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Martin Cahill  
*Manchester Business School*

Luciano Batista  
*Manchester Business School*

Peter Kawalek  
*Manchester Business School*

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Martin Cahill
Manchester Business School
mcahill@man.mbs.ac.uk

Luciano Batista
Manchester Business School
lbatista@man.mbs.ac.uk

Peter Kawalek
Manchester Business School
pkawalek@mbs.ac.uk

ABSTRACT
The opportunity to enhance the reputation of local government is an emerging philosophy, primarily driven by the current e-government agenda, to transform governments into efficient, effective, customer-centric and innovative organisations. It can be argued that those authorities that successfully embed this change will attract new business and employment, increase loyalty, pull in more tax revenue and increase their reputation; a virtuous circle. Given the relative newness of government reputation theory, government leaders have lacked suitable strategies and techniques to apply in their organisations. As part of a UK national programme, sponsored by the Office of the Deputy Prime Minister, a study was undertaken of successful, leading local authorities. The study established that government leaders should put together a reputation strategy of two interwoven dimensions. An initial dimension is an over-arching strategy that enhances reputation externally, whilst a customer-centric initiative enhances reputation for residing citizens and businesses.

Keywords
reputation, government, e-government, strategy, policy, innovation, customer service, satisfaction, loyalty, values, metrics, CRM

INTRODUCTION
The importance of reputation is widely known and documented in the corporate world. It is understood that customers assign firms reputations based upon the perceived quality of goods and services that they experience when interacting with them. Based on the reputations that customers ascribe to firms, they decide to either continue to interact with a given one or go to another with a higher level of perceived quality (Huberman and Wu, 2002). A review of reputation management literature suggests that such thinking has rarely (if ever) been linked to public-sector organisations, in particular local government organisations (authorities/councils). Yet wider society continually discusses, analyses and debates the problems of local government; the majority perceiving local authorities with distaste i.e. negatively, or without any concern (neutral). Moreover, the theme of corporate reputation management has resonance with the problems and challenges faced by local authorities in today’s environment. For example:

- high demands are being put on the quality of the working and living environment, and a council must find innovative ways to improve the attractiveness of its city or region as a place for companies to locate, for individuals to live and for tourists to visit (Holmes, 2001, Olins and Wally, 1999)
- local authorities are faced with reduced budgets and increased user expectations, but are required to produce the same amount (or more) of services which meet the needs of the users, at lower costs (Andreassen, 1994)
- building relationships with citizens is an inherent aspect of governmental activity and local authorities are being asked to attach itself more with its community

As well documented as these challenges are, there is still a distinct lack of strategies, techniques and tools for local government leaders to apply within their organisations. This gap was identified by the UK government who put together a series of national programmes, to ensure that all local authorities have access to key electronic services, building blocks and learning materials (ODPM, 2002). Like other nations throughout the world, this was primarily led from an e-government perspective (delivering government services through electronic means) but has naturally drifted to a wider agenda of change: to transform governments into efficient, effective, customer-centric and innovative organisations. From this growing understanding it can be argued that those authorities that successfully embed this change will attract new business and associated employment, increase loyalty, pull in more tax revenue and increase their political and economic reputation; a
virtuous circle. In this sense there’s a wider agenda of consideration that moves beyond, but includes, e-government strategy, to that of ‘the recovery of government reputation’.

From this shaping philosophy, the objectives of this paper are three-fold. Firstly, to establish the significance of reputation management in local government organisations, requiring a review of the seminal reputation management research and public-sector policy. Secondly, to develop a theoretical framework that reverses the downbeat perceptions of local government reputation to an upbeat, virtuous circle, of reputation. Finally, and most importantly, to gather evidence that adds to the validity of the strategic model and proposes techniques and tools that can be applied within the theoretical framework. Such strategies and techniques could open the door for discussion and debate in this new theoretical realm of government reputation.

GOVERNMENT REPUTATION: FORMATIVE THINKING

The term reputation is commonly defined as a recognition by other people of some characteristic or ability. Such an interpretation has led many private-sector organisations to believe that the management of reputation is primarily a communications strategy; an issue for the marketing or public-relations department (Davies et al., 2003). According to Smith (2001), some academics have cautioned against marketing’s application in not for profit areas such as politics and public-services. Yet, since the 1980s, privatisation and outsourcing have brought performance measures and bottom line issues to the fore in public sector organisations, and the inherent insurgence of marketing and branding (Hansen et al., 2001). There is an effort to reorient the focus of government operations from an inward-looking approach to an outward looking one by emphasising the concerns and needs of end users (Ho, 2002, Osborne and Gaebler, 1992)

In contrast to traditional government processes, typically a hierarchical bureaucracy, e-government is notably characterised by the extensive use of communication technology to drive the empowerment of citizens to take ownership of community problems (Warkentin et al., 2002, Ho, 2002). The non-hierarchical character of internet delivery frees citizens to seek information at their own convenience (West, 2004, Ho, 2002). By further facilitating two-way interaction, electronic governance has been hailed as a way to improve service delivery and responsiveness to citizens, in the long run generating greater public confidence in government (West, 2004).

In contrast to this belief, West (2004) finds that the incremental nature of e-government change, has not led to increased trust or confidence in government. Socioeconomic and organisational barriers to the transformation remain. Insufficient staff, lack of funding, and the problem of digital divide among community groups are major hindering factors (Ho, 2002). Nor should anyone underestimate the significance of public apathy and the low expectation of initiative in government (Holmes, 2001). As with other new communication media, there is resistance to a new medium, imposing a barrier to e-government adoption (Warkentin et al., 2002). In light of this understanding future efforts to reinvent and build the positive reputation of government through internet usage need to go beyond purely technical and communicative concerns (Warkentin et al., 2002, West, 2004). This belief has been cited more recently in the corporate reputation literature. In particular (Davies et al., 2003) warns that positively enhancing the reputation of an organisation cannot be completed through communications alone.

Davies et al (2003) developed a new approach to managing reputation that relies less upon the creativity of an advertising agency or marketing team. The model (refer to figure 1) is known as the corporate reputation chain, which was based on the outcomes of a longitudinal study of 15 organisations, involving over 6000 interviews. The chain suggests that reputation can be enhanced through the emotional attachment that stakeholders have with an organisation. The two most important stakeholders in this model are the customer-contact employees and customers. At the heart of the chain is the brand providing the emotional attachment that those stakeholders have with the organisation. Image is taken to mean the view of the organisation held by external customers and identity is taken to mean the internal, that is customer-contact employees’, view of the organisation. It follows that the identity of the organisation to a customer-contact employee should be compatible with the organisational image recognised by customers, for reputation to improve. Image and identity must be harmonised and reflected in the organisation’s brand.
Applying this model in a local government context, identity and image management is concerned with making employees appear as ‘service-minded’, the media as ‘business and critical’ and citizens as ‘conscious customers’ in the ‘market’ of public services (Hansen et al., 2001). Given this understanding we can ascertain two dimensions of strategy. Firstly, the brand can be viewed as a local government strategic policy that enhances the prosperity of customers in the region. A brand concept can be viewed as a long-term investment developed and nurtured to achieve long-run differentiation and advantage; a strategy that has shown positive correlation against financial performance within the private-sector (Whan et al., 1986). Such prosperity may build an external reputation of the region as being a ‘hot-spot’ for a particular competence and will attract new investment, business, employees, and resultant tax revenues (Andreassen, 1994). Secondly, we are led to the customers’ degree of satisfaction with the services provided by the local authority, explicitly governed by a customer-contact strategy.

According to the reputation chain, satisfaction is believed to influence customer loyalty i.e. their willingness to maintain present location within the region (Andreassen, 1994).

The reputation chain also shows us that the identity of a council to a customer-contact employee should be compatible with the council image recognised by the customers, for reputation to improve. For this to occur we need to develop techniques that develop such mutuality. (Batista, 2003) identified Customer Relationship Management (CRM) technologies as an ideal enabler for improving government accessibility and responsiveness. There is good evidence from the local government sector that levels of citizen satisfaction increase after CRM adoption (Shaw et al., 2003).

The proposal to develop two dimensions of strategy, a strategic policy and a customer-contact initiative, should not be seen as disconnected agendas. Although the local government strategic policy enhances the external reputation of the city or the region, and the latter enhances the internal reputation of the city or region, they can be co-joined to promote an overall image to all parties. For example, numerous local government websites have been re-developed to identify themselves with the overall brand of the city or region. Such sites appeal to a wide audience, including city residents (across demographics i.e. children, youth and elderly), tourists and businesses. By providing an advanced information resource, accessible to the myriad of stakeholders, those local authorities are effectively managing all their relationships through a one-stop portal.

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1 In a local government context, the term customer can refer to citizens, businesses, charity groups, religious bodies etc.
To establish the credibility of this framework a review of the strategy literature was undertaken. Credibility is offered by Porter (1996) and Hamel (1996) who clearly identify between strategic policy and organisational alignment.

Firstly, the strategic policy should develop and position itself on a unique activity, and is often best based on customer needs and accessibility. You cannot be different things to different audiences - a stance needs to be taken that often involves trade-offs i.e. you do not want inconsistencies with your policy or reputation. For example, an airline cannot be high-quality and low-budget at the same time, each requires a different configuration within the organisation including equipment, management and skills etc. Secondly, the customer-contact function and associated process re-engineering, change management, and new technologies are all improvements internally aligned to the wider strategic policy. However, Hamel (1996) states that change and policy development should be adapted over time, not from heads of the organisation, but those working at the front-line. It is those customer-contact employees that have unique access to the values and demands of the customer. By inviting these voices into the strategy making process a local authority will be better positioned to serve the needs of their customers’, aligning image and identity as discussed earlier.

THE DEVELOPMENT PROCESS (LOCAL E-GOV NATIONAL PROGRAMME)

This research was sponsored by the UK’s Local E-Gov National Programme to draw a connection between the concepts of corporate reputation theory and the local government sector, while providing methods and techniques to support it. The literature review developed generalisations of reputation management within a local government context (i.e. the two, interwoven, dimensions of strategy), constructed from the evolution of relevant academic literature. To fulfil the latter question, what tools and techniques can be applied to positively enhance the reputation of a local authority, an inductive
approach was adopted, allowing the elicitation of understanding. The result of this analysis might be the formulation of a theory; however, here the research will simply try and explain what is going on in a particular research setting (Saunders et al., 2003). This interpretive approach aims to encourage critical debate around the area being studied rather than offering any answers. As long as interpretations are well supported by empirical evidence this approach provides for an analysis that allows for conceptualisations, rather than strict definitions (Robertson, 1999).

The study identified thirteen local authorities that had been cited as leaders of good practice by the sponsors of the research. The programme was deliberately as inclusive as possible, involving the full range of authority types, including large local authority partnerships and smaller, more geographically remote authorities.

The first-round of data collection was undertaken through semi-structured interviews, with the understanding that the method would provide the opportunity to find out what is happening and also bring up new insights that might not have been previously considered (Saunders et al., 2003). The interviews primarily explored if and how councils fulfil the paradigm of reputation management, as well as identifying best-practice and techniques. In-depth interviews were conducted with two of the most prominent authorities namely West Lancashire District Council and Surrey County Council.

Once a myriad of techniques were elicited and applied to the theoretical framework, a draft document was released to a process known as Proofs of Concept (POC). The POC process was put in place to ensure that the research was applicable and resounding in the local government sector. This process placed emergent findings through a course of refinement, by means of workshops and meetings with the entire research sample. In all up to twenty, minor and major, amendments were made to the concepts and techniques.

**DISCUSSION**

**Strategic Policy Dimension**

In respect to the initial strategic dimension, this paper proposes that the development of a strategic policy addresses the challenge of improving the attractiveness (hot-spot) of a city or region as a place for companies to locate, for individuals to live and for tourists to visit. Consider cities such as Dublin, Seattle, Barcelona and London. They are all associated with imagination, innovation, regeneration, and renewal. These cities have developed a brand, entitled ‘knowledge capital’. Manchester City Council has identified this brand in recent strategic policy documents, such as Westwood and Nathan (2002), who propose that the Manchester knowledge capital would be a physically identifiable, instantly recognisable, geographical area, which is an exciting, vibrant place to live and work.

A strategic policy does not have to be as grandiose as knowledge capital. Instead, a council could differentiate itself as an environmentally friendly region or entrepreneurial centre. Liverpool recently won the coveted prize of European Capital of Culture 2008, providing a unique opportunity to differentiate its council and move its reputation beyond public norms and beliefs. Alternatively, the strategic policy of Rio de Janeiro focused on capacity building of workers and labour markets that resulted in economic recovery and a relatively low level of unemployment, giving optimism amongst its population that it is responding positively to the urban revitalisation programmes (Strategic Plan for the City of Rio de Janeiro, 1996, Acioly, 1999).

Such evidence suggests that the identification and successful implementation of a strategic policy can have a positive effect on the recovery of local government reputation. Yet this picture is not complete as the theoretical framework put forward proposes that the two, interwoven, dimension of strategic policy must be considered. The strategic policy maker must ensure that the strategy is fed across the organisational beliefs and structure, and also bring in the opinions of stakeholders.

It is understood that customer-contact strategies, including CRM technology, should be bound into the strategic policy. Customers and customer-contact employees must understand and buy into the concept. “The ‘win-win’ situation for all stakeholders depends on full co-operation, mutual understanding, total buy-in, total commitment and total dedication to the delivery” (Westwood and Nathan, 2002). For example, Sir Jeremy Isaacs, capital of culture judge, stated: “If you had to say one thing that swung it for Liverpool, it would have to be that the whole city was involved in the bid and was shouting on behalf of the city”. In the lead up to 2008 Liverpool city council needs to maintain this sense of ownership with the city’s residents by building in customer feedback into their customer-contact strategy. Not only should input mechanisms be included but also output mechanisms need to be developed to promote the myriad of activities which residents and visitors will be treated to. These include a festival of light, a festival of comedy, opening of the museum of Liverpool, and other festivals celebrating the city’s links with other countries (Pook and Bunyan, 2003).

Similarly, in Rio de Janeiro, a vital part of the process was the direct involvement of civil society organisations during the entire strategic planning process. Several working groups were established and had among its member’s representatives from
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Given the positive assessments above, the research findings only identified one negative outcome of such strategic policies, namely, the danger of creating geographical differences, the so-called “post-code lottery”, which argues against disparate standards based on location. However a useful counter argument is offered by Tam (2003) who states that “the pursuit of the common good does not necessarily entail uniformity. It’s understood that there are matters for which a uniform national minimum standard needs to be set, but different communities ought to be able to consider how they want to see their resources deployed to meet their respective concerns. Where communities are empowered to develop themselves, the different approaches and outcomes, which follow, this should be embraced as a positive sign of diversity”.

**Customer-Contact Dimension**

The second strategic dimension was described as the customer-contact strategy. Within this remit, numerous techniques and examples were established from the research programme that can be applied elsewhere in other local authorities. On their own, such techniques are powerful drivers for enhancing the reputation of local government, shifting the deep-seated negativity that authorities are remote, wasteful, under-performing and inefficient bureaucracies (Holmes, 2001). However, interwoven with the strategic policy, they provide a complete agenda for local government transformation.

**Associate the customer-contact function with excellence and innovation**

The development of excellence and innovation within public-sector organisations is an emerging concept. Innovation theory suggests that the customer-contact function develops a radical departure that cuts across many formal interests in the organisation (Wastell et al.). West Lancashire District Council has successfully undertaken an innovative approach to their customer-contact function, one that clearly defines to the public that they are dealing with a customer-centric call centre with influence and connections at the hub of the council. The head of the initiative, stated that the customer-contact team developed a new identity, where the customer comes first. “In this sense we get the best of both worlds - a fresh new outlook with no perception legacy, but also links to corporate priorities”. To aid this customer-centric identity the team developed new logos, colour schemes, websites, and even outfitted all customer-contact employees with uniforms.

The recruitment process for entry into the customer-contact centre was also made extremely difficult. They looked for individuals across the council who really wanted to care for customers. The Customer Contact Manager stated “this is a professional job, in a professional centre - being able to handle an abusive call and then begin pleasantries on the next call with the same verve as before is no easy task”. She also noted that it is critical to get a good team in right from the beginning - “you need a committed, supportive team from day one. If a call centre fails on the first day you will never get that reputation back”.

The strongest theme that comes across from West Lancashire District Council is that the customer-contact teams have developed a strong association with excellence and innovation (a theme that is diffusing across the authority, particularly to those groups with poor performance and service delivery). The public understand that the customer-contact team can provide consistent advice and quality customer service. Likewise, the customer-contact employees are empowered to identify themselves with this quality of service and seek to rectify all problems and calls. Image and identity are harmonised, hence reputation is enhanced (Davies et al., 2003).

**Calm the Blizzard of Initiatives**

Consultation with West Lancashire District Council proposed that if employees are satisfied, then citizens will be too, as Davies et al (2003) suggests. However, there must be some rational reason for this to be so, a connection between the two. A key part of this is to balance the metrics across the customer/ customer-contact employee relationship. From this simple realisation, we can begin to build a supportive and constructive approach to performance measurement at the public interface. Currently, most public-sector organisations suffer from a blizzard of initiatives and performance measures. Many initiatives and metrics are often top-down and originate from management priorities and agendas’. Surrey County Council, in particular Jenny Isaac (CRM manager), recognised that customer-contact employees were sometimes downbeat and lost in this blizzard. The thesis herein suggests that if employees are ‘downbeat’ then we cannot expect reputation to be enhanced through stakeholder contact. To challenge this trend Surrey County Council approached this problem from a bottom-up customer-contact perspective but has also recognised the importance of a managerial viewpoint. Customer-contact employees pick the measures that matter to them based on customer feedback and managers take a more holistic perspective tying the customer-contact centre into the council’s wider strategic objectives.
Surrey County Council recognised that it is important to arrange inclusive monthly meetings to assess metrics, providing an opportunity to discuss what is important to customers, employees and managers. Surrey has also been forward thinking in the wider management of customer-contact employees by offering appropriate training and appraisals systems in line with the council’s strategic policy. By empowering customer-contact employees to calm the initiative overload and set their own targets, satisfaction levels for both employees and customers has increased. The close stakeholder contact essentially empowers the customers’ and customer-contact employees to identify where services are improved.

Batista (2003) recognises that effectively hearing from the public is a two-sided cyclical process, whereby, the customer-contact function promotes the customer voice, and incorporates this feedback into the decision-making process. The other side of the process requires more efficient and effective communication with the public by disseminating what government does and how it serves the needs of the public. This two-sided cyclical process will positively affect the economic regeneration of the city or region, the perception of political leaders, and social engagement of customers with public management issues and policies.

**Overcome the Problem of Service Association**

There is a general consensus across local government leaders that authorities never seem to get the credit for the myriad of services they provide; a segment of council customers often ask “What do I actually get for my money?”. More frustratingly when a service is good and goes right citizens seem completely unaware of the authorities overarching involvement. Both West Lancashire District Council and Surrey County Council relayed that service association is a very real problem. Given the importance of two-way communication, the findings would suggest that it has a strong relationship to the overall reputation of a local authority. The construction, and opening up, of communication channels provides a real opportunity for a local authority to promote their service offerings and achievements. By communicating improvements back to the public, in particular improvements based on citizen feedback; there is a real chance to enhance reputation. Current communication mechanisms include publications, web-sites, one-stop shops and public relation campaigns but are not conducive to registering customers’ needs. However, CRM technologies are beginning to show this two-sided functionality.

**Leverage the Functionality of CRM technologies**

Understanding that reputation can be enhanced through better management of the interactions between customers’ and customer-contact employees, local government leaders are aptly led to the adoption of CRM solutions; CRM allowing inferences over a large amount of data. From a study of three local authorities (Batista, 2003) concluded that CRM enables a series of facilities that allows for a better identification of customer needs and wants. Beyond the individual, CRM technologies involve solutions such as segmentation tools that can group customers according to established common patterns. This way, government departments can answer to a greater number of people at one time, aiming to different groups or segments needs and preferences. The importance of segmentation was illustrated by West Lancashire District Council who caters to a breadth of community groups from wealthy segments to more severely deprived areas. A few local authorities have gone as far as developing community web-sites that are clearly aimed at a particular segment of their city or region, a place where people can discuss and debate issues that are important to them.

**CONCLUSION**

This paper was prepared from a shaping philosophy that the themes and ideas surrounding corporate reputation management have a clear resonance to the problems and challenges facing local government organisations today. The challenge to shift the deep-seated negativity that local authorities are remote, wasteful, under-performing and inefficient bureaucracies, suggests a wider agenda of change that moves beyond, but includes, e-government strategy, to that of the recovery of government reputation. From this shaping philosophy, the objectives of this paper were to establish the significance of reputation management in local government organisations and develop a theoretical, and practical, framework that reverses the downbeat perceptions of local government reputation to an upbeat, virtuous circle, of reputation.

The content of this paper has gone some way in achieving those initial objectives. A review of leading reputation and strategic management literature adds credibility to the argument that reputation can be recovered in local government. To encapsulate this thinking a theoretical framework has been put forward, detailing two, interwoven, dimensions of strategy. This framework was put through an extensive process of refinement through the UK’s Local E-Gov National Programme. Working with thirteen successful, leading-edge local authorities, the process drew out a myriad of techniques and tools that complement the theoretical framework put forward (refer to figure 3).
The outcomes of this research offer local government leaders emergent strategies and techniques to apply in their organisations for the positive enhancement of their authority’s reputation and the benefits that ensue. For theory, the gates are opened for a wider and deeper consideration of the proposals brought forward. A review of the paper might suggest that more questions are unravelled than are answered. For example, what about the wider affects of innovation theory, the importance of press relations, marketing functions, embedded cultures etc? Before such wider considerations are discussed, an initial research agenda might consider, in more-depth, additional testing and amendment to further add credibility to the two, interwoven, dimensions framework. Also, the techniques developed within each dimension, offer themselves to further fact-finding and testing.

The prevailing conclusion is that the themes of reputation management will become more prevalent within local government organisations. Those authorities that seize this concept, and explicitly prepare strategies to manage reputation, can most likely expect the positive aspects that will ensue within economical, political, and social spheres. Those governments who don’t might likely experience the reverse effect, whereby, their city or region becomes a disenchanting place for citizens and businesses to reside.

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More information can be found at:

http://www.locategov.gov.uk

http://www.crmnp.net/

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