successful organizational change should follow this sequence:

1. directors should agree on structural embedding issues first
2. then address cultural embedding issues
3. put a second leader in charge of the cultural change process
4. ensure that sense giving mechanisms are in place
5. create momentum, at least every three months, leading up to the organizational change
6. control timing and flow throughout the entire process
7. communicate frequently on both structure and cultural issues
8. corporate communication should control and facilitate the timing element in the change process

## FINAL CONCLUSIONS

Cultural embedding is the accelerator and the motivator in the change process.

Structural embedding is the motive (engine) and the underlying continuation of the change process.

The overall conclusion of this thesis is:

*Timely communication significantly enhances the chance of success in processes of organizational change.*

To end this thesis with another metaphor:

*If structural embedding is the engine, cultural embedding the accelerator,  
corporate communication is the gear box in organizational change.*

*Ilse Vegter*

# Making a difference with internal branding in the higher education business

*A study at Nyenrode Business University and at Erasmus University Rotterdam*

Ilse Vegter (1967) works at Transfergroep Rotterdam, education and advice.

With a bachelor degree in creative communication Ilse started her career in 1995 at COWAG, the centre of contract education of Hogeschool Rotterdam. In the education business she has executed almost all roles: from managing short post higher education courses and

programmes to the training and educating of students as a communication trainer.

In 2002 she made the move from a business unit of Transfergroep Rotterdam to the department of Marketing and Communication for a period of three months as an interim head of the department. After this period she worked as a senior advisor combining this with

her role as acting manager for a couple of years. As from January 2005 Ilse is the senior advisor marketing and communication for all the business units, corporate communication and employee communication.

Besides her professional life Ilse loves theatre, travelling and sailing.

## INTRODUCTION

How to summarize a thesis about internal branding? What is the relevance of it? I agree with Cahill that “a firm can only be as good as its people”. That’s an important starting point for the relevance of internal branding.

Also Ruch supports with his article internal branding. Branding is equally important regarding customers as the own employees. That also means that internal branding is equally important as external branding. In practice however companies invest more time and money in external branding (radio campaigns, advertising campaigns, and etcetera). Sometimes even without informing all employees about the who, what, where, when and why (the 5 W’s) of the external branding campaign. According to De Chernatony organisations are recognising that if the promised cluster of values are to be realised, employees play a critical role in delivering these (de Chernatony, 1999).

The title of the thesis is ‘Making a difference with internal branding in the higher education business’. Why is it relevant for the higher education business? In my view internal branding is especially relevant for organisations in the higher education ‘business’ because of its service character. In the higher education ‘business’ everything is about people. All the interactions students (customers) and other stakeholders have with employees (also freelancers who are representing the organisation) have influence on how they perceive the organisation.

Also Marc van Eck (April 2005) says that internal branding is a hot topic for organisations in the higher education ‘business’. According to him the recent bad publicity for Hogeschool Inholland proves internal branding is needed (Hogeschool Inholland communicates externally it stands for quality education, but students used the press to show their anger about bad quality education: 2005). Internal branding is in my view very relevant for companies in the higher education ‘business’ for interaction between employees and (future) customers is critical. They affect the (future) customers’ brand experience and also the quality experience. Employees are the brand and they have an important influence on the company’s reputation(s). So if employees are the brand, they must know what it is they are expected to deliver.

## PROBLEM STATEMENT

The problem statement for this thesis and my research is:

Is internal branding part of strategy at this moment in time for the organizations in the higher education 'business' and are they ready for it?

This leads to three main questions to be researched:

- 1) What is internal branding?
- 2) What is the situation at this moment in time regarding internal branding in the higher education 'business' (Nyenrode University and Erasmus University Rotterdam) and what is their view on internal branding as a part of strategy? Is internal branding part of the current or future strategy?
- 3) Are they ready for internal branding? → What is the state of affairs regarding the four themes (critical success factors) from the '*internal branding: input and output*' model (Ilse Vegter, 2005)?

## METHODOLOGY

The goal of this research will be to analyse what internal branding is, if internal branding is part of strategy for the higher education 'business' and to give an indication if they are ready for it.

Background information has been gathered from marketing and communications literature about internal branding and related theories, such as corporate branding, organisational identity, internal marketing and employee communications (see bibliography for details). Focus has been on internal branding. Also website articles and (e-mail) conversations about the subject with people active in the field of internal branding and marketing were a source of information. The research question 'what is internal branding' is answered theoretically on the basis of the above mentioned sources, and more specifically on Tosti and Stotz plus De Chernatony. The theoretical framework regarding internal branding is presented in chapter 2 and related theories in chapter 3 of the thesis.

The analysis is completed with interviews at two different organisations in the higher education business: Nyenrode Business University and Erasmus University Rotterdam. The interviews will be a source to determine if internal branding is part of strategy and to give an indication if they are ready for it. Finally, in order to be able to put a 'internal branding thermometer' into the two mentioned organisations a questionnaire is developed on the basis of the critical success factors from the '*internal branding: input and output*' model (Ilse Vegter, 2005)



## DEFINITION OF INTERNAL BRANDING

For this thesis and especially the research at Erasmus University and Nyenrode University I will use the definition of Tosti and Stotz:

*Internal branding is turning brand promise into reality and this requires coordinated planning and action at all organizational levels to align leadership practices and individual behaviours with the brand.*

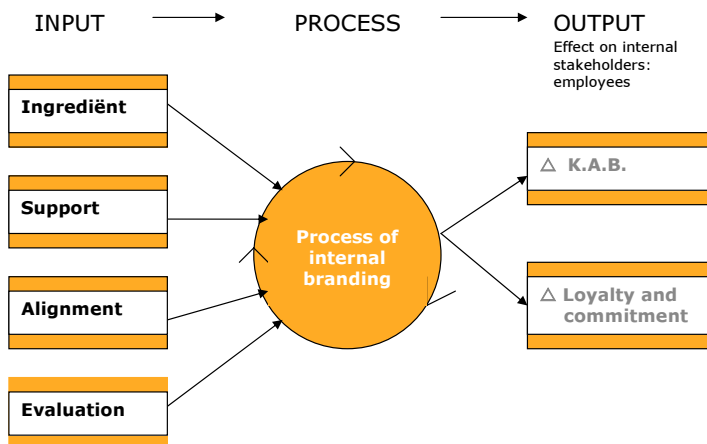
This definition consists of four key elements:

- (1) turning brand promise into reality
- (2) coordinated planning
- (3) action at all organizational levels
- (4) align leadership practices and individual behaviour with the brand.

The definition of Tosti and Stotz is a clear definition with the key of internal branding in it: turning brand promise into reality

## MODEL AND 'INTERNAL BRANDING THERMOMETER'

The 23 critical success factors (described in the thesis: 2.3) were clustered into the four themes regarding internal branding (in 2.4). During the process of literature research a model developed. Almost all literature regarding internal branding focuses on the implementation. Of course critical success factors for the input side are also described, but not put into a model.



Ilse Vegter, may 2005, model INTERNAL BRANDING: INPUT AND OUTPUT

All the questions of the questionnaire for the interviews at Erasmus University Rotterdam and Nyenrode Business University relate to either the problem statement or to one of the four ‘themes’ of critical success factors (2.3), together they form the ‘internal branding thermometer’:

<b>Ingredients</b>	→ Questions: 1, 2, 3, 4, 5, 6 en 12
<b>Support</b>	→ Questions: 8, 9, 13, 17 en 18
<b>Alignment</b>	→ Questions: 7, 11 en 14
<b>Evaluation</b>	→ Questions: 19 en 20

## OVERALL CONCLUSIONS

In the thesis recommendations and conclusions are presented separately for Erasmus University Rotterdam and Nyenrode Business University. In this summary for the book of abstracts only the overall conclusions are presented.

- Making a difference with internal branding in the higher education business can be created by competing with values instead of costs. As Frans van de Bosch said at the elective ‘Strategic Issues Management’ in 2005: “The future: from competing with costs to competing with values!”
- At Nyenrode Business University internal branding is part of their current strategy whilst at Erasmus University Rotterdam it is not officially part of their current strategy but it is implicitly there.
- The fact that Nyenrode Business University already invests time in the process of internal branding indicates that they think it is important for them and indirectly important for the higher education business as a whole. This is supported by the following remark in one of the interviews: “*You see more and more competition due to the BAMA-structure. Therefore your marketing needs more ‘body’ and internal branding helps with that.*”

- Nyenrode Business University is ready for internal branding and already practices it. Erasmus University Rotterdam seems to be ready on the basis of the interviews with a selection of top management and answers to the questions that relate to the four themes of the input side of the model 'Internal branding: input and output', but has to decide for themselves if internal branding will be part of their future strategy.
- An important majority of the interviewed (7 out of 9) see the internal branding concept as positive and important. The other 2 expressed that they think internal branding is a difficult process.
- Everyone agrees internal branding should belong – in one way or the other – on the management agenda (this also provides an answer to a question that has been raised in the article of Thomson, De Chernatony, Arganbright and Khan in *Journal of Marketing Management*, 1999, regarding further research)
- Internal branding is relevant for the higher education business, for interaction between employees and (future) customers is critical. They affect the (future) customers' brand experience and also the quality experience. Employees are the brand and they have an important influence on the company's reputation(s). So, if employees are the brand they must know what it is they are expected to deliver (for more about relevance of internal branding see 1.1 and 1.2). There are enough reasons to at least consider internal branding (see also 2.5).
- The questionnaire based upon the four themes and their 23 related critical success factors derived from literature research and used for the qualitative research gives sufficient information if an organisation is ready for internal branding. It really works as an 'internal branding thermometer'
- Regarding internal branding and especially regarding internal branding in the higher education business there is still a lot to be researched and discussed. The thesis 'Making a difference with internal branding in the higher education business' is just the beginning and – hopefully – a source for further research (suggestions see: thesis), discussions and articles regarding internal branding in the higher education business.

*Magdalena Wenas*

# Executive Summary – Thesis Abstract A Reputation Analysis: Projected and Perceived Identity

*A Case Study of Sucofindo, Indonesia*

Founder and CEO of MPR Consultant, Indonesia - is a PR practitioner with more than 25 years of experience handling national and multinational clients. Specializing in Reputation Management, Crisis Centre Operations and Strategic Communication Planning.

Active in national and international PR and Communication organizations. At present she is the Secretary General of PR Society of Indonesia, Chairperson Center for Strategic Communications and Reputation Management and Head of Public Service

Committee – Integrated Communication Studies. Numerous executive training abroad in addition of being a University of Indonesia Psychology bachelor graduate. She started the Corporate Communication Master Program in 2004

Competition within the service industry in Indonesia is getting fiercer than ever and thus requires an exceptional strategy for service providers in order to survive. The ability to provide a qualified service correlates with the ability to define service in terms of economic transaction. A definition of service is seen as *“any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.”* (Kotler: 2000)

As pointed out in the above definition, service is intangible and varied. Each and every company in the service industry ought to have distinct characteristics which differ from its competitors. Being distinctive is an important dimension in shaping reputation. Reputation is valuable and has value. To optimize those values, they need to be managed and measured. (Van Riel: 2005)

Favorable reputations are like magnetic fields. They attract interest and curiosity of stakeholders. In many companies, building and maintaining good reputation is the key factor that influences investment decisions.

Decision making process does not depend solely on reality, but on the basis of the accuracy of the perception as well (Van Riel: 2005). The notion is supported by the statement: *‘that reputation consists of perception – how others see you – because a reputation is not directly under anyone’s control, it is difficult to manipulate’* (Fombrun: 2005).

There are three main elements that shape reputation of a company (Iacoca: 2005):

- its ability to directly manage impressions,
- Its ability to build strong relationship with key constituents, and
- The indirect rumor mongering engaged in by interested observers such as analysts and reporters.

This research demonstrates the objectives in measuring reputation of several stakeholders that can be regarded as indicators, e.g.:

Constituency	Character traits	Reputation
Employee	Generate trust	Trustworthiness
	Empower	
	Instill pride	
Community	Serve the community	Responsibility
	Green the environment	
Customer	Cultivate product quality	Reliability
	Provide customer services	
Opinion Leader	Information support	Endorsement
	Relationship	
Media	Transparency	Favorable news
	Information Explosion	

The reputation that a constituent ascribes to a company is the aggregate of many personal judgments such as the company's reliability, responsibility, language, favorable news and trustworthiness. The following characteristics were entailed by Charles. J Fombrun:

- A reputation is based on the cognitive features of an industry that crystallizes a company perceived ranking in relation with its rivals.
- A reputation is created from the bottom up as each of us applies our own personal combination of economic and social, selfish and altruistic criteria in judging a company and its future prospect.
- A reputation is a snapshot that reconciles the multiple image of a company held by all its constituencies.

## PT SUCOFINDO AT A GLANCE

This thesis is applied on PT Superintending Company of Indonesia or better known as PT Sucofindo, a state-owned limited liability registered company. It is a surveyor inspection company which is a joint venture enterprise between the Government of the Republic of Indonesia (95%) and SGS SA a Swiss company (5%).

Economic and industrial development in Indonesia have created a need for professional service in inspection, supervision, assessment and testing. Sucofindo answers the call by providing inspections in agriculture, engineering and trade as well as trade facilities; management of collaterals; certification of products; certification of quality and environmental management systems; consultancy in the investment sector and laboratory services.

Sucofindo currently has a network of 57 service locations and 27 laboratories located in commercial and industrial cities throughout Indonesia.

## PRINCIPLES OF REPUTATION

This research adopts reputation principles as indicators to analyze key issues which are important in establishing an organization's identity.

- Be distinctive; strong reputation is achieved when companies own a distinctive position in the mind of the stakeholder. The focal issue is what differentiates PT Sucofindo with its competitors?
- Be visible; strong reputation is established when companies build visibility by focusing their action and communication around a single theme, which is strengthened by expressing it over and over again. The visibility of PT Sucofindo is thus compared to those of its competitors.
- Be consistent; strong reputation result when companies are consistent in their action and communication across channels and stakeholder groups. How consistent is the management of PT Sucofindo in communicating its policies?
- Be authentic; strong reputation result when companies are authentic and genuine.
- Be transparent; strong corporate reputation develops when companies are transparent in the way they conduct their affairs. Transparency requires communication in quantity and delivered in the spirit of "full disclosure". How transparent is Sucofindo in managing their affairs?

## ORGANIZATIONAL IDENTITY

The essence of an organization is its identity. Many academic have tried to find the right definition for the concept of an organizational identity. Company's identity is what it believes it to be and how it is reflected in its communication with its stakeholders.

Organizational identity is a set of claims or characteristics that are central, distinctive and enduring for a given organization (Albert & Whetten). A set of logically connected propositions that (an organization) uses to describe (it self) to (it self) and to others. In the macro context, organizational identity is a tool with significant impact to corporate reputation –internally and externally.

The main concepts of organization identity thus are core competence, competitive positioning, sustainable competitive advantage, coherence, recognition and connectivity with inside and outside publics.

Organizational identity requires identity claims and strategic issues. Identity claims are any characteristic or character trait an organization may use to associated itself with internal or external constituencies or how it differentiates itself from similar others” (Heugens: 2005). Meanwhile strategic issues is any forthcoming trend or development that may have an impact- positive or negative- on the organization’s ability to reach its objectives (Heugens: 2005).

There are several types of identity to measure organizational identity that are related with the basic conceptions i.e. behavior, communication and symbolism. For the purpose of this research, there are three relevant types of identity:

- Projected identity; expressing the picture of the organizational identity using abstract and tangible signals. (Van Hasselt and Van Riel: 2002). The way the organization’s dominant coalition has decided to profile the firm in the internal and external environment. (Van Riel: 2000).
- Perceived identity; perception (interpretations) of various individuals about what the organization projects to the environment: subjective by definition. (Van Riel: 2000).
- Actual identity; what individual organizational members express in their daily behavior, both explicitly and implicitly. (Van Riel, 2000).

## CONCEPTUAL FRAMEWORK

Perception is an integral part of the intrapersonal communication process of the communicant in its interaction with its communicators. It emerges as a cognitive aspect in attitudinal dimension of individual measurement indicators.

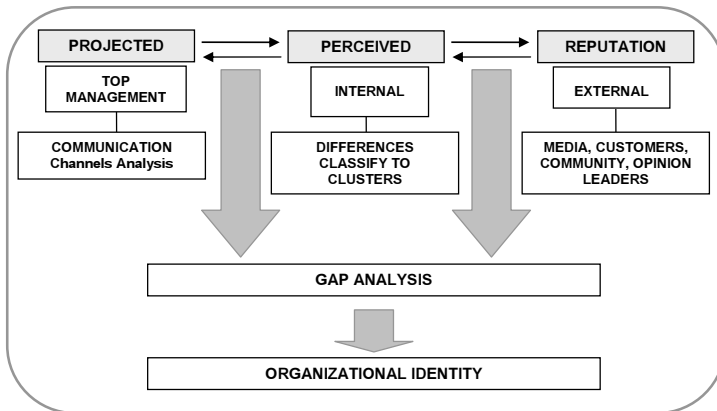
Some definitions of perception are:

- An active process: communicator absorbs, controls, and interprets selectively its experience. Perception is a process where individuals organize and interpret sensory receptions to generate meaning. Therefore perception is someone’s perspective or impression to a specific object. (Robbins: 1995)
- A process where we select, organize, and interpret gathered information using our knowledge to understand our surroundings. (Baron and Greenberg: 1997)
- A unique method of seeing, organizing, and interpreting an object. (Davis and Newstrom: 1997)
- A process of knowing and understanding others. (Vecchio: 1995)
- Interpretation of sensory information, a meaning enhanced on information collected by sensors. (Woolfok: 1993)



This conceptual framework uses a combination of factors influencing perception:

1. Perception-shaping factors:
  - Target; with the indicators of assurance, empathy, responsiveness, and tangibles (Kanuk and Schiffman:1997)
  - Perceiver; with the indicators of need, expectation and experience. (Armstrong and Kottler: 2000) and (Kanuk and Schiffan: 1997)
  - Situation; with the indicators of internal and external factors. (Hanna and Wozniak: 2001)
2. Intervening variable
  - Distortion of perception; with the indicators of stereotype, halo effect, first impression and jumping to conclusions (Kanuk and Schiffman: 1997)



*The research implements the following theoretical framework:*

The main objective of the research is to establish organizational identity by means of a qualitative approach towards organizational strategy that is reflected by gap analysis. In order to do so, subsequent steps will be taken:

- Learn about the general perception of external stakeholders towards PT Sucofindo's performance based on reputation analysis.
- Learn about the perception of the employees towards top management to be classified into clusters and analyzed with reputation indicators.
- Find out the projected expectation of top management to the employees in relation to stakeholders through reputation analysis and communication styles.
- Find gap analysis by means of a qualitative approach between projected and perceived (internal employees)

- Find gap analysis by means of qualitative approach between perceived (employees) and reputation (external stakeholder)
- Scoring will be conducted based on the results of qualitative analysis with reputation principles.
- Finally, qualitative and scoring analysis of each research theme will be converted to analyze organizational identity of PT Sucofindo.

## RESEARCH METHOD

Perception research will be carried out in nine main industrial cities in Indonesia i.e. Jakarta, Bogor, Bekasi, Tangerang, Cilegon, Surabaya, Makassar, Balikpapan, and Medan. A quantitative approach will be used to generate numerical data and in-depth interviews to identify problems.

Four targeted external stakeholders are media, customers, opinion leaders, and communities with the composition:

Research theme	Target Respondents	Samples (n)	Sampling technique	Data gathering methods
Projected	Commissioner	1	Quota sampling	In-depth interview
	Board of Director	3	Quota sampling	In-depth interview
	Vice-Presidents	14	Quota sampling	In-depth interview
Internal Communication Audit	Divisional employees SPMM	11	Stratified random sampling	Questionnaire
External reputation	Media	11	Media tracking analysis (MTA)	Media content analysis and Questionnaire
	Customers	73	Stratified random sampling	Questionnaire
	Communities	275	Quota sampling	Questionnaire
	Opinion Leaders	10	Media tracking analysis (MTA)	In-depth interview and Questionnaire

## PRE-RESEARCH CONCLUSIONS

Although comprehensive conclusions of the research can not be drawn yet, based on qualitative reputation analysis of field data several indications are evident:

- **Visibility:** PT Sucofindo possesses highly positive visibility for national and global reputation, but negative visibility for media.
- **Distinctiveness:** PT Sucofindo is marked positive due to its association as a service supermarket. Customers concur with the notion, however mostly complain the costly fees.
- **Authenticity:** PT Sucofindo scores low especially in internal communication from top management to employees and external public.
- **Transparency:** generally seen as positive. More specifically: *product and service* are positive; *financial performance* is very positive; *vision and leadership* are negative; *workplace environment* is very positive; and *corporate social responsibility (CSR)* is very negative.
- **Consistency:** the management of PT Sucofindo is very negative in consistency. On the contrary, fact, it is known as consistently being inconsistent.

Jakarta, May 23, 2005

*Nathalie van der Wulp*

# Summary “Not kid stuff!”

*Which corporate branding strategy is most effective for leading toy companies?*

After a study Cultural Management Nathalie van der Wulp (1970) worked for several years as a communication officer at an events organization and energy company NUON. In 2000 she set up her own

communication agency Van der Wulp Communicatie. She advises a wide range of organizations, both in the profit and non-profit sector, on corporate communication. Some of her references are Dutch Railways, water

company Vitens and Fortis. Nathalie is the proud mother of Danine. She knocks a golf ball around once in a while and is the owner of Art You Kidding; a company that makes art for baby rooms sold online.

## P R E F A C E

They are and not able to drive a car. They are barely capable of reading. Nevertheless they are capable of influencing their environment to spend billions. Children do not only have a lot of money to spend themselves, they also influence numerous buying decisions of their parents. At the same time studies have proven that when children appreciate a certain brand, they will probably keep on buying it for the rest of their lives. This makes it understandable why marketing for kids is worldwide one of the fastest growing commercial activities.

## P R O B L E M   S T A T E M E N T

When communicating with customers, toy companies can choose whether to label their individual products by separate brand names (stand-alone), or by the corporate brand name (“monolithic”), or by the two names together (“endorsed” or “dual”).

When a toy company’s behavior regarding a certain issue (e.g., child labour) is not brought to the public’s attention by pressure groups or by the company itself, most people will never find out about it. Even when people do know where to look for such information, the cost of obtaining and interpreting it may be too high when they are not deeply involved with the issue.

In addition, when people do receive some information on a toy company, they differ widely in the way in which they process this information. In some situations, people may take the information at face value and base their associations with a toy company on it. In other situations, they may regard the information with scepticism. Presumably, the degree to which people are persuaded by the information depends on the way in which the information is communicated to them.

Gaining more insight into how people form associations regarding a company, and into how these associations in turn influence people’s behavior, could provide toy companies with guidelines on how to communicate with different audiences under different circumstances. Different publics and different circumstances are likely to require different ways of communicating, both in terms of content of the message and in terms of the way in which the message is delivered.

Therefore, the problem statement of this thesis is:

**Which corporate branding strategy under which circumstances is most effective for international, leading toy companies?**

One important reason for the increasing importance of corporate branding is that the 'general public' cares about the way companies behave. For example, when people are considering purchasing a toy product, they presumably take into account not only their evaluation of the product itself, but also the opinion they have of the company that delivers the product. Yet, is this really the case? I doubt it.

While a number of studies do suggest that people care about the "company behind the brand", others have explicitly questioned this assumption. For example, one article about the need for transparency to consumers is poignantly titled "Consumers really don't care about brand product owners", while another paper questions "the myth of the ethical consumer". Clearly, some people sometimes take corporate actions into account in their behavior toward companies. However, it is not clear under what conditions people do care about the companies behind the products they buy.

Therefore, my goal is to study the validity of my proposition that:

*Customers of toy products do not care about the social responsibility of the companies behind the products they buy.*

For this thesis I have made grateful use of the writings of Cees B.M. van Riel, Gerrit H. van Bruggen and Guido H. Berens. Especially their literature has amassed not only a trove of internationally applicable knowledge and academically reputable research findings, but has also been used for conclusions relevant to this thesis.

## THEORETICAL FRAMEWORK

In order to give answers to the problem statement, an analysis will be made of the corporate communications of four leading international companies making products for children: Hasbro, Disney, Mattel and LEGO. When selecting these companies I paid attention to:

- Financial performance (Fortune): I wanted to analyze four leading toy companies.
- Reputation: I wanted to study four visible, highly in de RQ ranked, toy companies (Disney has a No 16 position in de U.S. RQ of 2004; LEGO has a No 6 position in the Danish RQ of 2004).
- Fame: I wanted to study toy companies which manufacture well know product brands like LEGO, Barbie (Mattel), Playskool (Hasbro) and Disney.
- Social Responsibility: I wanted to study two toy companies which are well known for their corporate social responsibility (LEGO and Mattel are these two toy companies).

- Corporate branding strategy: I wanted to study two companies which label their individual products by separate brand names (Mattel and Hasbro) and two companies who label their products by their corporate name (Disney and LEGO)
- Emotional appeal: I selected toy companies which have an emotional appeal to customers (Disney and LEGO)

The theoretical framework of these analyses is the following (not yet been published) matrix by Cees B.M. Van Riel:

Corporate associations:	Product Focus	Organizational Focus
Corporate Abilities (CA)		
Corporate Responsibilities (CSR)		

Explanation of the model:

- **Corporate associations** describe the cognitions, affects (i.e., moods and emotions), evaluations (attaching to specific cognitions or affects), summary evaluations, and/or patterns of associations (e.g., schemata, scripts) with respect to a particular company (3). Thus corporate associations is a categorical term that encompasses all of the concepts traditionally referred to as ‘corporate image’ or ‘corporate reputation’, including people’s descriptive beliefs, moods, emotions, evaluations and other forms of knowledge they hold about a company.
- **Corporate abilities** are the technological innovativeness of companies or the perceived expertise of the company. In general, corporate abilities address the degree to which the company is capable of developing, producing, and delivering products and/or services (3).
- **Corporate responsibilities** are the degree to which a company acts responsibly towards its employees, the degree to which a company is fulfilling its societal obligations responsibly, community involvement and environmental orientation (3).
- The **Product focus** indicates that a company in their communications focuses on their product.
- **Organizational focus** indicates that a company in their corporate communications emphasizes their organization and therefore their corporate brand.

## THE TOY MARKET

Many toymakers have started to look increasingly like consumer electronics, media, education, fashion, and even home decor hybrids. They are scrambling to broaden their audience on the distribution side, too, marketing to adults as well as children, and selling their wares everywhere from office-supply stores to truck stops. And toymakers, especially in Europe and Asia, are pushing into new markets, notably China and Eastern Europe.

The problem for toys is demographic as well as cultural. Declining birth rates in the developed world mean there are fewer pint-sized consumers begging for Barbies. And for computer-literate kids, traditional toys no longer cut it: Even the Etch-a-Sketch has gone electric. Children, as always, are aping their parents, plugging into MP3 players and iPods at ever-younger ages.

Part of the problem for toymakers is distribution. Retail consolidation has meant that there is less and less shelf space to go around. That has meant a shift in pricing power, from toymakers to the big discounters, like Wal-Mart Stores.

## ANALYSIS OF FOUR TOY COMPANIES

In four chapters Hasbro, Mattel, Disney and LEGO are being evaluated according to the following elements:

- Description of the company
- Mission statement
- Product portfolio
- Branding strategy
- Corporate governance
- Corporate social responsibility
- Product promotions



## DIFFERENCES IN CORPORATE COMMUNICATIONS

Looking at the information in the previously mentioned chapters, the model of Cees B.M. van Riel in my problem statement can be applied as follows:

- Disney and LEGO clearly have an organizational focus. They have long emphasized the role of the corporate brand. Instead of focusing all their marketing dollars on products, they promote the values, look and feel of the company that stands behind the products. As a result, their corporate brands are by far their most valuable assets, worth more than their product lines and businesses together.
  - Because the process of social commitment is so deeply rooted in the company, LEGO is positioned in the segment of corporate responsibilities.
  - Because Disney is focused on and is well-known for the capability of developing, producing, and delivering products and/or services, they are positioned in the 'corporate abilities' segment.
  
- Hasbro and Mattel have a product focus. Instead of spending their money on their corporate brand, they promote their branded products.
  - Because Mattel's efforts in ethical manufacturing, philanthropy and sound corporate governance practices, Mattel is positioned in the segment of corporate responsibilities.
  - Hasbro is focused on developing, producing, and delivering toy products: they are market leader in the design, manufacture, marketing and distribution of toys, games and lifestyle gift products. Besides that, Hasbro's chairman is upfront in admitting that the company's commitment to philanthropy and corporate social responsibility is driven by self-interest (and not something the company from its heart wants to do). Therefore Hasbro is placed in the segment of 'corporate abilities'.

Corporate associations:	Product Focus	Organizational Focus
<b>Corporate Abilities (CA)</b>		
<b>Corporate Responsibilities (CSR)</b>		

## CONCLUSIONS

The problem statement of my thesis was:

*Which corporate branding strategy under which circumstances is most effective for toy companies?*

The results of the most recent study on corporate branding (2) show that a company's corporate branding strategy is an important determinant of the mechanism through which CA and CSR associations influence customer product evaluations.

- When the corporate brand is dominantly visible, CA associations appear to be highly salient cues that influence product evaluations, independent of perceived fit and product involvement. In other words: CA associations are most effective when organizations use a monolithic branding strategy (like Disney)
- When the corporate brand is not dominantly visible, consumers appear to use CA associations only as a means to increase the reliability of their product evaluation. In other words: CSR associations are most effective when organizations use an endorsed strategy (like Mattel).

Furthermore, my goal was to study the validity of my proposition that:

*Customers of toy products don't care about the social responsibility of the companies behind the products they buy.*

A survey (1) among (potential and actual) private and business customers of a financial services company (ING) in the Netherlands pointed out that:

- CA associations have a significant positive influence on perceived product quality, reliability, and appeal BUT not on product purchase intentions
- CSR associations have a significant positive influence on product purchase intentions BUT not on perceived product quality, reliability, and appeal
- CA associations are primarily relevant for evaluating a product to reduce risk or as a heuristic cue.
- CSR associations are primarily relevant when actually purchasing a product to express personal values.

Furthermore this study pointed out that:

- When CA is associated with negative emotions, a high CSR cannot compensate for a low CA
- When CA is not associated with negative emotions, a high CSR can compensate for a low CA (I.e. when CA is low, attitudes and intentions are more favourable when CSR is positive than when CSR is negative)

The results of the most recent study on corporate branding (2) pointed out :

- When the corporate brand is dominantly visible, CSR does not appear to have any effect on product evaluations.
- When the corporate brand is used as an endorser and therefore is not dominantly visible, CSR has an effect but only when fit is high or involvement is low.

So, in the case of Disney and LEGO, CSR does not appear to have effect on product evaluations (and also not on purchase intention). Disney doesn't present itself as socially responsible, but LEGO does.

In the case of Hasbro and Mattel, CSR has an effect when fit between the company and the product is high or involvement with the product is low. When the product is not positioned explicitly as socially responsible (as is the case with toys), I expect that this direct translation into product attributes cannot occur and therefore that fit does not determine the influence of CSR associations. When people have a low involvement with the product and therefore have a low threshold, they tend to use only the most accessible information.

Thus, CA associations have a significant, positive effect on product attitudes, but CSR associations do not. In addition, CSR associations especially influence product attitudes when the corporate brand is not dominantly visible on the product advertisement (i.e., when the corporate brand is used as an endorser). Regarding my hypotheses, I note that the results for CSR are largely as I predicted.

## RECOMMENDATIONS

### **For all: how should toy companies communicate about their CSR and CA?**

A study on consumer reactions to CSR (55) pointed out that all consumers react negatively to negative CSR information, whereas only the most supportive of the CSR issues react positively to positive CSR information. Therefore, toy companies need to be particularly cognizant about the hazards of being perceived as socially responsible. If a toy company's choice of CSR domains (e.g. labor relations, employee working conditions) is dictated at all by market considerations rather than just by ideology (like at Hasbro), managers may want to research a variety of CSR initiatives and select those that enjoy the highest and most widespread support among the company's key consumer segments.

The results of the most recent study on corporate branding (2) pointed out :

To be specific (rather than vague) is generally more important in communicating CA than in communicating CSR, because CA is related to utilitarian benefits

To use dialogue (rather than a monologue) is generally more important in communicating CSR than in CA, because CSR is related to symbolic/expressive benefits

## FOR HASBRO: SOCIAL RESPONSIBILITY

It is important that Hasbro sees the importance of doing the "good deeds" because they want to, and that the social responsibility permeates all of the company's actions. If they don't, the socially committed customers will see through their marketing strategy, and the punishment can be fatal for them.

## FOR LEGO: CO-BRANDING AND NEW TARGET GROUPS

I believe LEGO should enter into more of such co-branding relationships to continuously refresh the LEGO brick toy, a fifty years old product. However, LEGO must be conscious that these alliances are non-exclusive in nature and ultimately, what motivates the buyers to select Star War themed brick or Bionicle themed Nike shoes is the value that LEGO itself offers. I estimate that, in such scenarios, the LEGO brand provides seventy percent of the driving factor while the partner brands provide the remainder.

One key aspect of the LEGO brand identity is its appeal to the target age group of those below twelve. As LEGO ventures beyond this segment, it might be worthwhile to consider the use of the house of brands approach, for example, creativity training workshop for adult (Serious Play) and digital interactive games for teenager. Separate master brands with different brand essence and brand identity might enable the company to adapt and appeal better to the different audiences whereas the LEGO master brand could be relegated as the shadow endorser to imply the creativity and quality ingredient inherent in all LEGO products.

## FOR ALL: ETHICAL LABELS

Just like the FDA provides warnings on the labels of these harmful products, so should the toy industry make sure parents get proper warning signs on toys. It's about responsible marketing communications and proper age-grading. It's about respecting and adhering to established ratings systems. Because if parents are warned and still choose to purchase, then it's a conscious decision and one the parent has full responsibility for making.

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Marjolein Zakee

# “Values at Work”

*‘Life, the Universe and Everything’*

Marjolein Zakee (47) is an independent communication consultant with a track record of some 30 years. A networker from the day she was born, her main contribution in work - and life in general - is to inspire people and to become inspired in return. Staying clearly focussed on this, her clients can be sure of her honest opinion and her boundless dedication and enthusiasm.

Her first step into the world was working for a NGO in the field of development cooperation. Suddenly Mexico and Indonesia were just around the corner. Whether it is as a person or as a company, it made her realize that everyone or everything is part of a larger whole. Her playing field became “the

world”. After working for several years, she received her bachelors in Marketing and Communications. For a decade she worked for the Dutch Government in international affairs. As senior advisor for the Ministry of Economic affairs, she was involved in programmes for international media from all over the world involving all business sectors in the Netherlands. This gave her a broad view of the Dutch industry, whether it was about Dutch fashion design or the Oil and gas industry. Her personal travels added the extra flavour. Being a PR-consultant for an IT-firm was her first step to being an independent consultant.

In 2002 she started her own firm Zakee!. For clients like

Shell Solar, the Dutch Ski Board, the Ministry of Economic Affairs and Shell Hydrogen she managed several projects, including advising management on communication issues, giving PR workshops, revising websites, writing articles, publishing magazines, marketing communications and press events.

As blood is thicker than water her favourite thing is exploring the world (from Thailand to Ecuador and from Vlieland to Maastricht) and meeting people.... on her fire brigade-red bicycle. Let's just say inspiration is in her DNA. No wonder this thesis is about core values and what inspiration they can bring.



## WHY CORE VALUES?

During the electives at the Rotterdam School of Management I read articles and stories on core values and ethics. Lots of companies were reviewed: Ahold, Worldcom, Arthur Anderson, Enron. Things you could not predict or even imagine appeared to be true. The Dutch daily 'The Volkskrant' reported on 19 March 2005 that companies with a Christian vision do better than others. Later on I was intrigued by an article of Jon Katzenbach on the US Marine. While reading his case I saw more similarities between church and army than I could think of. These were just some of the triggers that made me ask questions I would like to find answers to.

In line with these questions I formulated the following objectives for my research paper:

1. Do mechanisms of identification, commitment and sense making work?
2. What are the distinctive elements of core values, mission statements and ethical codes?
3. What is the individual or joint influence of core values, mission statements and ethical codes on an organization's performance?
4. If core values are considered unchangeable, would this implicate that the values' function is always the same?
5. Does ideology play a role in motivating people?
6. What are the implications of my research and in what way can organizations benefit from the results?

## THE SOFT SIDE

On the basis of an impressive amount of research on this topic, it is safe to say that you can consider people and organization's to have an identity. People identify with others or an organization out of need. Those needs are initially self-centred (me), but over time might also involve others (from you to we). The first common good is the self, but by learning (you) the common good can eventually turn out to be the group/organization (we). With self-centred needs it is easy to feel out-group in an organization. If you can look at a broader perspective, where things are more about you in relation to others (Kohlberg, Maslow, Covey), you are likely to identify with a group or organization (in-group). Commitment is not only about sharing values, but also wanting to stay member of the organization and really wanting to make an effort on behalf of the organization.

Pratt speaks in terms of the enemies and drop-outs in the out-group, the groupies somewhere in between and the fanatics in the in-group. He concludes that the sense-breaking devalues the self and sense-giving mechanisms separates non-members from members of the shared belief-system. His starting point is the individual (me). If you take the organization (we) as starting point you get a different perspective. An example: you do not hire the best tennis-players if you want to win the Soccer World Championships. Secondly, you will not make it to the finals unless you play as a team and not as 12 individual players. Furthermore, motivation comes from making sense. Putting a player in the field with a broken leg doesn't add to the motivation of the team.

Conditions for growth are found in learning (Senge). Also others, like Maslow, describe that once deficiency needs are met, you want to grow, learn, understand and explore in order to find self-fulfilment and to realize your potential.

## MISSION STATEMENTS

There is a lack of agreement on what exactly the core ingredients of a mission statement are (Sidhu). I agree with Campbell & Yeung (1991) that a mission statement should include the elements purpose, strategy, behaviour standards and values. Purpose consists of elements of strategy and values. Your strategy shows your strategic distinctive competence and your competitive advantage. Behaviour standards show both your financial and your ethical soundness. Strong values have a positive influence on behaviour, teamwork and achievement. The elements linked tightly together, will resonate and reinforce each other.

Although you can argue that core values and ethical codes have taken over the position of mission statements, I think they still have an important function. The mission statement tells your audience in short the basics of who you are and what you do. Nothing more and nothing less. Together with the core values, they are the first lead to transparency, trust in financial soundness and a stronger reputation. The power of your company comes from what you do next. How do you organize for instance your investor relations, competitor intelligence, human resources etc.?

## THE HEART AND CENTRE: CORE VALUES

Whether you can call them core values, a credo, a promise, shared values, a sustainable corporate story, DNA, a hologram or principles is not important. Although I think DNA describes the principles of core values best. You're stuck with it. Maybe you can try to manipulate it, but then you lose your true self, you become a clone of who you are supposed to be. There are a few important lessons to be learnt from all the research that has been done:

1. Most values are not core values
2. Successful companies are driven by values and purpose, not money
3. Companies with strong values are able to innovate and survive overtime, their reputation flourishes and their profit grows.
4. An emotionally engaged and high performing workforce is highly inspired to work for 'their' common aim and is motivated to change and adapt. The result is a powerful drive for progress and the ability to stretch limits. People who do not fit in will leave the company.

But: no guts, no glory!

## THE NEWEST KID ON THE BLOCK: ETHICAL CODES

From my point of view ethical codes are unfortunately necessary in a lot of cases. Kohlberg looked at three stages of moral development: first, you only try to avoid punishment, secondly you are only capable of sticking to rules and regulations and finally you might reach a principled level. If Kohlberg is right and the larger majority of the population and also of your workforce (75%) will not reach the principled level, then boundaries and rules are necessary. You might want to turn to an ethical code. This is of course a compliance strategy. It would be interesting for companies to consider this. To me, an ethical code looks like a reactive defence mechanism. What would happen if companies would choose a proactive approach (with maybe the code as back up for the time being) and explore the possibilities of training and guiding people to another level?

It is interesting to consider whether laws, rules, regulations and codes of conduct are really the road to regain public trust and to be transparent? That companies are developing ethical codes is no wonder. But is it the solution to the problem? Or do we add more paper to the pile that is already there? With that question in mind I looked at some dysfunctions in people and in society and found a good explanation to some of the causes of ethical misbehaviour.

## ALL FOR ONE AND ONE FOR ALL

The Western business-world is facing fragmentation, competition and reactivity (Kofman & Senge, 1993). These dysfunctions are deeply rooted, because they are by-products of our success over thousands of years in conquering the physical world and in developing our scientific, industrial culture. I discussed some psychology in the first part of my theses. In the end I missed part of the answers to some questions starting with 'why?' I found some important answers by looking at ancient history. The Greek culture and the early Christian history mark significant shifts from system-thinking to considering the self as primary. These shifts were the early causes of fragmentation, competition, quick fixes and reactions to outside forces. Parts do exist, but they do not function without the system. The behaviour of a system depends on the interaction of the parts. Business rules are dominated by parts and dysfunctions. Principles of purpose are dominated by the system and the functions in it, not the 'self's'.

Jensen and de Geus also point at the community nature of the self. The interesting part of these mind frames is the shift from competing and reacting to cooperating and creating, which is a much more positive and pro-active attitude. On the other hand Kofman & Senge point out that an impatient quest for improvements all too often results in superficial changes that leave deeper problems untouched. Furthermore, deeper problems include cognition, emotions and spirit.

In the end core values seem to have an influence on mission statements and ethical codes and not the other way around. But why? Based on all the theory and my preference for simple structures I translated the several stages of development in 'me', 'you' and 'we' and used a pyramid or mountain-shape to put the data in. I decided to call this model Mohamed's Mountain, because it is metaphorical for the results. Everybody starts out down there at the bottom of the model and you really have to work your way up. If you do not get a helping hand, you have to do it on your own. The pro-active approach. The first MM is the individual way of looking at it.

After that I translated these findings into the business way of looking at it. This way can also be divided into three layers or stages (safety, guidance and incorporation). Each stage has its own style of working, leadership, communicating and problem solving. I am not suggesting that a company works in one stage or the other. Companies have to realize that there are three stages and that they employ different kinds of people in different kinds of stages. This also means that core values, although never to be compromised, play different roles in different stages for different people.

## TO SUMMARIZE

I realize that I made some assumptions every now and then and that my findings are based on evaluating a rather small population. But after working for over 30 years I have enough reason to believe that my way of looking at things is, generally speaking, right. In this thesis I try to present an interesting model that is based on my own extensive research. Nothing quantitative, but a point of view from which you can look at things and that can serve as basis for further research. For me it starts and ends with core values, the DNA of an organization. Core values, unlike mission statements and ethical codes, really can make a difference to a company and add to success. The following conditions are key:

1. Never compromise your core values. Check the 'core' of your values and stick to them with guts.
2. The key to your success is your purpose, not your profit.
3. The focus of your values should be improving yourself, regardless the competition. Improving means change. This is a powerful drive for progress and innovation.
4. Management are the ambassadors and role-models of your core values.
5. When hiring new staff, they should be evaluated not only on competencies but also whether they can commit to your core values. You fit in, or you don't. So, better safe than sorry.
6. Management and staff should be regularly evaluated on 'living the values'
7. Learning and change is key.

## RECOMMENDATIONS

Having said all this, I would like to make the following recommendations:

1. Evaluate your core values on their 'core-ness' and consider the system, not the parts. Evaluate whether your values contain elements of safety, guidance and purpose.
2. In the process of formulating your core values, I suggest to look at them as issues to be addressed. This way, you have to deal with them, but also will get a clear view of what is core and what is not.
3. Evaluate your financial independence and consider the option for employee involvement. Evaluate your shareholders on their share in your company's purpose. Investor relations and corporate communications should look at a way to raise the interest and awareness of shareholders in the company's values and purpose and convince them of their responsibility in this matter.
4. Look at the different stages of MM1 your workforce is in. Acknowledge that there is a difference between safety needs and learning needs.

5. Realize that you need, on key positions in your company, people with a purpose. They are the only ones that are able to manage with guidance and help people develop.
6. If you realize that learning and improvement is important, evaluate your training programmes. Are they about competencies? If so, consider the impact of training your core values on the commitment of your workforce.
7. Identify the needs and address with proper means of communication. Stay focussed on improvement. Learning is key here.
8. Look at the different stages of MM 2 and assess where your company stands. Address shortcomings and ways to improve.

### **THE CHALLENGE FOR CORPORATE COMMUNICATION**

Little is said about the role of corporate communication. To honest, this subject is not about communication. Not in the first instance at least. It is about looking at the system of an organization and the way of managing it. The way of management is crucial for the way of communicating, as always. The fundamental difference is that, to my point of view, you have to look at the status of the organization (in which layer of MM) and direct your communication from that organizational layer to the three different levels your workforce is in (me, you, we). From there you have to find a way of development and progress to the next level. Once again, this is not really about corporate communication. This should be a joint effort of management, human resources and corporate communication. Again, it is looking at the whole and not at the parts. This is not a recipe on how to handle this, but a plea to look at your starting points. Nothing more, nothing less.

Figure 13: Mohamed's mountain of me, you and we (Zakee, 2005)

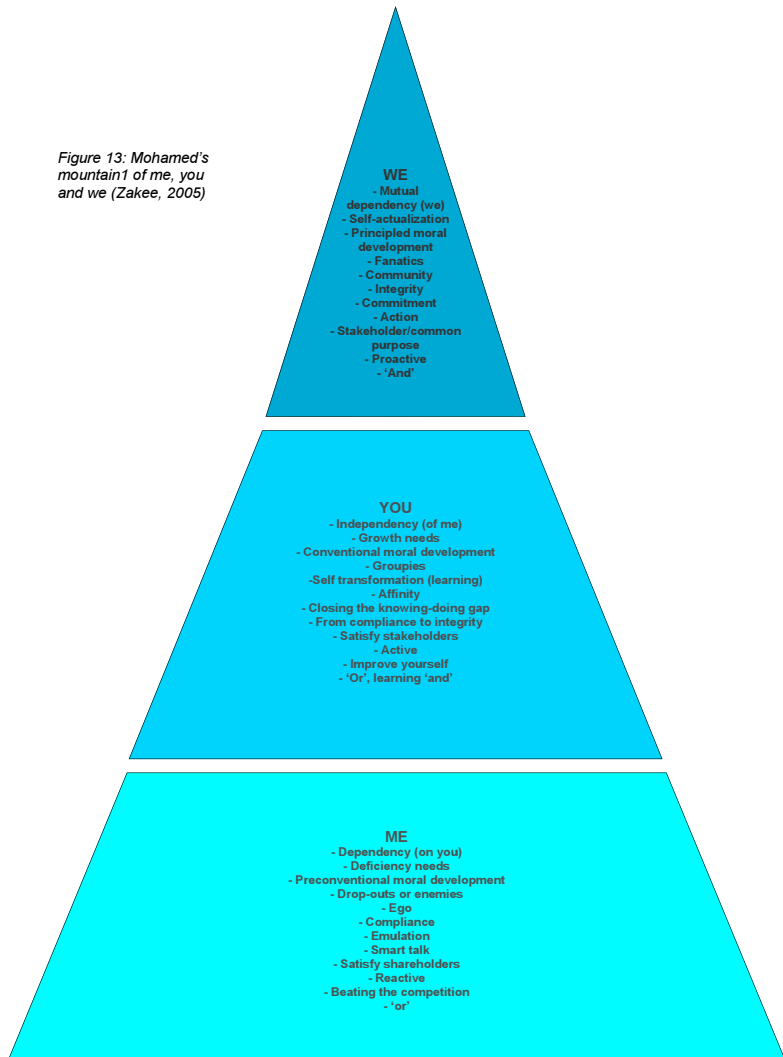


Figure 14: Mohamed's mountain 2 of safety, guidance and incorporation (Zakee, 2005)

