Adapting the PZB Service Quality Model to Reputation Risk Analysis and the Implications for Corporate Communication

Peggy Simcic Brønn
peggy.brønn@bi.no
Norwegian School of Management

Organizations put their reputations at risk when they misunderstand what their stakeholders expect from them. This produces what Sethi (1977) refers to as the legitimacy gap. A legitimacy gap is that chasm between what an organization believes and does and what its key publics think it should do and believe. A legitimacy gap can have a profound and immediate impact on image and in the long run reputation. People expect specific behavior from an organization regarding societal issues or questions, and when an organization ignores or denigrates issues and in the worst case contributes to making conditions worse, stakeholders will react. The reaction can have negative consequences for the organization’s reputation. In contrast, the same stakeholders can reward those organizations that contribute positively to societal issues. In other words, failure to fulfill expectations puts an organization’s reputation at risk. However, fulfilling expectations is dependent on an organization being aware of what those expectations are.

This paper explores adapting the PZB Service Quality Model developed by Parasuraman, Zeithaml and Berry (1985) as an instrument for assessing reputation risk. The PZB model identifies five possible gaps that could exist between customers’ service quality expectations and an organization’s performance on service quality. Service quality is only one type of quality behavior expected or promised by an organization, and customers are only one stakeholder of an organization. It is reasonable to assume that the logic behind the model can be applied to all stakeholders. Thus in a revised model ‘quality behavior’ can be substituted for service quality and ‘stakeholders’ can be substituted for customers. The paper will suggest an adapted instrument for measuring the gaps between stakeholder quality expectations and organization performance.

Introduction

If reputation is so important for organizations, why do they continually end up in crises? Aren’t they paying attention to the world around them? Aren’t they aware of the consequences of their decisions and behavior? Are they picking up on danger signals? Do they pay attention to public opinion? Do they measure their stakeholders’ perception of them? The answer to all of these questions may be ‘no’ for individual firms. But by answering no, these firms are putting their reputation in danger.

In a report from the British research and consulting firm Economist Intelligence Unit (2005) reputation risk was identified as the greatest threat to global business activities. The global survey from Aon in 2007 gave similar results. This is related to the fact that most business leaders believe reputation can provide a competitive advantage for their organization. They also recognize that it is impossible to hide poor behavior; with today’s technology bad news spreads like wildfire.
Obviously the optimum for an organization is to have a fault-free reputation and to never experience a crisis that puts their reputation in danger. This of course is nearly impossible: most organizations in their lifetimes with experience a crisis of some form. Therefore there is a risk for all organizations that events will occur that will damage their reputation.

**Reputation Risk and Expectations**

Brønn and Dowling (2008) make the point that risk is a natural phenomenon in the business world. It seems reasonable that we can extend this to the organizational world in general; meaning that any organization made up of a group of people making decisions is subject to risk. The authors identify five domains of risk. Operational risks occur as a result of how an organization goes about its business and policy implementation is deficient for achieving organizational goals. Capital risks are associated with investment decisions such as entering a new market, investing in technology, diversifying portfolios, etc. Accounting, taxation, compliance reporting and pressure from financial markets fall under financial risks. A fourth category of risk defined by the authors is social risk, a risk that what the organization is engaged in may cause harm. Some of these include obesity associated with the food industry, following poor advice from financial service firms, unsafe or costly drugs from pharmaceuticals, pollution by industry, and work-life balance of employees. The last classification of risk includes intangible risks associated with employees, databases, trademarks, core capabilities and intellectual property. All of these risks must be considered in the context of the type of organization but are applicable to any kind of organization.

Jolly (2003) defines reputation risk as ‘the risk that the firm may be exposed to negative publicity about its business practices or internal control, which could have an impact on the liquidity or capital of the firm, or cause a change in its credit rating’. Scott and Walsham (2005) argue that this is a typical definition of risk with an emphasis on the impact on financial performance. They suggest a more encompassing definition of reputation risk as “the potential that actions or events negatively associate an organization with consequences that affect aspects of what humans value” (p. 311). This definition is broad enough to include issues that could be considered beyond the narrow concerns of shareholder value to accommodate social, political, and ethical concerns from a wide range of stakeholders.

According to Scott and Walsham, risk places a focus on distinguishing between reality and possibility, while reputation is about assessing and anticipating an organization’s performance. Their commonality is the underlying concern of expectations. Sethi (1977) advanced this thinking when he asserted in 1977, that organizations put their reputations at risk when they misunderstand what their stakeholders expect from them. This produces what he refers to as a legitimacy gap, the chasm between what an organization believes and does and what its key publics think it should do and believe. ‘Legitimacy gap theory’ states that society expects a certain behavior from organizations regarding their role and when an organization ignores, oversees or perhaps contributes to making society worse, society will react producing a legitimacy gap that can have a profound and immediate impact on image and in the long run reputation.

**Legitimacy**

Vidaver-Cohen and Brønn (2008) review organizational legitimacy and stakeholder engagement, drawing heavily on the work of Suchman (1995), who provides an oft quoted definition of legitimacy as the "generalized perception or assumption that the actions of an entity
are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (p. 574). This perspective argues that corporations exist as long as their value system is congruent with that of the society in which it operates (Dowling and Pfeffer, 1975; Lindblom, 1994).

Legitimacy is important for the success of both individual organizations and the industries to which they belong (see Deephouse and Suchman 2008). Legitimacy improves ability to compete for resources, exert authority and acquire stakeholder approval (Rao, 1994). It provides a crucial “reservoir of support” during times of organizational or industry crisis (Deephouse and Suchman, 2008). And the loss of legitimacy can threaten the long-term survival of both organizations and industries, suggesting that preserving legitimacy is one of the most important tasks a business leader may face (Oliver, 1992).

According to Pfeffer and Salancik’s Resource Dependency Theory (1978), legitimacy is seen as an "operational resource that organizations extract, often competitively, from their environments and which they employ in pursuit of their goals" (Suchman, 1995 p. 576 ). This is a more strategic perspective that assumes greater managerial control over legitimation processes. Organizations can build and preserve legitimacy through pro-active efforts to "instrumentally manipulate and deploy evocative symbols in order to garner societal support" (Suchman, 1995 p. 572) and by using "verbal accounts or explanations to avoid blame or gain credit for controversial events" (Elsbach, 1994 p.)

Suchman (1995) identifies three main types of organizational legitimacy: Pragmatic Legitimacy, Moral Legitimacy, and Cognitive Legitimacy each of which emphasizes a different aspect of organization-environment "fit". Pragmatic Legitimacy is earned by serving interests and meeting expectations of specific stakeholder groups, regardless of whether these interests and expectations are shared by the public at large. According to Suchman (1995), pragmatic legitimacy can sometimes be ‘purchased’ through concrete rewards to specific stakeholders. He identifies three dimensions of Pragmatic Legitimacy:

- Exchange Legitimacy — attributed to an organization or industry by stakeholders who believe it meets their expectations for value creation.
- Influence Legitimacy – attributed to an organization or industry by stakeholders who believe it will respond consistently to their interests.
- Dispositional Legitimacy – attributed to an organization or industry by stakeholders who believe its leaders share their values and beliefs.

Moral Legitimacy refers to perceptions of congruence between various aspects of organizational performance and societal expectations for moral conduct appropriate to the specific organization. Suchman suggests four dimensions of Moral Legitimacy in organizations:

- Consequential Legitimacy - Accomplishing goals that serve the public interest.
- Procedural Legitimacy - Adopting processes and procedures that reflect shared moral values in the larger social environment.
- Structural Legitimacy - Creating systems and structures that ensure compliance with prevailing ethical standards.
- Personal Legitimacy - Demonstrating integrity and trustworthy behavior among organizational leaders and representatives.

Moral legitimacy, according to Suchman, rests “not on judgments about whether a given activity benefits the evaluator, but rather on judgments about whether the activity is 'the right
thing to do.' These judgments, in turn, usually reflect beliefs about whether the activity effectively promotes societal welfare, as defined by the audience's socially constructed value system” (Suchman, 1995, p. 579).

Organizations and industries can attain Cognitive Legitimacy by conforming so consistently with established models of form and function that they are perceived as "necessary or inevitable based on some taken-for-granted cultural account" (Suchman, 1995, p. 582). Two dimensions of Cognitive Legitimacy are proposed:

- **Comprehensibility** -- Organizational forms and functions are predictable and plausible -- consistently fulfilling audience expectations for all organizational entities of the same type.
- **Taken-for-Grantedness** -- The form and function of an organizational entity is so permanent and inevitable that no other alternative is plausible.

The legitimacy perspective thus makes it the responsibility of company management to monitor societal values and to ensure the organization is perceived to function in a manner in keeping with those values. Ultimately, according to the view of cognitive legitimacy, these routines would be entrenched within the organization in such a manner that it becomes an automatic part of management routines. As noted by Zyglidopoulos (2003), under this view stakeholders can not conceive of ‘a situation where the firm’s behavior could be other than what it is’ (p. 74).

In their review of the literature on reputation and legitimacy, Deephouse and Carter (2005) assert that both concepts are similar in that they are 1) social constructions (with stakeholders evaluating organizations), 2) are linked with similar antecedents (such as size, financial performance, strategic alliances or regulatory compliance) and 3) create an improved ability to acquire resources. For Beddington et al. (2008), however, the two constructs differ in how they are assessed and the dimensions on which they are assessed. As they state, reputation can be attached to any organizational attribute and the simple act of landscaping a firm’s headquarters could enhance its reputation. According to Walsham and Scott, the relationship between expectations and reputation is nevertheless key as it is imperative that there is congruence between how the organization sees its reputation and the reality of the firm.

**Legitimacy gaps**

As noted previously, Sethi in 1977 introduced the proposition that legitimacy gap is created when there is a chasm between what an organization believes and does and what its key publics think it should do and believe. This is problematic for organizations, as ‘gaps in society’s expectations of an organization and society’s perceptions of this behavior can create a problem with the perceptions of the legitimacy of the organization itself’ (Bridges and Nelson 200, p. 102). As Heath and Coombs (2008) describe it, when legitimacy gaps widen, stakeholders’ desire to correct – or punish – the firms increases. This may include selling stock, activism, or boycotts. Conversely, society can reward those organizations who contribute positively to society.

Heath and Coombs (2006) see the legitimacy gap as a ‘powerful way of examining the extent to which an organization’s interests align with the interests of its markets, audiences and publics’ (p. 267). Heath and Coombs view legitimacy gaps through the lens of issues management, which they say seeks to reduce the legitimacy gap. This is because issues management helps organizations know what their markets, audience and publics expect of them.
They can then try to not violate these expectations. However, while the researchers imply that legitimacy gaps are results of planning, communication, decision-making, etc., they provide no overall suggestion for a gap analysis from an organizational perspective.

Zyglidopoulous (2003) also approaches legitimacy gaps through the lens of issue management, specifically the issue life-cycle. He argues that as issues progress through various stages, society experiences changing expectations as new solutions and standards evolve to satisfy expectations. It is during this process that attention is directed to corporations who are complying with new standards or are trying to comply more than others. These firms thus become the behavioral examples. Focus in this research is the impact on reputation from either lagging or leading compliance with expectations.

It is still unclear whether acquiring and maintaining legitimacy is controllable by managers (Zyglidopoulous 2003). Suchman (1995) states that some (strategic legitimacy researchers) see managers as assuming a high level of control over legitimacy processes, while others (institutional legitimacy researchers) see it as a by-product of external processes and out of the control of management. As we learned from the discussion on legitimacy, and as implied in issues management, in order for legitimacy to be embedded within organizations it must be part of managers’ routines. To that end, this paper introduces a gap model as an instrument for assessing reputation risk that takes into consideration both stakeholder expectations and management behavior.

The PZB Model

The service quality model known as the PZB Model was first developed by Parasuraman, Zeithaml and Berry (1985) (see also Zeithaml et al.) to attempt to define and model service quality at a time when there was little focus on the construct. As part of their exploration they concluded that quality involves a comparison of expectations with performance, and thus satisfaction with services is related to fulfilling expectations. Several studies are cited that conclude for example that satisfaction is related to confirmation or disconfirmation of expectations (Smith and Houston 1982), and that consumers compare the service they expect with perceptions of the service they receive (Gronroos 1982).

Through in-depth interviews with executives, a comprehensive case study and an exploratory study consisting of interviews with an extended number of executives, the researchers were able to reveal five ‘gaps’ regarding executives perceptions of service quality delivery and the tasks associated with service delivery to customers. The first four gaps are related to the firm itself and the fifth to consumers.

The five gaps, which are explained in detail below, are illustrated in figure 1.
Gap 1: Knowledge gap: The difference between consumer expectations and management perceptions of consumer expectations.

Gap 2: Standard gap: The difference between management perceptions of consumer expectations and service specifications.

Gap 3: Behavior gap: The difference between service specifications and the service actually delivered.

Gap 4: Communication gap: The difference between service delivered and what is communicated about the service to stakeholders.

Gap 5: Gap between service and expectations: The discrepancy between consumers’ expectations of the service and perceptions of the actual service performance.

Gap 1, the knowledge gap, occurs because the organization does not know what consumers expect. Organizations are ignorant of consumer expectations or they have erroneous perceptions of their expectations. This can be the result of inadequate research on consumers, lack of upward communication in the organization, not having a focus on relationships with key consumers, excess levels of management that inhibit communication and understanding. A knowledge gap can also be a result of organizations not monitoring the behavior of consumers. The standard gap, gap 2, is a result of not specifying service that satisfies consumers’ expectations of the organization. It does not exhibit the expected correct service or it may have poor standards of service well below those expected of them by consumers. This can be
compounded by the absence of service quality that is actively demanded of organizations by their consumers. This is easily evident in customer relationships but may also include ethical guidelines. The lack of emphasis on building relationships that can lead to dialogue is also an issue here.

Gap 3, a mismatch between actual delivered service and service specifications can occur because there are no human resource policies regarding what standards should be in place and followed. However, it may be that the consumers themselves have not been clear on what sort of standards they expect from the organization. Another issue is – who does what? Who is in charge of mapping and keeping track of these expectations and seeing to it that they are fulfilled?

Performance that does not deliver on promises, sometimes referred to as not walking the talk, leads to gap 4, the communications gap, the difference between delivered service and what is communicated. Organizations may exaggerate promises or perhaps not even provide information in their external communications. This gap can occur due to the lack of integration of communication within the organization – not knowing what one element or unit is saying to whom externally. It can also come from over promising. The organization basically makes promises they can’t keep thus setting themselves up for failure by communicating a too rosy picture of what they can deliver.

Gap 5 occurs when the perception of the organization’s service does not match the service that is expected of the organization. Expected service is influenced by the organization’s external communication, word of mouth, the personal needs of the consumers, and consumers’ past experience with the organization. Arguably this is the ‘ultimate’ test for the organization as this gap depends on the size and direction of the other four gaps, i.e. on how well the organization listens to its consumers, how it interprets their desires and wishes, how well it delivers what it promises and lastly how credible its communications are. Consumers expect certain service from an organization, often because they are promised this through the organization’s communication. They also have a perception (image) of how the organization performs this service. The organization, for its part, delivers service based on, at the worst, no knowledge of what their customers expect or how they perceive the organization.

Parasuraman et al. (1985) initially generated a list of 10 criteria for evaluating service quality, defined as the difference between expected service and perceived service. The ten criteria include:

- Reliability – consistency of performance and dependability
- Responsiveness – willingness or readiness of employees to provide service
- Competence – possession of the required skills and knowledge to perform the service
- Access – approachability and ease of contact
- Courtesy – politeness, respect, consideration and friendliness
- Communication – keeping customers informed in language they can understand and listening to them
- Credibility – trustworthiness, believability, honesty
- Security – freedom from danger, risk or doubt
- Understanding/knowing the customer – make an effort to understand needs
- Tangibles – physical evidence of service
Ultimately the criteria were narrowed to comprise five generic dimensions to measure gap 5, perceptions of service delivered and expected service: reliability, responsiveness, assurance, empathy and tangibles. The assumption is that service quality is achieved if the gap between customers’ expectations and subsequent perceptions is large and positive. (The magnitude and direction of each gap has an impact on service quality.) In this model, the expectations are set by the customer, while perceptions are shaped by the firm’s performance, or behavior (Niranjan and Metri, 2008). These criteria and the PZB Model have been applied in developing a SERVQUAL scale for measuring the difference between perceived service quality and expected service quality and are widely cited in marketing literature. Both have also enjoyed widespread use in industry (Kang and James 2004).

**Stake/RepQual?**

In our revised model (figure 2) we use the word behavior as a substitute for service quality. We also substitute stakeholders for customers. Service quality is one of many types of behavior we expect from or are promised by an organization, and customers are only one stakeholder of the organization and it is reasonable to assume that the logic behind the model can be applied to all stakeholders. This logic is supported by Vidaver-Cohen (2008), who refers to the reputation variables identified by Reputation Institute’s RepTrak as quality dimensions that stakeholders expect from an organization. In other words, people expect quality in products, service, management, financial performance, working environment, social responsibility and innovation. Stakeholder expectations are also influenced by institutional factors such as moral values, cultural norms, legal demands and generally acceptable performance norms in the particular sector. Similarly stakeholders are influenced by reputational rankings in the media and opinion leaders.

Our new gaps thus become:

- **Gap 1: Knowledge gap**: The difference between stakeholder expectations and management perceptions of stakeholder expectations.
- **Gap 2: Standard gap**: The difference between management perceptions of stakeholder expectations and behavior specifications.
- **Gap 3: Behavior gap**: The difference between behavior specifications and the behavior actually delivered.
- **Gap 4: Communication gap**: The difference between behavior delivered and what is communicated about the behavior to stakeholders.
- **Gap 5: Gap between behavior and expectations**: The discrepancy between stakeholders’ expectations of the behavior and perceptions of the actual behavior performance.
If we look at the gaps and their measurement, we can also see how the model can be adapted. For instance, according to Zeithaml et al. (1988), the size of gap 1, the knowledge gap, is related to a) the extent of marketing research orientation, b) extent and quality of upward communication and c) levels of management. It is reasonable to suggest that marketing research orientation has similar characteristics to issues management, that successful IM programs are dependent on accurate communication, normally from all levels in the organization, and that too many levels of management can create a barrier to sharing information. These are not new concepts in public relations and stakeholder studies.

Gap 2 is related to management commitment to quality, goal setting, task standardization and perception of feasibility. These constructs can be influenced by resources committed to quality, defining quality in ways that people can understand, translating management’s perceptions into tasks that can be routinized, and the belief that the goals are realistic (feasible). The standards also optimally should be influenced by stakeholders’ expectations. Gap 3, quality specification and delivery gap, is dependent on teamwork, employee-job fit, technology-job fit, perceived control, role conflict, role ambiguity, and supervisory control systems. Nearly all of these factors are human resources or internal communication challenges. For example, Zeithaml et al. (1988) describe role ambiguity as impacted by frequency and quality of downward communication and constructive feedback. Teamwork is dependent on instilling a cooperative atmosphere and a feeling of involvement and commitment in addition to a feeling that upper management genuinely care about employees.

Similarly, the size of gap 4, communication gap, is related to a) extent of horizontal communication and b) propensity to overpromise. When there is little coordination of communication and a feeling of a need to overpromise the gap increases.

Because these four gaps are under the control of the organization, it is possible to adapt
several components of the PZB model for these areas. Although to date there appears to be little
evidence of attempts to measure gaps 1 through 4, the managerial aspects of the model. It would
seem that these are the areas that mirror cognitive legitimacy, a situation where behavior
becomes routine and part of an organization’s identity to such a degree that they wouldn’t
consider behaving in another way. This area deserves much more attention in developing the
model for application in a stakeholder (non customer) application.

The direct application of the model to gap 5 is somewhat more challenging. The question
is if the SERVQUAL attributes reliability, responsiveness, assurance, empathy and tangibles can
be adapted to our new model to measure perceptions of ‘delivered’ behavior and expectations. The variables have been tested through other research and have been shown to be reliable indicators of satisfaction with service. A review of the questionnaire used in SERVQUAL
indicates, however, that it can not be used as is for non-customer stakeholders. As mentioned
previously perceived behavior is impacted by actions of the organization whereas expected behavior is stakeholder-driven and influenced by word of mouth, personal needs and past experiences with the organization. A careful review of the literature and previous research,
particularly in the csr field, is necessary to fully develop this part of the model.

Kang and James (2004) used the following adaptation of the SERVQUAL attributes for
their own research.

Reliability

1. Providing services as promised.
2. Dependability in handling customers’ service performed.
3. Performing the services right the first time.
4. Providing services at the promised time.
5. Maintaining error-free records.

Responsiveness

1. Keeping customers informed about when services will be performed.
2. Prompt service to customers.
3. Willing to help customers.
4. Readiness to respond to customers' requests.

Assurance

1. Employees who instill confidence in customers.
2. Making customers feel safe in their transaction.
3. Employees who are consistently courteous.
4. Knowledgeable employee to answer customer questions.

Empathy

1. Giving customers individual attention.
2. Employees who deal with customers in a caring fashion.
3. Having the customer's best interest at heart.
4. Employees who understand the needs of their customers.
5. Convenient business hours.

**Tangibles**

2. Visually appealing facilities.
3. Employees who have a neat, professional appearance.
4. Visually appealing materials associated with the service.

Much more work needs to be done to fully investigate the possibilities of adapting this model into a type of legitimacy gap model that can be used to measure behavior satisfaction as expected by numerous stakeholders not just customers. However, if successful the model would provide researchers with a platform on which to build empirical studies of the relationship between stakeholders and their expectations of organizations, a type of BEHAVQUAL. This would enhance reputational risk analysis as it would allow much deeper empirical analysis of not only where specific gaps are occurring but also what are the drivers of expectations versus perceptions for individual stakeholder groups for each ‘danger’ zone for the organization. Further, by adapting methods already employed by researchers studying gaps between service quality expectations and perceptions it will be possible to build multi-dimensional, multi-level models of behavior quality.

**Closing the Gaps and Implications for Communications**

Legitimacy theory has a heavy communication component. For example, according to Massey (2001), the strategic approach to legitimacy emphasizes the ways that organizations strategically manipulate symbols, through communication behavior, to achieve legitimacy. According to Sethi (1977), the legitimacy gap can be narrowed through three business strategies: 1) do not change performance but change public perception through education and information, 2) if changing perceptions is not possible, change the symbols used to describe business performance, making it congruent with public perception (no change in performance is called for) and 3) if both 1 and 2 are ineffective, change performance to match society’s expectations. Two of these suggestions (1 and 2) imply that the organization should try to close the legitimacy gap by merely communicating that it has changed its performance, not necessarily by actually doing so. As we have discussed previously in this paper, a strategy of not changing performance, particularly if it is poor, would be quickly unveiled and would, in the end, have disastrous consequences for an organization’s reputation.

Bebbington et al. (2008) maintain that legitimacy theory proposes four ways in which an organization can obtain, repair or maintain legitimacy based on Lindblom (1993). They are:

1) Corporate social disclosure to communicate changes in output, methods, and goals that have been made in response to stakeholder expectations
2) Demonstrate the appropriateness of the output, methods and goals to the public through education and information
3) Identifying organizational output, methods and goals with the perception of what is appropriate without really conforming
4) Attempt to bring popular views into conformity with organizational output, methods and goals.

Similar to Sethi, numbers 2 through 4 do not require any real change in behavior. These authors suggest that many of these strategies are used in today’s CSR reporting/disclosure.

Heath and Coombs (2006) offer seven strategic responses for closing gaps, one of which is performance-related in that it calls for the organization to develop a plan that results in operations that are supported by stakeholders. The six remaining strategies are communication in nature, such as informing, arguing, collaborative decision-making, and co-creating meaning. These last two are in the spirit of legitimacy management viewed as a dialogic process and not a monologic organizational activity. This approach, according to Massey, ‘requires ongoing communication between the organization and its stakeholders, not one-way transmission of information from the organization to stakeholders. It involves strategic communications targeted toward specific organizational audiences, and it encourages participation of organizational stakeholders’ (p. 156).

The quote from Heath (2006) summarizes the approach advocated by Massey:

To help society to become more fully functioning, managements of organizations (for profit, nonprofit, and governmental) must demonstrate the characteristics that foster legitimacy, such as being reflective; being willing to consider and instrumentally advance others’ interests; being collaborative in decision making; being proactive and responsive to others’ communication and opinion needs; and working to meet or exceed the requirements of relationship management, including being a good corporate citizen. (p. 100)

As we saw, the PZB model offers specific suggestions for closing the gaps, many of which involve communication. For example, suggestions for closing gap 1 include carrying out more research on stakeholders, more interactions between managers and various stakeholders and better upward communication from those in the organization who are dealing with the stakeholders to managers. Closing gap 2 can be done by setting goals for high standards in all behavior, being innovative, ensuring that high behavior standards are the norm within the organization, and measuring performance. Better internal communications and human resource intervention can assist in closing gap 3, including information and training, and methods for empowering employees such as providing incentives.

Most importantly, the PZB model has a strong external communication component illustrated by gap 4, the difference between perceived behavior delivery and promised behavior. It is this gap that legitimacy theory comprises and is reflected in the statements of Sethi, Massey, Heath and Coombs and Heath. Media advertising and other communications affect stakeholder expectations and discrepancies between what is promised and delivered can impact perceptions of behavior quality (Zeithaml et al.1988).

Legitimacy theory has to do with matching organizational behavior with society’s expectations of their behavior. Today these behaviors encompass many more areas than
delivering good product service. As illustrated previously, they comprise investing wisely, treating employees fairly, supporting the local community, in short, as Heath (2006) notes, being good corporate citizens, otherwise known as corporate social responsibility. Society’s expectations and perceptions are influenced by the external communications of the organization, often referred to as corporate identity, part of which encompasses csr communication.

Morsing (2006) defines csr communication as communication that is created and transmitted by the organization itself about its work in csr. CSR-wire, a global news agency for csr, defines csr communication as the process as firm goes through to inform their stakeholders about their actual engagements in csr activities. According to Hutton (2001), csr communication has become the third largest expense item in the communication budget of large organizations. Perhaps the model can serve to bring together streams of literature in communication, organizational theory, strategy, HR, as well as social marketing and serve as a basic for providing more insight into achieving cognitive legitimacy.

Conclusions

This paper is a first attempt at adapting the PZB Service Quality Model to Reputation Risk Analysis. We made the case the service quality is just one type of behavior that ‘society’ expects from an organization, and customers are just one stakeholder. It is thus logical that the model can be applied to measure quality in many types of behavior with many types of stakeholders. The argument for adapting the model is based on legitimacy gap theory, which states that society expects a certain behavior from organizations and when organizations do not fulfill these expectations they put their reputations at risk (at worse even their entire existence). It is thus important for organizations to understand where the ‘gaps’ are in their behavior and perceptions. This model looks at behavior standards, delivery of those standards, management processes internal to the organization, as well internal and external communication. Thus the model is ideally suited for furthering research in csr communication.

The work on adapting the model is in its early stages. A next step will be operationalizing the attributes for a stakeholder focus as opposed to a customer one. It will be necessary to test the resulting instrument. After that data can be collected on the indicators through cross-sectional studies employing a number of different statistical analyses.

References


