



Corporate Reputation Management: An Advertising Perspective

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ABSTRACT

The corporate advertising is done over the mass media to promote the company's image and enhance the organizational reputation. Good corporate advertising acts as an umbrella covering all the products and services associated with a company. Corporate reputation building is indeed a challenging task. Scholars have identified four business parameters that influence corporate reputation namely - general business management, financial management, corporate marketing and corporate communication. Scholars have noted that corporate reputations are built, maintained and enhanced by several elements, such as being part of the corporate strategy, not merely a public relations or advertising slogan. Studies have revealed that corporate reputation building has tremendous economic value in the age of globalization. In today's competitive environment, authentic facts and figures need to be generated through systematic evaluation in order to plan and activate corporate advertising practices of public and private organizations in modern society. The paper highlights the role of advertising in the process of corporate reputation management.

KEYWORDS

Advertising, corporate advertising, reputation management, business promotion.

Introduction

Corporate advertising has become the most effective tool of modern marketing management in public and private sector undertakings. The growth of economy and communication science and technology has boosted the status of corporate advertising all over the globe. Modern corporate houses have established corporate communication departments which usually manage the corporate advertising activities. In this age of competitive business, customers have become a force to reckon with. The corporate houses have to take note of the changing attitudes of the customers and provide the goods and services which satisfy them. The corporate advertising services are delivered in modern corporate houses with a view to take the goods and services to the door steps of the customers and engineer their consent for the consumption of goods and services. The role of advertising in corporate reputation management in the new millennium is primarily discussed in this paper.

Corporate Reputation Management

Advanced Corporate Concepts was founded in 1993 by Nigel Brownbill. The company soon developed a reputation as a management consultancy that could deliver sustainable solutions for their clients. Nigel has a proven track record in sustainable corporate development through strategy, transformation, management development and executive coaching. Corporate advertising is the paid use of media that attempts to benefit the reputation of the corporation as a whole rather than promote its specific products or services.

Corporate reputation building is indeed a challenging task. According to Haapaniemi and Schwartz, it takes a long time to build a reputation, but it can be destroyed overnight in a single event. Devine states that reputation acts as a gauge, defining and giving an organization its sense of identity.

Hanson and Stuart and Barney concur that corporate reputations once created are relatively steadfast. Of all bases of differentiation, none is more difficult to duplicate than an organization's reputation. Scholars have identified four business parameters that influence corporate reputation namely - general business management, financial management, corporate marketing and corporate communication. Corporate reputation is created by a combination of elements within the organization such as general business management, financial management, corporate marketing and corporate communication, as defined by Ettore and Dollinger.

Klein reports that financial executives believe that a CEO's reputation would influence them to buy shares in the organization. Nakra maintains that successful global leaders earn a reputation for credibility among investors by showing profitability to individual and institutional shareholders, maintaining a stable return on investment and nurturing financial growth prospects. Ettore suggests that intelligent organizations make perception management part of their senior executive training regime, enabling a greater understanding of corporate branding and resultant corporate reputation. Schreiber argues that executives often misunderstand how reputations are achieved and maintained. As a result, they rely too heavily on corporate advertising, while at the same time not doing enough about reputation-building activities with stakeholders.

Donlon asserts that to gain a good corporate reputation, one must not only have integrity at the top, but also be ruthlessly intolerant of those who undermine the integrity and values of the organization. In a cynical age CEOs should do more than merely 'walk-the-talk' and insist on ethical behavior. Communicating the organization's message to the public and most importantly, repeating the message to employees, is seen as

critical. In reality, the price of a good corporate reputation is eternal vigilance. Pinkham adds that commitment to ethical practices would enable the corporations attract and retain star employees, reduce hostility toward the organization and help employees make critical business decisions.

Hall and Barban have pointed out that corporate houses are required to sustain the institutional reputation since it is the foundation upon which the prosperity of corporate houses is cherished. He has also noted that delivery of people-friendly goods and services and sustenance of public good would constantly safeguard the reputation of corporate houses. O'Connor and Wilson concur that a key reason to set metrics for reputation management is to meet today's demand for transparency and governance structures. In this context, reputation, of which the public relations practitioner is custodian, is now an organization's most valuable and fragile asset.

The shareholder value has commendable influence on corporate reputation. Sobol, Farrelly and Taper observe that corporate reputation is a very important asset for an organization in the present age of competitive business management. According to Paster Donlon, people sometimes confuse financial performance and reputation. Financial performance is very important, but so are values and the manner in which stakeholders are dealt with and communicated to. Corporate image is particularly valuable in terms of an organization's ability to raise debt and equity capital. Cooper has rightly pointed out that an organization's share price could be ascribed to corporate reputation maintained by the corporate houses. Antunovich et al. concur that the relationship between corporate reputation and share returns suggests that reputation plays an important long-term role in shaping investment results.

Role of Advertising in Corporate Reputation Management

Studies have also primarily dealt with the fundamental relationship between organizational sustainability and corporate reputation. Van der Walt et al. have highlighted the fact that modern corporate houses must have competitive advantages over competitors. In today's interlinked world as described by Mastal, corporate reputation, which is the cumulative perceptions of an organization by its key stakeholders, is increasingly recognized for its bottom-line impact. In reality, empirical studies have revealed that corporate houses with good reputations achieve higher-than-average profitability compared with their peer groups. Grupp and Gaines-Ross have also pointed out that corporate reputation matters most in the present competitive business environment not only from income generating point of view but also from the sustainable development of corporate houses point of view. Experience has also revealed that corporate reputation becomes increasingly dependent on an organization's ability to execute systematic advertising campaigns about the products and services delivered by the corporate houses.

There are certain marketing elements which influence corporate reputation according to Bennett and Gabriel and De Chernatony. They have pointed out that reputation is an overall cognitive impression of an organization based on its corporate branding and various marketing communication tools. Mitchell and Urde have commented that the corporate brand must be viewed as both an organizing proposition that helps to shape an organization's values and culture. As a strategic tool of management it can guide the organizational processes that generate and support value creation which abundantly contributes to corporate reputation. Harris and De Chernatony suggest that corporate branding requires a holistic approach to corporate advertising management which plays a crucial role in enhancing the reputation of corporate houses.

Richardson and Bolesh have noted that reputable organizations protect their corporate images by maintaining high standards of services, products and corporate advertising practice no matter what the circumstances. The most admired organizations use commitment to quality products and services to build and maintain their reputations. Alsop has right-

ly argued that product quality, innovation, good value, effective communication campaigns and advertising strategies are crucial factors which are associated with the corporate reputation of public and private undertakings.

Saxton argues that all stakeholders of corporate houses are usually affected by the brand image and ultimately the corporate reputation created through advertising and other marketing communications activities. Miller suggests that one way to help reputation is to deal effectively with the media in regard to corporate advertising management. Corporate advertising has considerable impact on the corporate reputation of modern organizations regardless of space and time. Grupp and Gaines-Ross emphasize that corporate communicators should handle the advertising operations which would contribute decisively towards enhancing corporate reputation and driving market value for the goods and services. By identifying corporate advertising objectives, tools, techniques and operations should be evaluated through proper qualitative and quantitative research methods. Zyglidopoulos and Phillips suggest that every corporate house must be aware of the different concerns of various stakeholders when choosing a reputation-building strategy vis-à-vis corporate advertising.

Several scholars have systematically evaluated the relationship between corporate reputation and advertising campaigns. Prominent among them include - Sobol et al., Balmer and Gray, Devine and Einwiller and Will. All of them have pointed out that an organization's reputation plays a crucial role when it comes to winning talent. What work aspirants are looking for most is a great organization that has at its core an appealing culture and inspiring values. Corporate reputation assists in attracting good people and good partners who enable an organization to remain competitive, whereas a poor reputation can undermine motivation within the organization. Sullivan, Nakra and Pruzan have identified that employees and other stakeholders are equally important from the point of view of corporate reputation management.

The corporate houses should also understand the need and importance of corporate social responsibility which enables the organizations to be proactive in protecting their reputation in crisis times as well as to disseminate the organizational 'story' to internal and external stakeholders through constructive corporate communication and advertising services. These services should be delivered in a systematic way in order to foster the delicate alignment of strategy, communication and leadership that drives positive reputation in both good and bad times.

Conclusion

Corporate advertising services should make the organizational activities highly transparent, accountable, environment friendly and profit oriented. Sobol and Winkleman aptly conclude that modern corporate houses are required build reputation since it plays a crucial role in enhancing the salability of the products in particular and the reputation of the corporate house in general. In today's interlinked world as described by Mastal corporate reputation is the cumulative perceptions of an organization by its key audiences who are the pillars of organizational development. Of late, corporate advertising scenario has changed remarkably in India consequent on the changes in the global business environment and corresponding transition in the policy locally. In today's competitive environment, authentic facts and figures need to be generated through systematic evaluation in order to plan and activate corporate advertising practices of public and private organizations in modern society. To raise the efficiency of the corporate advertising system of corporate houses, its present level of management efficiency has to be assessed and suitable methods and operations should be suggested to increase the same. Hence, a systematic study of the role of advertising in corporate reputation management assumes profound significance in a developing country like India.

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