

STRATEGY DIRECTIVE (MA 208-2)

5. 3 STEPS OF TICHY FOR CHANGE IN ORGANIZATIONS

5.1 Develop an Image of the Desired Organization

Organizational image is a useful concept for understanding the impressions individuals have of organizations or that organizations want to convey to individuals. The term refers to an image that encapsulates the likeness of an organization. Organizational images can have a strong influence on most aspects of members' organizational experiences. From an individual perspective, organizational image helps to explain how people: (1) seek membership in organizations, (2) identify with organizations, (3) make sense of and compare organizations, (4) align their decisions and behavior with others serving the same organizational cause, and (5) understand themselves and their roles in organizations. From an organizational perspective, organizational image helps the dominant coalition to establish or position the organization, its goals, and its views in the minds of its employees, customers, or other stakeholders. For employees, organizational image helps envision what types of activities are appropriate. For external constituencies, the image helps place the organization into a category of similar organizations while simultaneously differentiating the organization from others. The concept of organizational image is closely related to the term "corporate image," used by management consultants and public relations practitioners.

A corporate identity is the overall image of a corporation or firm or business in the minds of diverse publics, such as customers and investors and employees. It is a primary task of the corporate communications department to maintain and build this identity to accord with and facilitate the attainment of business objectives. It is usually visibly manifested by way of branding and the use of trademarks. Corporate identity comes into being when there is a common ownership of an organizational philosophy that is manifest in a distinct corporate culture. At its most profound, the public feel that they have ownership of the philosophy. Corporate identity helps organizations to answer questions like "Who are we?" and "Where are we going?" Corporate identity also allows consumers to denote their sense of belonging with particular human aggregates or groups.

Organizational image management refers to the actions taken to create, maintain, and when necessary, regain a desired image in the eyes of organizational stakeholders. An organization's image is a holistic and vivid impression held by an individual or a particular group towards an organization and is a result of sense-making by the group and communication by the organization. Such communication by the organization occurs as top managers and corporate spokespersons orchestrate deliberate attempts to influence public impression. Research demonstrates that organizations must sustain a desirable image in order to be successful. Organizations that do not engage in successful image management increase the chances for failure.

For the last three decades, researchers have demonstrated increased interest in the public perceptions of organizations, including such concepts as credibility, reputation, identity, and image. One problem for the research in this area is that many, if not all of these concepts have, at one time or another, been treated synonymously. Of course there are similarities among the concepts, and there are interdependencies as well. However, there are key differences between the concepts that must be understood if research and theory in the area is to move forward. First, it should be noted that the study of these concepts has its historical roots in studies of the credibility of persons and institutions that dates back at least as far as Aristotle, who wrote about ethos, or source credibility. The two dimensions of source credibility, according to Aristotle, are expertise and trustworthiness. The fundamental questions asked regarding a source's credibility then were: (1) whether the source is believable (expertise), and (2) whether the source has the public's best interests at heart (trustworthiness). These same questions can be and have been asked of organizations.

The interest in organizational, or corporate credibility has increased dramatically in recent years because of exposed unethical practices, organizational crises, and the increased role of the media as organizational watchdog. Corporate credibility is now defined as the perceived expertise and trustworthiness of the firm. The identity of an organization is closely tied to its core values. Organizational identity is what organizational members believe to be its central, enduring, and distinctive character. An organization's identity is its personality, what makes it unique. Identity refers to an organization's unique characteristics which are rooted in the behavior of members of the organization. Identity is not just how members perceive their organization, an identity is a subjective, socially constructed phenomenon. Organizational identity is what the organization is, what it does and how it does it and is linked to the way an organization goes about its business and the strategies it adopts. Organizational identities are created by organizational members, based on organizational values. Because identity is so closely tied to the

organization's core values, most authors argue that it is a relatively stable concept. Identities are not, however, immutable. Rather, they are dynamic, and can be changed, although they are not as malleable as either reputations or images. Organizational identity, contrary to most treatments of it in the literature, is actually relatively dynamic and the apparent durability of identity is somewhat illusory. This illusion is created because of the interdependencies between organizational identities, reputations, and images.

Organizational reputations are based on organizational actions, and those actions are based upon organizational members' co-creation of the organization, based upon their perceptions of what the organization is or its core values. Whereas organizational identity is based on internal stakeholder actions and perceptions, organizational reputation is based on external stakeholder perceptions. An organizational reputation is a stakeholder's overall evaluation of a company over time. This evaluation is based on the stakeholder's direct experiences with the company and any other form of communication and symbolism that provides information about the firm's actions. Notice that time is a key component of the concept of organizational reputation. This is also important in the discussion of organizational image. Organizational reputations can be an asset or a liability. Organizations that have positive reputations are able to attract higher-quality job applicants, experience greater market share, are able to charge higher prices, and are more attractive to potential investors. In short, a favorable corporate reputation gives an organization a competitive advantage. Furthermore, a favorable reputation increases the quality of organizational performance.

There are three schools of thought in the research literature regarding organizational reputation: (1) the analogous school of thought; (2) the differentiated school of thought; and (3) the interrelated school of thought. The analogous approach treats organizational reputation and organizational image as identical, the differentiated school of thought treats them as totally separate, and the interrelated school of thought argues that there is a dynamic relationship between corporate reputation and corporate image. The third approach argues that while reputations and images are not identical, they are also not totally different from one another. Rather, organizational reputations are dynamic constructs which share interdependent relationships with organizational images.

Recall that organizational identity is based upon the core values of the organization, and that it is a shared construction expressed through internal stakeholder perceptions of "who we are." Once expressed, the organizational identity gives rise to the development of an organizational reputation, which, in contrast to organizational identity, is the perception of the organization on the part

of external stakeholders. Recall also that organizational reputation, while stable, is a fairly dynamic construction that is built over time.

In comparison to organizational reputation, organizational image is a much less stable concept and therefore much more amenable to change. Some argue that organizational image is therefore so ephemeral that to consider it at all is a waste of time, and to consider its management is foolish at best. However, the concept of organizational image is very important to public relations researchers and practitioners. The dynamic nature of organizational image makes its management easier than the management of organizational identities and organizational reputations. There are two definitions of organizational image that are most prevalent in the research, one focusing on the perceptions of internal members and the other focusing on the perceptions of external members. The first, sometimes referred to as “the construed external image” is a descriptive view, and refers to how insiders believe external audiences view their organization. The second is a projective view and is defined as outsiders’ beliefs about what distinguishes an organization. This “projective view” encompasses the characteristics organizational elites want stakeholders to ascribe to the firm, and refer to this definition of organizational image as the communicated image.

An organizational image is the shared meanings, attitudes, knowledge, and opinions. An organizational image is the shared meanings, attitudes, knowledge, and opinions of organizational stakeholders, influenced, at least in part, by strategic communications emanating from the organization. An image is something projected by the organization and something perceived or interpreted by others. Organizational images are therefore created and sustained by both organizations and stakeholders; while the organization is actively attempting to project a particular image of itself, stakeholders are forming perceptions of the organization. This duality is what produces the organizational image, and it is an important aspect of our definition of organizational image. An organizational image is the product of discourse between organizations and stakeholders, not simply the result of one-way communication that produces a desired image in the minds of the target audience.

The dialogic view of communication provides clearer understanding of the interdependent relationship between organizations and stakeholders and is a more ethical perspective for communication behavior. Because of the dialogic nature of organizational images, organizations must strategically communicate with stakeholders to foster certain images and discourage others. Although the company image portrayed must reflect reality, it is entirely possible as well as

desirable to select and promote those characteristics that harmonize with the strategic plans of the company. The characteristics should also be those deemed desirable by the public's important to the company. Development of the firm's image therefore requires that the organization look to its mission statement and overall purpose, and promote desirable characteristics of itself to its stakeholders; desirability defined by both the organization and its stakeholders. This process is key to an organization's success, and is referred to as organizational image management. It is also important to note that organizational images are not based upon organizational reputations. Rather, they share a dynamic, interdependent relationship. In this relationship, corporate images that stakeholders form can be influenced by their overall evaluation of the company, i.e., its corporate reputation and at the same time a firm's corporate reputation is largely influenced by the corporate images that stakeholders form every day for the organization. Again, there is a relationship between organizational values, identity, reputation, and image. Organizational images are located "closer" to external publics, which argues for the management of organizational images.

The management of organizational images is actually more logical because of the malleability of these images. Reputations tend to act as a hindrance to change. If firms value their reputations, the desire to protect them can inhibit them and their managers from engaging in activities constituents deem unacceptable. Established reputations may, therefore, impede managers' strategic responses to environmental events. Because of this, organizational image management is a necessary component in public relations activity and a key to organizational success. The theory of organizational image management argues that a primary goal of public relations is the creation and maintenance of an organization's image. Organizations communicate strategically with stakeholders to encourage desirable images and discourage undesirable ones. Organizational image management theory is developed from theories of image management and self-presentation at the level of the individual. Although organizations are different from individuals in important ways, organizations can be and are treated in the same way as individuals by many theorists and practitioners. According to organizational image management theory, an organization's image is the perception that stakeholders have about the organization, so it is aligned most closely with the communicated image. This is an important distinction in that it suggests that a dialogue is necessary for the creation of an organizational image. Specifically, an organizational image is developed dialectically by the organization and its stakeholders over time. Organizations must sustain an effective image with their stakeholders in order to maximize their chances for success. Although failure is not inevitable when an organization's image is tarnished, it is more likely, as many studies have demonstrated.

Although challenging, organizations must engage in image management in order to be successful. Organizational image management is important for at least two reasons. First, images determine cognitive, affective, and behavioral stakeholder responses toward the organization. Second, shared images make possible the interdependent relationships that exist between organizations and stakeholders. Although each person's perception of an organization is subject to idiosyncrasies, the collectively shared image of an organization held by most stakeholders, when managed properly, allows for coordination of organizational activity that is consistent with stakeholder expectations. As mentioned, organizational image management is a dialogic process in which organizations and stakeholders communicate with one another to co-create the image of the organization. There is support for the argument that image management is a dialogic process. Indeed, sometimes organizations have little influence over the images held by organizational stakeholders.