Center for Responsible Management

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From Reputation Management to Credibility Management

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Content

Introduction

Credibility is the precondition of any communication effect. It is the basis of trust – and the basis for reputation, which today presents the highest intangible value of a company.

But what makes a company credible? How should it act, how should it communicate in order to be credible and trustworthy?

And - is the present approach of reputation management adequate and sufficient to increase credibility, especially in CSR Communication?

These are the key questions of the following critical analysis.

1.1. Design / Methodology / Approach

- Analysis of the basis for success of any (CSR) Communication: Credibility
- Literature research and analysis of the preconditions of credibility (including ethics literature) – compared with empirical experience
- Questioning and investigation of Reputation Management as key strategy for CSR Communication – does it lead to more credibility – or even less?
- Delineation of Credibility Management as new approach in CSR Communication, description of differences to Reputation Management and its consequences

1.2. Research Limitations and Implications

This is a theoretical analysis, connected to practical experience. It focuses on ethical aspects and tries to give first, but by no means final answers to the questions posed above.

It has a series of practical implications – including the challenging of the present limits of CSR communication and CSR management as well as the challenging of the practice of Reputation Management as it is being carried out today.

By nature, since this is a wide field, it has to focus on the aspects mentioned above and is not to be understood as unreflected criticism of PR or Reputation Management per se.

1.3. Originality/Value of this concept

This concept
- gives some insight into what does lead to more credibility;
- challenges PR (and CSR Communication) at its roots – through questioning its basis; it also questions whether the strategy of Reputation Management is being instrumentalized and used in an ethically problematic way;
- challenges the ethical limits of CSR Communication as a means for reputation increase, when not accompanied by change in core behaviour and mindset. This is even more important because of the growing contribution to the Shareholder Value mentioned above. It means: Good intentions could lead to bad results;
- increases the sphere of responsibility and influence of communicators since Credibility Management reaches beyond their present limits and responsibilities
- is a combination of scientific research and experience of the Center for Responsible Management which has focused very much on credibility analysis and –management for companies.

Classification: Viewpoint and Conceptual paper
Key Words: Reputation, Credibility, Reputation Management, Credibility Management, Ethics

2. Analysis of the Basis and Preconditions of any (CSR)-Communication

As a first step one has to look into credibility as a basis and its connection with closely related issues such as trust, legitimation, image and reputation. These terms are being used by Communication practitioners on a daily basis, very often exchangeable, but hardly ever questioned and challenged in its meaning. This was also the conclusion of Hoffjann in his latest book, focussing on trust in Public Relations where he came to the conclusion that there is an *"insufficient reflection of the central terms credibility and trust resp. trustworthiness, which are even used synonymously"* (Hoffjann, 2013, p. 26)

2.1. Credibility

"The decisive factor for the effectiveness is the credibility of the delivered information. Credibility is what the receiver of an information perceives as truth and not necessarily the correctness of this information. Insofar, credibility depends very much on the level of trust that the receiver of an information has into the sender." (Koths G.,/Hall, F., 2012, in: Corporate Social Responsibility, S. 669 f, Springer Verlag, based on Gräfe, 2005, translation: Faber-Wiener)

There are different approaches to the relation between credibility and trust:

Hovland et al. - who influenced the research on credibility very strongly - described credibility as the product of two components: Expertness and trustworthiness (Hovland et al. 1953, p. 21). Expertness is described as the ability of a communicator to make valid statements.

Hoffjann on the other hand sees credibility as a part of trustworthiness and relates it to the "ascribed accuracy of facts" (Hoffjann, 2013, S. 8) If a statement is credible, it means nothing more than it is being accepted as broad consensus and therefore not questioned (Weber 2005).

Despite these different approaches to the relation between credibility and trustworthiness, there seems to be general agreement that credibility is a major basis and precondition for trust. To put it simply: without credibility there is no trust.

2.2. Trust

Trust is a widely unknown issue in communications research. This is also the conclusion of Hoffjann: *"Although trust in PR-research is being mentioned as a central category (..), the state of research to this issue is not satisfactory..."* (Hoffjann, 2013, p. 5).

However, the importance of trust, as well as the need for trust, is increasing. The reasons behind this phenomenon have been defined by Endress amongst others as socio-structural developments such as globalization, developments such as value change or transformation processes and cultural change processes such as pluralisation or the increasing awareness to foreign issues. Endress regards these as indicators that social situations are being more and more seen as risky, therefore trust is becoming even more important. (Endress 2002). According to Hubig and Simoneit, trust is the only way to adapt and to deal with these increasing risks in an adequate way. (Hubig and Simoneit 2007, p. 172).

Trust is therefore the bridge that overcomes the gap of risk. Or, as Kohring describes "*Trust overcomes situations that are incalculable*" (Kohring 2004, p. 116)

Hoffjann tried to deconstruct an act of trust into three components: The declaration of trust, the willingness to trust and trustworthiness, which is the reason for the willingness to trust.

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(Hoffjann, 2013, p. 40, based on Kohring 2004, pp 108). Elaborating this deconstruction further, one could come to the following sequence:

Trustworthiness → Willingness to trust → Declaration of trust = Act of trust

According to Hoffjann, there are different reasons why people decide to trust,: Own experiences that are confirmed positively, positive experiences by other people, positive experiences that are transmitted by media. Adding the element of trustworthiness into these levels, one can rank the act to trust in the following way:

Positive experiences transmitted by media are least trustworthy, followed by positive experiences of other people. The highest trustworthiness are one's own experiences (see Fig. 1) These different levels relate to Suchaneks "asymmetry of credibility", according to which there is an imbalance of trust right from the start between individuals and organizations, e.g. companies, favouring individuals (Suchanek, 2012, details see 3.2.1.)

Fig. 1: Level of Trustworthiness of Experiences
Source: Faber-Wiener, based on Hoffjann, 2013
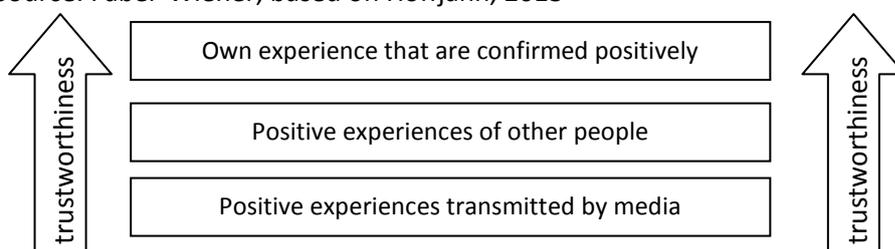
Looking further into the reasons why people trust, apart from own experiences, according to Köhnken, there are four types of reasons (Köhnken 1990):

a) content-related reasons (e.g. consistency, authenticity)
b) behavioural (e.g. nonverbal acts)
c) source-related (e.g. industry sector as indicator for credibility)
d) context-related (e.g. whether crisis or routine situation)

To conclude, gaining and keeping trust is regarded as an important goal for (corporate) activities and communications. In CSR issues it is even being seen as the ultimate goal, as Suchanek states (Suchanek, 2012, p 55): *"…Preservation of trustworthiness is the ultimate core of corporate responsibility…"*.

A key in gaining and keeping trust seems to be the motivation of the communicator, especially the fact whether he or she has intrinsic or extrinsic motivations. This was also stated by Brugger: *"…„if a source is being regarded as trustworthy or not, depends if the recipients assume that it is the intention of the communicator to convince someone in order to gain advantages himself."* (Brugger 2008). This means it is crucial to separate the two communication goals that Habermas stated: the creation of understanding, and strategic communication (Habermas 1995) – a conclusion that should be elaborated further since it seems to be crucial also in stakeholder relations (Faber-Wiener, 2013).

Apart from credibility and trust, there is a series of elements that are closely interlinked and that are being used very often synonymously. Therefore it is important to make the effort of clarifying these elements. Since there is strong disagreement among the scholars, as well as limits in scientific analysis on these issues, this will only be possible to some extent.

The issues described below are: legitimation, image and reputation

2.3. Legitimation

or Legitimization (from lat.: *lex*, *legis* = „law", „justification") means (figurative) authorization, proof of authority, attestation, rationale, justification (http://www.duden.de/rechtschreibung/Legitimation, translation by the author).

Legitimation is the process to reach legitimacy. Legitimacy is being described by Fuchs-Heinritz as a situation *"where governing bodies, political movements and institutions - due to their accordance with laws, constitutions, principles or because of their ability for generally agreed purposes – are being accepted, evaluated positively and being considered legitimate"* (Fuchs-Heinritz 1994a, p. 396).

Legitimation has become a steering mechanism that is getting more and more important. The pressure on companies to legitimize their actions is increasing and will most likely increase further. This is related to the end of "privacy" of companies. They are more and more publicly exposed and become quasi-public organizations (Dyllick, 1992).

The relevance of legitimation is obvious especially in potential conflicts between organizations of different sectors where different rationalities and cultures are clashing and where there is no common symbolic medium like for example money (Hoffjann, 2013, p. 63). For companies and their CSR efforts it is crucial that legitimacy enables them not to be forced to prove every action. On the other hand legitimacy is very reflective – it demands explanations and therefore it needs communication processes in order to be accepted. Therefore legitimation is very often confused with acceptance, especially in stakeholder relations. Legitimation needs acceptance, but it is not the same – otherwise opportunism would be the ruling game where the most powerful stakeholders have the strongest impact (Thielemann, 2005)

It is a key question whether PR can legitimize a company or not. There is a very strong general perception by PR practitioners but also within some PR theories that the purpose of PR is to legitimize a company/organization and its actions (Hoffjann, 2013). This is to be questioned as well: According to Thielemann, legitimacy is based on integrity of a business activity, that means on values and actions, and not on communication (Thielemann, 2005).

Hoffjann distinguishes between two forms of legitimation of PR: PR can legitimize a company either through "self descriptions" or through interference within a company in its decisions. (Hoffjann 2013, p. 8). The latter, the interference function, is key in CSR communication and in CSR issues, and also reflects the basis of the concept of Responsible Communication which has three spheres of influence: at the core, i.e. influence on company decision making, in CSR processes and in (external) communication (Faber-Wiener, 2013)

2.4. Image

(from lat: *imago*) is being seen as the *"collectivity of ideas, attitudes and feelings etc. that a person or group has in regard to something special (e.g. a brand, a party leader, a neighbouring nation, the own person or group)* (Klima, 1994a, p. 389)

Corporate Image is how an organization is perceived by its stakeholders. It is the *"set of beliefs, ideas and impressions that a person holds of an object"* (Kotler, 1991)

According to Walter an image describes a subjective picture that can be adapted to objects, institutions or organizations. It refers to specific elements of perceptions of a subject or object and arises mainly affectively. A key factor is the fact that an image can be influenced and adapted relatively easy (e.g. with campaigns) (Walter, 2011)

Especially in highly complex situations or in situations with a lack of information a positive image can supply relief for organizations, since – according to Hoffjann - it "covers" existing information (Hoffjann, 2013, p. 43). Since images can be influenced through communication efforts quite easily, is important to consider the ethical dimension.

A set of images results in reputation.

2.5. Reputation

The relevance of reputation for the success of a company is increasing, especially since reputation has become a key economic factor representing the highest intangible value of a company. The willingness of stakeholders to change brands or products when a company has a negative reputation, is increasing.[i]

Looking at the definition of reputation, it becomes clear that it is a sum of all actions, past and present. This was described by Fombrun and Van Riel as : Corporate reputation is … *a collective representation of a firm's past actions and results that describes the firm's ability to deliver valued outcomes to multiple stakeholders.* (Fombrun/Van Riel, 1996, p. 10)

According to Walter, reputation is a „second hand impression", it expresses public acceptance of an organization or issue. It represents a collected and condensed set of ideas and has some kind of „evaluation function", which is important for the Licence to Operate. It is the collection of opinions on a subject that is based on collective and individual values. (Walter, 2011)

Ingenhoff looks at reputation in relation to its effect both on stakeholders and on the issue management of a company: Reputation is the „*Perception of an institution through a third party that is being spread among the target groups and that has an effect that is relevant for the behavior*". (Ingenhoff, 2004)

"A high reputation generates a pledge of confidence that companies can live on when they have to manage issues" (Ingenhoff, 2004)

What seems to become more and more important when looking at different definitions of reputation is the efficiency role of it: Reputation helps assessing activities for the future. It makes situations more calculable and has the advantage that decisions can be made easier and time and effort can be reduced.

All definitions state the fact that trust and credibility are the basis for reputation, Eisenegger calls it *"the repute of trustworthiness"* (Eisenegger 2005, p. 29). The relation to trust was also elaborated by Ripperger. He said that reputation is *"the level of information of third parties about the trustworthiness of actions of someone in relation to others in the past"* (Ripperger 1998, p. 183)

To conclude, reputation can be described as the standing of a person or institution that is based on its legitimacy, trust and credibility. Turning this conclusion around, one can say that reputation is not possible without these three elements, and to elaborate it further would mean that reputation in itself is a result of the other three elements and can therefore not be "managed" or corrected by itself. This will be investigated in Chapter 3, before there is a more detailed description of the relationship between legitimacy, trust, credibility and reputation (image is left out here since it seems to be on a different level and is being covered in reputation as a set of images) (Hoffjann 2013, p. 43).

2.6. Relationship between these Preconditions

Fig. 2: Relationship between Preconditions of Effectiveness of (CSR)-Communication
(Source: Faber-Wiener, 2013)

	Basis	Requirement
Legitimacy	Integrity, i.e. readiness to adapt actions to the rights of others	Adaption requires recognition of priority of ethics
		Integrity requires active discussion (discourse)
Trust	Trustworthiness	Trustworthiness requires critical self-assessment
Credibility	Competence	Competence requires comprehensive, correct, complete information
Reputation	**Integrity + Trustworthiness + Competence**	**Reputation requires ethics, discourse, critical self-assessment and comprehensive, correct, complete information**

Explanation of Fig. 2:

Legitimacy is the precondition for any existence and acceptance of a company or organization. It is based on integrity, i.e. the readiness to adapt one's actions to the rights of others (Thielemann, 2008). This in turn requires an adaption to the priority of ethics and active discussions resp. discourse with stakeholders. Only then actions are being accepted and in fact effective (Faber-Wiener, 2013)

Trust is based on trustworthiness, which is the result of continuous efforts and demands as a key element critical self assessment of a person or organization (details see 3.2.4.) Credibility, which can be seen as a basis for trust, requires competence, which means the ability to come to valid decisions (see 2.1.). In communication terms this adds up to the need for comprehensive and correct information and not the communication of one's self-image. (Faber-Wiener, 2013).

Although the order of the three subjects, trust, legitimacy and credibility can be discussed, it is clear that reputation is the result of them, and not a precondition. This is already clear from looking at the origin of the word reputation: Latin *reputare* 'think over', from *re-* (expressing intensive force) + *putare* 'think'.

Deriving from that, as is shown in Fig. 2, this means that it is impossible to correct reputation without acting upon trustworthiness, legitimacy and credibility which again means that measures have to be taken that go far beyond the present practice of mere communication management.

Note: The figure could be extended by two elements: acceptance and legitimation in the following sequence: credibility – leads to trust(worthiness) – leads to reputation – leads to high acceptance – best chance for legitimation. Since the focus here is reputation management, this will be elaborated in a next stage of the analysis.

2.7.   First Conclusions

In regard to the overall picture the following situation presents itself:

- Success and effectiveness of any Communication – and especially CSR Communication – and with it the reputation of a company - is based on three elements that are closely connected to each other: legitimation resp. legitimacy, trust and credibility:

    - Legitimacy is the basis for existence and can only be granted by others. It is closely connected to acceptance and requires two parameters: the company's readiness to adapt its actions, and a readiness to involve others (Thielemann, 2009). Adapting to acceptance in turn calls for recognition of the priority of ethics, which is currently not the dominant paradigm. In addition, involvement of others means real dialogue, i.e. ideally, discourse and not one-way communication, i.e. CSR information (Karmasin and Weder, 2008).
    - Trust is based on trustworthiness, which again is based on critical self-assessment and reflection. Both – critical self-assessment and reflection - are not practiced thoroughly in current PR (Zerfaß et al, 2011).
    - Credibility is based on competence which is again based on alterocentric thinking and expert knowledge, and therefore demands the communication of balanced information and not just the communication of a business's self-image (Röttger, 2000).

- In short:
    - PR – and CSR Communication - fails to be effective if there is a lack of legitimacy, trust and credibility.
    - All three elements – legitimacy, trust and credibility – can only be granted by others, i.e. the recipients of the message
    - And all three elements – legitimacy, trust and credibility – can not be reached through communication measures only.
    - The same is true for reputation as the result of the three elements – legitimacy, trust and credibility: It cannot be reached by communication measures only. This is the key issue in the next chapter.

These conclusions are broadly shared by Hoffjann in his recent, very extensive elaboration on trust in PR (Hoffjann, 2013). He comes to 10 reasons why trust in PR is potentially impossible:

1. Any self description has problems with trustworthiness.
2. The claim of trustworthiness weakens trustworthiness.
3. The bigger, better known and allegedly successful PR, the bigger the problems of trustworthiness.
4. The economic crisis of journalism increases crisis of trustworthiness of PR.
5. The (theatre) audience becomes more critical towards orchestration.
6. Stakeholders know about the embedded antagonism of PR.
7. Stakeholders are getting more demanding towards companies.
8. Company-internal conflicts and contradictions are less and less controllable.
9. PR weakens its own trustworthiness through public conflicts.
10. All this leads in total to a further weakening of trustworthiness.

(Hoffjann, 2013, pp13, translation Faber-Wiener)

3. Questioning of Reputation Management as Key Strategy for CSR Communication

3.1. Definition and Description of Reputation Management

"Activities performed by individuals or organizations which attempt to maintain or create a certain frame of mind regarding themselves in the public eye. Reputation management is the process of identifying what other people are saying or feeling about you or your business; and taking steps to ensure that the general consensus is in line with your goals. Many people and organizations use various forms of social media to monitor their reputation."

(Businessdictionary.com, http://www.businessdictionary.com/definition/reputation-management.html , retrieved August 06 2013)

Reputation management in the present practice covers mostly those activities that support a positive reputation of a company. The concept was initially intended to enlarge PR outside of media relations. As the Internet and social media became more popular, it has shifted to focus on reviewing sites, social media and—most prominently—the top search results on a brand or individual.

The aim of reputation management is to increase the value of a company (Burkhardt 2008). The most important methods are on one hand brand- and company analyses as well as online tracking and – as a consequence – the optimization of online presence resp. of the presence in the public. (Schwaiger, 2008). Especially the latter leads to ethical questions, with a very narrow line concerning manipulation of the public: Especially since the rise of interactive methods of judging companies and their performance, the threat for companies has increased by far that a reputation that has been earned the hard way, can be destroyed within a short time. Facing that, the discipline of "online reputation management" has developed. This fairly new discipline is mostly dealing with the regular investigation of the internet concerning arising issues and opinions about an enterprise, its products, services and employees. This is per se not ethically problematic, but the targeted influence of these reputation values resp. the counter-steering strategies, based on purely communication measures, are presenting ethical problems since they are very often not related to a change in behaviour or a change in values. This problematic approach is being promoted by reputation management service providers proactively, e.g.:

"*If your business has gotten a bad reputation for any reason, then the recovery portion of reputation management is for you. XXX Marketing works to hide the bad reputation with good marketing and self-promotion.*" (http://www.brickmarketing.com/what-is-reputation-management.htm, retrieved August 6th, 2013)

As stated, the main motivation and goal of reputation management is to create and strengthen positive reputation that again enhances and increases the value of the company. This is a purely extrinsic motivator, i.e. reputation is not the goal itself but the means to an end. This business case motivation leads to purely positive communication and actions that deliver positive reputation and not those that are ethically correct. It is therefore in contradiction to ethical values and goals, such as truth, fairness or the creation of trust. And - by focussing on the creation of positive reputation, reputation management does not necessarily consider rights and needs of others in an extent that is necessary – as can be seen in present stakeholder management (Ulrich 2008, Faber-Wiener 2013) - which is not just ethically problematic but which in turn is a danger to reputation. This is only one part of the contradictions and issues that lead to the assumption that reputation management is not

adequate to create trust and enhance credibility of a company on the long run, as will be elaborated in the next chapter.

3.2. Thesis and Arguments

The thesis of this article – and experience of the Vienna-based Center for Responsible Management so far: Reputation Management as it is being understood and practised today does not lead to more credibility and is therefore not sufficient or adequate for CSR Communication.

On the contrary, it can in fact reduce credibility and trustworthiness if it is not connected with organized and structured ethical reflection, i.e. Business Ethics.

Therefore CSR demands the approach of Credibility Management, instead of Reputation Management, a concept that goes far beyond communication measures.

This is shown more in detail in the following figure (Fig. 3):

Fig. 3: The Road and and Reasons for Credibility Management
(Source: Faber-Wiener, 2013)
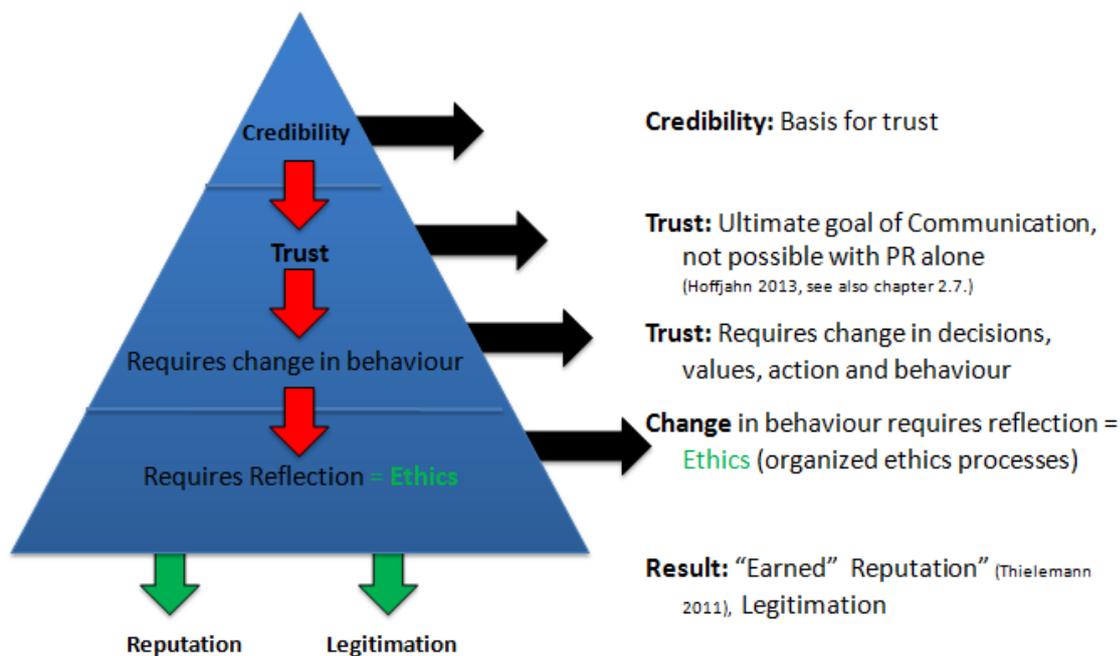
Explanation Fig. 3:

Credibility is the basis for trust. This is a widely accepted general assumption, although there are voices that state that trust or trustworthiness is a precondition of credibility (see 2.1.).

In any case, gaining trust is the ultimate goal of Communication. This assumption is generally agreed by many communication theories (e.g. Hundhausen 1951, Oeckl 1954, Zedtzwitz-Arnim 1961, Ronneberger and Rühl 1992, Bentele 1998), as well as by PR practicioners surveys (e.g. Zerfaß et al., 2011).

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Creating trust with PR measures alone is close to impossible, especially if PR is being seen as a mainly external function ("self description", Hoffjann, 2013) of a company, and not as an internal interference mechanism.

Gaining trust requires a change in decisions, values, action and behaviour which goes far beyond the present sphere of influence of Communication departments.

So if Reputation Management is being carried out with a narrow PR-understanding and if it is not connected with change in behaviour based on ethics processes, i.e. Business Ethics, there will be a lack or even decrease of trust and credibility (see 3.2.1.–3.2.10).

Conclusion:

Instead of Reputation Management that tends to have a narrow view and is associated with ethical problems (see 3.1.), in order to gain credibility and trustworthiness, there is the need for a form of management that goes beyond communication (control) measures and that is based on ethical reflection: Credibility Management.

There are a series of arguments to support this thesis:[ii] These arguments and reasons are closely connected and to some extent interlinked with each other:

3.2.1. Argument 1: Asymmetry of Credibility and Trust right from the Start.

People's individual experiences are more credible and trustworthy than companies self descriptions. As a consequence, if individual stakeholders publicly communicate their negative personal experiences with a company, they are usually being seen as credible and trustworthy – far more than the respective company. Suchanek called this imbalance "asymmetry", which means that ..."disappointed trust expectations will have a higher value than fulfilled trust expectations" (Suchanek, 2012). Although this sounds unfair from an ethical perspective, it seems to be widely spread and agreed upon in communication research. Willems for example states that "any form of strategic communication has a *stigma of being not credible*" (Willems 2007, p. 231).

Bentele came to a similar conclusion with his "thesis of discrepancies": He stated that if people could watch discrepancies, e.g. differences between information and facts, e.g. incorrect information, "beautification" of things or not mentioning negative information, there will be increase of distrust (Bentele 1994a, p. 148). The latter – leaving out important facts – is even called lying by Hofjann: He demands that the definition of a lie in communication should be discussed and omissions should be defined as lies: *"One should call it a lie if PR publishes issues, facts, descriptions or judgements that they see as positive, less relevant resp. not correct while at the same time they do deliberately not publish issues, facts, descriptions or judgements that they see as negative, relevant resp. correct."* (Hofjann, 2013, p 100)

This conclusion is supported by the fact that with the rising dominance of Social Media "internal" is no more internal. Since then, "official" PR is no more official, it is often in counter-action to "inofficial" communication that comes out of companies, and if there are contradictions among these positions, trust will be most likely be with the inofficial positions, and possible distrust to a company will be even stronger. (Hoffjann, 2013, p.20)

3.2.2. Argument 2: Stakeholder Expectations and Criticisms are increasing.

With CSR issues, expectations and requirements tend to be much higher than with communication of other issues. This finding is still young but rising. Recipients expect from CSR Communication for example authenticity, they do not accept exaggerations as they do

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in other communication disciplines such as Marketing. They expect a moral commitment instead of commercialization – and they expect a long-term commitment, i.e. they do not tolerate turning back (Morsing, 2011).

If these high expectations are met with "normal" reputation management as described in Chapter 3.1., disappointment of expectations is inevitable. In fact, the gap between CSR expectations and CSR industry performance is getting wider (Crane 2011). This conclusion was also shared by Hoffjann in relation to the societal role of companies. He states that

"the higher expectations in the societal compliant entrepreneurial action are, the more likely they will have to be disappointed. The gap between the expectations of many stakeholders and the actions that many companies can or want to take seems to be getting wider. If PR is being seen in a first approach as a fortress against the "public ownership" of companies, this will most likely weaken trust in PR". (Hoffjann, 2013, p. 19, translation by the author)

3.2.3. Argument 3: Trust cannot be built by PR alone.

„It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently." In this famous quote Warren Buffet did not say "If you think about that, you'll communicate things differently", he stated clearly that it is about actions that have to change. Reputation management however focuses on communication measures and not necessarily on change of behaviour or actions at the core of a business.

In addition, creating trust in an organization with PR mechanisms is based on two premises: You have to trust PR as such – and you need some basic trust in companies, since PR is a sub-system, an "extended arm" and not an own body and "subject of trust" (Hoffjann, 2013). This means, legitimation – and consequently trust – does not originate from PR but from the management actions and decisions that PR arises from.

However, trust in both – PR and companies – is in fact very low in the public. According to a public survey by Bentele, trust in PR consultants is for example only slightly higher than in the least trustworthy of all professional groups: advertising people and political parties. (Bentele 2003). Trust in companies is also decreasing as is shown frequently in the Edelman Trust Barometer (www.edelman.com).

So in fact you cannot separate trust in communication and trust in companies and its decisions – this was also stated by Hoffjann: *..."trust in PR does not relate just to the adequacy of PR descriptions but also to the adequacy of entrepreneurial decisions".* (Hoffjann, 2013, p. 8). This is a key argument why reputation management alone – through communication measures without internal management actions and decisions – is not effective.

3.2.4. Argument 4: Trust requires Self Reflection and Self Criticism.

PR works with what Hoffjann called "self descriptions". Any self description however has a problem with trustworthiness. Hoffjann comes to the conclusion that: "...s*elf descriptions in the end always tend to idealize"* (Hoffjann, 2013, p. 13). He goes a step further and states that *"real problems result if this idealization has a purpose to cover the opposite of the displayed"* (Hoffjann, 2013, p. 14), and that is exactly what can happen if a company or organization tries to correct its reputation only by communication means without adequate and structured ethical reflection processes. It will not reach credibility, and the verge to manipulation is very close, especially when it comes to „optimization" of online presence (see chapter 3.1.). The necessity of self-criticism is being supported by Eagly et al: Recipients expect automatically that a communicator contorts the truth in his direction. If he does not do

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that, the acceptance of this message will increase rapidly. Communicators who convey only positive messages are being regarded as devious and less competent and professional, compared to those who are (self)critical. (Eagly et al. 1981, pp. 37-62). The highest effectiveness is being reached through two-sided messages, i.e. positive and negative in combination, thereby the unfavourable argument should be mentioned before.

This emphasizes the relevance of being self-critical and the fact that also touchy issues have to be mentioned, since recipients are aware of them anyway. If not, there is a serious deficit in credibility and trust.

This view is also shared by Brugger und Haley:

„*It is important that businesses overcome their compulsion to be positive and that they voice their difficulties on the way to sustainability and their problems in relation to ecological and social questions. It can be productive to communicate the route and efforts and not to bloat marginal improvements by communication. In addition, the legitimate self interests of the company should also not be concealed*". Brugger (2008)

Hoffjann states: *"The selection of issues, facts and assessments that are negative can be an indicator for trustworthiness in the selection of PR that is usually perceived as rather selecting positive issues, facts and assessments."* (Hoffjann, 2013, p. 113). This is also confirmed by Laux and Schütz (Laux and Schütz 1996, p. 42): *"If someone admits having faults, there will be a higher rate of beliefing the positive self descriptions."*

3.2.5. Argument 5: Trust requires Arguments, not Claims

Trust does not necessarily need proof, nor does it need explanation from those who trust. This is very often misunderstood, and as a consequence the lack of trust can lead to over-regulation, to more complex decisions and to stereotypes (Herger 2006). The well known sentence: "Trust is good, control is better" is often wrongly interpreted as "Control is better than trust" which in fact leads to less trust, a phenomenon that can be seen in the shift of Compliance Management towards Integrity Management where the definition of values and ethical reflection based on initiative and self motivation of employees is at the core, and not the following of rules and instructions. (Steinmann et al. 1998, S. 134 ff)

On the other hand, trust does need arguments instead of claims. Arguments, i.e. justified statements, convey different signals than unproven claims, and they open doors for counter arguments.

Using arguments as a principle instead of claims is a key in logic and dialectics which again are key issues in Business Ethics. Another part of logic and dialectics is to prevent anything that does not enable rigor, such as the use of generalizations, the refusal of arguments (e.g. repetition of claims), the pretence of truth, the shifting of responsibility to scapegoats or to adverse circumstances, the pretension of consistency such as setting up of exceptions, exaggerations, blanket judgements, demanding impossibilities, discrediting of others, provocations or preventing people from participation by using killer phrases, by setting up smoke screens, using taboos or foreign words, or stopping the discussion, either directly or indirectly through postponement or distraction.

These dialectic rules are a key to the concept of Responsible Communication (Faber-Wiener 2013), confirmed by Renn and Levine. They state that trust is related to the expectation that a message is true and reliable and that the communicator is showing competence and honesty if he delivers exact, objective and complete information (Renn and Levine 1991)

3.2.6. Argument 6: PR without Ethics is potentially dangerous.

PR – as well as any form of organized communication – has power: due to its omnipresence and strong increase in influence, combined with its purpose to reach a high amount of people. (Bentele 2003, Faber-Wiener 2013).

Since power can be misused, it needs to be kept in check – through Ethics, but ethics in the form of Business Ethics as is defined by Crane and Matten (2010, p. 5)

> *"Business Ethics can be defined as the critical, structured examination of how people and institutions should behave in the world of commerce. In particular, it involves examining appropriate constraints on the pursuit of self-interest, or (for firms) profits, when the actions of individuals or firms affect others"*.

This means, business ethics are actions and activities of organisations that revolve around right and wrong; good and bad; acceptable and unacceptable. This further means that any action and communication needs challenging its own position according to its righteousness. Since it is supposed to be carried out in a structured and integrated way and needs adequate processes, there are some scholars who call it process ethics (Karmasin and Weder 2008).

Presently in PR practice (and mostly in CSR communication practice) there is no such process ethics or ethics processes included. Decisions are mostly dependent on the individual's personal ethics, the moral judgement is up to the personal ethics of the Communications Managers, which can – and very often does – lead to failures and mis-judgements.

Therefore it can be concluded that it is necessary to generate and establish know-how and to develop principles and mechanisms resp. structures to carry out ethical reflection properly. This is even more important because of the role of PR as a subsystem that is irreversibly connected with the system it works for, i.e. the company, organization or employer. Therefore it needs education, training and change of structures (i.e. introduction of business ethics and ethics processes such as dilemmata management or value management).

3.2.7. Argument 7: Reputation Management reduces the role of PR.

According to Hoffjann, PR has two roles: to act as communicator towards the (external) public through what he called "self descriptions" and to be a company-internal "flashpoint and conflict driver" (Hoffjann, 2013, p. 8). He states that "for the work it is of central importance to differentiate that PR can legitimize a company either through the publication of self descriptions or through the influence on entrepreneurial decisions."

This crucial internal role – which is also a key to the concept of "Responsible Communication" (Faber-Wiener, 2013) – is not being considered adequately in reputation management, since it is widely limited to communication measures and not influence in internal (management) decision making.

Hoffjann called this extended role of PR "Credibility Gatekeepers". These have in fact three functions: 1. Internal consultant of Management and other internal stakeholders, 2. Testing facility for truth and validity, 3. Gatekeeper for transmission of credible messages (Hoffjann 2013, p. 32).

Röttger also described this extended role of PR. She calls it a "twofold direction of effects" (Röttger 2008, p. 75): Apart from the external influence through communication there is the internal effort of reflection and self monitoring.

The purpose of this extension of the role of PR is not only credibility, it is about integrating society (esp. stakeholders) into the organization resp. the company (Karmasin and Weder 2008, p. 126). Through that, the differentiation between organization (company) and society will be even further reduced (Porter and Kramer 2006); the public is not just the object but also the corrective of entrepreneurial activities. As a consequence, communication can become a real bridge instead of cutting point that connects the inside and the outside world of a company. (Karmasin and Weder 2008, p. 179)

3.2.8. Argument 8: Reputation Management is not based on Ethical Principles

Reputation Management is being regarded in most cases as an organizational function that has a clear purpose, i.e. to identify what other people are saying or feeling about a business or organization; and taking steps to ensure that the general consensus is in line with their goals (see Chapter 3.1.). This widely spread perception is a functional view of its role which does not take into account the ethical dimension and potential power of reputation management as a function in society. There are international codes of ethics for the PR industry, but these are rather general and do not take into consideration the new developments of the role of media in an adequate way (Faber-Wiener, 2013).

In addition, some companies who offer Reputation Management do have their own code of conduct and principles, but these are in many cases very narrow (http://adage.com/article/guest-columnists/online-reputation-management-firms-struggle-ethics/229034/, accessed on August 10th, 2013). The consequence: The borders towards manipulation are being exceeded very rapidly, since there are things being pretended through communication that are not based on a change in behaviour or actions.

Communication that is not based on ethical principles is built on less solid ground than communication that does have such principles. One of the approaches is the concept of Responsible Communication which is based on 13 principles. Communication has to be: neutral – fair - ethics-based - non-judgemental - based on logic – objective - honest – transparent – authentic – participatory – proactive – reflective – innovative. In addition, Responsible Communication is based on 4 preconditions: taking on public point of view, critical self assessment, ethics as basis for thinking and acting, discourse. (Faber-Wiener, 2013).

3.2.9. Argument 9: Reputation Management is not transparent.

Many communication correction measures (e.g. online reputation management, i.e. litigation PR) are acting "behind the scenes", i.e. without the public awareness or knowledge that it is happening. This in itself creates an ethical problem.

Other media strategies that are often used in reputation management such as the use of advertorials – a mix of advertisements that look similar to objective articles of the respective newspaper - are exacerbating this problem, since they are based on the intent to deceive, otherwise one would not use it. They use the objective and positive reputation "stamp" of media which belongs to the more credible ways of external communication (Faber-Wiener, 2013). Or – as Hoffjann describes it: *"They change PR-self description to journalistic, objective description"* (Hoffjann, 2013, p. 14).

3.2.10. Argument 10: Reputation Management encourages Shareholder Focus.

The ultimate aim of reputation management is the rise in company value. (Burkhardt 2008). Having stated that, it is important to be aware of the increasing relevance of reputation in businesses. Reputation today presents the highest intangible value of a company - and intangible values are more and more outpacing tangible values. This was one of the key findings of the 2011 Peter Drucker Forum in Vienna (http://www.druckersociety.at/index.php).[iii]

This means, the higher the reputation, the higher the company value in the balance sheet – and as a consequence, the higher the value for the individual shareholders. By that, communication has a direct influence to the shareholder value of a company – a fact that many PR practitioners are not even aware of and that in itself poses an ethical question and a question of credibility, since it favours one stakeholder group, the shareholders, over all others.

Therefore Reputation Management as is described above, is to be seen as a key instrument of profit maximization. Integration of ethics into the equation automatically leads to profit orientation instead of profit maximization. This is the new approach that is described in the next chapter with the concept of Credibility Management.

4. Delineation of Credibility Management as new approach in CSR Communication

4.1. Description of Credibility Management

The approach of the Center for Responsible Management is based on the concept of "Earned Reputation" by Ulrich Thielemann and Peter Ulrich (http://www.mem-wirtschaftsethik.de/) and assumes that a company or person is not automatically entitled to a positive reputation, it has to deserve it. The maxime for it – according to Thielemann – is business integrity, i.e. the acceptance of morals before the business case, which as an effect secures the support of the stakeholders. (Thielemann 2008)

The management approach which is derived from this maxime and which is in strong contradiction to Reputation Management as described above, is called Credibility Management.

The primary goal of Credibility Management is not to establish a good reputation but to obtain legitimization. Legitimization is – as already explained – by nature granted by others, so it needs absolute credibility and trust as a basis. Reputation is the result, but not the primary goal. Since reputation is connected to the attestation of trustworthiness and with this the willingness to be self-critical, Credibility Management sets its main focus on open and self-critical communication.

The activities include qualitative and quantitative methods with a strong focus on stakeholder engagement (see 4.2.). The main difference to Reputation Management is that corrections are not carried out exclusively on communicative level but go far beyond, i.e. start with attitudes, values and actions. (see Fig. 4)

Fig. 4: Credibility Management
(Source: Center for Responsible Management, 2012)
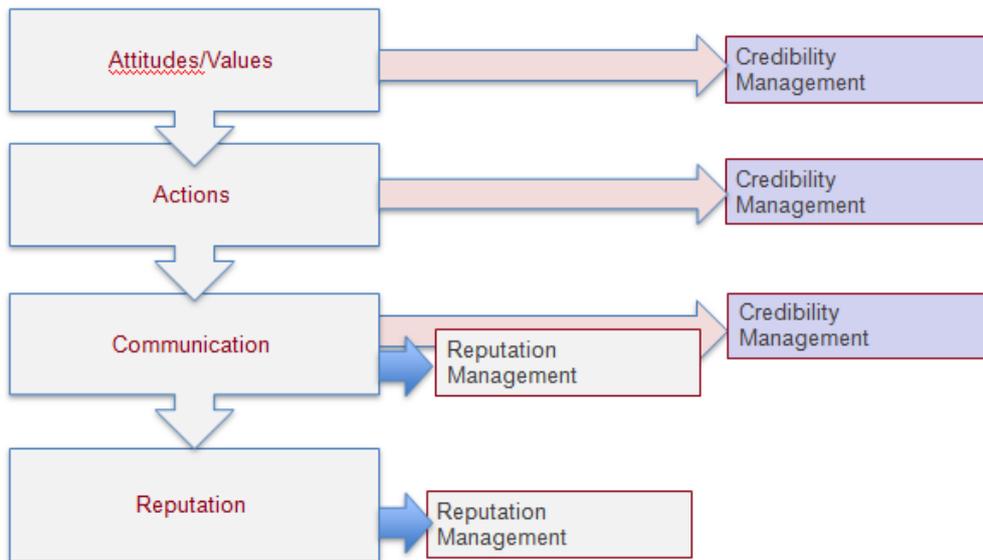
However, the difference to Reputation Management is not just in motivation and principles, there is a variety of differences, shown in Fig. 5

Fig. 5: Credibility and Reputation Management - Comparison
(Source: Faber-Wiener, 2011)

	Reputation Management	Credibility Management
Goal	Reputation	Legitimation
Prinziple	Reputation ist seen as part of the company capital	Earned Reputation, i.e. reputation has to be earned and is not a given (Concept based on:Thielemann)
Primacy	Business Case	Morals before Business Case
Tonality	Focused on Correction	open, self-critical
Range	Corrections primarily limited to communication activities	Corrections not primarily through communication activities
Advantages and Drawbacks	Demands less interaction and openness, is more „methodical"	Ensures effective stakeholder support, is more complicated, needs courage

4.2.   Implementation of Credibility Management

The first step in Credibility Management is a comprehensive and critical analysis from an outside-in perspective that is carried out on three levels: An analysis of activities of a company in relation to ethics and its values and – as a part of that – the identification of ethical dilemmata; secondly an analysis of the communication of a company and its value issues, and as a result the analysis of the credibility and trustworthiness of a company's actions and its communication.

In order to get a clear picture, this analysis is mirrored with critical stakeholder interviews and an industry mapping resp. benchmark assessment. The analysis delivers new insights about the position, the credibility of actions and communication and creates a sound basis to enter

the different dilemmata and problem areas that need to be tackled and integrated in the business strategy. The ways how to do this differ depending on the result of the analysis, in most cases an active ethics- and value management including the introduction of ethics instruments is key in the process that follows.

4.3. Effect of Credibility Management

Due to the conversion of the logic, i.e. the breakup of the barriers through self critical and balanced communication that is based on dialogue and includes the view and voices of society, acceptance and credibility are being increased already through the process as such.

Although the business case, i.e. gaining direct profit from it, is not the main motivation, Credibility Management will in most cases result in a business case on several levels: It prevents wrong and illegitimate management decisions; it increases credibility and acceptance and it will therefore save money on different levels: Since there is a shift in communication means (less expensive marketing-oriented communication, more dialogue) as well as in attitude, real discourse can prevent or at least reduce law suits filed by critical stakeholders as well as enable more innovation by bringing additional views and insights from stakeholders into the business.

These are only a few aspects that show how ethics and efficiency can be connected resp. how credibility management instead of reputation management can effect a company.
In addition, it puts communicators into a much more important and powerful role: They become real „boundary spanners", as Thompson described (Thompson 1967)

Through the active involvement of outside-in aspects, a mirror effect is created that is based on the so-called „mirror model", according to which the function of the public is to enable self observance (Karmasin and Weder 2008, p. 102). Through this effect, i.e. the involvement of the external view and voices, communication will have a more important role in management than it has now.

The result is a higher objectivity, which is also according to Bentele the central point of reference. He regards the level of accordance between reality and media reality resp. PR-reality as a precondition to secure a trusting relationship. Credibility Management aims to reach exactly this accordance.

Through the expansion of the role of PR to internal processes and the enlarged view that corresponds with it, PR will shift from communication management to responsibility management. This is being seen by Karmasin and Weder as
"...public and private communication, with the aim of legitimation of company activities towards the public resp. towards relevant stakeholder groups, as well as the buildup of reputation, i.e. trust in a long-lasting conception of responsibility". (Karmasin / Weder 2008, p. 88).

5. Conclusion and Outlook

This paper has tried to challenge the concept of reputation management for the purpose of CSR Communication, by looking into the key issues that lead to reputation: credibility and trustworthiness.

The conclusion is clear: Reputation Management is not the answer and does in fact lead to a series of problems that are listed in 10 Arguments.

The paper has come up with a new approach that uses these learnings and that derives from the concept of "Earned Reputation" (Thielemann, 2008). This approach is called Credibility Management and is being carried out by the Center for Responsible Management in Vienna since its start in autumn 2012.

Since the time has been too short to generate empirical data, it is too early to have scientific data on the consequences so far, but up to now the qualitative results have been extremely positive: Credibility analyses have shown surprising results for the participating companies and given them valuable insights about their ethical position and their credibility.

The precondition for the companies who take these steps have been openness, the ability to accept critical views and the awareness of the management that existing problems cannot be solved through massive positive-communication, but that it needs credibility – and credibility is mirrored in attitude and values.

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She has more than 20 years of experience in Communications and Management, both in NGOs (e.g. Greenpeace Austria, *Médecins Sans Frontières),* in political parties *(*Coordinator at EU election campaign of the Austrian Green Party*)* as well as in companies *(Grayling Austria,* Director for the Centre of Excellence Public, Non Profit and CSR).

From 2003 to 2005 she was president of the Austrian Public Relations Association, being responsible for representing the Austrian PR branch publicly, on events and in the media. She is lecturing at different universities in Austria and Germany, specializing on the issues of ethics and communications for public issues and the non profit sector as well as CSR. She received several awards for her communication work, among others the Paul-Watzlawick-Award of the University of Vienna, the Austrian PR Award and others.

Since November 2011 she is part of the Austrian Ethics Council for Public Relations (PR-Ethikrat), a voluntary organization that monitors and observes ethical practices in Austrian media and communications.

End of 2012 she founded the "Center for Responsible Management" together with Barbara Coudenhove-Kalergi, focusing on awareness raising and consulting of responsible management and responsible communications (www.responsible-management.at).

Her publications include a chapter in the new handbook on CSR, "Corporate Social Responsibility" by Schneider/Schmidpeter (2012, Springer Verlag).

Her new book on Responsible Communication will be published in Autumn 2013.

Index of footnotes

i According to a survey that was carried out in 2007, 87 % of US consumers are willing to shift brands if a brand is associated with a „good cause"– at the same quality. This is an increase by 21 % since the year 1993. On the other hand 87 % of US consumers are willing to shift to other products or offers by another company if negative CSR practices are becoming known, and 66 % are willing to boycott such products or services (Du et al. 2010, pp 8-19). It is not stated however, how the consumers would act if the price for the alternative product is higher, since here a "value-action-gap" is very often to be experienced, as was for example the general agreement at the Responsible Business Summit in London in May 2013.

ii Presently one can only claim these assumptions to support this thesis, not prove it, since this is a huge field and objective investigation is limited resp. many non-objective aspects and issues are connected with it and need to be taken out in a further investigation (such as a wide perception of the business case of reputation management and CSR as a key motivation).

iii Under the old accounting standards it was prohibited in Europe to state intangible values in the balance sheet, only tangible assets such as buildings, inventory etc., However, under the new, US-GAAP influenced EU accounting standards IFRS (International Financing Reporting Standards), this is legally possible and has subsequently lead to many accusations by critical experts, stating for example an increase of intransparency and manipulation.