



## » Corporate Empathy: a new approach to reputation management

Five ways to improve corporate reputation

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Understanding the influence of shared beliefs on corporate reputation is key. Behavior is a key element, to be sure, but equally important is the interpretation (or meaning) that behavior can have among certain groups or publics. Even when considering the same behavior, reception can be very different depending on who it is targeting. And the final assessment—that is, reputation—depends more on interpretation than on the behavior itself.

**Reputation is a subjective and emotional assessment.** Over the last decade, the approach to reputation management has focused on properly managing the gap between perception and reality. The logic was as follows: “Do things well and communicate them well and, as a consequence, you will improve reputation and recognition.” Therefore, in past models the key to reputation was the excellent management of intracompany dimensions, such as economic results, commercial aspects, human resources, innovation and social responsibility, among others.

However, recent research in neuroscience (reference) moves the focus onto the management of shared beliefs and the expectations deriving from them as the basis of reputation management. The reasoning is, “Act as is expected of you.” If you exceed expectations, you will have a good reputation.

A dramatized example, the importance of a system of shared beliefs to reputation appears in the following story: A man returns to his childhood home to start a new life, but constantly collides with what “is expected of him”—that is to say, with the community’s expectations of him and his behavior. In the end, he must act according to their expectations to be accepted and valued. Surely you know, we are discussing John Wayne, Innisfree and [The Quiet man](#) (John Ford, 1952).

There are five types of expectations that, when met, can effectively improve the reputation of a company, brand or person.

**Aspirational expectations:** The image or attractiveness that the organization / person projects socially and with which we want to associate ourselves with.

Who does not want a fun, healthy life full of friends? A family business in New Zealand has revolutionized gyms around the world with their [Les Mills](#) concept. Associated with Reebok, thanks to its connection with the dreams of urban western citizens, it has become a sector giant. Every day, millions of people share their passion for a brand that offers them happy moments and has been able to fully identify with their aspirations.



**2 Pragmatic expectations:** Utility, fulfillment of promises and expected results.

Iberia and Iberia Express received the “World’s most punctual international airline in 2016” award. This is a prize of great importance in a sector where the promise of good service and punctuality is key to compete, and where pragmatic expectations play a decisive role.

**3 Relationship expectations:** The type of relationship consumers expect to have with a company or person (trust, closeness, honesty, etc.).

All sports lovers associate the **All Blacks** (Princess of Asturias Sports Award 2017) with generosity, effort, greatness and love for their fans. Once the World Championship finished, a child jumped into the field to hug a player. The athlete’s reaction reinforced the team’s collective reputation, because it totally exceeded expectations: Sonny Bill Williams gave the boy his world champion medal.

**4 Ethical expectations:** The demonstrated values of an organization or person and how they relate to the public’s values. Nov. 3, 2017, just a few days after **Kevin Spacey** was involved in a scandal over alleged sexual harassment of minors, Netflix announced **it would not renew the hit series** House of Cards (starring the actor), as long as Spacey was part of it. It also stated that it was canceling a film project on Gore Vidal starring him.

**5 Social expectations:** The purpose or contribution an organization or person makes toward helping or solving social problems.

Climate change—and **droughts** in particular, have made conscientious water usage a frequent subject of discussion, and one that is particularly important to Spaniards. Understanding this concern, Coca-Cola has committed to minimizing the water it consumes and returning **all the water** used to make its products to the environment.

These five types of expectations transfer to the management model in the following five ways:

- **Image:** Whether a company or person “generates positive feelings among target publics.” It allows us to measure the degree of alignment with stakeholders’ aspirational expectations (whether they want to see themselves related to that brand or person—or not). It allows us to classify company or personal image based on its assessment as innovative, differential, current, devalued or obsolete.

“Reputation management works the other way around: part of listening and interpreting the beliefs and expectations of the public (first understanding), to be able to formulate an empathic response (to be understood)”

- **Credibility:** Whether a company or person “lives up to the promises it generates.” It allows us to obtain an indicator of reliability that measures degree of alignment with stakeholders’ pragmatic expectations in relation to fulfilling promises made (perceived value). It allows us to classify a company or person according to their reputation as excellent, rigorous, disciplined, informal or fraudulent.

- **Transparency:** Whether a company or person “provides clear and sufficient information about its activities, products and services, without cheating.” It provides an indicator of a company’s ability to explain itself and establish honest relationships with its publics. This also measures degree of alignment with the expectations surrounding dialogue and relationships with stakeholders, allowing us to classify a company or person as close, proactive, reactive, opaque or deceitful.
- **Integrity:** Whether a company or person “acts ethically and honestly in the market.” This provides an indicator of how behavior aligns with values, as well as measures the degree of alignment with stakeholders’ ethical expectations. In other words, is it an honest, fair and respectful company (one with an exemplary conduct)? We can then classify a company or person as exemplary, honest, legal, cheating or corrupt.
- **Contribution:** Whether the company or person “contributes to improving society.” This indicator measures the degree of alignment with stakeholders’ social responsibility expectations, allowing us to classify a company or person as committed, responsible, insensitive, irresponsible or harmful.

Naturally, companies that want to enjoy a good reputation will have to “do things right” and “communicate them well.” However, doing things right means, firstly, understanding stakeholder expectations.

The traditional approach to reputation management works using communication as a directional tool to convey messages to the public through specified channels. Today, we know reputation management works the other way around: A company must first listen to and interpret the beliefs and expectations of the public, then formulate an empathic response. Put simply, it must understand its audiences to be

understood by them. This includes both the action plan and communications plan, as both affect stakeholders' interpretations and final assessments.

Communication and reputation are part of a master formula that generates value for companies, institutions and people. Increasingly, these economic actors know these are two factors that can truly help grow their businesses, improve income and better navigate a very complex and demanding market. The public has great expectations, and we must know how to respond from within the profession.

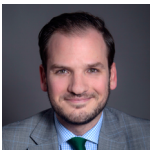
the other way around: part of listening and interpreting the beliefs and expectations of the public (first understanding), to be able to formulate an empathic response (to be understood). This response includes both the action plan and the communication plan, since both variables affect the interpretation and final assessment of the stakeholders.

Communication and reputation are part of a master formula that results in the generation of value for companies, institutions or people. Increasingly, these economic actors know that the two factors can help them grow their business, improve the Results Account, manage better in a very complex and demanding market. Great expectations that we have to know how to respond from within the profession.



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