

KOMUNIKACIJA VIEŠAJAME SEKTORIUJE

Corporate Reputation Formation Principles: Public Sector

Jelena Konieczna

Institute of Library and Information Science
Faculty of Communication, Vilnius University
Doctoral student
Vilniaus universiteto Komunikacijos fakulteto
Bibliotekininkystės ir informacijos mokslų instituto doktorantė
Universiteto Str. 3, LT-01513 Vilnius
Tel. (+370 5) 2 36 61 09, fax. (+370 5) 2 36 61 04
E-mail: jelena.saikovic@kf.vu.lt

There has been a growing research interest in the area of corporate reputation. This topic has been studied in almost all business issues and not so much in public sector organizations. Corporate reputation as a valuable intangible asset needs to be managed by all types of organizations, especially by those service knowledge-based. The article focuses on the topic of corporate reputation formation within the public sector. The purpose of the article is to present corporate reputation formation principles for public sector organizations. There are three main objectives of the article: first, to explore the concept of corporate reputation; second, to discuss the benefits of positive corporate reputation for the public sector; and, finally, to identify and analyse corporate identity and corporate image as the main elements of public sector organization's corporate reputation formation.

Key words: public sector, corporate identity, corporate image, corporate reputation, corporate communication.

The term public sector covers such spectra of public services as customs and exercise, education, criminal justice, public housing, health care, public transport. Resources and final products of public sector organizations, such as services and information, are intangible and most valuable. The main tasks of public sector organizations are: 1) to support Government's objectives; 2) to release the growth of industry and the private sector; 3) to maintain workers' need; 4) to stimulate economic' life; 5) to enhance the quality of citizens' life. Public sector organizations have to show their value. Usually, the government, who is the supplier of

public services, creates the list of changes, suggests new laws and implements those in force. In such a situation, citizens are considered as the main source of taxes. Recently, the status of citizens has changed. Citizens became more than just taxpayers: they became clients of public sector organizations and users of services. As a result, public sector organizations are changing their strategies and the way of communication. Citizens are not any more in the shadow (Bourgon, 2009). Clear local budgeting, needful public services and citizens' trust in the public sector and government are the pledge for future. Generally, citizens are

stakeholders of public sector organizations. They expect to get good quality, lower taxes and better services. Nowadays, citizens can contribute to this process: stakeholders can share their opinion, suggest how to make the quality and services better. The problem is that the opinion of the stakeholders is not always heard and analyzed. Public sector organizations have to remember about the accountability. It is like a game where all rules have to be clear: citizens know to whom and for what they are accountable, and understand who and for what is accountable to them. Citizens are more inclined to accept increased tax payments when they see a clear link between paying taxes and improved government services (Shan, 2007). The accountability of the public sector has to be clear. Such a way of communication will bring the trust of stakeholders. Trust is the result of a positive corporate reputation. Corporate reputation for the public sector is an important area to research because public sector organizations' reputation depends on stakeholders' perception of their services. The topic of corporate reputation within the public sector is new and not much discussed. The purpose of this paper is to present and explore the main principles of corporate reputation formation in the public sector. The author shows the importance of having a positive corporate reputation for the public sector's activities and discusses how much and what depends on service-based organizations in the formation of a positive corporate reputation.

1. Literature review

In general, attention of researchers to corporate reputation is growing. The topic of corporate reputation measurement is one of those most popular, as it shows

the ranking of organizations. The topic of corporate reputation formation does exist, too, but not so much in the research works about the public sector. Ch. Fombrun, the guru of corporate reputation, broadly discusses the term of corporate reputation, its value and formation process (Fombrun, 1996). The elements of corporate reputation formation and its famous six dimensions appear also in his later works. The customer-based view in relation to corporate reputation is presented by Hamed et al. who analyse works of other researchers, present their own elements of corporate reputation formation and share the corporate reputation formation principles (Hamed et al., 2009). This work is greatly important because it deals with service-based organizations, customer and non-customer perceptions. The study of Cravens et al. focuses mainly on the measurement and management processes of corporate reputation, but the corporate reputation index of these researchers is greatly important and useful for both the private and the public sectors (Cravens et al., 2003). The proposed elements of corporate reputation formation are checked in the survey which is presented in the paper. Also, the study of A. Caruana is valuable because of its both theoretical and practical aspects (Caruana, 1997). The researcher presents corporate reputation formation principles and verifies them. However, this work addresses private sector organizations. Davies et al. explore corporate reputation as a strategic tool of organizations (Davies et al., 2003). This work is unique because of its attitude toward reputation measurement and management, which was tested within a large number of organizations.

The literature review resulted in two main conclusions: 1) the topic of corporate

reputation formation is broadly discussed by researchers; 2) the studies made before by other researchers in the field only partly cover the issue because the topic is mostly discussed in the aspect of the private sector.

2. The nature of corporate reputation

The root of the word “reputation” comes from Latin: *reputatio (-onis)* – a reckoning, an estimation, from *reputatus*, past participle of *reputare* – to reckon, to count over. According to G.L. Rein, this definition highlights four attributes of reputation. In his opinion, reputation is a perception, it is part of things and people, and reputation can be negative or positive, bad or good (Rein, 2005).

Reputation may be personal, corporate, historical and the reputation of information. In this article, corporate reputation is discussed.

The corporate reputation literature focuses on three dimensions: the concept, definition and measurement (Lloyd, 2005). These dimensions are explained in various ways in different disciplines such as marketing, economics, psychology, sociology, etc.

Corporate reputation has been variously defined and used in different contexts by several authors. According to D. Bromley, corporate reputation is the division of opinions about an entity (Bromley, 2001). K. Weigelt and C. Camerer provide another definition of corporate reputation as a set of economic and noneconomic attributes assigned to an organization, denoted from the organization’s past actions (Weigelt and Camerer, 1988). S.J. Flatt and S.J. Kowalczyk characterise corporate reputation as a consequence of repeated interactions and rising experiences (Flatt and Kowalczyk

2000). J.F. Mahon defines corporate reputation as an interface between and among stakeholders of which the organization has no direct role or input (Mahon, 2002). R. Hall sees corporate reputation as a sum of knowledge and emotions held by individuals (Hall, 1992). According to P. Herbig and J. Milewicz (1993), corporate reputation is the trust that the organization creates by keeping its promises. J.E. Post and J.J. Griffin (1997) believe that corporate reputation is a fusion of consciousness, thinking and attitudes of an organization’s stakeholders. Ch.J. Fombrun defines corporate reputation as “socially transmissible company’s evaluation settled over a period of time among stakeholders that represents expectations for the company’s actions and level of trustworthiness, favorability and acknowledgement comparing to rivals” (Fombrun, 1996).

The huge number of different explanations concerning the nature of corporate reputation shows that corporate reputation can be categorized into four groups. The first group deals with corporate reputation from its evaluation perspective, the second group from trust, the third from awareness, and the fourth from wealth. In the first group, corporate reputation is analysed from the perspective of stakeholders who observe and evaluate the organization; in the second group, it is seen as the main factor of stakeholders’ trust, in the third group as stakeholders general awareness about the organization without any verdicts, just perception; and in the fourth group it is regarded as an economic, financial and intangible asset. Corporate reputation in these groups can be seen as a dynamic concept which is not easy but necessary to manage, which has similarities

with corporate image and can influence it; which is evaluated by the stakeholders in different ways (Gotsi, 2001).

Upon analyzing the definition of corporate reputation, let us define the corporate reputation of a public sector organization as the stakeholders' evaluation of its long-term activities, behavior, results, etc., which creates in stakeholders' heads certain expectations and opinion about the organization's services and future activities.

When the definition of corporate reputation is clear, it is necessary to outline the main benefits of having a positive corporate reputation. Corporate reputation is an element of corporate success. Its perceptions affect both financial and non-financial results; this means that it is important to have a positive corporate reputation both for private and public sector organizations. G. Davies et al. (2003) state that corporate reputation is important in the sphere of service, because it is more difficult to measure the quality of services than of a physical product. All benefits may be assorted into eight groups.

1. Attracting new partners, customers and best employees.
2. A higher satisfaction of employees and stakeholders, which is the reason for their trust, confidence and loyalty.
3. A more successful launching of new services.
4. Sustainability in the market during good and bad periods.
5. Helping to reinforce relationships with suppliers, distributors and other stakeholders.
6. Strategic advantage: better international visibility, more possibilities to participate in projects as the leader among

other organizations, a greater scope of decision-making.

7. Influencing political and legal affairs.

Public sector organizations have to understand that it is necessary to build and manage corporate reputation. But it is also necessary to know that the process of positive corporate reputation formation can take a lot of time and that the results of this process can become visible in some years.

3. Corporate reputation elements of public sector organizations

There are a lot of corporate reputation formation models and opinions in the scientific literature. Researchers present and analyze the elements of corporate reputation formation, which in the future are used to measure or manage corporate reputation. The models of Mazzei et al. (2009), Milewicz and Herbig (1994), Bensebaa (2004), Clardy, (2005), Šmažienė and Oržekauskas (2007), Van Riel and Balmer (1997) were explored.

The most famous and frequently used approach to corporate reputation formation is the Fombrun's six dimensions which are called the Reputation Quotient (Fombrun, 2005). These six dimensions are: emotional appeal, products and services, vision and leadership, workplace environment, financial performance and social responsibility. These dimensions are very popular, but receive also some criticism. Other famous researches exploring corporate reputation are G. Davies et al. who presented their explanation of corporate reputation formation (Davies et al., 2001). According to them, organizations can be regarded as alive persons. This means that

corporate reputation is formed according to a character's scale: agreeableness, enterprise, competence, chic, ruthlessness, informality, and machismo. It is interesting and differs from the other researchers' point of view. K. Cravens et al. have created a reputation index and explained the principles of corporate reputation formation (Cravens et al., 2003). The researchers have postulated that corporate reputation is formed by products, employees, external relationships, innovations and value creations, financial strengths and viability, strategy, culture, intangible liabilities. The research made by A. Caruana, exploring the key elements of corporate reputation formation, has shown that the most important elements are quality, products and services, workplace environment, management, financial performance (Caruana, 1997). According to M. Schwaiger, reputation is formed by such elements as credibility, attractiveness, transparency and openness, the quality of products and services, the loyalty of management, market leadership, fair attitude towards competitors, customer orientation, the quality of employees, their financial performance, social responsibility and ethical behavior (Schwaiger, 2004). S. Helm defines similar elements: the credibility of advertising claims, the quality of products, the value for money products, corporate success, qualification of management, customer orientation, treatment of employees, financial performance, commitment to charitable and social issues and commitment of protecting the environment (Helm, 2006).

Analysis of the models, processes and elements of the formation of corporate reputation allows to state that the main elements of corporate reputation formations

are the six dimensions defined by Fombrun (see Table 1).

According to S. Lloyd, the majority of authors agree that emotional appeal, products and services, vision and leadership, workplace environment, financial performance and social responsibility are either corporate identity or corporate image (Lloyd, 2007). In his opinion, corporate identity and corporate image are the key elements of corporate reputation.

The academic and practitioner literature notices confusions in the field, characterised by the search for the interpretation of corporate identity, corporate image, and corporate reputation. There has been a confusion over the last 40 years as to whether corporate identity, corporate image, and corporate reputation are synonymous or differ. It is impossible not to notice a disagreement in the definitions. However, a lot of definitions, which show the relations to six dimensions of corporate reputation and prove the proposition that corporate identity and corporate image are the main elements of corporate reputation, have been presented.

3.1. Corporate identity as a basement of corporate reputation formation

The huge number of corporate identity definitions in the research literature shows that this topic is very important and needs a deeper analysis. The content of the definitions is presented in this part with the purpose to show the role of corporate identity as one of the key elements of corporate reputation. All definitions presented below can be attached to each element of six dimensions. However, in this work, every definition is an attribute of an element showing its close relation to corporate reputation.

Table 1. The elements of corporate reputation

Nr.	Fombrun, 2005	Davies et al., 2001	Cravens et al., 2003	Caruana, 1997	Schwaiger, 2004	Helm, 2006
1.	Emotional appeal	Agreeableness Enterprise Competence Chic Ruthlessness Informality Machismo			Credibility Attractiveness Transparency and openness	Credibility of advertising claims
2.	Products and services		Products	Products and services Quality	Quality of products and services	Quality of products Value for money products
3.	Vision and leadership		Strategy innovations and value creations External relationships	Management	Quality of management Market leadership Fair attitude towards competitors Customer orientation	Corporate success Qualification of management Customer orientation
4.	Workplace environment		Employees Culture	Workplace environment	Quality of employees	Treatment of employees
5.	Financial performance		Financial strength and viability	Financial performance	Financial performance	Financial performance
6.	Social responsibility		Intangible liabilities		Social responsibility Ethical behavior	Commitment to charitable and social issues Commitment of protecting the environment

J.M.T. Balmer and S. Stotvig (1997) define corporate identity as strategic activities. They see it as a planned and operationally applied self-presentation, both internal and external, and as the behaviour of an organization (Balmer and Stotvig, 1997). Such definition defines the organization's strategy: the way of management, desire to be a leader and to participate in changes, a clear vision. D.B. Bromley proposes that corporate identity is a compendium of the attributes that help in differentiating one organization from another (Bromley, 2001). Such attributes can help an organization to provide unique and innovative products and services of a higher quality and to satisfied stakeholders. N. Markwick and Ch. Fill (1997) defined corporate identity as the organization's self-presentation to its stakeholders and the ways by which it differs from other organizations. The way an organization is presenting itself to the stakeholders will reflect on their evaluation, feelings, admiration, respect and trust. According to Ch.J. Fombrun, corporate identity is the selection of values and principles about the organization, produced by the main people in the organization – managers and employees (Fombrun, 1996). Such definition of corporate identity shows the importance of the workplace environment. The way the organization is managed, the culture and competence of its employees are very important for a positive corporate reputation. C.B.M. Van Riel and J. M.T. Balmer (1997) present corporate identity as AN organization's self-presentation through its behaviour, communication and symbolism to internal and external stakeholders. The behaviour, communication and symbolism of AN organization can be seen and evaluated

through its socially responsible activities. It is important to be an environment-friendly organization, kindly treat people and support good things. T.C. Melewar and E. Karaosmanoglu (2006) announced that the definition of corporate identity was developed from marketing discipline. They are talking a lot about visual identity as the way to show an organization's values to its stakeholders. The abundance of corporate identity definitions shows that this definition is associated with a variety of functions such as culture, behaviour, design, strategy, philosophy. All these functions are unique and important for each organization both in public and private sectors.

Upon analyzing the scientific literature and with reference to Melewar's categorization, the following seven main elements of corporate identity may be proposed:

1. *Corporate communication*. It is the term that encompasses all the ways in which the organization communicates with its various stakeholders.
2. *Corporate design*. It is a term used to describe the vast number of visual cues associated with a specific organization. The corporate visual identity system is composed of five main elements: the organization's name, slogan, logotype / symbol, colour and typography.
3. *Corporate culture*. It refers to the organization's philosophy, values, mission, guidelines, history, principles, national culture, subcultures and founder.
4. *Behaviour*. It includes the corporate, employees' and management behaviour.
5. *Corporate structure*. It is constructed from branding and organizational structures. Some authors say that this is

Table 2. *Corporate identity as the main element of corporate reputation formation*

Nr.	Elements of six dimensions	Corporate identity definitions
1.	Emotional appeal	Corporate identity is the organization's <i>self-presentation to its stakeholders</i> and the ways by which it differs from other organizations (Markwick, 1997).
2.	Products and services	Corporate identity is the compendium of attributes that help to distinguish one organization from another (Bromley, 2001)
3.	Vision and leadership	Corporate identity is the <i>strategic activity</i> . It is a planned and operationally applied self-presentation, both internal and external, and behaviour of the organization (Balmer, 1997).
4.	Workplace environment	Corporate identity is the selection of values and principles about the organization, produced by the main people in an organization – <i>managers and employees</i> (Fombrun, 1996).
5.	Financial performance	Corporate identity includes seven elements: corporate communication, corporate design, corporate culture, behaviour, corporate structure, <i>industry identity</i> and corporate strategy (Melewar, 2006).
6.	Social responsibility	Corporate identity is organization's self-presentation, through its <i>behaviour, communication and symbolism</i> , to internal and external stakeholders (Van Riel, 1997).

the most important element of corporate identity.

6. *Industry identity*. This element shows the position of the organization among other similar organizations, i.e. its competitiveness.
7. *Corporate strategy*. It has to be in the center of the organization's management process. The result of active and planned corporate strategy will be evaluated by its stakeholders, usually in a positive way.

The Melewar's definition includes many elements. One of them is industry identity, which pays attention to the necessity to know and analyse the competitors. Organizations should seek to outperform the competitors and show a better financial performance.

In summary, it would be clear to define corporate identity as something unique, what distinguishes one organization from another – its values, philosophy, behaviour,

communication, etc. Corporate identity has to be obvious for employees and for stakeholders. It is essential to understand that the information which stakeholders get from an organization's identity would concur with the real corporate identity of the organization.

Analysis of the content of corporate identity definitions showed their close relation to each of the six dimensions of corporate reputation (see Table 2). It is possible to see corporate identity as a key element of corporate reputation.

However, there are some scholars who define corporate identity as corporate reputation (Dhir, 2005). These definitions can look similar because they both are part of the corporate communication process, but there is some essential difference between corporate identity and reputation. Corporate identity supports corporate reputation, i.e. corporate reputation is based on corporate identity (Windley, 2006). Corporate

reputation is created by internal and external stakeholders, whereas corporate identity depends only on the organization itself. Corporate identity is seen as internal communication and is not understandable by external stakeholders (Lloyd, 2007). Corporate reputation is the evaluation, while corporate identity is the articulation of what the organization really is. Corporate identity is something unique, and an organization has only one identity. Corporate reputation may vary – it depends on the way an organization communicates with its stakeholders and the kind of message it sends to them. Such differences show that corporate reputation and corporate identity are not synonymous. Corporate identity is an element of corporate reputation formation. Organizations have to concentrate on their corporate identity, because the success of an organizations' corporate reputation depends on how it expands its unique corporate identity (Omar, 2009).

3.2. Corporate image as a fundamental element of corporate reputation formation

Academics and practitioners have been dealing with the chronological development of corporate image since the 1950s. The content of corporate image definitions is presented in this part with the purpose to highlight the role of corporate image as one of the key elements of corporate reputation. According to D. Bromley, corporate image is an internal condition which is the base-ment of organization's corporate communication activities (Bromley, 2001). Whetten and Mackey (2002) describe the image as the way the organization wishes to be understood by its stakeholders. Christensen and Askegaard (2001) defined the corporate

image as a simple perception of an organization by its stakeholders. According to Davies et al. (2001), when we talk about corporate image, we concentrate on our customers who create some kind of opinion. J. Van Rekom (1997) conceives corporate image as a mix of ideas, beliefs, feelings and impressions about the organization.

The above definitions indicate that the corporate image of an organization in the perception of its stakeholders. Therefore, an organization cannot directly manage its corporate image but has to concentrate on its corporate identity.

It would be correct to say that corporate image is usually represented by the total impression about the organization by its stakeholders. This concept is related to a big number of attributes such as the organization's tradition, ideology, name, architecture. As N.N. Nguyen and G. Leblane (2001) have noted, organization does not project a unique image. More often it has different images which depend on various groups of stakeholders (Nguyen, 2001).

Analysis of the definitions has shown that corporate image is related to stakeholders' perception which may depend on relations with the products or services of the organization while observing and evaluating its strategic communication, vision and role in market industry, or making the opinion about the organization from its employees' work and the way they communicate with clients, considering its financial or public-spirited performance (see Table 3). Corporate image is related to all six dimensions and is the key element of corporate reputation.

Most of the researchers try to find the differences, linkages and similarities bet-

Table 3. Corporate image as the main element of corporate reputation formation

Nr.	Elements of six dimensions	Corporate image definitions
1.	Emotional appeal	Corporate image is the internal condition that is the basement for organization's corporate communication activities (Bromley, 2001). Corporate image as what an organization wishes to be understood by its stakeholders (Whetten, Mackey, 2002). Corporate image as the simple <i>perception</i> of an organization by its stakeholders (Christensen, Askehaard, 2001). According to Davies et al. (2001) when talking about corporate image we concentrate on our customers, who create some kind of opinion. Corporate image as the outcome of a mix of ideas, beliefs, feelings and impressions mix about the organization (Van Rekom, 1997).
2.	Products and services	
3.	Vision and leadership	
4.	Workplace environment	
5.	Financial performance	
6.	Social responsibility	

ween corporate image and corporate reputation. M. Gotsi and A.M. Wilson (2001) indicate two main schools of thought. The first school regards corporate reputation as synonymous with corporate image. One of the reasons why corporate image is seen as similar to corporate reputation is that the main corporate image definitions and views of the authors from this school appeared in the 1960s and 1970s when the concept of corporate reputation was not so popular. Another reason is because a lot of researchers came from the sphere of public relations and this could influence their attitude. This school is criticized today because of its assertion that corporate image and corporate reputation are synonymous definitions. The second school states that corporate reputation and corporate image are different concepts. There are three main approaches in this school. Supporters

of the first approach see corporate image and corporate reputation as absolutely different concepts. Followers of the second approach consider corporate image and corporate reputation as related concepts. In this approach, corporate image is formed by corporate reputation. Finally, the third approach proposes that the terms of corporate reputation and corporate image emerge from one another. This means that these terms are related, but not synonymous (Gotsi, 2001). In the present paper, the term of corporate reputation is used as a sum of corporate identity and corporate image. Corporate reputation is not the same as corporate image or identity.

The main differences between corporate image and corporate reputation are as follows:

- stakeholders can form corporate image without any experience with the orga-

nizations, whereas corporate reputation requires closer and more personal relations with them;

- corporate image is the perception of an organization by its stakeholders, while corporate reputation is more than a perception; it is an evaluation;
- corporate image can be created, whereas corporate reputation must be earned;
- corporate reputation is deeper, more stable and sustaining, while corporate image can be changed depending on the trends of the market;
- corporate image can be changed faster than corporate reputation.

There are seven main types of corporate image: visual, business, product, social, staff, manager and internal. Visual image is created with the help of optic sensation: some kind of impression about employees' appearance, organization's design, architecture, and website. Corporate image depends on the way the organization is communicating. It is important to analyse competitors, to be innovative and honest. The result of such activities is a positive business image (competitiveness, products and services, social responsibility). The product image of an organization, which consists of seven elements – name, design, package, collection of characteristics, quality, payment conditions, guarantee – plays a significant role in earning the trust of the main stakeholders. Social image is the result of organization's socially responsible activities. Staff image is greatly important. Everyone who works in an organization contributes to the formation of its corporate image. Usually, a certain impression and image are created after conversation with

the organization's employees. An organization cannot exist without the manager. The manager's verbal and nonverbal communication leads to a positive or a negative manager's image. Internal image is the organization's soul, which depends on the corporate culture, atmosphere, tradition, values, rules, etc. Depending on the employees' feeling, whether they feel good or bad in the organization, a positive or a negative internal image is formed.

Public sector organizations have to manage all types of corporate image. Only such activities can lead to a positive corporate reputation.

3.3. The importance of external factors and satisfied stakeholders

It is important to note that there are some elements which an organization can manage, such as corporate identity and image, and some factors that cannot be controlled by organizations, such as the impact of the political, economic, social and technological environment. An organization cannot influence these factors, but it can, and has to, follow all news, changes, monitor the media and buzzes. Public sector organizations, as service organizations, will have to pay a lot of attention to stakeholders' evaluation of their activities, such as quality, value, regard, respect and recognition. Stakeholders are looking for high quality services and value. If they get it, the organization will earn their regard, respect and recognition. However, the highest evaluation an organization can receive from its satisfied stakeholders is their trust. The stakeholders must believe that the organization is able to deliver on what it has promised. If stakeholders trust the organization, they will prefer it to others. These

stakeholders will influence other potential stakeholders by word of mouth.

After the nature of corporate reputation was explored, the benefits of having a positive corporate reputation were discussed and the principles of corporate reputation formation the public sector were presented, it is clear that public sector organizations can form a positive corporate reputation while having a strong corporate identity and corporate image, being public-spirited, lending high quality services and investigating its competitors, i. e while managing its business, product and social images.

3.4. The applicability of corporate reputation formation principles in the public sector

Analyzing the possibility to apply corporate reputation formation principles to public sector organizations, some corrections should be made:

- first of all, the “business image” and “product image” that are obligatory for the private sector should be absent among the seven types of corporate image which were noticed in this paper; these elements should be changed by adequate elements such as institutional image, the image of sectors and organizations working in it. The institutional image has to be clear and understandable; the images of other players in the same sector environment have to be known and monitored;
- secondly, the term “competitiveness” as part of the business image should be cleared out, stressing the notion of openness and accountability, which are extremely important for the image of public sector organizations. The activity of public sector organizations has to

be clear, obvious, safe, visible, available, reasonable and customer-oriented. The organizations have to be responsible for their actions, decisions and results. It is important to be a good listener – to know what is going on around the organization, to have questions – to seek for information and problem solutions, to be a honest speaker – to give a feedback to others who are interested in the activities of the organization. Being open and accountable is the best way to earn the trust of the public sector organizations’ stakeholders;

- thirdly, the importance of external factors such as the political, economic, social, cultural, technological environment should be stressed on each level of the corporate reputation formation process in public sector organizations. It is important to make researches about the environment in which public sector organizations are operating, to have opinion and predictions. Such activities will help to avoid mistakes and to form a positive corporate reputation.

In summary, analysis of the literature shows that the definitions of corporate identity, corporate image and corporate reputation should not be used in the same context. These definitions have some, not numerous, correlations in their nature, but it is necessary to understand that corporate identity is more related with the perception of internal stakeholders, the corporate image deals with the perception of external stakeholders and impression, and corporate reputation concerns the evaluation. The quickly changing environment impels the public sector to understand these differences and to put the stakeholders in the first place of their attention. Stakeholders are

the ones who evaluate and create the negative or positive corporate reputation which is the reason for successful or unfortunate activities of the organization. In other words, public sector organizations have to be more customer-oriented.

Conclusions

The article shows that there is still a lot of misunderstanding as to the definitions of corporate identity, corporate image and corporate reputation in the scientific literature.

Upon exploring the nature of these definitions, it is possible to summarize and propose that corporate identity is something unique that distinguishes one organization from another; usually it is the organization's corporate communication, corporate design, corporate culture, behaviour, corporate structure and industry identity. Corporate image is described as the impression made by external stakeholders about the organization. The positive corporate identity and positive corporate image lead to a positive corporate reputation which means the evaluation among stakeholders of the organization during a long period, which creates some kind of expectation and opinion about the organization's services and future activities in its stakeholders' heads.

Analysis of the corporate identity and corporate image definitions has shown that these two concepts are the main elements of corporate reputation formation. The organizations have to concentrate first of all on developing and managing their corporate identity and corporate image. Corporate identity and corporate image, as the main elements of corporate reputation, allow making clear the objectives, priorities of activities, stakeholder groups, res-

ponsibility areas of public sector organizations. Such an evident understanding of the organization's activity, credibility and openness allows to form its integral positive corporate reputation. Most important is to understand what the organization really is and stands for, and to represent the true corporate identity through the elements of corporate image to the internal and external stakeholders with the purpose to format the positive corporate reputation.

The public sector organizations, while delivering economic stability through taxation, welfare and institutional structures, are fundamental in the economy environment. It is necessary to show the value of the citizens as they become more and more important in public sector reforms, decision processes.

To format the positive corporate reputation, it is necessary to manage an organization's corporate identity and corporate image as the main elements of corporate reputation formation, to be ready for the influence of the political, economic, social and technological environments, to know the other players in the same industry, to take responsibility for the well-being of society and the environment in which they operate, to provide high-quality services.

The corporate reputation formation principles presented in this paper are adopted from the private sector. Public sector organizations have to make some conceptions in it and in the whole corporate reputation formation process with regard to work particularities. First of all, it is necessary to change some elements in the corporate reputation formation process, such as "business image" and "product image", by institutional and other players in the same sector images. Second, public sector organizations' accountability and

openness have to be analyzed while considering their “competitiveness”. Clear accountability plays a very important role in earning the trust of stakeholders in the public sector.

If public sector organizations are going to apply the proposed corporate reputation formation principles with some corrections, such kind of activities will be evalua-

ted by the stakeholders of the organization; such evaluation is the goal of high quality, value, regard, respect and recognition. It is quite difficult to earn respect or recognition. It is a long-term process which can be frustrated in one day. That’s why the public sector has to pay a lot of attention to its activities in order to earn the trust of its stakeholders.

REFERENCES

- BALMER, John M.T.; STOTVIG, Snorre (1997). Corporate identity and private banking: a review and case study [online]. *International Journal of Bank Marketing*. 1997. Vol. 15. P. 169–184. [cited 4 July 2010]. Available from: < <http://www.emeraldinsight.com/journals.htm?articleid=854931&show=abstract> >
- BENSEBAA, Faouzi (2004). The impact of strategic actions on the reputation building of e-businesses [online]. *International Journal of Retail & Distribution Management*, Vol. 32, No. 6. P. 286–301. [cited 6 March 2010]. Available from: < <http://www.emeraldinsight.com/Insight/ViewContentServlet?Filename=/published/emerald-fulltextarticle/pdf/0890320601.pdf> >
- BOURGON, Jocelyne (2009). Public purpose, government authority and collective power [online]. *XIV Congreso Internacional del CLAD sobre la Reforma del Estado y de la Administración Pública*. 27–30 October 2009. [cited 15 July 2010]. Available from: < <http://www.clad.org/congresos/documentos/congreso/conf-bourgon-xiv-congreso> >
- BOURKE, Rita (2009). *An Investigation into the Reputation of a Public Hospital* [online]. 295 p. [cited 10 June 2010]. Available from: < http://repository.wit.ie/1448/1/An_investigation_into_the_reputation_of_a_public_hospital.pdf >
- BROMLEY, Dennis B. (2001). Relationships between personal and corporate reputation [online]. *European Journal of Marketing*, Vol. 35. P. 316–334 [cited 4 July 2010]. Available from: < <http://www.emeraldinsight.com/journals.htm?articleid=853719&show=abstract> >
- BROWN, S.P. (1995). The moderating effects of insuppliers/outsuppliers status on organizational buyer attitudes [online]. *Journal of the Academy of Marketing Science*, Vol. 23, No. 3. P. 170–81 [cited 4 July 2010]. Available from: < <http://jam.sagepub.com/cgi/content/abstract/23/3/170> >
- CARUANA, Albert (1997). Corporate reputation: concept and measurement [online]. *Journal of Product & Brand Management*, Vol. 6, Issue 2. P. 109–118. [cited 27 Septemeber 2010]. Available from: < <http://www.emeraldinsight.com/Insight/viewPDF.jsp?contentType=Article&Filename=html/Output/Published/EmeraldFullTextArticle/Pdf/0960060202.pdf> >
- CHRISTENSEN, T.L.; ASKEGAARD, S. (2001). Corporate identity and corporate image revisited: a semiotic perspective [online]. *European Journal of Marketing*, Vol. 35, No. 3. P. 292–315 [cited 4 July 2010]. Available from: < <http://www.emeraldinsight.com/journals.htm?articleid=853718&show=html> >
- CLARDY, Alan (2005). Reputation, Goodwill, and Loss: Entering the Employee Training Audit Equation [online]. *Human Resource Development Review*, Vol. 4. No. 3. P. 279-304. [cited 6 May 2010]. Available from : < <http://hrd.sagepub.com/cgi/reprint/4/3/279> >
- CRAVENS, Karen; OLIVER, Goad Elizabeth; RAMAMOORTI, Sridhar (2003). The Reputation Index: Measuring and Managing Corporate Reputation [online]. *European Management Journal*, Vol. 21, No.2. P. 201–212 [cited 27 September 2010]. Available from: < http://www.minetech.metal.ntua.gr/download/papers_adop/paper_11.pdf >
- DAVIES, G.; CHUN, R.; DA SILVA, R. (2001). The personification metaphor as a measurement approach for corporate reputation [online]. *Corporate Reputation Review*, Vol. 4, No. 2. P. 113–127 [cited 5 July 2010]. Available from: < <http://reputationinstitute.com/crr/V04/Davies.pdf> >
- DAVIES, G.; CHUN, R.; DA SILVA, R.V.; ROPER, S. (2003). *Corporate reputation and competitive-*

ness [online]. Great Britain: The Cromwell Press, 254 p. [cited 14 July 2010]. Available from: <<http://books.google.com/books?id=eU4bVJmmKC4C&printsec=frontcover&dq=Reputation&lr=&ei=36P-SrKzGqCCyGT-7J36Dg#v=onepage&q=&f=false>>

DHIR, Krishna D.; VINEN, Denis (2005). Managing corporate respectability: Concept, issues, and policy formulation [online]. In *Corporate Communications: An International Journal*, Vol. 10, No. 1. P. 5–23 [cited 4 July 2010]. Available from: <<http://www.kantakji.com/fiqh/Files/Companies/5200.pdf>>

FLATT, Sylvia J.; KOWALCZYK, Stanley J. (2000). Do Corporate Reputations Partly Reflect External Perceptions of Organizational Culture? [online]. *Corporate Reputation Review*, Vol. 3, No. 4. P. 351–358 [cited 4 July 2010]. Available from: <<http://reputationinstitute.com/crr/V03/Flatt.pdf>>

FOMBRUN, Charles J. (1996). *Reputation: realizing value from the corporate image* [online]. United States of America: Harvard Business Press. 443 p. [cited 14 July 2010]. Available from: <

http://books.google.com/books?hl=en&lr=&id=m_4Cbz5f5uUC&oi=fnd&pg=PP13&dq=Reputation:+realizing+value+from+&ots=jY0jTuSuLT&sig=Dv0DMCFdbZFjGfu5xVsQUff9Ufl#v=onepage&q=&f=false>

FOMBRUN, Charles J.; RINDOVA, V. (2000). The road to transparency: Reputation management at Royal Dutch [online]. In SCHULTZ, M.; HATCH, M.; HOLTEN LARSEN, M. *The Expressive Organization: Linking Identity, Reputation and the Corporate Brand* [online] [cited 9 June 2010]. Available from: <<http://books.google.com/books?id=iPIoFtMbr9wC&printsec=frontcover#v=onepage&q&f=false>>

FOMBRUN, Charles J.; SHANLEY, M. (1990). What's in a name: reputation building and corporate strategy [online]. *Academy of Management Journal*, Vol. 33(2). P. 233–258. [cited 9 June 2010]. Available from: <<http://www.jstor.org/stable/256324>>

FOMBRUN, Charles J.; VAN RIEL, Cees B.M. (1997). The Reputational Landscape [online]. *Corporate Reputation Review*, Vol. 1. Nr. 1. P. 5–13 [cite 21 May 2010]. Available from: <http://publishing.eur.nl/ir/repub/asset/12136/TheReputationalLandscape_1997.pdf>

FOMBRUN, Charles J. (2005). *Reputation management: a framework for measurement and valuation*. Reputation Institute [online] [cited 27 September 2010 m.]. Available from: <http://www.instituteforpr.org/files/uploads/Reputation_2005.pdf>

GIOIA, Dennis A.; SCHULTZ, Majken; CORLEY, Kevin G. (2000). Organizational Identity, Image, and Adaptive Instability [online]. *The Academy of Management Review*, Vol. 25, No. 1. P. 63–81 [cited 5 July 2010]. Available from: <<http://www.jstor.org/stable/259263>>

GOTSI, M.; WILSON, A.M. (2001). Corporate reputation: seeking a definition [online]. In *Corporate Communications: An International Journal*, Vol. 6, No.1. P. 24–30 [cited 22 June 2010]. Available from: <<http://www.emeraldinsight.com/Insight/ViewContentServlet;jsessionid=52D217204BF9B83965A7322C8A6BEBB3?Filename=Published/EmeraldFullTextArticle/Pdf/1680060104.pdf>>

HALL, Richard (1992). The Strategic Analysis of Intangible Resources [online]. In *Strategic Management Journal*, Vol. 13, P. 135–144. [cited 4 July 2010]. Available from: <<http://www3.interscience.wiley.com/journal/113455318/abstract?CRETRY=1&SRETRY=0>>

HAMED, M. Shamma; SALAH, S. Hassan (2009). Perspectives for examining corporate reputation [online]. *Journal of Product & Brand Management*, Vol. 18, Issue 5. P. 326–337 [cited 27 September 2010]. Available from: <<http://www.emeraldinsight.com/Insight/viewPDF.jsp?contentType=Article&FileName=html/Output/Published/EmeraldFullTextArticle/Pdf/0960180501.pdf>>

HELM, S. (2006). Common Grounds in the Perception of Corporate Reputation? A Comparison of Three Stakeholder Groups [online]. P. 1–27 [cited 27 September 2010]. Available from: <<http://www.reputationinstitute.com/members/nyc06/Helm.pdf>>

HERBIG, P.; MILEWICZ, J. (1993). The relationship of reputation and credibility to brand success [online]. In *Journal of Consumer Marketing*. Vol. 10, No. 1. P. 5–10 [cited 5 July 2010]. Available from: <<http://www.brunel.ac.uk/329/BBS%20documents/PhD%20Doctoral%20Symposium%2008/Chen-ChuChenpaper13.pdf>>

LLOYD, Stephen (2007). Corporate Reputation: Ontology and Measurement [online]. 319 p. [cited 18 October 2010]. Available from: <<http://repositoryaut.lconz.ac.nz/bitstream/10292/409/1/LloydS.pdf>>

LLOYD, Stephen; MORTIMER, Kathy (2005). Corporate Reputation: Seeing through the eye of the beholder [online] [cited 22 July 2010]. Available from: <http://conferences.anzmac.org/ANZMAC2006/documents/Lloyd_Stephen2.pdf>

MAHON, John F. (2002). Corporate Reputation: Research Agenda Using Strategy and Stakeholder Literature [online]. *Business Society*, Vol. 41, No. 4. P. 415–445 [cited 4 July 2010]. Available from: < <http://bas.sagepub.com/cgi/content/abstract/41/4/415> >

MARKWICK, Nigel; FILL, Chris (1997). Towards a framework for managing corporate identity [online]. *European Journal of Marketing*, Vol. 31, No. 5/6. P. 396–409 [cited 4 July 2010]. Available from: < <http://www.emeraldinsight.com/journals.htm?issn=0309-0566&volume=31&issue=5/6&articleid=853501&show=html> >

MAZZEI, Alessandra; RUSSO, Vincenzo; CRES-CENTINI, Alberto (2009). Patient satisfaction and communication as competitive levers in dentistry [online]. *The TQM Journal*, Vol. 21, Issue 4. P. 365–381 [cited 6 June 2010]. Available from: < <http://www.emeraldinsight.com/Insight/viewPDF.jsp?contentType=Article&Filename=html/Output/Published/EmeraldFullTextArticle/Pdf/1060210405.pdf> >

MELEWAR, T.C.; KARAOSMANOGLU, Elif (2006). Seven dimensions of corporate identity: A categorisation from the practitioners' perspectives [online]. *European Journal of Marketing*, Vol. 40, Issue. 7/8. P. 846–869. [cited 22 June 2010]. Available from: < <http://www.emeraldinsight.com/Insight/viewPDF.jsp?contentType=Article&Filename=html/Output/Published/EmeraldFullTextArticle/Pdf/0070400707.pdf> >

MILEWICZ, John; HERBIRG, Paul (1994). Evaluation the brand extension decision using a model of reputation building [online]. *Journal of Product & Brand Management* Vol. 3, No. 1. P. 39–47. [cited 6 May 2010]. Available from: < <http://www.emeraldinsight.com/Insight/ViewContentServlet.jsessionid=52D217204BF9B83965A7322C8A6BEBB3?Filename=Published/EmeraldFullTextArticle/Pdf/0960030103.pdf> >

NGUYEN, Nha Nguyen; LEBLANC, Gaston (2001). Image and reputation of higher education institutions in students' retention decisions [online]. In *International Journal of Educational Management*, Vol. 15, Issue 6. P. 303–311 [cited 23 May 2010]. Available from: < <http://www.emeraldinsight.com/Insight/viewPDF.jsp?contentType=Article&Filename=html/Output/Published/EmeraldFullTextArticle/Pdf/0600150605.pdf> >

OMAR, Maktoba; WILLIAMS, L. Robert; LINGELBACH, David (2009). Global brand market-entry strategy to manage corporate reputation [online]. *Journal of Product & Brand Management*,

Vol. 18, Issue 3. P. 177–187 [cited 28 June 2010]. Available from: < <http://www.emeraldinsight.com/Insight/viewPDF.jsp?contentType=Article&Filename=html/Output/Published/EmeraldFullTextArticle/Pdf/0960180302.pdf> >

POST, J.E.; GRIFFIN, J.J. (1997). Corporate reputation and external affairs management [online]. *Corporate Reputation Review*, Vol. 1, No. 1. P. 165–71 [cited 5 July 2010]. Available from: <<http://www.ingentaconnect.com/content/pal/crr/1997/00000001/00000002/art00015> >

PRUZAN, P. (2001). Corporate reputation: Image and Identity [online]. *Corporate Reputation Review*, Vol. 4(1). P. 50–64 [cited 9 June 2010]. Available from: <<http://reputationinstitute.com/crr/V04/Pruzan.pdf> >

PURCELL, Kristen Purcell; RAINIE, Lee; MITCHELL, Amy; et al. (2010). Understanding the participatory news consumer: How internet and cell phone users have turned news into a social experience [online] [cited 9 June 2010]. Available from: < http://www.pewinternet.org/~media/Files/Reports/2010/PIP_Understanding_the_Participatory_News_Consumer.pdf >

REIN, Gail L. (2005). A reference model for designing effective reputation information systems [online]. In *Journal of Information Science*. October. Vol. 31. P. 365–380 [cited 9 June 2010]. Available from: < <http://jis.sagepub.com/cgi/reprint/31/5/365> >

SHAH, Anwar (2007). *Local Budgeting: Public sector governance and accountability series local budgeting* [online]. NW: The World Bank, 410 p. [cited 15 July 2010]. Available from: < <http://siteresources.worldbank.org/PSGLP/Resources/Local-Budgeting.pdf> >

SCHWAIGER, Manfred (2004). Components and parameters of corporate reputation – an empirical study [online]. *Schmalenbach Business Review*, Vol. 56. P. 46–71 [cited 18 October June 2010]. Available from: <http://www.fachverlag.de/sbr/pdfarchive/einzelne_pdf/sbr_2004_jan-046-071.pdf >

VAN DE WALLE, Steven; VAN ROOSBROEK, Steven; BOUCKAERT, Geert (2008). Trust in the public sector: is there any evidence for a long-term decline? [online]. *International Review of Administrative Sciences*, Vol. 74(1). P. 47–64. [cited 4 July 2010]. Available from: < <http://ras.sagepub.com/cgi/content/abstract/74/1/47> >

VAN REKOM, J. (1997). Deriving an operational measure of corporate identity [online]. *European Journal of Marketing*, Vol. 31, No. 5. P. 410–422. [cited 5 July 2010]. Available from: < [113](http://www.emeraldin-</p></div><div data-bbox=)

sight.com/journals.htm?issn=0309-0566&volume=31&issue=5/6&articleid=853502&show=html >

VAN RIEL, C.B.M.; BALMER, J.M.T. (1997). Corporate identity: the concept, its measurement and management [online]. *European Journal of Marketing*, Vol. 31, No. 5/6. P. 340–355 [cited 22 July 2010]. Available from: < <http://www.emeraldinsight.com/Insight/ViewContentServlet?jsessionid=52D217204BF9B83965A7322C8A6BEBB3?Filename=Published/EmeraldFullTextArticle/Pdf/0070310501.pdf> >

WEIGELT, K.; CAMERER, C. (1988). Reputation and corporate strategy: a review of recent theory and applications [online]. *Strategic Management Journal*, Vol. 9(5). P. 443 [cited 9 June 2010]. Available from: < <http://www3.interscience.wiley.com/journal/113454981/abstract> >

WHETTEN, David A.; MACKEY, Alison (2002). Social actor conception of organizational identity and its implications for the study of organizational reputation [online]. *Business&Society*, Vol. 41. P. 393–414 [cited 4 July 2010]. Available from: < <http://bas.sagepub.com/cgi/reprint/41/4/393> >

WINDLEY, Philip; TEW, Kevin (2006). A framework for building reputation systems [online].

Windley's Technometria, P. 1–10 [cited 18 October 2010]. Available from: < <http://www.windley.com/essays/2006/dim2006/reputation.pdf> >

ŠMAIŽIENĖ, Ingrida; JUCEVIČIUS, Robertas (2009). Corporate reputation: Multidisciplinary richness and search for a relevant definition [online]. *Commerce of Engineering Decisions*, Vol. 62, Issue 2. P. 91–100 [cited 23 July 2010]. Available from: < <http://www.ktu.lt/lt/mokslas/zurnalai/inze-ko/62/1392-2758-2009-2-62-91.pdf> >

ŠMAIŽIENĖ, Ingrida; ORŽEKAUSKAS, Petras (2007). Public image and reputation management: Retrospective and actualities [online]. *Vie oji politika ir administravimas*, Nr. 19. P. 90–97 [cited 6 May 2010]. Available from: < http://www.ktu.lt/lt/mokslas/zurnalai/vpa/vpa19/Nr19_9_Orzekauskas.pdf >

ŠONTAITĖ, Miglė; KRISTENSEN, Tore (2009). Aesthetics-based corporate reputation management in the context of higher education [online]. *Management of Organizations: Systematic Research*, Issue 51. P. 129–146 [cited 23 July 2010]. Available from: < <http://web.ebscohost.com/ehost/pdf?vid=4&hid=9&sid=1e0eae0c-b206-4c18-8839-e6d702e77261%40sessionmgr4> >

KORPORATYVINĖS REPUTACIJOS FORMAVIMO PRINCIPAI: VIEŠASIS SEKTORIUS

Jelena Konieczna

S a n t r a u k a

Šiandien vargu ar atsirastų organizacija, abejojanti korporatyvinės reputacijos svarba. Tačiau iki šiol nėra bendro korporatyvinės reputacijos apibrėžimo. Požiūrių įvairovė turi savo pranašumų ir trūkumų: viena, tai leidžia korporatyvinės reputacijos sąvoką interpretuoti savaip, kita, tampa sudėtinga susigaudyti esamos informacijos kiekyje. Reputacija dažniausiai siejama ir / ar tapatinama su korporatyviniu įvaizdžiu ir korporatyviniu identitetu. Straipsnyje analizuojama korporatyvinio identiteto, korporatyvinio įvaizdžio ir korporatyvinės reputacijos sąvokos, jų panašumai ir skirtumai. Remiantis atlikta mokslinės literatūros analize, įvairių autorių pastabomis ir apibrėžimais, šiame darbe korporatyvinė reputacija suprantama kaip per tam tikrą laiką tarp suinteresuotųjų susiformavusi, nusistovėjusi ir viešai perduodama nuomonė apie organizacijos veiklą, bruožus, rezultatus, vertybes, savybes ir pan., nusakanti galimą organizacijos elgseną ateityje ir parodanti organizacijos patikimumo, pripažinimo, pagarbos ir palankumo jai lygį. Kiekviena organizacija, neatsižvelgiant į jos profilį, tipą, sektorių ir dydį, privalo rūpintis savo suinteresuotaisiais ir palaikyti efek-

tyvią komunikaciją su jais. Korporatyvinės reputacijos formavimas – ilgalaikis procesas, kuris duoda daug naudos organizacijai, tačiau dėl netinkamo elgesio gali būti sužlugdytas per labai trumpą laiką. Pagrindiniai teigiamos korporatyvinės reputacijos pranašumai ir nauda organizacijai yra pristatomi straipsnyje.

Šio straipsnio tikslas – pristatyti viešojo sektoriaus organizacijų korporatyvinės reputacijos formavimo principus. Išanalizavus ir apibendrinus įvairių autorių siūlomus korporatyvinės reputacijos formavimo elementus ir modelius, darbe išskiriami esminiai korporatyvinės reputacijos formavimo elementai – korporatyvinis identitetas ir korporatyvinis įvaizdis. Svarbu pabrėžti, kad, be šių elementų, organizacijos turi kreipti dėmesį į politinę, ekonominę, socialinę ir technologinę aplinką bei teikti kokybiškas paslaugas. Taip galima pelnyti suinteresuotųjų pasitikėjimą.

Korporatyvinės reputacijos formavimo principai straipsnyje išsamiai aprašyti ir pristatyti. Atkreipiamas dėmesys į pasikeitusį organizacijos suinteresuotųjų, kurie ir suformuoja teigiamą arba neigiamą korporatyvinę reputaciją, vaidmenį.