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# Dimensions for Reputation in the Public

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WITS BUSINESS SCHOOL

UNIVERSITY OF THE WITWATERSRAND

# Dimensions for Reputation in the Public Sector in South Africa

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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, 2009

# ABSTRACT

While there is appreciation for the need to manage and improve reputations among businesses in South Africa, the public sector has been left behind in terms of how to manage their reputations. In fact, globally, very little has been written about reputation management in a public sector context. Current practise is that public sector organisations engage in crisis management exercises when bad publicity surfaces, rather than proactive efforts to improve their images, even in times of relative calm.

The purpose of this research is to investigate the dimensions of organisational reputation for public sector organisations. The study will identify drivers of organisational reputation that can significantly enhance reputation management within the public sector.

The basic design of the research is qualitative in nature. It is based on a phenomenological type of qualitative research, which deals with understanding peoples' perceptions, perspectives, and understandings of a particular situation. Open ended questions were distributed randomly among the respondents to draw frank, direct opinions about the positions of the respondents on the subject. A questionnaire was used for this purpose. The research tool was used to establish which elements shape the perceptions of the public about these institutions.

It was found that the dimensions for reputation in the public sector organisations are leadership, especially the political element; quality and value of services; governance issues; workplace environment; and performance in rendering services.

The findings of this research will be used as a basis for development of frameworks that South African public organisations can adopt to actively manage their reputations. Such a framework may also have global relevance in advising government departments what the critical elements are in holistic improvement of their reputations and images rather than narrow focus on issues that add no value.

# DECLARATION

I, **Thabo K. Wahls Mathibeli**, 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 in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

---
Thabo K. W. Mathibeli

Signed at ……

On the …….. day of …… 2009

# DEDICATION

To my son Koena Theko Mathibeli. May this influence you to look beyond your comfort zones for achievement of like endeavours of your own.

# ACKNOWLEDGEMENTS

This research would not have been possible without the support of multitudes of people. From the motivations and the pressure to keep struggling on, to constant encouragement to realise the benefit and value. Few people realise the impact and influence they had on me to achieve this. I am grateful for their support.

My sincere thanks go to the following people;

- Palesa, my lovely wife, who encouraged and supported me through early hours of the mornings, late in the evenings, and watched endless episodes of *The Apprentice* with me, just to make sense of this jungle called business.
- My supervisor, Dr. Dominik Heil for his guidance and direction when I didn't know where to go,
- My colleagues at NHBRC who participated in interviews even though they were pushed beyond their comfort zones.
- My friends for their support and valuable suggestions

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# 1 INTRODUCTION

## 1.1 Purpose of the Study

The purpose of this research is to investigate the dimensions of organisational reputation for public sector organisations. The study will identify drivers of reputation that can significantly enhance reputation management within the public sector. The output of this research will be a basis for development of frameworks that South African public organisations can adopt to actively manage their reputations.

## 1.2 Context of the Study

More and more corporates are realising the value of positively managing their reputations in the public domain to leverage commercial benefits associated with good reputations (Barnett, Jermier and Lafferty, 2006). Globally, companies are implementing measures and systems to proactively promote their reputations and sustain them in order to pursue a sustainable competitive advantage in their respective industries (Gotsi and Wilson, 2001).

Corporate reputation management is not so well entrenched in South African business. In particular, very little has been written regarding this aspect for the public sector, even in global terms (Luoma-aho, 2007). This study attempts to bring forth drivers of good reputation for private firms and identifies attributes that the public sector can adopt to effectively manage their reputations. Most public entities have well functioning public relations departments, but these have taken a crisis management role during times when those entities are in bad light. This study will emphasise the need for sustained promotion of an entity, rather than reactionary response to bad publicity.

## 1.3 Problem Statement

The purpose of this research is to investigate the dimensions of organisational reputation for public sector organisations. The study will identify drivers of organisational reputation that can significantly enhance reputation management within the public sector. The problem may be stated as follows, “What are the dimensions of organisational reputation in the public sector?”

## 1.4 Delimitations

Organisations used in this research will consist only of national and provincial departments offering various services to the public. The study will be confined to the Gauteng Province only. It is hoped the proposed research will reveal a pattern that can be inferred nationally, since most business occurs in Gauteng as driver of economic growth in South Africa.

# 2 CORPORATE REPUTATION IN THE PRIVATE SECTOR

## 2.1 Definition of Corporate Reputation

Understanding for corporate reputation has increased over the years and its definition has been changed and refined by researchers and scholars as a result (Barnett, Jermier and Lafferty, 2006). In a modern business world, firms have identified the need to improve their reputation and Barnett *et al* (2006) point out that studies for corporate reputation have become increasingly more intense. Gotsi and Wilson (2001) ascribe this increase to the realisation by firms that there is value in being seen as 'a good company'. Because of its impact on the mindset of stakeholders, reputation is getting more attention (van den Bosch, de Jong and Elving, 2005).

Several definitions for corporate reputation have been formulated, but most are still vague. Barnett *et al* (2006) take an approach that distinguishes between the reputation construct from image and identity. They view image and identity as basic components of reputation (Barnett *et al*, 2006). Identity is described as the basic character of the firm, its representation and distinct symbols that equate to its current state (Barnett *et al*, 2006). On the other hand, image is defined as general impressions by both internal and external observers of the firm's distinct symbols (Barnett *et al*, 2006). Abratt and Mofokeng (2001) do not draw a clear distinction between image and reputation. However, it is understood that organisations have no choice but to develop elaborate image management processes (Abratt and Mofokeng, 2001). A positive image and reputation puts a business favourably towards its target markets (Abratt and Mofokeng, 2001). Figure 1 shows a corporate *image* management process (Abratt and Mofokeng, 2001).

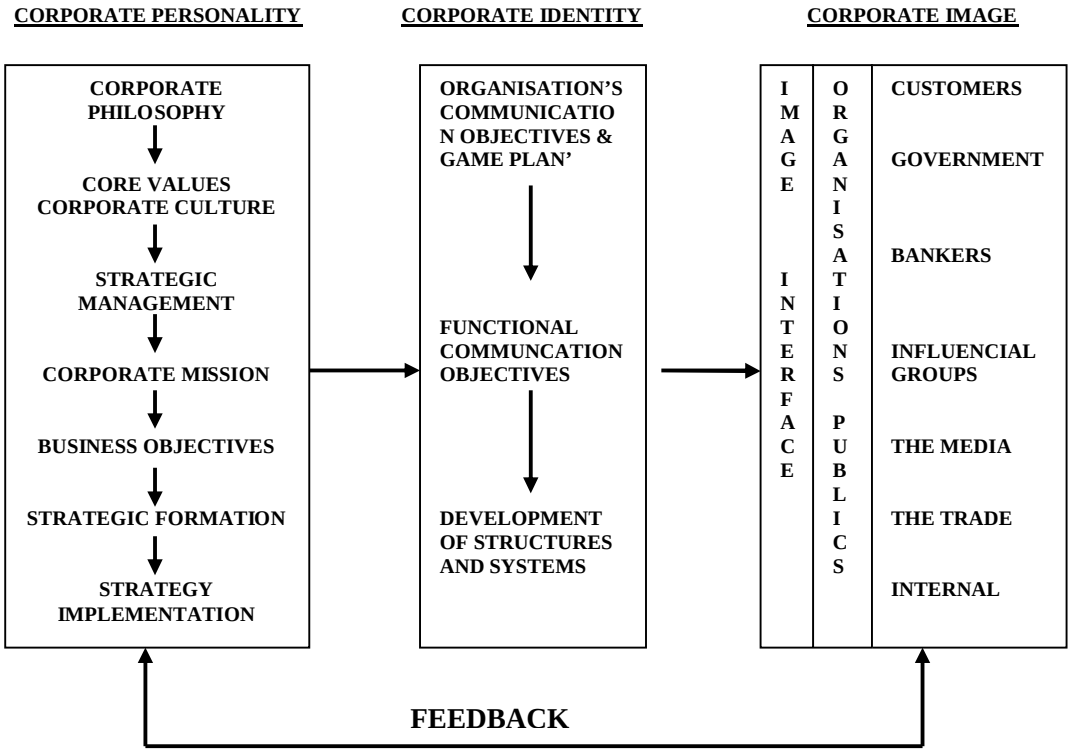



**Figure 1**: The corporate image management process
(Abratt and Mofokeng, 2001)

Van Riel and Balmer (1997) describe a linkage between identity and reputation through a concept of corporate *identity* management (CIM) model (See Figure 2). The objective of CIM is establishment of a favourable reputation to attract customers, employees and investors (van Riel and Balmer, 1997). The CIM process considers the history, corporate strategy and the corporate identity "mix" (described as behaviour, communication and symbolism) to feed the corporate reputation of an organisation as shown in Figure 2 (van Riel and Balmer, 1997). Van den Bosch *et al* (2005) describe the concept of corporate visual identity (CVI) which supports reputation. Therefore, there seems to be a distinction between identity, image and reputation as constructs.

Reputation, contrasted from image, is a strategic concept informed by a number of images and actions sustained over a long time, which culminate into long-term impressions of the organisation (Passow, Fehlmann and Grahlow, 2005).

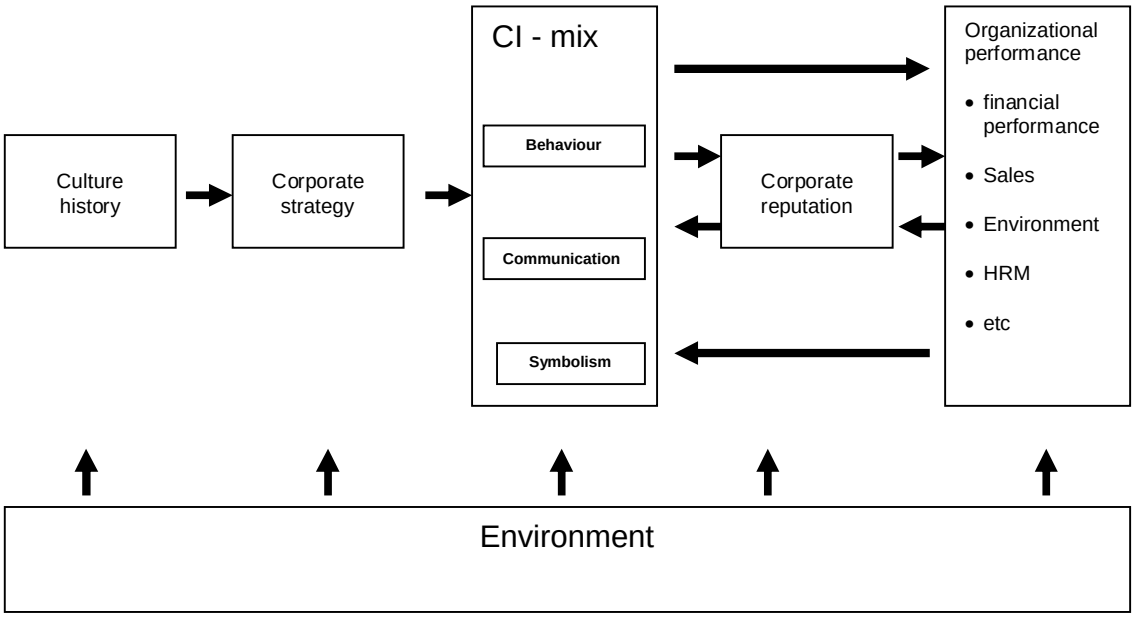



**Figure 2**: Corporate identity management process
(van Riel and Balmer, 1997)

This line of logic is continued by Gotsi and Wilson (2001) who warn that firms should differentiate between image and reputation. Without this distinction firms can make an error of managing image rather than reputation (Gotsi and Wilson, 2001) and thus fail to capitalise on advantages from a good reputation. According to Gotsi and Wilson (2001) image management has "negative associations" because firms embark on superficial actions to make themselves look good rather than "…substantive and responsible actions to gain esteem of the public". Resnick (2004) also withheld the view that corporate reputation management is much more than just a public relations campaign during crises, but that reputation should be nurtured proactively if

any value is to be realised. Figure 3 pictures corporate reputation in the context of how it relates to corporate image (Gotsi and Wilson, 2001).

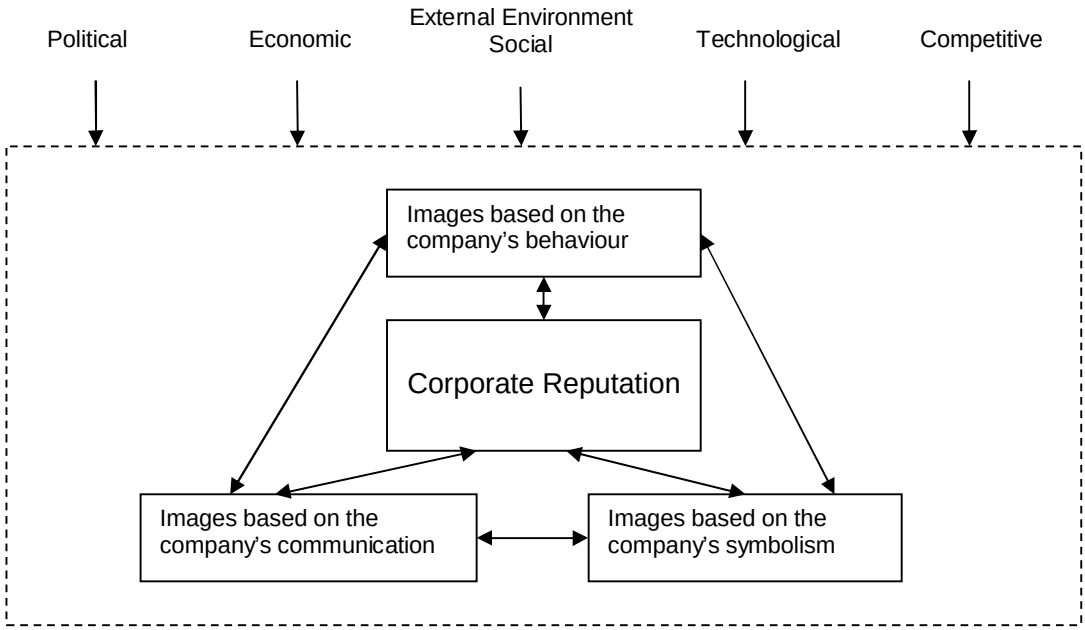



**Figure 3:** How corporate image links to corporate reputation
(From Gotsi and Wilson, 2001).

Therefore, there is interconnectedness between image and identity. But what is this link? Transformation from identity to image is achieved by management of public relations and marketing (Barnett *et al*, 2006). However, Barnett *et al* (2006) contest that image can be shaped but not controlled, especially from an external perspective where other factors are at play, such as media, industry dynamics, regulations and the like. What this tells us, then, is that image of an organisation to its stakeholders may be entirely different to what the organisation intents.

Barnett *et al* (2006) propose a definition of reputation as "judgements rooted in perceptions of identity and impressions of image but triggered by events". While there is this interrelation between the constructs, identity can remain

static while image and reputation change (Barnett *et al*, 2006). Identity is seen as "the backbone of reputation", (Passow *et al*, 2005). Gotsi and Wilson (2001) define corporate reputation as "…a stakeholder's overall evaluation of a company over time. This evaluation is based on the stakeholder's direct experience 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". To reinforce this, Passow *et al* (2005) see reputation as "the aggregate of stakeholders' images……..over time". The key is in realising the need for sustained and long term effort in building reputation. As Passow *et a*l (2005) put it reputation results from company's uniqueness and sustained actions to build identity.

Corporate reputation, therefore, is how a company interacts with its customers, competitors, suppliers and how it conducts itself in the interaction. Perceptions that inform a company's reputation are highly subjective (Money and Gardiner, 2005), and any error can change reputation easily as it is not static (Resnick, 2004). Williams, Schnake and Fredenburger (2005) add that the overall estimation of a firm's reputation by its stakeholders is "expressed by reactions by customers, investors, employees and the general public". Others warn that reputation can be a "…distribution of opinions (the overt expressions of image) about an entity or as interactions between and among stakeholders of which the organisation has no direct role or input" (Dolphin, 2004). And so a firm may not have full control or influence on the level of its reputation due to external factors that it cannot control.

Figure 4 depicts a transition from identity, through image to reputation, resulting in an economic asset of reputation capital. The economic aspect of reputation will be discussed in the next section.

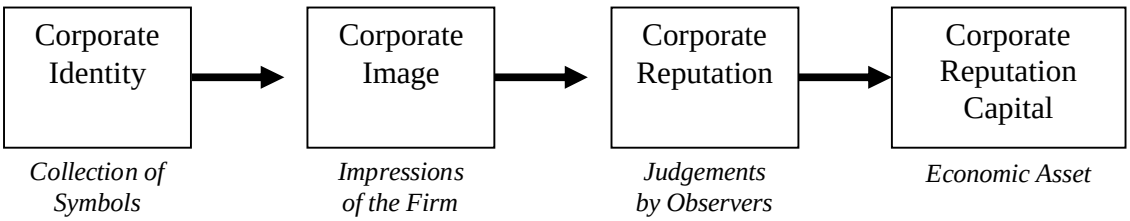



**Figure 4:** Reputation as an asset.
(Dolphin, 2004)

## 2.2 Effects of Corporate Reputation

It has been shown that there is a link between a good reputation and a firm's value (Williams *et al*, 2005). Williams *et al* (2005) ascribe this link to ability of positive reputation to gain access to customers, attract investors and communication of the company's product mix to customers and opportunity to charge premium for its products (Fombrum and Shanley, 1990). In other words, good reputation boosts a firm's credibility, trust and faith from the public (Fombrum and Shanley, 1990). Corporate reputation is a company's most valuable intangible asset (Resnick, 2004; Dolphin, 2004; Caruana, 1997; Lewis, 2001) and its distinct asset (Williams *et al*, 2005). Its intangibility makes it difficult for replication by competitors (Dolphin, 2004) and this provides for sustained competitive advantage.

Good reputation has ability to attract the best employees (Williams *et al*, 2005; Resnick, 2004; Dolphin, 2004; Bennett and Kottasz, 2000; Eberl and Schwaiger, 2005), who may even compromise remuneration for association with the firm (Dolphin, 2004), reducing costs incurred through high staff turnover (Eberl and Schwaiger, 2005) and boosts employee morale and productivity (Williams *et al*, 2005). These factors help to promote increased

sales (Eberl and Schwaiger, 2005), enhancement of stock price, goodwill among stakeholders (Resnick, 2004) and customer loyalty (Dolphin, 2004).

Corporate reputation is the external manifestation of a company's people, internal practices, culture management talent and its overall competitiveness (Resnick, 2004). This emphasises the need for management of reputation to start internally. Dolphin (2004) identifies employees as being key in protection and enhancement of a firm's reputation. Gotsi and Wilson (2001), also stress the importance of employees and internal processes, communication and objectives to enhancing the image of the company. The CEO and other senior managers' individual characteristics also have direct impact on reputation (Dolphin, 2004). So transparency and clear communication with external stakeholders is required to enhance reputation as it provides insight into a firm's operations (Dolphin, 2004). The board of directors is ultimately responsible for reputation management, although it rarely features on meeting agendas unless a crisis occurs (Dowling, 2006).

While recognising the relationship between good reputation and financial performance (Bennett and Kottasz, 2000) questions remain whether good reputation leads to profits or whether it is profits which lead to a good reputation (Dowling, 2006). Notwithstanding this complex relationship (Dolphin, 2004), financial performance is enhanced by a good reputation due to, among others, favourable evaluation by equity markets (Dolphin, 2004), extra revenue realised from ability to charge at premium (Dolphin, 2004; Williams *et al*, 2005). Bennett and Kottasz (2000) further suggest that 8 to 15% of a firm's share price can be attributed to good reputation.

Some of the factors which have been identified by Williams *et al* (2005) to affect reputation are:

- Firm size

- Prior performance, risk profile
- Media exposure, advertising and publicity
- Philanthropic activities
- Adherence to laws and regulations
- Institutional stockholding, and
- Strategy

## 2.3 Measurement of Corporate Reputation

*Fortune* magazine has an annual corporate reputation index using eight attributes, namely (Caruana, 1997; Bennett and Kottasz, 2000):

- Quality of management,
- Quality of products or services,
- Innovativeness,
- Long-term investment value,
- Financial soundness,
- Ability to attract, develop and retain good employees,
- Responsibility to the community and the environment, and
- Effective use of assets.

However, Caruana (1997) criticises this approach as being biased to performance measures, and suggests the following attributes:

- Quality of products,
- Quality of advertising,
- Involvement in sponsorships,
- Conducting factory or facility tours to visitors,
- Long experience,
- Exports

- Publishing of annual accounts,
- Offers good jobs,
- Trained employees,
- Wide product range,
- Quality of management,
- Level of advertising
- Soundness, and
- Profitability

Others, notably Helm (2005), have suggested a slightly different mix of indicators for measuring reputation;

- Quality of products;
- Commitment to protecting the environment;
- Corporate success;
- Treatment of employees;
- Customer orientation;
- Commitment to charitable and social issues
- Value for money of products;
- Financial performance;
- Qualification of management; and
- Credibility of advertising claims

Another popular measure of reputation is the Reputation Quotient (RQ) developed by the Reputation Institute (Fombrun and Foss, 2001). The RQ is based on the following six dimensions:

- Emotional Appeal – How much a company is liked, admired and respected, and trusted;
- Products and Services - Quality, innovation, value, and reliability of its products/services;

- Financial Performance – History of profitability, low risk investment, prospects for growth, and outperformance of competitors;
- Vision and Leadership – Excellent leadership and a clear vision for future;
- Workplace Environment – Quality of employees and how well the company is managed, and how good it is to work for;
- Social Responsibility – Supports good causes and is environmentally responsible and treats employees well.

The Reputation Institute went further and developed a revised standard measure dubbed the RepTrak Model (Reputation Institute, 2008). This tool averages perceptions of trust, esteem, admiration and good feeling. Familiar constructs feature on this new model, but an additional seventh dimension is included. Figure 5 shows the revised model.

All of these measures have some common attributes that they measure to determine reputation. However, reputation is a relative concept and measuring it requires benchmarking against competitors (Passow *et al,* 2005).

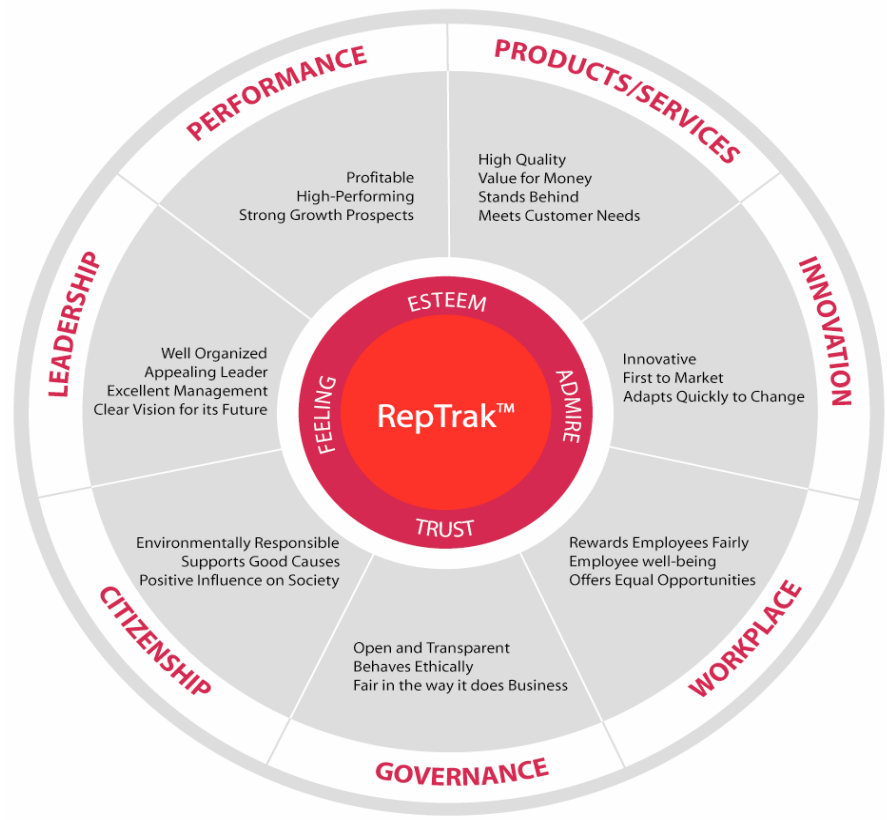



**Figure 5**: Revised model for measuring corporate reputation (Reputation Institute, 2008)

# 3 REPUTATION MANAGEMENT IN THE PUBLIC SECTOR

## 3.1 Status Quo Analysis

No extensive literature was found dealing specifically with approaches to reputation management in the public sector. Unlike the progress made in research for the private sector, very little has been done in the public sector (Luoma-aho, 2007).

In analysing contributory factors for satisfaction and loyalty of companies operating within a given local government region, Andreassen (1994) identified reputation as an important factor. Passow *et al* (2005) developed an instrument to measure reputation of a *country*, in this case Liechtenstein. Effects such as “country-of-origin” have been known to persuade attitudes and beliefs about service or product quality (Andreassen, 1994). This is a bit further than focussing on public organisations within the country, but similarities could exist. The researcher believes there is logic that links what affects reputation of a country and its governance components (e.g. government departments and other spheres of government), but this link can only be tested by this research.

Fombrun and Pan (2006) conducted a study of reputations among businesses in China and found a significant lag in reputation of state-owned companies against privately owned ones. Whether this implies that public sector organisations do not manage their reputations is not known. Also untested in this study was whether public organisations had a different attitude to managing their reputations. This study will seek to initiate debate and interest on these aspects and give guidance as to what drives reputation within the public sector. Caldeira (1983) studied factors that influence reputations of state supreme courts in the USA.

The basic difference between public and private organisations has been identified as the objectives that each is trying to achieve. Murray (1975) describes the values of the private sector as based on objectives of profitability or product maximisation, efficiency and rationality. As a result, private sector firms have clear, concise and quantifiable objectives (Murray, 1975). Private firms enjoy relative autonomy in terms of decision making and are subject to little or no checks by the public (Murray, 1975) or are solely answerable to owners (Nwankwo, 1996). Performance measurement in private firms is through financial statements and other economic measures (Murray, 1975; Fryer, Antony and Douglas, 2007).

Public organisation values are based on objectives of compromise, consensus and democratic participation, all of which are political decision based (Murray, 1975). The objectives are difficult to articulate as there are other social intangibles in the mix (Murray, 1975; Fryer, Antony and Douglas, 2007) that make performance measurement more challenging. Rainey, Backoff and Levine (1976), also show that objectives of public organisations are more diverse and more difficult to specify. Public firms are subject to higher levels of scrutiny and pressure by the public (Murray, 1975; Knott, 1993; Rainey *et al*, 1976), although the emphasis is only on top management (Knott, 1993). Lagrosen and Lagrosen (2003) found differences in quality management, where quality was better managed in private firms than public ones. But Murray (1975) argues that these differences are more superficial than real.

Whereas there are some differences (though not substantive) in the values of the public and private sectors the approach to management or practises thereof is more convergent (Murray, 1975). Nwankwo (1996) argues that, whereas there are no useful taxonomical frameworks for meaningful description of the relationships, recent studies view public-private typologies as a continuum, rather than a dichotomy. This relationship, according to

Nwankwo (1996), is around control systems; equity ownership; managerial autonomy; work-related employee attitudes; performance norms and outcomes; social roles; political influences; economic incentives; and strategic decision processes. Public organisations also pursue profitability for their own existence (Murray, 1975) and to say they do not strive for efficiency is a perception (Murray, 1975; Carrick, 1988) created by stereotyping (Knott, 1993). Theory suggests that with right controls and incentives public sector management can be as effective as private management (Carrick, 1988). Burnes and Anastasiadis (2003) content that while the public sector adopts a more structured approach (bureaucracy) and the private sector a more strategic approach, neither can lay claim to "….monopoly on good practices…"

Questions of ethics are equally important in both sectors (Murray, 1975) despite differing sets of rules and governance issues. Jurkiewicz, Massey and Brown (1998) found little difference in motivational factors among supervisory staff of public and private organisations. In fact, empirical evidence would suggest that the quality of employees entering both the public and private sectors is equal (Crewson, 1995). Bureaucracy is not unique to the public structure (Knott, 1993).

Generalising the differences or similarities between the two sectors can be misleading, since there are intra-sector variations of organisational forms, depending on functions or business spaces. Rainey *et al* (1976), warn against haste in analysing similarities and differences between the sectors, as there are difficulties of classification and definition which cannot be resolved quickly. Knott (1993) argues that variation in management in organisations is a function of variation in principal-agent interaction with the business environment. In other words, the argument centres on the relationship of principals and agents with respect to pure economic agendas or political bargaining and compromise (Knott, 1993). Secondly, the nature of

coordination between principals and agents causes variation in the nature of management (Knott, 1993). Knott (1993) contents that these variations in management impact both public and private sectors similarly. In fact, Knott categorises organisations into four general groups, each depending on its interaction with its stakeholders and environment and argues that organisations, private or public, will behave similarly in terms of their management practises according to those categories.

This approach helps us move away from judging firms purely based on either public or private ownership but rather by how they respond in their environments. In other words, management practices do not differ necessarily across public or private organisations. However, in line with Knott's categorisation, certain elements of management differ in importance depending on the nature of the organisation. There is consensus emerging that public sector organisations are behaving more and more like private corporations even though some fundamental differences remain (Luoma-aho, 2007). For instance, public sector organisations serve a wide spectrum of stakeholders and cannot always please all of them (Luoma-aho, 2007). Hence, in approaching reputation management for public organisations emphasis should be on attributes and the environment that drive the organisation rather than purely along public or private categorisation.

It is generally believed that public sector businesses are less efficient than private firms (Knott, 1993; Miranda and Lerner, 1995; Rainey et al, 1976), but keep surviving because of lack of competition (Knott, 1993). Lack of competition leads to oversupply of services (Knott, 1993) and rise in unit costs (Knott, 1993). Because public managers are more growth oriented organisations become bureaucracies with high capital-labour ratios (Knott, 1993). In most circumstances, public organisations can affect demand more readily through lobbying (Knott, 1993). This behaviour is more akin to monopolistic tendencies.

This observation is supported by Wagner and Weber (1975) who contend that composition of public budgets and determinants of total expenditures could not be possible if government was competitive. Wagner and Weber (1975) view the approach taken by public organisations, of fragmentation and overlapping functions, as an attempt to become more competitive, although this approach does not seem achieve its objective. Ostrom (1975), in his comment on the writings of Wagner and Weber (1975), concurs that public service varies from highly integrated monopolies to highly fragmented industry structures with multiple suppliers. However, it is argued (Ostrom, 1975) that the private sector is hardly ever perfectly competitive. Andreassen (1994) showed that most public services are monopolies and require little or no brand shifting.

Miranda and Lerner (1995) use the property rights and public choice theories to push the argument for private firm efficiency. Under the property rights approach (Miranda and Lerner, 1995) there are “practical difficulties associated with the assignment and transfer of ownership rights to the citizen shareholders of public organizations…” than to private shareholders and that reduces public managers’ motivation to maximise production for citizens’ wealth (Miranda and Lerner, 1995). The public choice theory also predicts superior performance by the private sector (Miranda and Lerner, 1995), where the difference is explained by the monopoly environment of public bureaus and/or rent seeking by legislators and employees. However, Miranda and Lerner (1995) caution that it is false dichotomy to categorise efficiency as a realm of private sector or government exclusively, since certain measures can still be instituted to trigger competition and improve efficiency within government bureaus. These measures include introduction of redundancies or overlap of functions, and this can undermine monopolistic tendencies of the sector (Miranda and Lerner, 1995).

Literature tells us, then, that if any difference is to be pointed out, it has to do with efficiency levels that can be achieved by the two sectors depending on their environment. Public organisations achieve efficiency to a lesser level as a direct result of lack of competition (Miranda and Lerner, 1995). While convergence is emerging between private corporations and public sector organisations, fundamental differences remain. Public sector organisations have traditionally not taken the trouble of focusing on management of their reputation under assumption that good actions automatically portray them in good light to their stakeholders (Luoma-aho, 2007). In fact, pro-active lobbying to promote image and reputations is a concept considered foreign to public managers despite similar activities by political or lobby groups (Luoma-aho, 2007).

The need for public organisations to improve their reputations is captured by da Silva and Batista (2007), where it is shown that people may have negative image of government and that may manifest in public cynicism towards it. Integrity, purpose and effectiveness of government and its institutions are subjected to questions (da Silva and Batista, 2007). Amongst challenges identified as crucial for public organisations to improve reputations, the following are mentioned (da Silva and Batista, 2007);

- Diversity of stakeholders – necessitating a segmented approach to channel functionalities to common interests within different groups;
- Customer orientation – faster service through improved interactions and coordination;
- Employees – improvement of employees satisfaction can project a positive image of the organisation;
- Customer loyalty – high quality services and development of closer relationships with customers;
- Right product or service – ability to customise service according to customer needs through improved interactions;

- Communication – transparency regarding the activities of organisation and employee interaction with customers to improve accessibility to managers.

Passow *et al* (2005) went a step further and measured *country* reputations. Factors that were identified as important were, (Passow *et al*, 2005):

- Emotional Appeal – This applies to ability to stir emotions such as *like*, *respect* and *trust*,
- Physical Appeal – This indicates the appearance of the place, level of physical infrastructure such as roads, housing, etc
- Financial Appeal – The business environment within the country, investment opportunities that exist, the state of the industrial sector, etc,
- Leadership Appeal – Charisma and maturity of political leaders, the vision of the country is appealing and whether the overall management of the country is perceived to be good,
- Cultural Appeal – The cultural scene is diverse and country has rich history,
- Social Appeal – Supports good causes and is environmentally responsible.

These factors are closely related to those used by the Reputation Quotient (Fombrun and Foss, 2001) discussed in Section 2.3. Andreassen (1994) adds that in choosing a location within a region under one given local government, the following factors are important:

- Services degree of market or customer orientation – differentiation in terms of service offer rather than a homogeneous approach;
- Public managers' competence
- Organisational design and structures – For internal efficiencies and external effectiveness;

Caldeira (1983) identified the following elements as important for reputation of supreme courts:

- Social diversity
- Judicial professionalism
- Political ideology
- Size of case load

## 3.2 Neutral Reputation

The concept of neutral reputation was proposed as a suitable form of reputation position for public sector organisations (Luoma-aho, 2007). Luoma-aho (2007) argues that public sector organisations cannot afford to maintain an excellent reputation, as this sets high expectations and can be a risk when these expectations are not met. Conversely, a bad reputation is undesirable as it brings issues of legitimacy of an organisation and recovering from such levels of reputation often requires excessive efforts (Luoma-aho, 2007). Luoma-aho (2007) recommends the “middle ground” as demonstrated by Figure 6.

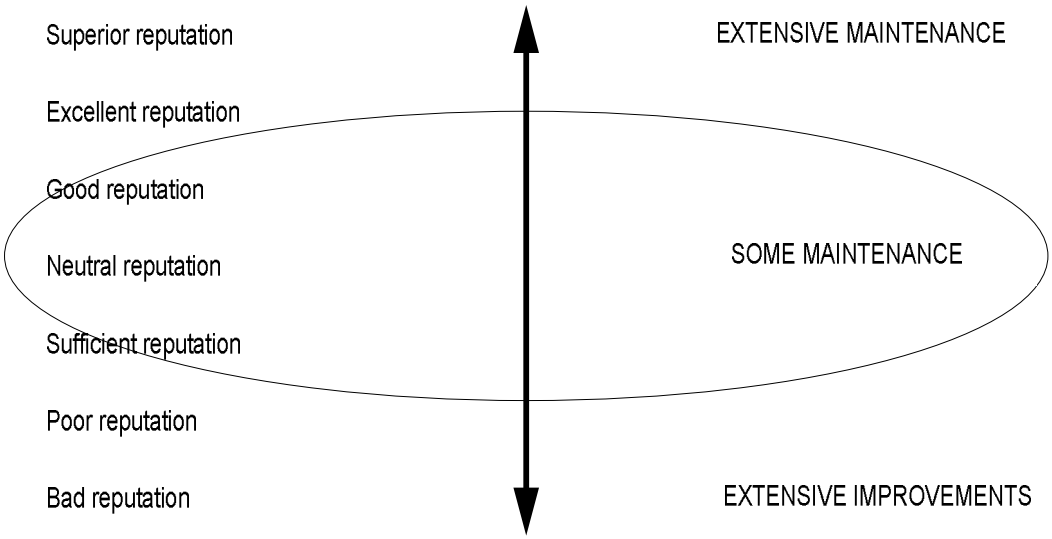



**Figure 6**: Ideal level of reputation for public sector organisation (Luoma-aho, 2007)

## 3.3 Summary of Literature Review

Based on the literature reviewed the following summary is made.

Reputation is a set of judgements fed by perceptions of identity and impressions of images (Barnett *et al*, 2006) of a company, the aggregate of stakeholders' images of the company over time (Passow *et al*, 2005; Gotsi and Wilson, 2001) and is created by the firm's actions in interacting with its stakeholders (Passow *et al*, 2005; Money and Gardiner, 2005; Dolphin, 2004; Williams *et al*, 2005). Reputation is a company's most valuable intangible asset (Resnick, 2004; Dolphin, 2004; Caruana, 1997; Lewis, 2001).

Good reputation gives a company an ability to attract customers and investors, and an opportunity to charge premium on its products (Williams *et al*, 2005). This enhances financial performance (Dolphin, 2004; Williams *et al*,

2005). Good reputation boosts a business's credibility, trust and faith from the public (Fombrun and Shanley, 1990). A business enjoys sustained competitive advantage due to difficulty for competitors to replicate it (Dolphin, 2004). Good reputation enhances a company's ability to attract the best employees (Williams *et al*, 2005; Resnick, 2004; Dolphin, 2004; Bennett and Kottasz, 2000; Eberl and Schwaiger, 2005) and this can lead to improved productivity (Williams *et al*, 2005).

Critical success factors that affect corporate reputation of private sector firms include;

- **Employees** – Employees are identified as a key component in enhancing and protecting reputation of a firm (Dolphin, 2004). This includes senior management individual characteristics, e.g CEO (Dolphin, 2004), the board of directors (Dowling, 2006), as well as general staff members at lower ranks. This would lead to a virtuous circle whereby a company's good reputation assists in attracting the best talent (Williams *et al*, 2005; Resnick, 2004; Dolphin, 2004; Bennett and Kottasz, 2000; Eberl & Schwaiger, 2005).
- **Internal processes and communication** – How internal management of processes and communication is conducted is manifests itself to a company's own external stakeholders' perceptions (Resnick, 2004; Gotsi and Wilson, 2001). These aspects are instrumental in promoting staff morale and productivity (Williams *et al*, 2005). Management of internal practices, culture and communications has direct bearing on company image (Gotsi and Wilson, 2001), which feeds into enhanced reputation overall (Bennett *et al*, 2006).
- **Financial performance** – A direct link has been identified between a company's profitability and good reputation (Bennett and Kottasz, 2000). It is, however, still a subject of contention whether good financial performance leads to good reputation or vice versa (Dowling, 2006). It is

felt that this link is mutually beneficial though, since enhancement of the one part of the balance has positive influence on the other, resulting in creation of a virtuous circle.

- **Size of firm** – Larger firms attract more scrutiny by virtue of their sheer size and information insemination raises the public's familiarity with the firm (Fombrun and Shanley, 1990).
- **Media exposure, advertising and publicity** – Media visibility enhances reputation, provided it is positive (Williams *et al*, 2005; Fombrun and Shanley, 1990).
- **Philanthropic activities** – Response to social responsibility calls and concern over wider society, participation in charitable causes, foundations, environmentally responsible products, etc (Fombrun and Shanley, 1990) improves the image and ultimately the reputation of a firm (Williams *et al*, 2005).
- **Adherence to laws and regulations** (Williams *et al*, 2005; Fombrun and Shanley, 1990)
- **Institutional stockholding** – The more firms that invest in an organisation's stock the better the reputation (Williams *et al*, 2005). The impression is created that institutional investors are more stringent in their choice of investments, thereby signalling confidence in the firm (Fombrun and Shanley, 1990).
- **Strategy** – Choice of business strategy and approach signals likely performance of a company (Williams *et al*, 2005; Fombrun and Shanley, 1990). This can have a bearing on its reputation.

The above factors are averaged into seven dimensions clustered around constructs of trust, esteem, admiration and good feeling to form a model for measuring corporate reputation (Reputation Institute, 2007). These are (Reputation Institute, 2007):

- Leadership – Good management and leader appeal, including vision for the future,
- Performance – Profitability and growth prospects,
- Products/services – Quality of products and services, value for money and issues around customer support,
- Innovation – Adaptation to market changes and speed of new products to market,
- Workplace – Employee well-being and fair reward,
- Governance – Transparency and ethical behaviour, and
- Citizenship – Social responsibility and support of good causes

Amongst the factors deemed critical for good reputation in public sector organisations, the following are mentioned (da Silva and Batista, 2007);

- Diversity of stakeholders – necessitating a segmented approach to channel functionalities to common interests within different groups;
- Customer orientation – faster service through improved interactions and coordination;
- Employees – improvement of employees satisfaction can project a positive image of the organisation;
- Customer loyalty – high quality services and development of closer relationships with customers;
- Right product or service – ability to customise service according to customer needs through improved interactions;
- Communication – transparency regarding the activities of organisation and employee interaction with customers to improve accessibility to managers.

In addition the following factors are crucial (Passow *et al*, 2005):

- Emotional Appeal – This applies to ability to stir emotions such as *like*, *respect* and *trust*.

- Physical Appeal – This indicates the quality of service, level of physical infrastructure such as technology, appearance of service centres, etc
- Financial Appeal – The business environment within the organisation, no history of financial impropriety or underperformance, etc,
- Leadership Appeal – Good management team driving the vision of the organisation,
- Cultural Appeal – Good workplace environment and good employees,
- Social Appeal – Supports good causes and is environmentally responsible. Corporate social investments are visible,

However, public organizations' reputation should neither be excellent nor poor. Excellent reputation creates expectations requiring resources public organisations cannot afford (Luoma-aho, 2007). Bad reputations are not desirable either because recovery from this position requires excessive efforts to restore legitimacy (Luoma-aho, 2007). A neutral reputation is more ideal for public sector organisations (Luoma-aho, 2007).

Critical success factors that affect corporate reputation of public sector organisations are different to those of the private sector. This view is borne by the difference between the objectives each sector is trying to achieve. The values of the private sector are based on profitability or product maximisation, efficiency and rationality (Murray, 1975). This grants ability to set clear and quantifiable objectives (Murray, 1975). On the other hand, public sector organisations have objectives which are difficult to articulate, as they are based on social intangibles, and values are based on objectives of compromise, consensus and democratic participation (Murray, 1975).

Private companies are exposed to limited scrutiny by the public and have relative autonomy in decision making (Murray, 1975) whereas public sector organisations are constantly under pressure from the public and are subject to more scrutiny (Murray, 1975). This can have implications in terms of

expectations and elements of focus emanating from this scrutiny. Private firms' performance is based on financial indicators and is more focused on economic measures (Murray, 1975) whereas public sector organisations have other social intangibles to consider.

Public sector organisations are viewed as more bureaucratic than the private sector (Burnes and Anastasiadis, 2003) and quality of service in the public sector is lower compared to the private sector (Lagrosen and Lagrosen, 2003). The level of efficiency is also perceived to be lower in the public sector organisations (Knott, 1993; Miranda and Lerner, 1995). Public sector organisations are also viewed as having little or no competition in their areas of business (Knott, 1993; Wagner and Weber, 1975).

# 4 RESEARCH METHODOLOGY

This chapter describes the methodology that was followed to conduct the research. It begins with a description of the chosen method and its implications for this research. The type of data and its sources are then described, as well as the sampling technique that was used in data collection. The issues of validity and reliability are then addressed. The chapter is concluded with a discussion on how the analysis and interpretation of the data collected was done.

## 4.1 The Qualitative Research

Qualitative research is concerned with studying phenomena in their natural settings (Leedy and Ormrod, 2005). According to these same writers (Leedy and Ormrod, 2005), qualitative research serves the following purposes:

- Description – the nature or behaviour of certain relationships, people, processes, situations, etc is described;
- Interpretation – new insights into a phenomenon are sort; new concepts or theoretical perspectives about the phenomenon are developed; and problems and complications within the phenomenon are discovered,
- Verification – validity of certain assumptions, claims, theories or generalisations are tested;
- Evaluation – the researcher must be able to judge effectiveness policies, practices or innovations.

This approach is suited to the research problem as a starting point to understand, validate and identify challenges pertaining to management of reputation amongst both public and private organisations. Leedy and Ormrod (2005), describe a phenomenological type of qualitative research, which deals with understanding peoples' perceptions, perspectives, and understandings of

a particular situation. Understanding the perceptions of the public regarding what drives the reputation of government departments in South Africa would be suited to this approach. However, Leedy and Ormrod (2005) warn against allowing preconceived notions or personal experiences influencing what the researcher hears during the interviews.

## 4.2 The Research Population

The research population comprises all members of the public South Africa who receive services from government departments, provincial departments and para-statal organisations under control of government.

## 4.3 Sample Size and Selection

The sample used for the research was drawn randomly among members of the public. All the selected participants were based in the greater Johannesburg area.

It is considered adequate to have a response of 30% or more (Emory and Cooper, 1991) when conducting a survey. In fact, for a phenomenological type of study, purposeful sampling of 5 to 25 individuals is adequate (Leedy and Ormrod, 2005).

## 4.4 Data Collection

Approximately 20 respondents were used for the research. Respondents were randomly selected from amongst the public receiving services from government departments and questionnaires were distributed. Respondents were asked to participate by first briefing and introducing them to the purpose of the research. An interview was performed through a questionnaire to draw honest, direct opinions and perceptions the public has about the chosen department. The questionnaire consisted of open ended questions to draw out

honest, respondent worded answers to find out the real position of the respondent on the subject. The questionnaire is attached in Appendix 1.

## 4.5 Validity and Reliability

### 4.5.1 Internal validity

Internal validity refers to the extent to which an instrument performs its intended function, that of measurement (Leedy and Ormrod, 2005). It refers to the ability of the survey to measure the differences found in the data and whether these indeed reflect the real differences among the responses (Emory and Cooper, 1991). More importantly, content validity of the survey refers to the extent to which it provides adequate coverage of the topic (Emory and Cooper, 1991). This aspect was be addressed by allowing individuals freedom to choose organisations they have had direct experience in dealing with.

### 4.5.2 External validity

External validity refers to the ability of research findings to be generalised to other parts of the country or eras (Emory and Cooper, 1991). Another method of ensuring external validity, according to Leedy and Ormrod (2005), is replication of a prior research in a different context. The author compares research from other parts of the world with the results obtained by this research.

### 4.5.3 Reliability

Reliability addresses the consistency of the results if the study were to be carried out in another time or space (Leedy and Ormrod, 2005). Carrying out the same survey should identify similar variables as being critical to determining the reputation of a public sector organisation. There are limitations in terms of results and findings since data collection was done through open-ended questions. The final factors drawn depended largely on researcher's interpretation. However, objectivity was maintained to maximise reliability of findings, in line with warnings by Leedy and Ormrod (2005).

#### 4.5.3.1 The Pilot Test

Where there is a need to test the validity and reliability of the measuring instrument, a pilot test is recommended (Leedy and Ormrod, 2005). The remove ambiguity in the wording of the draft questionnaire, a pilot test was conducted on five colleagues at the National Home Builders Registration Council (NHBRC).

Their feedback revealed a few questions that needed to be reconstructed. One question was separated into two parts due to vagueness that might prompt respondents to miss the core of the question. In other cases, the question was interpreted by respondents differently to what was intended. These were taken into account in reconstruction of the final questionnaire.

## 4.6 Data Analysis

Leedy and Ormrod (2005) prescribe identifying common themes from the respondents after the interviews. Four steps were followed to describe the phenomenon (Leedy and Ormrod, 2005):

- Identification of statements that relate to the topic – Separation of relevant and irrelevant information from the interview. The relevant information was then segmented into smaller elements that capture specific thoughts that might describe a construct.
- Grouping of statements into “meaning units” – Collection of common segments into categories that reflect aspects of the phenomenon,
- Seeking various perspectives from respondent – Analysis of various views from respondents that describe different experiences, and
- Construction of a composite – Consolidation of various meanings into an overall description of the phenomenon.

# 5 PRESENTATION OF THE RESULTS

## 5.1 Introduction

This chapter sets out the results as collected from the study.

## 5.2 Participants

Participants for this research were selected randomly. The researcher distributed a total of 63 questionnaires to individuals through emails and physical delivery. However, only 20 responses were obtained. This was deemed to be adequate for the purposes of the study (Leedy and Ormrod, 2005). Respondents were asked to select a public sector organisation of their choice and answer open-ended questions about it. The open ended questions were to draw out honest, respondent worded answers to find out the real position of the respondent on the subject. The questions were formulated around the following broader categories:

- Perceptions – To interrogate thoughts, opinions, etc about the specific organisation and to assess universality across organisations. This element was captured by questions 2 and 3;
- Emotions – To assess emotions such as like, trust, etc about the chosen organisation. This will also reveal aspects which invoke those emotions. It was captured through questions 5, 7 8 and 9;
- Physical – This element covers visibility of organisation in terms of its services or products and the impact thereof. This was captured through questions 4, 6 and 10.

The questionnaire is attached in Appendix 1.

## 5.3 Results

A breakdown of the institutions selected is presented in Table 1 (Question 1 as per questionnaire). The selected organisations in Table 1 fall within the categories of public sector organisations the researcher wished to cover, that includes government departments, provincial departments and para-statal organisations under control of government.

**Table 1:** Public sector organisations selected by the respondents

| ORGANISATION | NUMBER OF RESPONDENTS |
|---|---|
| Department of Water Affairs | 3 |
| National Home Builders Registration Council | 1 |
| Department of Education | 1 |
| Nelson Mandela Bay Municipality | 1 |
| South African Revenue Services | 2 |
| South African Police Services | 4 |
| West Rand District Municipality | 1 |
| Eastern Cape Department of Housing | 1 |
| Department of Home Affairs | 2 |
| Department of Housing | 2 |
| Free State Dept of Local Government & Housing | 1 |
| Department of Labour | 1 |
| **TOTAL** | 20 |

### 5.3.1 Results with Respect to Question 2 & 3

These questions were formulated to explore thoughts, opinions and perceptions respondents had about their chosen public sector organisation. The responses presented are interpretations of what

**Table 2**: How respondents expressed thoughts on Questions 2 & 3

| COMMON FACTORS | ORGANISATION | | | | | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | DWAF | NHBRC | DoE | NMBM | EC DoH | SARS | DLG &H-FS | SAPS | WRDM | DHA | NDoH | DoL | |
| Capacity | xxx | | | | | | | xx | x | | | | 6 |
| Shareholder management | | | | x | | x | x | | | | | | 3 |
| Services | x | x | x | x | | x | | x | | | xx | | 8 |
| Employees | | | x | x | x | x | x | xxxx | | xx | | x | 12 |
| Efficiency | x | x | | x | X | | x | xxx | | xx | | x | 11 |
| Management | | x | | | | | | | | x | | | 2 |
| Corruption | | | | | | | | x | | | | | 1 |

**KEY**:

| | |
|---|---|
| DWAF | Department of Water Affairs |
| NHBRC | National Home Builders Registration Council |
| DoE | Department of Education |
| NMBM | Nelson Mandela Bay Municipality |
| SARS | South African Revenue Services |
| SAPS | South African Police Services |
| WRDM | West Rand District Municipality |
| EC DoH | Eastern Cape Department of Housing |
| DHA | Department of Home Affairs |
| NDoH | Department of Housing |
| DLG&H – FS | Free State Dept of Local Government & Housing |
| DoL | Department of Labour |

respondents thought should be relevant. Some elements were identified in negative connotations, such as when there is a *lack* of a certain element and the researcher interpreted the response to mean the lacking element is the identified important one. Table 2 shows the thoughts expressed by respondents and their frequencies.

The following were the common constructs that were received:

- Capacity – Respondents mentioned the inability of their chosen organisations to deliver services (lack of capacity). Respondents identified lack of resources, both in terms of personnel and equipment, as the thoughts they had related to capacity. In some cases, the respondents' thoughts were about the mismatch between the work load within the departments and the available resources. None of the respondents thought their chosen organisations had adequate capacity. It is assumed that presence of adequate capacity would receive positive thoughts from respondents.
- Stakeholder management – How an organisation engages with its stakeholders was thought to be important in forming an opinion about that organisation. Negative thoughts captured by this research were about poor communication and inaccurate information to customers. Some respondents' thoughts were that organisations chosen would do well to revise their communications policies and formalise stakeholder management. These responses indicate that a more formal stakeholder management approach by organisations would have a positive impact in terms of how respondents view them. Stakeholder management in this context refers to interaction with customers and other stakeholders,

communication about the organisation's activities and the quality of information provided to stakeholders.

- Value addition of services – Another feature of respondents' thoughts was the *visibility* of the services or products offered by the organisations they chose. This visibility was thought of both in negative and positive terms. For instance, water scarcity and environmental degradation were thought of in the context of the department of water, showing the impact of their services if not managed properly, while provision of housing to people who previously had no homes, and the impact of this action, was thought of in the context of the department of housing. These thoughts seem to indicate that respondents judge the impact, visibility and value add of the work of organisations do as important to form a perception about them.
- Employees – The conduct of the people who work within these organisations informs the respondents' thoughts about their organisations. In this case, respondents had negative thoughts. They cited lack of empathy, lack of customer care and lack of competence among the staff of organisations they chose as some of their thoughts. Respondents thought proper qualifications for the various jobs, professionalism and motivation were elements which they thought shaped their perceptions. Respondents also listed the general outlook of employees to their work, e.g. how they carry themselves (even outside work!), genuineness and laziness, as some of the thoughts that informed their opinions in their responses. This indicates that the calibre of staff is an important factor in informing the perceptions of the respondents.
- Efficiency – How quickly organisations are able to provide a service is important in terms of how respondents thought about them. In this instance, respondents had negative thoughts due to long queues, long turn around times or lack of directions for guidance to

customers at service centres. One respondent had a positive thought about an incident where a short turn around time was achieved by the chosen organisation, although surprise was expressed. This shows that efficiency (or lack of) is important in shaping perceptions about organisations.

- Management – Respondents also thought the ability of public managers to run their organisations is important in formation of a perception. This aspect was also expressed in negative terms such as poor management, lack of accountability and lack of concern by management for professional running of their organisations. It is again assumed that where there is good management in place perceptions would be positive around this aspect.

### 5.3.2 Results with Respect to Question 4

This question inquired about visible characteristics of a certain organisation viewed from the respondent's perspective. They were asked to describe the visible traits of that organisation in terms of what elements give it that mentioned character. The purpose of this question was to find physical elements that publics would use to form perceptions about an organisation. It would also be used to identify constituents of a particular image, brand or reputation. Table 3 shows the results of the responses. The main points are described below.

- Services/Products – Respondents characterised organisations by the outcomes of their services. In some cases, where the impact of these services or products is visible, this was stated. For instance, some organisations were popularised by big infrastructure projects they roll out or by provision of sustainable human settlements which has potential to change lives. In most cases, however, failure to keep acceptable standards of these services or products

characterised most organisations. This described an underlying factor of the respondents' characterisation of organisations, which is quality of services or products. Another underlying factor in the identified characteristics was the visibility or impact of the services and products.

- Efficiency – Respondents identified efficiency of processes within organisations as another trait that characterised organisations. However, this trait was identified by its absence rather than its prevalence within the organisations. The researcher used inferences to deduce its importance. For instance, where a respondent identified inefficiency as a trait it was deduced that efficiency was a desired trait. Hence, long queues and mishandling of documents characterised some organisations while some were said to have user-friendly processes. In some instances, respondents identified conflict in policies as traits that affect rate of decision-making for faster service.
- Fairness – Some respondents identified fair practices as what they used to characterise organisations. Fairness is ability to treat all citizens equally in dispensing services. Where punitive measures are implemented, fair organisations are not seen to have bias on certain stakeholders. Enforcement of laws should be equitable. One comment showed unhappiness about a department that sits in position where it formulates policy and implement it at the same time, like being a "referee and a player in the sector". Fairness also refers to expectation of organisations on citizens, such as service fees, taxes and qualification criteria to receive services. Organisations should not be seen to act against or punish citizens in exchange for services.
- Employees – Some respondents characterised organisations by conduct of their employees. This factor was also expressed in negative connotations, where absence of certain credentials

amongst the employees of the identified organisation was cited. Amongst the credentials mentioned as lacking were customer care, proper qualifications and competence in their work. Professional staff is mentioned as a positive attribute to give an organisation a character judged to be good. In some organisations respondents mentioned generally low morale as an attribute of employees, where staff was said to display “don’t care” attitude to their work. Another factor that was mentioned as discrediting in one organisation was instability of senior management positions, where managers were constantly being reshuffled.

- Corruption – Mal-administration and corruption were mentioned as some of the characteristics that define some of the organisations. While this attribute cannot be said to epitomise positive traits, in instances where organisations were identified, respondents named it as a famous character of their chosen organisations probably with an underlying wish for the opposite. Characterisation of an organisation as corrupt implies that in its absence a positive image can emerge.

**Table 3:** Respondents opinions pertaining to Question 4

| COMMON FACTORS | ORGANISATION | | | | | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | DWAF | NHBRC | DoE | NMBM | EC DoH | SARS | DLG &H-FS | SAPS | WRDM | DHA | NDoH | DoL | |
| Service | x | x | | | | xx | | xxx | x | xx | x | x | 12 |
| Efficiency | x | | x | x | x | x | | | | xx | x | x | 9 |
| Fairness | x | | | | | x | | | | | | | 2 |
| Employees | | | | x | xxx | | | x | | x | | x | 7 |
| Corruption | | | | | | | x | xx | | | | | 3 |
| Management | | | | | | | x | | | | | | 1 |
| | | | | | | | | | | | | | |

### 5.3.3 Results with Respect to Question 5

Respondents were asked to name good or bad aspects of an organisation in terms of meeting their expectations of service. This question was formulated to draw out the balance between expectations and reality in how the organisations are viewed. Where the gap is too wide between expectations and reality, respondents were expected to mention the negative aspect of the organisation and mention the factor that makes the organisation fail in that aspect. That factor is the one that is deemed to describe what respondents focus on. Where the gap is narrow or none existent, respondents were expected to mention positive aspects of their chosen organisations. The results presented below were collated from both negative and positive responses. Table 4 presents how the respondents judged the organisations.

- Mandate – An organisation's ability to understand its mandate, interpret it, communicate it and implement it came out as a good aspect that respondents mentioned. This fact becomes clear from responses that showed some organisations were identified as deviating from their mandates. Deviation from mandate meant the organisation lacks deep understanding, clarity and vision of what it is required to do and hence its services do not address real needs of the stakeholders. This was mentioned in some responses that showed existence of conflict of policies between business units within some organisations which understood their mandates differently. None of the chosen organisations were identified by their adherence to mandate.
- Efficiency – Some respondents identified efficiency in organisations as a good aspect that they have encountered. Most of the responses were in positive terms, where efficient systems,

simplified processes and user-friendly systems were terms used to describe the good aspect of the chosen organisations. What makes organisations fail to deliver services were outdated internal processes and lack of proper management systems. This alluded to lack of efficiency within those organisations.

- Leadership – Another area that makes an organisation good, according to respondents, is strong leadership within organisations. Leaders were identified across the board, from senior managers to political heads. Some respondents identified competence of senior project managers as a factor that enabled their organisation to succeed. Where there was lack of leadership within a certain organisation it was identified by respondents as a negative factor to that organisation's success. Quality of leadership was also questioned in some organisations. One respondent commented about the credibility of a political head as being good if that head has good grasp of issues pertinent to the organisation's activities. The third element of leadership mentioned was how the organisation positions itself in its sector. Where the organisation is seen as leading the sector, in setting standards or having expertise in relevant information and knowledge, it was judged as good.
- Financial management – Organisations were judged as good for having clean financial audit reports with no disclaimers. They were also judged well for having sound financial management systems. Finally, having adequate funding for operating the organisation was mentioned as good aspect by the respondents.
- Employees – Organisations were judged as bad where skills and human resource challenges were identified. Lack of training and competence were some of the factors mentioned as bad for organisations. Some of the terms used included lack of interest, where members of staff were deemed to have adopted a culture where there is no motivation to go to work, poor people skills and

low morale. In some organisations employees were judged to be unable to be proactive due to poor remuneration which contributed to negative attitude towards work. Some respondents stated that in their chosen organisations, employees had simply lost hope in meeting service expectations.

- Corruption – Some organisations were judged in negative light and the main cause was corruption or malpractice. This factor was mentioned in instances where respondents either experienced extortion or were familiar with circumstances where someone else had the same experience. Fraud was also mentioned in context of favours been metered out in housing provision.
- Capacity – Respondents mentioned organisations' ability to function adequately based on availability of resources such as personnel or equipment. Organisations which were judged negatively were those lacking in capacity. For instance, police departments that have no vehicles when emergencies arise were mentioned as particularly disappointing. Capacity problems were also identified as undesirable at municipal level where organisations fail to function optimally.

**Table 4:** Judgement of the organisations by respondents.

| COMMON FACTORS | ORGANISATION | | | | | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | DWAF | NHBRC | DoE | NMBM | EC DoH | SARS | DLG &H-FS | SAPS | WRDM | DHA | NDoH | DoL | |
| Mandate | | x | | | | | x | | | | x | | 3 |
| Efficiency | xxx | | x | x | x | xx | | xx | x | xx | x | x | 15 |
| Leadership | xx | | | | | | x | x | | | | | 4 |
| Financial management | | | | | | | x | | x | | | | 2 |
| Employees | xx | | | x | x | | | xxx | x | x | | | 9 |
| Corruption | | | | | | | | x | | | xx | | 3 |
| Capacity | x | | | | x | | x | xx | x | | x | | 7 |

### 5.3.4 Results with Respect to Question 6

This question enquired of respondents to relate messages they have heard from their organisations to what their actual experience was. It was intended to assess confidence respondents had in these organisations, and what were the underlying factors that influenced that confidence (or lack thereof). Trust would also be explored by this question, since it informs publics in accepting or rejecting such information as would be issued from time to time. The results are presented in Table 5:

- Trust – Respondents showed their awareness that some organisations only engaged in damage control after disasters. The undertone here would be not of trust, since such organisations only participate in public relations after the fact and try to salvage their images. Trust is also linked to past performance whereby the organisation is historically known to have kept its promise. Respondents showed that bad track record makes it difficult to trust any positive publications about their chosen organisations. Conversely, one organisation quoted was shown to have delivered on promises or exceeded expectations, hence is trusted in messages emanating from it. An organisation's track record in terms of its past promises tend to influence acceptance or otherwise of its message. Political heads also influence how trustworthy organisations are if they are seen to be well informed or familiar with matters in their organisations.
- Sincerity – Some organisations were said to show genuine attempt to succeed in their mandate. Where organisations are open about their failures and communicate how they are addressing challenges, respondents tended to be forgiving and willing to

believe those messages. In other circumstances, respondents showed that actual service and claims about that service is not the same thing. In other words, where an organisation is failing in its duties and yet makes statements indicating success, respondents did not believe other messages as being genuine.

**Table 5:** Factors respondents used to perceive message from organisations

| COMMON FACTORS | ORGANISATION | | | | | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | DWAF | NHBRC | DoE | NMBM | EC DoH | SARS | DLG &H-FS | SAPS | WRDM | DHA | NDoH | DoL | |
| Trust | x | x | x | x | | xx | x | xxx | | xx | x | x | 14 |
| Sincerity | x | | | | x | | | x | | | x | | 4 |
| Leadership credibility | | | | | | | | | | x | x | | 2 |

### 5.3.5 Results with Respect to Questions 7, 8 & 9

The formulation of these questions was centred on exploring what aspects of these organisations are attached to emotions of *like* and/or importance. The questions asked respondents to describe what aspect of their chosen organisation they liked (or disliked) and which was the most important aspect about how the organisation functioned. These questions were asked differently to Questions 2 & 3 but continued to explore similar themes. This was used as a check to see if any contradictions would emerge. Some consistencies were found as shown below. Table 6 presents the common factors from the respondents.

- Efficiency – Respondents looked at ability to provide service on time and processes geared to provide this. They linked bureaucracy to inefficiency and stated they disliked bureaucracy. Efficiency meant performing functions faster and effectively. One organisation was admired for being lean and having little bureaucracy. Another was said to be effective in handling claims or paying claims on time.
- Mandate – Respondents again tended to like the fact that certain organisations seemed to be performing duties they were meant to do. An organisation's ability to adhere to its mandate, how it understands that mandate is important. For instance, the water department is responsible for sustaining a limited resource and respondents liked that it is doing exactly that, or that there is now protection of home owners where there was none before (in the case of NHBRC). Some respondents mentioned that they liked how clearly some organisations seemed to understand their mandates, such as the fact that the NHBRC is a real authority in home building standards enforcement. However, some respondents disliked

aspects of organisations where there was confusion about mandates. A respondent commented about one organisation been able to set policy and implement it at the same time, in contrast to best international practice. This shows that adherence to mandate and understanding of that mandate was deemed important by respondents.

- Fairness – Respondents mentioned unbiased application of the law as a factor they liked, such as tax collection, where all citizens are required to pay taxes without exclusion. Fair application of laws to all citizens without favouritism and prejudice was liked. Exercising of equal rights for all South Africans and fair treatment by public servants are some of the mentioned aspects by respondents.
- Achieving of targets – Organisations were judged on their ability to achieve their targets. Of particular interest to respondents were the allocated budgets. Respondents mentioned liking organisations which were able to fully utilise their budgets. This measure only considered expenditure against allocations but not profitability or return on investment. The converse of this view is that those organisations which failed to spend a high percentage of their budgets would be viewed in bad light.
- Transparency – Organisations were liked for being open about their activities. The tax collection service, for instance, was praised for publishing proof of where taxes were spent. Organisations which are not transparent in their activities, by implication, would not be liked much.
- Services/products – Value addition of a service is judged as a positive factor in choosing to like or dislike an organisation. Respondents mentioned liking organisations for the change they make in society. For instance, organisations were acknowledged for provision of free housing to people with no means, collecting taxes for a good cause, etc. Organisations were also liked for the quality

of their services and products. This factor was, however, expressed in negative terms, since words used by respondents included dislike of inconsistent services in all offices or where citizens have to provide their own means (e.g. law enforcement). Respondents also liked the availability of some organisations, e.g. being open 24 hours per day.

- Employees – Respondents mentioned disliking the way organisations are run (lack of professionalism), where employees lacked the necessary skills to perform their tasks.

**Table 6:** Factors which influenced respondents' emotions about organisations

| COMMON FACTORS | ORGANISATION | | | | | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | DWAF | NHBRC | DoE | NMBM | EC DoH | SARS | DLG &H-FS | SAPS | WRDM | DHA | NDoH | DoL | |
| Efficiency | x | | | x | | x | x | | x | x | x | | 7 |
| Mandate | xx | x | | | x | xx | x | xxx | | x | xx | x | 14 |
| Fairness | x | | | | | x | | x | | | | | 3 |
| Achieving targets | | | | | | x | x | x | | | | | 3 |
| Transparency | x | | | | | x | | | | | | | 2 |
| Services/products | x | x | x | | x | x | | xxxx | | x | x | x | 12 |
| Employees | x | | | | x | xx | | xxxx | x | x | | x | 11 |
| Corruption | | | | | | | | x | | | | | 1 |
| Capacity | | | | | | | | | | x | | | 1 |

### 5.3.6 Results with Respect Question 10

This question asked respondents to describe an organisation with one word to assess which terms respondents would come up with. These terms would point to aspects that respondents consider important in viewing an organisation. This question also helps the researcher to form an opinion about the reputation of public sector organisations in general, from the descriptions given by respondents.

The word most respondents used was that organisations could be described as inefficient. Others used stronger terms such as “incompetent” or “pathetic” or “disgrace”. Few respondents were milder in their descriptions, choosing softer words like “average”, “can do better’, “change” or “deficient”. Even fewer respondents were positive in their descriptions, using “well-meaning”, “advancing” and “life saver”. In general, respondents viewed the organisations they chose with little admiration. This is seen from responses to other questions above, where respondents identified lack of most of the factors outlined. Below is a summary of factors identified as underlying the descriptions respondents used:

- Employees – ability to give direction in its sector through expertise and have staff members who are knowledgeable. In some instances, descriptions like incompetent were used.
- Efficiency – Old systems versus new processes. Lack of efficiency described most organisations.
- Mandate – Some organisations were acknowledged by their mere existence and the purpose of their creation. This group described those which have been able to offer services and products stipulated by their mandates.

# 6 DISCUSSION OF THE RESULTS

This chapter interprets the results presented in the last chapter to examine the findings and relate them to the literature review. The meanings of the findings are discussed to assess whether the research question is answered.

Responses that were received were clustered into meaning units and consolidated into themes which described common aspects. The meaning units were extracted by first identifying underlying constructs in the respondents' statements. Figure 7 shows the grouping of the themes along with words which describe each theme.

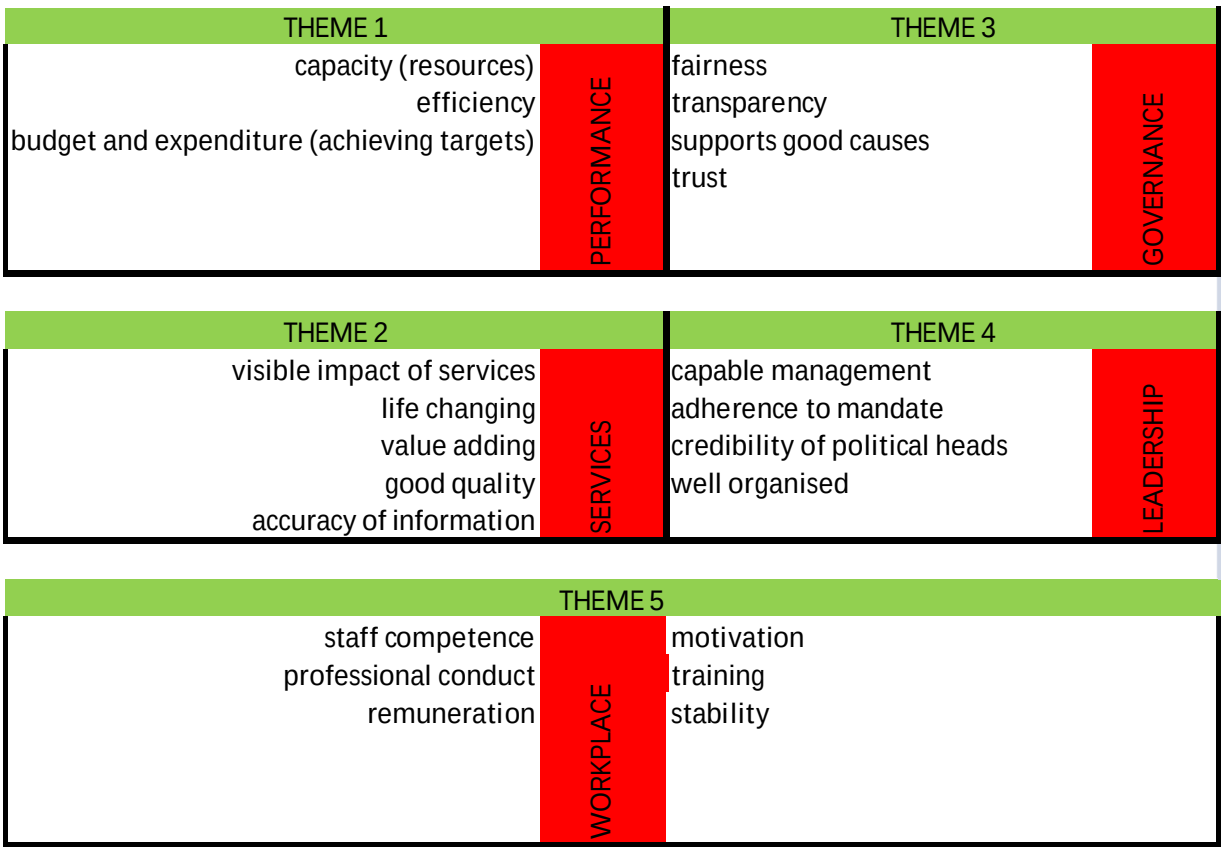



**Figure 7:** Themes and their meanings as extracted from responses

Five broad themes were identified which describe dimensions that are relevant to informing an organisation's reputation.

## 6.1 Theme 1

Assessing the commonality of constructs under Theme 1 and their common denominator suggests that respondents considered an organisation's *performance* as an important factor in its reputation. An organisation's *performance* is informed by a number of constructs as shown in Figure 7.

### 6.1.1 Capacity

No extensive literature covering connection between reputation and internal capacity of an organisation was found. Suffice to say that Caruana, (1997); Bennett and Kottasz (2000) alluded to " effective use of assets" as an attribute used to measure reputation by the *Fortune* magazine.

This research found that capacity of an organisation to deliver services is an important attribute to its reputation. An organisation should have adequate resources, i.e. equipment, systems and personnel. This enables it better allocation for its requirements. Inadequate capacity would undermine performance and hence impact on reputation of a public sector organisation. This aspect seems to be specific to public sector organisations as no reference was made to it in the literature. There was an expectation that some aspects of measuring elements of reputation among private and public institutions would be different.

### 6.1.2 Efficiency

The level of efficiency is perceived to be lower in the public sector organisations, (Knott, 1993; Miranda and Lerner, 1995) and bureaucracy is high (Burnes and Anastasiadis, 2003) due to lack of competition (Knott, 1993; Wagner and Webber, 1975). This bureaucratic behaviour emanates from public managers' growth orientation (Knott, 1993). Miranda and Lerner (1995) also argued for lesser efficiency in the public sector by use of property rights and public choice theories. The property rights approach explains the lag in efficiency by showing that public managers motivation in maximising production is due to certain "practical difficulties associated with the assignment and transfer of ownership rights to the citizen shareholders of public organisations…" (Miranda and Lerner, 1995). The public choices theory ascribes the poor efficiency to monopoly environment of public bureaus (Miranda and Lerner, 1995). However, certain actions can be taken to improve efficiency, such as introduction of redundancies or overlap of functions (Miranda and Lerner, 1995). What remains clear is that literature points to lesser efficiency within the public compared to the private sector. From the scrutiny that public organisations get subjected to it is safe to assume that this aspect will be foremost in the public's minds when judging organisations.

Internal efficiency affects how organisation is viewed as literature demonstrates that internal process management manifests in organisation's external stakeholders' perceptions (Resnick, 2004; Gotsi and Wilson, 2001). Da Silva and Batista (2007) also add what they term "customer loyalty" and is described as"….high quality services and development of closer relationships with customers" in a public sector context.

This research confirms the literature, in that, generally respondents' concern about efficiency in the organisations was clear. Delays in receiving services and length of time before feedback are some of the factors affecting performance. Inefficiency of internal processes impact on the performance of the organisation and this will affect its reputation. According to Andreassen (1994), organisational design and structures also form an important tool for internal efficiency and external effectiveness, and this aspect seems to have come through from the research findings.

### 6.1.3 Achieving targets

From the literature, financial performance of an organisation is attached to its financial appeal, such as profitability and growth prospects (Reputation Institute, 2008; Fombrun and Foss, 2001; Bennett and Kottasz, 2000). In the case of the public sector, this research tells us that while financial appeal is one of the factors, it is not viewed similarly with what literature suggests private firms are judged on. It is still debatable whether an organisation's financial performance gives it a good reputation or whether good reputation leads to better financial performance (Dowling, 2006). Bennett and Kottasz, (2000) state that there is a direct link between reputation and good financial performance.

However, this research shows that in the public sector organisations, judgement of financial performance begins with whether the organisation has adequate funding, and then in its ability to utilise that funding. In other words, an organisation is judged against its ability to achieve budgetary targets. What this means is that an institution is expected to show expenditure that is as close to budgeted levels as possible. Budget surpluses at the end of the financial year are

interpreted as underperformance. Profitability is of no consequence in this instance. Wagner and Webber (1975) question the composition of public budgets and what constitutes expenditures, saying they are uncompetitive. This reinforces the findings of this research that focus is more on expenditures, rather than ratios of value in how organisations are measured.

Public sector organisations, by their nature, do not focus much on profitability (Murray, 1975) or other economic measures (Murray, 1975; Fryer, Antony and Douglas, 2007) but rather on intangible objectives of compromise, consensus and democratic participation (Murray, 1975).
Furthermore, what emerges from this research is that financial audit reports that have no disclaimers and built from sound financial management systems give a public sector organisation a good reputation.

It is concluded that performance of a public sector organisation is one of the dimensions for reputation. However, that performance is judged on the basis of its ability to deliver services to its customers, rather than from a purely financial point of view.

## 6.2 Theme 2

The constructs under Theme 2 can be described, in terms of their commonalities, as *services.* This description may be understood to mean products as well, where applicable.

### 6.2.1 Value creation

Value that services create can be described, for the purposes of this report, as the impact they bring, or their life changing potential. The value of services, as found in this research, is an important contributor to how these services are perceived. The more visible that impact, the better.

Da Silva and Batista (2007) mention that one of the crucial challenges for public sector organisations' reputation is the "right product or service". This is described as "ability to customise service according to customer needs through improved interactions", (da Silva and Batista, 2007). Customised service becomes more relevant to the people and the value created is higher. This element of service provision, as found by research, is consistent with literature.

### 6.2.2 Quality of services

From this research, it was found that another contributor to appeal of services is quality. Where customers perceive poor quality then reputation gets affected. Literature supports the notion of quality of services. As shown above da Silva and Batista (2007) refer to high quality of services as a crucial challenge that public sector organisations face. Passow *et al* (2005) refer to physical appeal of an organisation as being linked to quality of service and appearance of service centres. From the results, the level of quality of services offered by sampled organisations was not regarded as good by respondents, in line with what literature revealed about it in comparison with the private sector (Lagrosen and Lagrosen, 2003).

In conclusion, it appears from the literature that products and services are also important in forming an organisation's reputation (Passow *et al*, 2005;

Fombrun and Foss, 2001; da Silva and Batista, 2007; Reputation Institute, 2008). However, from the research, the emphasis seems to be related only to quality and value of the services and products. Elements such as innovation (Fombrun and Foss, 2001) do not feature.

## 6.3 Theme 3

Theme 3 captures constructs of *governance* as articulated from respondents. Literature suggests that governance is indeed crucial in an organisation's reputation (Reputation Institute, 2008). While this fact is true for private sector, it also mentions openness and transparency, ethics and fairness as elements underlying the governance dimension (See Figure 5).

### 6.3.1 Fairness

The research reveals that fairness in the way business is conducted in the public sector contributes to its reputation. Fairness in conducting business is where customers are treated equally. Publics judge organisations favourably by absence favouritism or prejudice. Also, in the public sector context, fairness refers to when an organisation works for, rather against citizens. Hence, when service fees are reasonable, taxes not exorbitant and there are no other difficult requirements for receiving services, the organisation will be regarded as fair.

The aspect of fairness in supporting the reputation of an organisation is captured in the Reptrak model of the Reputation Institute (2008) in Figure 5, even though this is in the private sector context. However, it can be stated that the research found that fairness of business practises also enhances reputation in the public sector.

### 6.3.2 Transparency

It was found that transparency is also important for governance. Respondents in the research showed that an organisation which is open and publishes its activities received approval. Conversely, secrecy only breeds negativity towards that organisation. In short, publics look at how transparent an organisation is as one of the criteria for formation of reputation. This point reflects similarities with the private sector reputations, where Dolphin (2004) intimates that transparency and clear communication with external stakeholders is required to enhance reputation as it provides insight into a business's operations. Gotsi and Wilson (2001) stressed the importance of employees and internal processes, communication and objectives to enhancing the image of a business.

### 6.3.3 Corruption

Another contributing factor to governance within a public organisation is cleanliness from graft. Corruption affects the image of organisation. Fraudulent practises in organisations were identified as some of the factors at the forefront of respondents' minds. This element does not seem to be relevant in the private sector (Reputation Institute, 2008), but it is critical in the public sector. This fact is borne from lack of emphasis in the literature for the private sector.

## 6.4 Theme 4

The common meaning unit under Theme 4 constructs is *leadership* as seen in Figure 7. Under this theme, the following were captured:

### 6.4.1 Mandate

From the literature, Fombrun and Foss, (2001) showed that vision and leadership are some of the aspects of a business's reputation. They showed that leadership's clarity of vision is important. This research equates that vision to the understanding and interpretation of the organisation's mandate. The ability of a public organisation to accurately interpret and implement its mandate shows sober leadership. This linkage was found in the research where adherence to mandate was found to be one of the criteria used to judge good or bad reputation of organisations. Where there are deviations from the mandate it is interpreted as lacking in vision or clarity of objectives. Publics would notice any policy conflicts within organisations which may be influenced by lack of clarity of mandate.

### 6.4.2 Capable Management

This research reveals that public managers' skills affected how their organisations are judged. Poor management of lack of accountability is easily noticed by stakeholders, as respondents pointed out, and this harms the organisation's reputation. Quality and competence of senior managers is necessary to signal to stakeholders about the health of the organisation. In other cases, political management is what publics would assess as a signal of the state of stewardship of an organisation. The political leader of a public organisation is a crucial source of confidence if they are competent.

From the literature it emerges that public scrutiny of an organisation is mainly focussed on top management (Knott, 1993). Others believe that the competency of public management is no different to their private sector counterparts (Crewson, 1995). So the expectation on managers'

competence and the added scrutiny on them can be an impediment on an organisation's leadership clout if it not met. Public managers' competence as a factor in reputation is also reinforced by Andreassen (1994) showing that it contributes in choice of location within a given local government. There are similarities with private sector reputations, in that, senior managers' individual characteristics have been shown to have a direct impact on reputation (Dolphin, 2004).

### 6.4.3 Credibility

The reality of public sector organisations is the political element which guides them. As shown, public sector organisations have a mix of objectives that includes "….democratic participation" (Murray, 1975). Passow *et al* (2005) mentioned leadership appeal, whereby charisma and maturity of political leaders is a contributory factor to public's perceptions and country reputations.

From this research it is found that trust and faith in political leadership of an organisation was considered as crucial in its reputation. Signals showing political leader as having good knowledge of their organisation's business tends to give a good impression about the organisation. Hence, messages and communication from such an organisation will be trusted.

## 6.5 Theme 5

Under this theme the constructs were described as *workplace*. In line with literature, which showed that employees form the core of an organisation's reputation (Dolphin, 2004; Dowling, 2006; Reputation Institute, 2008) it was found that staff are important in forming reputation for public sector

organisations. Passow *et al*, (2005) mentioned cultural appeal as being crucial. This includes good workplace environment and good employees (Passow *et al*, 2005).

### 6.5.1 Staff Competence

From the research, elements of concern in the workplace environment included competence of employees, their professional conduct and ability to show empathy. It was found that employees are judged as representatives of the organisational character. Their qualifications and suitability for their work, ability to perform tasks and treatment of customers were factors identified as important in how the public judges the organisation.

In general, a business environment depends on the employees to protect and enhance its reputation (Resnick, 2004; Gotsi and Wilson, 2001; Dolphin, 2004). The parallels between private and public organisations reputations are demonstrated by this point. Several writers have also echoed the importance of employees in enhancement of a firm's reputation (Caruana, 1997; Bennett and Kottasz, 2000; Helm, 2005; Fombun and Foss, 2001).

### 6.5.2 Staff Motivation

The work environment was also found to provide the necessary motivation to workers in order to improve reputation. Aspects of motivation found as necessary ingredients for improvement were remuneration and other rewards, training, career pathing and job security. The level of morale must be maintained high to enhance reputation. These findings are also consistent with literature in terms of private sector. Helm (2005) describes "treatment of employees" as a factor contributing to reputation. Caruana (1997) described trained

employees as an attribute of reputation. Company's people, internal culture and talent management are also crucial (Resnick, 2004), as well as sound development and retention strategies (Caruana, 1997; Bennett and Kottasz, 2000).

## 6.6 Summary

Figure 5 presents seven dimensions for reputation in the private sector, namely performance, products/services, innovation, workplace, governance, citizenship and leadership. This model is based on perceptions of trust, esteem, admiration and good feeling. The dimensions mentioned are summarised as follows (Reputation Institute, 2008):

- Performance – Profitability, high performing and strong growth prospects,
- Products/services – High quality, value for money, support and meeting of customer needs,
- Innovation – Business is innovative, first to market and adapts quickly to change,
- Workplace – Rewards employees fairly and competitively, looks after the employees' well being and offers equal opportunities,
- Governance – Open and transparent, behaves ethically and is fair in the way it conducts business,
- Citizenship – Is environmentally responsible, supports good causes and represents positive influence on society,
- Leadership – Is well organised, is led by an appealing leader, has excellent management and a clear vision for its future.

Da Silva and Batista (2007) have suggested six areas that require attention to improve reputation in the public sector;

- Diversity of stakeholders – necessitating a segmented approach to channel functionalities to common interests within different groups;
- Customer orientation – faster service through improved interactions and coordination;
- Employees – improvement of employees satisfaction can project a positive image of the organisation;
- Customer loyalty – high quality services and development of closer relationships with customers;
- Right product or service – ability to customise service according to customer needs through improved interactions;
- Communication – transparency regarding the activities of organisation and employee interaction with customers to improve accessibility to managers.

Passow *et al* (2005) proposed a different mix of dimensions for country reputations;

- Emotional Appeal – This applies to ability to stir emotions such as *like*, *respect* and *trust*.
- Physical Appeal – This indicates the quality of service, level of physical infrastructure such as technology, appearance of service centres, etc
- Financial Appeal – The business environment within the organisation, no history of financial impropriety or underperformance, etc,
- Leadership Appeal – Good management team driving the vision of the organisation,
- Cultural Appeal – Good workplace environment and good employees,
- Social Appeal – Supports good causes and is environmentally responsible. Corporate social investments are visible,

The research has found that in the public sector context five dimensions are more prominent, namely performance, services/products, governance, leadership and workplace. These dimensions are a mix of all the elements described above in one form or another. If a direct comparing were to be

drawn against the model for the private sector, some distinct similarities are evident, safe for two dimensions. It would seem that innovation is not a crucial factor in promoting the reputation of a public sector entity. Perhaps the reason for this is that there is little need for innovation in the public sector, or whatever little innovation there is in invincible and becomes evident only as an outcome, at which point it feeds into efficiency that customer perceive as just that.

Citizenship is another dimension that does not feature prominently as a factor for public sector reputation. While it was found to be an element contributing to the governance dimension, it may well be that by their very existence public institutions are expected to adopt an automatic citizenship role, no other role may be accommodated.

# 7 CONCLUSIONS AND RECOMMENDATIONS

## 7.1 Introduction

This chapter presents the conclusions drawn from the research as well as recommendations for public sector organisations in line with the framework based on the conclusions. The model proposed for dimensions of reputation for public sector organisations in South Africa is presented. It also suggests possible areas for further research to contribute to knowledge around this subject.

## 7.2 Dimensions for Reputation in the Public Sector

The research concludes that there are five basic dimensions for reputation in the public sector, namely, performance, services, governance, workplace environment and leadership. Figure 8 shows the proposed model for the dimensions for public sector organisations in South Africa.

### 7.2.1 Performance

The performance of an organisation contributes to its reputation based on the efficiency of its processes to provide service to customers. The efficiency is supported by capacity of resources such as equipment and systems to process the work load as demanded by the customers. Financial performance is also important. However, financial performance of a public sector organisation is not judged on economic indicators such as profitability but on the ability to match budgets to its mandate and to actually utilise budgetary allocations.

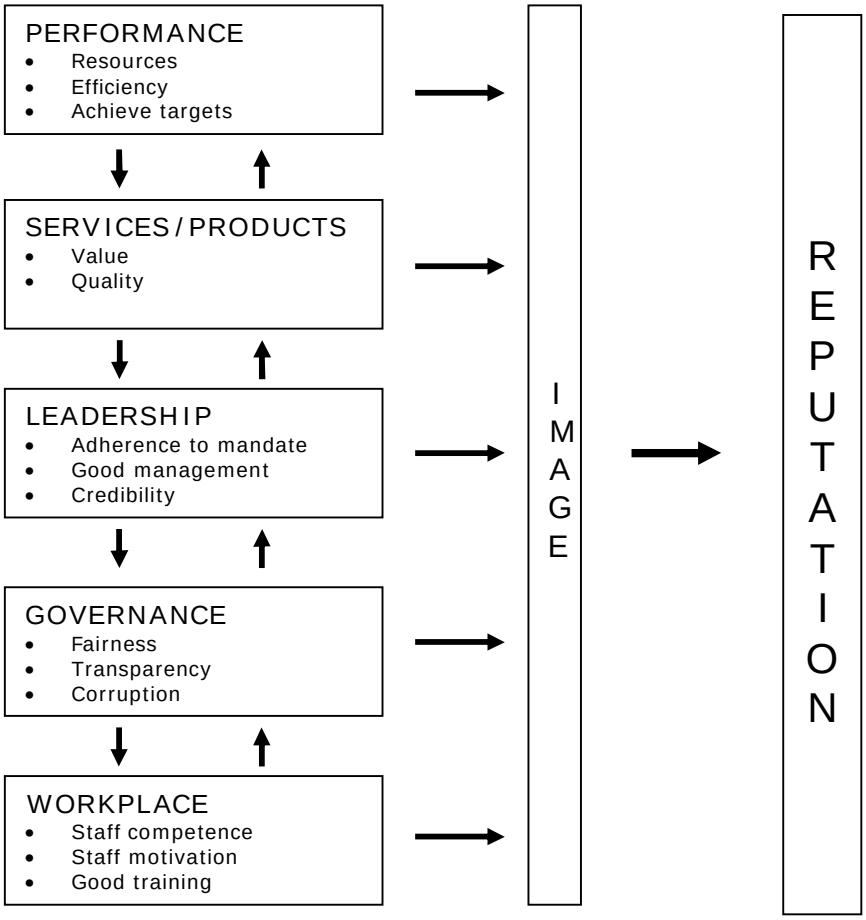



**Figure 8:** Model for organisational reputations in the public sector

In order for an organisation to be able to leverage performance it is recommended that it should pay attention to efficiency of its processes. Customers expect quicker turn around times, accurate feedback and clarity on progress of applications. In other words, processes should be engineered towards excellence in service provision. This requires public institutions to become business like, where customer care underpins the philosophy of how the organisation conducts its business.

Financial management systems should also be improved. The systems should be able to monitor aspects such as cash flows to measure them against progress of projects to be able to give early warning where targets may not be met. This will allow early responses to correct trajectories where possible.

### 7.2.2 Services

Services and products given by an organisation play an important role in determining its reputation. The most important aspects of services which enhance a public sector organisation's reputation are quality and value added.

Recommended actions include research of various customer groups' requirements and segmenting services accordingly. Targeting of segments of customers will allow customisation of services where necessary. This will enable the organisation to align its resources to relevant functions and organise services accordingly. In order to be able to give meaningful services to citizens there has to be good grasp of what the requirements are. Da Silva and Batista (2007) mention technologies such as customer relationship management (CRM) systems as important tools to be able to achieve meaningful service provision.

### 7.2.3 Governance

Matters of governance in a public sector organisation are also important in forming that organisation's reputation. Underlying this dimension are issues of fairness in the way the organisation applies laws and regulations, transparency in its activities and absence of corruption in its processes.

To achieve a higher level of governance it is crucial for the organisation to be open about its activities, improve transparency in procurement processes and outcomes and allow provide updates with respect to progress in current projects and effects of those projects.

Where punitive measures are being instituted it should be publicised irrespective of social or political affiliations, or powers of the party. This creates an atmosphere of fairness and unbiased service provision. Organisations should adopt strict positions against corruption and design processes which are not easy to corrupt.

### 7.2.4 Leadership

A public organisation's leadership is another important factor in the formation of its reputation. It has been found that political leadership, especially, is viewed as an important element in this regard. It is the organisation's ability to clearly understand its mandate, how it translates that understanding into implementation that forms the basis for enhancing its reputation. Clarity of vision and how this is communicated by the political leadership to the citizenry are the major elements in the building of reputation. Political heads of organisations should be able to be trusted. This requires leaders who are conversant with the activities of their organisations and be able articulate issues pertaining to their activities. Furthermore, the various organs or business units within the organisation should be well organised and have seamless interface in order to function optimally.

### 7.2.5 Workplace Environment

It is also crucial to have satisfied employees. Satisfied employees project a positive image about the organisation, building its reputation.

Some of the contributory elements include competence, where employees are well trained to execute their tasks. Professionalism within the workplace contributes to good reputation. Motivation levels must be high, rewards should be competitive and senior management should be equipped to guide the organisation.

It is recommended that organisations invest into regular training of employees about their areas, improve their knowledge about the latest trends and technologies. This enables better engagement of customers and quicker response to enquiries. Qualifications must be in line with work families applicable within the work place. Competitive rewards must be offered to improve motivation, morale and loyalty of employees. More importantly, these issues must be captured through policies and retention strategies which should be consciously followed and monitored.

## 7.3 Concluding Remarks

The model for reputation in a public sector organisation rests on the five pillars mentioned above, namely, performance, services, governance, leadership and workplace. These dimensions are not mutually exclusive in their influence over reputation of an organisation. Implications for management of public sector organisations' reputations are that any actions taken to improve will have an effect on another area. Therefore, strategies devised for improvement should ensure proper coordination, so that no half measures should be allowed as these can cause failure in a different area.

## 7.4 Suggestions for Further Research

As this subject is still relatively new, particularly with regard to the public sector, it is necessary to devise ways of measuring public sector reputations. At this stage it is not known how various stakeholder groups may view influence of the proposed dimensions of reputation from their perspective. At any given time, there are different groupings of stakeholders with different interests interacting with a certain organisation. Hence, it is important to firstly segment these stakeholder groups, and secondly, to determine the weighting of the dimensions across the various groups to understand which dimensions count the most or least for different perspectives. This may necessitate refinement of the proposed model as more information becomes available from the different stakeholder segments.

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# APPENDIX 1

# QUESTIONNAIRE

## Questionnaire

## General Information:

| | |
|---|---|
| **Surname:** | **First Name(s):** |
| **Nationality:** | **Gender (Please tick):**<br>• Male<br>• Female |
| **Income Group (Please tick):**<br>• 0 – 3 500 per month<br>• 3 500 – 9 000 per month<br>• 9 000 – 15 000 per month<br>• 15 000 – 30 000 per month<br>• 30 000 – 45 000 per month<br>• Over 45 000 per month | |

**Questions:**

Please answer the following questions as honestly and frankly as possible.

1. Choose any public sector organisation/institution you are familiar with. Please state the name of the organisation in full.

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2. What thoughts come to your mind when thinking about this institution?

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3. Please explain what informs these opinions about your chosen institution.

4. In your opinion, what are the most famous characteristic(s) of this organisation?

5. What makes this organisation good/bad in meeting the public's expectations (delivery of services)?

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6. Do you believe what you read (or hear) about the organisation when it explains its activities?

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7. What matters MOST to you about what the organisation does?

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8. What do you particularly **LIKE** about this organisation?

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9. What do you particularly **DISLIKE** about this organisation?

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10. Use ONE word to describe this organisation.

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# APPENDIX 2

# COSISTENCY MATRIX

| PROBLEM STATEMENT: What are the dimensions for organisational reputation for the public sector? | | | |
|---|---|---|---|
| **THEORY** | **SOURCE OF THEORY** | **DATA SOURCE** | **ANALYSIS** |
| 1. Factors that inform the dimensions<br>• Employees<br>• Employees, internal processes, communication for enhancement of image,<br>• Senior staff individual characteristics,<br>• Board of directors,<br>• Financial performance,<br>• Size of firm,<br>• Prior performance, risk profile,<br>• Media exposure, advertising, etc<br>• Philanthropic activities,<br>• Adherence to laws,<br>• Institutional stock holding<br>• Strategy signals | 1. Dolphin (2004)<br>2. Gotsi & Wilson (2001), Resnick (2004)<br>3. Dolphin (2004)<br>4. Dowling (2006)<br>5. Bennett & Kottasz (2000); Dolphin (2004); Williams, Schnake & Fredenberger (2005)<br>6. Williams, Schnake & Fredenberger (2005); Fombrun & Shanley (1990)<br>7. Williams, Schnake & Fredenberger (2005); Fombrun & Shanley (1990)<br>8. Williams, Schnake & Fredenberger (2005); Fombrun & Shanley (1990)<br>9. Williams, Schnake & Fredenberger (2005); Fombrun & Shanley (1990)<br>10. Williams, Schnake & Fredenberger (2005); Fombrun & Shanley (1990)<br>11. Williams, Schnake & Fredenberger (2005); Fombrun & Shanley (1990)<br>12. Williams, Schnake & Fredenberger (2005); Fombrun & Shanley (1990) | Interview questions 3 - 9 | ⌖ Identification of statements that relate to the topic – segmentation into smaller elements that capture specific thoughts that describes a construct.<br>⌖ Grouping of statements into meaning units – Collection of common segments into categories that reflect aspects of the phenomenon,<br>⌖ Seeking various perspectives from respondent – Analysis of various views from respondents that describe different experiences, and<br>⌖ Construction of a composite – Consolidation of various meanings into an overall description of the phenomenon. |

| **PROBLEM STATEMENT: What are the dimensions for organisational reputation for the public sector?** | | | |
|---|---|---|---|
| **THEORY** | **SOURCE OF THEORY** | **DATA SOURCE** | **ANALYSIS** |
| 1. Dimensions<br>• Emotional Appeal<br>• Physical Appeal<br>• Financial Appeal<br>• Leadership Appeal<br>• Cultural Appeal<br>• Social Appeal<br>2. Public sector organisations should adopt a neutral reputation;<br>3. Publics do not expect excellent service from public sector organisations and no expectation of enhanced service excellence should be created;<br>4. Public sector organisations should project themselves along socio-political themes in line with democratic targets; | 1. Passow, Fehlmann & Grahlow (2005);<br>2. Luoma-aho (2007)<br>3. Burnes & Anastasiadis (2003); Lagrosen & Lagrosen (2003);<br>4. Murray (1975); Rainey *et al* (1976) | Interview questions 3 - 9 | ⌖ Identification of statements that relate to the topic – segmentation into smaller elements that capture specific thoughts that describes a construct.<br>⌖ Grouping of statements into meaning units – Collection of common segments into categories that reflect aspects of the phenomenon,<br>⌖ Seeking various perspectives from respondent – Analysis of various views from respondents that describe different experiences, and<br>⌖ Construction of a composite – Consolidation of various meanings into an overall description of the phenomenon. |