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Introduction

Re-discovering Management

The newspapers are full of stories about managerial meddling. These stories range from managers who impose all sorts of procedures on knowledge workers to large conglomerates with heavy management teams that are being stripped into single-unit business firms on the basis that shareholders can have more direct impact on them.

It seems that Alfred D. Chandler's plea for the visible hand of management no longer applies. From Adam Smith's metaphorical invisible hand of the market to Chandler's *Visible Hand*, we find ourselves being ushered into a completely new era in which management has to redefine its role.

Directive leadership is replaced by servant leadership; unscrupulous information advantage by honest reporting; strategic control by strategic consensus, and profitability by social and environmental sustainability. In studying these significant shifts, we as management scholars are discovering new forms of managing, organising and working.

The research-based articles presented here exemplify these discoveries. Senior managers wishing to keep abreast of such developments – and thus gaining the competitive knowledge advantage that well keep them ahead of competitors – should read Victor Maas's article on honesty in management reporting; Milton Sousa's exploration of the servant leadership concept; Murat Tarakci useful insights on achieving strategic consensus, and Frank Wijen's study on adopting sustainability standards.

In addition, on the occasion of its 25th anniversary, we provide an insight into RSM's world-renowned Corporate Communication Centre, which is led by one of the school's great thought leaders, Professor Cees van Riel. His outstanding achievements were recently recognised with the awarding of the Civil Order of Orange-Nassau. We offer our sincere congratulations to him.

Supporting the management-centric articles published here, readers will also find links to video presentations by some of the authors in which they expound further on the subject matter discussed. These and many other videos, along with all the articles from previous editions of this publication, are part of a rich and ever-growing repository of cutting-edge management research that RSM is making available to business leaders.

In providing easy access to this knowledge, we as a world-class business school offer freely the practical insights by which firms can do more than just adapt to this ever-changing world. Instead, and more significantly, they can evolve to become world-beaters. You can find out more about the RSM knowledge bank at www.rsm.nl/discovery

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Future trends in reputation management

***Rebecca Morris** talks with Cees van Riel*

Companies must redefine their portfolio in such a way that people will perceive it as having added value for their personal lives, says RSM's Professor Cees van Riel, an expert in reputation management – and there's good reason for the world's biggest companies to believe him.

Many factors contribute to the strength of a company's reputation. Of those that will be of most influence in the coming five years, we are now in a better position to know, thanks to a study performed by researchers at RSM's Corporate Communication Centre (CCC).

Researchers conducting the study identified seven key trends they predict will drive reputation management in 2020, showcasing their results at a conference held on 26 September of this year. The conference was held to commemorate the 25th anniversary of the school's Corporate Communication Centre and the inauguration of a spin-off institute dedicated exclusively to reputation research – and to celebrate the considerable achievements of the centre's founder and director, Professor Cees van Riel.

Professor Van Riel established the centre with the support of the business community in 1989. Over the past 25 years, not only has he propelled RSM to the global forefront of the field, but he has also reshaped the reputation management discipline itself.

Twenty Dutch companies this year nominated him to the Civil Order of Orange-Nassau, a Dutch royal medal of distinction for societal contribution, which was presented to him by Mayor of Rotterdam, Ahmed Aboutaleb, on behalf of King Willem-Alexander. 'Professor Van Riel,' he said, 'had put the field of reputation management on the global map, and in the process placed the Netherlands in a prominent position. His vision has contributed to the reputation of Dutch brands and thus to a more positive image of the Netherlands worldwide.'

Reputation tracking tool

An important research priority at the CCC has been the development of tools that can objectively measure reputation and employee alignment; tools that can, says Van Riel, allow communications professionals to translate soft data into hard, quantitative statistics that will 'simplify discussions with top management'.

The development of RepTrak in 1999 was the groundbreaking first step. RepTrak is now broadly accepted as the worldwide standard methodology for tracking an organisation's reputation, paving the way for an extensive body of literature and further studies, including their own annual Global RepTrak Pulse – the world's largest reputation

Future trends in reputation management *(continued)*

***Rebecca Morris** talks with Cees van Riel*

"RepTrak has allowed us to assemble the largest normative database in the world for companies to benchmark against and provide context for decision making."

study that measures more than 2,000 companies from 25 industries across 40 countries.

'RepTrak has allowed us to assemble the largest normative database in the world for companies to benchmark against and provide context for decision making,' says Van Riel. 'It allows companies to understand which drivers have the greatest effect and to identify the behavioural consequences of a good reputation: a willingness to purchase, to work for, or to invest in, all crucial indicators for achieving alignment with the stakeholders on which a company depends.'

A good example, he says, is KPN. 'We showed them in detail the drivers of their reputation. Eelco Blok, the CEO of KPN and one of the keynote speakers at the conference said, "Cees, we have learned from your research that we have to be more socially relevant. We will do it. We will invest in it." and he has.'

Professor Van Riel's partnership with Stern Business School's Professor Charles Fombrun has led to a proliferation of other high-profile research projects and initiatives, including the founding of the academic journal *Corporate Reputation Review* and the creation of the prestigious US-based Reputation Institute (RI) – a global hub for reputation research co-directed by Van Riel.

As for companies – co-operation between the CCC and the business world was formalised eight years ago with the formation of the Reputation forum the Netherlands (RfN), a platform where directors of corporate communication from the 25 largest Dutch firms meet four times a year to discuss the latest developments in the profession.

Seven key trends

The study on future trends in reputation management for 2020, conducted by Professor Van Riel and Marijke Baumann, involved a series of focus group discussions across the globe with CCOs, high-potential business executives, corporate communication directors and graduate students.

From these discussions, they identified seven trends they predict will drive reputation management in 2020.

One important trend is the "Big Data management revolution", says Van Riel. By 2020, Big Data will dominate the way companies manage their reputation, he says. Reputation data will be integrated into all enterprise data – including market research and financial data – and it will no longer be primarily used by corporate communications.

This trend reflects the extensive impact of the RepTrak tool. 'What you see is that over the last twenty five years the quantification of research in reputation management, something I've invested heavily in, has increased immensely,' he says. 'This technology has created a revolution in how companies manage their reputations.'

But of all seven trends, the most influential on how high a business ranks in reputation will be the degree to which it can show its social relevance, he says.

Social relevance implies that you have products and services that are perceived by large stakeholder groups of society as having added value for their personal life.

Social relevance can be expressed purely via the actual nature of the business. A good example, he says, is hospitals, by definition more socially relevant than any company in the world and thus high on reputation rankings. Social relevance can also be shown through the value of products and services to a large group of stakeholders – but only so long as that relevance is clearly communicated.

An excellent example is Philips. LEDs, for instance, is a technology that decreases the cost of electricity for

people and municipalities and creates liveable sustainable cities.

But importantly, social relevance can be achieved irrespective of the products or services offered by the company. ‘Companies that stress their social relevance rise in their reputation regardless of their portfolio,’ he says.

Don't be negative

It's not as complicated as it might sound. The results of a huge industry study conducted by researchers at the CCC – also showcased at the conference this September – examined three different industries and their reputations, why they varied, and how organisations within these industries could improve them.

Three industries were selected with reputations ranking from positive to negative: food, chemicals, and banking. Messages pertaining to the 20 largest companies in each sector were analysed at the firm level, the industry association level and among major media, and combined with a survey of three stakeholder groups.

The first conclusion of the study was that companies are responsible for their own reputation. Most articles generated by the banks themselves were negative, for instance. Of those generated by chemical companies, most were positive; and those by food companies – very positive.

‘Banks are constantly talking negatively about themselves and their whole line of industry,’ says Van Riel. ‘They are in the defence position due to the financial crisis, and all communication is coming from negative assumptions and therefore reinforcing these negative messages.’

Other conclusions of the study were that media coverage impacts reputation less than we might expect, and that stakeholders assess industries mainly on social relevance.

‘If banks, just like the food industry, would stress more about what the added value is for individuals and society at large in relation to what they are doing and support that with evidence in their daily behaviour – their reputation would change.’

In other words – companies create their own negative or positive reputations primarily on the basis of what they express about their own social relevance, irrespective of their products or services.

‘The most important conclusion of that study,' says Van Riel, 'is that what companies express about themselves regarding their social contribution will determine whether or not they are perceived in a positive or negative light. There is no doubt that if you change your message, the perception will also change.' ■

“...over the last twenty five years the quantification of research in reputation management, something I’ve invested heavily in, has increased immensely.”

For more information on the activities of the Corporate Communication Centre, please visit WEB www.rsm.nl/ccc

Honesty presents a challenge in performance reporting

By ***Marcel van Rinsum***

New research into the honesty of business unit managers when reporting performance shows that they have a tendency to overstate results when financial rewards are at stake.

Honesty in the presentation of financial performance figures by bonus-driven executives presents a continuing challenge to modern business. The bad news is that its requirements can easily be sidestepped by unscrupulous individuals or groups of individuals determined to maximise their own financial return at the expense of colleagues.

The good news is that there exist effective potential remedies for the condition. This has clear implications for all stakeholders in any commercial operation. Greater transparency can deliver positive results, as demonstrated in the paper *How Control System Design Influences Performance Misreporting* that I co-wrote with Victor S. Maas and which was published in the *Journal of Accounting Research*.

The inspiration for the paper was the belief that managers who benefit from an information advantage will tend to exaggerate the results they have achieved in order to be awarded larger bonuses than would otherwise be the case. The recent news that UK supermarket chain Tesco had overstated profits by £250m provides a timely example of managers exaggerating results (see box).

Those who know and understand the underlying numbers better than anyone else in the organisation are well placed to overstate income or understate costs for their own short-term financial benefit. Putting it simply and bluntly, people have a tendency to lie in their own self-interest; a recurring theme throughout our experiment and the subsequent ongoing analysis.

Different questions arise with different forms of bonus payment. In the case of group bonus systems, for example, the incentive exists for a broader number of people to lie in order to boost evenly distributed group bonus payments. Even a partly trained moral philosopher could probably argue that this particular tendency towards what some might label as social lying is acceptable; a full-blooded utilitarian might even go further and argue that it is in fact right to lie in order to generate the best result for the greatest number of people. In the reverse situation, where a group bonus is divided proportionally based on individual performance, one manager might lie in order to increase his/her own stake at the expense of others. This might be labelled anti-social lying.

Reporting profits can at times appear to be as much an art as a science. The existence of a range of variables such as product and maintenance costs that can be changed almost arbitrarily creates opportunities and temptations to be economical with the truth. Ambiguity in accounting standards can further complicate the issue, presenting opportunities for non-fraudulent dishonesty.

Spending less on the maintenance of plant and machinery, for example, will boost short-term profits at the expense of longer-term issues. But by the time those issues force themselves to the top of the agenda, the managers involved will likely have moved elsewhere (and might well have repeated the trick elsewhere, boosting their own managerial reputation without delivering true added value).

Our experiment confirms that a considerable proportion of participants will report dishonestly to increase their payoff, although not to the maximum possible extent (they might be dishonest but they are not all greedy). The problem to solve, then, is to reduce the propensity to lie and therefore to reduce the number of liars and the volume of lies they tell.

A case in point

The *Financial Times* (FT) highlighted how the timing of recognition of commercial income can affect published figures.

"Typically the central finance department will send emails to individual Tesco managers, asking them what rebates they expect to receive from their suppliers in relation to first-half trading," the FT explains. "This is a judgment made by the managers, who will not necessarily have to provide evidence for their assessment. This means there could be a temptation to be overly optimistic when estimating the rebates."

Source:* Financial Times*, 22-09-2014, "Q&A: What went wrong at Tesco", by C. Barrett, H. Agnew and A. Felsted

Increasing honesty

Organisations seeking to increase honesty in reporting should not only pay greater attention to monetary incentives and selection policies in order to help them to hire "more ethical" managers, but also to the social setting in which performance-reporting decisions are made. Organisations can use the two control system design variables from our study, related to transparency and group bonus type, to influence this setting and the social norms that govern the reporting decisions of managers.

In summary, our results suggest that performance misreporting by managers is influenced by the design of the management control system itself. First, overstatements can be seen to be lower in a group bonus system in which managers reduce the monetary payoff of their peers if they report a higher performance figure. In practice, this can be the case when a fixed bonus pool amount is distributed to managers based on their individual relative performance.

In contrast, when a group bonus grows with group performance, and is distributed evenly among managers, performance is much more often overstated. This dishonesty constitutes a "social lie": it helps the individual manager, but also the group, by increasing the available group reward. This can happen under certain profit sharing arrangements.

Second, overstatements are reduced if companies adopt an open information policy with regard to individual performance reports, such that everyone knows exactly what everyone else has reported. Thus, deciding to be transparent in internal reporting systems seems a viable path for companies wishing to reduce dishonesty in managerial reporting.

The topic lends itself well to future study. Further research is needed to investigate, for example, how robust our results are in settings that differ from our own. In general, we believe that future accounting research should continue to incorporate insights and models from behavioural economics.

As our study shows, design variables of accounting and control systems – which are trivial within the traditional agency framework – can be very relevant from this broader perspective. Therefore, our understanding of the antecedents and consequences of such systems in real-world organisations is likely to be enhanced if researchers start out from a more comprehensive model of man than the *homo economicus*. ■

This article draws its inspiration from the paper *How Control System Design Influences Performance Misreporting*, written by Victor S. Maas and Marcel van Rinsum and published in the *Journal of Accounting Research*, Vol. 51 No. 5, p1159-1186, December 2013. http://doi.org/10.1111/1475-679X.12025

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RSM Discovery videos

A video discussion in which Marcel van Rinsum talks about this research can be seen at WEB ***http://bit.ly/1BrR4W3***

RSM Expertise

The Department of Accounting and Control is a compact powerhouse of international and influential faculty members. It has a very strong research orientation and an equally strong practitioner orientation. Stakeholders range from academic researchers to the business community of accountants, controllers, and financial advisors. The department's research approach is interdisciplinary, integrating both economic and behavioural aspects of accounting.

WEB ***www.rsm.nl/research/departments/accounting-control/***

Putting servant leadership to the test

By **Milton Sousa**

As interest in the servant leadership model has grown among academics and managers alike, so too has curiosity about the complex mechanisms underpinning it and its applicability within real-life relational and organisational circumstances. These and other concerns are explored in a recently published research paper, which adds considerably to our understanding of this leadership approach.

Managers are expected to lead by example and team members look to their manager for advice, support, direction and leadership. However, where do they draw the line between advancing their own position and managing their team and its performance? What if they actually viewed themselves in a much humbler role, serving their team first and foremost, before considering opportunities such as self-promotion and corporate ladder climbing? Such is the underlying trait of a servant leader.

The springboard for studying this original and fascinating view on leadership is a question that faces the vast majority of managers – how do I help my team members get the most out of their work? Do I really want to lead a group of people who are there just to pick up the salary or is there a way I can help them find meaning to their job, for the common good of the team and company?

Trust is one of the foundations upon which managers can approach this question – trust in their team members but also in their own ability to adopt a less conventional managerial role. The servant leader empowers team members and builds confidence by displaying humility, authenticity, and the courage of his or her convictions whilst also being able to take a step back, motivate people to perform and offer support and praise when it is deserved. In short, the team and team performance come first, whilst self-gain comes later.

Servant leader characteristics

The servant leader is not averse to seeking power and appraisal but the priorities and the process are different – the aspiration for power emerges from an initial need to serve. For the servant leader, the latter precedes the former. If there is no cause to serve, the servant leader does not aspire for power. Therein lies the fundamental difference with other leadership approaches.

"Development" and "growth" are buzzwords for servant leaders – they want to build on the potential of individuals for the common good by giving those people a chance to show their worth to the company. This particular managerial approach also facilitates the creation of a more ethical decision-making process, positions team members not as a means to an end but as an actual focus of leadership and potentially creates more organisational adaptability and flexibility within the team.

In theory, servant leadership makes great sense as an important driver of business performance, but does it really hold out there in the business world? Some studies seem to indicate that it does. However, little is still known about how it affects the leader-follower relationship and whether it stands under very adverse situations (eg, during a merger) or in fluid self-managed teams, to name two extreme examples. Our studies helped shed some more light on these topics.

"...servant leadership makes great sense as an important driver of business performance, but does it really hold out there in the business world?"

"... if a leader is competent while being humble, people will feel more engaged and motivated to follow."

Testing the notion

The various characteristics of the servant leader, as suggested by Dirk van Dierendonck, Associate Professor of Organisational Behaviour at Rotterdam School of Management, Erasmus University, were initially tested through simulation exercises performed with undergraduate students in self-managed teams. This enabled us to verify that teams perform well when members show servant leadership behaviours towards one another, even in the absence of a formal team leader.

At the same time, we were able to identify four core attributes of servant leadership. Of the original eight main qualities of the servant leader, our studies home in on four as having the greatest impact on the leader-follower relationship and its potentially positive contribution to the team. They are: empowerment, humility, accountability and stewardship.

To further verify the effectiveness of servant leadership in a business context, a potentially "extreme" situation was analysed – that of two large firms in the midst of a merger process, with all the associated stresses such an operation usually generates. Here we observed that servant leaders were able to keep people engaged despite the highly uncertain transition, right in the eye of the hurricane. They achieved this both by granting a sense of psychological empowerment and ensuring a stronger identification with the newly formed merged organisation.

The value of humility

Ancient and classic thinkers like Lao-Tzu, Kant or Saint-Augustine, just to name a few, praised the notion of humility. This is a fundamental cornerstone for the whole servant leadership concept. But how does humility impact performance? We were able to confirm that a humble attitude works in tandem with the leader's ability to instil directed action, in fact amplifying the leader's effectiveness. In other words, if a leader is competent while being humble, people will feel more engaged and motivated to follow.

So, what could be viewed from one perspective as the leader under-estimating him or herself actually seems to be a powerful potion as a way of psychologically empowering teams members and "bringing them to life" for the good of the team and company. People no longer feel shackled by the constraints of a top-down hierarchical approach to management and have more room to explore and be themselves.

Putting servant leadership to the test *(continued)*

By ***Milton Sousa***

For further debate

The more collectivist and follower-focused approach implied by servant leadership provides fertile territory for continued research, but how far could this model be applied? Servant leadership seems to work in different contexts but there remains a delicate balance between acting with humility and ensuring performance levels are maintained, if not raised. How this potential "juggling act" would be managed from one country to another is also open to huge debate, as well as how it could be successfully achieved within a multi-cultural set-up.

In addition, our tests and findings raise many questions about the notion of power in explaining leadership effectiveness. Understanding servant leadership in light of traditional power bases like coercion, legitimacy, reward, expertise, reference and information would be important. Servant leadership might be just the right approach for organisations in an age, as advanced recently by researcher Moisés Naim, of decaying power.

Implications and conclusions

Of the many findings, one or two are worthy of extra attention, in terms of their practical implications for managers and HR professionals. "Ownership" is a term not used so far but ultimately the combined effect of the many positive qualities of the servant leader is to make team members feel more involved and therefore "in charge" of their work. Nevertheless, this comes with a certain pressure – accountability is not just about being rewarded, especially if one fails to meet targets.

The notion of leadership can also be viewed in a very different light – if the servant leadership model were to be successfully implemented within companies, then leadership is no longer based on a hierarchical structure designed to keep people in their place but rather a process of driving forward collectively, as a team.

It is also important that practitioners get to grips with the potential cultural fall-out of the servant leadership issue. As a Portuguese national working in the Netherlands, I can already speak for two very different approaches, and that's even before we start to explore differences from continent to continent.

One thing is for certain – the greater the ability of the "servant leader" to balance humility with action, the higher the chances of effective team performance and results. ■

This article draws inspiration from the Ph.D. thesis *Servant Leadership to the Test - New Perspectives and Insights*, written by Milton Sousa. http://repub.eur.nl/pub/51537

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RSM Discovery videos

Watch Milton discuss the findings and implications of his research at
WEB ***http://bit.ly/1qhnakD***

"As a Portuguese national working in the Netherlands, I can already speak for two very different approaches, and that's even before we start to explore differences from continent to continent."

Identity and identity conflict in the workplace

By ***Kate E. Horton, P. Saskia Bayerl and Gabriele Jacobs***

As individuals, we define ourselves according to various characteristics that include our values and beliefs. This gives us our identity. As organisations become increasingly complex, understanding the concept of identity conflict may mean the difference between success and failure.

What is identity? Simply put, identity is a collection of values and roles. Identity can be individual, it can be organisational, and it can be national or global. The scope of an identity may change but the psychological mechanisms do not. Wherever there is a person there is identity, and wherever there is identity there are sub-identities and the potential for identity conflict.

The way we define ourselves as individuals and as a collective plays a fundamental role in how we relate to the rest of the world. We all wear many hats: we are our parents' children; we are our children's parents. We are workers, friends, and volunteers. We are religious, agnostic, or atheist. We are women, men, short, tall, extroverted, and introverted. Some of our identity markers are inescapable: the colour of our skin or our place of birth. Yet other markers are malleable: our clothing style, our hobbies, and our dreams.

The same is true of organisations. A successful organisation has one clear identity, but as with individuals there are many sub-identities. The interplay between these identities is dynamic, creating subtle and overt tensions. Some of these tensions may have negative consequences, but some are a powerful force for positive change.

A classic example of tensions between organisational sub-identities is the interplay between a university faculty focused on research/teaching and the vast administrative body that manages operations. The success of the university (the success of its hybrid identity) depends on both of these bodies yet there are times when the values of each are so disparate that there is disharmony. Enter identity conflict.

The great unstudied field

While there is a wealth of literature that examines workplace conflict, diversity, and other identity-related topics, the different disciplines tends to ignore each other. In our work with large organisations, it became clear that very few researchers are viewing these complex issues through the lens of identity conflict. Identity was a secondary concern, if it was mentioned at all. Our paper *Identity conflicts at work: an integrative framework* set out to create a coherent narrative from disjointed and fragmented research.

Identity and identity conflict in the workplace *(continued)*

By **Kate E. Horton, P. Saskia Bayerl and Gabriele Jacobs**

The effects on the collective

When there is a clash of values, identity conflict is at its core. The values of an individual may clash with the values of the workplace. The values of one department may clash with those of another (faculty vs administration). When this identity conflict occurs, there are two possible methods to deal with it:

1. Suffering by trying to deny one identity in favour of another. A working parent may pretend that they do not really need to leave work to collect a child. A Muslim employee may deny their need for a prayer room and for regular prayer breaks. This denial of a powerful sub-identity is common, and the results are fairly predictable: burnout, stress, low performance, and lack of job satisfaction. Both the employee and the employer suffer from the despondency and lack of productivity brought about by an unresolved identity conflict.

2. Using the identity conflict to reshape an environment. Doing this on an individual level can positively affect the identity of the whole organisation. This process begins with simply acknowledging the conflict and implementing a logical resolution. The working parent may begin leaving at 5pm, without guilt or apology. The Muslim employee may approach their managers with a request for a prayer room and the regular breaks required to use it. Although this may seem counterproductive on the surface, as time is taken away from work, in practice it benefits the organisation, the individual, and other employees who enjoy the trickle-down effect. Other working parents within the organisation may feel empowered to strike a better work-life balance, which in turn increases their workplace productivity. Other employees who appreciate a dedicated space to meditate or just gather their thoughts may enjoy a prayer room.

Identity conflict isn't always a bad thing. The creation of pearls requires irritation and friction. In the same way, identity conflicts can be a catalyst for positive personal and organisational growth and change. The marginalised gay and lesbian Presbyterian ministers who refused to ignore their sexual identities and instead embraced and used them as forces of change within the Church are examples of tempered radicals. A tempered radical is someone who is deeply embedded in an institution (a church, a workplace, a university) but rather than simply accepting the structure of the institution, he or she is able to critique it for effectiveness. A tempered radical may say, "I am a science teacher in a primary school that values flexible learning. This school, like all other schools, groups children according to their birthdates. Does this action support our school's identity? Would we be more true to our values if we grouped children according to their ability in science instead of their age?"

A tempered radical may be seen as a troublemaker. But for organisations unafraid of constructive criticism or change, a tempered radical can be an invaluable asset. Not only can he or she offer innovative insight, but they often care deeply about the organisation in which they are embedded. As the organisation represents one of the tempered radical's own identities, protecting and supporting the organisation is akin to protecting and supporting themselves. A stronger ally is difficult to find.

> *"...identity conflicts can be a catalyst for positive personal and organisational growth and change."*

It is not only tempered radicals who bring about positive change within organisations through the successful balancing of multiple identities. A young newcomer may push her conservative company to embrace the power of social media.

Employees from a variety of cultures, religions, and age groups will offer insight and tips for success that

a homogenous corporate culture is simply incapable of generating. We have worked closely with large and very complex organisations, including police forces. A police force is a perfect example of an organisation that uses diversity to understand and reflect a greater group of collected identities. By recruiting officers from all religions, ethnicities, age groups, genders, sexual orientations, and marital statuses, a good police force is able to communicate quickly and with compassion with all members of the general public.

A perfect fit for every role

There are always roles that must be played that we simply don't like. This is an inevitable part of life. However, during the course of our research we were humbled to find that rather than "discovering" that there are jobs no-one wants, we instead found the opposite to be true: for every professional role, there is someone who is fulfilled by it – someone who brings purpose, nobility, and strong values to their working identity. This theme was consistent across all the fields we looked at and all socio-economic brackets.

While it would be unwise to dismiss the psychological and physical effects on people working in extreme roles (soldiers on active duty, or people exploited in dangerous working conditions), it is important for managers to understand that there is no need to force a person to work in a role that does not align with their core identity. That energy is better spent ensuring that their employees' core values align with their assigned role.

Embracing identity conflicts

Our message to managers is this: dare to look at identity conflicts. Dare to accept them. This is the reality of people working in your organisation. It is the reality of intra- and inter-departmental tension. This multi-level perspective is really important. Whether conflict is individual, interpersonal, or international, it's always the same story: on all these levels we have a need for authenticity. The same psychological triggers apply. By knowing these triggers and understanding that the identities they invoke are strong but not dangerous, an organisation has an invaluable advantage over its peers. ■

This article draws its inspiration from the paper *Identity conflict at work: an integrative framework*, written by Kate E. Horton, P. Saskia Bayerl and Gabriele Jacobs. It has been published in the *Journal of Organizational Behavior*, 35, S6-S22 (2014). http://onlinelibrary.wiley.com/doi/10.1002/job.1893/full

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Mapping strategic consensus within and between teams

By ***Murat Tarakci***

Organisational scholars have been aware for some time that achieving a high degree of shared understanding about the strategy within the enterprise is extremely valuable. However, until now, managers have had few good tools for monitoring shifts in opinion at a granular level – and without that, most executives have had to simply reiterate the same messages again and again.

The visual tool that we have developed with four colleagues from Erasmus University Rotterdam and one from Tilburg University, which is described in detail in a recent issue of the *Strategic Management Journal*, should make it easier for managers to focus their messages more selectively.

Our approach, which we call Strategic Consensus Mapping (SCM), provides a comprehensive analysis of strategic consensus within and between groups and displays them in intuitive and easy-to-understand visualisations.

SCM relies on data that quantifies how members of work groups, teams, business units, organisations, or industries assess their strategic priorities – for example, by ranking a number of strategic objectives presented in a survey. To set up an SCM plot, we display on a vector graph the degree to which each group involved in the survey is internally aligned and then the degree to which the groups are aligned with each other. We believe executives will find SCM valuable for its ability to conduct more fine-tuned and extended analyses of strategic consensus within and between groups than they have been able to manage before now.

In particular, we believe that understanding the degree to which several units share a common opinion concerning a particular issue, and whether the opinion is shared at all echelons of the unit or is only held by the people at the top, should make it much easier to form a smart outreach strategy to allay concerns or resolve outstanding issues.

We tested this system at a large Western European service industry firm, using data about 72 top and middle managers' understanding of the relative importance of the company's strategic goals. The group included members of the top management team (TMT) and managers in nine functional departments.

When we presented these findings to the TMT, we could see that our illustrations made it easier for the managers to understand the results of the data they had collected earlier. The TMT members were especially surprised to see the low level of consensus within their own team regarding strategic priorities. Consequently, the TMT decided to arrange a semi-structured half-day meeting to build their shared understanding of the firm's strategic priorities.

Useful tool

As this case suggests, SCM will be a helpful tool for making sure that the company actually follows its own plans. Executives invest significant resources trying to set their organisation on a particular strategic course, but they seldom invest in seeing whether the intervention actually achieved the desired changed in people's hearts and minds. SCM will enable them to evaluate whether a particular strategic intervention has been effective, and identify places where the organisation still lacks consensus. It can also be a good way for managers to take the organisation's pulse and monitor shifting perceptions.

Our visualisation technique provides a clear and intuitive means of

“Our visualisation technique provides a clear and intuitive means of determining the strategic alignment of teams.”

determining the strategic alignment of teams. Managers will be able to use the information gathered from SCM to communicate more clearly to their employees, making it possible for them to target those issues where they are in need of greater consensus. Being able to zero in on the pain points should make managers’ communications more productive and cost-effective.

At the same time, we think SCM will also be a useful research tool for our scholarly colleagues, enabling them to make much more fine-grained and extended analyses of the multifaceted and multileveled nature of strategic consensus than ever before. Using SCM, researchers in strategic consensus and in the subfields of managerial and organisational cognition would finally have a common framework for research and discussions. ■

This article draws its inspiration from the paper *Strategic consensus mapping: a new method for testing and visualizing strategic consensus within and between teams*, written by Murat Tarakci (Rotterdam School of Management, Erasmus University Rotterdam), Nufer Yasin Ates (Tilburg University), Jeanine P. Porck, Daan Van Knippenberg, Patrick J.F. Groenen, (Erasmus Research Institute of Management) and Marco De Haas (S-ray Diagnostics). The paper was recently published in the *Strategic Management Journal* 35: 1053-1069 (2014). http://doi.org/10.1002/smj.2151

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Trade-offs in the adoption of sustainability standards

By ***Frank Wijen***

The issue of social and environmental sustainability is arguably highly relevant today, as forward-looking, self-interested companies have broadly shown they understand. Adherence to the principles underlying standards to pursue sustainability can, however, deliver unintended consequences.

How sustainable is sustainability? Some people might ask this question ironically, drawing attention to the lack of a standard definition of a word. It can mean quite different things to different people in different industry sectors and geographies, and even to people working in the same field but on opposite sides of the fence.

My recently published paper *Means versus ends in opaque institutional fields: trading off compliance and achievement in sustainability standard adoption* stresses, inter alia, that standard creators perceive a clear need to design sustainability standards in such a way that their adopters fully understand and live up to the underlying principles and rules of such standards. However, even if adopters fully comply with the standard requirements that they are being asked to meet, problems will almost inevitably arise.

Labels such as Fair Trade and Utz were created to certify that products sold in their name are produced in a socially and environmentally sustainable way. These labels certify that producers, often located on other continents, do not degrade the natural environment and significantly improve the income and working conditions of vulnerable labourers.

Producers who are anxious to achieve certification – in the expectation that they will thus be able to charge a premium price or obtain privileged access to certain markets – cannot, however, necessarily be assumed to fulfil their responsibilities. They might deliberately not live up to the duties being imposed upon them or simply not understand how to comply; whatever the reason, this failure undermines the credibility and effectiveness of the labels themselves.

Challenging problems

Such a lack of compliance is driven by opacity around the social and environmental conditions of global production chains. Opacity, in turn, has multiple causes: one, the difficulty in effectively monitoring foreign producers (entailing the risk of cosmetic compliance by adopters who wish to enjoy the benefits of compliance without bearing the costs); two, the complex interrelations of causes and consequences (leading to uncertainty among adopters as to the nature of what comprises compliant behaviour); and three, the prevalence of multiple practices (involving ambiguity among adopters as to desired practices).

To solve the opacity-related problems of uncertainty, ambiguity, and lack of incentives, standard setters can take three steps. One, creators of Fair Trade, Utz or similar certification

"...the trade-off between enforcing compliance and achieving the goals envisaged by standard creators is inherent and cannot be resolved."

schemes can set out rules clearly, intelligibly and unequivocally. Two, they can offer strong incentives to producers, both positive (such as price markups or privileged market access) and negative (in particular, impose sanctions in cases of non-compliant behaviour). Three, standard creators can share "best practices" on meeting their interpretation of sustainability, spelling out how to meet their demands.

However, universal rules do not always work as interpretations of sustainable business practices might diverge. One instance is the use of child labour. A European certificate issuer might target the elimination of child abuse in order to protect a vulnerable group and mandate a ban on child labour. However, farmers in countries like Cameroon will react with bemusement: they often view the deployment of their children in a family enterprise as akin to routine domestic chores, and therefore not abuse.

Tackling the issue is challenging, to say the least. If standard creators ignore local interpretations of sustainability, they may overshoot their goals. However, paying too much attention to idiosyncrasies might undermine the clear and universal nature of rules and, hence, adopter compliance. The more leeway that standard adopters are given to deviate from specified rules, the less likely they are to be compliant with standard requirements.

I argue that the trade-off between enforcing compliance and achieving the goals envisaged by standard creators is inherent and cannot be resolved. It can, however, be mitigated. One option is to foster a systemic mindset, in which adopters duly consider the direct and indirect relations between causes and consequences.

Another partial remedy is to stimulate the internalisation of a standard's goals. Finally, universal "master standards" that are complemented by niche standards enables adopters to adapt to context specificities. Therefore, systemically designed institutions that promote goal internalisation and duly consider context contingencies offer the potential to strike a balance between the rigidity required for substantive compliance and the flexibility to cope with the causes of opacity.

My paper's insights hold not only for sustainability standards but also for a variety of other opaque fields in which standard setters aim to achieve certain goals (including education, financial stability, health care, traffic security, and public service). Awareness of the means-ends trade-off and application of the outlined mitigation options will enable practitioners to devise and implement reasonably effective standards. ■

This article is based on the paper *Means versus ends in opaque institutional fields: trading off compliance and achievement in sustainability standard adoption*, written by Frank Wijen and published in the *Academy of Management Review*, 2014, 39(3). http://dx.doi.org/10.5465/amr.2012.0218

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Making better partner matches in brand alliances

By ***Bram Van den Bergh***

With many brand alliances failing to add value, understanding the factors that make for a strong pairing becomes essential. Appropriately, harnessing techniques similar to those used by dating sites to determine whether people will make a good match has helped reveal the answers.

Developers of dating sites are now perilously close to understanding what sparks good chemistry in a couple. By studying their data closely, they have gained deep insight into the factors that determine whether two people will be a good or a bad match. When it comes to building brand alliances, however, romance, rather than science, is still the rule.

Philips and Douwe Egberts teamed up when they designed the Senseo coffee brand, while Nestle, Krups and Magimix partnered to create the famous Nespresso brand. But what if Philips had teamed up with Nestle? Would Douwe Egberts sell more coffee if they had partnered with Krups? Even in the era of Big Data, marketers know surprisingly little about what makes a brand alliance successful: as many as 80 per cent of all marketing alliances fail to add any value at all, and a few may even destroy it.

As with most people, choosing the right partner is important, but finding and selecting the right partner is difficult. As that 80 per cent figure suggests, the drivers of brand fit are still not well understood. Some scholars have theorised that brands that share complementary characteristics make for better matches and that brand fit results from pairing dissimilar brands ("opposites attract"). Others have argued that as in human relationships, "birds of a feather flock together" and that brand fit results from pairing similar brands.

The evidence of the marketplace suggests that practitioners are similarly uncertain. For instance, Red Bull uses Renault engines for their Formula One racing vehicles, but uses Nissan's Infinity brand as the team's title sponsor. Why is Red Bull teaming up with Nissan and Renault – two dissimilar brands – rather than with Ferrari, a successful Formula One team with a much more similar brand image?

Partner selection

To help solving the problem of partner selection in brand alliances, my colleagues Ralf van der Lans (associate professor of marketing at Hong Kong University of Science and Technology) and Evelien Dieleman (a former MSc student at Rotterdam School of Management) and I tried to clarify the structure of brand fit. We used techniques similar to those used by dating site analysts as they try to understand what drives human affinities. This might sound a little fanciful, but in the romantic as well as the corporate literature, successful alliances require the pursuit of partners with similar characteristics in certain dimensions, but dissimilar characteristics in other dimensions.

The results, which we recently published in the journal *Marketing Science*, go beyond the earlier debate between the "birds of a feather" and "opposites attract" schools and reveal a more nuanced picture of the qualities of a successful brand alliance. We thought it would be possible to predict whether people would like a particular alliance based on the (dis)similarity in brand images.

In the first stage of the project, we used Jennifer Aaker's brand personality framework to map the brand images of 100 top brands. Aaker created a framework consisting of five dimensions, which are: Sincerity, Competence, Excitement, Sophistication and Ruggedness (table 1). After mapping the brand images of 100 brands, we matched them all into 1,200 different pairs, and asked people how they felt about each alliance. We used the degree of similarity and dissimilarity in brand image profiles to predict the liking of a brand alliance.

Our findings support the belief that birds of a feather should flock together, because alliances composed of brands *similar* in Sophistication and Ruggedness, tend to be better liked. However, we also found support for the contention that opposites attract, because alliances composed of brands that are *dissimilar* in Sincerity and Competence, tend to be better liked. It seems as if successful alliances are characterised by partners that look similar on the "outside" (eg, feminine, upper-class, masculine, Western, etc.), but

	Example Brands	
Brand Personality Dimension	**Very low**	**Very high**
Sincerity captures a brand that is perceived as having a down-to-earth, real, sincere, and honest brand personality.	**Red Bull** **Shell**	**Pampers** **IKEA**
Competence captures a brand that is perceived as having an intelligent, reliable, secure, and confident brand personality.	**Dr. Pepper** **Pizza Hut**	**Sony** **Mercedes**
Excitement captures a brand that is perceived as having a daring, exciting, imaginative, and contemporary brand personality.	**DHL** **Kleenex**	**MTV** **Red Bull**
Sophistication captures a brand that is perceived as having a glamorous, upper-class, good looking, and charming brand personality.	**Colgate** **KFC**	**Chanel** **Prada**
Ruggedness captures a brand that is perceived as having a masculine, Western, tough, and outdoorsy brand personality.	**Disney** **Nivea**	**Harley Davidson** **Diesel**

Table 1.

"...successful alliances require the pursuit of partners with similar characteristics in certain dimensions, but dissimilar characteristics in other dimensions."

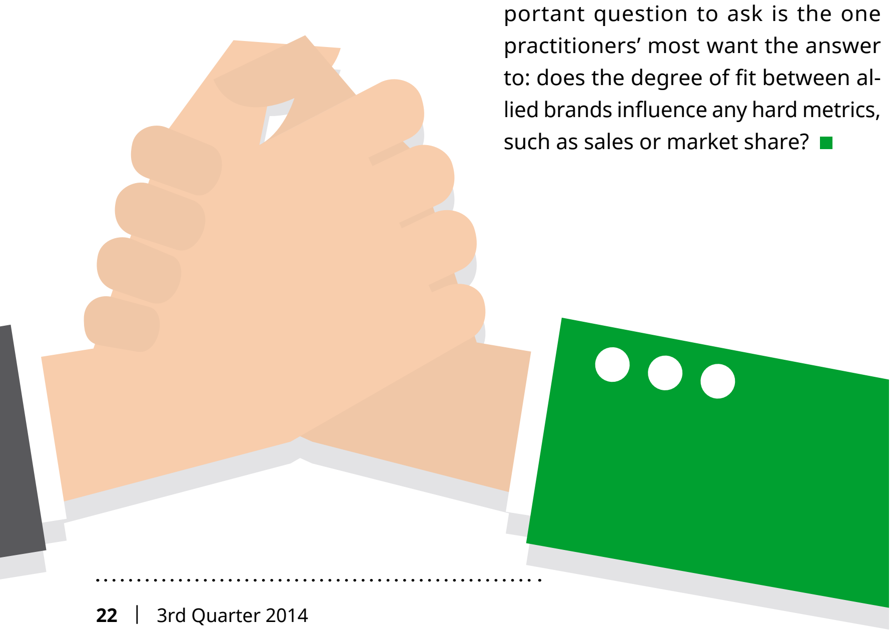
Making better partner matches in brand alliances *(continued)*

By **Bram Van den Bergh**

"Our research makes selecting a brand partner somewhat easier, but it won't suit every case"

somewhat different on the "inside" (eg, honest, genuine, reliable, responsible, etc.). Finally, combinations of Exciting brands, irrespective of (dis)similarity, resulted in favourable evaluations.

Although the aim of this research was to identify drivers of brand fit, our methodology allows managers to select ideal partners to form brand alliances. For example, our insights could help brand managers at Philips to select the best fitting coffee brand. The alliance with Douwe Egberts has been successful, but an alliance with Illy, Nescafé, or Lavazza might have been even better. Likewise, brand managers at Douwe Egberts might have teamed up with Siemens, Sony or Electrolux – rather than Philips.



Our research makes selecting a brand partner somewhat easier, but it won't suit every case. Other benefits of brand alliances, such as cost-savings or access to a partner brand's market, may outweigh the cost of pairing two incongruent brands. Further, it may be that while we have identified winning criteria for a short-term alliance, a long-term alliance may well function differently, in the same way that people look for different qualities in a one-night stand than a marriage: the ideal brand profile of a partner providing McDonald's a novelty gift in a Happy Meal may well differ from the ideal profile of a shopping centre where it takes a 10-year-lease.

Most of all, however, the next important question to ask is the one practitioners' most want the answer to: does the degree of fit between allied brands influence any hard metrics, such as sales or market share? ■

This article draws its inspiration from the paper *Partner Selection in Brand Alliances: An Empirical Investigation of the Drivers of Brand Fit*, written by Ralph van der Lans, Bram Van den Bergh and Evelien Dieleman and published in the journal *Marketing Science*, 33(4):551-566. http://dx.doi.org/10.1287/mksc.2014.0859

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