CEO perceptions of factors affecting their reputation in South Africa

Michele Carlo Cosani

A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

Johannesburg, 2011

ABSTRACT

CEOs in today's constantly changing and evolving world face significant challenges. New technologies and new competition continue to change the way companies do business and the recent spate of high profile corporate scandals and failures have propelled CEO behaviour and reputation into the spotlight. Reputations can take years of hard work to develop yet can be lost in an instant. CEO reputation plays a significant role in determining how both internal and external stakeholders evaluate and respond to a CEO and their company.

This research report aimed to identify the principle factors that CEOs perceive affect CEO reputation in South Africa.

A themed content analysis was conducted on the responses and information (interview transcripts) gathered from eight semi-structured interviews involving eight respondents as CEOs of their respective companies. The themes and common factors identified across all respondents led to a deep understanding of the issues, resulting in a prioritised list of principle factors that CEOs believe affect CEO reputation in South Africa.

The research findings indicated that "attracts and retains a quality management team" is the most important factor that CEOs believe affects CEO reputation in South Africa. "Executes well on strategic vision" and "motivates and inspires employees" are the second and third most important factors respectively. The other nine factors are discussed in the research study.

The key message from this research study is that CEOs and company stakeholders need to focus on driving the principle factors identified as affecting CEO reputation, in order to develop, enhance and sustain CEO reputation in South Africa.

DECLARATION

I, Michele Carlo Cosani, declare that this research report is my own work, except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Michele Carlo Cosani

Signed at ………………………………………………………............

On the …………………………….. day of ………………………… 2011

DEDICATION

This research report is dedicated to Zoran Dapcevski.

Zoran, I hope to make you proud, today and in everything that I do. You were a father to me too and I try and live each day according to the “never give up” attitude that you affronted each day with. Thank you for your love and acceptance of me into your family, I just wish we could have spent more time together. Your warm and inspiring spirit lives on in these pages, and in your family and friends each day; we miss you terribly!

ACKNOWLEDGEMENTS

Most importantly, I would like to thank my wife, Hristina Cosani, for her support and understanding. Hristina, your love, encouragement, patience and dogged determination in enabling me complete my research is truly inspiring and I do not know how to thank you. To my parents, Alida and Nadir Cosani, what more could any “sun” want than what you have given me; thank you. To my brother, Adriano Cosani, I am really proud to be your brother and “sei grande”. To my new mother, Radica Dapcevska, and new brother, Martin Dapcevski, it’s been a really difficult time for us all and thank you for the encouragement and faith in me to get this completed. I would also like to extend my sincere gratitude to:

- My supervisor, Conrad Viedge. Your support, guidance and motivation has been invaluable, without which I would never have completed. Thank you for providing me with direction and the will to get there too.

- The inspiring CEOs who gave of their precious time to assist me, as well as the understanding personal assistants that allowed me access and liaised with me in many instances, thank you. To Mike Brown, Mark Cutifani, Richard Pike, Graham Mackay, Mike Upton, Isaac Shongwe, Arnold Matthee and Justin Williamson; thank you for your kind willingness, candid speaking and thought provoking discussion and interaction.

- My family, both here and abroad, thank you for the support and encouragement, and you have all played a large part in me finishing this.

- All my friends, I have missed out on many an opportunity to share special time with you and thank you for your understanding and support.

- Dr. Dominik Heil for the initial impetus to research the topic, thank you.

- To colleagues at both Letsema Consulting and The Beijing Axis, thank you for your kind understanding in the many times of need.

TABLE OF CONTENTS

LIST OF TABLES

CHAPTER 1: INTRODUCTION

1.1 Purpose of the research

The purpose of this research is to analyse CEO (Chief Executive Officer) reputation in South Africa and identify the principle factors that CEOs believe significantly affect their reputation; so that company CEOs, board members and senior executives have an understanding as to which reputation factors to leverage in order to build and/or enhance CEO reputation.

1.2 Context of the research

"The job of leadership today is not just to make money. It's to make meaning" (Reich 1998:132).

Reputation can be regarded as one of the great paradoxes of everyday corporate life. While few people will question its relevance and importance, CEOs, senior executives and boards seldom focus on it in the same way that they would address the more concrete aspects of their business (Firestein 2006).

Nonetheless, pertinent issues in today's corporate environment involve executive turnover and succession (Drazin 1999; Ocasio 1999; O'Toole 2001). Being able to meet the expectations of diverse investors, maintaining or better yet increasing a company's share price to a level that provides shareholders with the all important returns they seek, whilst concurrently satisfying the expectations of customers, is an interesting paradox that a number of CEOs and senior executives have not been able to adequately master (Kakabadse 2001). Add to the equation the growing influence of other stakeholders such as the media, unions, various pressure groups and government, each vigorously pursuing their own agenda, and one begins to understand the difficulties that CEOs face each day and the importance there is of being able accurately manage these divergent bodies. Reputation is thus a powerful means of measuring a CEO's ability to manage these bodies and a proxy for overall performance (Gaines-Ross 2003; Dolphin 2004; Karuna 2009).

An ironic constant that has endured over the years is the inevitability of change and the business environment is certainly no exception. Customer expectations are rising, technology and new competition continue to impact the way we communicate and do business, and the boundaries that once separated industries and markets are disappearing. Moreover, although delivering shareholder value remains firmly connected to quality products and services, CEO reputation has certainly become a critical element in the formula for success – CEO reputation has a significant impact on company success and viability (Gaines-Ross 2000, 2003). In fact, recent studies by Gaines-Ross (2000, 2003) and leading consulting firm, Burson-Marsteller (2001, 2003, 2005), prove that CEO reputation can account for up to fifty percent of a company's reputation and has significant influence upon financial analyst share recommendations and investor share purchase decisions. It is therefore crucial that CEOs ensure that they are aware of the importance of managing their reputation. It not only enhances a company's good name, but it strengthens the company's bottom line and is just good business practice (Gaines-Ross 2003). "The fact is inescapable: These choices of single human beings exert enormous influence over entire enterprises. In the aggregate they determine the prosperity of the nation" (Charan and Colvin 2000:228).

Companies and CEOs alike increasingly consider reputation and the management of reputation as important, although this has not always been the case (Dolphin 2004). Furthermore, scholars, academics and the like have generally ignored the link between CEO reputation and company performance for historical reasons; principally as a result of how a company's value was calculated. Historically, this depended primarily on *tangible assets* (buildings, equipment, cash etc.) and largely excluded from the balance sheet were *intangible assets* (brand reputation, human capital, company know-how, established relationships with clients etc.) – the value of which was relatively modest compared to the total value of the company's capital. A CEOs reputation appeared to be no more than a derivative of more obvious intangible assets whose value scholars had only recently and reluctantly accepted. However, now that the value of intangibles is recognised, the importance of the CEO as a significant intangible asset in his or her own right has also become far more acceptable (Gaines-Ross 2003).

In order to understand the enormous influence that a CEO's reputation can exert on shareholder value, one need not look further than the morning newspaper or evening news (Gaines-Ross 2000). A CEO's reputation plays a significant role in determining how both internal and external audiences evaluate – and ultimately respond to – a company.

In addition to the increased impact CEO reputation is having on shareholder value, new channels through which CEOs communicate continue to proliferate – while traditional channels continue to evolve – posing additional challenges for effective CEOs to conquer. The effect this has had on CEO reputation is twofold. It has rendered CEO reputation and the management thereof increasingly more important, yet at the same time ensured that it is far more difficult to manage and control. The presence of new communication vehicles that instantaneously reach out to a diverse and populous audience makes it mandatory for CEOs to master a broader range of communication skills and harness a greater variety of communication channels in order to reach their intended audiences effectively (Gaines-Ross 2000, 2003).

Furthermore, CEOs must also be aware that they are now being evaluated by criteria extending well beyond the company's bottom line. Gaines-Ross (2000, 2003) in fact advises boards to evaluate CEOs according to several criteria identified and refined upon through a variety of Burson-Marsteller (1997, 1999, 2001) studies - that these qualities should be used as a guide when selecting and developing their current or future CEOs. The findings from these studies were further reinforced and refined by Burson-Marsteller (2003, 2005) in subsequent studies.

In understanding the importance of CEO reputation, one need only pay homage to the words of Berkshire Hathaway CEO, Warren Buffet, who succinctly noted when discussing CEO reputation and its relationship to furthering corporate ends: “People are voting for the artist, not the painting” (Stewart 1998:72).

1.3 Problem statement

The purpose of this research is to identify the principle factors that CEOs perceive affect their reputation in South Africa, and hence which areas a CEO should focus upon in order to build and/or improve his or her reputation in the corporate landscape.

1.4 Significance of the research

The research fills a gap in that a review of the literature was found to be rather limited in its ability to identify the factors that affect CEO reputation. A significant amount of literature does, however, focus on company or corporate reputation. Gaines-Ross (2003) believes that this is as a result of acceptance within today’s egalitarian society, wherein it is far easier to attribute success of a company to the combined effort of a number of workers, teams or managers than it is to attribute success in any material way to a single leader. Further literature indicates that since the concept of reputation is hard to measure, companies, senior executives and CEOs generally prefer to busy themselves with tasks that are measurable, especially since one cannot assign a return on investment figure to it (Firestein 2006).

The purpose of the research will thus be to identify the principle factors that CEOs perceive directly affect or influence their reputation. What is more, this study will identify factors that are distinctive to CEOs of South African companies. This is considered important as the concept of CEO reputation management is only recently being given due attention. Supported by a thorough review of local literature, this suggests that knowledge of the area is nascent and ill-informed and it is thus believed that the research output will therefore serve to coalesce whatever knowledge exists into an intelligible ranked reputation factor table, which may be referred to in the future.

The research will provide guidance to current and future CEOs, boards of directors, senior executives and senior management of a company, as well as other company stakeholders, who might now have an understanding of both the importance of correctly managing and caring for CEO reputation, but also of what factors to focus on in order to improve CEO reputation. That is which steps to follow and which factors to focus on and develop in order to build and enhance a strong and sustainable reputation for the CEO.

Finally, the results of the research will be of value to academia. CEO reputation is a relatively new concept which has not enjoyed the scrutiny of rigour by local academics. This research may result in a base understanding of the issues related to CEO reputation and may provide a springboard for further academic research.

1.5 Delimitations of the research

The research will be delimited in the following respects:

- The research will be delimited to exploring the question from the perspective of a company CEO. No effort will be made to explore or understand the factors from a customer and/or a stakeholder perspective.

- The research will not look at corporate reputation and/or the relationship between CEO and corporate reputation, suffice a brief acknowledgement of the existence of this relationship in the literature review, as it falls outside the ambit of the current research. The research furthermore makes no distinction between corporate and company reputation.

- The research will take place in Johannesburg, Gauteng but could be applicable to other main centres in South Africa.

1.6 Definition of terms

Chief Executive Officer (CEO) – Responsible for the day-to-day running of an organisation and a member of the board of directors of the company.

CEO reputation – “I define CEO reputation as the market’s estimate of the CEO’s ability. The market comprises current and prospective firm stakeholders (like consumers, employees, investors and suppliers) and other players (e.g., analysts, the media, and regulatory authorities). Due to the information asymmetry between the CEO and the firm’s stakeholders regarding the CEO’s ability, the stakeholders use CEO reputation to gauge the likelihood of success of their stakes in the firm” Karuna (2009:1).

Credibility – “Credibility is the believability of an entity’s intentions at a particular moment in time” (Herbig and Milewicz 1997:26).

Image – “Image (mental image) can be defined as the state of mind that underpins an overt expression, through language or other behaviour, which is the means whereby attempts are made to communicate that image” (Bromley 2001:316).

Managing Director (MD) – Used interchangeably with CEO with no distinction between the two being made.

Reputation – “Reputation is the estimation of the consistency over time of an attribute of an entity. This estimation is based on the entity’s willingness and ability to perform an activity repeatedly in a similar fashion. Reputation is an aggregate composite of all previous transactions over the life of the entity, a historical notion, and requires consistency of an entity’s actions over a prolonged time for its formation” (Herbig and Milewicz 1997:25).

1.7 Assumptions

The following assumptions underpin the research to be conducted:

- Research respondents will be assumed to have an interest and a willingness to invest in the research process. Should this assumption not be met this may affect the data and consistency of answers.

- Research respondents will be assumed to have an understanding of the definition of the term reputation, as well as some form of opinion as to the principle factors that potentially may affect (either positively or negatively) CEO reputation. Should this assumption not be met, said research respondent would have no value.

- It will be assumed that, although research respondents will present subjective answers, they will be honest in the content of these answers. Should a subject lie and/or exaggerate this would degrade the value of the answers.

- The researcher will be consistent throughout the research interview process as well as the accuracy and thoroughness of the interview note taking. Should this not happen, the data will be compromised.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

The literature review aims to outline the literature used to derive the question against which the research will be conducted.

The section commences with an analysis of the literature on leadership, since CEOs, by their very role, are leaders. The section then continues by specifically focussing on reputation and provides a definition of what is meant by the term reputation. A brief analysis of the various forms of reputation is then provided, before presenting and discussing the main problem. What follows is an analysis of the principle factors that may affect or drive CEO reputation in South Africa.

A foundation is thus set in place for the proposed research to be conducted.

2.2. Leadership

The topic of CEO reputation and the principle factors that affect CEO reputation cannot be adequately addressed without a brief review of the literature on leadership as, by their very definition, CEOs are leaders.

A review of the literature on leadership was thus deemed appropriate and relevant as the researcher aims to understand whether the important characteristics that are present in CEOs with good or enhanced reputations exist in leadership. In other words, is it possible to link CEOs with good or enhanced reputations to being good leaders?

2.2.1 *Leadership – seeking a definition*

The topic of leadership is difficult to define as leadership and the act of being a leader, can mean various things to different people at different levels and at different times in their lives. A number of studies have been conducted in trying to find a definition of the term, as well as identifying the defining characteristics, styles or personality traits of what constitutes a good leader. Yet none of the numerous studies conducted has ever produced a clear profile of the perfect leader (George, Sims, McLean and Mayer 2007).

A variety of definitions of leadership thus exist. Blanchard (2010:xvi) defines leadership as: "... the capacity to influence others by unleashing their power and potential to impact the greater good." In his definition, Blanchard (2010) makes reference to the "greater good"; which, as opposed to a narrow definition of leadership that focuses on only achieving results, implies that there is some greater purpose to being a leader and that it should not be done purely to accomplish a goal or for personal gain. Goleman (2001) believes that the characteristics or personal styles of effective or great leaders vary significantly; with different situations also requiring different types of leadership. Goleman (2001) does, however, believe that effective leaders all share one crucial characteristic in that they all possess a high degree of *emotional intelligence*. In fact, in his research, Goleman (2001:3) states that a person can have the most analytical mind in the world and have had the best training, as well as being able to generate a number of smart ideas, but that this person would still not be a great leader without *emotional intelligence*: "Emotional intelligence is the sine qua non of leadership." Kouzes and Posner (2002) believe that leadership is not reserved for a select few and that it is a talent or an ability that can be learned. Kouzes and Posner (2002:383) also believe that leadership has nothing to do with position and is found everywhere: "... we firmly believe that leadership is not about position or title. It's about relationships, credibility, and what you do." Lastly, Terry (1993) and George *et al* (2007) believe that leadership also concerns authenticity and action. It is about knowing yourself, being yourself and doing what you say you will do.

Fundamentally therefore, we can conclude that leadership is characterised by the ability of a person to influence people to achieve results, and it is this ability that people refer to as leadership (Terry 1993; Kouzes and Posner 2002; Robbins 2003). This ability, one can extend to various situations; from a soccer captain in a primary school soccer league, to the sales manager of a sales department, and ultimately to the CEO of a large, international conglomerate –

“leadership is everyone’s business” (Kouzes and Posner 2002:383). Janov (2004) best describes this fact by commenting that leadership can be best thought of as a behaviour and not as a role.

It is furthermore interesting to note that this ability, of being able to influence people to achieve results, has not changed over the years and has fundamentally always concerned the same thing; that is, influencing people to achieve results (Kouzes and Posner 2002). As an example, CEOs of companies prior to the internet revolution influenced their employees and company stakeholders to achieve results just as current CEOs do today. The important point to note here, however, is to understand what has changed, and it is the environment in which these leaders now operate in (Kouzes and Posner 2002). In other words, the manner in which CEOs influence their employees and company stakeholders today is far different to what was done previously. “... the fundamentals of leadership are the same today as they were in the 1980s ... while the *content* of leadership has not changed, the *context* has – and, in some cases, it has changed dramatically” Kouzes and Posner (2002:xviii).

Success in business, like success in leading, is all about building, sustaining and enhancing those relationships that enable people to regularly get extraordinary things done (Kouzes and Posner 2002; George *et al* 2007).

2.2.2 *Virtues of exemplary leaders*

Kouzes and Posner (2002) in their research identify “Five Practices of Exemplary Leadership”. That in performing at their personal best, leaders: a) Model the way; b) Inspire a shared vision; c) Challenge the process; e) Enable others to act; and f) Encourage the heart. In so doing, they believe that leaders who more frequently engage in the “Five Practices” are more likely to achieve exceptional results as opposed to leaders who make use of the practices less often. However, they also state that any leadership practice can become destructive if taken to the extreme; with virtues becoming vices. They believe that being humble and refusing to become “one dimensional” are the guaranteed measures that an exemplary leader can employ to combat this potentially destructive force.

Humility, and the act of being humble, is an integral part of being a good leader (Collins 2001; Kouzes and Posner 2002; George *et al* 2007). It is interesting to note how Kouzes and Posner's view regarding humility (presented in the previous paragraph) is clearly supported by prior research conducted by Collins (2001). Collins' research analysed the cumulative share price returns of eleven Fortune 500 companies for the period 1965 to 1995, and compared this to "comparison companies" in order to understand the element(s) or factor(s) that changed a good company into a great company i.e. what changes a mediocre company into one that evinces long term superiority? In the research, Collins develops the concept of "Level 5 Leadership", which is a direct attempt at trying to understand the leadership that is required for turning a good company into a great one. From this research, Collins importantly notes that in all instances in which a good company became a great company, a CEO with "Level 5" leadership skills was in position and leading the company.

In an attempt to explain the term "Level 5", Collins develops a hierarchy of executive capabilities that he was able to identify from the research, with fully developed "Level 5" leaders embodying all five levels of capabilities (Collins 2001).

- Level 1: Highly Capable Individual – Makes productive contributions through talent, knowledge, skills, and good work habits.

- Level 2: Contributing Team Member – Contributes individual capabilities to the achievement of group objectives and works effectively with others in a group setting.

- Level 3: Competent Manager – Organises people and resources toward the effective and efficient pursuit of predetermined objectives.

- Level 4: Effective Leader – Catalyses commitment to and vigorous pursuit of a clear and compelling vision, stimulating higher performance standards.

- Level 5: Executive – Builds enduring greatness through a paradoxical blend of personal humility and professional will.

From the research, Collins (2001) furthermore continues to note that “celebrity CEOs” are negatively correlated with taking a company from good to great. Collins (2001) believes that in most instances, the celebrity status of a CEO seems to detract attention from the reality of doing business and diverts it to other non-core areas which do not deliver value. This, Collins (2001) believes is a key reason as to why less charismatic leaders seem to deliver better results over the long term than more charismatic leaders.

Collins (2001) believes that “Level 5” leaders are individuals who focus their attention and will on their company and others (showing extreme modesty and humility). This is also in stark contrast to the I-centric style of leadership of the comparison companies that were used in Collins’ research. “Level 5” leaders seem to understand that they cannot do things alone and therefore show genuine and sincere credit to others and are able to achieve ever higher levels of performance; and therefore get extraordinary things done (Collins 2001; Kouzes and Posner 2002).

In his research, Collins (2001) also clearly points out that from a preliminary understanding of the concept of “Level 5” leadership, one may initially have the belief that “Level 5” leaders have no ego or self interest and therefore no ambition, but that this is entirely inaccurate. In fact, Collins (2001) clearly states that “Level 5” leaders are incredibly ambitious, but that the leader’s ambition is first and foremost for the company or body that they are leading and not for themselves. “Level 5” leaders therefore display an intense resolve to do whatever is needed to be done for the company to succeed and achieve.

2.2.3 *Delivering results*

Ultimately, notwithstanding their environment and background, all leaders have to deliver bottom line results. George *et al* (2007) believe that by creating a virtuous circle in which the success of good leadership i.e. good company results, reinforces the effectiveness of a leader’s ability, leaders (that possess all the characteristics of a good leader) are able to sustain those results both through up and downturns in the market in which the company operates. The success of the leader thus trickles down within the company and enables it to achieve superior results over a sustained period (Collins 2001; George *et al* 2007).

2.2.4 *Conclusion*

What is considered to be good leadership, ties in with managing a company effectively. Good leadership has been shown to account for improved company performance as measured by a variety of factors: net income; sales, profit, net assets; employee commitment and job satisfaction; employee turnover, achievement of company goals and teamwork (Collins 2001).

The literature review on leadership stresses the importance of leaders being authentic, humble and living the values that would lead them to be held in high esteem by their followers. Following this, one would therefore expect to see these same aforementioned factors come through as the most important factors that CEOs believe affect their reputation.

2.3. Reputation

The literature review on reputation expands and builds upon some of the elements discussed regarding leadership in the previous section. The review attempts to develop an understanding of the concept of reputation, as well as of the factors that may affect reputation. One can presume that factors that render a person a good leader will similarly also result in enhancing one’s reputation.

"If competition is the motor of the market economy, reputation is the fuel that makes it run: reputation attracts customers, investors and employees to companies" (Fombrun 2003:2).

Since reputation is difficult to conceptualise (Nguyen and LeBlanc 2001) and cannot be discretely measured (Cole and Cole 1979), finding an appropriate definition is challenging. Nonetheless, Herbig and Milewicz (1997:25) provide the following definition for reputation: "Reputation is the estimation of the consistency over time of an attribute of an entity. This estimation is based on the entity's willingness and ability to perform an activity repeatedly in a similar fashion. Reputation is an aggregate composite of all previous transactions over the life of the entity, a historical notion, and requires consistency of an entity's actions over a prolonged time."

Reputation thus encompasses a wide variety of factors, including things such as values, qualities and promises which are based upon stakeholders' perceptions; which are in turn formed by direct and indirect experiences and various information that is received (Fombrun and Shanley 1990; Sullivan 1990; Yoon, Guffey and Kijewski 1993). As Dowling (2006:62) states: "These reputations are built on belief and emotion. They are a value judgement about a company by its stakeholders."

A company's or a person's reputation never remains constant and evolves continuously; it is not static (Resnick 2004). Bromley (2001) believes that a reputation changes over time, even if the principle attributes of the person or entity remain the same. This, he believes, is because a reputation is, to a certain extent, independent of the entity or person it represents.

Reputation can take many forms, yet it is commonly associated with corporate or company reputation, CEO reputation, as well as political reputation. Each person or company normally has several different reputations because their reputation can be held by a number of various stakeholder or interest groups (Caruana 1997; Wartick 2002). These stakeholder or interest groups also vary according to how important they are to a person or company, how accessible they are, and how susceptible they are to information and influence (Keen and Greenall 1987).

Hence, an awareness of whether one is meeting the expectations of these varying stakeholder or interest groups is crucially important. This awareness is especially important in light of the fact that the particular basis of trust between companies and stakeholders has changed significantly in the past years post Enron, WorldCom and Arthur Andersen (Lewis 2003). This comment is further supported by recent actions of American financial institutions and the liquidity shortfall in the American banking system, which many believe triggered the onset of the “global financial crisis” (Blankenburg and Palma 2009). As a result of the “global financial crisis”, a number of previously respected international companies were either rescued by government or allowed to fall into bankruptcy as a result of improper management and misconduct by company executives.

2.3.1 *The difference between reputation and image*

Reputation and image are closely related and are sometimes seen as synonymous (Dowling 1993). However, Dutton, Dukerich and Harquail (1994) contend that reputation represents an outside member’s perception of image; whereas Barich and Kotler (1991) and Mason (1993) hold the view that reputation only represents one dimension of image. Nonetheless, significant confusion between the two terms exists (Gotsi and Wilson 2001; Dolphin 2004). A reason as to the confusion between reputation and image stems from the various uses of the term image and reputation by practitioners and academics, with a particular school of thought of academics believing that the terms reputation and image are identical and hence using them interchangeably (Caruana 1997). However, it is now generally believed that since reputation is a more robust construct with respect to a company’s (or a person’s) time and communication efforts, this therefore renders it distinct to image (Eberl and Shwaiger 2005).

Furthermore, and according to Balmer (1998:971), *image* concerns the public’s “latest beliefs”, whereas *reputation* represents a “value judgement about an entity's qualities, which are developed and built up over a period, and which focus on what a company does and how it behaves." Thus, one can say that reputation has a historical dimension as it represents: "… the estimation of the consistency over time of an attribute of an entity" (Herbig and Milewicz 1997:25). The historical nature of reputation is similarly confirmed by Yoon *et al* (1993), and Fombrun and Van Riel (1997). Bennett and Kottasz (2000) and Cornelissen and Thorpe (2002) furthermore believe that since reputations evolve over time, they cannot be fashioned as quickly as images.

2.3.2 *Company reputation*

Weigelt and Cemerer (1988) contend that company reputation is a set of economic and non-economic attributes ascribed to a company by its stakeholders, with said attributes being inferred from actions undertaken by the company in the past.

Company reputation has never been more high profile than it is today. Boardroom scandals, company collapses and excessive executive remuneration packages (while companies continue to perform poorly) have resulted in widespread public scepticism about company ethics and a crisis of trust among company stakeholder groups (Pharoah 2003; Blankenburg and Palma 2009).

Gotsi and Wilson (2001:29) in their research which attempts to clearly define the concept of corporate reputation, provide the following definition: "A corporate reputation is a stakeholder's overall evaluation of a company over time. This evaluation is based on the stakeholder's direct experiences with the company, any other form of communication and symbolism that provides information about the firm's actions and/or a comparison with the actions of other leading rivals."

An empirical study by Fombrun and Rindova (1998) with leading companies in the United Kingdom and the United States of America found that those companies with a more positive reputation appeared to project their core mission and identity in a more systematic and consistent fashion than companies with lower reputational rankings. Furthermore, those companies also attempted to impart significantly more information, not only about their products, but also about a range of issues relating to their operations, identity and history.

It is widely believed that reputation both contributes to company value and its survival and success (Fuller and Jensen 2003). Multiple benefits accrue to a firm with a favourable reputation (Caruana 1997; Dolphin 2004). In fact, Roberts and Dowling (2002) and Dowling (2004, 2006) elaborate further by saying that companies can use good reputation to their advantage by using it as a competitive advantage in order to distinguish oneself from among peers. Reputation has been linked to the intention to purchase a service (Yoon *et al* 1993); how buyers view a company's salespersons and products in a buying situation (Brown 1995); perceived product quality (Weigelt and Camerer 1988); as contributing to performance differences between companies (Rao 1994); attracting investors, lowering cost of capital and enhancing the competitive ability of companies (Fombrun and Shanley 1990); to enabling strong company identification by employees (Dutton *et al* 1994); and to impacting contracting decisions between companies and their stakeholders (Fama 1980; Crocker and Reynolds 1993; Banerjee and Duflo 2000).

"The interest and involvement that a firm attracts from its various external stakeholder and interest groups is a measure of the extent of its reputation" (Bromley 2001:323).

2.3.3 *The difference between CEO and company reputation*

"Well respected CEOs impart value to their companies that lasts beyond their tenure. A CEO's reputation is an asset of the company, not just of the individual who happens to be a CEO" (Gaines-Ross 2003:xv).

Both company and CEO reputation are undeniably linked. Gaines-Ross (2003:143) states that when a CEO has a properly established CEO reputation, the CEO's identity merges with that of the company: "The CEO embodies the company's soul and becomes its alter ego." This is especially true when one considers those CEOs that have become so associated with their company that they are almost brand names in their own right; consider: Warren Buffet (Berkshire Hathaway Inc.), Richard Branson (Virgin Group Ltd.), Michael Dell (Dell Inc.) and Steve Jobs (Apple Inc.) internationally, Graham Mackay (SABMiller Plc.) internationally with a South African aspect and more locally, Brian Joffe (The Bidvest Group Ltd.), Johann Rupert (Remgro Ltd.), Patrice Motsepe (African Rainbow Minerals Ltd.), Richard Pike (AdCorp Holdings Ltd.), Jacko Maree (Standard Bank Group Ltd.), Nicky Oppenheimer (De Beers Group Ltd.), Adrian Gore (Discovery Holdings Ltd.), Phuthuma Nhleko (MTN Group Ltd.) and Maria Ramos (ABSA Group Ltd.) to name but a few.

The CEO is the company's top representative; their reputation therefore has a significant impact on a company's success and viability (Gaines-Ross 2003). In fact, Gaines-Ross (2003) elaborates further to specifically state that when CEO reputation is harnessed on behalf of a company's goals, it becomes a capital asset. It is for this reason that investors will carefully peruse financial statements, reports and other statements, and assess companies by evaluating, at least in part, the company's CEO. The CEO has almost become a shortcut that various stakeholders can use to evaluate the current and future performance of a company. As Gaines-Ross (2003:216) states: "The CEO has become a desktop icon, a quick way to search for and sift through a company's worth."

The significant effect that a CEO's reputation can have on the perception of a company and its bottom line is detailed in a Burson-Marsteller (1997, 1999) study, entitled "Maximising CEO Reputation", which reveals that a CEO's reputation continues to be a significant determinant of shareholder value. In fact, the study reveals that CEO reputation can represent a significant forty five percent of a company's reputation (Gaines-Ross 2000). Gaines-Ross (2003) refers once again to the abovementioned study by noting that if just under a half of the company's reputation is as a result of the CEO of that company, then it should certainly be obvious that investing in building, developing and enhancing a CEOs reputation should be worth every resource that is spent upon it. The findings from the earlier studies are reinforced by further Burson-Marsteller (2001, 2003) research studies, entitled “CEO Capital”, and by a further Burson-Marsteller (2005) study entitled “Understanding CEO Capital”, wherein it was found that a CEO was held responsible for forty eight percent of a company’s reputation (findings from 2001), fifty percent of a company’s reputation (findings from 2003) and for forty seven percent of a company’s reputation (findings from 2005).

Gaines-Ross (2003:16) highlights the significance of CEO reputation when she states the following after a conversation with a professor of accounting: “According to David Larcker, professor of accounting at the Wharton School of the University of Pennsylvania, a ten percent positive change in a CEO’s reputation among CEOs studied in the 1999 Burson-Marsteller study resulted in a twenty four percent increase in the company’s market capitalisation.” Additionally, Burson-Marsteller (2001) found that the top ten CEOs identified in the study achieved a median compound annual share return of thirteen percent over a three year period (31 July 1998 to 31 July 2001), compared to a compound annual return of negative seven percent for the bottom CEOs. Collectively, these findings underscore the correlation between a CEO and hence his or her reputation and a company. The research further found that for CEOs, CEO reputation constitutes forty nine percent of a company’s reputation. For senior executives the figure decreases slightly to forty seven percent, for financial analysts on Wall Street, forty three percent, government officials fifty two percent and business media contributing fifty two percent.

Garay, Gonzalez and Molina (2004) believe that since stakeholders are aware of the intrinsic importance and relevance of reputation (i.e. that it has value) one can then therefore expect that CEO reputation be related to company performance.

It is therefore undeniable that both CEO and company reputation are somehow inextricably linked; the extent to which the one hinges upon the other is open for debate and further research. Karuna (2009:38) goes so far as to state the following: “The collapse of both Enron and Worldcom reflects, in part, the collapse of their respective CEO’s reputation.”

2.4. CEO reputation

“Thousands of employees know me only by my reputation, so in a real sense, my reputation is everything” (Pottruck 2000:94).

Gaines-Ross (2003:11) defines CEO reputation as: “… the collective esteem that significant others, inside and outside a company, hold for the company’s CEO and, as a consequence, for the company.” CEO reputation is therefore the composite of perceptions about a CEO that company stakeholders hold; with company stakeholders varying from customers to employees to media to regulatory authorities and analysts.

CEO reputation can, however, mean different things to different people and Karuna (2009:1) puts it in the most succinct and eloquent manner when he defines CEO reputation as: “… the market’s estimate of the CEO’s ability.” Wherein the market implies both current and future company stakeholders (such as employees, consumers, suppliers and investors) and other relevant party entities or companies (e.g. the media, analysts and regulatory authorities) (Karuna 2009).

Company stakeholders are ever-more likely to use CEO reputation to gauge the likelihood of success of their stake in the firm as a result of the information asymmetry that exists between the CEO of a company and a company’s stakeholders regarding a particular CEO’s ability (Grossman and Stiglitz 1980; Fombrun 1996; Hamilton and Zeckhauser 2004). In fact, given the context of a fast paced contemporary society where stakeholders are constantly assaulted by technology and information overload, a CEO’s reputation can serve as a “mental shortcut” to perceptions about a company. It can also therefore provide a significant differentiating platform for a company to leverage in order to render itself distinct from others in the same industry (Gaines-Ross 2000). Gaines-Ross (2000) in fact believes that CEO reputation can be viewed as one of the most powerful tools that a company can employ to create and/or bolster shareholder value, garner support during times of crisis (especially important given the recent global financial turmoil), and help attract and retain the best and brightest employees.

It is important for CEOs to remember that each encounter with a company stakeholder (be it internal stakeholders in the form of employees or external in the form of investors or the media) will leave an impression, and it is the aggregate of these impressions that will in time coalesce into forming the CEO's reputation (Gaines-Ross 2003). Therefore, an awareness and intimate understanding of the factors affecting CEO reputation is critically important to CEOs and companies alike.

Further to the above, studies by Gaines-Ross (2003) and internationally acclaimed consulting firm, Burson-Marsteller (1997, 1999, 2001, 2003, 2005), have proven that CEO reputation can account for up to fifty percent of a company's reputation, and has a significant influence on investors' share purchase decisions as well as on financial analysts' share price recommendations. Therefore, in the same way that Firestein (2006) believes that reputation is the strongest determinant of sustainability for a company, so this analogy can be extended to include a CEO's reputation. Bad decisions and bad choices, for however detrimental they may be can always be changed, amended, rescinded or apologised for – when a reputation is gravely injured, its recovery is difficult, long term and uncertain.

2.4.1 *Why measure CEO reputation?*

Today's society is characterised by significant scrutiny and judgement by the media, the public at large, a company's shareholders and stakeholders, regulators and government (Firestein 2006). The views held by these critics are often half developed and may or may not be based on adequate or sufficient information to form such opinions (Gaines-Ross 2003).

Furthermore, CEOs have limited control over their reputation and such control uses up resources that could, potentially, be better spent elsewhere on issues that can be gauged and measured. Nevertheless, CEOs need to consider both the positive and negative effects of reputation management.

2.4.2 *Problems in measuring CEO reputation*

The problems in measuring a CEO's reputation are obvious; each one of us with our own hierarchy of important traits, customs and beliefs that an individual should possess and live by in order to be successful and an admired and trusted individual in society.

There is no reason as to why a CEO's reputation should be measured in a manner different to the manner in which a company's is measured. Fombrun (2003) discusses the manner in which the Reputation Institute, in collaboration with Harris Interactive, a market research company, began measuring corporate reputation. These studies invited focus groups to name companies they liked and respected as well as companies they didn't like and respect and asked them why they felt that particular way. The findings from these studies indicated that people regularly justify their feelings about companies on twenty attributes; these attributes were then grouped into six conceptual categories; Emotional Appeal, Products and Services, Vision and Leadership, Workplace Environment, Social and Environmental Responsibility, and Financial Performance. An index was then created that summarised people's perceptions, based on the twenty attributes and an instrument called the "Reputation Quotient" was developed. After exhaustive testing in various sectors and with different stakeholder segments, the "Reputation Quotient" was deemed a valid instrument, one that could be used to benchmark companies with different stakeholders, across industries, and across countries. A similar study could thus be performed in order to determine the attributes most or best associated with a CEO.

The “Reputation Quotient” (Fombrun, Gardberg and Sever 1999)

- Emotional Appeal
    - I have a good feeling about the company
    - I admire and respect the company
    - I trust this company

- Products and Services
    - Stands behind its products and services
    - Develops innovative products and services
    - Offers high quality products and services
    - Offers products and services that are good value for the money

- Vision and Leadership
    - Has excellent leadership
    - Has a clear vision for its future
    - Recognises and takes advantage of market opportunities

- Workplace Environment
    - Is well-managed
    - Looks like a good company to work for
    - Looks like a company that would have good employees

- Social and Environmental Responsibility
    - Supports good causes
    - Is an environmentally responsible company
    - Maintains high standards in the way it treats people

- Financial Performance
    - Has a strong record of profitability
    - Looks like a low risk investment
    - Tends to outperform its competitors
    - Looks like a company with strong prospects for future growth

2.4.3 *Damaging CEO reputation*

A CEO’s reputation can take many hard years of work to establish and enhance, yet, because the actions of CEOs (especially of listed companies) are closely monitored by a variety of stakeholders, and because the actions and/or inactions that the company takes can affect the wellbeing of so many people, that reputation can be damaged and/or ruined in just a few moments. A CEO can damage his or her reputation irreparably by doing either (or both) of the following: a) Failing to act in a manner that is commensurate with what would be expected of a CEO, given the circumstances and/or b) Acting, and making the company act, in a manner that is not commensurate with what would be expected of a CEO, given the circumstances. CEOs, and especially those of high profile companies, are constantly in the public eye and under scrutiny. A previously unknown CEO can quickly accelerate into prominence for all the wrong reasons, as a result of committing either, or both, of the abovementioned actions.

To support the above statement, one only need look at the recent British Petroleum (BP) Plc. oil spill and natural disaster in the Gulf of Mexico. The then CEO, Tony Hayward, who had been in office since 12 January 2007, committed two grievous mistakes, along with a number of other gaffes, in close succession, which ultimately resulted in his departure from BP on 27 July 2010; just over three months after the Deepwater Horizon explosion. In the first instance, on 30 May 2010, he told an NBC News reporter that: “There's no one who wants this thing over more than I do, I'd like my life back.” This comment was perceived as arrogant and selfish and he was widely lambasted for it, with a number of calls for his resignation (AFP 2010; Arnott 2010; Times Online 2010; USA Today 2010). In the second instance, on 19 June 2010, Hayward attended a yacht race where his co-owned boat participated in the JP Morgan Asset Management Round the Island yacht race off the Isle of Wight. He was again widely criticised for his resultant lack of sensitivity to the loss of life and environmental disaster caused by the BP oil explosion and spill, and there were further calls for his resignation from the company (CBC News 2010).

The above prominent example is just one of a number of examples of how CEOs, many of whom had stellar reputations in which they could almost do no wrong, have damaged or ruined their reputation by a few unguarded statements and/or (in)actions when in the spotlight; and CEOs, especially those of high profile companies, need to remember that they are always in the spotlight.

2.5. Principle factors affecting CEO reputation

Gaines-Ross (2003) believes that a great CEO reputation does not happen by chance. It is in fact something far more strategic in that it is planned, reflected upon and nurtured in order to develop into something of great significance.

Internationally acclaimed consulting firm, Burson-Marsteller (1997, 1999, 2001, 2003, 2005), conducted a number of in-depth studies and research into understanding and developing a framework for the understanding of the factors affecting CEO reputation. The first of these studies was conducted in 1997 (Burson-Marsteller 1997) and was entitled, “Maximising CEO Reputation”. This study was updated in 1999 (Burson-Marsteller 1999) with the same title. Further studies were conducted in 2001 (Burson-Marsteller 2001) and 2003 (Burson-Marsteller 2003) and were entitled, “Building CEO Capital”. A subsequent and latest study was conducted in 2005 (Burson-Marsteller 2005) and was entitled, “Understanding CEO Capital”. In all of the aforementioned studies, Burson-Marsteller (1997, 1999, 2001, 2003, 2005) solicited responses from five different stakeholder groups: CEOs and chairpersons; vice presidents and other senior executives; financial analysts and institutional investors; the business media; and government officials. The Burson-Marsteller (1997) and Burson-Marsteller (1999) studies were conducted in the United States; whilst the Burson-Marsteller (2001) study was expanded further to also include the United Kingdom, Australia and Germany, where similar results to the United States’ studies were obtained. An interesting analogy of the Burson-Marsteller (2001) research, as compared to the Burson-Marsteller (1997) research, evinced that the importance of CEO reputation increased by as much as twenty percent i.e. a CEO’s average estimated contribution to a company’s reputation reached forty eight percent in 2001 (Gaines-Ross 2003). The findings from the Burson-Marsteller (1997, 1999, 2001) studies were further reinforced by subsequent Burson-Marsteller (2003, 2005) studies that also included a greater number of European countries and later also Latin America and Asia Pacific. These studies evinced that CEO reputation contributed fifty percent and forty seven percent respectively to a company's reputation.

Burson-Marsteller's (2001, 2003, 2005) most recent research identifies five top-tier factors, out of a number of CEO characteristics, that contribute most to CEO reputation. It is interesting to note that these top five factors are constant throughout the three years of research, with only the order of the factors changing. According to the latest Burson-Marsteller (2005) research, these factors, in order of importance, are:

- Is credible;
- Attracts and retains a quality management team;
- Communicates clear vision *inside* the company;

“C factors”

- Demands high ethical standards and conduct; and
- Motivates and inspires employees.

“M factors”

The first three factors identified above are referred to as the “C factors” and are defined as the “highest rated determinants”, and are thus the critical factors as to establishing a favourable reputation. The last two factors are referred to as the “M factors”, and collectively these factors are referred to as the “CM factors”. All five factors are required for a CEO to significantly develop and enhance his or her reputation, and even if one “CM factor” is insufficiently developed or missing, a CEO risks damaging his or her reputation (Burson-Marsteller 2001, 2003, 2005; Gaines-Ross 2003).

Interestingly, according to the various Burson-Marsteller (1997, 1999, 2001, 2003, 2005) studies, each one of the “CM factors” surpasses “increases shareholder wealth” in importance and thus results in it being a less important factor than any of the “CM factors”. This, at first, seems a little counter-intuitive especially when viewed in light of the historical emphasis on *tangible assets*, but the creation of wealth does not surpass any of the “CM factors” in any previous Burson-Marsteller studies conducted. According to Gaines-Ross (2003), the “CM factors” are even more important than gains to shareholders as factors shaping CEO reputation.

What is of particular interest regarding these “CM factors” is that they all share one essential characteristic; they are all “soft qualities” that need to be established as soon as possible and nurtured constantly. Gaines-Ross (2003) further elaborates by saying that although the “CM factors” are effective and useful as soon as they are established, the longer a CEO holds on to and nurtures them, the more firmly established and richer these factors become. What is critically important, however, is that a CEO’s words and actions reinforce the “CM factors” on a daily basis.

In their latest research, Burson-Marsteller (2005) provide a ranking of the top twelve factors internationally affecting CEO reputation (refer to Table 1).

Table 1: Twelve factors affecting CEO reputation (Burson-Marsteller 2005)

Rank	Factor
1	The CEO is credible
2	The CEO attracts and retains a quality management team
3	The CEO communicates a clear vision *inside* the company
4	The CEO demands high ethical standards and conduct
5	The CEO motivates and inspires employees
6	The CEO manages crises and downturns effectively
7	The CEO communicates a clear vision *outside* the company
8	The CEO executes well on strategic vision
9	The CEO cares about customers
10	The CEO fosters corporate governance
11	The CEO delivers financial results
12	The CEO increases shareholder value

2.5.1 *The CEO is credible*

"Credibility is the believability of an entity's intentions at a particular moment in time" (Herbig and Milewicz 1997:26). According to Burson-Marsteller (2001, 2005) research, credibility, or the act of being credible, is the number one factor affecting CEO perception among stakeholders worldwide. Note that Burson-Marsteller (2003) research rated credibility as the second most important factor behind ethical conduct. CEOs develop and earn credibility by being consistently truthful and delivering upon the promises they make. It is far better to under-promise and over-deliver than to over-promise and under-deliver. When people decide whether a person is credible or not, they first listen to the words and then they watch the actions. CEOs can also earn credibility by matching behaviour with the values that they espouse and ensuring that they "practice what they preach", "walk the talk" or "lead by example" (Kouzes and Posner 2002; Gaines-Ross 2003).

It is also interesting to note the strong correlation that credibility evinces when one considers admired leadership qualities: "... more than anything, people want leaders who are credible. Credibility is the foundation of leadership" (Kouzes and Posner 2002:32). In fact, credibility and the act of believing in a leader - that their word can be trusted - is so important, that Kouzes and Posner (2002:33) refer to it as "The First Law of Leadership"; that is: "If you don't believe in the messenger, you won't believe the message."

2.5.2 *The CEO attracts and retains a quality management team*

Bill Gates had this to say in an interview with Anthony Bianco (2000): "Take our twenty best people away and I can tell you that Microsoft would become an unimportant company."

A respected and highly valued management team surrounding a CEO is a significant signal to both internal and external stakeholders of a company that the CEO has a strategy worth following and that the CEO commands respect from leading professionals in the business. Moreover, a respected management team also signals that the CEO has the right people in place to execute his or her vision for the company, as well as signalling that the CEO has planned well for succession, should and when the need arise (Gaines-Ross 2003).

2.5.3 *The CEO communicates a clear vision <u>inside</u> the company*

The importance of external communications is relatively obvious. However, internal communications, directed towards a company's managers and employees, demands far more of a CEO's time than do high visibility contacts with external audiences (Gaines-Ross 2003). In fact, according to Burson-Marsteller (2001) research, executives recommend that CEOs allocate no less than fifty three percent of their time to communicating internally. Communicating well internally ensures that employees are made to feel as an integral part of the company and it keeps them informed of where the company is headed, how it is getting there and how each employee can contribute. When properly managed, internal communication is able to provide employees with an unambiguous roadmap guiding their day-to-day decisions which in turn affects customers, fellow employees and company stakeholders. Poor internal communication can leave employees questioning a company's future and most importantly, poor CEO internal communication and hence the lack of clear policies, procedures and standards, can lead to employees engaging, either intentionally or accidentally, in unethical behaviour that can detrimentally affect the CEO, the company and its stakeholders (Gaines-Ross 2003).

It is interesting to note how "inspiring a shared vision" relates to one of the "Five Practices of Exemplary Leadership" as expounded by Kouzes and Posner (2002). Leaders are able to envision the future, they have a desire to make something happen and change the way things currently are; and are able to clearly and articulately communicate this through to their people so as to ensure that they accept this vision as their own and mobilise towards achieving the goal.

2.5.4 *The CEO demands high ethical standards and conduct*

"Ethics refers to moral rules or principles of behaviour for deciding what is right and wrong" (Fan 2005:342). The importance of ethical conduct as a determinant of favourable CEO reputation has become increasingly important, especially in light of some negative leadership actions taken by company CEOs during the recent "global financial crisis". Stakeholders and the general public expect ethical behaviour and that CEOs should act accordingly. Ethical behaviour and ethical issues are more often than not questions of judgement and are sometimes quite complicated and not easy to make; nonetheless, CEOs should act in good faith according to ethical guidelines on proper and respectful conduct. CEOs should establish and consistently abide by these guidelines, and be able to demonstrate that their actions, whether right or wrong, are based on ethical justifications (Gaines-Ross 2003).

In this respect, one can also ask whether CEOs should be held ultimately responsible for the actions (or inactions) and decisions of each member of their company, whether known to the CEO or not. The question is a contentious one as a CEO should ultimately be responsible for engendering within the company a respect and desire by every single employee for ethical behaviour and conduct, although one can also appreciate the difficulty of managing and entrenching such a culture, especially in large, complex and sometimes cut-throat organisations. This notwithstanding, what will be important, is the manner and swiftness with which a CEO deals with issues of unethical behaviour by an employee within the company (Gaines-Ross 2003.

2.5.5 *The CEO motivates and inspires employees*

Motivating and inspiring employees, in many instances, is performed simply by following and adhering to the four CEO factors mentioned above. When CEOs inspire their employees, they build a better company culture, which in turn has positive knock-on effects throughout a company, ultimately leading to increased stakeholder value (Gaines-Ross 2003).

Gaines-Ross (2003) believes that employees nonetheless rally behind CEOs who shape a vision, deliver results, embody the future and set the pace. This also clearly ties into leadership, where good leaders are able to inspire people to accept a leader's vision as their own and mobilise towards achieving that goal (Kouzes and Posner 2002).

2.5.6 *Second-tier factors*

From the Burson-Marsteller (2001, 2003, 2005) research studies, a lower ranking of second-tier factors was also identified. Second-tier factors refer to factors that are important to developing and nurturing CEO reputation, but that are not fundamentally critical. Second-tier factors nonetheless need all be considered in order for a CEO to develop a holistic reputation driver model. Second-tier factors from Burson-Marsteller's (2005) research include:

- The CEO manages crises or business downturns effectively

  In times of crises or a difficult business environment, stakeholders want to know that a company's CEO is capable of managing the company in difficult periods. Not only should the CEO be capable of conducting this, but the CEO should also have a strategic and tactical plan that creates awareness and comforts stakeholders that the CEO is in control. Effective CEOs understand that the ability to plan for change is a key success factor in today's marketplace (Burson Marsteller 2001, 2003, 2005; Gaines-Ross 2003)

- The CEO communicates a clear vision *outside* the company

  Successful CEOs must be able to communicate their vision clearly, succinctly and consistently to external stakeholders. CEO communication and behaviour are what external company stakeholders will use to judge a company's viability and future performance. Successful CEOs must therefore be skilled at advocating and living the company's vision, as well as skilled at determining the most effective communication channels to reach their intended external audiences (Burson Marsteller 2001, 2003, 2005; Gaines-Ross 2003).

- The CEO executes well on strategic vision

  Successful CEOs are not only skilled at communicating and delivering their vision of the company, but they earn significant credibility by being able to achieve or at least arrive close at achieving their strategic vision for the company. CEOs that deliver upon their promises of the future direction of the company are perceived to be more successful than those that simply communicate, but unfortunately fall short (Burson Marsteller 2001, 2003, 2005; Gaines-Ross 2003).

- The CEO cares about customers

  The CEO takes an active interest in developing and managing the customer company relationship. Not only does the CEO make him or herself available to talk and interact with customers and/or potential customers, but the CEO actively participates and is proactive in all company customer engagements (Burson Marsteller 2001, 2003, 2005; Gaines-Ross 2003).

- The CEO fosters corporate governance

  Corporate governance provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. It involves a set of relationships between a company's management, its board, its shareholders and other stakeholders, and is an increasingly important investment decision (OECD 2004). CEOs that instil and foster good corporate governance policies and procedures within a company thus provide proper incentives for the board and company management to pursue objectives that are in the interests of both the company and its shareholders. This has the effect of providing a degree of confidence in the organisation by stakeholders, which in turn not only reduces the cost of capital, but increases both CEO and company reputation (Burson Marsteller 2001, 2003, 2005; Gaines-Ross 2003).

- The CEO delivers financial results

  CEOs who are able to deliver upon company promises of expected turnover and profit figures are held in higher regard, all things being equal, than CEOs who do not attain financial targets. Being able to deliver upon expectations implies CEO ability in having developed and put in place a comprehensive forward-looking strategy that would ensure that the firm reaches its targets; as well as being able to inspire and motivate internal and external company stakeholders to assist the company in achieving those targets (Burson Marsteller 2001, 2003, 2005; Gaines-Ross 2003).

- The CEO increases shareholder value

  Shareholders invest in a company because of a future return they expect on the money they have invested. A CEO maximises shareholder wealth by ensuring that the company invests in projects that will increase profits and company cash flow, by finding ways to prudently cut variable and fixed operating costs and by creating products that will increase revenue. The CEO must also ensure that senior management also manage the company and its operations in a fiscally responsible manner in order to increase company profitability. A CEO that implements the above measures and therefore increases shareholder wealth is generally regarded as a more successful CEO, and hence has a stronger reputation, than CEOs that are unable to do so (Burson Marsteller 2001, 2003, 2005; Gaines-Ross 2003).

2.5.7 *Third-tier factors*

From the Burson-Marsteller (2001) research study, a lower ranking of third-tier factors was also identified. Third-tier factors refer to factors that are relatively important to developing and nurturing CEO reputation, but are not as important as “CM” or second-tier factors, and hence do not affect reputation so critically. Third-tier factors can be considered the “nice to have” factors that CEOs should have, but that are not fundamentally critical. According to the Burson-Marsteller (2001) research, third-tier factors include:

- The CEO understands global markets

  The speed as well as the ease with which stakeholders can access information on a global scale each day, has rendered it important for CEOs to know and understand how changes in circumstances in one area of the world can affect circumstances in another area. A holistic view and an understanding of the global economy and how geographical areas, countries and regions are linked with each other is an important characteristic of the global CEO - being able to deliver strategic advice and a consistent level of service across the globe (Burson Marsteller 2001; Gaines-Ross 2003).

- The CEO is leader in industry

  CEO performance is constantly being measured and rated against the performance of others. In order to withstand such scrutiny and instil a sense of confidence in all stakeholders, CEOs must always ensure that they, and their company, is perceived in the best possible light by peers and other stakeholders; and be regarded as a leader in industry and an industry stand out (Burson Marsteller 2001; Gaines-Ross 2003).

- The CEO breaks new ground/innovative

  In a society in which one is constantly bombarded with similar type products, being innovative enables a CEO to distinguish both themselves as well as their company from peers and create a competitive advantage. Innovation involves acting on ideas that are creative and unique, so as to achieve some specific and tangible difference. Strong CEOs should be able to make strategic decisions and take calculated risks in rapid time in order to gain the upper hand in an information overloaded society (Burson Marsteller 2001; Gaines-Ross 2003).

- The CEO embraces corporate citizenship

  Corporate citizenship refers to the manner in which a company conducts itself as a responsible member of society. It refers to how a company invests in the future of a country through its relationship with company stakeholders, job creation, skills development, charity and sponsorships. By being a strong exponent of corporate citizenship and by taking responsibility and driving their respective companies' corporate citizenship programmes, CEOs develop and build their reputation by being perceived as caring for the community and company stakeholders (Burson Marsteller 2001; Gaines-Ross 2003). As consumers move to the top of Maslow's hierarchy of needs and their actions are increasingly driven by self-realisation, ethics and values will play an ever-increasing role in their choices as consumers (Lewis 2003).

- The CEO has a well defined internet strategy

  The presence of the internet has changed the dynamics of the marketplace and the presence of new communication media has necessitated that CEOs are not only aware of an entirely new media with which to communicate and transact, but that they, and hence their company, master a broader range and greater variety of communication channels in order to effectively reach their intended audiences. A well defined strategy as to how a company will deal with stakeholders' ever-increasing access to real time information will distinguish a company, and hence its CEO, from its peers and provide the foundation for significant competitive advantage (Burson Marsteller 2001; Gaines-Ross 2003).

2.5.8 *Research question*

The following research question has been formulated following the literature review:

- According to CEO perceptions, which are the principle factors affecting CEO reputation in South Africa?

2.6. Conclusion

CEO reputation: "It is the collective esteem that significant others, inside and outside a company, hold for the company's chief executive officer and, as a consequence, for the company" (Gaines-Ross 2003:11).

CEO reputation plays a significant role in determining how both internal and external company stakeholders evaluate – and ultimately respond – to a company. Its importance and relevance to a business environment which is ever-evolving, with the unpredictability of global economic, political and market forces and rapid advances in new technologies continually changing and shaping the way we do business. What previously was a CEO blueprint for dealing with certain matters is now long forgotten, archaic and irrelevant.

Recent studies by Gaines-Ross (2000, 2003) and internationally acclaimed consulting firm, Burson-Marsteller (2001, 2003, 2005), prove that CEO reputation can account for up to fifty percent of a company's reputation and has significant influence upon financial analyst share recommendations and investor share purchase decisions.

According to the most recent CEO reputation research conducted by Burson-Marsteller (2005) entitled, "Understanding CEO Capital", the following five factors affect CEO reputation the most:

- The CEO is credible;
- The CEO attracts and retains a quality management team;
- The CEO communicates a clear vision *inside* the company;

- The CEO demands high ethical standards and conduct; and
- The CEO motivates and inspires employees.

To reiterate, the following research question has been formulated following the literature review:

2.6.1 *According to CEO perceptions, which are the principle factors affecting CEO reputation in South Africa?*

CHAPTER 3: RESEARCH METHODOLOGY

The research objective is to identify the principle factors that CEOs believe affect CEO reputation in South Africa.

The methodology selected for the proposed research is qualitative, since the study is exploratory in nature (Creswell 2003). Furthermore, since the research aims to develop a ranking of factors that significantly contribute to CEO reputation in South Africa and render this valuable for CEOs, boards of directors, senior executives, senior management and other company stakeholders by also providing a background to the ranking, a qualitative approach was thus deemed suitable as it is particularly concerned with understanding multiple perspectives of different individuals (Leedy and Ormrod 2005; Williams 2007).

3.1 Research methodology / paradigm

Qualitative research is particularly suited to research that is exploratory in nature (Creswell 2003; Carrie 2007).

According to Leedy and Ormrod (2005) and Williams (2007), qualitative research studies typically suit the following purposes:

- To reveal the characteristics or qualities of people, processes, relationships, systems, and even situations.
- To allow the researcher to:
    - gain new insights in respect of the phenomenon being studied;
    - develop new concepts about a phenomenon; and/or
    - ascertain the problems that exist within a phenomenon.
- To allow the researcher to test the validity of certain claims, theories or generalisations.
- To enable a researcher to evaluate the effectiveness of certain policies, practices or innovations.

Nonetheless, qualitative research also suffers from a number of shortcomings and weaknesses, which include the lack of structure, objectivity, large samples, numeric data, established guidelines and clear data analysis conventions (Miles 1979; Yin 1994; Leedy and Ormrod 2005).

3.2 Research Design

The methodological approach that will be adopted will be that of a semi-structured interview, as it will enable the researcher to elicit views and opinions from respondents that are being interviewed. The intention is to develop an understanding as to respondents' perspectives as to which are the principle factors affecting CEO reputation in South Africa.

It is envisaged that the interview process will consist of eight interviews with CEOs of South African companies, with each interview also being recorded and the results transcribed for backup purposes should the researcher require to return to and/or review the interview for greater detail on a specific comment or statement.

The researcher will work from an interview guide when conducting the research. The semi-structured interview will initially provide an opportunity for participants to openly share and provide their views as to their understanding of the term CEO reputation, as well as to what they believe are some of the factors affecting CEO reputation in South Africa. The researcher will not lead the discussion and is aware of potential concerns with regards to corrupted data as a result of researchers pursuing own agendas. The researcher will guide the interview discussion to include respondents' selection, and then ranking of their top five factors - stemming from the "CM factors" and second-tier factors from the literature review - that affect CEO reputation. Respondents will then lastly also be encouraged to provide some form of justification as to the reasoning behind their specific top five ranking.

The researcher notes that respondents were not interviewed with the sole aim of providing a score for the twelve principal factors stemming from the literature review, but that the principal purpose for the interview was to gain content surrounding the factors, and respondents' views as to other factors particularly relevant to South Africa.

A major advantage of interviews, according to Creswell (2003), is that they provide the researcher with the ability to tweak and manage the questioning process and provide a significant amount of flexibility.

Nonetheless, interviews also suffer from a number of limitations, including: inequalities in perceptions and the ability of respondents to articulate themselves, researcher presence biasing responses, location, and the provision of "indirect" information by respondents (Hussey and Hussey 1997; Creswell 2003).

3.3 Population and sample

3.3.1 *Population*

The population for this research will include all CEOs of both listed and unlisted companies operating in any industry in South Africa that have more than five hundred employees. Professional organisations, such as law and accounting firms, will also be included in the population, although these will be required to have no less than one hundred employees.

There are no limitations as to age, race, gender, education background and previous work experience. However, it would be necessary that members of this group be currently employed as a company CEO, as well as having been in the position of CEO for a period greater than six months.

3.3.2 *Sample and sampling method*

A sample of eight CEOs from the population will be drawn. Significant effort will be made to include black CEOs, female CEOs and black female CEOs into the sample. A list of potential respondents is provided in Table 2.

The CEOs included in the sample will all be based in companies with country headquarters in the Gauteng provincial area for ease of conducting the research as well as due to time constraints. This convenience sampling is not expected to affect the research data.

Convenience sampling as opposed to random sampling will be employed as potential respondents are persons for which one will need to gain access to and will be based on the convenience of access for the researcher (Creswell 2003).

Table 2: List of potential respondents

Number	Institution	Respondent
1	Nedbank Group Ltd.	Mike Brown
2	AngloGold Ashanti Ltd.	Mark Cutifani
3	AdCorp Holdings Ltd.	Richard Pike
4	SABMiller Plc.	Graham Mackay
5	Group Five Ltd.	Mike Upton
6	Barloworld Logistics (Pty.) Ltd.	Isaac Shongwe
7	Bateman Engineered Technologies B.V.	Arnold Matthee
8	FoodCorp (Pty.) Ltd.	Justin Williamson
9	Cliffe Dekker Hofmeyr Inc.	Chris Ewing
10	Transpaco Ltd.	Phillip Abelheim
11	Sasol Group Ltd.	Pat Davies
12	African Rainbow Minerals Ltd.	Andre’ Wilkens
13	Robor (Pty.) Ltd.	Gordon Gilmer
14	Arcelor-Mittal Ltd.	Nonkululeko Nyembezi-Heita
15	MTN Ltd.	Phuthuma Nhleko
16	Aveng Group Ltd.	Roger Jardine
17	Discovery Health Ltd.	Adrian Gore
18	ABSA Group Ltd.	Maria Ramos
19	Investec Ltd.	Stephen Koseff

20	Edward Nathan Sonnenbergs Inc.	Piet Faber
21	Ernst and Young Inc.	Ajen Sita
22	Fournos Bakery Holdings (Pty.) Ltd.	Harry Nicoloudakis

3.4 The research instrument

A semi-structured interview will be conducted with the researcher working from an interview guide in which a list of questions to be covered will be provided; whilst at the same time providing the respondent a significant amount of leeway as to how to reply (Bryman 2004).

The interview will commence with a formal introduction of the researcher as well as a brief background to the research and its objectives. The respondent will then be allowed to freely discuss the topic of CEO reputation and provide a response to a few over-arching questions based on their perspectives of what they believe are contributing factors affecting CEO reputation in South Africa. A few specific probe questions, where deemed appropriate, might be employed by the researcher in instances when the researcher wishes to garner a deeper understanding of a certain perspective of the respondent; or in instances when the respondent does not provide sufficient information on a certain perspective. Following this, the researcher will provide respondents with the outcome of research conducted internationally by Burson-Marsteller (2005) and identified in the literature review, and will include a random listing of the twelve principle factors affecting CEO reputation. Respondents will be asked to select their top five factors and then rank these selected factors according to their views as to which are most important. Lastly, respondents will then be asked to provide a justification as to their top five ranking.

A sample of the actual research instrument is included in the appendix (refer to Appendix A).

3.5 Procedure for data collection

The researcher will initially attempt to directly contact the potential respondent by telephone informing them of the research and inviting them to partake in an interview. At this time, the researcher will inform the potential respondent of the purpose of the study, subjects to be covered and the research process, including the expected duration of the interview. It is envisaged that the researcher will encounter significant resistance from potential respondents' personal assistants and will not be allowed to speak to the potential respondent directly. The researcher will attempt to explain the purpose of the research to the personal assistant and ask that this be kindly forwarded on to the potential respondent, whilst at the same time alluding to the relevance of the research to the potential respondent's day-to-day business activities as a CEO. As a further measure, the researcher will also ask if electronic correspondence detailing an outline of the research and its objectives be sent to the potential respondent for attention and acceptance (refer to Appendix A for a copy of the request letter to respondents).

Upon acceptance or refusal from the respondent, either verbally or electronically, electronic correspondence will be sent thanking the respondent for their reply. In instances where respondents accept to partake in the interview, the correspondence will also thank the respondent for their willingness to participate in the study and confirm the place, date and time of the interview. Each respondent will be offered a copy of the research report, which will provide an incentive for participating in the research. Importantly, respondents will also be offered the opportunity to confirm their willingness that their responses remain anonymous and confidential.

The semi-structured interview process will take place at the respondent's offices. This will be the most convenient for the respondent and the familiarity of the location may render the respondent to feel more at ease in talking to the researcher. Upon consent of the individual respondent, each interview will be recorded; notwithstanding the potential risk of respondents' becoming alarmed or self-conscious at the prospect of being recorded (Bryman 2004). In addition, handwritten notes will also be taken during the interview. Upon returning from the interview, the researcher will transcribe the recording as well as fill in any gaps in the written notes. The interview transcriptions will not be provided as an appendix to the current research report, but will be safely stored, with the actual interview recordings, as a reference should there be the need to refer to them for whatsoever reason.

The researcher is aware that by his very presence, the responses provided by the respondent may in some way already be altered to the exact response the respondent wished to provide (Leedy and Ormrod 2005). During the interview therefore, the researcher will make every effort not to lead the respondent in their response, and will try to facilitate an open discussion around the research questions.

3.6 Data analysis and interpretation

The data analysis technique that will be employed will be a themed content analysis. A thematic analysis closely resembles content analysis in that the researcher will look for and identify common and recurring themes in the data (Burns 2000). Leedy and Ormrod (2005:142) define content analysis as: "... a detailed and systematic examination of the contents of a particular body of material for the purposes of identifying patterns, themes or biases." In this instance, the content analysis will be conducted on the information (interview transcriptions) gathered during the in-depth semi-structured interviews.

All information will be analysed after each interview and the audiotape of the interview will be listened to in its entirety and used to fill in any gaps in the handwritten notes. The interview recording will then be transcribed and will form the basis of the information from which the analysis will be conducted. With the use of a table, the key factors and/or themes from the interview will then be identified and tabulated.

The data from all the interviews will then be integrated and synthesised into one document and the frequency of each specific factor and/or theme will be tabulated. Unusual responses, which may signify differing views, will also be specifically noted. This process will highlight common themes and factors identified across all respondents, and enable the researcher to interpret the results and develop a deep understanding of the issues. No other quantitative analysis or statistical technique will be conducted upon the results.

Throughout the data analysis and interpretation process, the researcher undertakes to critically review the results with due reference to the literature.

3.7 Limitations of the research

The research to be conducted faces a number of potential limitations. These include:

- The research is exploratory in nature and only a limited number of respondents will be interviewed.

- The respondents, who have agreed to be interviewed, may be different from those who were not available or not prepared to be interviewed.

- Single researcher bias. The methodology is limited by and to the researcher's abilities, integrity and sensitivity, and results may therefore be open to misinterpretation, whether intended or accidental (Leedy and Ormrod 2005). The researcher undertakes to adopt strict procedures and a standard protocol in order to minimise and overcome this limitation.

3.8 Validity and reliability

Every study must address threats to validity and reliability (Leedy and Ormrod 2005).

Validity refers to the ability of the measurement instrument, which in this instance is the structured interview schedule, to measure what it is intended to measure (Leedy and Ormrod 2005); whereas reliability refers to the extent to which a measurement procedure provides the same answer whenever and however it is conducted (Kirk and Miller 1986).

Validity and reliability of research are critical elements as they provide an understanding of the quality of the research and the extent to which the findings from the research can be relied upon.

Leedy and Ormrod (2005) provide a listing of nine general criteria, based on significant prior research by a number of academics, as to evaluating qualitative research. These include:

- purposefulness;
- explicitness of assumptions and biases;
- rigor;
- open-mindedness;
- completeness;
- coherence;
- persuasiveness;
- consensus; and
- usefulness

3.8.1 *External validity*

External validity relates to the extent to which the results of research conducted are applicable to situations beyond the immediate research and can be generalised to other contexts (Yin 2003; Leedy and Ormrod 2005).

Since the research to be conducted encompasses responses from a limited number of respondents who are not randomly selected, it is not possible to generalise findings; but it may be that the findings from the research will be of value and applicable to other CEOs in South Africa.

3.8.2 *Internal validity*

Internal validity relates to the extent to which the research design and data results enable the researcher to draw accurate conclusions about cause and effect and other relationships within the data (Leedy and Ormrod 2005).

In order to enhance internal validity and ensure that the findings of the research are congruent with reality, the concept of triangulation was considered. Since, for the purposes and scope of this research, multiple sources of data cannot be obtained, the concept cannot be implemented. Nonetheless, it must be noted that the source of the data involves eight individuals that are all independent of each other.

In the case of the research to be conducted, the data will only be valid provided the interview is conducted in a manner where the respondent is not influenced or led in any direction by the researcher, and is free to provide and make comments as he or she wishes. It is for this reason that the interview will be conducted at the premises of the respondent. It is also the duty of the researcher to be objective in the analysis of the data, and in the interview technique. The objective is for the researcher to conduct the interview in a neutral manner and not lead the respondent to answer in a specific manner.

3.8.3 *Reliability*

Leedy and Ormrod (2005:99) define reliability as: "... the consistency with which a measuring instrument yields a certain result when the entity being measured has not changed." It is therefore the ability of a measurement instrument to provide the same answer whenever and however research is conducted (Kirk and Miller 1986). A research instrument is reliable to the extent that it measures whatever it is measuring consistently.

In order to increase the reliability of the research, all interviews will be conducted in person by the researcher. The researcher will attempt to maintain consistency in approach by utilising the same interview structure and interview questions. The researcher will attempt to ensure that the data is reliable by operating in a systematic manner.

CHAPTER 4: PRESENTATION AND ANALYSIS OF RESULTS

4.1 Introduction

The presentation of results chapter and the discussion of results chapter have been combined into one in order to avoid repetition.

The chapter therefore presents and identifies the key factors and themes stemming from the semi-structured interview process. A research question was derived from the literature review against which the research was conducted. The researcher sought to identify the principal factors that affect CEO reputation in South Africa and the results and discussions stemming from the research have been presented in order of perceived importance of the various factors from the sample of respondents.

In order to determine the factors perceived to be the most important, respondents were asked to select their five most important and assign a value of one to the most important factor and a value of five to the least important factor. To arrive at a composite score for each factor, the scale was reversed so that factors that were ranked as one were given a score of five and factors ranked as five were given a score of one. In this manner, the researcher was able to derive a prioritisation of factors based on the highest number of votes each factor obtained. The researcher will therefore discuss the findings according to the prioritised list of factors, which is provided in Table 6.

Disclaimer: Notwithstanding the factor rankings provided by respondents, the content of the interviews was deemed to be far more important as it provided a richer source of information than a numerical score.

4.2 Demographic profile of interview respondents

A total of eight interviews were conducted. The initial research plan was to interview two black CEOs as well as two female CEOs including one black female CEO in order to render the sample as representative as possible. Unfortunately, due to extenuating circumstances, only one black male CEO was able to be interviewed and no female CEOs were interviewed. Three of the respondents were CEOs of unlisted companies operating in South Africa, of which one of those companies did form part of a larger group of companies which was, however, listed. Two of the respondents were also CEOs of companies which had their formal head office registration outside of South Africa's borders. Nonetheless, these companies had their roots in South Africa and continue to generate a large part of their revenue from South African operations and can therefore be considered wholly South African for purposes of the research.

Of the twenty two potential respondents that were contacted, eight indicated a willingness to be interviewed and four informed the researcher that they were unfortunately unable, due to a variety of reasons, to be interviewed. The remaining potential respondents did not provide any form of a response. The researcher notes a definite congruence between the manner in which the interview request was handled and the manner in which the interview was conducted.

The eight interviews were conducted following an interview appointment schedule, which is provided in Table 3.

Table 3: Schedule of interviews conducted

Number	Date	Institution	Listed/ Unlisted	Respondent
1	14 Dec 2010	Nedbank Group Ltd.	Listed	Mike Brown
2	18 Jan 2011	AngloGold Ashanti Ltd.	Listed	Mark Cutifani
3	25 Jan 2011	AdCorp Holdings Ltd.	Listed	Richard Pike

4	04 Feb 2011	SABMiller Plc.	Listed	Graham Mackay
5	10 Feb 2011	Group Five Ltd.	Listed	Mike Upton
6	16 Feb 2011	Barloworld Logistics (Pty.) Ltd.	Unlisted	Isaac Shongwe
7	02 Mar 2011	Bateman Engineered Technologies B.V.	Unlisted	Arnold Matthee
8	09 Mar 2011	FoodCorp (Pty.) Ltd.	Unlisted	Justin Williamson

All the interviews took place at respondents' offices in Johannesburg, with interviews being conducted against the research instrument. A sample of the actual research instrument is included in the appendix (refer Appendix A).

Prior to conducting the interview, respondents confirmed their willingness for the interview to be recorded as well as to their preference regarding anonymity – all respondents' confirmed their acceptance of being directly quoted and/or referenced in the final document. All interviews were recorded and all interview recordings were transcribed.

Note: Respondents' direct comments and statements are quoted and referenced accordingly, but page numbers are not provided as the comments are taken directly from the interview transcripts, which are not made available to the reader.

4.3 Results pertaining to which are the principle factors affecting CEO reputation in South Africa

Findings from the literature review identified twelve factors which are seen to be the principle factors affecting CEO reputation internationally.

Table 4 provides a summary of respondents' ranking of the top twelve factors. Attention is drawn to Table 5 which provides a reversed scale ranking of respondents' initial ranking; in order to arrive at a composite ranking for comparative purposes.

Table 4: Respondents' ranking of factors affecting CEO reputation in South Africa – original scale

Factor	MB	MC	RP	GM	MU	IS	AM	JW
The CEO attracts and retains a quality management team	2	2	5		1	2	4	1
The CEO executes well on strategic vision		1		2	3	4	2	
The CEO communicates a clear vision *outside* the company		4		3				
The CEO cares about customers	5						3	
The CEO increases shareholder value	4	3			4			
The CEO communicates a clear vision *inside* the company	3		4	4				
The CEO is credible			1	1				2
The CEO fosters corporate governance								
The CEO delivers financial results			3			5		4
The CEO demands high ethical standards and conduct	1	5				3	1	5
The CEO manages crises and downturns effectively					5			
The CEO motivates and inspires employees			2	5	2	1	5	3

Key: MB = Mike Brown, MC = Mark Cutifani, RP = Richard Pike, GM = Graham Mackay, MU = Mike Upton, IS = Isaac Shongwe, AM = Arnold Matthee and JW = Justin Williamson

Table 5: Respondents' ranking of factors affecting CEO reputation in South Africa – reversed scale

Factor	MB	MC	RP	GM	MU	IS	AM	JW	Final score
The CEO attracts and retains a quality management team	4	4	1		5	4	2	5	25
The CEO executes well on strategic vision		5		4	3	2	4		18
The CEO communicates a clear vision *outside* the company		2		3					5
The CEO cares about customers	1						3		4
The CEO increases shareholder value	2	3			2				7
The CEO communicates a clear vision *inside* the company	3		2	2					7
The CEO is credible			5	5				4	14
The CEO fosters corporate governance									0
The CEO delivers financial results			3			1		2	6
The CEO demands high ethical standards and conduct	5	1				3	5	1	15
The CEO manages crises and downturns effectively					1				1
The CEO motivates and inspires employees			4	1	4	5	1	3	18

Key: MB = Mike Brown, MC = Mark Cutifani, RP = Richard Pike, GM = Graham Mackay, MU = Mike Upton, IS = Isaac Shongwe, AM = Arnold Matthee and JW = Justin Williamson

The findings from Table 5 have been rank-ordered according to their total score achieved and are presented in Table 6. Where factors had the same final score, factors were then ranked according to the number of “higher score” rankings achieved. Where this was not the case, factors were then given the same score.

Table 6: Factors affecting CEO reputation in South Africa

Rank	Factor	Final score
1	The CEO attracts and retains a quality management team	25
2	The CEO executes well on strategic vision	18
3	The CEO motivates and inspires employees	18
4	The CEO demands high ethical standards and conduct	15
5	The CEO is credible	14
6/7	The CEO communicates a clear vision *inside* the company	7
6/7	The CEO increases shareholder value	7
8	The CEO delivers financial results	6
9	The CEO communicates a clear vision *outside* the company	5
10	The CEO cares about customers	4
11	The CEO manages crises and downturns effectively	1
12	The CEO fosters corporate governance	0

The researcher notes that the order as per the ranking exercise seems to be supported by the views, opinions and statements provided by respondents during the interviews conducted.

4.4. Analysis of results pertaining to which are the principle factors affecting CEO reputation in South Africa

4.4.1 *The CEO attracts and retains a quality management team*

This factor received the highest number of votes from respondents with two first place rankings, three second place rankings, a fourth and a final fifth place ranking for a total score of twenty five. The factor also scored the highest number of "hits", with only one respondent not including it in their list of top five factors.

	MB	MC	RP	GM	MU	IS	AM	JW	Final score
Initial ranking	2	2	5		1	2	4	1	
Reversed ranking	4	4	1		5	4	2	5	25

Two of the CEOs also included this factor as a number one and a number two factor, independently of the ranking table and according to their own personal perspectives regarding crucial factors affecting CEO reputation in South Africa.

The Burson-Marsteller (2005) study ranked this factor as the second most important of twelve factors affecting CEO reputation internationally. The factor was ranked fourth in both the Burson-Marsteller (2001, 2003) studies conducted in previous years. Gaines-Ross (2003) comments on this factor as being of particular relevance to a CEO's reputation as a respected management team surrounding a CEO signals to both internal and external company stakeholders that the CEO has the right people in place to execute his or her vision for the company. Moreover, it also signals that the CEO has a strategy worth following and that the CEO commands respect from leading professionals in the business.

The vital significance and importance of this factor was stressed by seven out of the eight respondents, who all at one point during the interview, stated that since the CEO can't do the job alone, that he or she is not an island, the CEO has to rely and operate through others to get the job done. M. Brown (personal communication, December 14, 2010) eloquently stressed the role of a CEO with the following comment: "... you can't do this job yourself, so, in fact in many ways the chief executive is a glorified human resources manager from time to time, but you have to make sure you have a world class executive team that operates together ..."

Respondents also clearly indicated that ultimately the CEO doesn't do much work operationally and that they relied heavily on the management team to get the job done. "... a lot of your work is done through others" (I. Shongwe, personal communication, February 16, 2011). J. Williamson (personal communication, March 9, 2011) clearly referred to this fact when he described the CEO as a conductor in an orchestra with the management team being the: "... real people who provide the link between the strategy and the implementation." I. Shongwe (personal communication, February 16, 2011) reinforced the sentiment above when he provided the following statement: "I, as the CEO, set the direction, but the management team makes sure that the company follows my lead."

The importance of the management team surrounding a CEO was further reinforced by R. Pike (personal communication, January 25, 2011) who stated that: "... you are only as good as the team that you surround yourself with." M. Upton (personal communication, February 10, 2011) provided an interesting view on this point when he stated that a CEO almost needed to surround himself or herself with people that were probably even better than the CEO. The CEO needs to build a solid team that is capable and has the ability to deliver value to shareholders, stakeholders and employees (M. Cutifani, personal communication, January 18, 2011). M. Upton (personal communication, February 10, 2011) provided further support for the view of the importance of this factor when he stated that without the right team in place, a CEO, and ultimately then the company too, were doomed to fail. J. Williamson (personal communication, March 9, 2011) clearly summarised the importance of having a great management team by commenting that the company ultimately needed to deliver results and that this was done through the management team; and if there wasn't a management team in place that could deliver on those results, a CEO's direct reputation would suffer as a result. The direct importance of just how the quality or level of the management team can affect a CEO's reputation was supported by M. Cutifani (personal communication, January 18, 2011) who further stated that the quality of the management team was ultimately a reflection on the CEO.

M. Cutifani (personal communication, January 18, 2011) further elaborated on his comment by stating that by putting in place a quality management team, a CEO had to concurrently establish mutual trust within the team and with a company's stakeholders in terms of the CEO's commitment to the team and his or her support for them in terms of delivering results.

Interestingly, both I. Shongwe (personal communication, February 16, 2011) and A. J. Matthee (personal communication, March 2, 2011) also alluded to the importance of ensuring the retention of a quality management team. They both believed that this was a factor of retention strategies within a company related to bonuses and career paths, etc., as well as to ensuring that all employees within a company were inspired and motivated. Interestingly, this point also relates directly to the third factor affecting CEO reputation in South Africa as ranked by respondents.

Lastly, J. Williamson (personal communication, March 9, 2011) directly correlated the establishment of a quality management team with the recruitment and retention of quality people below them, which is all to the greater good of the company and ultimately the CEO and his or her reputation.

Respondents' comments link directly to prior observations made by Burson-Marsteller (1999, 2001, 2003, 2005) and Gaines-Ross (2001, 2003) as to the importance and relevance of this factor as it affects CEO reputation.

4.4.2 *The CEO executes well on strategic vision*

This factor received an equal score with the third ranked factor with one first place ranking, two second place rankings, a third and a final fourth place ranking for a total score of eighteen. The factor was placed ahead of the equal-scoring other factor due to it scoring a fourth place, rather than two fifth places. The factor also scored the third highest number of "hits" among respondents with five "hits".

	MB	MC	RP	GM	MU	IS	AM	JW	Final score
Initial ranking		1		2	3	4	2		
Reversed ranking		5		4	3	2	4		18

Two of the CEOs also included this factor as a number two and a number four factor, independently of the ranking table and according to their own personal perspectives regarding crucial factors affecting CEO reputation in South Africa.

The importance of this factor was exemplified by M. Cutifani (personal communication, January 18, 2011) who stated the following: "Firstly, ultimately a CEO is judged on their ability to deliver to a strategic vision." M. Upton (personal communication, February 10, 2011) made a comment that alludes to the ability of a CEO to ultimately deliver on the promises that he or she makes; that this is a critical factor affecting CEO reputation. A CEO can have all the plans in the world and not deliver and ultimately CEO reputation is all about delivering and making good on the words he or she speaks (M. Cutifani, personal communication, January 18, 2011; G. Mackay, personal communication, February 4, 2011; M. Upton, personal communication, February 10, 2011; I. Shongwe, personal communication, February 16, 2011; A. J. Matthee, personal communication, March 2, 2011). M. Cutifani (personal communication, January 18, 2011) further mentioned that a CEO needn't be charismatic or good looking or have any of the associated qualities of a liked individual, to have a good reputation. At the end of the day, what he or she really needs to do is to deliver on the strategic vision. If a CEO is able to deliver on that, then all stakeholders will align on that simple basis, as it is ultimately all that stakeholders care for and remember.

I. Shongwe (personal communication, February 16, 2011) additionally clarified his belief of the importance of this factor as it affected CEO reputation by also stating that certain other factors needed to be in place for a CEO to be in a position to deliver on his or her vision. A CEO cannot simply achieve the impossible without there being support and a means for him or her to be able to deliver. Nonetheless, the respondent believed that if these factors were in place, then the CEO would have the necessary means to deliver.

Lastly, G. Mackay (personal communication, February 4, 2011) interestingly noted two points around this factor by firstly stating that it's the CEO who is ultimately entasked with confronting the blank piece of paper and deciding where the company is headed, which he defined as: "creates a strategic vision"; and then "is able to execute" on that created strategic vision as the second part of the same factor affecting CEO reputation. He ultimately stressed the importance of this factor by concluding with the following comment: "A vision is not just visualising, it is also then about being able to deliver as well as link it to reality." A CEO needs to be able to both visualise where the company is headed as well as ensure that it gets to where he or she intended it to be. If a CEO is unable to achieve this, then his or her reputation will suffer as a result (G. Mackay, personal communication, February 4, 2011).

As can be noted from respondents' comments, the sentiment surrounding the importance of executing well on a strategic vision links closely to the literature review; notwithstanding it not being ranked quite as highly in the literature review. Both Burson-Marsteller (2001, 2003, 2005) and Gaines-Ross (2003) state that CEOs who deliver upon their promises of the future direction of the company are perceived to be more successful than those that simply communicate, but unfortunately fall short. The researcher notes the important link with another important factor affecting CEO reputation, namely that of credibility, which refers to a person's ability to do and ultimately achieve what they said they would do.

4.4.3 *The CEO motivates and inspires employees*

This factor received an equal score with the second ranked factor with one first place ranking, two second place rankings, a third and two fifth place rankings for a total score of eighteen. The factor was placed just behind the equal-scoring other factor, due to it scoring two fifth places rather than a single fourth place. The factor, notably, also scored the second highest number of “hits” among respondents with six “hits”.

	MB	MC	RP	GM	MU	IS	AM	JW	Final score
Initial ranking			2	5	2	1	5	3	
Reversed ranking			4	1	4	5	1	3	18

G. Mackay (personal communication, February 4, 2011) also included this factor as his number three factor, independent of the ranking table and according to his own personal perspectives of factors affecting CEO reputation in South Africa. Notably in his justification, G. Mackay (personal communication, February 4, 2011) considered this factor as a function of leadership; that which everyone expects a CEO to do, which is to lead and inspire: “... to make them feel that they are part of something that’s bigger than them; that following or working for this company is a worthy occupation.” Both A. J. Matthee (personal communication, March 2, 2011) and J. Williamson (personal communication, March 9, 2011), in a somewhat different manner, also mentioned the importance of leadership in their personal perspective factors, but not to the extent that good leadership can inspire and motivate employees as the previous respondent clearly alluded to. Lastly, M. Upton (personal communication, February 10, 2011), in his personal comments, also mentioned the concept of empowering people, but it is unclear whether this referred to inspiring and motivating employees as a result of being empowered, or if it was meant in a far more general manner.

A. J. Matthee (personal communication, March 2, 2011) stressed the relevance of this factor to CEO reputation when he provided the following statement as to just how important it was to inspire and motivate employees: “You need to work to get the absolute best out of them; happy cows give sweet milk.” Ultimately, all actions within a company are conducted and managed through a company’s employees and it’s therefore important to ensure that employees are onboard and inspired and motivated to deliver on the CEO’s vision for the company (R. Pike, personal communication, January 25, 2011; G. Mackay, personal communication, February 4, 2011; M. Upton, personal communication, February 10, 2011; I. Shongwe, personal communication, February 16, 2011; A. J. Matthee, personal communication, March 2, 2011). “... it all starts with the people, because if you don’t have inspired and motivated people, you can have all your strategies, you can have your vision, but that is not going to work” (I. Shongwe, personal communication, February 16, 2011).

Both R. Pike (personal communication, January 25, 2011) and J. Williamson (personal communication, March 9, 2011) were cognisant of the fact that no CEO is ever able to make every single employee within a company happy; but they did believe that a CEO should focus on making the vast majority happy, and that this groundswell in the CEO’s favour would ensure a winning formula, which would ultimately have a positive effect on the CEO’s reputation.

Interestingly, M. Upton (personal communication, February 10, 2011) categorised factors such as a CEO having a clear vision for the company and being able to communicate it well, as subsets of inspiring and motivating employees as important factors affecting CEO reputation. In his justification, the respondent mentioned that he tried to identify the key macro factors as higher levels of performance.

In a slightly different view, G. Mackay (personal communication, February 4, 2011), in the justification of his ranking of this factor, stated that a CEO should ultimately focus on setting a clear direction and path (vision and strategy) for a company, which he believed was more important than the ability to directly inspire and motivate employees as a factor affecting CEO reputation. The respondent believed that inspiring and motivating employees was an area whereupon a CEO can rely on other people and/or departments within a company to perform, even if the CEO is unable to do so and has more pressing issues to deal with.

Respondents' views are closely correlated with the Burson-Marsteller (2005) study which places the factor as the fifth most important factor internationally. When CEOs inspire their employees, they build a better company culture, which in turn has positive knock-on effects throughout a company (Gaines-Ross 2003).

4.4.4 *The CEO demands high ethical standards and conduct*

This factor received the fourth highest number of votes from respondents with, interestingly, two first place rankings, a third, and two fifth place rankings for a total score of fifteen. The factor also scored five "hits".

	MB	MC	RP	GM	MU	IS	AM	JW	Final score
Initial ranking	1	5				3	1	5	
Reversed ranking	5	1				3	5	1	15

Comments from respondents seem to support the actual ranking value in that a number of respondents, six in total, made specific mention to ethics and good conduct, in various forms, as factors affecting CEO reputation during the interview. However, most of the respondents did not include it as a factor to rank holding the view that since the factor was so important to CEO reputation, a CEO had to already display ethics and good conduct – almost as if it were a "ticket-to-the-game", without which a CEO would never be in the position he or she was in the first place.

M. Brown (personal communication, December 14, 2010) clearly stated the importance of this factor as an item affecting CEO reputation when he provided the following comment: "... at the end of the day, the fish rots from the head; so unless the chief executive, as a custodian of the values of an organisation demonstrates high ethical standards and conduct, you will never have a reputation amongst any of your stakeholders." A concurring view was also supported by M. Cutifani (personal communication, January 18, 2011), I. Shongwe (personal communication, February 16, 2011), A. J. Matthee (personal communication, March 2, 2011) and J. Williamson (personal communication, March 9, 2011) who all mentioned that the ethical standards of the CEO and how he or she conducts himself in the workplace is a key factor affecting CEO reputation. "... eventually you rise or fall because of your ethic" (I. Shongwe, personal communication, February 16, 2011). J. Williamson (personal communication, March 9, 2011) elaborated further on the importance of a CEO being ethical when he stated that enhanced CEO reputation, as a result of a CEO having good ethics, will also extend to the company's reputation whereupon employees will feel inspired and motivated to work for a "good" company. The respondent defined a "good" company as one that owns up if it does something wrong.

A. J. Matthee (personal communication, March 2, 2011) believes that this factor will have the longest term impact on the reputation of a CEO. Interestingly, in his justification, the respondent discussed the ability of a CEO to address any negative effects on his or her reputation and stated that of all the factors that affected CEO reputation, ethics was the one that almost cannot be fixed: "... once you've tainted your ethics, how do you fix it? You only fix it by a very long period of changed behaviour that you hope will be recognised." The respondent further continued to elaborate on his view of the importance of a CEO's ethical behaviour by also stating that it isn't only about social spend, but that it also concerns the way a CEO conducts himself or herself with employees, customers, suppliers and company stakeholders that will affect reputation.

When commenting on his personal perspectives as to the factors affecting CEO reputation in South Africa, G. Mackay (personal communication, February 4, 2011) spoke of the need for a CEO to have integrity, which he believes is a crucially important factor affecting reputation; especially a CEO's internal reputation amongst employees. Integrity can mean a number of things to different people, but G. Mackay (personal communication, February 4, 2011) believes that, from an employee's perspective, it centres around the CEO being honest (demonstrating personal honesty), as well as the CEO having employees' best interests at heart. Depending on one's personal understanding of the word integrity, one can categorise the integrity of a CEO as being a larger set of a CEO being ethical and conducting himself or herself ethically.

Respondents' comments and their ultimate final ranking, correlate closely with Burson-Marsteller's (2005) study; as well as with findings and comments from Burson-Marsteller's (2001, 2003) studies and commentary from Gaines-Ross (2003) regarding the importance of ethical standards and conduct as a factor affecting CEO reputation.

4.4.5 *The CEO is credible*

This factor was ranked fifth by respondents with, interestingly, two first place rankings and one fourth place ranking for a total score of fourteen. The factor also scored three "hits".

	MB	MC	RP	GM	MU	IS	AM	JW	Final score
Initial ranking			1	1				2	
Reversed ranking			5	5				4	14

Surprisingly, the factor was ranked very highly by three respondents, but then not considered as a top five ranking factor by other respondents. Nonetheless, the importance of credibility as a factor affecting CEO reputation was alluded to by respondents when providing their personal perspectives on factors affecting reputation. Respondents did not per se refer to the word credibility, but in most instances referred to the concept of credibility through the discussion of factors that ultimately affect ones credibility. M. Brown (personal communication, December 14, 2010) referred to the concept of "values based leadership" whereupon the CEO, as a custodian of the values of an organisation, espouses the values of the organisation by quite simply doing, and being seen to be doing, the right thing. M. Upton (personal communication, February 10, 2011), I.

Shongwe (personal communication, February 16, 2011) and J. Williamson (personal communication, March 9, 2011) also stated that honesty and trust, of which trust, in part, is gained by being consistently honest, are significant factors affecting CEO reputation and that there shouldn't be any doubt as to a CEO's trustworthiness and/or honesty.

R. Pike (personal communication, January 25, 2011) nonetheless stressed the importance of this factor by stating that it's an absolutely non-negotiable and that a CEO without credibility is: "... not out of the starting blocks." The respondent also believed that ethics and ethical standards are a subset of credibility. A similar view was supported by G. Mackay (personal communication, February 4, 2011) who stated that all the other factors affecting CEO reputation do not matter unless the CEO has credibility that he or she can build upon: "... I think without that, nothing else matters." The respondent also stated that concepts such as trust, integrity and leadership etcetera all impinge on the concept of a CEO having credibility.

J. Williamson (personal communication, March 9, 2011) provided an interesting view on credibility as a factor affecting CEO reputation when he linked the credibility of a CEO to the willingness of people and employees to work for a specific company: "... people want to work for quality and the CEO's credibility is an influence."

Interestingly, respondents' views of the importance of credibility as a factor affecting CEO reputation do not directly correlate to the findings of Burson-Marsteller (2005) who found it to be the number one factor affecting CEO reputation internationally. Nonetheless, respondents did rank the factor within the top five and did allude to the importance of credibility by discussing it in the context of other factors such as trust and honesty during the interview.

4.4.6 *The CEO communicates a clear vision <u>inside</u> the company*

This factor was ranked a tied sixth by respondents with one third place ranking and two fourth place rankings for a total score of seven. The factor was ranked ahead of “increases shareholder value” as a factor, simply because the Burson-Marsteller (2005) study ranked it as a top three factor internationally. The factor also scored three “hits”.

	MB	MC	RP	GM	MU	IS	AM	JW	Final score
Initial ranking	3		4	4					
Reversed ranking	3		2	2					7

The importance of a CEO’s ability to communicate a clear vision internally as a factor affecting CEO reputation was espoused by R. Pike (personal communication, January 25, 2011) who defined it as: “... the differentiating factor between a good and a bad leader.” The respondent also stated that there are a number of leaders who are very good at seeing the future but who are particularly bad at communicating it, and that good ideas become stillborn if not communicated effectively within an organisation: “... strategy is all about painting pictures to the people here, so if they can see the vision you have half the battle won.”

A similar view was supported by M. Brown (personal communication, December 14, 2010) and G. Mackay (personal communication, February 4, 2011) who both mentioned the importance of a CEO’s ability to articulate his or her view and goals for the company and then have the ability to communicate this across the organisation to change for the better as a significant factor affecting CEO reputation.

In the justification of his ranking of this factor, G. Mackay (personal communication, February 4, 2011) also mentioned that since there’s a much broader audience outside the company, for big companies, than there is inside, he believed that “communicating a clear vision *outside* the company” is more important, as a factor affecting CEO reputation in South Africa, than “communicating a clear *vision* inside the company”.

Lastly, M. Cutifani (personal communication, January 18, 2011) did not specifically rank this factor in his top five, but in providing a view to his personal perspectives of the factors affecting CEO reputation in South Africa, the respondent did introduce the concept of leadership and the ability of a CEO, as a leader, to articulate a vision and ensure that employees live that vision.

In contrast to the Burson-Marsteller (2005) study that ranked this factor as a top three factor affecting CEO reputation internationally, interviewed respondents held the view that there were other factors, within a South African context, that affect CEO reputation to an even greater extent.

4.4.7 *The CEO increases shareholder value*

This factor was ranked a tied sixth by respondents with one third place ranking and two fourth place rankings for a total score of seven. The factor was ranked behind "communicates a clear vision *inside* the company" simply because Burson-Marsteller (2005) did not rank it as a top five factor internationally. The factor also scored three "hits".

	MB	MC	RP	GM	MU	IS	AM	JW	Final score
Initial ranking	4	3			4				
Reversed ranking	2	3			2				7

When discussing the relevance of increasing shareholder value as a factor affecting CEO reputation, M. Brown (personal communication, December 14, 2010) categorically stated that if a CEO does not increase shareholder value over time, the CEO will be fired. M. Cutifani (personal communication, January 18, 2011) and M. Upton (personal communication, February 10, 2011) shared the same perspective, but justified it from an opposing point of view; whereupon they stated that if a CEO increases shareholder value then his or her reputation will be enhanced as, ultimately, a CEO is judged by a company's shareholders. In his justification, M. Brown (personal communication, December 14, 2010) also mentioned that the factor is given a far greater significance, in South Africa especially, than what it necessarily should be receiving; but that ultimately if a CEO continues to show poor company performance, people would then begin to question the CEO's vision, strategy, ability to motivate people and ultimate capability, which would result in a significantly negative effect on his or her reputation.

Lastly, M. Brown (personal communication, December 14, 2010) further provided two interesting views regarding this factor's ability to affect CEO reputation when he stated: a) That stakeholders evaluate a CEO upon his or her ability to increase *long term* shareholder value and not just shareholder value, because it is entirely possible to increase shareholder value over the short term and yet not perform in a manner that is sustainable; and b) That stakeholders evaluate a CEO on *relative* share price performance. A CEO should not underperform over time. The respondent believed that the market will provide a CEO with some grace and the benefit of the doubt for short periods of underperformance, but that CEO's should not underperform over time as this would seriously impact their reputation and ultimately lead to their dismissal.

4.4.8 *The CEO delivers financial results*

This factor was ranked eighth by respondents with one third place ranking, a fourth and a fifth place ranking for a total score of six. The factor also scored three "hits".

	MB	MC	RP	GM	MU	IS	AM	JW	Final score
Initial ranking			3			5		4	
Reversed ranking			3			1		2	6

R. Pike (personal communication, January 25, 2011) stressed the importance of delivering financial results as a factor affecting CEO reputation when he provided the following statement: "... if you are not performing, then there is no reputation." R. Pike (personal communication, January 25, 2011), I. Shongwe (personal communication, February 16, 2011) and J. Williamson (personal communication, March 9, 2011) also further stated that, ultimately, it's why a company exists and why shareholders invest in a company – it's a non-negotiable. Respondents' commented that it's no use to have all the other factors that contribute to CEO reputation in place when ultimately a CEO does not deliver financially.

I. Shongwe (personal communication, February 16, 2011) in the justification of his ranking of this factor brought in an interesting perspective on the concept of a CEO delivering financially where he stated that a CEO should also do this in a manner that was sustainable and contributed to the long term benefit and upliftment of surrounding communities in which the company operated: "... you have to do more than just focusing on making money."

4.4.9 ***The CEO communicates a clear vision <u>outside</u> the company***

This factor was ranked ninth by respondents with one third place ranking and a fourth place ranking for a total score of five. The factor also scored two "hits".

	MB	MC	RP	GM	MU	IS	AM	JW	Final score
Initial ranking		4		3					
Reversed ranking		2		3					5

G. Mackay (personal communication, February 4, 2011) commented that communicating a clear vision outside of the company is an important factor affecting CEO reputation since a company has a far greater audience outside, especially for large companies, than it has inside, and hence a CEO should focus on external company stakeholders to a greater extent. M. Cutifani (personal communication, January 18, 2011) further elaborated on this view by specifically mentioning this factor in a South African corporate context - that

CEOs in South Africa, given the fact that the country was a relatively new democracy and given the fact that business is not always trusted in this new democracy (business is seen to have benefitted from the past regime), should focus on communicating a clear vision, to all company stakeholders, in a manner that is consistent with the values of the broader society.

4.4.10 *The CEO cares about customers*

This factor was ranked tenth by respondents with one third place ranking and a fifth place ranking for a total score of four. The factor also scored two “hits”.

	MB	MC	RP	GM	MU	IS	AM	JW	Final score
Initial ranking	5						3		
Reversed ranking	1						3		4

“At the end of the day, unless you have a satisfied customer you do not have a business” (M. Brown, personal communication, December 14, 2010). If a CEO does not ensure that his or her company has satisfied customers who wish to continue to conduct business with the company, the CEO’s reputation will suffer as a consequence. Furthermore, if the company does not have customers who wish to do business with it, it will never be able to provide opportunities to its employees and deliver value to its shareholders and the CEO’s reputation will suffer even further (M. Brown, personal communication, December 14, 2010; A. J. Matthee, personal communication, March 2, 2011).

Interestingly, in the justification of his ranking of this factor, M. Brown (personal communication, December 14, 2010) questioned the meaning of the word *care;* that in caring for customers from a reputational point of view does not mean that the CEO provides customers with the best deal every day. What the respondent believes a CEO has to focus on is to ensure that customers feel as though they are receiving a *square deal* for the services that they are receiving, as well as ensure that the CEO balances caring for customers with caring for staff and shareholders as well.

4.4.11 *The CEO manages crises and downturns effectively*

This factor was ranked eleventh by respondents with one fifth place ranking for a total score of one. The factor also only scored one "hit".

	MB	MC	RP	GM	MU	IS	AM	JW	Final score
Initial ranking					5				
Reversed ranking					1				1

Only one respondent mentioned this factor as an important factor affecting CEO reputation in South Africa. Interestingly, the respondent also mentioned it when discussing his own perspectives as to factors affecting CEO reputation in South Africa, as well as when asked to rank his top five factors. M. Upton (personal communication, February 10, 2011) stated that since there are cycles in business, an important factor affecting CEO reputation is the manner in which a CEO manages in a downturn or in a crisis. The respondent commented that this is the real test of a CEO's leadership ability and management acumen. A CEO who therefore manages a company well in adverse conditions will fare far better reputationally than one who does not.

4.4.12 *The CEO fosters corporate governance*

This factor was finally ranked twelfth by respondents with zero ranking and hence a final score of zero. The factor did not score any "hits" and a search for the term "governance" was conducted through the transcripts with only one comment being provided by one respondent.

	MB	MC	RP	GM	MU	IS	AM	JW	Final score
Initial ranking									
Reversed ranking									0

In light of a shifting global focus towards good corporate governance and especially in light of the first and second King Codes of and Reports on Corporate Governance for South Africa (King I and King II) and recent introduction of the third King Code of and Report on Corporate Governance for South Africa (King III), effective 1 July 2010, it is significant to note that none of the interviewed respondents ranked the fostering of corporate governance as one of their top five factors affecting CEO reputation in South Africa. It seems that CEOs believe that other more pressing or more relevant factors, given South Africa's unique political and economic situation, affect CEO reputation in South Africa to a greater extent for the moment.

Interestingly, in stating his own perspectives as to the most important factors affecting CEO reputation in South Africa, R. Pike (personal communication, January 25, 2011) mentioned that governance is one of the most important factors. This view does not, however, correspond to any form of ranking of the factor subsequently, but the respondent did mention the importance of the factor in light of the corruptness of South Africa's society as well as mentioning that investors may choose not to invest in a CEO's company if they believe that the CEO is a "dodgy character" and/or demonstrates poor corporate governance procedure.

4.4.13 *Conclusion*

According to the eight respondents interviewed, the top five factors affecting CEO reputation in South Africa are presented in Table 7.

Table 7: Top five factors affecting CEO reputation in South Africa

Rank	Factor
1	The CEO attracts and retains a quality management team
2	The CEO executes well on strategic vision
3	The CEO motivates and inspires employees
4	The CEO demands high ethical standards and conduct
5	The CEO is credible

4.4.14 *Other factors*

During the interview, respondents provided a number of further factors, particularly relevant to South Africa, that they believe affect CEO reputation and these are listed below. The factors are not listed in any particular order.

- Stakeholder relationship management

  The manner in which a CEO manages his or her relationship with the various vested stakeholder groups can significantly affect his or her reputation. Depending on the industry in which the CEO operates, there are a broad range of stakeholders which the CEO must be aware of and actively manage, with priority given to those groups which have a greater ability to significantly affect (positively or negatively) a CEO's reputation (M. Brown, personal communication, December 14, 2010; M. Cutifani, personal communication, January 18, 2011).

- Size and activity of organisation

  "... there is no doubt that size does count" (R. Pike, personal communication, January 25, 2011). The size of the organisation, both in terms of turnover as well as employee numbers, certainly affects the reputation of a CEO. A CEO of an unlisted organisation with a small turnover and few employees is not held in the same regard as the CEO of a large internationally listed conglomerate with a significant turnover, numerous employees and multiple offices. By simply moving from a small organisation to a large organisation one will be able to notice an improvement in that particular CEO's reputation (R. Pike, personal communication, January 25, 2011; A. J. Matthee, personal communication, March 2, 2011).

A. J. Matthee (personal communication, March 2, 2011) stated that the activity of the company that the CEO was involved with could also be seen to affect CEO reputation; especially when the CEO was involved in an industry that was often in the public eye; such as mining and labour brokering in particular in South Africa.

- Hearsay

There is a significant amount of rumour and talk in corporate South Africa, which is relatively small, and everyone ultimately knows everybody else. How a CEO is spoken about amongst peers and company stakeholders and how a CEO manages this can significantly affect his or her reputation (R. Pike, personal communication, January 25, 2011).

- Consistency

"I always try to do what's right and constant; you've got to be consistent, that's the important thing" (J. Williamson, personal communication, March 9, 2011). A CEO needs to be consistent to the values that he or she articulates; that is: consistent in what he or she does, what he or she says and the manner in which he or she deals with people. If a CEO is inconsistent to any degree, it will significantly affect his or her reputation negatively (M. Cutifani, personal communication, January 18, 2011; M. Upton, personal communication, February 10, 2011; I. Shongwe, personal communication, February 16, 2011; J. Williamson, personal communication, March 9, 2011).

"People need to believe what I say by the actions we do and the results thereof" (M. Upton, personal communication, February 10, 2011). Interestingly, with this comment, M. Upton (personal communication, February 10, 2011) also alluded to the question of how a CEO develops trust with the various stakeholder groups within a company, which is primarily through the act of being consistent.

- Intellect

A CEO must be able to operate at a level of intellect that commands respect from a company's stakeholders, both internal and external, and which patently leads the CEO to make the right decisions (G. Mackay, personal communication, February 4, 2011).

- Leadership

"People want to be led by people they respect" (I. Shongwe, personal communication, February 16, 2011). All stakeholders expect a CEO to be able to lead, as a CEO's primary job is to lead and not to manage – he or she has a management team that is responsible for that. A CEO must be capable and knowledgeable in a range of disciplines and be able to adequately perform the job he or she has been entasked to perform. If a CEO does not display an ability to lead as well as general all round business competence, his or her reputation as a CEO will suffer as a result and he or she may be dismissed (G. Mackay, personal communication, February 4, 2011; I. Shongwe, personal communication, February 16, 2011; J. Williamson, personal communication, March 9, 2011).

- Humility

"We're a simple business, we're a big business but we're not a complicated business – we try and do the simple things well. We treat people nicely, we say hello to each other and we actually mean it" (J. Williamson, personal communication, March 9, 2011). A CEO can significantly develop his or her reputation by being humble: "... always making sure that it's never I and it's always us and we" (M. Cutifani, personal communication, January 18, 2011). A CEO should also look at developing "points of contact" with people and make an allowance to interact, engage and listen to other people. In this manner, CEOs demonstrate a willingness and an openness that shows that they care for other people beyond themselves. This is an important factor which can significantly affect, either positively or negatively, CEO reputation (M. Cutifani, personal communication, January 18, 2011; I. Shongwe, personal communication, February 16, 2011; A. J. Matthee, personal communication, March 2, 2011; J. Williamson, personal communication, March 9, 2011).

This factor is in line with the model of leadership put forward by Collins (2001) as "Level 5 Leadership" discussed in the literature review.

4.5. Further information and interesting comments from respondents

The following further information can be drawn from respondents' commentary during the interview process.

- Understanding of the term CEO reputation

  All respondents shared similar views with regards to their understanding of the term CEO reputation. Respondents' comments centred around the fact that reputation concerns the manner in which the various company stakeholders view the CEO; that the CEO is the custodian of the brand of the company and all the company stands for. Most respondents also mentioned that a company has both an external (investor community, customers and suppliers) and an internal (employees) reputation and that both should be managed. Interestingly, a few CEOs also made a distinction between the different reputation a CEO may have amongst these various groups; as well as commenting that a CEO should assign a different degree of importance to these groups in terms of how much of his or her limited time they dedicate to each of these groups in respect of the management of their reputation.

- Importance of managing CEO reputation

  All respondents stated that it was very important to manage their reputation as CEOs; especially in light of how it reflects or affects the success of the company. G. Mackay (personal communication, February 4, 2011) in particular did question whether a CEO wants to or needs to consciously manage his or her reputation as an activity apart from simply running the company. The respondent stated that this was very much an open question and quite dependant on a number of factors.

  Lastly, I. Shongwe (personal communication, February 16, 2011) interestingly also mentioned that managing one's reputation is not the sole preserve of CEOs and that it was important for all employees within a company to actively look at managing their reputation as representatives of a company, and to a greater extent, as human beings as well.

- Active development and management of CEO reputation

  Seven out of the eight respondents stated that they do not actively develop and manage their reputation as a CEO and that they indirectly manage their reputation through their actions and what they do for the company they are employed to lead. All respondents nonetheless alluded to the fact that they are aware of and sensitive to the concept of directly managing their reputation as a CEO. M. Brown (personal communication, December 14, 2010) stated that it's far more important for a CEO to concern himself or herself with the reputation of the company rather than his or her own reputation as a CEO. A similar view was held by all respondents. In the same vein, all respondents held a similar view as to that espoused by G. Mackay (personal communication, February 4, 2011) who commented that he indirectly manages his reputation through worrying about what the company's shareholders are worried about and worrying about what the employees and management are worried about; that those are his objective functions and that his reputation as a CEO is very much a by product of this.

J. Williamson (personal communication, March 9, 2011) interestingly did differentiate between developing and managing his reputation as a CEO where he stated that he does not actively develop his reputation, but he does manage it through simply: "... doing a lot of things right for a long time." The respondent furthermore commented that his reputation has developed, but that this has not occurred consciously.

Only one respondent confirmed that he actively managed his reputation separately from managing the reputation of the company. R. Pike (personal communication, January 25, 2011) qualified his action of doing so when he stated that since his company and the industry was threatened by new Labour Law Amendments, he viewed it as crucial to position himself as the "good guy" in this dispute between labour and business; and in so doing using his reputation to develop that of his company. In managing his reputation as a CEO directly, the respondent stated that he actively developed this through attending various media interviews (television, radio, print and electronic sources), delivering presentations at various lectures and speaking events and publishing a number of books on the topic. Lastly, the respondent further stated that if this particular threatening situation for his company and the industry were not the case, he would simply be continuing to manage his reputation indirectly through his actions for the company, as he believed many other CEOs did.

- Factors affecting CEO reputation differ according to country

Interestingly, both M. Cutifani (personal communication, January 18, 2011) and G. Mackay (personal communication, February 4, 2011) stated that factors affecting reputation differed according to the country in which the CEO operated in and that CEOs needed to sensitise themselves to these factors when operating in different countries.

M. Cutifani (personal communication, January 18, 2011) provided the example wherein the involvement of a CEO and the work a CEO conducts within the community in which the company operates, is a critical factor affecting CEO reputation in Canada as opposed to Australia where it is valued but not to the same extent.

- Respondents' comments around factors affecting CEO reputation

  In their ranking of the various factors affecting CEO reputation in South Africa, respondents often commented that factors were subtle variations of a common theme and found it difficult to differentiate between factors in certain instances.

- Respondents' views that some factors are "ticket-to-the-game"

  In their ranking of the various factors affecting CEO reputation in South Africa, respondents sometimes commented that they found it irrelevant to rank certain factors, as these factors had to be in place for a CEO to be in the position that he or she was in; a "ticket-to-the-game", without which a CEO should not be in the position to begin with.

  In the justification of his ranking of the factors, J. Williamson (personal communication, March 9, 2011) in particular stated that he left out issues of vision and strategy as those were default factors that a CEO needed to have in place in order to assume the role, but that the other "softer" more human factors such as the credibility of the CEO and the management team a CEO has in place, are the factors that make the difference between an ordinary CEO and a great CEO.

- Respondents' views that CEO reputation and company reputation are one and the same

  In all instances, respondents found it difficult to differentiate between CEO reputation and company reputation stating that a CEO's reputation is in many instances a by product of a company's reputation; and that the only instance in which this might be different would be where a CEO is the founder of the company.

- Factors affecting CEO reputation differ as to whether the company is listed or not

  Three of the eight respondents interviewed were CEOs of unlisted companies, although in many instances the views and comments they provided as to the factors affecting CEO reputation, echoed very closely to those of the respondents of listed companies. All three respondents did mention that since their company was not listed, their management of the external environment specifically was a lot easier due to the limited availability and access of certain information to stakeholders as well as to the fact that they were generally not as prominent in the public's eye and hence had far more freedom within which they could operate. This, they commented, affects how they see and deal with certain issues.

4.6. Conclusion to the results and discussion

The research question for the study was:

- According to CEO perceptions, which are the principle factors affecting CEO reputation in South Africa?

Table 8 below summaries the answer to this question based on the interviews with the CEOs in the research study.

Table 8: CEO perceptions of the principle factors affecting CEO reputation in South Africa

Rank	Factor
1	The CEO attracts and retains a quality management team
2	The CEO executes well on strategic vision
3	The CEO motivates and inspires employees
4	The CEO demands high ethical standards and conduct
5	The CEO is credible
6	The CEO communicates a clear vision *inside* the company
7	The CEO increases shareholder value
8	The CEO delivers financial results
9	The CEO communicates a clear vision *outside* the company
10	The CEO cares about customers
11	The CEO manages crises and downturns effectively
12	The CEO fosters corporate governance

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The research aimed to identify, according to CEO perceptions, which are the principle factors affecting CEO reputation in South Africa.

Eight respondents, as the CEOs of their respective companies, were interviewed and asked to provide, according to their own perspectives, their five most important factors that affect CEO reputation in South Africa. Respondents were then asked to select their five most important factors from a random listing of the twelve most important factors internationally, and rank these in order of importance. Content from the interviews, as well as the factor rankings provided by the respondents, provided the basis from which a final view of the principle factors affecting CEO reputation in South Africa could be deduced.

According to CEO perceptions, the principle factors affecting CEO reputation in South Africa are presented in Table 8 (repeated below as Table 9).

5.2 Conclusions of the research

The researcher conducted eight semi-structured interviews with respondents as current CEOs of their respective companies, in order to understand their perceptions as to the principle factors affecting CEO reputation in South Africa. The interviews were recorded and transcribed and a themed content analysis conducted on respondent comments and responses from the interviews. This formed the empirical data, and themes from the empirical data were used to develop a priority ranking of the principle factors affecting CEO reputation in South Africa.

Findings from the research ranked the following twelve factors as the principle factors, according to CEO perceptions, affecting CEO reputation in South Africa (refer Table 9):

Table 9: CEO perceptions of the principle factors affecting CEO reputation in South Africa

Rank	Factor
1	The CEO attracts and retains a quality management team
2	The CEO executes well on strategic vision
3	The CEO motivates and inspires employees
4	The CEO demands high ethical standards and conduct
5	The CEO is credible
6	The CEO communicates a clear vision *inside* the company
7	The CEO increases shareholder value
8	The CEO delivers financial results
9	The CEO communicates a clear vision *outside* the company
10	The CEO cares about customers
11	The CEO manages crises and downturns effectively
12	The CEO fosters corporate governance

5.3 Recommendations

The research study has identified the principle factors, which, according to CEO perceptions, are the principle factors affecting CEO reputation in South Africa.

The findings from the research study are thus considered important as the concept of managing CEO reputation, as an item separate from a company's reputation, is still nascent. Furthermore, findings from the literature review show that CEO reputation can have a significant overall effect on the reputation of the organisation and the results from the research study identify factors affecting CEO reputation that are distinctive to South Africa.

There is clearly therefore an opportunity to specifically develop and manage CEO reputation, as an item separate from company reputation, so as to enhance overall stakeholder view and perception of the company, and in so doing enhance the reputation of the company as well.

The researcher therefore recommends that current and future CEOs, boards of directors, senior executives, senior management and other company stakeholders, who now have an understanding of the importance of correctly managing CEO reputation, focus on developing the critical factors affecting CEO reputation from the research in order to build and enhance a strong and sustainable CEO reputation.

5.4 Suggestions for further research

Knowledge surrounding the concept of CEO reputation is still nascent, especially in South Africa. The research study was conducted in order to develop an understanding of the principle factors affecting CEO reputation in South Africa. The following areas are suggested for future research:

- Corporate governance

  The current research study ranked “the CEO fosters corporate governance” as the least important factor affecting CEO reputation. A new study could be undertaken into developing a comprehensive understanding as to the relevance and importance of corporate governance to CEO reputation. The objective would be to understand why CEOs ranked corporate governance as a least critical factor affecting CEO reputation.

- King III and the new Companies Act 71 of 2008

  The current research study ranked “the CEO fosters corporate governance” as the least important factor affecting CEO reputation. A new study could be undertaken into understanding whether the application of the new Companies Act and greater exposure to King III significantly affected the views of CEOs as to the importance of corporate governance as a factor affecting CEO reputation in South Africa.

- Extending population to include other company stakeholders

  The current research study only included the views of company CEOs, whereas there is an opportunity to extend the research study to include other company stakeholders, both internal (employees) and external (investment communities, customers and suppliers). The objective would be to identify and correlate the findings from these stakeholder groups to the current findings and arrive at a comprehensive stakeholder view of the principle factors affecting CEO reputation. Recommendations could then be made to these various stakeholder groups, including CEOs, as to important factors to focus on in order to enhance CEO reputation.

- Black CEOs, female CEOs and black female CEOs

  The current research study included the views of only one black CEO and no female CEOs. A new study could be undertaken into understanding whether black CEOs and/or female CEOs and/or black female CEOs have significantly different views as to the factors affecting CEO reputation as a result of their background and the numerous challenges they faced in the past.

- Unlisted companies

  The current research study included the views of three CEOs from unlisted organisations, of which one formed part of a greater group which was, however, listed. These respondents' views did evince some correlation to the views held by CEOs of listed concerns, but a new study could be undertaken into understanding the views and beliefs of CEOs of only unlisted entities. The objective would be to understand whether CEOs of unlisted companies, who generally operate out of the public eye and have far fewer rules governing the management of their business, have significantly differing views as to the factors affecting CEO reputation than their counterparts in listed organisations.

- Interplay between CEO and company reputation

  The current research study briefly mentioned the existence of a relationship between CEO and company reputation. A new study could be undertaken into developing a comprehensive understanding of the significant interplay between CEO and company reputation. The objective would be to develop an understanding as to the importance and significance of CEO reputation as it affects company reputation in South Africa.

5.5 Concluding remarks

CEOs in today's constantly changing and evolving world face significant challenges. New technologies and new competition continue to change the way companies do business and the recent spate of significant corporate scandals and failures have propelled CEO behaviour and the reputation of the CEO into the limelight. Reputations can take years of hard work to develop yet can be lost in an instant and CEO reputation plays a significant role in determining how both internal and external stakeholders evaluate and respond to a CEO and his or her company. The literature review identified the principle factors affecting CEO reputation internationally and the research provided an understanding as to CEO perceptions of the principle factors affecting CEO reputation in South Africa. A ranked list of twelve important factors stemmed from the research as well as other contributing factors that potentially may affect CEO reputation.

The objective for CEOs and/or company stakeholders looking to enhance CEO reputation in South Africa should be to focus on driving and delivering upon the principle factors identified as affecting CEO reputation.

REFERENCES

AFP (2010, 2 June) *BP chief apologises for “I’d like my life back” comment,* 27 February, 2011, http://www.google.com/hostednews/afp/article/ALeqM5jTQVdQPfD7xEKyXtRlVNePp4eVMw.

Arnott, S. (2010, 28 July) *BP CEO Tony Hayward: In his own words,* 27 February, 2011, http://www.businessweek.com/globalbiz/content/jul2010/gb20100728_556093.htm.

Balmer, J. M. T. (1998) Corporate identity and the advent of corporate marketing, *Journal of Marketing Management,* 14(8), pp. 963-996.

Barich, H. and Kotler, P. (1991) A framework for marketing image management, *Sloan Management Review,* Winter, pp. 94-104.

Banerjee, A. and Duflo, E. (2000) Reputation effects and the limits of contracting: A study of the Indian software industry. *The Quarterly Journal of Economics*, pp. 989-1017.

Bennett, R. and Kottasz, R. (2000) Practitioner perceptions of corporate reputation: an empirical investigation, *Corporate Communications: An International Journal,* 5(4), pp. 224-234.

Bianco, A. (2000) The 21st Century Corporation: The new leadership, *Business Week,* 28 August, 61, pp. 80-95.

Blanchard, K. (2010) *Leading at a Higher Level,* revised edition, FT Press, Upper Saddle River.

Blankenburg, S. and Palma, J. G. (2009) Introduction: the global financial crisis, *Cambridge Journal of Economics,* 33, pp. 531-538.

Bromley, D. B. (2001) Relationships between personal and corporate reputation, *European Journal of Marketing,* 35(3/4), pp. 316-334.

Brown, S. P. (1995) The moderating effects of insuppliers/outsuppliers status on organisational buyer attitudes, *Journal of the Academy of Marketing Science*, 23(3) pp. 170-181.

Bryman, A. (2004) *Social Research Methods,* 2nd ed., Oxford University Press, Oxford.

Burns, R. (2000) *Introduction to research methods,* 4th ed., Sage Publications, London.

Burson-Marsteller (1997) *Maximising CEO Reputation.*

Burson-Marsteller (1998) *Maximising Corporate Reputation.*

Burson-Marsteller (1999) *Maximising CEO Reputation*.

Burson-Marsteller (2001) *Building CEO Capital.*

Burson-Marsteller (2003) *Building CEO Capital.*

Burson-Marsteller (2005) *Understanding CEO Capital.*

CBC News and Associated Press (2010, 19 June) *BP CEO under fire over yacht race,* 27 February, 2011, http://news.ca.msn.com/top-stories/cbc-article.aspx?cp-documentid=24631391.

Carrie, W. (2007) Research Methods, *Journal of Business and Economic Research,* 5(3), pp. 65-72.

Caruana, A. (1997) Corporate reputation: concept and measurement, *Journal of Product and Brand Management,* 6(2), pp. 109-118.

Charan, R. and Colvin, G. (2000) The right fit, *Fortune Magazine,* 17 April, pp. 141.

Cole, J. R. and Cole, S. (1979) *Social Stratification in Science*, University of Chicago Press, Chicago.

Collins, J. (2001) *Good to Great,* HarperCollins, New York.

Cornelissen, J. and Thorpe, R. (2002) Measuring a business school's reputation: perspectives, problems and prospects, *European Management Journal,* 20(2), pp. 172-178.

Creswell, J. W. (2003) *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches,* Second ed., Sage Publications, Thousand Oaks.

Crocker, K. and Reynolds, K. (1993) The efficiency of incomplete contracts: An empirical analysis of Air Force engine procurement, *Rand Journal of Economics,* 24, pp. 127-146.

Dowling, G. R. (1993) Developing your company image into a corporate asset, *Long Range Planning,* 26(2), pp. 101-109.

Dowling, G. R. (2004) Corporate reputations: should you compete on yours? *California Management Review,* 46(3), pp. 19-36.

Dowling, G. R. (2006) Reputation risk: it is the board's ultimate responsibility, *Journal of Business Strategy,* 27(2), pp. 59-68.

Drazin, R. (1999) Managerial power and succession: SBU managers of mutual funds, *Organisation Studies*, 20(2), pp. 167-96.

Dolphin, R. R. (2004) Corporate reputation – a value creating strategy, *Corporate Governance,* 4(3), pp. 77-92.

Dutton, J. E., Dukerich, J. M. and Harquail, C. V. (1994) Organisation images and member identification, *Administrative Science Quarterly*, (29), pp. 233-258.

Eberl, M. and Schwaiger, M. (2005) Corporate reputation: disentangling the effects on financial performance, *European Journal of Marketing,* 39(7/8), pp. 838-854.

Fama, E. (1980) Agency problems and the theory of the firm, *Journal of Political Economy,* (88)2, pp. 288-307.

Fan, Y. (2005) Ethical branding and corporate reputation, *Corporate Communications: An International Journal,* 10(4), pp. 341-350.

Firestein, P. J. (2006) Building and protecting corporate reputation, *Strategy and Leadership,* 34(4), pp. 25-31.

Fombrun, C. J. (1996) *Reputation – Realizing value from the corporate image,* Harvard Business School Press, Boston.

Fombrun, C. J. (2003) Corporate reputations can be measured and managed, *Communicating CSR,* CSR Europe*.*

Fombrun, C. J. and Rindova, V. (1998) Reputation management in global 1000 firms: a benchmarking study, *Corporate Reputation Review*, 1(3), pp. 205-212.

Fombrun, C. J. and Shanley, M. (1990) What's in a name? Reputation building and corporate strategy, *Academy of Management Journal,* 33(2), pp. 233-258.

Fombrun, C. J. and Van Riel, C. B. M. (1997) The reputational landscape, *Corporate Reputation Review,* 1(1/2), pp. 5-13.

Fombrun, C. J., Gardberg, N. A. and Sever, J. M. (1999) The Reputation Quotient: A multi-stakeholder measure of corporate reputation, *The Journal of Brand Management,* 7(4), pp. 241-255.

Fuller, J. and Jensen, M. C. (2003) *What's a director to do? In best practices: ideas and insights from the world's foremost business thinkers,* Perseus Publishing, Cambridge and Bloomsbury Publishing, London.

Gaines-Ross, L. (2000) CEO reputation: A key factor in shareholder value, *Corporate Reputation Review,* 3(4), pp. 366-370.

Gaines-Ross, L. (2003) *CEO Capital: A guide to building CEO reputation and company success,* John Wiley and Sons, New Jersey.

Garay, U., Gonzalez, M. and Molina, C. (2004) Firm performance and CEO reputation costs: new evidence from Venezuelan banks, *Estudios IESA,* 17, pp. 1-17.

George, B., Sims, P., McLean, A. N. and Mayer, D. (2007) Discovering Your Authentic Leadership, *Harvard Business Review,* pp. 129-138.

Goleman, D. (2001) What Makes a Leader? *Harvard Business Review on What Makes a Leader,* pp. 1-25.

Gotsi, M. and Wilson, A. M. (2001) Corporate reputation: seeking a definition, *Corporate Communications: An International Journal,* 6(1), pp. 24-30.

Grossman, S. and Stiglitz, J. (1980) On the impossibility of informationally efficient markets, *American Economic Review,* 70, pp. 393-408.

Hamilton, J. and Zeckhauser, R. (2004) *Media coverage of CEOs: Who? What? Where? When? Why?* Working Paper, Harvard University.

Herbig, P. and Milewicz, J. (1997) The relationship of reputation and credibility to brand success, *Pricing Strategy and Practice,* 5(1), pp. 25-29.

Hussey, J. and Hussey, R. (1997) *Business Research: A practical guide for undergraduate and postgraduate students,* Palgrave Mac Millan, Hampshire.

Janov, J. (1994) *The Inventive Organisation: Hope and Daring at Work,* Jossey-Bass, San Francisco.

Kakabadse, A. and Kakabadse, N. (2001) Dynamics of executive succession, *Corporate Governance,* 1(3), pp. 9-14.

Karuna, C. (2009) *CEO reputation and internal corporate governance,* Unpublished Doctoral Dissertation, California: The Paul Merage School of Business, University of California.

Keen, C. and Greenall, J. (1987) *Public Relations Management in Colleges, Polytechnics and Universities*, Heist Publications, Banbury.

Kirk, J. and Miller, M. L. (1986) *Reliability and Validity in Qualitative Research: Qualitative research methods series 1,* Sage Publications, California.

Kouzes, J. M. and Posner, B. Z. (2002) *The Leadership Challenge,* 3rd ed., Jossey-Bass, San Francisco.

Leedy, D. P. and Ormrod, E. J. (2005) *Practical Research: Planning and Design,* 8th ed., Merrill Prentice Hall, Upper Saddle River.

Lewis, S. (2003) Reputation and corporate responsibility, *Journal of Communication Management*, 7(4), pp. 356-364.

Mason, C. J. (1993) What image do you project? *Management Review*, 82, pp. 10-16.

Miles, M. B. (1979) Qualitative Data as an Attractive Nuisance: The Problem of Analysis, *Administrative Science Quarterly*, 24(4) Qualitative Methodology, pp. 590-601.

Nguyen, N. and LeBlanc, G. (2001) Corporate image and corporate reputation in customers' retention decisions in services, *Journal of Retailing and Consumer Services,* 8(1), pp. 227-236.

Pottruck, D. S. (2000) *Clicks and Mortar: passion driven growth in an internet driven world,* Jossey-Bass, San Francisco.

Ocasio, W. (1999) Institutionalised action and corporate governance: the reliance on rules of CEO succession, *Administrative Science Quarterly,* 44(2), pp. 384-416.

OECD (2004) *Organisation for Economic Co-operation and Development: Principles of Corporate Governance,* OECD Publications Service, Paris.

O'Toole, J. (2001) Don't hire the wrong CEO, *Harvard Business Review,* 79(3), pp. 170-177.

Pharoah, A. (2003) Corporate reputation: the boardroom challenge, *Corporate Governance,* 3(4), pp. 46-51.

Rao, H. (1994) The social construction of reputation: certification contests, legitimation and the survival of organisations in the American automobile industry 1895-1912, *Strategic Management Journal,* 15, pp. 29-44.

Resnick, J. T. (2004) Corporate reputation: managing corporate reputation – applying rigorous measures to a key asset, *Journal of Business Strategy,* 25(6), pp. 30-38.

Reich, R. B. (1998) The Company of the Future, *Fast Company,* November, pp. 132.

Robbins, S. (2003) *Organisational Behaviour,* 10th ed., Prentice Hall, Upper Saddle River.

Stewart, T. A. (1998) Why leadership matters, *Fortune Magazine,* 2 March, pp. 72.

Sullivan, M. (1990) Measuring image spillovers in umbrella branded products, *Journal of Business,* 63(3), pp. 309-329.

Terry, R. W. (1993) *Authentic Leadership: Courage in action,* Jossey-Bass, San Francisco.

Times Online (2010, 31 May) *Embattled BP chief: I want my life back,* 27 February, 2011, http://business.timesonline.co.uk/tol/business/industry_sectors/natural_resources/article7141137.ece.

USA Today (2010, 1 June) *BP's Tony Hayward: I'd like my life back,* 27 February, 2011, http://content.usatoday.com/communities/greenhouse/post/2010/06/bp-tony-hayward-apology/1.

Wartick, S. L. (2002) Measuring corporate reputation, *Business and Society,* 41(4), pp. 371-392.

Weigelt, K. and Camerer, C. (1988) Reputation and corporate strategy: a review of recent theory and applications, *Strategic Management Journal,* 9, pp. 443-454.

Williams, C. (2007) Research Methods, *Journal of Business and Economic Research,* 5(3) pp. 65-72.

Yin, K. R. (1994) *Case Study Research, Design and Methods,* 2nd ed., Thousand Oaks, California.

Yoon, E., Guffey, H. J. and Kijewski, V. (1993) The effects of information and company reputation on intentions to buy a business service, *Journal of Business Research,* 27, pp. 215-228.

APPENDIX A

Request letter to respondents

Dear Mr./Ms.___________,

I am an MBA student at Wits Business School and am currently completing my research report in order to fulfil all requirements for the Masters degree.

My research topic is entitled: “CEO perceptions of the principle factors affecting their reputation in South Africa”, and I kindly ask for your assistance in affording me an opportunity to meet with you. It is my intention to relate research conducted internationally to a South African corporate context.

I anticipate requiring less than forty five minutes of your time for this interview. The meeting will take the form of a semi-structured interview in which I will ask you to share some of your thoughts on CEO reputation. I will then ask you to select five of your most important factors, from a list of twelve factors developed from research conducted internationally, and then ask you to provide some form of justification as to these top five factors.

I will gladly provide you with a copy of my findings upon completion of my research and, upon request, will also ensure that your name and organisation details will be kept confidential in the research report.

I thank you in advance and look forward to meeting with you.

Yours faithfully,

Mitch Cosani
Tel: 083 421 6626
E-mail: cosanim@gmail.com

Interview outline for respondents

CEO perceptions of the principle factors affecting their reputation in South Africa

---

Details of the respondent:

Date:

Time:

Respondent name:

Title:

Organisation:

Opening remarks:

Thank the respondent for taking the time to meet and contribute to the research report.

Refer to both the e-mail and follow up telephone conversation requesting the interview and provide general information and background to the research - that it is an important area of research around the world with a number of global studies having been conducted; as well as what the research aims to achieve: identifying what CEOs believe are the principle factors affecting CEO reputation in South Africa.

Provide a brief explanation as to the format of the interview and that it will follow a semi-structured format.

Clearly state that the interview is being solely conducted for purposes of the current research report. Ask the respondent for permission to record the interview and state that the recording will be transcribed, but that the transcription will not be attached to the research report as an appendix. State that the recordings and transcripts will be stored in a safe location and that they will be deleted six months after the research report has been submitted. Also, clarify with respondent as to their preference for person and/or company anonymity.

Background information:

Ask the respondent some factual data about themselves and their company:

- For how long have you held the position of CEO?
- What is the company's main interest?
- Approximately how old is the company, in its current guise?
- Approximately how many employees does your company employ?

Question one:

What do you believe or understand by the term CEO reputation?

Question two:

How important is it to manage your reputation as a CEO?

Question three:

Do you currently actively manage and develop your (CEO) reputation?

Question four:

What do you do to directly manage your (CEO) reputation? (as opposed to indirectly managing your reputation)

Question five:

According to your perspectives, which, do you believe, are the five most important factors affecting CEO reputation in South Africa, in order of importance, and provide a brief justification as to why?

Question six:

A leading international consulting company, Burson-Marsteller (1997,1999, 2001, 2003, 2005), has conducted a number of studies into understanding which are the principle factors affecting CEO reputation in the United States of America and certain countries in Western Europe, Latin America and the Asia Pacific. From Table 10 below, which randomly lists the top twelve factors internationally, please select the five most important factors that you believe affect CEO reputation in South Africa.

Table 10: Random list of twelve factors affecting CEO reputation

Factor	In top five (Y/N)
The CEO attracts and retains a quality management team	
The CEO executes well on strategic vision	
The CEO communicates a clear vision *outside* the company	

The CEO cares about customers	
The CEO increases shareholder value	
The CEO communicates a clear vision *inside* the company	
The CEO is credible	
The CEO fosters corporate governance	
The CEO delivers financial results	
The CEO demands high ethical standards and conduct	
The CEO manages crises and downturns effectively	
The CEO motivates and inspires employees	

Question seven:

From your selected top five factors, please rank the factors in order of importance to you.

Question eight:

Please provide a brief justification as to your preferred ranking.

Closing remarks:

Thank the respondent for taking the time to meet with you and offer him/her a copy of the report once it is completed.

APPENDIX B

Interview transcripts

Interview transcripts are not provided in the current research report.

APPENDIX C

Consistency matrix

The consistency matrix for this research is provided for on the subsequent page.

Table 11: Consistency matrix

Research problem: To identify the principle factors that CEOs perceive affect their reputation in South Africa, and hence which areas a CEO should focus upon in order to develop and/or enhance his or her reputation.					
Main problem	**Literature review**	**Research question**	**Source of data**	**Type of data**	**Analysis**
To identify the principle factors that CEOs perceive affect their reputation in South Africa.	Fombrun and Shanley 1990; Terry 1993; Fombrun 1996; Fombrun and Van Riel 1997; Burson-Marsteller 1997, 1999, 2001, 2003, 2005; Fombrun and Rindova 1998; Fombrun, Gardberg and Sever 1999; Collins 2001; Kouzes and Posner 2002; Fombrun 2003; Gaines-Ross 2000, 2003; and George et al 2007.	According to CEO perceptions, which are the principle factors affecting CEO reputation in South Africa?	Interview data – refer draft interview outline for respondents (Appendix A).	Qualitative opinions and commentary.	Themed Content Analysis (Burns 2000).

This page intentionally left blank