

## CORPORATE IMAGE AUDIT

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*Corporate image is a strategic asset that creates competitive advantage and favourable climate for the survival and development of an organisation. For escaping negative consequences of uncontrolled image and shooting up opportunities of positive image, systematic measuring of corporate image is necessary.*

*The aim of the paper is to propose guidelines for measuring and evaluating corporate image systematically (corporate image audit – a complex system of measuring and evaluating image – is recommended). The principles, methods, stages and consecution of examining corporate image are proposed and analysed.*

**Key words:** corporate image, image audit, measuring corporate image.

### Introduction

Corporate image is an important organisational resource that enables to create, strengthen and sustain competitive advantage. Seeking to avoid negative consequences of spontaneously emerged uncontrolled image and maximally shot opportunities of positive image, it is necessary to measure and evaluate organisational image periodically. Despite significance of corporate image and prompting to manage it systematically and purposefully, the universal and scientifically based methodic for measuring and evaluating corporate image is not yet worked out and published. More often such methods are being stored as a commercial secret of the companies and consulting agencies investigating image. The reasons are following: multidimensional and intangible nature of reputation, need to match such a methodic to unique strategy, environment and goals of a particular organisation.

There could be used a corporate image audit for measuring and evaluating corporate reputation. It is an integrating system of evaluating corporate image and effectiveness of corporate image management in an organisation.

The objective is to propose guidelines of corporate reputation audit, including appropriate principles, methods, stages, actions and consecution of examining corporate image. Such an audit will allow an organisation to:

- € measure corporate image and evaluate it as well;
- € identify current or future problems of the image;
- € examine process of managing reputation and indicate weak points of it;
- € prepare recommendations for correcting, modernizing, renewing and supporting reputation.
- € The methods applied for preparing guidelines of corporate image management are as follows:
- € logical and comparative analysis of scientific literature;
- € analysis of secondary data of reputation institutes and other private agencies.

The proposed guideline of corporate image audit is based on fundamental principals of methodic of management, marketing, technologies, logistics and other non-financial audit.

### Preparatory work of corporate image audit

The first and most important precondition for the success of corporate image audit is organisation's owners, managers and employees perceiving necessity of managing corporate image systematically. Having enough resources for measuring and evaluating audit and implementing, the audit recommendations are necessary as well. Limited perception of corporate image and its opportunities may cause invalid results of the audit. For assuring high validity and success of corporate image audit, preparatory work is necessary. The preparatory work of corporate image audit helps to match methods of image measuring and evaluating to a particular organisation and peculiarities of its strategy and practice.

**Choosing an auditor.** The first task before starting the audit should be choosing a qualified and competent auditor. An auditor should be requested to be able to estimate an organisation's image and every matter related to it independently and objectively. The audit can be:

- € *External* – carried out by independent external auditor or auditors' organisation.
- € *Internal* – carried out by an auditor or department of the organisation that is going to be audited.
- € *Combined* – carried out by both external and internal auditors. While using combined audit, external auditors may allocate some tasks (e.g. analysing environment, defining profile of desirable corporate image) to the organisation's employees, or internal auditors may buy some external services (e.g. image surveys).

Corporate image audit might be performed exclusively only by hired external experts. But external auditors cannot assure effectiveness of corporate image management in the audited organisation. Auditors can measure and evaluate image, prepare recommendations for modernizing, treating, reforming or supporting corporate image, but implementation of the recommendations depends on nobody but managers and employees of the organisation. Acceptability of these recommendations to managers, owners and employees will play a significant role. Their moral and intellectual readiness for changes will determine effectiveness of living out the audit recommendations. With reference to the above statements, an audit team of external experts and employees of the organisation should perform corporate image audit. Otherwise at least some managers and employees of the organisation that is being audited should be involved into some stages of corporate image audit.

**Choosing strategy of corporate image audit.** Corporate image audit strategy should define objectives, scope, and basic aspects of the audit. The chosen appropriate strategy for auditing corporate image may determine success of the audit and validity of its results. When elaborating strategy of corporate image, there should be determined what kind of audit will be carried out:

- € *Open*, when every employee of the organisation that is being audited knows about the audit.
- € *Hidden*, when employees of the organisation no nothing about the audit (except the managers who ordered the audit and the personnel that support the hired auditors).
- € *Combined*, when certain moments of open and hidden audits are combined. The latter one suits best for auditing corporate image: some research may be carried out confidently (e.g. visual audit imitating clients); some may be performed openly communicating with the employees, clients and other stakeholders.

**Analysing peculiarities of organisational practice and its environment.** An auditor should get to know and study peculiarities of practice, strategy, goals, material and intellectual potential of the organisation that is going to be audited. The environment of the organisation (market leaders, competitors, relations with other partner, government or public organisations) should be examined and estimated.

**Drawing an audit plan.** Plan of corporate image audit is set of instruments, tasks and actions, which enables to perform an audit coherently, objectively, thoroughly and with minimum costs. An audit plan is inevitable for allocating some audit tasks for the personnel or external consultants. In this stage of the preparatory audit work it is necessary to:

- € foresee possible methods for measuring corporate image in appropriate stakeholder groups;
- € foresee possible methods for evaluating corporate image in appropriate stakeholder groups;
- € determine scope of survey;
- € determine terms for survey and data processing;
- € allocate responsibility and authorization for implementing survey.

*Note:* If a hidden audit is performed, not all the details should be included in the audit plan for avoiding unnatural organisation's preparing for auditing. There shouldn't be given publicity to every article of the plan, or they might be mentioned just in abstract features.

In parallel with the examining peculiarities of organisational practice and its environment, there necessarily analysis of organisation's stakeholder groups should be carried out. More over the audiences, to which specific actions of measuring and evaluating corporate image will be targeted, should be chosen as well.

### **Analysing stakeholders**

Stakeholders are considered to be groups of individuals that make influence on an organisation and/or are influenced by it. Analysis of stakeholders can be performed in the following steps:

- € Identification the stakeholders which make influence on organisation.
- € Estimating the current and future importance of the stake holders (i.e. it is important to foresee the evolution of the stakeholders).
- € Choosing the target audiences.

**Identification of the stakeholders.** There are more than fifty stakeholder groups mentioned in the scientific literature. Still the most important stakeholders are considered to be consumers, partners, employees, government institutions, local community, media, financial institutions and public organisations [7]. According to "Corporate Reputation Watch" research, consumers are the most significant group for organisation's image. While emphasizing importance of stakeholders, exclusive attention is paid to employees (who are called image ambassadors) and media [8]. Stressed growing consideration of information placed in Internet websites should be mentioned and stressed.

While identifying stakeholders, peculiarities of an organisation's practice, markets, playgrounds and objectives should be evaluated. For example, an organisation, which is going to raise some financial credits for

spreading the business, should pay more attention to the banks, credit unions and other financial institutions. Companies that are practicing in the fields regulated by special legislation should stress relations with government institutions (e.g. companies of deratization and disinsection should target some efforts to supporting relationship with the hygiene inspectors, who make considerable influence obtaining licenses for such a practice and recommend such companies for industrial consumers).

After identifying organisation's stakeholders, their importance to organisation and its image should be determined.

**Determining importance of stakeholders.** While evaluating importance of stakeholders, it would be helpful to group all the stakeholders into three categories: primary audience, second audience and marginal audience. The primary audience is the most important one: it makes the significant impact on an organisation's practice, efforts and results. Marginal audiences influence an organisation least. However it is necessary to foresee evolution of stakeholders, to anticipate increase or decrease of its importance to an organisation's survival and success. Accordingly stakeholders can be grouped into traditional and future audiences.

If employees are tradition audience, than students can be called future audience. If traditional audience involves current customers, the future one will take in potential clients. Today image stakeholders may vary from feministic groups up to sexual minorities and senior citizens. Every group might be a warrant to success in future [10].

On the base of analysis of current and supposed future importance of stakeholders, target audiences should be chosen.

### Choosing target audiences

Choosing target audiences depends on organisational strategy, objectives, playground and markets. Actions of measuring and evaluating and supporting or changing corporate image should be targeted directly to chosen target audiences. Therefore, a precise desirable image that company wants to seek in every target audience should be defined.

### Defining a profile of desirable corporate image

Image profile is a detail description of present or desirable corporate image. Image profile can be expressed graphically, pointing out the most important elements that create and influence image of an organisation (Note: these elements might be called image dimensions) (Fig. 1). Defining profile of desirable corporate image, there should be examined and discussed all the elements that create opinion about the organisation:

- ∅ Visual elements – corporate style, layout, personnel appearance, brand, exterior, interior, cleanliness, lighting, goods, etc.
- ∅ Verbal elements – advertisement, public discuss with a particular stakeholder groups.
- ∅ Behavioural elements: financial results, strategic positioning, quality of goods and management, social responsibility, etc.

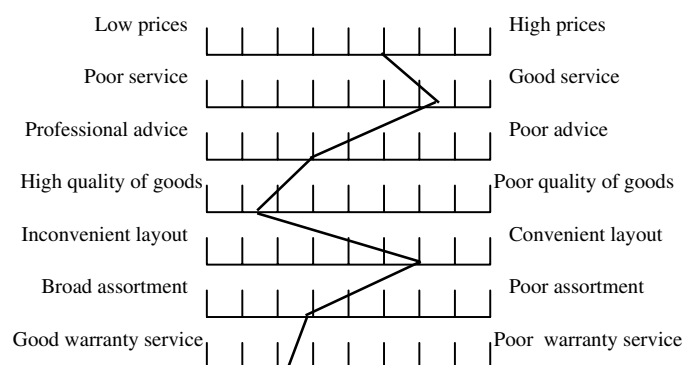


Fig. 1. Profile of desirable corporate image (graphic expression)

Defining profile of desirable corporate image, it is essential to evaluate that organisation goals towards different stakeholders may vary. Moreover, corporate images in various stakeholders are influenced by different factors. For example, advertisement can make a significant influence for consumers' opinion about

the organisation, but financial institutions are more interested in financial results of the organisation. Therefore, there could be defined both general profile of corporate image and differential one:

*General profile of corporate image* is a detail description of desirable image that is not specified for particular stakeholders.

*Differential profile of corporate image* is a detail description of desirable image that is specified for every chosen stakeholder groups (e.g. desirable profile of corporate image in media, desirable profile of corporate image among competitors, etc.).

Politics of differential corporate image management enables to allocate for the chosen stakeholders' group (audience) as much resources and efforts as it is demanded for reaching desirable objectives. That is why profile of desirable corporate image should be defined in every target audience. The necessity to define profile of desirable corporate image for a particular organisation is emphasized: it cannot be copied, bought or borrowed (peculiarities, goals and resources of an organisation should be taken into account). The profile should clearly define what corporate image an organisation wants to have in particular stakeholder groups. The profile of desirable corporate image should be an objective and control standard for evaluating present shape and level of organisational image.

### Measuring corporate image

Measuring corporate image is the fundamental part of corporate image audit. Without measuring, corporate image is just a subjective judgment of what stakeholders think about the organisation [6]. It is problematic to measure image precisely. That's why quality of image measurement is being deeply influenced by competence of auditor, precise profile of desirable corporate image and its dimensions (factors creating and influencing image of an organisation).

Data of one research source isn't enough, for the subjective nature of image determines limited opportunities to measure corporate image precisely and impeccably. Therefore image should be measured using at least some measurement methods. There might be used three steps for measuring corporate image [4]:

1. *Measure familiarity* - how well stakeholders know about the organisation (Fig. 2);

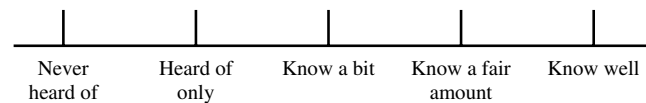


Fig. 2. Familiarity scale

2. *Determine favorability* - if stakeholders are or are not favourable to the organisation (Fig. 3);

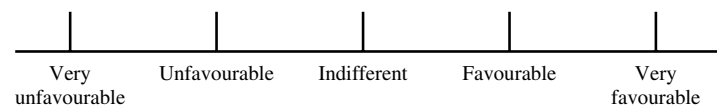


Fig. 3. Favourability scale

3. *Carry out more deeply analysis of image content* (analyse how stakeholders feel about certain image dimensions).

*Scales of familiarity and favorability.* The main goal for using these two scales is measuring corporate image is to find out a level of stakeholders' familiarity of the organisation audited and favorability to it, and to determine probability of positive actions toward the organisation. The appropriate presumption is being followed: familiarity stimulates favorability; high level of favorability activates specific behaviour (buying goods and services, recommending goods to others, etc.) [3].

While using these methods for measuring corporate image, the first step will be measuring how well the chosen target audience knows the organisation. The familiarity scale should be used for that. If majority of respondents have chosen the first two or three categories of the scale, the company's main task should be increasing publicity and familiarity.

The respondents who know the object should be questioned about their feelings towards the organisation. There should be used favorability scale. If majority of respondents have chosen the first two categories, the organisation should solve the problem of negative image.

Scales of familiarity and favorability can be combined. For example, in the research presented by Kotler Ph. familiarity and favorability towards four hospitals (A, B, C and D) were examined [Fig. 4]. The image of the hospital A is the most positive: many respondents know and like it. There are little respondents who know hospital B, but the ones who know it, like it. The hospital C is almost unknown and people do not like it. Everybody knows hospital D, but no one likes it.

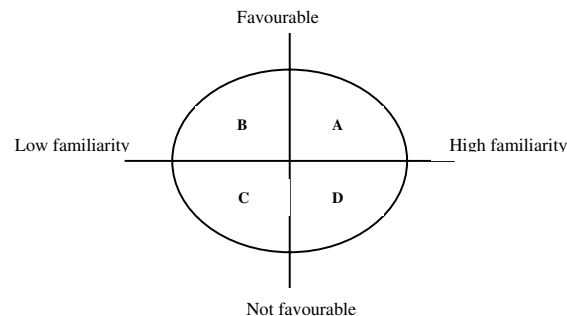


Fig. 4. Familiarity and favorability scales merged [4]

The results expressed in the junction of familiarity and favorability scales demonstrate clearly that the goals and directions of managing these hospitals should be different [4]:

- ∄ Hospital A should support high visibility and high favourability;
- ∄ Hospital B should seek higher familiarity and support present level of high favourability;
- ∄ Hospital C should find out the reasons respondents do not like the hospital and initiate appropriate actions for improving the practice;
- ∄ Hospital D should improve its practice and then seek for publicity one more anew.

**Semantic differentiation.** While using semantic differentiation for measuring corporate image, the analysis of corporate image content is carried out. There are five steps recommended for semantic differentiation [4]:

1. *Developing a set of relevant dimensions of corporate image.* The researcher asks respondents to identify dimensions (characteristics, features, elements) that represent the organisation the best. For example, respondents could be asked to indicate characteristics representing a clothes shop. The answer “prices” is turned into a bipolar adjective scale: “low prices” at one end and “high prices” at the other. The answer “quality of goods” is turned to the scale respectively: “high quality” at the one end and “poor quality” at the other. The scale should be divided into five or seven parts.

2. *Reducing the set of relevant dimensions of corporate image.* Kotler Ph. proposes to keep the set of dimensions and scales small for avoiding respondents’ fatigue. Therefore the redundant scales that could not add any valuable information should be removed.

3. *Preparing the instrumentation for sampling respondents.* The bipolar adjectives should be arranged randomly: unfavourable adjectives should not be set at the same side in every scale, and favourable adjectives at the other.

4. *Averaging the results.* The means of respondents’ answers are calculated at this stage.

5. *Checking in the image variance.* Since corporate image profile is a line of means, it does not reveal how variable image actually is. Evaluating image variance, two types of corporate images could be determined:

- ∄ *Specific image* – respondents’ answers are almost the same;
- ∄ *Diffused image* – respondents’ opinion about the organisation differ highly.

The organisation should analyse diffused image more deeply: it may possibly be result of different subgroups that have a highly specific image of the organisation and rate it different. In such a case the purposefulness of further segmentation of the stakeholders group should be discussed.

Despite the described methods of corporate image management, the analysis of media content can be used for gathering additional information about the organisation. While using this method, any public

information (in the magazines, newspapers, TV, radio, internet, etc.) about the organisation should be recorded and analysed [5].

After corporate image measurement is done, the data should be analysed; and primary evaluation of corporate image should be prepared.

### Evaluating corporate image

Two methods for evaluating corporate image can be used: comparative analysis and SWOT (pointing out strengths and weaknesses, opportunities and threats of organisational image).

**Comparative analysis (identifying image gaps).** While using comparative analysis, the results of corporate image measurement are compared to:

- € previously defined profile of desirable corporate image;
- € corporate image of competitors;

While comparing profiles of current and past corporate image, there might be assessed changes in corporate image in a particular period of time. There might be assessed changes of corporate image in different stakeholders groups as well. The outcome of this comparative analysis is identification of image gaps - discrepancies between present image and comparable image (fig. 5). After finding out the gaps, it is recommended to analyse the reasons of appearance such gaps and to decide what gaps should be eliminated foremost.

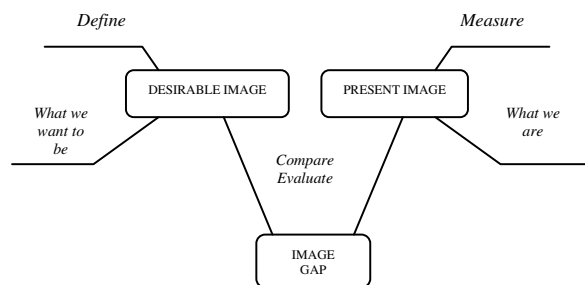


Fig. 5. Image gaps

Every gap might be evaluated using the following questions [5]:

- € What influence will make fixing particular gap for general corporate image?
- € What is the best strategy for implementing alteration in order to fix chosen image gap?
- € What will be cost of fixing a gap?
- € How long will take to fix a gap?

While analysing gaps, two more aspects should be foreseen: Who will fix the gaps? Are there competitive specialists for such a job in an organisation?

Although comparing corporate image with the image of competitors or market leaders is one of the proposed methods for evaluating corporate image, the potentiality of measuring competitors' image usually is limited. Therefore SWOT analysis of corporate image should be carried out additionally. SWOT analysis enables to assess corporate image in the context of changing environment: it may occur that discrepancy between present and desirable corporate image isn't a negative fact at all; this discrepancy may show necessity to correct not the corporate image, but organisational goals and to adjust desirable image to appearing new environmental opportunities.

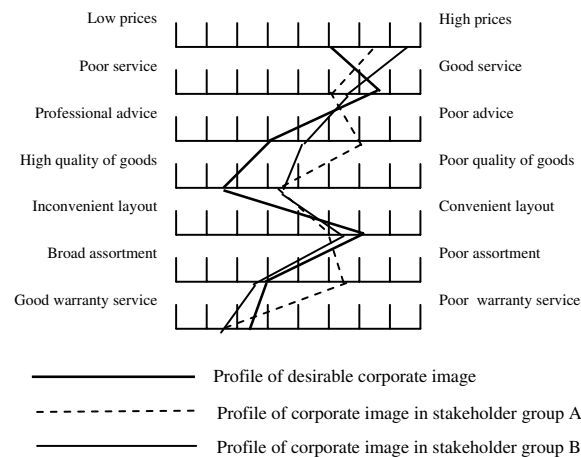


Fig. 6. Profiles of desirable and present corporate images

**SWOT of corporate image.** SWOT of corporate image should be carried out more deeply than identifying weaknesses and strengths of an organisation that is being audited and estimating threats and potential of the environment. There should be two stages of corporate image SWOT:

1. Identification of corporate image weak and strong points, appearing threats and opportunities of the environment.

2. Foreseeing:

4 Specific ways for exploiting strong points of corporate image, environmental opportunities and avoiding threats;

4 Particular methods for neutralizing and strengthening weak points of corporate image and its management.

Two alternatives of further actions might be appointed after the results of corporate image evaluation are obtained:

∅ If the data is insufficient for preparing valuable recommendations, there should be additional research carried out for gathering necessary data.

∅ If the results obtained are enough for preparing valuable conclusions and instructions, the next step of the audit should be preparing final audit report and recommendations.

In the audit plan and agreement an auditor can be authorized to make certain image correcting actions. These actions might be carried out after the preliminary evaluation of corporate image.

### Gathering additional data and preparing final audit report

Additional research should be carried out if the data chosen before is not sufficient or reliable for making valid conclusions and preparing final report of audit. In this stage usually factors influencing corporate image are being analysed more deeply.

On the base of results of corporate image measurement and assessment, the final audit report should be prepared. In the report there should be particular actions for modernizing, correcting, supporting or strengthening corporate image highlighted. In the final report there might be recommendations to improve:

∅ organisational practice (quality of goods, warranty service, management, etc.);

∅ visual expression of the organisation (brand, exterior, interior, accommodation layout, personnel appearance and behaviour, etc.);

∅ corporate communication programs:

- corporate image advertisement (known as prestige advertisement);

- presentation of new goods and services, organisation of public events, participation at exhibitions, fairs, etc.

- charity and support for sport, art, culture, education and health institutions;

- charitable auctions and other support for social matters;

- open door days and excursions in organisation, seminars, festivals;

- interview for press, radio, TV, press conferences, publications, reportages, etc.;

- organizing meetings with the representatives of government, local government and governmental institutions;

- creating organisation's website, spreading news bulletins through e-mails and CDs of company's presentation to stakeholders.

The necessity of agreement between auditor who prepares recommendations and action plans for increasing corporate image effectiveness and the managers of organisation should be stressed. Such agreement is essential for ensuring that an organisation will manage to provide certain amount of tangible and intangible resources for implementing recommendations of image improvement, modernization or "treatment".

### Conclusions

1. Corporate image audit – a complex system of corporate image measurement and evaluation – should involve not only methods of measuring and evaluating corporate image but also choosing proper auditor, strategy and tactics of audit, analysing particularities of organisational practice, its environment and stakeholders, and defining profile of desirable corporate image. After performing audit, problematical and strong points of image are found out, recommendations for reforming or "treating" corporate image are prepared, and recommendations for increasing effectiveness of corporate image management are worked out.

2. The organisation that is being audited must have a clearly defined profile of desirable corporate image. This profile should be an objective and control standard for evaluating present shape and level of corporate image. The image profile should involve the most important visual, communicative and behavioural elements of the organisation – those that shape opinion of the organisation in a particular stakeholders group.

3. It is necessary to measure corporate image in every chosen target auditorium: corporate image is different among consumers, employees, competitors, local community, financial institutions, etc. In the final audit report there should be defined special actions for correcting, strengthening, modernizing or supporting corporate image in every chosen target auditorium.

4. Corporate image audit is worthless without further actions for improving, correcting or supporting corporate image. The material and intellectual potential is necessary for that.

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