



Intangible management monitors and tools: Reviews



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ARTICLE INFO

Keywords:

Intangible management
Intangible monitors/tools
Relational capital
Corporate reputation intelligent system
Expert systems

ABSTRACT

During the last decade it has been observed that companies have dedicated more effort and resources to developing policies for the management of intangibles in their models of corporate management, which would allow them to improve their position in the market place with respect to their public, and thereby guarantee sustainability through time. This tendency has noticeably increased over the last years owing to the growth in new technologies, the appearance of different monitors and tools that deal with weighing the impact of the aforementioned intangibles, particularly that of corporate reputation. The objective of this paper is to analyse the different monitors and tools used by companies to manage corporate reputation, and define new trends which will be generated in the management of intangibles within multinationals during the forthcoming years and in what direction to develop their management skills. To this end, in the first place, an analysis and comparison is made of the main management monitors and tools of corporate reputation. In second place, a study is carried out of multinational companies that have the best reputation in order to identify which monitors and tools they more frequently use for their intangible management. Finally, it is discussed how to cover the future requirements of these multinationals towards the proactive management of their relational capital by means of intelligent tools that contribute to guarantee their sustainability with their publics; and consider within their design, the new global framework where information, communication, the prescriptions closest to the different stakeholders, share and impact in the social and economic sphere worldwide.

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1. Introduction

In the 21st century, large corporations and multinationals operate in global markets and in highly competitive environments where the products and services they offer to consumers increasingly differ less from each other. Faced with this situation, companies have gradually incorporated the treatment of intangibles as a differential value that gives economic and social sustainability.

Intangible assets are resources of differentiation which are directed towards the management of knowledge and of intellectual capital (Nonaka (1991,1994), Nonaka and Takeuchi (1995), Brooking (1996), Edvinsson and Malone (1997), Roos, Roos, Edvinsson, and Dragonetti (1997), Sveiby (1997), Teece (2000) and Martín-Torres (2006)). These assets have a growing importance for companies as sustenance for their competitive advantages, seeing as how their specific characteristics afford them a powerful distinction in respect of their competitors (Cravens, GoadOlver, & Ramamoorti, 2003; Mehralian, Rasekh, Akhawan, et al., 2013; Roberts & Dowling, 2002; Zabala et al., 2005). In the 80s, 65% of the value of a company depended on its tangible assets and 35%

on intangibles (Kendrick, 1994). However, at the beginning of the second decade of the 21st century it is now considered that this proportion has been reversed: the intangibles make up 70% of the value of a company and 30% is made up of the tangibles (Daum, 2003).

Of all the intangible assets, corporate reputation (CR) stands out as being the most important. CR is the main intangible of relational capital that encompasses the other two intangibles CSR/ethics and brand as attributes and distinctive dimensions that have an impact. For example, Walsh and Wiedmann (2004) and Kunle and Ajao (2013) consider that good or bad CR management is a determining factor of corporate success or failure and should be an asset in the marketplace.

According to different authors De Quevedo, Delgado, and De la Fuente (2011), Roberts and Dowling, 2002, Villafañe (2004), Fombrun and van Riel (2004), Dolphin (2004), Dowling (1986, 1994), Shih-Ping (2008), the correct management of the reputation intangible, brings a company important benefits: reduces costs, stabilises prices, attracts investments, favours the rise in value on stock-exchanges, multiplies brand values, attracts and retains talented employees, brings high quality suppliers, encourages loyalty in clients, fosters cross selling of products, promotes innovation, creates barriers for the competition, minimizes the

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impact during a crisis, favours differentiation, promotes trust in relationships and enables accessibility to new markets, amongst others.

Given the value added to companies generated by CR, enormous interest exists on the part of both public and private entities worldwide to manage this reputation. However, for its management it is necessary to establish methods of measuring and monitoring, within companies. Importantly, companies are nourished from information for the management of their reputation, mainly by intangible relation, through two avenues: Monitors and intangible tools.

A monitor is a ranking where an informed public recognises company management, ethical corporate behaviour, corporate reputation and renown of their brand or corporate responsibility. These rankings supply information, normally annually and are used not only to evaluate the company's standing, but also to analyse the company's strengths and weaknesses identified in different spheres and contexts.

One intangible tool is a model/application which allows monitoring of the public's perception of their relationship with the company, and evaluates the causes that justify this perception and its impact on company management. The directors of intangibles, communications and corporate reputation of the large corporations are at present working on tools which will facilitate the orientation of their management in this discipline.

In this paper a study is carried out of the main monitors and tools that companies have been incorporating in their management, of new necessities which have arisen and in what direction said intangible tools should be evolving. The paper is organised as follows: Section 2 presents some preliminaries, where the monitors and tools used in the management of the main intangibles are defined and considers a review of current literature about possible criteria for their comparison. In Sections 3 and 4 the main monitors and tools for the management of CR are analysed and compared respectively and proposes a series of criteria for their comparison. Section 5 presents a study of the monitors and tools most used by international companies. Section 6 discussions and learned lessons, explains which are the best CR tools, their advantages and future trends for the development of tools which will fulfill the new demands of large companies and guarantee a sustainable management of their relational capital. Finally the main conclusions of this investigation will be presented.

2. Preliminaries

In this section, monitors and the tools of intangibles are defined and the difference between them explained. Furthermore a review is carried out of the main papers which show the different lines of investigation that study what criteria should be considered for the development of monitors and for the formulation of tools that would contribute to the management of CR.

2.1. Intangible monitors and tools

According to Caramuti (2012) and Martins (2005), a monitor is a ranking where an informed public recognises company management, ethical corporate behaviour, corporate reputation and renown of their brand or corporate responsibility.

Villafañe (2004), indicates that each monitor comes defined by variables of evaluation specific to the object of its analysis and a combination of techniques which each monitor uses in its evaluation. In addition the criteria for the selection of the universe of companies studied for valuation vary according to the type of monitor, for example: the volume of business, the number of public citations, etc.; and the variables and public analysed, which are not always the same. The characteristics that distinguish the differ-

ent types of monitors are mainly: the object of the study, geographic area, economic sectors, attributes assessed (hard and soft variables) and methodology employed (number of evaluations, system of evaluation, of marking, sample of public questioned, criteria of the selection of the universe of companies, etc.).

Monitors are normally developed by consultancy companies, specialised mass media or centres of investigation, (van Riel & Fombrun, 2007) their main task is to collect the perceptions that an informed public have of certain aspects of behaviour of an organisation over a period of time, normally annual. Some of these monitors have great prestige and influence in generating favourable behaviour of certain stakeholders towards companies that hold the foremost positions, like for example, Best Global Brands, Standard & Poor's Global 100 Index, Dow Jones Stoxx, Global Most Admired Companies and RepTrak™ Pulse amongst others.

During the past years companies have incorporated intangibles, like corporate reputation in their management models to guarantee sustainability in markets of interest over the passage of time. To achieve this, as well as feeding off the information obtained from the aforementioned monitors, they require skills which facilitate decision making at times of establishing policies and strategies for CR focused on each of their strategic publics apart from constantly monitoring their perceptions.

Ample literature exists on how to construct models for measuring corporate reputation – van Riel, Stroecker, & Maathuis, 1998; Bergkvist & Rossiter, 2007; Diamantopoulos & Winklhofer, 2001; Caruana & Chircop, 2000; Chun, 2005; Money & Hillenbrand, 2006; Davies, Chun, Vinhas da Silva, & Roper, 2003; Helm, 2007 – the same as investigations related to reputation management (Boyd, Bergh, & Ketchen, 2010; Davies, Chun, da Silva, & Roper, 2001; Fischer & Reuber, 2007; Highhouse, Brooks, & Gregarus, 2009; Love & Kraatz, 2009; Rhee, 2009; Rindova, Williamson, Petkova, & Server, 2005; Scott & Walsham, 2005; Wartick, 2002).

Lange, Lee, and Dai (2011) examine the importance of working with suitable tools that will permit the modelling of cause and effect of CR under a multidimensional and dynamic construct formed by: (1) Being Known (awareness), (2) Being Known for some kind of dimension of corporate reputation (attributes) and (3) the generalised favourability (global appeal). Wartick (2002) and Martínez (2010) speak of the importance of incorporating these tools in balanced scorecards. Carter (2006), van Riel and Fombrun (2007) describe how companies are advancing in the transversal design of these tools and training in different corporative areas in order to brake with fragmentation in management.

One intangible management tool is that which allows periodical monitoring and measurement of their public's perception of their relation with the company, assessing the causes that bring about this perception and its impact on the management of the company. The directors of intangibles, communications and corporate reputation of the large corporations are at present working on tools which will facilitate the orientation of their management in this discipline. The characteristics that determine the capacity of the tools for CR management come from the intrinsic character of corporate reputation (Fombrun, Gardberg, & Server, 2000; MacMillan, Money, Downing, & Hillenbrand, 2005; Martín, Navas, & López, 2006): structural character, multidimensionality, complicity, generated value, difficult manipulation, slow process of accumulation, transversability, and grade of verification.

These tools began to be developed less than 10 years ago by consultants with a comprehensive specialisation in the study of intangibles in capital relations which are: the reputation, brand and CSR. Mainly bringing ad hoc studies to companies interested in knowing the causes that explain the perception or reputation that their stakeholders have about them with regard to their competitors, their sector and geographic areas. RepTrak™, TRI-M, and Alva stand out from among the most important CR tools.

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