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Su Lin YEO

Singapore Management University, SULINYEO@smu.edu.sg

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Human Capital Leadership

Insights

Graduate Cohort 2020
Master of Human Capital Leadership
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Reputation Matters: Building Internal Trust and Resilience with Effective Communication

YEO SU LIN

Reputation is a crucial driver of business performance. In today's crisis-ridden business environment, this corporate quality has never been more prized in organizations. Research has time and again demonstrated that a favorable reputation offers long-term value for organizations. Reputation impacts everything from financial to relationships represented by public's confidence in brand equity, human capital, earnings and future growth. Reputation-led companies have been shown to set the standard by leading the pack for other businesses to follow, and in times of a crisis, the reputation capital that they have amassed enable them to better recover from economic storms. However, unlike other business assets, corporate reputation painstakingly built and earned over decades, and its potentially transient nature and fragility due to shifting expectations of accountability also makes reputation damage the top global business risk for companies in Asia-Pacific.

A desired quality that sits in the collective thoughts and feelings of multiple stakeholder groups significant to the organization, reputation as defined by scholars is essentially "the sum of all perceptions". It is a social phenomenon and a critical outcome that results from publics' judgement and perceived assessment of an organization's accumulated decisions, actions and behaviors. As the coherent view and perceptions across all internal and external stakeholders are formed via interaction with the company's employees, use of products and by commentary and opinions expressed in the public domain, in essence, companies do not own their corporate reputation. Instead, companies carefully nurture this highly desired quality by proactively engaging with its stakeholders so as to build goodwill and trust in the working relationships. The perceived trustworthiness of the organization communicated by strategically employing communication messages and media channels in the exchange of information to generate trust forms the bedrock of reputation.

Once considered the responsibility of the communication or public relations function to communicate and manage expectations with mainly

external stakeholders, corporate reputation today is both an ‘outside in’ as well as an ‘inside out’ challenge that requires the collective effort from all functions in the organization. The days where internal issues, customer blunders, employee unhappiness and ethical lapses are swept under the carpet, and when uncovered and reported by the mainstream media are left to the corporate communication function to manage, are gone. Our hyper-connected digital world of our century where communication knows no boundaries means organizations are under attack 24/7. If organizations hope to protect its reputation from the relentless and unprecedented scrutiny of a myriad of stakeholders in our age of transparency and immediacy, they have to first recognize that the walls which once separated internal from external communication have collapsed.

Many organizations unfortunately are slow to comprehend how internal and external audiences are connected which often result in employees being managed and engaged differently from other stakeholders. Given the evolution of media and changing media consumption patterns, internal and external stakeholders share a common virtual reality today which makes reputation management highly challenging if companies continue to only focus on driving reputation from outside in. To build reputation that is strong enough to withstand the blows and trials in the public court be it online or offline, strategy formation needs to first begin from inside out as employees are organizations’ most trusted sources of information and best advocates in influencing and defending its reputation. As the topic on reputation management cuts across various disciplines, I will focus my discussion on how companies can employ effective communication strategies to engage employees purposefully in the bid to motivate and build sustainable trust in the workplace.

Organizations seeking effective communication strategies to positively impact employees need to evaluate their communication structure setup and process holistically and not merely on individual skills or traits. Human capital is always one of the biggest if not the biggest challenge for companies because employee management demands skillful handling of feeling, thoughts and emotions. Communication plays an important role in this challenge. It is paramount to implement efficient communication practices on a company-wide basis to facilitate understanding and promote collaboration and teamwork among workers in different functional groups. Such a process serves to generate positive

perceptions that boost motivation and foster employee advocacy that will ultimately build and strengthen corporate reputation.

For a start, a corporate level strategy to achieve a best practice would be to put in place a communication highway infrastructure that can maintain a network that provides access to business units and support effective engagement with stakeholders. Given that the digital age does not recognize stakeholder profiles, internal and external communication need to be aggregated and aligned. A central “control communication tower” comprising a team of trained communicators should be formed to work with co-workers to manage messages and exchange of information with all stakeholders. Reporting directly to Chief Executives and a member of the C-suite, the team is depended on to acquire a macro view of corporate decisions, understand internal and external issues and the various efforts undertaken to achieve business objectives or to avert crises. Such a structure integrating communication and business strategies allows the thorough scanning of the environment, and with the empowerment given to the team to provide advice on relationship management across functions, corporate messages can be better tailored for different target audiences with the aim of achieving the same communication objective. The ability to help interpret perceptions held by various stakeholder groups further assist the team to provide assessment “ground-up” so that messages exchanged with various internal (and external) groups can be better crafted, coordinated, timed and persuasively delivered via complementary media channels that align with specific groups’ media consumption behaviors.

To this end, companies working on building corporate reputation from inside out need to realize that internal communication is fundamental to fostering trust and resilience in the workplace. The purpose of internal communication is to provide employees with important information about their jobs, the company and the industry so as to help them make sense of their work environment, and to motivate them to merge their personal ambitions with those of the organization. Ensuring that employees are valued in the construction of this communication highway is important. It is not uncommon to hear employees lament that their views are often not sought or that they are always the last group of people to learn about their own company’s corporate decisions. Complaining that they are never kept in the communication loop, employees frequently find themselves getting news of the company’s plans from mass media or from external parties instead of receiving it directly from their bosses. As a result, many are made

to feel ignored and cannot be trusted enough for management to want to be open and transparent with them especially if corporate decisions have direct impact on the work they do. Such negative perceptions and assessment of management by employees can harm workplace morale and widen the emotional gaps between leaders and their subordinates.

Considering that exchange and sharing of information within an organization flows in four directions – downwards (leaders to lower-level staff), upwards (lower-level staff to leaders), diagonal (cross-functional) and horizontal (peer to peer) which seamlessly also flows outward (to the rest of the world) – adopting two-way symmetrical communication in every direction is highly recommended. Such a communication model makes organization appear more transparent, leverages on ideas and feedback of employees and allows employees to be heard. It further encourages bonding among individuals and groups leading to greater collective alignment which is a key driver of employment engagement. Since relationships grow out of communication, the socialization process in communicating is vital to employees' motivation to achieve quality decision-making and problem-solving outcomes when carrying out their roles. For this reason, communication should be the most dominant activity in the organization. Having an efficient stakeholder engagement mechanism in place can certainly lessen misunderstanding and promote greater appreciation among employees central to creating shared identity that leads to the building of trust and resilience in the workplace.

On the individual level, it is crucial that leadership understands their role as communicators. While leaders may be appointed to chart the company's growth and increase bottom line, they are nevertheless first, communicators. Their primary role, regardless of the expertise they bring to the boardroom, is to win hearts and minds of everyone who takes an interest in the organization. In our technological progressive society, this means literally anyone armed with a mobile phone with access to the internet. Clearly, such a prodigious job has to start at the workplace. The support and trust from employees is vital to influencing external perceptions and business confidence in the organization. Leaders are expected to stand up to internal and public scrutiny as they may even occasionally find themselves in the full glare of the media to address multiple stakeholders whose collective opinion and perceptions can elevate or destroy their careers along with the image of the organization. On this account, it is almost impossible for leaders today to succeed in their

management roles without the complete understanding of relationship building and media use. Keeping in mind that leaders' reputation is tantamount to corporate reputation since they represent the organization, it is necessary for corporate leaders today to demonstrate communication competency media management and social media presence.

As such, earning employees' trust with effective communication that positively impact internal engagement is imperative for leaders. It is a must-have capability that all leaders should be equipped with before accepting the responsibility. This ability, however, goes beyond being able to write and speak fluently. As communication resides in context, leaders also need to have the implicit cultural knowledge to go about interpreting, responding, behaving and carrying out the two-way communication between themselves and employees. For the reason that leadership shapes corporate culture, and that culture and communication reciprocally influence each other, effective communication is key. The two-way flow in active engagement makes it possible for leaders to build cultures that enable employees to calibrate their personal beliefs with organization's values, ultimately empowering them to achieve the organization's mission and business goals.

Today's workforce is highly diverse and multi-ethnic, making internal communication incredibly important and also more challenging than ever before. While many leaders have no lack of awareness that strong leadership holds the key to shaping corporate culture, few are cognizant of the role of communication. Truth is, internal communication in our interconnected world looks more like intercultural communication. Leaders' adeptness in recognizing the differences and similarities among cultural groups is necessary to improve communication capable of helping to cultivate a favorable corporate culture invaluable to building internal trust and resilience among employees.

For decades, scholars and managers across different business fields have suggested a long list of reputation drivers. They include corporate capabilities, strategic management, innovation, talent management, and ethical organizational behaviors. Strategic communication efforts to manage the media and increase market presence in order to improve external stakeholders' perceptions of the organization have also been a prerequisite for reputation. Quality stakeholder relationships, after all, have long been established and documented to contribute to a favorable

corporate reputation. That said, it is also as clear as day that our digital age has redefined the role of the media, and media use has dramatically changed human interaction and behaviors. Such a social phenomenon inevitably alters the building of relationships between organization and its stakeholders by desegregating internal from external audiences. As a result, it brings into question as to whether the same strategic communication strategies that are employed to drive reputation from outside in should also be the same as those that drive it from inside out.

Technology can be considered the best or the worst gift to humanity but it is here to stay and our highly wired universe will only continue to transform the way humans interact. The speed at which technology lets people superficially connect and form perceptions is astounding in view of how perceptions influence attitudes and behaviors. Collective perceptions, facilitated by media consumption patterns, inevitably impact corporate reputation. Building strong stakeholder relationships with effective two-way symmetrical communication to first seek mutual understanding and trust is one of the few efforts that can bolster and protect a company's highly prized intangible asset – reputation. In the face of continuous attack and pressure to be responsive and to meet the needs of polarized stakeholders in a globalized economy, employees are unarguably an organization's most powerful source of advocacy and defense. They are the most accurate barometer of authentic leadership and also the first group of audience whose hearts and minds need to be won over and persuaded of promises of renewed purpose or corporate values. It is only when company's internal audiences are convinced that the company is worth fighting for can the trust and resilience built from within withstand the blows to its reputation in today's crisis business environment.