# **BUILDING INTERNAL REPUTATION FROM ORGANISATIONAL VALUES**

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#### ABSTRACT

The paper enhances micro-cognitive understandings of how organisational values can build internal reputation. Drawing-on a multi-method case study of a private hospital in Malaysia, we show the process of how values are internalised within organisations. We illustrate how different internal actors are important for embedding organisational values at various stages, and show the interplay between them. We show leaders are important for role modelling and engaging, managers are important for embedding and reinforcing, and employees are important for empowering and reciprocating. We argue that in order for values to be internalised, leaders, managers and employees need to effectively create, communicate and enact those values. Rather than values being imposed by a single dominant internal actor, we show that they can be diffused by internal stakeholders at different hierarchical levels. We find that the internalisation of organisational values helps to form positive perceptions of the values and creates individual behaviours that correspond to those values. While the literature has focused on what dimensions and which stakeholders influence reputation building, we show how micro-cognitive processes build internal reputation from organisational values.

#### **KEYWORDS**

Internal reputation; organisational values; hospital; case study; qualitative research

#### INTRODUCTION

The internalisation of organisational values can influence reputation in various ways. For service organisations, when employees are the face of the organisation and likely to directly affect customer experience and perceptions of the organisation (Hatch & Schultz, 2003), it is important that employees behave in particular ways. This can impact on perceptions among not only external stakeholders such as customers, but also internal stakeholders such as employees (Balmer and Gray, 1999; Kattara, Weheba, & El-Said, 2008; Susskind, Kacmar, & Borchgrevink, 2007). Hence, organisational values are not a superficial organisational window-dressing exercise. They need to be clearly articulated and communicated, and require operational and social support for them to be internalised and believed by employees (Abdullah, Aziz, & Abdul Aziz, 2013; Lines, 2004). While this may seem intuitive, the realities of how organisations actually do this is not clear.

To date, our understanding of the processes of *how* reputations are created or altered (Ravasi, Rindova, Etter, & Cornelisssen, 2018), and *how* values are internalised by internal stakeholders is poorly understood. This is a significant gap in our understanding because while we know about what values (e.g. through mission statements) and internal reputations (e.g. through staff satisfaction surveys) organisations hold, we know little about the processes of how organisations can successfully implement values, which has implications for how they are perceived internally and externally (Kim et al., 2019) and the behavioural intentions of employees (Balmer and Gray, 1999). Hence, we are guided by the following research question: *How do organisational values build internal reputation?* To address this research question, we draw on data from an in-depth case study of a private hospital in Malaysia.

### LITERATURE REVIEW

# **Organisational Reputation**

Organisational reputation is the enduring perception of an organisation among stakeholders (Balmer, 2001; Bitekine, 2011; Ravasi et al., 2018; Pollock et al., 2019) and it addresses issues around its distinctive attributes compared to its competitors (Fombrun, 1996). Reputation is an intangible asset that represents a collection of an organisation's past actions and its perceived ability to deliver valued outcomes to multiple stakeholders (Fombrun & Riel, 1997; Deephouse & Jaskiewicz, 2013). Organisational reputation is the reaction of stakeholders to organisational activities that are strong or weak, good or bad, because it represents the outcomes of repeated interactions and cumulative experiences (Dortok, 2006).

Research has shown that an organisation is capable of shaping its desired reputation (Dolphin, 2004; Harvey et al., 2017a) through direct experiences and actions as well as through communication messages (Hall, 1992). Fombrun and Shanley (1990) argue that stakeholders can differently interpret organisational actions, which is significant because such interpretations influence their perceptions of the organisation. Yet, there is a strong emphasis on reputation from the perspective of external stakeholders (Kowalczyk & Pawlish, 2002; Rindova et al., 2005), with limited attention paid to internal stakeholders (Gotsi & Wilson, 2001), particularly in relation to the internal processes of how reputation is built.

#### **Internal Reputation**

Reputation can be understood from the perspective of internal stakeholders (e.g. employees) and external stakeholders (e.g. shareholders) (Sullivan and Hogge, 1987). Jones (1996: 70) describes internal reputation as employee perceptions of their organisation. Similarly, Men (2014) refers to internal reputation as employee perpeptions of organisational reputation. Kim et al. (2019: 2) refer to internal reputation as employees' views of their organisation, which can impact on how external stakeholders perceive the organisation as well as the perceptions of employees and their subsequent behavioural intentions (Balmer and Gray, 1999). This is distinct from Olmedo-Cifuentes et al. (2014) who define internal reputation as the perceptions of organisations from the perspective of managers and employees, highlighting that they may differ in what is salient for them. While

the literature has focused on *what* dimensions might influence reputation (Rindova et al., 2005), we are interested in the process of *how* these perceptions form within the organisation. Hence, building on the above definitions, we define internal reputation as how perceptions of an organisation form among internal stakeholders, based on what they actually think of their organisation and on what they believe others think of their organisation (see Brown et al., 2006: 102). We do not subscribe to narrowing our definition to particular groups of actors (e.g. leader, manager or employee perceptions) as this is likely to depend on the unique context, structure and power dynamics of each organisation. We are also less interested in the 'reputation for what' because we know that *what* dimensions of reputation stakeholders perceive will vary within and between stakeholder groups, including among employees (Harvey et al., 2017b). However, we understand much less about the process of *how* these perceptions form among internal stakeholders.

#### **Organisational Values**

Organisational values describe the characteristics of organisations (Chatman, 1991) and help employees to make sense of their environment (Cheyne & Loan-Clarke, 2009), providing direction in their choice or evaluation of behaviour (Bourne & Jenkins, 2013). We focus on perceived organizational values which refers to "individual employee's beliefs regarding what the organization holds as important" (Jourdain and Chênevert, 2015: 179). Values are considered the core element of organisational culture, according to most foundational work on definitions and measurement (Bourne & Jenkins, 2013; Chatman, 1991; Chatman & Cha, 2003; O'Reilly, Chatman, & Caldwell, 1991; Hofstede, 2001), where culture is an important aspect of organisations that has emerged as an antecedent of reputation (Barney, 1986; Flatt & Kowalczyk, 2008; Hatch & Schultz, 2002; Thevissen, 2002), that has also been argued to affect employee attitudes, outcomes and performance (Scott, Mannion, Marshall, & Davies, 2003; Bezrukova, Thatcher, Jehn, & Spell, 2012).

Organisational values are shared beliefs that guide decisions and behaviours as internal actors conduct day-to-day work and interact with each other, hence why they are often considered as operational and behavioural in nature (Lepak, Smith & Taylor, 2007). The impact of organisational values is salient because they influence how internal actors perceive their environments (Meglino & Ravlin, 1998). However, the process of how the building of internal reputation occurs through organisational values remains unclear (Ravasi et al., 2018: 574). This is an important oversight because while organisational values and internal reputation are established fields of enquiry, our understanding of how internalising values can build reputation requires greater explanation. It is also assumed to follow a linear (Kotter, 1996) and/or mass mobilisation (Gebhardt et al., 2006) process following a directive from senior managers. The implication is that senior managers can implement values and build internal reputation unencumbered, which is questionable and requires further empirical exploration.

Most employees become familiar with and are influenced by organisational values directly and indirectly through the people around them. The pioneering work on social influence by Burnkrant and Cousineau (1975: 206) suggests: "one of the most pervasive determinants of an individual's behavior is the influence of those around him" [sic]. Although their observation focused on social influence in a consumer decision context, it is arguably applicable to understanding how an employee reacts to the actions of other colleagues within the workplace. Employees seldom work in isolation and will mostly interact with and respond to each other's behaviours (Paarlberg & Perry, 2007). Witnessing the behaviour of others can lead to a change in behaviour among observers and eventually create unstated pressure to conform to norms (Cialdini & Goldstein, 2004; Goldstein &

Cialdini, 2007). In short, social interactions are important in modifying one's action and reaction (Bolino & Grant, 2016). Hence the way employees engage in social interaction is arguably important for influencing how they respond to organisational values in different contexts.

In summary, we have identified two interrelated questions from the literature. First, how is internal reputation created? Second, how are organisational values internalised? These questions lead us to ask the following overarching research question:

How do organisational values build internal reputation?

#### METHOD

#### **Context of Study**

This study is based on a single case study of a private hospital in Kuala Lumpur, Malaysia, referred to here by the pseudonym of HKL to preserve its anonymity. HKL was established in 1997 and has enjoyed considerable and consistent growth since its formation. As a private service-oriented entity, the organisation aims to achieve a very strong reputation in providing a caring and personalised service (Chief Executive Officer [CEO] of HKL, 2014). Prior discussions with the top management indicated their belief that this aspiration could be achieved through a set of organisational values that may impact on the employee's working behaviour (CEO of HKL, 2014). The organisational values were typically derived from the organisation's vision ("first choice for health care services") and were predominantly grounded by the belief and personal inspiration of its founder, the CEO. As an entrepreneurial organisation, the number of customers patronising the hospital was essential for its business survival, therefore the focus was to attract more customers and become reputable as the leading and preferred healthcare provider. With that in mind, the senior management chose values that reflected the characteristic of a boutique hospital. In the words of the CEO and Founder, a boutique hospital means: "operating as a small and exclusive hospital offering customised as well as personalised services." After a series of internal brainstorming sessions at the top management level, the group identified a list of unwritten values that they believe already underpinned the behaviours within the hospital. The senior management team wanted the values to drive the way decisions were made. Consultative and bottom-up engagement work between the senior management team and staff at different levels was carried out to finesse these values to ensure the organisation serves its customers in a way that reflects the core identity of the hospital. After extensive consultation, a set of values was selected and agreed by the organisation, with the meaning for all of the values being defined to capture how they aligned to desired behaviours (see Table 1).

Table 1 about here

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There were various platforms and communication channels used to communicate and permeate the values through the entire organisation, including an awareness campaign, visual displays, teambuilding, and talks (CEO HKL, 2014). On top of these initiatives, the top management team as well as line managers sought to reinforce organisational values by attempting to practice and exhibit values through their daily interactions with employees. They attempted to empower employees to be actively involved and/or lead the change process by participating in various activities around the creation of values which were organised and facilitated by employees. Additionally, employees who showcased those values were rewarded through the organisation's performance management processes which were carried out throughout the year.

### **Data Collection**

We conducted semi-structured interviews (Qu & Dumay, 2011) to gain detailed responses from participants in order to help us understand how HKL sought to build its internal reputation. All participants were asked a series of semi-structured questions on how HKL's values (see Table 1) impact upon issues related to behaviour, and the implications that those values may have for their behaviour and the organisation's internal reputation. A total of 41 interviews with frontline employees at various levels and in different departments (line manager [n=11], accident and emergency [n=2], nursing [n=7], pharmacy [n=1], physiology [n=2], and front office [n=18]) were conducted between October to December 2014, which lasted for an average of 40 minutes (see Table 2). We asked people at various hierarchical levels and in different departments to understand whether perceptions were similar. All participants were selected using a purposeful sampling plan (Patton, 2005) and they participated on a voluntary basis through internal announcements. The consent form was emailed to frontline employees at all levels. The employees were explained the nature of the research and what it aims to achieve. Employees who decided to participate were asked to submit the consent form by e-mail to the lead researcher. In addition to one-on-one interviews with employees, we also conducted a focus group with the top management team, who included the Chief Operating Officer, Director of Nursing, Director of Doctors, Director of Corporate Culture and Director of Finance (see Table 3). This enabled us to gain insights from the perspective of leaders within the organisation.

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#### Table 2 about here

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Following permission from the senior management team, non-participant observations of some of the hospital's main areas were used to view the process and work behaviour of employees towards the customers during standard working hours. Non-participant observations was used as an opportunity to observe behaviours and to corroborate any claims made from interview and focus group responses. Such observations offered the opportunity to record and analyse events, actions, behaviours and interactions as they occur naturally as well as unplanned events, which are seen through the eyes of the researcher (Patton, 2002). Observations were used to cross-check trends that emerged from interview responses with the actual observed behaviour because observations do not rely on what participants say. This represents important evidence to determine whether participants behave in the way that they claim (Bell, 2005).

Three main areas were selected to observe behaviour within the hospital: the patient registration and triage counter, the pharmacy and dispensary counter, and the general ward. The management of the organisation notified every employee through e-mail and issued a reminder memo to line managers about the observation sessions, indicating the time and the specific venue prior to the study. This was carried out to ensure that all employees were aware of the exercise and allowed them to avoid the observation area if they did not wish to be observed. Each observation session took about three hours, from 11.00am to 2.00pm as this was the peak time to observe employee interactions with customers, particularly in how they exhibited organisational values. We found that staff tended not to notice or interact with

the non-participant observer in the research team given that they were focused on supporting and interacting with hospital staff and patients during a busy time of the day.

#### **Data Analysis**

Thematic analysis (Braun & Clarke, 2006: 81) was used to generate meaning from the dataset as it can work "both to reflect reality and unpick or unravel the surface of reality." The common issues that recur as well as the main themes that summarise all of the participants' responses were used as the basis for structuring the findings section. The analysis followed a series of steps. First, all interviews and field notes observations were transcribed in its original language, Malay. Later, we imported all transcripts into NVivo. Translation from Malay into English was conducted by the lead researcher and was cross-examined by an independent bilingual professional. The independent bilingual professional understood the cultural context of the case study which increased the consistency in the translation of all data. In addressing the trustworthiness of the research, the lead researcher established good rapport over time with participants prior to the interview sessions in order to increase the quality of responses from them. The interview transcripts were also checked by the participants to increase accuracy. This also ensured that participants grasped the meaning well and they were able to refine their responses upon further reflection.

We identified emerging themes through iterating between the data and main arguments in the literature, specifically around the different source and roles of social influence as well as the implication on employee behaviour. We systematically worked through each transcript looking for repetition patterns and the regularity of actions as well as consistencies in the sentiments of participants. At this point we aimed to look for anything of relevance from the entire dataset to give rich insight to answer the research question. An initial review of the dataset generated lengthy codes, including role modeling, embedding

values and empowerment (see Table 4). The generation of initial codes was then followed by a search for unifying themes.

#### Table 4 about here

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We labeled distinct themes and noticed that there were specific characteristics that clustered around three internal stakeholder groups: leaders, managers and employees. We then matched our codes with these stakeholder groups and developed specific themes (e,g, creation, communication and enactment of values) to explain how individual behaviours linked to organisational values. We then went back to the literature on organisational values and reputation to finesse our two theoretical constructs: first, internalising values through multi-stakeholder behaviours and second, reputation building among different internal stakeholders.

#### FINDINGS

In 2010, the senior management team initiated the implementation of organisational values which was embedded in the organisation's vision and mission to build its reputation in the market. The process of implementing organisational values at HKL contained three main phases: creating, communicating and enacting. The initial *creation* of the value elements involved the leadership team and line managers through a series of brainstorming meetings. They then held several feedback sessions with different employees at various levels before formally introducing the values across the organisation. The values which reflected the characteristic of a boutique hospital concept were then *communicated* and *enacted* through

various communication channels including embedding organisational values in daily operations and through the involvement of employees in value-related programs.

The senior management team of HKL was concerned about the daily working relationships within the organisation. They also realised that routine and continuous interactions among employees triggered particular social norms because the actions of other employees can directly and indirectly influence others since they do not work in isolation:

"Although information dissemination is trumpeting our values throughout the organisation, I have no doubt that the opportunity for social interactions could speed up the permeating process of values. I see people [employees] interacting with each other almost around the clock" (Participant 7/line manager/female).

Suggesting that the social interaction enabled employees to build a certain level of bond, the above line manager recognised that social interaction is powerful in expediting the internalisation of values. The receptiveness of employees was positive towards the opportunities for social interactions between colleagues, as illustrated by this nurse:

"I'm enthusiastic about learning from others, and I have learned a lot through my day to day working with my colleagues. I have valued the social interaction offered by this organisation especially at training sessions, internal social events as well as working within a team" (Participant 16/staff nurse /female).

How social interactions were discussed by different employees such as the nurse above suggests that organisational values were reinforced by the impact and outcomes of the everyday relationships of employees in the workplace, which could manifest themselves in various situations involving both the management team and employees.

## **Role Modelling and Engagement of Leaders**

The leadership team said that they wanted to be part of the organisation and its daily

interactions as well as being role models for employees. By facilitating employee

communication in this way, the leadership team did not want any hierarchal communication problems concerning the storytelling of the organisation's vision and values as well as barriers for receiving feedback within the organisation.

"The current organisational structure allows us, the senior management team, to enjoy a healthy relationship with our employees. We practice an "open door" policy where employees can come and share any concern with anyone of us at any time. We love to listen to our employees" (Participant 52/COO/female).

With the intention of avoiding a communication barrier in cascading organisational values, the leadership team focused on establishing close relationships with employees by having direct communication with them whenever possible. Not only did an 'open door' policy encourage openness when employees could stop by whenever they felt the need to meet leaders, but they would also volunteer their assistance on employee activities either providing financial support or personnel support. For instance, we observed leaders would help in setting up the venue together with the particular event committee members or sponsor lucky draw prizes.

From the non-participant observations, we frequently observed leaders walking around the hospital, talking to staff and greeting customers. Their presence at different workstations in the hospital gave cues for the employees that the leadership team was available to support them. For example, the COO would come around and talk to employees at their workstations on a regular basis. She wanted employees to feel comfortable to express any concerns and to feel that their voice was important for the success of HKL. At the same time, employees were observed positively celebrating the COO's appearance and would take the opportunity to talk to her.

Besides facilitating employee communication, the leadership team identified that role modeling organisational values was also important. The Director of Nursing stated, for employees to believe in the organisational values, the actions should start at the top of the

organisation where the leaders are the role models. For example, although leaders enjoyed some privileges such as flexible working hours and the option of not wearing corporate uniforms during office hours, which was mandatory for other employees, the Director of Nursing said, she would as much as possible observe office hours and wear corporate uniform. She hoped that by being an example herself, she would influence employees to uphold, think and believe in the organisational values (i.e. the HKL Way):

"[...] if the top management team does not believe and embody the values, then we cannot expect the rest of the employees to do so. Like it or not, the employees are looking at us, observe our lives and are counting on us to showcase values" (Participant 53/Director-nursing/female).

Employees said that the approach of its leaders determined their perceptions of the organisation which impacted upon their attitude toward upholding values. They recognised that the priority of the leadership team was to espouse and disseminate the organisational values in every aspect of their decisions and actions. They thought that leaders should convince employees that they believe in and are willing to embrace organisational values themselves:

"I would say, the senior management team is supposed to demonstrate good examples and show us how we should put this into practice. Displaying the values framed posters on the wall, print them on our corporate name card, website, banners, booklets, brochures, etc. are meaningless without a proper example in actions especially by our top bosses. We want to see them lead the way" (Participant 22/nurse/female).

Another colleague reinforced the comments above and recognised that the leadership team

worked hard to build strong relationships with employees:

"They demonstrate the values, for instance, [...] we can talk to them anywhere, anytime because they want to have a free flow of information happen around us. We always have a social gathering with our bosses" (Participant 26/nurse/female).

In essence, the leadership team's efforts to cascade organisational values by

exhibiting them through their engaging style of behaviour was considered more personable to

employees than using other communication platforms such as posting articles through emails, posters in the office, printing the values on business cards and other impersonal approaches.

#### **Embedding values through Line Managers**

Line managers played a key role in internalising organisational values. At HKL, the management style of the line managers created a greater sense of the importance of organisational values, which they considered as an additional role.

"Our role in permeating organisational values is more than role modeling the values. Our concern is to ensure every staff lives the values naturally as if it is already in our DNA and this must begin here, in this department" (Participant 7/line manager/female).

The above response, which was widely expressed among interviewees, shows the importance of organisational values being practiced habitually to become part of the daily operations. As line managers were operationally closer to the employees than the leadership team, their roles go beyond merely role modeling the organisational values. One manager explained that at every huddle she would ask her staff to share specific actions related to values that have affected their work or highlight issues concerning value-based behaviour. She would also publicly appraise staff who demonstrated values. Building on these values, she believed that she would be able to encourage positive working relationships with employees and through consistent messages she sent to them.

"When we achieved a high score on our monthly customer service rating, firstly, we would celebrate by having a small party at the office. Then, during our monthly meeting, we will debrief the possible success factors. In most cases staff would recognise values based behaviour as the main contributor" (Participant 2 /line manager/female).

The interviews also revealed that the line managers acknowledged that by focusing on organisational values and communicating them in the right way, employees would be able to

operate with a great deal of responsibility and initiative, even when working with limited resources. Similarly, employees acknowledged the efforts of line managers to provide forums for employees to express their concerns.

"In my department, we take a turn to chair our 15-minute huddle with the presence of our manager. During the huddle, we go around answering what we're most excited about doing that day to satisfy one of our values 'passionate', and then we talk about work-related or personal problems, discuss priorities, identify where they might need help or propose ideas for the department or the hospital and review good news" (Participant 20/nurse/male).

The above response indicates that employees appreciated the close-knit relationship with line managers and that the accessible communication helped build positive working behaviour where employees could use various platforms to discuss any concerns with their managers. Even with the presence of line managers, employees effectively took the role of chairing the huddle without hesitation.

In addition to encouraging employees to generate ideas proactively and support twoway communication, the line managers were also willing to participate in value-based activities organised by employees. Most of the line managers agreed that employees were encouraged to initiate programs and activities that support values. As one of the managers who referred to himself as a 'walk-through' manager described:

"I like to see my staff initiate or lead activities that can foster our values further. We work as a team. I sit down with employees and ask what we can do to improve our service [...] I will be more than happy to be involved in the activity or initiative as a participant" (Participant 1/line manager/male).

Although there was variation in how line managers approached others across the various departments, the aims and outcomes regarding individual understanding and perceptions of the management style appeared consistent.

## **Employee Empowerment of Values**

To enhance employee involvement and empower them to communicate values, HKL introduced the 'Value Ambassador Program'. The responsibility of an ambassador was mainly to model the "HKL Way" by showcasing the standards of behaviour associated with organisational values. The leadership team of HKL aimed to communicate values in a natural and familiar way by the influence of peers:

"[...] we do it together with our employees. Values, if no one knows them, they are not worth the paper they are written. Therefore, the first thing in communicating the values is making sure employees know what they are and what is expected in term of values-based behaviour" (Participant 6/line manager/female)

Communicating values was expected to be a two-way process that involved both the senior

management team and employees:

"We recognised that employees would respond to organisational values better through routine interactions among employees. We want them to get involved in the process. It is essential to gain trust and commitment from them. If an employee sees resonance with the values on a personal level, they are more likely to champion the values" (Participant 6/line manager/female).

'Living the values' was shared by many other colleagues who recognised how contagious an

employee ambassador can be for enacting organisational values.

"Those ambassadors are often well connected and potentially build bridges from within their circle of friends to a different level of employees. Therefore, they potentially build trust and engage in ways that support organisational values" (Participant 11/line manager/female).

As one employee put it: "When I attend to a customer, I make sure that my work resembles

our values". When we observed behaviour in the hospital, we saw alignment between

employee behaviours and the hospital's values, from the consistently warm greeting tone of

their voices ('care and respect') to checking on patients if they had been waiting for a period

of time ('service excellence'), which showed that employees were living the values through their behaviours (see Table 1).

Trust-building was important as it was difficult to move people from words to actual behaviours or as some said just telling the employees to change would not help the hospital to achieve any positive outcomes. Instead, the above line manager agreed that employees would easily be influenced by their peers who highlighted the values in their everyday life, a true exemplification of what was meant by 'living the value'. All interviewees supported the introduction of an employee values ambassador.

"From the beginning, they make us involved in the introduction process of organisational values. Then some of us have been appointed as the 'employee values ambassador' for HKL to help the senior management in this initiative. I like the idea because I believed in peer learning. I think it is powerful because it has credibility" (Participant 36/admission and record/female).

The above participant's view of the credibility of the ambassador program was shared by a nurse:

"As the ambassador, the management allows me to use my creativity and approach to communicating values. There is no influence exercised by the top on what should I specifically do" (Participant 28/nurse aid/female).

The quotations above illustrate that the employee ambassadors at HKL were empowered to communicate organisational values by any appropriate means within their capacity and knowledge of an ambassador as long as the outcomes aligned with the organisation's aspirations related to their values.

# **Employee Reciprocity**

Another important facet of social influence that was strongly evident from the data was reciprocity. From observing employee working behaviour, there was a clear sense of reciprocal behaviour, which linked to one of HKL's values of team spirit (see Table 1). In

this context, employees tended to repay others for what they had received in the work context. This tacit understanding included if employees had been helping an employee or behaving in a positive way, in return for the goodwill gesture, the other employee would give back in return. For example, during the observation at the main lobby of the hospital, the first author noticed a physiotherapist wheeled a patient from the physiology clinic to the patient's ward. Based on the work process, it was not his responsibility, and regarding process, he should call the nurse from the ward to bring the patient back to his room. When the lead researcher saw him unoccupied, she approached him and asked for permission to speak to him. After he agreed, she asked why he would do somebody else's task, which led to the following response:

"I know that they [the nurses] are busy handling new cases and short of staff today. Frankly, I'm not expecting any return specifically from them. I believe, we should support other departments whenever possible because we are working under the same roof. [...] When I make an effort to help whenever I can, it seems to magically work out in the end without me having to ask for it" (Participant 32/physiotherapist/male).

Based on his initial comment, the lead researcher further probed him on his standpoint regarding the expectation of reciprocity, which led to the following response:

"I do it to go extra miles in helping our patient and not because of trying to impress my boss or expecting any return from the patient [...] and often do it with a conscious mind. Nobody forces me" (Participant 32/physiotherapist/male).

The above expression indicates that employees seemed to understand the importance of reciprocity. Some employees chose to foster their relationship through giving back right away or to remember the act on another day. Interestingly, the interviewee's comment highlighted that the exchange was effortless and happened without hesitation. Additionally, he also said that he was influenced by the example set by the leadership team. This reinforces the importance discussed above around the leaders being the role models in championing values, which sends a clear and strong message to employees that they should do the same.

From the observations, the lead researcher witnessed how employees relied on each other in handling their customers. For example, at the aid station, transporting the patient from the ward to the surgical suite and preparing for surgery involved more than lifting the patient onto the litter. An elaborate procedure was necessary to ensure the smooth and safe running of the process. This included "dressing" the litter to ensure the safety and comfort of the patient while in transit which was done by a nurse aide or nurse attendant. Then the charge nurse, who would transport the patient, would prepare the patient's chart containing all laboratory reports and relevant paperwork. Normally, the charge nurse would wheel the patient on the litter especially when the patient had no special kind of apparatus connected to him or her such as drainage equipment. However, for this particular observation, the nurse aide helped to wheel the patient due to the body weight of the patient. When the first author asked her if wheeling the patient was part of her job scope, she replied:

"No, this is not included in my job description. Even under any circumstances, it is her duty to transfer our patient to the operation theatre. But as her colleague, I think, it is reasonable for me to help her. I have seen other nurse aides do the same before. Why can't I? I don't mind at all" (Participant 29/nurse aide/female).

Then they pushed the wheeled litter to the surgical suites. After a while, the lead researcher saw the nurse aide already standing at the aide station continuing with her tasks. The lead researcher then approached her and further questioned her action. She commented:

"I am happy to help the nurses because whenever I need advice or guidance, I always get their attention. In fact, I would remember whenever someone does something to help me. I will make a note of it. I would probably not be able to return the favour right away, but I'll be aware of the time and opportunity where I could do something nice back. This is how I should keep doing to show my 'care and respect' to my fellow colleagues and the sense of 'accountability.' For me, it's a win-win situation" (Participant 29/nurse aide/female).

### **Internal Reputation**

All participants agreed that value-based behaviour induced a positive internal reputation for the organisation, based on how they perceived the organisation and on what they believed others thought of the organisation:

"I believe that my behaviour (demonstrating values) influences my organisation's reputation" (Participant 44/male/front office).

The above participant refers to organisational reputation as a "personalised health care provider." The sentiment was also shared by a nurse who acknowledged that the hospital is known for its unique personalised services.

"For me, we are reputable as a hospital that focuses on personalised quality health services. I am confident that our customer can differentiate us from another hospital" (Participant 22/nurse/female).

The senior management team also believed that organisational values affect organisational reputation.

"The organisational values that we have selected define who we are. Each element of values is linked to how we want other people to know and remember us. We want to be recognised as a boutique hospital that provides personalised health care. Hence our staff must demonstrate this quality (values)... We have seen that our customers are happy with our services" (Participant 12/Doctor/male).

Based on the above extract, the senior management team claimed that the organisational values had helped them to shape HKL's reputation. The above quotations demonstrate the impact of organisational values on building reputation, as perceived by leaders, managers and employees. The data suggest that the effective internalising of organisational values helps to build internal reputation. Although not the focus of the paper, this in turn appears to positively impact on how external stakeholders perceive the organisation. In the words of one in-patient: "The have never failed to meet my expectation" and in the words of one out-

patient: "If you asked me whether they really embrace the values, I give a big yes... They are who they said they are."

## DISCUSSION

This article extends our understanding of how internalising values can build internal reputation, which complements studies that have focused on reputation building from the perspective of external stakeholders (Kowalczyk & Pawlish, 2002). We find that internalising organisational values involves three processes: creation, communication and enactment that in tandem help to create positive internal perceptions of values and the organisation. *Creation* describes the process of how values were generated by different members; *communication* describes how the values were made known; *enactment* describes how the values manifested through employee behaviours. We not only show the relationship between organisational values and reputation, but also the process of *how* values can be implemented within organisations to build internal reputation.

We provide important evidence of how different internal stakeholders build reputation, which expands on the micro-cognitive perspective, identified by Ravasi et al. (2018) in that reputation is not merely an aggregated outcome of individual perceptions of an organisation, but individuals at different levels actively internalise the reputation of organisations through their behaviours. In particular, our data show that internal actors are not only important for internalising organisational values, but that different types of internal actors across hierarchical levels (leaders, line managers and employees) are salient at various stages (Velamuri et al., 2017).

We find that leaders play a pivotal role in introducing and influencing organisational values (Carter, 2006; Mahon & Wartick, 2003; Schneider et al., 2013). For example, we show that organisational values are *created* and *communicated* by leaders through role modelling

and continuous interactions with employees. By establishing close relationships and having direct communication with employees, leaders are able to convince and influence employees to embrace organisational values. That said, it was not an entirely top-down process and employees at different levels across the hospital were involved in *creating*, *communicating* and *enacting* values through different forums to ensure that the values were meaningful and salient to employees rather than imposed on them from above. Although managers were in the position to sanction procedures and decisions, their exhibiting of values through their behaviours in the hospital and team meetings was an effective way of embedding and reinforcing. Giberson et al. (2009) observe that senior management characteristics impact the norm and pattern of behaviour among organisational members and the cultural values of the organisation. We depart from this literature by showing that the internalisation of values is not merely a top-down (Gebhardt et al., 2006) or linear (Kotter, 1996) process instigated by leaders, but requires diffusion through active engagement and buy-in from leaders, line managers and employees, in the creation of values as well as in the communication and enactment of values.

We found that line managers were essential for *embedding* values. In our study, alongside the leadership team, line managers participated in the brainstorming sessions and discussed the appropriate values and value-based behaviour for the organisation. In terms of communicating and enacting values, we show that middle managers are significant in *reinforcing* values and in making them tangible through daily operations such as weekly meetings, huddles, and department gatherings so that values can be practiced and observed habitually. Paarlberg and Perry (2007) show that middle managers often integrate values within performance management systems, work processes and through the interpretation of strategic goals. We argue that when managers repeatedly behave in support of the values and continuously focus on ingraining values in both words and action, it develops a clearer

understanding around behaviour among employees, without coming across as a form of line management.

We suggest that one of the ways for employees to gain understanding of organisational values is by observing the actions and listening to the aspirations of others. We provide important evidence of reciprocity where we observed countless examples of employees supporting others in a mutually reinforcing way. We did not find evidence of reciprocity as a way of challenging undesired behaviours (Alexander, 1987), but more because it helped individuals themselves and others to provide a good service. We find that employees are looking for a consistent pattern of behaviour that supports whatever values the organisation projects and therefore the creation, communication and enactment of values is important for internalising among others and creating positive perceptions of those values. We find that employees are influential in *communicating* and *enacting* values. Susskind et al. (2007) suggest that supporting co-workers leads to a higher level of commitment to customers while effusive supervisory support along is not essential to an employee's service orientation. Our analysis suggests that the social influence among employees carries considerable value for communicating internal values. We find that when employees are empowered to be actively involved in internalising values, they develop a sense of ownership and responsibility for their actions. This shows the importance of both employee involvement in organisational-based actions and peer support. Our data supports the argument that organisational values provides a sense of mission for employees (Ravasi & Schultz, 2006), which when supported by employee behaviours that correspond to those values, helps to enhance the organisation's internal reputation.

Finally, the analysis presented in this paper contributes to ongoing debates in the literature concerning the ability of organisational values to build internal reputation (Jones, 1996; Men, 2014; Olmedo-Cifuentes et al., 2014; Kim et al., 2019). We show how

organisational reputation can be built from organisational values. Positive internal perceptions of organisational values help to ensure that employee behaviours correspond to those values. When those behaviours are recognised by three key internal actors: leaders, managers and employees, this internalises those values, reinforces positive perceptions of those values and helps to create and sustain positive perceptions of those values (see Diagram 1). While the literature has focused on *what* dimensions (Rindova et al., 2005; Walsh et al., 2009) and *which* stakeholders (Fombrun et al., 2000; Mahon, 2002; Velamuri et al., 2017) influence reputation building, we show the process of *how* organisational values can be internalised by the interaction of creation, communication and enactment through the behaviours of multiple internal groups (i.e. leaders, managers and employees) to build internal reputation. Theoretically, this highlights the important interaction effect between internalising organisational values and building internal reputation.

**Diagram 1 about here** 

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CONCLUSIONS

Following calls for more empirical work to better understand the micro-cognitive processes of how reputation is built (Ravasi et al., 2018), this study contributes to research on internalising organisational values and building internal reputation. In particular, we show how internal stakeholders internalise values through behaviours, and the process of how values build internal reputation. We provide rich empirical evidence of how different internal stakeholders build reputation at various stages. For example, we show the importance of leaders for role modelling and engagement, managers for embedding and reinforcing, and employees for owning and reciprocating values. We show that the interaction of creating,

communicating and enacting values is essential for enabling values to be internalised within organisations. Implementing organisational values is neither wholly a top-down process driven by leaders, nor a bottom-up process of employee involvement, but a diffusion process which requires engagement from internal actors who cut across different hierarchical levels (i.e. leaders, managers and employees). This approach creates positive internal perceptions of values and buy-in at different levels, ensuring that employee behaviours align with organisational values to build internal reputation.

### LIMITATIONS AND FURTHER RESEARCH

Although this study provides a detailed account of reputation building in a private hospital, there are important opportunities to extend the contribution of this work. First, given the attempt to capture the process of how organisational values and employee behaviours build internal reputation within a service industry, a longitudinal multi-case study would help to understand these processes in different geographic and time contexts. Second, although this study provides a rich single case study, such evidence would benefit from other methods that explore a variety of primary and secondary data that reach a much broader group of organisations who are engaged in creating, communicating and building organisational values and reputation. Third, the focus of this research has been on how internal reputation is built and an important extension of this work is to understand how organisational values, employee behaviours and internal reputation impact on how *external* stakeholders perceive the organisation. Our definition of internal reputation (how perceptions of an organisation form among internal stakeholders, based on what they actually think of their organisation and on what they believe others think of their organisation) is an important starting point in understanding the relationship between organisational values and perceptions of the organisation made by internal and external stakeholders.

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# TABLE 1: HKL VALUES AND DESIRED VALUE-BASED BEHAVIOUR

Values	Desired value-based behaviour
Care and respect	I am a professional who pays attention to the quality of work with respect including seeking to fulfil the needs and feelings of others.
Passionate	I will nurture the spirit of earnest to work beyond the limits of the job expectation in order to provide the best service to our customers and their families.
Accountability	I am responsible for my job, able to improve the quality of work and strive to create changes that will affect the lives of the customers and my colleagues.
Service excellence	I will create an extraordinary experience for our customers by extending beyond expectations service and will strive to meet with every customer request in a remarkable way.
Anticipation	I will always anticipate and take action in advance each time I serve our customers.
Team spirit	I will establish strong team bonding to form real friendship with my colleagues by constantly giving support and sharing experience in overcoming challenges.
Change and grow	I will always strive to achieve excellence in working by continuous learning and experience sharing to keep up with the changes and developments of DEMC.
Quality and safety	I will continue to boost efforts to provide the supremacy of the quality and the best level of safety to customers at all times.
Social responsibility	I will continue to give overwhelming commitment towards social responsibility by giving positive contribution to the community, environment, fellow colleagues and my customers.

Source: HKL

# TABLE 2: LIST OF INTERVIEWEES (N=51)

Participant ID	Position	Department	Gender	Participant ID	Position	Department	Gender
1	Line manager	Front Office - Outpatient	Male	27	Nurse aid	Nursing	Female
2	Line manager	Front Office - Inpatient	Female	28	Nurse aid	Nursing	Female
3	Line manager	Physiology	Male	29	Nurse aid	Nursing	Female
4	Line manager	Nursing - Ward General	Female	30	Nurse aid	Nursing	Male
5	Line manager	Nursing - Ward Peadiatric	Female	31	Pharmacy assistant	Pharmacy	Female
6	Line manager	Nursing - Ward Maternity	Female	32	Physiologist	Physiology	Male
7	Line manager	Nursing - Specialist Clinic	Female	33	Physiologist	Physiology	Female
8	Line manager	Accident & Emergency	Male	34	Billing clerk	Front Office	Male
9	Line manager	Pharmacy	Female	35	Billing officer	Front Office	Female
10	Line manager	Wellness	Female	36	Admission and record clerk	Front Office	Female
11	Line manager	Corporate Culture	Female	37	Admission and record officer	Front Office	Female
12	Doctor	Accident & Emergency	Male	38	Admission and record	Front Office	Male
13	Doctor	Accident & Emergency	Male	39	Admission and record	Front Office	Female
14	Staff Nurse	Nursing	Male	40	Admission and record	Front Office	Female
15	Staff Nurse	Nursing	Female	41	Guest Relations Officer	Front Office	Female
16	Staff Nurse	Nursing	Female	42	Receptionist	Front Office	Female
17	Staff Nurse	Nursing	Female	43	Receptionist	Front Office	Male
18	Staff Nurse	Nursing	Female	44	Concierge	Front Office	Male
19	Staff Nurse	Nursing	Female	45	Guest Relations Officer	Front Office	Female
20	Nurse	Nursing	Male	46	Concierge	Front Office	Male
21	Nurse educator	Nursing	Male	47	General frontline	Front Office	Female
22	Nurse	Nursing	Female	48	General frontline	Front Office	Male
23	Nurse	Nursing	Female	49	General frontline	Front Office	Female
24	Nurse educator	Nursing	Female	50	General frontline	Front Office	Female
25	Nurse	Nursing	Female	51	General frontline	Front Office	Female
26	Nurse	Nursing	Female				

# TABLE 3: FOCUS GROUP OF LEADERSHIP TEAM (N=5)

Participant ID	Designation	Gender	Years of service
52	Chief Operating Officer (COO)	Female	10 years
53	Director of Nursing	Female	8 years
54	Director of Doctors	Female	10 years
55	Director of Corporate Culture	Male	6 years
56	Director of Finance	Male	9 years

# TABLE 4: DATA SOURCES, CODES, THEMES AND CONSTRUCTS

Data sources	Codes	Themes	Constructs
Interviews Focus groups Observations	Role modelling of leaders Leaders convince and influence employees to embrace organisational values Engagement of leaders Embedding from managers Reinforcing from managers Managers showing values through their behaviours in the hospital and in team Managers participating in brainstorming sessions, weekly meetings, huddles, and department gatherings Employee ownership and responsibility for their actions Reciprocity among employees Employees supporting others in mutually reinforcing ways	Creation of values Communication of values Enactment of values Internalisation of values at three hierarchical levels	Internalising values through multi-stakeholder behaviours
Interviews Focus groups Observations	Positive internal perceptions of values Internal perceptions of how others think of the organisation Employee behaviours corresponding to values Values are meaningful and salient to different internal actors Diffusion of values by leaders, managers and employees rather than the imposition of values by one group	Organisational values align with individual perceptions Micro cognitive processes of how individuals form positive perceptions of organisational values and the organisation	Reputation building among different internal stakeholders



