Industrial Marketing Management, Vol 38, Iss 2, Feb 2009, pp 191-197

# Exploiting Knowledge across Networks through Reputation Management

**Martin Christopher [a 1] , Barbara Gaudenzi [b 2]**

[a] Cranfield School of Management, Cranfield University, Cranfield, Bedford, England, MK43 0AL

[b] Management Department, University of Verona, Via dell'Artigliere 19, Verona, 37129 Italy

## Biographical notes

Martin Christopher is Professor of Marketing and Logistics at Cranfield School of Management. He has published widely in the field of relationship marketing, logistics and supply chain management. Prof. Christopher is a regular contributor to conferences and workshops around the world and the *Council for Supply Chain Management Professionals* has awarded Prof. Christopher its Distinguished Service Award for 2005.

Barbara Gaudenzi is Assistant Professor in Marketing and Logistics at the University of Verona, Italy. She gained a PhD in Business Management from the University of Naples, Italy. Her current research is focused on industrial marketing and supply chain management.

**Exploiting Knowledge across Networks through Reputation Management**

[1] Corresponding author: Tel. +44 (0)1234 754883.; e-mail: m.g.christopher@cranfield.ac.uk
[2] E-mail: barbara.gaudenzi@univr.it

**Abstract**

The emerging paradigm of network competition is increasingly in evidence across many industrial sectors and provides further support for the idea that 'supply chains compete, not companies'. It can be argued that network competition requires a much greater focus on managing the interfaces that connect the individual players in that network and exchanging and leveraging knowledge across the network. This paper sets out to establish a framework whereby the critical interfaces and the knowledge sharing benefits can be identified and how the strength of the relationships at those interfaces can become the basis for building organisational reputation and create an environment more conducive to co-operation and knowledge sharing. Finally, the paper analyses the potential impact of reputational risks in influencing the perception of stakeholders about the organisation.

Whilst the idea of value-adding networks based on closely connected providers of capabilities and resources is appealing, it should be recognised that, if not properly managed, the actions of the stakeholders in those networks can impact the risk profile of the business significantly – particularly reputational risk. The more that organisations become part of complex global networks, the more dependent they become upon the other network members for knowledge and other resources. Because of this dependency there is always the danger that the reputation of the focal firm can be damaged by the actions of other network members, hence reducing the likelihood of future collaborative working and knowledge exploitation.

Using examples drawn from a variety of industries, the paper highlights the potential for reputational risk if the critical network interfaces are not closely managed. It will be argued that by actively managing relationships with stakeholders in the network

the risk to the organisation's reputation can be mitigated and the sharing of knowledge simultaneously enhanced.

*Keywords: strategic network, knowledge management, reputation, reputational risk*

**Strategic Networks**

For some time now there has been an increasing recognition that the conventional business model, which regards the individual firm as the primary competitive vehicle, no longer applies. As a result of the move away from vertical integration, as firms outsource those activities which they do not consider to be core competencies, a new network-based business model has emerged.

A network is a series of 'nodes' connected by 'links'. In the case of a business network the nodes comprise the sources of particular capabilities or resources and the links are the interfaces that enable those capabilities or resources to be applied to create value in the marketplace.

The transition from the vertically integrated firm to a network of inter-connected organisations is highlighted by the example of the Ford Motor Company. When Henry Ford I established what was to become one of the world's largest automobile companies, the dominant logic was clearly that the means to the achievement of his business objectives was through the ownership of all the knowledge capabilities and resources necessary for the efficient manufacture of the Model T Ford. The extent of Henry Ford's control of his supply chain included steel mills, rubber plantations and mahogany forests a well as component manufacturing capabilities. Today's Ford

Motor Co. looks dramatically different. Most of the businesses involved in component manufacturing were long ago floated off as an independent business, Visteon. The steel mills have gone along with the plantations and forests. Hence Ford is now much more dependent for its continued survival on its network of suppliers and distributors.

This picture has been replicated in industry after industry. Few companies today seek to create vertically integrated supply chains. Instead the focus is on how best to create virtual networks which are connected, not through ownership, but through shared information and knowledge.

**Knowledge sharing and inter-organisational trust**

The idea that knowledge can be gained through a closer relationship with stakeholders across a network (e.g customers, suppliers, employees) is now fairly widely accepted (Bessant et.al., 2003). However, simply being a member of a network, as every organization is, does not automatically imply that knowledge will flow freely into a business. The way that knowledge flows across organisations is through interactions that are facilitated by trust (Seppänen et.al., 2007). Trust is based upon a number of factors - one of which is reputation (Plank et.al., 1998). The reputation that a business has can significantly impact its ability to forge strong knowledge generating and sharing relationships (Arino, de la Torre & Ring, 2001).

There is now a widely held view, particularly amongst authors who have focused on knowledge sharing in interrelationships adopting a social network perspective (Tsai & Ghoshal 1998; Hansen 2002, Reagans & McEvily 2003), that knowledge exchange facilitates improved performance within the network (Grant 1996). Organizations can learn from each other and benefit from new knowledge developed by other

organizations. Intraorganizational knowledge sharing seems to be associated with increased cross-functional coordination in a network context like a supply chain.

Byrne (1993) defines a network-based virtual business as follows:

> *"A virtual corporation is a temporary network of independent companies – suppliers, customers and even rivals – linked by information technology to share skills, costs and access to one another's markets. This corporate model is fluid and flexible – a group of collaborators that quickly unite to exploit a specific opportunity. Once the opportunity is met, the venture will, more often than not, disband. In the concept's purest form, each company that links up with others to create a virtual corporation contributes only what it regards as its core competencies."*

It has been suggested (Bovet & Martha 2000; Parolini 1999) that an appropriate descriptor for these strategic networks could be 'value nets'. This idea reflects the way in which value for customers – as well as for members of the network – is created through the exploitation of the combined knowledge, capabilities and resources of the network. Perhaps one of the best examples of such a value net is provided by Cisco, a major provider of equipment for communication networks.

Cisco is a company, not yet twenty five years old, that has grown into an industry leader through its ability to leverage a virtual network. The vast majority of the products that Cisco sells are not touched by Cisco. A global web of contract manufacturers and logistics service providers enable customised solutions to be created and delivered to Cisco customers. The key in-house capabilities are technology development and network orchestration, the latter made possible by highly sophisticated, web-based information systems.

The trend to global sourcing and off-shore manufacturing has been one of the most dramatic phenomena of recent years. Recent research by the Cranfield Centre for Logistics and Supply Chain Management (Christopher et.al. 2007) has highlighted

that the primary motivation for these out-sourcing and off-shoring decisions has been cost. However, the research revealed that typically most companies take a very narrow view of cost. The main focus seemed to be on the actual purchase cost or manufacturing cost plus transport and customs duties. Rarely did those sourcing decisions take account of the additional inventory financing cost, the cost of lost sales and/or obsolescence as a result of longer lead-times or the risks of supply chain disruption. Even more crucially it seems that the strategic impact of the changed shape of the value web on the firm's competitive position did not enter the equation.

Risky conditions and situations create a need for trust and reputation helps in managing these relationships. Clearly the dependencies created by out-sourcing are significant and the global dimension adds further complexity to the supply network. For example, taking such opportunities to drive down the sourcing costs implies a need to understand the changed risk profile and thus a strengthened evaluation of suppliers is needed. Because of these dependencies there is an increased danger that the reputation of the focal firm can be seriously impacted by the actions of other network members.

## Reputational Risk is Network-Wide

It can be agreed that organisations with strong reputations are better able to attract stakeholders and to develop more stable relationships with them. Any inter-organizational collaboration effort is also based on reputation and trust (Arino, de la Torre & Ring, 2001), which encourages information sharing and inter-partner learning (Luo 2002; Griffin 2002; Rayner 2003; Neef 2003; Connell & Voola 2007).

The potential benefits are wide and affect many domains. There is a positive relationship between trust among persons and knowledge sharing within and across organizations (Gupta & Govindarajan 2000). There is also a positive relationship between organisations' reputation and knowledge sharing within the network. Organisations are nowadays extremely exposed to many different threats which can damage their reputation and hence the need to manage this vulnerability. Reputational risk is defined as failure to meet stakeholders' reasonable expectations of an organisation's performance *and* behaviour (Atkins, Bates & Drennan, 2006; Taewon & Amine 2007). However, guidelines or directions about the management of reputational risk tend not to be included in most current risk management standards, e.g. the standard and guidelines of IFRIMA (The International Federation of Risk and Insurance Management Associations), FERMA (Federation of European Risk Management Associations), ISO (International Standard Organisation) and also the frameworks about Enterprise Risk Management (COSO 2004; IFRIMA 2004). Paradoxically, many organisations have highlighted reputational risk as one of the most critical threats for their business: relatively recent research by The Economist, with the sponsorship of ACE, IBM and KPMG, surveyed in 2007 218 executives around the world about their approach to risk management, indicating that the need to protect and enhance reputation has been perceived as the key objective and benefit of risk management, thus reputational risk is receiving substantial attention. It has been cited as one of the most critical threats to the competitive standing and also as the most difficult risk of all to manage. (Economist Intelligence Unit 2007).

Risk to the reputation of a business has always been a concern of management. In the past that risk would have been considered to be largely internal. However, today, as a result of outsourcing and the creation of the 'extended enterprise', reputation risk is as likely to come from external sources. The recent problems faced

by Mattel who were forced to recall millions of toys as a result of quality problems at outsourced suppliers provides a current example of such risk and its consequences. Over several months in 2007 Mattel, the world's biggest toymaker recalled 21 million toys made in China where two-thirds of its toys are manufactured. He causes of the recalls were due firstly to some products being found to have excessive lead in their paint and secondly to the presence of small magnets in some toys which, if swallowed, were potentially lethal. Sales were hit as shipments were disrupted and consumer confidence was eroded – sales in the US fell by 19% in a single quarter. Mattel were forced to make a charge of $40m against the likely costs of the recall and an estimated $50m of lost sales further compounded their problems. One supplier in China, Lida Plastic Toys Co. Ltd, was forced to close its operations and the owner committed suicide.

Whilst who was ultimately responsible for these problems is an interesting question, the undeniable effect of a failure to manage the interfaces in the supply chain has had significant financial consequences for the network as a whole – not just Mattel.

Because reputation and brand image are ideas that are very closely linked, it is vital that marketing should extend its remit to include the management of reputation and reputational risks. Since we have argued that reputation can be significantly affected by the actions of network stakeholders it follows that those stakeholders should be drawn into the relationship management process. Whereas in the past the brand may have been the product, or even the organisation, increasingly the network will be the brand.

As Charles Fombrun (Director of the Reputation Institute) highlighted, (Fombrun 2007) reputation includes the organisation's image but is something bigger. Image could be defined as the beliefs which people have about an organisation, its products and services (Bernstein 1984; Hatch & Schultz 1997; Dowling 2004). For these reasons organisations are dedicating efforts and resources to influence the positive

perception of their brand and corporate image. They invest more than in the past in promoting their integrity, their mission towards best products and services, highlighting their 'fair' strategies and social orientation.

Looking at the most reputable companies - the Reputation Institute in USA in 2007 identified Barilla, followed by Lego, Lufthansa, Ikea, Michelin and Toyota - they seem to be able to brand themselves rather then the products or their brand portfolio (King 1991; Berry 2000; Aacker & Joachimsthaler 2000).

Trust and reputation within a network are strongly related to employee commitment. Employees should be motivated to share goals, tasks, vision and knowledge across the organisation and within the network (Milne 2007). Employees' interest and motivation lead to better performance and they play an essential role in fostering the organisation's reputation in the perception of other B2B companies (Stuart 2002). Employees' affiliation could lead the external partners to activate positive referrals, promoting the company's image by further helping the partners' recruitment (Scott & Lane 2000).

Similarly, relationships with profitable customers should be maintained in order to increase the success of services and products, to strengthen collaborative effectiveness and trust, and hence to improve outcomes in the long run. It also requires an effective customer knowledge management system (Alajoutsijärvi, Klint & Tikkanen 2001; Liu, Zang & Hu 2005).

Looking particularly at B2B relationships, the effects of trust and reputation in B2B relationships can be analysed from different perspectives, such as the emotional dimension (Gummesson 1996; Cova & Salle 2000), relationship marketing (Morgan et al., 1994; Bruner & Spekman 1998) and buyer-seller relationships (Balmer 2003; Andersen & Kumar 2006; Enke & Greschuncha 2007).

The creation of a 'good' reputation in B2B relationships is an important step in achieving effective knowledge transfer mechanisms among supply chain partners and

also the integration of processes across the supply chain and hence to managing more effectively the interfaces with supply chain partners.

Organisations which are able to build their reputation with partners (investing in their core competences and closer relationships) can better adapt to changing environments and market conditions and retain their customers and increase their success. Other authors highlighted also how trust and reputation are likely to promote flexibility and adaptability within the B2B relationships, reducing the negative effects of the information asymmetries (Arino, de la Torre & Ring, 2001). These benefits are transversal and affect many domains: from a knowledge perspective, a greater use of knowledge sharing mechanisms among supply chain partners encourages cross-functional coordination and leads to better learning results, and in turn, knowledge creation (Eng 2006). From a managerial perspective trust and reputation leads to more effective selection of partners, pricing concessions by suppliers, reduced risk for investors, increased strategic flexibility, better perceived quality of the products and, not least, enhanced financial performance and improved employee morale (Pellegrini 2004; Cretua & Brodie 2007).

Trust and reputation move through three phases in B2B relationships : the pre-relationship phase, the lifetime of the relationships and the termination and re-establishment of relationships.

1. In the "pre-relationship phase" they are a major determinant to start a business relationship, to initiate relationship, to evaluate potential exchange partners, to start negotiations and collaboration (Heide 1994). The information cues or experiences from other parties play a great role. Barilla several years ago built a full assortment warehouse in order to integrate its downstream logistics activities and to improve service performance for the retail customers. The aim of this project was to create an alliance with other primary brands in the Italian food sectors in order to reduce their logistics

costs and make the services to the retailer more effective. The project was a great success and it was facilitated by the reputation of these companies who shared common goals and trust in the capability to reach the potential benefits of this alliance

2. During the lifetime of the relationships, the maturation of the relationships and also long-term relationships narrows the so-called 'knowledge gap' within a network (Helander & Möller 2007). Trust and reputation are a result of an "experiential learning" (Witkowski & Thibodeau 1999), where meeting expectations and making the balance between power and dependence, cooperation and competition, leads to stable linkages and finally affiliation (Andersen 2001). In vertical networks – for example in franchise networks - the stable relationships between suppliers and shops are crucial. Calzedonia is an Italian franchise company which produces and sells beachwear and underwear. The effective process of acquisition-design-assortment-opening of the shops around the World represents a core competence which is internally managed. The timeliness and quality in opening and re-assorting new shops plays an important part in creating the company's profitability and helps in fostering the company image perceived by the customers and by the franchisees. The relationships with suppliers are in this sense crucial. The network of stable suppliers-partners can assure flexibility and knowledge of the priorities in Calzedonia's business. They cope with short lead times, high quality requirements and contribute to the minimisation of warehouses and logistics errors. Calzedonia focuses on partnership rather than low cost sourcing which helps in fostering and motivating the supplier's affiliation.
3. In the termination and/or re-establishment of relationships. Selex Sistemi Integrati is a member of the Finmeccanica Group, a World leader in the provision of integrated defense, air traffic and paramilitary mission critical

systems dealing with more than 400 projects. This company offers comprehensive and advanced customer support solutions across the product's life-cycle. To achieve this goal, Selex needed to establish stable relationships with its suppliers during the total life of the projects. The termination of stable relationships could compromise the stability of the projects and the customer's satisfaction. For these reasons Selex closely cooperates with suppliers and external providers to ensure that when future projects arise these organisations are willing to become partners in their extended enterprise.

In all of these 3 phases the communication of experiences from other parties are often essential in the creation of the "experiential learning". These are the referrals of external actors (existing customers, third parties, or B2B partners) or internal actors (employees), and are closely related to the reputation of the company.

Figure 1 summarises some of the key literature and positions reputation in the wider context of stakeholders within a network.

*Figure 1: reputation in the wider context of stakeholders within a network*

B2B organisations which have trust in each other are more likely to promote each others reputation and will exploit the opportunity to maximise referrals and strengthen the trust that partners have in them. It also helps in the achievement of the goals of attraction, satisfaction and retention, and in maintaining network stability through closing the positive circular cycle (See Figure 2).

*Figure 2: network stability: the positive circular cycle*

**Strengthening Relationships through Knowledge and Reputation**

Following our analysis of the literature a number of propositions can be constructed which might lend themselves to further empirical research. The possible linkages between these propositions are shown in Figure 3.

*Figure 3: linkages between propositions*

**P1:** Networks have been defined as 'knowledge communities' (Connel & Voola 2007) where creating, capturing, and transferring knowledge-based sources with customers, employees and suppliers may facilitate concerted action, effective management of relationships and improved performance. Information sharing (and trust) may be positively related to the frequency of interaction or closeness of ties (Ghoshal, Korine & Szulanski 1994) revealing tie strength and the extent of long-term relationships (Hansen 2002; Reagans & McEvily 2003).

**P2**: Good relationships and an effective knowledge-based management of the linkages with all of the key partners - both internal (employees) and external (customers and others) (Payne, Holt & Frow 2001) – affect reputation positively (Christopher, Payne & Ballantyne 1991; Gummesson 1995; Clark 1997; Dolmat-Connell 1999; Peck, Payne & Christopher 1999). Reputation has been defined as the intangible asset which expresses the evaluation of stakeholders as to whether the

firm is substantially 'good' or 'bad' (Weiss, Anderson & MacInnis 1999), and reflects the cumulative knowledge about the past and present acts of the organisation (Taewon & Amine 2007).

**P3:** Reputation is the esteem in which an organisation is held by stakeholders, it is an intangible but essential asset based on the organisation's actions. Reputation can lead to an "emotional attachment" (Keller 2003), a "favourability" of the stakeholders towards the organisation (Taewon & Amine 2007), and also is a key to creating more stable relationships with stakeholders (East 1997; Balmer & Gray 1999; Roberts & Dowling 2002). Managing long-term relationships effectively requires the capability to understand and to define specific goals for each group of stakeholders, since the organisation needs to achieve the goals of attraction, satisfaction and retention of customers, employees and other stakeholders (see **P4**).

**P4**: Cultivating a positive perception of the organisation's image and hence consolidating the reputation increases the capability to attract – satisfy - retain stakeholders and increases the value of the intangible assets such as trust, the franchise with customers and other partners, information sharing and brand equity, creating a positive cause-and-effect circle. It helps in managing better these linkages, leading to the achievement of better performance, knowledge and responsiveness in the market (Calantone Cavusgil & Zhao 2002).

**P5**: Das and Teng (2001) stated 'trust is a mirror image of risk'. Reputational risk can arise from any part of the organization or network relationships and can destroy the organisation's credit overnight, while taking years to build up. Reputational damage leads to stakeholders' erosion of trust, affecting relationships and even leading to the collapse of the enterprise (Atkins, Bates & Drennan 2006; Rayner 2003).

While reputation is widely accepted as being important, managing reputational risk successfully is more challenging, and tends to be fragmented and unsystematic

(Rayner 2003; Griffin 2002). It requires the right people in place to prevent and manage reputational risk, and it is again a matter of organizational culture. No one person in the organisation owns this risk, so a cross-functional management approach is required.

Two aspects are essential for assessing and managing reputational risk in order to reduce its negative effect on network relationships.

**1. Reputational risk may exist when the organisation's image perceived by the stakeholders groups is not coherent with the organisation's proclaimed identity.**

Pharma, toys and clothing are examples of industries which often invest in promoting their image of social responsibility in order to improve their reputation and hence their competitive advantage. In these sectors, not keeping their promises represents a potential crisis which can totally damage the brand reputation and destroy a significant part of the market / brand value, as in the previously quoted case of Mattel. Another case was the U.S. company Guidant, a world leader in developing cardiac medicalsystems. In the three years 1999-2001 its innovative 'ancure endograft system', a sort of vascular pacemaker, caused serious problems to more then 2600 patients and 12 died. Guidant did not recall the product, until some of Guidant's employees publicly revealed the problems. Guidant was found guilty and paid more then 92 million dollars and also lost its market position.

Clearly potential sources of risk across the network need a careful assessment, reputational risks need to be prevented before a crisis occurs but if a crisis happens needs to be effectively managed.

**2. Reputational risk requires an effective management of the interfaces with the stakeholders in the network.**

Several recent events demonstrate, as in the case of Guidant, how relationships with employees and managers may represent a source of reputational risk. Some world famous examples are the Enron scandals, the case of WalMart with the class action brought by the female employees because of the alleged discrimination in remuneration, or the scandal of the extra salary provided to the CEO of Walt Disney (Valsania 2005). In some cases, employees can activate 'negative' referrals against the business they operate in, as in the case of petroleum and chemical companies. Employees have a range of expectations and complex sets of needs about — for example — training, development, safe working environment. Misunderstanding employees' needs represents a risk for the organization.

In the last 20 years employees gave evidence at the satefy and security risks caused by these industries, like in the case of Union Carbide in India (1984), Texas City in USA (2005) and recently Thissen Group in Italy (2007). Media and those people known as ''whistle blowers', who operate in customer organisations or have some vested interest in the business, may play a crucial role in revealing scandals, particularly when the companies involved are well known for caring about environment and stakeholders. Recognising the potential impact of these people is a reputational risk identification issue.

Like employees, customers have a range of expectations and needs about quality, price, service, safety, transparency, ethics. Customers might often represent a potential source of negative (seldom positive) word-of-mouth, but organisations need to be prepared to real cases of reputational threats coming from dissatisfied customers. This is the case of Intel's customer Thomas Nicely, a Professor of Mathematics, who discovered in October 1994 that a micro-processor made an error in calculating the tenth decimal in some mathematical operations. When his complaints did not get any response from Intel, he exposed the case to many

internet newsgroups and websites. The information became so widespread that Intel had to recall the micro-processor, with a loss estimated in 475 million dollars.

There is also the case of Dasani bottled water, launched in 2003 by Coca Cola in UK with a strong advertising focus on the product's 'purity' (Atkins, Bates & Drennan 2006). It transpired that Coca Cola sourced the water from the public mains supply in Sidcup, in the southeast London, filtering the water and introducing additives to improve the taste. The water was found to contain minute traces of potentially harmful chemicals resulting in highly damaged publicity. Trust in the product disappeared, and it was recalled at a cost of millions of pounds.

These examples highlight that reputational risk is closely related to the management of the interfaces with stakeholders, and particularly it seems essential:

- to understand stakeholders' expectations and to define the company policy in coherence with its vision and strategies;
- to create a cross functional responsibility for reputation and reputational risk, starting with the CEO and involving all levels of management;
- to identity and evaluate internal and external causes of reputational risks within network relationships;
- to mitigate reputational risk as a not-transferable risk to insurance, investing in prevention and in crisis management procedures to mitigate the negative effects.

In order to protect effectively network relationships and the threats to reputation, there is a need to base effective corporate governance on the cross-functional management of operations and human resources. The goal should be to achieve a number of outcomes:

- a continuous assessment of the most significant sources of reputation risk facing the organisation

- knowledge of the possible effects on stakeholders perceptions and shareholders value of deviations to expected performance (Neef 2003)
- ensuring appropriate levels of awareness of risk throughout the functions of the organization
- managing corporate communications to achieve coherence with the desired position of the business.

In 1991 Barich and Kotler highlighted the strategic options for the CEO in the management of reputation. Particularly in cases of poor reputation, the CEO needs to choose a 'performance-improving strategy', by investigating the negative components of the company's reputation and improving the perception of stakeholders.

Looking particularly at the network level - the supply chain - the effective management of these options requires either a social intention of managing these risks on a shared basis with partners, or the decision by the main actor to promote the image of the network. But branding the network requires a coherent promotion of the real character of the relationships in the network.

## Conclusion

This paper has focused on the essential role of managing the interfaces and knowledge sharing which connect the individual players in a global network. The tentative model we have proposed also highlights the potential impact of reputational risk in influencing the perception of stakeholders about the organisation and the relationships' stability.

The key literature and examples (summarised in Figure 1) position reputation and reputational risk in the wider context of relationships with all the stakeholders.

Trust and reputation are also analysed, and related to the challenge of knowledge sharing in network relationships within a dynamic business environment.

The paper suggests five propositions in order to establish a framework whereby the positive correlations between reputation, capability to attract – satisfy - retain the stakeholders, information sharing and better performance can be identified. In this framework, with the support of some evidence from actual cases, reputational risk is shown as an emerging key factor that leads to a stakeholders' erosion of trust, affecting, relationships and even leading to the collapse of the enterprise.

Finally, the paper suggests some essential aspects of understanding and managing reputational risk within a network. The company should be sensitive to stakeholders' expectations and needs to address key responsibilities to protect the organisation's image, reputation and network relationships. It also requires an effective communication and information sharing within the organisation and along the network.

It is possible to argue that the effective management of the network relationships requires a strategic shift from 'branding the product' to 'branding the organisation' and maybe to 'branding the network'.

This challenge requires both an effective management of value creation process with respect to the stakeholders (relationship management) and an effective management of the alignment between the organisation's personality (core competencies, internal relationships), its image (external manifestations driven by the marketing communication) and its knowledge and communication with all the stakeholders (strategic management).

## LIST OF REFERENCES


- Aacker, D.A., Joachimsthaler, E. (2000). The Brand Relationship Spectrum: the Key to the Brand Architecture Challenge, *California Management Review*, 42 (4), 8-23.
- Alajoutsijärvi, K., Klint, M.B., Tikkanen, H. (2001). Customer relationship strategies and the smoothing of industry-specific business cycles, *Industrial Marketing Management*, 30 (6), 487– 497.
- Andersen, P.H. (2001). Relationship marketing and communication: Towards an integrative model, *Journal of Business and Industrial Marketing*, 16 (3), 167–182.
- Andersen, P.H., Kumar, R. (2006). Emotions, trust and relationship development in business relationships: A conceptual model for buyer–seller dyads, *Industrial Marketing Management*, 35 (4), 522-535.

- Arino, A., de la Torre, J., Ring, P.S. (2001). Relational quality: Managing trust in corporate alliances, *California Management Review*, 44 (1), 109–131.
- Atkins, D., Bates, I., Drennan, L., *Reputational risk: a question of trust*, Les*50*son Professional Publishing, London, 2006.
- Balmer, J.M.T. (2001). Corporate identity, corporate branding and corporate marketing: seeing through the fog, *European Journal of Marketing*, 35 (3/4), 248–291.
- Balmer, J.M.T. (2003). Corporate Brands: What are They? What of Them?, *European Journal of Marketing*, 37 (7/8), 972-97.
- Balmer, J.M.T., Gray, E.R. (1999). Corporate identity and corporate communications: creating a competitive advantage, *Corporate Communications: An International Journal*, 4 (4), 171 – 177.
- Barich, H., Kotler, P. (1991). A framework for marketing image management, *Sloan Management Review*, 32 (2), 94-104.
- Bernstein, D., *Company Image and Reality*, Cassell, London, 1984.
- Berry, L.L. (2000). Cultivating service brand equity, *Journal of the Academy of Marketing Science*, 28 (1), 128–137.
- Bessant, J., Kaplinsky, R. & Lamming, R., (2003) Putting supply chain learning into practice, *International Journal of Operations & Production Management*, Vol. 23., No. 2., pp 167-184.
- Bovet, D., Martha, J. *Value Nets : Breaking the Supply Chain to Unlock Hidden Profits,* John Wiley, New York, 2000.
- Brickson, S.L. (2007). Organizational identity orientation: the genesis of the role of the firm and distinct forms of social value, *Academy of Management Review* , 32 (3), 864–888.
- Bruner, R., Spekman, R.E. (1998). The dark side of alliances: Lessons from Volvo-Renault, *European Management Journal*, 16 (2), 136-150.

- Byrne, J.A., Brandt, R., Port, O. (1993). The Virtual Corporation, *Business Week*, 8 February, 98-102.
- Calantone, R.J., Cavusgil, S.T., Zhao, Y. (2002). Learning orientation, firm innovation capability, and firm performance, *Industrial Marketing Management*, 31 (6), 515–524.
- Christopher, M., *Logistics and Supply Chain Management. Creating Value-Adding Networks*, FT Prentice Hall, Harlow, 2005.
- Christopher, M., Jia, F., Khan, O., Mena, C., Palmer, A. & Sandberg, E., *Global Sourcing & Logistics*, Cranfield School of Management, UK, 2007.
- Christopher, M., Payne, A., Ballantyne, D., *Relationship Marketing: Bringing Quality, Customer Service and Marketing Together*, Butterworth-Heinemann, Oxford, 1991.
- Christopher, M., Peck, H., *Marketing Logistics*, 2nd edition, Butterworth Heinemann, Oxford, 2003.
- Clark, M. (1997). Modelling the Impact of Customer-Employee Relationships on Customer Retention Rates in a Major UK Retail Bank, *Management Decision*, 5 (4), 293-301.
- COMMITTEE OF SPONSORING ORGANIZATIONS OF THE TREADWAY COMMISSION (COSO), *Enterprise Risk Management Framework*, summer 2004, www.erm.coso.org.
- Connell J., Voola, R. (2007). Strategic alliances and knowledge sharing: synergies or silos?, *Journal of Knowledge Management*, 11 (3), 52-66.
- Cova, B., Salle, R. (2000). Rituals in managing extra business relationships in international project marketing: A conceptual framework, *International Business Review*, 9 (6), 669-685.
- Cranfield, (2007).

- Cretua, A.E., Brodie, R.J. (2007). The influence of brand image and company reputation where manufacturers market to small firms: A customer value perspective, *Industrial Marketing Management*, 36 (2), 230-240.
- Das, T.K., Teng, B.S. (1998). Between trust and control: developing confidence in partner cooperation in alliances, *Academy of Management Review*, 23 (3), 491-512.
- Das, T.K., Teng, B.S. (2001). Trust, control, and risk in strategic alliances: an integrated framework, *Organizational Studies*, 22 (2), 251–283.
- Dolmat Connell, J. (1999). Developing a Reward Strategy that Delivers Shareholder and Employee Value, *Compensation and Benefits Review*, 31 (2), 46-53.
- Dowling, G. (1986). Managing you corporate image, *Industrial Marketing Management*, 15 (2), 109-115.
- Dowling, G. (2004). Corporate Reputation: should you compete on yours?, *California Management Review,* 46 (3), 19-36.
- Dutton, J.E., Harquail, C.V. (1994). Organizational Images and member Identification, *Administrative Science Quarterly*, 39 (2), 239-263.
- East, R., *Consumer Behaviour: Advances and Applications in Marketing*, Prentice Hall, London, 1997.
- Economist Intelligence Unit, Best practice in risk management: a function comes of age, Report 2007, Italy.
- Eng, T.Y. (2006). An investigation into the mediating role of cross-functional coordination on the linkage between organizational norms and SCM performance, *Industrial Marketing Management* , 35 (6), 762– 773.
- Enke, M., Greschuchna, L. (2007). How to initiate trust in business relationships? Theoretical framework and empirical investigation, *Academy Marketing Science Congress Proceedings*, Verona – Italy.

- Fombrun, C. (2007). Reputation Institute, www.reputationinstitute.com.
- Garbett, T., How to build a Corporation's Identity and Project its image, Lexington Books, New York, 1998.
- Ghoshal, S., Korine, H., Szulanski, G. (1994). Inter-unit communication in multinational corporations, *Management Science*, 40 (1), 96-110.
- Grant, R.M. (1996), Toward a knowledge-based theory of the firm, *Strategic Management Journal*, 17 (Winter Special Issue), 109–122.
- Griffin, G., *Reputation Management*, Capstone Publishing, Oxford, 2002.
- Gummesson, E. (1996). Relationship marketing and imaginary organizations: a synthesis, *European Journal of Marketing*, 30 (2), 31–44.
- Gummesson, E., Relationship Marketing: From 4Ps to 30 Rs, Butterworth-Heinemann, Oxford, 1995.
- Gupta, A.K., Govindarajan, V. (2000). Knowledge management social dimension: lessons from Nucor Steel, *Sloan Management Review*, 42 (1), 71-81.
- Hansen, M. (2002). Knowledge networks: explaining effective knowledge sharing in multiunit companies, *Organization Science*, 13 (3), 232-48.
- Hatch, M.J., Schultz, M. (1997). Relations Between Organizational Culture, Identity and Image, *European Journal of Marketing*, 31 (5/6), 356-365.
- Heide, J.B., (1994). Interorganizational governance in marketing channels, *Journal of Marketing*, 58 (1), 71–85.
- Helander, A., Möller, K. (2007). System supplier's customer strategy, *Industrial Marketing Management* , 36 (6), 719–730.
- Keller, K., *Strategic Brand Management: Building, Measuring, and Managing Brand Equity*, 2d edition, Upper Saddle River, Prentice Hall, 2003.
- King, S. (1991). Brand building in the 1990s, *Journal of Marketing Management*, 7 (1), 3-13.

- Liu, J., Zhang, S., Hu, J. (2005). A case study of an inter-enterprise workflow-supported supply chain management system, *Information & Management*, 42 (3), 441-54.
- Luo, Y. (2002). Building trust in cross-cultural collaborations: toward a contingency perspective, *Journal of Management*, 28 (5), 669-94.
- Mazzei, A., Gambetti, R., (2006). La comunicazione aziendale a sostegno del corporate branding e della reputazione: la gestione integrata di segni, comportamenti e reti di relazioni, Proceedings of the congress: *Le Tendenze del Marketing*,Venice –Italy.
- McDermott, R., O'Dell, C. (2001). Overcoming cultural barriers to sharing knowledge, *Journal of Knowledge Management*, 5 (1), 76-85.
- Milne, P. (2007). Motivation, incentives and organisational culture, *Journal of Knowledge Management*, 11 (6), 28-38.
- Morgan, R.M., Hunt, S.D. (1994). The Commitment-Trust Theory of Relationship Marketing, *Journal of Marketing*, 58 (3), 20-38.
- Neef, D., *Managing corporate reputation and risk: a strategic approach using knowledge management*, Butterworth Heinemann, Burlington MA, 2003.
- Parolini, C., *The Value Net : A Tool for Competitive Strategy*, John Wiley, città, 1999.
- Payne, A., Holt, S., Frow, P. (2001). Relationship Value Management: Exploring the Integration of Employee, Customer and Shareholder Value and Enterprise Performance Model, *Journal of Marketing Management*, 17 (7/8), 785-817.
- Peck, H., Payne, A., Christopher, M. and Clark, M., *Relationship Marketing: Strategy and Implementation*, Butterworth Heinemann, Oxford, 1999.
- Pellegrini, L. (2004). Corporate brand, *Sviluppo & Organizzazione*, 204, 24-25.

- Plank, R.E., Reid, D.A. & Pullins, E.B., (1999) Perceived trust in business-to-business sales : A new measure, *Journal of Personal Selling and Sales Management*, Vol. 19, No. 3, pp 61-71.
- Pratt, M.G., Foreman, P.O. (2000). Classifying managerial responses to multiple organizational identities, *Academy of Management Review*, 25 (1), 18–42.
- Rayner J., *Managing reputational risk*, John Wiley and Sons, Chichester, 2003.
- Reagans, R., McEvily, B. (2003). Network structure and knowledge transfer: the effects of cohesion and range, *Administrative Science Quarterly*, 48 (2), 240-67.
- Roberts, P.W., Dowling, G.R. (2002). Corporate reputation and Sustained Superior Financial Performance, *Strategic Management Journal*, 23 (12), 1077-1093.
- Scott, S.G., Lane, V.R (2000). A stakeholder Approach to Organizational Identity, *Academy of Management Review*, 25 (1), 43-62.
- Seppänen, R., Blomquvist, K. & Sundqvist, S., (2007) Measuring inter-organisational trust - a critical review of the empirical research in 1990-2003, *International Marketing Management*, Vol. 36, pp 249-265.
- Stuart, H. (2002). Employee Identification with the Corporate identity, *International Studies of Management and Organiastions*, 32 (3), 28-44.
- Taewon, S., Amine, L.S. (2007). Defining and managing reputational capital in global markets, *Journal of Marketing Theory and Practice*, 15 (3), 205-217.
- Tsai, W., Ghoshal, S. (1998). Social capital and value creation: the role of intra-firm networks, *Academy of Management Journal*, 41 (4), 464-76.
- Valsania, M., (2005). Disney: svolta per la governance USA, *IlSole24Ore*, 20 (8), 2-5.
- Weiss, A.M., Anderson, E., MacInnis, D.J. (1999). Reputation management as a motivation for sales structure decisions, *Journal of Marketing*, 63 (4), 74-89.

- Witkowski, T.H., Thibodeau, E.J. (1999). Personal bonding processes in international marketing relationships, *Journal of Business Research*, 46 (3), 315-325.

## LIST OF FIGURES

**Figure 1: reputation in the wider context of stakeholders within a network**

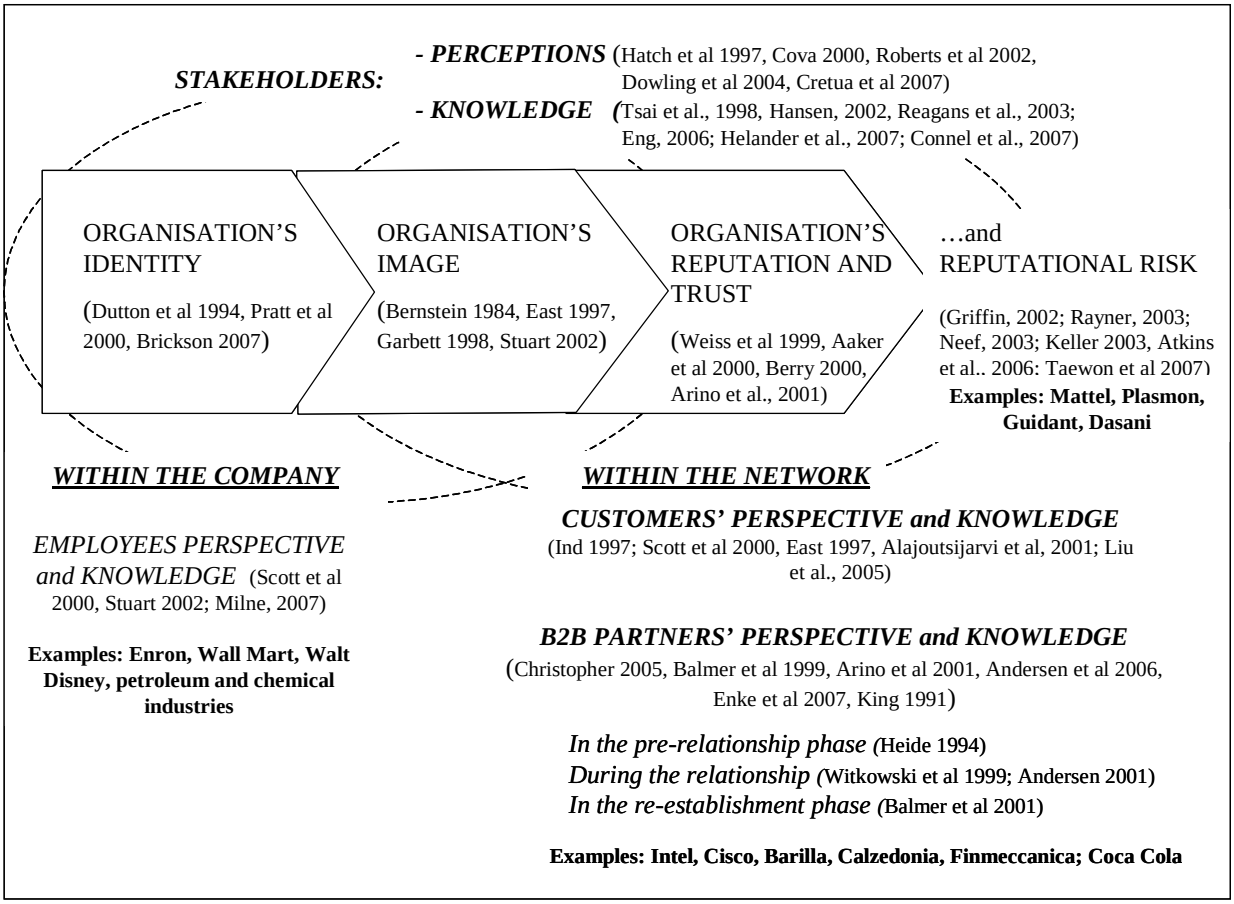


**Figure 2: network stability: the positive circular cycle**

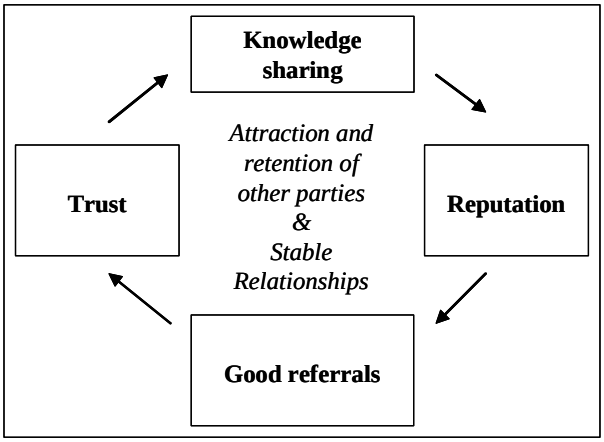
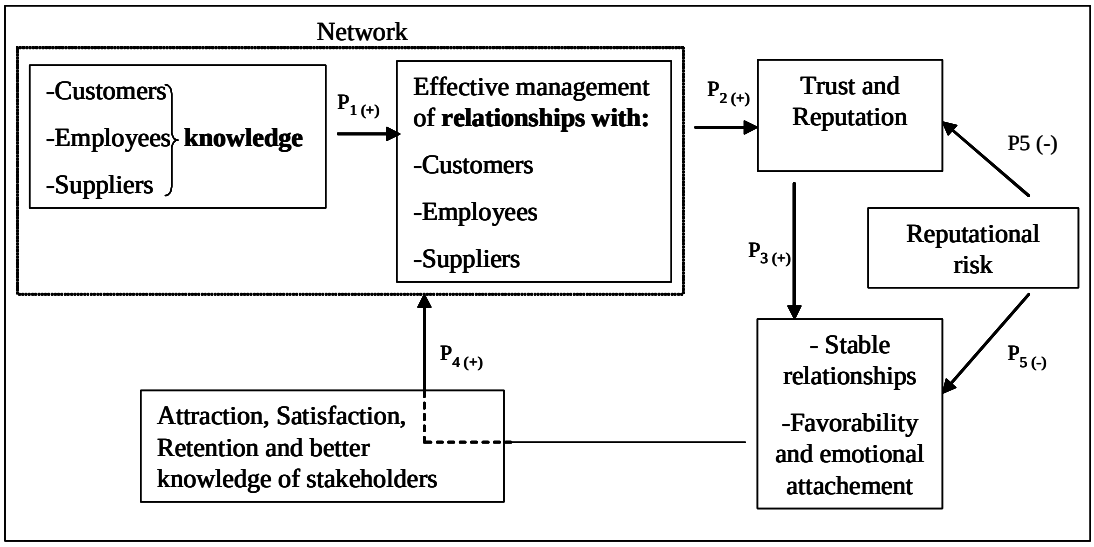



**Figure 3: linkages between propositions**



**Cranfield University**

**CERES Research Repository** **https://dspace.lib.cranfield.ac.uk/**

School of Management (SoM) Staff publications (SoM)

# Exploiting Knowledge across Networks through Reputation Management.

Christopher, Martin

2009-02

Martin Christopher, Barbara Gaudenzi, Exploiting knowledge across networks through reputation management, Industrial Marketing Management, Volume 38, Issue 2, Knowledge Management in Industrial Markets, February 2009, Pages 191-197

http://dx.doi.org/10.1016/j.indmarman.2008.12.014

*Downloaded from CERES Research Repository, Cranfield University*