Reputation. It means the worlds to us.

An empirical analysis of Vestas’ reputation management during the downsizings in 2010.

Anne-Sofie Krog Nielsen (AN84131)
Heidi Fredholm Nielsen (HN83842)

Supervisor: Karen M. Lauridsen
Bachelor in Marketing and Management Communication
Aarhus School of Business, May 5 2011
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Summary

Downsizings, layoffs and financial crisis are words that fluctuate in the business world and affect organizations, their employees and external stakeholders. Businesses are forced to make downsizings in order to align, and close unprofitable business to secure future growth. Vestas Winds Systems A/S was in this situation, and in the period from November 2010 to February 2011, the company published materials containing information about the situation and accounts of the reasons for doing so.

The thesis uses Vestas’ situation as the background for an empirical analysis of the company’s reputation management during the downsizings in 2010, and the thesis investigates: How a company like Vestas Wind Systems A/S can make employees redundant and close production facilities while simultaneously maintaining their reputation towards the external stakeholders.

The thesis is based on a case study consisting of the third quarter interim financial report 2010 and the Shareholder Information 2011/1, and therefore, the focus is on the international communication context and communication efforts made by Vestas. The first part of the thesis presents the methodology and research design applied in the thesis. The thesis is rooted in the hermeneutic methodology and the case study design. Vestas Wind Systems A/S is presented through a review of the company’s history and their current situation, and through Coombs’ definition of a crisis, it is established why the situation is not a crisis for Vestas.

To create a theoretical foundation, public relations (PR) communication and the history and development within this field are presented, and by having a focus on Investor PR, the field is related to the focus stated in the thesis statement and an introductory foundation for the future findings is given. With this foundation and the thesis statement in mind, several analyses have been conducted within different fields to create a nuanced view of the situation. The stakehold-
er analysis creates a foundation for the rest of the analyses, and by applying the stakeholder mapping theory; it was found that it is the investors who are the key stakeholder group. The thesis then moves to the analysis of reputation management after it has been established through Benoit’s theory that Vestas’ reputation is at risk.

The analysis of reputation management covers topics such as definition and function of reputation management and a presentation of selected reputational theory and its application to the case study is made. The first topic deals with different definitions put forth by Griffin, Geppert and Lawrence and Fombrun in order to understand what reputation management is and how it can be applied to the case study. The section about reputational theory contains the analysis of reputation management applied by Vestas in the case study material, and among others, it is Benoit’s typology of image restoration strategies and Geppert and Lawrence’s theory that dominates. The findings in this chapter show that Vestas is successful in their communication in regards to maintaining their reputation as dictated by theory.

The analysis of the reputation is complimented by an analysis of the rhetorical tactics applied in the case study material. This analysis is based on Aristotle’s theory on rhetoric and Gass and Seiter’s theory on persuasion. The findings show that Vestas has successfully applied these persuasive tactics.

The case study findings are summed up and they create the basis for a discussion that evaluates the findings and debates new angles such as the relationship between Vestas, reputation and the stakeholders. The thesis also debates if there is a relation between theory and reality. The discussion covers an evaluation of Vestas’ use of persuasion and an evaluation of Vestas’ choices.

The conclusion sums up the findings in the case study and the new perspectives made in the discussion. The conclusion is that through the use of reputation management and rhetorical tactics, Vestas has succeeded in maintaining their reputation towards the investors.

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1 Introduction (ASKN & HFN)

In a time where the financial crisis still echoes in the business world, companies are faced with making hard decisions such as downsizings and closing of unprofitable businesses. This is often part of a process in which the companies try to ensure future economic health, and therefore sacrifices must be made along the way to guarantee growth and prosperity. Prior to the financial crisis, many companies had increasing growth and profits that made the future seem bright. When the crisis hit, many companies were overwhelmed by the massive consequences the financial crisis had. However, the current situation calls for new views on how to ensure future competitive advantages, market positions and growth margins.

The result is that many businesses are forced to trim their organization and minimize expenses, often with the consequence of having to outsource, downsize or close unprofitable business units. This results in redundant employees and generates reactions from the stakeholder environment.

How such a situation is communicated and dealt with is crucial for the reputation of the companies and future prospects. This should be approached in an appropriate way to ensure that the reasoning and thought behind the actions are explained to maintain a good relationship with the stakeholders. There are numerous ways of navigating through this process – actively, passively, aware or unaware – but the decisive factor will always be to whom the company has the greatest responsibility and obligations, and how this is managed.

Combined with the financial crisis, the costs of operating in high cost countries have become too expensive. To maintain profits, it has been necessary for many companies to outsource their production to lower cost countries. The implications caused by the financial crisis have also affected the Danish wind turbine manufacturer Vestas Wind Systems A/S (Vestas). On the 26th of October 2010, in the third quarter interim financial report, Vestas announced that the company had decided to adjust its production capacity in Europe. The adjustment included the closing of a number of factories and the abolishment of 3,000 jobs in both production and in administration. Vestas stated that the reason for doing so was rooted in the wish to align and prepare the
company for the new financial year in 2011, and this would best be accomplished by closing down capacity in high cost countries.

Vestas is the leading manufacturer of wind turbines in the world (Annual Report 2010, 14) and operates on a global scale with a track record of 44,013 turbines (Track record 2010, 3) installed both onshore and offshore. “Wind. It means the world to us.” is Vestas’ philosophy and this encapsulates the company’s commitment to making wind the best alternative to fossil fuels (Annual Report 2010, 14). The task has therefore been to steer the company successfully towards the future and realize the triple 15 goals, which are a set of economic goals Vestas want to achieve no later than 2015.

1.1 Thesis statement (ASKN & HFN)

Based on the above introduction to Vestas’ current situation, the thesis will examine, from a theoretical point of view, the types of public relations communication strategies Vestas applied externally during the period in which the company conducted capacity adjustments. This act of downsizing should be seen in connection with the fact that in 2010, Vestas had its largest order intake ever accounted in the company’s history (Annual Report 2010, 25). The thesis statement for the paper is:

*How can a company like Vestas Wind Systems A/S make employees redundant and close production facilities while simultaneously maintaining their reputation towards the external stakeholders?*

Based on case material from Vestas, the objective is to analyze Vestas’ PR communication efforts towards its international stakeholder environment. The focus will therefore be on the international communication context and communication efforts made by Vestas. By looking at which kinds of PR communication Vestas applied in order to communicate the downsizings to the stakeholders, and which reputation communication strategies were used in
the communication with the stakeholder environment, an overview of the situation is created from an external outlook. The overview displays how Vestas has managed the situation from a PR communication point of view, and how this effort may have affected Vestas’ reputation.

2 Method and structure (HFN)

The methodology applied in the thesis is based on the hermeneutic approach in order to understand and interpret the case material. Additionally, an account of the definition of case studies is applied in order to create a theoretical foundation to answer the thesis statement. This chapter will also comment on the paper’s delimitations and overall structure.

2.1 Hermeneutics (HFN)

In this section, the scientific method applied in the thesis is presented. An account of how the chosen method will be implemented in the thesis will be introduced in the following section.

The case material collected for the thesis will be analyzed and interpreted according to the hermeneutic approach. Within this category of scientific method there are two very broad groups that deal with hermeneutics, one being the philosophical approach and the other being the practical approach (Sherratt 2005, 20). It is the latter type of hermeneutics that will be applied in the thesis. Sherratt (2005) argues that the practical approach deals with the implementation of hermeneutics in texts in order to interpret and understand the authors’ intentions (20) and this will be applied when analyzing the case study materials.

The theoretician Fredric Schleiermacher’s methodological hermeneutics create the framework for understanding the meaning of the collected texts. According to Palmer (1969), Schleiermacher’s idea is that all texts can be interpreted through the use of hermeneutics (84).

It is also stated that Schleiermacher’s goal in applying hermeneutics is to know what the author means by his words, not whether the words are true or false (Sherratt 2005, 59). This approach
is applied in the thesis to derive the meaning and intentions of Vestas from the case material subjectively, since it is not possible to objectively evaluate whether or not the intentions of the material has actually paid off due to the limited access to information in this regard.

Schleiermacher works with two dimensions in his theory: the grammatical and the psychological dimensions. An analysis of both dimensions provides the reader with a thorough understanding of the text (Palmer 1969, 89). Interpretation through the grammatical dimension involves an understanding of the written word, but the context of the text should also be taken into consideration in this dimension (Sherratt 2005, 59). The external stakeholders, who are the primary target audience for the case study material, are assumed to be familiar with the context – the history and the current situation in Vestas – and therefore, the shareholders are able to interpret the message (Sherratt 2005, 60).

The psychological dimension, which formerly was called the technical dimension (Palmer 1969, 88), is used to form an understanding of Vestas and its intentions. The history, family, key events and culture are important factors to know in order to truly understand the author, and it can be argued that this can be transferred to an organization (Sherratt 2005, 60). Therefore, it is essential to know the background of Vestas – the political and economic situation – because as Schleiermacher states, “the ultimate goal of technical interpretation is nothing other than a development of the beginning, this is, to consider the whole of the author’s work in terms of its parts and in every part to consider the content as what moved the author and the form of his nature moved by that content” (Sherratt 2005, 60).

By keeping the hermeneutic approach in mind when interpreting the case material, and by applying the two dimensions, a thorough understanding of the intentions and the meaning of the texts in the case study is accomplished.
2.2 Case study design (HFN)

As stated in chapter one, the paper presents a case study of the chosen Vestas materials. The following chapter will present the theoretical construction of the case study and how this contextually is connected to Vestas.

“A case study is an intensive examination, using multiple sources of evidence [...] of a single entity which is bounded by time and place” (Daymon & Holloway 2004, 105). Hence, a case study focuses on the current situation in a chosen setting and the investigating questions “how”, “what” and “why” are the primary examining words that should lead to finding an answer to the thesis statement (ibid).

The choice of the research design (case study) and the research method (hermeneutics) creates the foundation for the thesis. It is important to make a clear distinction between these two concepts since the research design is the framework for the future analysis where the research method is used to collect and analyze the data (Bryman 2008, 30). This means that a case study in itself is not enough to provide sufficient data for a thesis; the hermeneutic approach must be applied too, as an instrument to find data (Bryman 2008, 30-31). In other words, the Vestas case study is the frame and the hermeneutic approach provides the method for how to approach the data.

The setting for the case story is, as mentioned, Vestas and the communication efforts made in connection with the downsizings. Since this is the only organization in our focus, the design is “the single case study”, making it possible to create a deep and narrow analysis of the situation and thereby cover many aspects of the communication efforts made (Daymon & Holloway 2004, 108). The choice of case study can moreover be categorized as “the representative or typical case” and according to Yin, “the objective is to capture the circumstances and conditions of an everyday or commonplace situation” (qtd. in Bryman 2008, 56). This description of everyday or commonplace situations has come to fit the Vestas case since many companies have made a great number of employees redundant in the recent years. The situation is no longer an excep-
tional occasion but something that has become more or less common as a result of the financial crisis.

Daymon and Holloway, 2008, argue that it is “desirable to generalize the relevance of case study findings” (113) and together with the fact that the case study is a ”representative or typical case”, it can be argued that these conclusions can be used as an exemplification of how PR communication theory and reputation theory can or should be used in similar cases, but all cases should be examined individually.

Finally, the time perspective is important in a case study in order to draw the boundaries and to show what is included in the examination. As mentioned in the introduction to the thesis, the case study material is from the period of November 2010 to February 2011, providing a clear beginning and end (ibid). The case study material starts when the downsizings were first announced and ends with the first Shareholder Information for 2011, where the situation was commented on by Ditlev Engel, CEO of Vestas.

2.3 Structure (ASKN)

In this section, an overview is provided about the structure of the thesis. This overview will guide the reader through the paper, offering a short introduction to each chapter and give an indication of the anticipated outcome.

The paper is divided into six sections, including introduction, presentation of theory, analysis, discussion, conclusion and perspectives. These six sections all play an important role in answering the thesis statement.

Chapter one introduces the paper and presents the thesis statement, which the following chapters answer based on the method provided by chapter two. In this chapter, the scientific foundation is made for the paper, providing the research design and research method, thereby framing the thesis.
Following these introductory chapters, a presentation of Vestas and the situation follows in chapter three, and the reader gets an overview of the history of Vestas and the scope of the situation, which the case study is built around. The fourth chapter defines public relations and presents the communication frame in which the thesis unfolds. The chapters just listed all provide the groundwork for the analysis and discussion, which will lead to answering the thesis statement. The analysis covers several aspects and viewpoints which add up to a nuanced view of the case study, providing the reader with thorough insight to the situation, its components, and the solution to the thesis statement.

The analysis consists of four chapters, beginning with a stakeholder analysis in chapter five. This chapter offers an account of the theory behind stakeholder mapping, and the analysis of Vestas’ stakeholders leads to a determination of the key stakeholder groups and how to communicate with them. To establish if Vestas’ reputation is at risk, chapter six defines what a crisis is and applies the theory to the situation in question. This chapter creates a foundation for the following two chapters, which account for the theory behind reputation management and rhetorical tactics. These theories are applied to the case study in order to get an indication of which strategies Vestas utilized when communicating negative news to their key stakeholder group, while simultaneously trying to maintain their reputation.

Discussions of several topics round the thesis off by debating, among other things, the findings of the case study, Vestas’ choices and their use of communication tools. Chapters ten and eleven conclude the thesis and provide reflections on the findings, the methods and the theory used in order to clarify the outcome of the thesis, and identify if the findings provide new insights or raise new questions in relation to the topic.
2.4 Delimitation (ASKN)

The thesis examines and analyses the Danish wind turbine manufacturer Vestas in an international context, and therefore does not focus on its Danish roots. All communication from and about Vestas in languages besides English is disregarded.

The analysis of the thesis is built around an empirically collected case study. All communication materials and communication channels not included in this are therefore not accounted for nor dealt with in the thesis. The inclusion of materials over the exclusion of materials should be seen in connection to the scope of the assignment.

The selection of materials is also limited due to the fact that no access to internal, confidential materials within Vestas is possible. Therefore, the analysis comments and draws its conclusions theoretically and intentions from Vestas are only assumed and argued for with theoretical evidence to support utterances made. There may or may not exist materials internally published by Vestas that could support the paper, however, since they are not available, they must be disregarded as well.

The thesis focuses on Vestas, and the PR communication and PR materials are examined with the communication context in mind. When examining Vestas and their environment, a stakeholder analysis was conducted. Some groups of interest are examined more in-depth than others, solely depending on their interest and significance to the assignment. The materials analyzed are the interim financial report from third quarter 2010, with main focus on the “Adjustment of capacity” section, and the statement from Ditlev Engel, the CEO, in the Shareholder Information 2011/1.

It should be noted that the thesis does not claim that Vestas has used the specific theories that have been applied in the analyses, but it is claimed that the use of these theories may give insights on the intentions of Vestas.

In chapter seven, dealing with reputation management, a research paper authored by Geppert and Lawrence is applied. The paper builds on the hermeneutical framework, namely that of con-
tent analysis. The paper makes use of the findings made by the two authors, since they have made their findings with the same methodology as this paper. The paper will however not perform a content analysis, as this would require access to the software program DICTON 5.0 which is not available. The extensive research behind Geppert and Lawrence’s paper does give the findings validation and credibility to be applied to the case study. When analyzing the case study on a narrative level, the paper turns to other resources, rhetorical tactics such as Aristotle’s rhetoric, and persuasion.

2.5 Sum up on method and structure (ASKN)

The above theoretical selections provide the foundation for the thesis and sections that deal with the analysis of Vestas. The case study and the assessment of Vestas’ reputation management all draw on the theory of the hermeneutic approach since it has been clarified that this theory allows an interpretation and understanding of the texts and thereby the intentions of Vestas as the author.

The chapters that follow introduce, analyze and discuss different public relations theories in relation to the case study with the aim of finding an answer to the thesis statement. The paper starts by presenting Vestas Wind Systems A/S.

3 Presentation of Vestas Wind Systems A/S (HFN)

*The hermeneutic approach tells us that when interpreting the case study, it is important to understand the context and key events in Vestas’ history. Only through the parts of communication it is possible to understand the whole meaning and thereby interpret the intentions and the significance of the case study.*

Windows, household appliances and agricultural equipment were produced at VEstjysk STålteknik A/S before the true core competence was discovered in 1970. The name was short-
ened to Vestas, and in 1979, the first wind turbine was delivered from the company that 40 years later became the leading manufacturer of wind turbines and a realistic alternative source of clean energy (Vestas brief history).

2005 became a turning point for Vestas when it welcomed the current CEO, Ditlev Engel. The new CEO launched two new strategies to make wind a strong alternative to oil and gas and make Vestas no. 1 in modern energy (Vestas brief history). The result: 2008 became Vestas’ best year with record financial results and the creation of no less than 5,524 jobs worldwide (History 2005-2020).

In 2009, the financial crisis hit Vestas and the company prepared for some challenging years to come. The expectations of increasing growth were lowered and people were laid off, which the CEO explained by stating that “the financial crisis will not seriously affect Vestas' revenue until in 2010, so the important thing has been to take action in due time to minimize and tackle the consequences” (Shareholder information 1/2010, 2). In connection with the layoffs, the Triple 15 goals were implemented with the intention of giving Vestas some long-term perspectives as a way to keep the financial crisis at a distance. By applying the targets, Vestas showed that implementing alternative energy sources is an on-going process and along the way there might be stumbling blocks, revenue might go up and down and people may get laid off. However, Vestas seems keen to keep the target in sight. In the Shareholder Information from 1/2010, Vestas showed that some adjustments were necessary in order to meet the Triple 15 targets of an EBIT margin of 15 percent and revenue of 15 billion euros no later than 2015 (Shareholder Information 1/2010, 2).

The CEO stated in the outlook for 2010 that it would be a challenging year due to several factors, one being a small backlog of orders for the year, which caused Vestas to adjust their expectations for revenue. The CEO finished the statement for the shareholders by stating that, “We all remain fully dedicated to doing what serves Vestas’ – and thus our shareholders’ – best interest” (Shareholder information 1/2010, 3), safeguarding future actions that might upset the investors.
At the end of the second quarter it was clear that 2010 was a difficult year for Vestas. On one hand, the company had to downgrade the result due to unsatisfactory financial performance. On the other hand, the company had received more orders in one quarter than in all of 2009 (Shareholder Information 2/2010, 2). The CEO admitted that the financial crisis was a factor but Vestas had also made one mistake, as he puts it, which caused the regulation of the financial expectations. The CEO, however, remained convinced that Vestas would do well due to the record high intake of orders, and he hoped that the shareholders would take note of this.

When the third quarter report was disclosed, the shareholders’ understanding and tolerance was put to the test once again when the company announced that it was going to lay off 3,000 employees. This meant that production facilities were closing down and the number of administrative functions was to be adjusted, mainly in high cost countries like Denmark (Company announcement, 1). As mentioned in the introduction, this was due to a wish of making the organization leaner and creating shared service centers that would both save money and make the administration and production more efficient.

Further comments were made on the layoffs in the Shareholder Information that was disclosed together with the annual report 2010 in February 2011. The CEO commented on the financial results and on the share price, but what is interesting for the thesis is the comments on the redundancies. The CEO justified the time for doing so by stating that in connection with the financial performance and order intake, it was the right time. He finished the paragraph by stating that it had been a hard decision and that it had been discussed carefully by the Board of Directors and the Executive Management because of the consequences the layoffs would have for the individual employees and their communities. “I hope and believe that we can return to normal in 2011 and put the large number of tough choices we faced in 2009 and 2010 behind us. They were a drain on resources everywhere at Vestas” (Shareholder Information 1/2011, 7).
3.1 Why downsizings are not considered a crisis for Vestas (HFN)

This section will determine whether or not Vestas is in a crisis. In order to answer the thesis statement, it is important to determine exactly which situation Vestas is in and in that way the proper solution to the thesis statement can be found with help from the theory within that particular field.

The presentation of Vestas describes how the company has faced some rough times and made adjustments and alignments to stay on track. Even though it has been a turbulent period, it can be argued that the company has not faced a crisis since by definition a crisis is “[…] a sudden and unexpected event that threatens to disrupt an organization’s operations and poses both a financial and a reputational threat” (Coombs 2007, 164). Other scholars have other definitions of what a crisis is and therefore it can be argued that this is in fact a crisis. However, the theory and reasoning behind Coombs’ (2007) definition entails the aspect of reputation and stresses the link between the two concepts.

As stated in the previous presentation, 2010 was a rough year, and when taking the statements made by the CEO into consideration, it is clear that the downsizings were not a hasty decision but had been in the making for quite some time. The downsizings were a consequence of the management’s decision to close down production in high cost countries, since 2010 did not provide enough orders to keep the production going (Shareholder Information 1/2011, 2). It can therefore be argued that the situation is not a “sudden and unexpected event”, hence not a crisis.

Furthermore, Vestas has not made extraordinary announcements in this connection, but they have complied with the financial calendar that states that Vestas must disclose their financial results four times a year. As mentioned, this announcement came in connection with the third quarter financial report (Financial Calendar), making it a planned action from Vestas. Therefore, it is argued that Vestas is not in a situation of crisis.
Having presented Vestas and the situation that forms the basis for the case study, the next section clarifies the theory behind public relations and the history of this particular communication field.

4 Defining public relations (ASKN)

The purpose of this chapter is to define the field of public relations. This chapter provides the paper with a theoretical frame of reference and assistance when analyzing the case study from Vestas.

4.1 The development and history of public relations (ASKN)

In 1744, the French philosopher Rousseau was credited as the first to formulate the term “public relations” (PR), (Price 1992 qtd. in Tench and Yeomans 2006, 8). As a term or concept, PR has roots stretching far back in time, but as an established and cemented field and practice, its development gained momentum in the early twentieth century (ibid 10). In their book “Exploring Public Relations”, Tench and Yeomans state that, broadly speaking, it is possible to distinguish between an American and a British approach to PR. Where the American angle was influenced by a focus on the private (corporate) interests in the public sphere, the British approach was affected by the public sectors interest in attempting to affect private opinions (2006, 8-11).

This chapter now turns to present the American history of PR. The reason it is only the American history presented is because the American approach had commercial and corporate interest as the cornerstone. This is evident in the publications from the early founding authors, and the company dealt with in the thesis is a corporate for-profit company and therefore the American angle has been chosen. The founding figures in American PR were Ivy Lee and Edward Bernays (Tench & Yeomans 2009, 10-11). Starting with Ivy Lee, he is historically interesting because, besides being both a practitioner and an academic, he has also been credited as the originator of
modern crisis communications (Ivy Lee). Within the scope of this paper, there are parallels to be drawn with PR as the overall framework to reputation and strategic communication to stakeholders. In the book “Declaration of principles“ from 1906 (Tench and Yeomans 2006; 11), Lee presents his ideas of having three principles in PR: accuracy, authority and factual communication (Tench & Yeomans 2009, 10). The argument supporting the need for the principles was to: “Generate the best arguments for convincing public audiences” (ibid 10). The quote also implies that the field in its earlier days had a more propagandist angle, which all things equal, is not the case today.

Another lighthouse in the emerging times of PR was Edward Bernays. Bernays’ uncle was Sigmund Freud, by whom he was much influenced. Bernays’ approach to PR came from social psychology and his experiences as a practitioner (Tench and Yeomans 2009, 11). Amongst others, Bernays authored the books “Crystallizing Public Opinion” (1923) and “Propaganda” (1928). His belief was that attempting to engineer and steer public opinion into a predetermined direction was not to be considered unethical, quite the opposite. It was simply the means to inform and steer the public towards what was “correct” or “true”. However, Tench and Yeomans also cite L’Etang for having pointed out that “[…] propaganda was a neutral term at the start of the twentieth century when theorists such as Bernays […] saw no problem with trying to organize the responses of mass audiences. Indeed, they saw it as ‘democratic leadership’” (2009, 11).

The former practice and perception of propaganda collides with the negative association that the word represents today. This is why it should be taken into account that this was not the case at the time when the theories were formulated. At that specific point in time, it was the informed “elite” who educated the “uninformed masses” (Tench & Yeomans 2009, 11).

What then remains of past practices and attitudes is difficult to assess. However, there are historically bound factors that influence PR today. The echoes from past practices still make critics question the underlying intentions behind some modern PR initiatives and whether or not the practices are ethical. Seen from a historical perspective, PR has, both as an academic and preformed field, evolved tremendously and has abandoned some of its original attitudes and
stances. This is not to say that the field has redefined and reinvented itself and made a shift in paradigm; however, the usage and ethical aspects have become more nuanced and are now, all things equal, an integral part of the practice (Tench & Yeomans 2009, 11 & 274-275).

4.2 Investor PR (ASKN)

Having described the history and development of PR, this chapter now turns to comment on Investor PR.

It is not possible to describe all the different nuances, task and tools that are incorporated under the same umbrella of PR. Overall, PR is a multilayered and multidisciplinary field drawing on different tools and instruments, depending on what type of PR is applied – the context or the situation. PR consists of theoretical, academic, practical, tactical and strategic dimensions, which are a lot of different concepts, methodologies, “isms” and orientations put into the same box (Tench & Yeomans 2009, p. 168-169). This may also be yet another reason why, as L’Etang stated, there is no universal definition of PR since it is contextually influenced by the eye of the beholder.

The angle into the purpose of PR is here, combined with that of Investor PR, since it is the primary stakeholder the paper focuses on, which will be accounted for in chapter five. The reason why targeted PR efforts towards investors and shareholders are important is illustrated in the following quote: “Communication with financial communities about an organization’s position and future strategy is essential to the development of a good reputation, which in turn contributes to the overall reputation of an organization” (Tench & Yeomans 2009, 465). This quote also gives a definition of what Investor PR is, in addition to demonstrating the interdisciplinary tie to reputation management, which is presented in a later chapter in the paper.

The function of Investor PR or Investor relations is to provide the financial community with financial information to keep the investors and stakeholders informed and ensure that the company receives a fair valuation on the stock exchange they are registered on (Cutlip, Center &
Broom 2006, 20). Another dimension of Investor PR is to manage and maintain a good relationship with the stakeholders and investors, since having loyal investors who are confident about their investment and are well informed support the company’s stock value (Ibid 2006, 20). The means of achieving such goals and objectives is where the PR tools and practices come into the picture and are applied, when their realization is dependent on the surrounding environment.

This chapter serves as an initial frame for putting PR into a historical perspective, which allows for an understanding of how the discipline has developed. The focus on Investor PR relates to the focus stated in the thesis statement. This focus is on external stakeholders and gives an introductory foundation for future findings when analyzing the Vestas case materials. It strengthens the theoretical thoughts underpinning the relevance and function of Investor PR and how it serves to assist Vestas in maintaining its reputation towards the stakeholders.

In relation to investors and other stakeholders surrounding the business environment of Vestas, the paper now turns to examine and analyze Vestas’ stakeholder environment, and through the analytical process, determine and present the most important stakeholders for Vestas, hence the company’s target audience for its reputation management communication efforts.

5 Stakeholder analysis (HFN)

An analysis of the stakeholders determines who the key target audience in the case study is. By establishing this, it is clear towards which external stakeholders Vestas should focus on maintaining the reputation of the company.

Companies of all sizes and shapes influence people, and communities involved in or surrounding the company which causes organizations to consider their actions thoroughly since they can have great impact on those who have a stake in the business. R. Edward Freemann (2004) emphasizes in “The stakeholder approach revisited” the importance of considering the actions by this quote: “No matter what you stand for, no matter what your ultimate purpose may be, you must take into account the effects your actions [have] on others, as well as their potential effects
on you” (231). This means that the positive or negative reactions from the stakeholders will strike back on the organization, making well-considered decisions important in order to attain success. When making decisions that will greatly affect many stakeholders, the company needs to be aware of whom to address and how to reach the best results. Based on Freeman’s reasoning, the stakeholders need to be determined in order to establish to whom the communication should be directed and why this is the right group or groups to focus on.

Being a global company, Vestas automatically has many stakeholders and most of them are interested in seeing the turbine manufacturer succeed. In the analysis of the stakeholders, the focus is on the groups that are influenced by the situation in question, that is, the external stakeholders who were affected by the downsizeings and the external stakeholders to whom Vestas should maintain the reputation towards.

In order to determine who the primary stakeholders are, it must be defined what a stakeholder is. The definition by W. Edward Freeman, which has been debated by some scholars, will create the foundation for the analysis. Freeman argues that a stakeholder is “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (229). Freeman notes that the definition is based on the view that the senior management of a company should define the groups affecting or affected by the actions of the company and then create a strategy for dealing with these stakeholders (Freeman 2004, 229). Taking the thesis statement into consideration, this definition corresponds with the thesis since the aim is to find those stakeholders who are most affected by the company and those who can affect the company most.
Tench and Yeomans (2009) argue that the most common stakeholders of for-profit companies are those presented in figure 5.1. The figure provides a preliminary overview of the groups that need to be considered. As this is an external case study, the employees can be disregarded since they represent the internal communication of the company. Furthermore, it has been decided to disregard the pressure groups and the general public since it has been assessed that the important stakeholders in this context are covered by the remaining groups presented.

The remaining five groups should, according to Ulmer, Sellnow and Seeger (2005), be divided into primary and secondary stakeholder groups in order to direct the right communication towards the right stakeholder group (36-37). They argue that the primary stakeholders are those who the company defines as most important to their success and the secondary stakeholders are those who are not active in the everyday running of the company but are still important concerning the success of the company (ibid 37). However, in this context it can be argued that the primary stakeholders are those who are directly affected by the downsizings, and the communication should therefore be most intensively directed at them, and the secondary stakeholders are the ones who are indirectly affected by the downsizings.
5.1 Stakeholder mapping (HFN)

A stakeholder map is made to create an overview of who the most important stakeholders are. By doing so, an image of the stakeholders is created and a picture of which groups demand more attention than others is visualized.

After applying the argument about primary and secondary stakeholders to the groups presented in figure 5.1, it can be argued that the primary stakeholder group involves the providers of capital (investors), the customers and the communities. The providers of capital will be referred to as both investors and shareholders since a person or company must become a shareholder to invest in Vestas. Most investors are directly affected due to fluctuations in share prices and the overall insecurity the downsizings raise about the future for Vestas. The customers are the only group who might be directly gaining from this due to the adjustment of cost, which can create more competitive prices on the turbines. Finally, the communities where the closed production facilities are located will most likely be affected by the massive unemployment among the citizens in that area.

The secondary stakeholders are the suppliers and the competitors. The suppliers will most likely be affected, but it will depend on their price level, location and what they deliver. For instance, a Danish supplier could be affected if the production is relocated to an area where a cheaper supplier is located, but the Danish supplier might be the preferred supplier if they continue to be cheaper or if their quality is better. The competitors could be affected if the downsizings result in more competitive prices, but as a stakeholder group, Vestas does not have any obligations in regards to informing the competitors of new initiatives. Concerning the listed benefits and detriments, it should be noted that these are assumptions. The true effect of the downsizings has many nuances and not all stakeholders are affected to the same extent. However, these assumptions cover the most likely consequences.

Having determined the primary stakeholders, it is now possible to map them and define who the key stakeholder group is.
As figure 5.2 shows, the stakeholders have been positioned according to how their level of interest is assessed and how much power they have (Tench and Yeomans 2009, 229). Tench and Yeomans argue that if stakeholders have high power but lack interest, in this particular matter, then Vestas should merely keep them satisfied by providing information. It has been assumed that the customers have a lower level of interest in the downsizings since they presumably are the only ones who are directly gaining from the situation and they are apparently not interested in the negative effects the situation might have on reputation as long as the products are of the same quality. The communities have high interest in the matter since they are highly affected by the situation, but they have low power when it comes to affecting the decision and Tench and Yeomans (2009) argue that Vestas then only needs to keep them informed (229).

Finally, the investors have been placed in the high power and high level of interest category. As the management structure shows (appendix 1), the shareholders are highest in the hierarchy because Vestas is registered on the stock exchange and it is the shareholders who own the company, and needless to say, they have a high level of interest in the company and this particular situation. Their interest in the situation originates from a wish for success and the investors react when big decisions are made by the Executive Management and the Board of Directors, which can influence their investments and the shareholders should therefore be kept well informed. The investors often risk a great amount of money, and it is crucial that a positive stakeholder relationship exist and that Vestas and the investors view each other as partners (Ulmer, Sellnow and Seeger 2005, 38). However, Ulmer, Sellnow and Seeger also state that
agreement may not exist on every account, but this merely calls for more effective communication.

Due to the position of high interest and high power, the investors have been chosen as the main stakeholder group for the thesis and the group on which the answer of the thesis statement is based. The fact that Vestas is publishing Shareholder Information two times a year emphasizes that this is a very important group for the company, and it will therefore be the shareholder aimed material that will be analyzed. The shareholders are, however, not the only recipients of this material and they are not the only ones who will read it. The list of possible readers is long and includes stock analysts, journalists, and stockbrokers, to mention only a few. Nonetheless, CEO Ditlev Engel directs his statements to the shareholders in the Shareholder Information 2011/1 on page 7 by thanking them for their continuing support and noting that Vestas will use the support to benefit the shareholders. This is why this group is the key external stakeholder group in the thesis and it furthermore corresponds with the definition in section 4.2 where it is stated that communication with the investors is important in order to develop and maintain a good reputation.

5.2 Communicating with stakeholders (HFN)

There are different ways in which a company can communicate with their stakeholders and the coming section will present how, according to theory, this is properly done and analyze how Vestas has applied the theory.

There are many different ways in which a company can communicate with the stakeholders depending on the occasion and the purpose, and Investor PR is important in order to ensure that the financial community is updated. One-way or two-way communication is applied in different settings and each serve different purposes.

One-way communication strategies are often used to persuade the audience, where two-way communication strategies are a way for the company to enter into dialogue with the stakehold-
ers and gain insight to their attitude towards the firm (Crane & Livesey 2003, 43-44). When sending out the Shareholder Information, Vestas uses one-way communication to facilitate changes and new initiatives directly to the key stakeholder group as a way that justifies and makes a thorough argument for the current situation in the company. Crane and Livesey (2003) argue that through a standardized communication approach, Vestas is able to send a coherent message and display a core set of values to the shareholders in order “to maintain a strong and consistent brand image across the firm’s interactions [...]” (45).

The material in this case study is consistent with previously published materials from Vestas concerning the design and the way the materials are structured both visually and rhetorically, as seen on www.vestas.com. Vestas gains from this approach, Crane and Livesey (2003) argue, since in a change situation this way of communication is especially important (45), presumably because change can create insecurity and the communication should therefore use the standardized approach “such that interpretation of the firm are controlled and directed towards a specific identity that the firm hopes to project” (ibid 45).

The two-way communication method is, as mentioned, a way for a company to create dialogue. The situation in question requires that Vestas inform the stakeholders through one-way communication due to the previously listed communicative advantages. However, Vestas does engage in dialogue with the stakeholders when road showing in connection with publishing financial reports (Financial calendar) and at the annual general meeting, and in this way, they continuously communicate with the stakeholders.

The coming chapters will analyze and discuss which strategies Vestas applied in the material as means to communicate with the stakeholders.
6. Is Vestas’ reputation at risk? (HFN)

The thesis statement asks how Vestas can maintain the company’s reputation towards the external stakeholders while at the same time making employees redundant. To answer this, it must first be determined if the reputation is at risk and why it is important to protect it.

The central goal in communication, in general, is to restore or protect a person’s or a company’s reputation, Benoit (1995) argues, and when it is endangered, a strong motivation exists to take action (71). He argues that when a reputation is injured “we feel compelled to offer explanations, defenses, justifications, rationalizations, apologies, or excuses for our behavior” (ibid 2) and the reason for doing so is that the reputation is vital to us (ibid). The reputation is how a company sees itself and how others see it, and if the reputation is damaged, it can negatively interfere with the interactions a company has with its stakeholders. The worst case scenario is that a company will not survive the consequences that will follow (ibid, 2). However, only when two conditions are present, or believed to be so, can it be assumed that a reputation truly is at risk and reputation strategies to protect the reputation should be applied. The first condition that must be present to protect the reputation is that the primary stakeholder group should believe that an undesirable action has occurred. The second condition is that the same group should believe that the company is responsible for this undesirable action (Benoit 1995, 71).

In the case study, these two conditions are present. Vestas has planned massive downsizings, which is the undesirable action and the stakeholders believe, supported by the statements from Vestas, that the company is responsible, which the CEO states here: “The responsibility lies with the management – with me – and we made a wrong assessment” (Appendix 5, box 5). An important aspect to remember is that it is not important whether Vestas is truly at fault for the undesirable action, but whether the stakeholders believe that they are at fault - or if Vestas perceives that the stakeholders have this negative attitude towards the company.

Based on this reasoning, it can be argued that Vestas should assume that the stakeholders find the two conditions to be present and because of this the situation is threatening Vestas’ reputation and strategic actions must be made, according to Benoit’s (1995) theory (72).
There are many forms of strategies a company can apply to the communication efforts, and some of them will be demonstrated and applied in the following sections to the case study material. By applying these communicative PR strategies, Vestas can restore and protect their reputation towards the external stakeholders, and in that way, they can change the perception that this audience is perceived to have of Vestas due to the downsizings.

7. Reputation management (ASKN)

In chapter three of the paper, it is defined that Vestas is not in a situation of crisis. The argument is centered around the theory on crisis authored by Coombs. However, as analyzed and identified in chapter six, drawing on the theory of Benoit, Vestas is in a situation where the reputation of the company may be affected negatively. Vestas’ reputation is at risk. This should be seen as a cause and effect relationship between the company and its action, and if the communication about the downsizing towards its stakeholders is not managed, this may inflict harm to Vestas’ reputation. Chapter seven presents relevant theory on reputation management and applies this to an analysis of the case study materials.

7.1 The definition and function of reputation management (ASKN)

The reputation of a company or organization is a multidisciplinary task, not to reside solely in the company’s PR or communication department, but should be an integral part of the company’s strategy and its daily doings (Fombrun 1996, 6). This echoes in the argumentation of Quinn that “[...] a long-held view that reputation is the company’s most important asset” (Quinn 2004, 2).

The management perspective of reputation management is therefore seen as the wide spread initiative undertaken internally in the company, but the asset or perhaps value is something that affects the company externally. In line with the latter definition on what reputation is, it is
found that the definition formulated by Griffin points out the element of stakeholders (constituents) seen in connection to a company’s competitors, which is of interest to the paper:

“Corporate reputation is the perceptual representation of a company’s past actions and future prospects that describes the firm’s overall appeal to all of its constituents when compared with other leading rivals” (Griffin 2008, 11).

Turning to another scholar Fombrun, in his book “Reputation”, states what function and reassurance reputation as a tool can perform: “Companies [...] have built up a reservoir of credibility and reliability [...]” (Fombrun 1996, 5). But as Fombrun goes on to argue, a good reputation is not indestructible; the loss of one’s good reputation can be read-off directly in the accounts and mean lost sales. The link between reputation and economics, and why the management of the reputation is important for companies, is pin-pointed by Fombrun when he writes that:

“At the same time, a reputation is of considerable strategic value because it calls attention to a company’s attractive features and widens the options available to its managers, for instance, whether to charge higher or lower prices for products and services or to implement innovative programs” (Fombrun 1996, 5).

The indication of what the public’s associate with the company can give them strategic insights into how they are perceptually positioned by their environment. From a consumer or investor point of view, the perception of the company and the reputation can give them basis for assessing their attractiveness. The better the reputation, the better chance for the company to attract new investors and keep remaining ones. The task for Vestas is therefore to navigate in this and protect their reputation so that they will keep their remaining shareholders and position themselves as an attractive investment.

Within reputation management, there are numerous approaches, and like other fields, it is not a static field but one which evolves and develops. This is also evident from the following section, where Tench and Yeomans present an infield debate between scholars.
7.2 Reputation management versus relationship management (ASKN)

Within this distinctive branch of PR tools or theory, Tench and Yeomans draw up a particularly interesting point when they comment on the debate between scholars as to whether or not reputation management and relationship management are the same or if in fact they have two distinct functions within PR with their own specific focus. The argument presented is that reputation management is more of a marketing concept that deals with the wider scope of the organization’s external world – a world that has no direct ties to the organization at that point in time (Tench and Yeomans 2009, 542). Relationship management is argued by Hutton et al (2001) to be dealing directly with the organization’s stakeholders (qtd. in ibid 2009, 542).

The paper acknowledges the viewpoints presented, but also draws attention to and argues for the fact that the authors imply the current ambiguity and lack of shared consensus amongst the academics.

Before consensus is established, it is argued that the two concepts will in fact in some cases be used interchangeably by some academics, and whilst the paper does deal with reputation management as a term, it does not exclude that viewpoints presented could as well be based on relationship management. The paper does not have a political attitude towards either concept and acknowledges the debate in the academic field but does not, at the current state; favor one paradigm over another but uses the “titles” given by the respective authors when presenting the theory.

After briefly touching upon the developments within reputation/relationship management, the paper now turns to focus on presenting the theory that deals with assessing the impact of company shareholder information.
7.3 Presentation of reputational research and reputational theories (ASKN)

This section presents and applies reputation management theory to the case study, and analyzes in what way Vestas has chosen to communicate the downsizings, whilst managing the reputation of the company.

7.3.1 Geppert and Lawrence: Predicting firm reputation through content analysis of shareholders’ letter (ASKN)

In an academic research paper by Geppert and Lawrence, the two authors link reputation and shareholder information based on content analysis. The paper thereby also builds on the hermeneutic methodology. The argumentation tied to their research is that the utterances of the CEO will have a direct effect on the reputation when seen in connection to the company’s shareholders. By means of a content analysis of the narratives in the shareholder letter, Geppert and Lawrence have examined if there are any general rules to estimate a firm’s reputation. They have applied the content analysis to different companies based on business magazines’ ratings of the companies as either high or low reputation firms. Their research then sets out to find if the narratives of companies with respectively high or low reputations differ from each other and what general patterns there are to be found in the strategic communication, and how this consequently affects the reputation (Geppert & Lawrence 2008, 288). Geppert and Lawrence state that: “The chairman can influence the asset value of a firm’s reputation in his letter to the shareholder” (Geppert & Lawrence 2008, 286-287). Their viewpoint builds on the assumption that the CEO serves as the knowledgeable ambassador of the company, and as the captain of the ship, he is the head of the decisions made and thereby also the tactical and strategic thoughts and choices made. Thus, his or her additional comments and explanation of the choices made can influence the specific target audiences’ perceptions (Ibid 2008, 288).

As stated in the delimitation, it has not been possible to apply the content analysis method applied by Geppert and Lawrence to the case study. The thesis will, however, draw on some of the
findings from their work and compare them with the case study and analyze what patterns can be seen and compare them. One technique that Geppert and Lawrence have made use of is a variety index. The variety index is a tool that counts the total number of different words used in a text and divides this by the total number of words used in the text. They state that with a high score, the author has an extensively varied language, which they interpret as avoidance and a preference for more abstract language. Thus they state that it is perceived as deceptive language, non-transparent and hence incredible which is not beneficial to the reputation (Geppert and Lawrence 2008, 291). A low score is on the contrary perceived to be truthful, credible and transparent. Companies with a high reputation score have a communicative style that is concentrated on realism, facts and have a usage of very straight forward wordings, short, non-abstract words (ibid, 305).

Overall seen, Geppert and Lawrence explain that there are two types of utterances that the CEO can make. The first is where the achievements are discussed based on recent past actions made and the result or effect thereof. The second type of utterance is when the CEO comments on what investor desired activity the company will undertake in the future (Ibid 2008, 287). Geppert and Lawrence point to Christiansen who “argues that firms are expected to contribute to transparency and a primary conduit for transparency is communication with stakeholders” (Geppert & Lawrence 2008, 287). In doing so, with a communication that allows the shareholders to know the underlying thoughts behind the decisions, Vestas thereby also contributes to a transparency that serves Vestas the image of being credible. Credibility fosters stakeholders’ perception that the message sent out is transparent and thereby implicitly truthful, which supports the overall reputation of the organization, in this instance, Vestas’ reputation. The strength of the shareholder letter and its function in the management of the relation to shareholders, and hence also the reputation is illustrated in the following quote:

“The chairman’s letter is a unique component of a firm’s annual report [...] is an unaudited narrative. It is not a required document and, therefore, its content is not regulated. There are no standards, regulations or content requirements for the letter. The CEO is free to select the information included in the letter and the manner in which it is presented. Unlike the financial state-
ments, which present the results of past transactions, the letter to the shareholder can contain forecasts and discussions of information” (Geppert & Lawrence 2008, 287).

The paper now turns to applying the theory of Geppert and Lawrence to the case study.

7.3.1.1. Geppert and Lawrence applied to the case study (ASKN)

It is a combination of discussing achievements and commenting on investor activities that is used by Vestas in their Shareholder Information. Summing up past actions and results is seen especially when CEO Ditlev Engel speaks of the layoffs due to the downsizing in production capacity: “Adjustments, upward or downward, are made all the time. In 2010, the redundancies were made, even following a strong quarter [...]” (Appendix 5, box 6). Here, the CEO debates and takes a standpoint in assessing the outcome of the actions made, and furthermore, he comments on the thoughts behind it. The notion of transparency is also present, since Ditlev Engel himself comments on the contradicting relationship between having had a strong quarter and still making redundancies. Vestas displays transparency not because they have to, but because they choose to.

Following the concept of the variety index – an assessment on the comparative level in terms of the words used by Ditlev Engel – it is possible to have an indication of where Vestas’ reputation is, in terms of the extend that the language is abstract or concrete, and if it, besides being transparent, bares others indicators that Vestas communicates as if they were a company with a high perceived reputation index. In the case study, the following examples have been found of a concrete and realistic word choice:

“That prediction was based on cold facts [...]” (Appendix 4, text box 3)

“Briefly put, the principal problem was [...]” (Ibid, text box 3)

“I know very well that the most simple thing in the world would have been starting to lay off [...]” (Appendix 5, box 6)
All three examples point to the fact that if an actual variety index count was made with statistical ratios and control examples, it is very likely that Vestas would land in the high reputational group. The utterances made by Ditlev Engel are very straightforward, and as the theory suggests, not abstract but very to the point. This supports the earlier findings with transparency, and the communicative practice here supports the practice of maintaining the reputation towards the shareholders.

7.3.2. Griffin’s strategies for reputation management (ASKN)

Another theoretical angle on reputation management theory is found in Andrew Griffin’s book “New Strategies for Reputation Management – gaining Control of issues, Crises & Corporate Social Responsibility” (2008). In his book, Griffin strongly advocates for the viewpoint that, because reputation itself as a concept is so difficult to put into a model, it is therefore equally difficult to apply a single overall reputational theoretical framework. Griffin argues that the management and examination of reputation can be executed through three different sets of lenses (Griffin, 2008 19). Depending on the situation, reputation management can be seen from three different angles:

- Crisis management
- Issues management
- Social management

Depending on the situation and context, the company has different strings to play on, but they all have in common that they affect and influence the reputation.

Issues management is of interested to this paper and at a later stage will be connected to Benoit’s theory “Typology of Image Restoration Strategies”. This theory is presented in a later section of this chapter. Even though it has already been stated that Vestas is not in a situation of
crisis, the model is adapted and used in the analysis of Vestas since an element of having a reputation at risk is also to prevent the situation from escalating.

Griffin explains that a common perception of issues management is when there is a gap between a company’s expectations and performance. This can force them to make decisions where the decisions are the facilitators of an issue. There are three types within issues management (Griffin 2008, 114-115):

- Corporate issues: Issues arising from the daily operations of the company, along with its products and services. Issues in this category would be corporate governance, product quality, values and performance.

- Global issues: Issues that do not solely reside or stem from the company, such as environmental concerns, obesity or ethical questions. However, they are issues that the company can affect from their own sphere and with their own initiatives even though they cannot solve the issues.

- Local issues: Such issues are the ones having an effect on a local scale, such as local redundancies, contamination at a production site, and the construction of a new site.

Griffin, however, stresses the fact that there are overlaps, and the categories should not be seen as clear cut (Griffin 2008, 115). In this instance, Vestas’ situation falls into the local issues category. However, there is an international aspect to this, since Vestas is an international company operating on an international scale, but this should not be mistaken for the category of global issues, because as Griffin states:

“[...] the consequences of the changing and hostile external world is that local issues can very easily become national issues or even international issues” (2008, 115).
7.3.2.1 Griffin applied to the case study (ASKN)

The downsizings, made in Denmark, were indeed a local issue in the affected areas, but the issue also gained international aspects since Vestas has international investors, so the issue was on the international agenda for Vestas. It can then be assumed that the reason why CEO Ditlev Engel chose to comment on the downsizings in the Shareholder Information was to recognize the impact the downsizings had on the business as a whole and on the share price. The angle of the issue may be characterized for Vestas as being important both reputational-wise and economically, and therefore Vestas has chosen to communicate with their shareholders in a transparent manner, as it has been established with Geppert and Lawrence’s work.

7.3.3 Benoit’s “typology of image restoration strategies” (ASKN)

Benoit’s theory “typology of image restoration strategies” is adapted to the Vestas case study material. Benoit’s theory focuses on crisis communication, but the overall structure of the theory can also be applied to an issues management focus, as the one Vestas is facing (following Griffin’s typology in section 7.3). As clarified at an earlier stage in the paper, Vestas is not in a crisis situation, but the main arguments and thoughts to this theory are adaptable to the Vestas situation. Benoit’s theory is centered on the argument that a company could have made use of five different types of typologies or strategies in their chosen communication. The strategies are based on apologia and accounts research to attain knowledge about how an organization can defend their reputation during a crisis, in this instance through a risk situation. The five categories and their types of strategies connected are (Benoit 1995, 74-79):

- Denial: Denying accusation(s) or attempting to shift the blame back to the sender or a third party.

- Evading Responsibility: 1) Merely responding to the offensive act. 2) Defeasibility: Blaming the lack of information about or control over the situation or elements in the situation which have led to the “x” undesirable effect and outcome. 3) Accident: The situation has
arisen as a product of an accident (force majeure), hence the company is not directly to blame. 4) Good intensions: Claiming to have had good intensions for performing the act/behavior for the very outset -> not an act of bad intensions, whatever the outcome may have been.

- Reducing Offensiveness: 1) Bolstering: The accused party attempts to mitigate the negative effects by relating to positive attributes or past positive actions. 2) Attempting to convince the audience that the offense committed is not as bad as initially perceived. The negative associations regarding the offense should also decrease. 3) Engaging in differentiation: Here, it is attempted to, by mean of comparison to similar though more severe offenses make the act appear less offensive. 4) Transcendence: Meaning that the act of offensiveness is placed in a different context where the means may justify the end. It can be compared to a sort of modern day Robin Hood rhetoric. 5) Attacking the accusers: the accused party tries to reduce the credibility of the accusers. 6) Compensation: Remuneration is given to help reduce the negative feelings that stem from the wrongful act.

- Corrective Action: The problem is promised to be corrected, which can be done in two forms. The first is where the situation is brought back in order before the problem occurs. The second is that actions will be taken to ensure that the problem will not happen again.

- Mortification: Apologize and admit responsibility for the wrongful act committed. A second variable of mortification is “omit” that can either be practiced in the form of ignoring accusations or merely remaining silent.

7.3.3.1 Benoit applied to the case study (ASKN)

After having characterized and described the different strategic approaches that Benoit believes there are, it must be noted that the theory has been adapted to the case study. This means that, whilst the original theory is formed with the outset in crisis situation, the paper will argue that it is possible to apply it in a situation where the reputation is at risk. The argument is that it is the
step prior to a crisis situation, and that managing a situation can prevent it from turning into a crisis. As previously identified, Vestas is in fact in a situation where their reputation is at risk, and the paper analyzes what evidence there is to suggest what type or types of strategies Vestas has made use of in their communications.

In the case study, there is a form of denial present. The type of denial strategy seen in the case study is not as bombastic as the denial strategy that Benoit suggests. However, the term and strategy of denying is still applicable. Vestas does deny the severity behind the downsizings and what it means to the affected employees and focuses on the economic benefits. This is evident from the fact-based statement:

“To ensure the most efficient production [...] in total, around 3,000 jobs will be abolished in connection with the adjustments [...] Adjusted to the above, Vestas retains its expectations for 2010 [...]” (Appendix 2).

The emphasis is placed on what the outcomes will be. This may also be argued for in terms of the medium (Shareholder Information) and the impact this has on the communicative message. Therefore, the CEO’s letter may give insights to how Vestas relates to the downsizing. In the CEO’s letter, evidence to suggest that Vestas does not underplay the severity of the downsizings is in fact found when CEO Ditlev Engel comments on what the fundamental problem were:

“ [...] the principal problem was that, during the first half-year, we did not have sufficient orders to keep our production running at all Vestas locations.” (Appendix 4).

From a rhetorical perspective, it can be argued that while “admitting responsibility”, or as in Benoit’s typology theory, “admitting” under the category of “evading responsibility” by claiming lack of control over the situation, thereby stating that the economic developments have been out of Vestas’ hands is a mixture of the subcategories 2 “defeasibility” and 4 “good intentions”.

“Defeasibility” is denying ownership of the actions by blaming external factors such as lack of orders. “Good intentions” are seen in the fact that it is to meet the expectations of 2010, which has led Vestas to make the decision of downsizings and hence also meet the expectations of the
return of shareholder value to the shareholders. Lastly, the utterance may in fact also be seen in the light of “reducing offensiveness” with its fourth sub category “transcendence” because Vestas placed the downsizings in an externally affected context, namely that they have not received sufficient orders, thereby shifting the focus from an internal performance optimization process to an external one.

Turning to look at another example in the case study, there is an instance of Vestas making attempts to employ the “corrective action” strategy with the following statement:

“[…] hope and believe that we can return to normal in 2011 and put the large number of choices we faced in 2009 and 2010 behind us” (Appendix 7).

Benoit states that in the category of a “corrective action”, the company can in fact make a corrective action without admitting any guilt. This is what Vestas does in this example, when uttering an intension in the form of a wish to return to a normal state of affairs, that does not include redundancy rounds, but at the same time, they do not proclaim themselves as the wrong doers. However, the utterance does address the core problem subsequently and communicates to its shareholders that the past situation(s) of making employees redundant has been unwished for by Vestas as well.

The last example provided with the adapted use of Benoit’s theory is that of “mortification”. Benoit states that “mortification” is simply apologizing for the act committed and asking for forgiveness. An example of the strategy is provided below:

“The responsibility lies with the management – with me – and we made a wrong assessment. What was worse, though, was that it hit our shareholders hard” (Appendix 5, box 5).

Based on the level of the meaning of the words, it is a very vague apology that CEO Ditlev Engel makes. To some extent, it may be viewed as an expression of regret and dissatisfaction with the outcome. However, when putting the words into context and recognizing the fact that it is addressing the shareholders (they were hit hard), it does latently expresses a form of apology. Fol-
lowing a “logical rational” when stating that they had a responsibility and made a wrongful assessment, it does communicate an apology.

7.3.4 Summary of theoretical findings (ASKN)

To sum up, there is evidence that proves that Vestas was aware of the risk their actions meant to their reputation and that communicative actions have been made to reduce or stop the reputational risk from developing.

The findings from applying Geppert and Lawrence’s research conclusions and making a comparative analysis point to the fact that in current times, Vestas is communicating in a manner that displays them as credible and trustworthy and as a high reputation company who communicatively displays transparency towards their shareholders and other readers of the Shareholder Information letter.

Griffin’s issue management theory helped to clarify what type of situation Vestas was in, which helped assist and create further supportive arguments when Benoit was applied. It created an understanding of the severity of the problem, or perhaps the fact that it is an issue for Vestas and it does call for management, but it created a theoretical understanding for their findings when Benoit was applied.

The communicative message operates continuously throughout the case study on a latent level, as seen for instance in the latter example where at no point words such as “sorry” or “apologize” were uttered. Therefore, the paper turns to the option of the omit strategy in Benoit’s typology. Subjectively in its nature, it is of course difficult to point to the missing. However, it does spring to mind that when Vestas comments on the developments and actions made throughout 2010, a strategy of presenting logical arguments as justification over regret is used. Vestas does vaguely own up to having made 3,000 employees redundant, but they do not apologize for it. They merely state the rationale behind it, which when following the arguments from Geppert and Lawrence, would make sense if their communicative strategy was to be open and honest.
about their actions and to be aware that it may not fall to everyone’s taste, but for Vestas it was the right solution.

The findings from Geppert and Lawrence, Griffin and Benoit have complemented and assisted each other in the analytical process to create an understanding of some of the choices made by Vestas on the PR strategic communication level.

The way Vestas has further communicatively argued for their choices will be further analyzed in the following chapter on the rhetorical tactics. The chapter explores what lies behind the reputational strategies and a deepened focus of the rhetoric used and how this supports Vestas in reaching their communicative goal to maintain their reputation towards the stakeholders.

8 Rhetorical tactics (HFN)

The grammatical dimension in the hermeneutic approach (see section 2.1) states that to understand the intentions and the meanings of a text, an understanding of the words and phrases must exist. This chapter about rhetorical tactics will clarify the rhetorical strategies used in the case study material in order to understand which rhetorical means Vestas applied to maintain their reputation.

The sections analyzed in regards to establishing which rhetorical tactics were applied are presented in appendix 2-7 and the sections of interest are numbered and marked by a red box. These sections are chosen since they contain comments and statements specifically about the downsizings, and they display how the CEO handled the situation by means of the written word.

8.1 Aristotle’s view on rhetoric (HFN)

Before applying the rhetoric theory to the case study, an understanding of Aristotle’s theory on the subject must be created.
The ancient Greek philosopher Aristotle engraved his name in literary history by writing the book “Rhetoric”. In this book, he accounts for the rhetoric appeals of ethos, pathos and logos and how they can be used to persuade audiences. His definition of rhetoric is “the faculty of observing in any given case the available means of persuasion” (Honeycutt). According to Edwards (2006), Aristotle was engaged in helping speakers by enlightening them on the use of arguments to make their rhetoric pieces more efficient (839). The philosopher worked with three categories to do so, namely the “deliberate”, “forensic” and “epideictic” categories.

Based on the theoretical reasoning, the “forensic” argument is applied to the analysis of the case study since this form of rhetoric is applied when the speaker must defend an action to those who are affected by it (Edwards 2006, 841). Forensic communication is often seen in financial reports where companies must elaborate on the financial results and other actions by the company and it is then up to the audience to decide whether or not to accept the explanations (Edwards 2006, 841). With this in mind, companies must carefully choose the rhetoric strategies they wish to use when communicating with their audience. Aristotle’s appeals are the cornerstone in most persuasive messages, and they constitute the foundation for the companies’ dispatches.

Interesting for this thesis is that many scholars recognize public relations as rhetoric and persuasion, and they view rhetoric as a useful tool when studying public relations (Edwards 2006, 838). This justifies the use of this theory when analyzing the case study. Edwards (2006) furthermore argues that the use of rhetoric can manipulate the behavior of the audience, which is why the tool has been criticized as being unethical when in the wrong hands (838). The latter argument and criticism of persuasion as a rhetoric tool will be touched upon in the discussion in chapter nine.
8.2 Persuasion as a rhetorical tactic (HFN)

Gass and Seiter (2011) argue that the study of persuasion and rhetoric are closely related – if not the same (182). The following section will clarify how persuasion is defined, how it can be applied in communication and what purpose persuasion serves in this rhetoric context of maintaining Vestas’ reputation.

Persuasion is a concept that can be hard to define, but Gass and Seiter’s (2011) view is that “persuasion involves one or more persons who are engaged in the activity of creating, reinforcing, modifying, or extinguishing beliefs, attitudes, intentions, motivations, and/or behaviors within the constraints of a given communication context” (33). They argue that their definition covers the full scope of persuasion, including what they call pure and borderline cases (ibid 33). This definition was chosen since it covers a broad scope of the term and it corresponds with the hermeneutic approach of understanding the sender’s intentions.

Pure persuasion is when there is no doubt that something is an instance of persuasion, for example, a TV commercial. Borderline cases are harder to define because in these cases the audience will often disagree on whether an incident is persuasive. Another way of defining a persuasive incident is by determining if it is intentional or unintentional. In the case of Vestas, it can be argued that the communication effort is pure and intentional persuasion since the latter is defined by Bettinghaus and Cody as “a conscious effort at influencing the thoughts or actions of a receiver” (qtd. in Gass & Seiter 2011, 25). Hence, Vestas does not hide the fact that the company intentionally tried to persuade and influence the readers into believing the messages.

The Elaboration Likelihood Model (ELM) illustrates how persuasion functions by demonstrating how persuasive messages are perceived by the audience and how they are processed (ibid 34). The ELM explains how an individual’s ability and motivation to process information can lead to persuasion or an attitude change through either the peripheral route or the central route. The involvement of the audience determines the route. When people are involved in the topic, they are processing a message through the central route; they scrutinize the content of the message and pay less attention to the credibility of the sender. The peripheral route is used to process
the message when the level of interest is low, since these receivers are less involved, pay less attention to content of the message and therefore more aware of the level of credibility, hence the trustworthiness of the sender (ibid 81). The concept of credibility and how it relates to persuasion will be discussed in the section about ethos.

In the case of Vestas’ key stakeholders, it can be argued that based on their previously determined high level of interest in the company, they process the message from Vestas through the central route. Because of this, Vestas should use strong arguments in the message since the readers will scrutinize every part of the material in order to be persuaded (ibid 186). The material in the case study contains much information about the downsizing and why it is necessary. In this way, Vestas accommodates the theory, which is displayed in appendix 2 (the first announcement of the downsizings). In appendix 2, it can be seen that the declaration states the grounds for the downsizings, the number of employees to be made redundant and financial expectations for the remaining of 2010. The message does not resemble typical pure persuasion; instead, Vestas uses the forensic model. The arguments are meant to persuade the investors to believe that this is the right decision, and in combination with central processing and the individual investors’ ability and motivation to process the message, this can lead to the investors being persuaded to agree with the decisions.

In the following sections, ethos, pathos and logos will be accounted for and applied to the case study to clarify how the appeals help Vestas maintain their reputation towards the investors.

8.3 Rhetorical appeals (HFN)

There are three main forms of persuasion: ethos, pathos and logos and this section accounts for the theory behind them. How the rhetoric appeals are applied to the case study and how they help maintain Vestas’ reputation towards external stakeholders will furthermore be accounted for.
The three rhetoric appeals, ethos, pathos and logos, work as individual methods of persuasion, but together they complement each other and create a strong tool for influencing an audience (Kies, Rational Appeal: Logos). Covino and Jolliffe state that ethos provides the credibility and trustworthiness that moves the audience. Emotional influencing of attitudes and actions of the audience is provided by pathos. And finally, reasoning through logos persuades the readers (qtd. in Kies, Rational Appeal: Logos).

In order to clarify who is believed to be sender and audience, it should be mentioned that the CEO of Vestas is the sender of the Shareholder Information, but a specific person is not stated as the sender of the interim financial report. The analysis will however be based on an assumption that all material is from the same sender, namely Vestas, with the CEO as the representative which corresponds with the theory presented in section 7.3.1. The primary audience is the investors, as previously established.

8.3.1 Ethos (HFN)

Ethos can be created through a text when the author is able to display credibility and trustworthiness since “credibility exists in the eye of the beholder”; Gass and Seiter (2011) argue (75). In order for the audience to believe that they can trust the author, the tone in the text must display which attitude and character the author possess towards the subject matter and the receivers. Hence, the sender must consider how the message and the author will be perceived by the receivers.

Gass and Seiter (2011) argue that there are three primary dimensions of credibility: expertise, trustworthiness and goodwill (77). Kies adds that the sender must display knowledge of the subject, and Gass and Seiter (2011) support this contention by stating that “to be credible, a persuader must know his or her stuff or, at least, appear to know his or her stuff”, and by doing so, the audience will perceive the sender to possess expertise and to be credible (77). The concept of trustworthiness and expertise supplement each other and Gass and Seiter (2011) use the two
words “honest” and “ethical” to define these two concepts, which must be present in the audience’s perception of the sender to believe that the message can be trusted. Perceived caring, or goodwill, is a way for the sender to display compassion towards the audience, and Kies argues that together, these three dimensions help the author persuade the audience (Kies, Ethical Appeal: Ethos).

8.3.2 Pathos (HFN)

Pathos persuades by appealing to the emotions of the audience, which is done by using either “enargeia” as a source, or “honorific language” or “pejorative language” as a source (Kies, Emotional Appeal: Pathos). The first source of emotional appeals is applied when a reaction from the audience is wanted, for instance, in charity campaigns. “Honorific language” and “pejorative language” are different forms of persuasive language that are used to sway the audience to have a certain attitude towards a subject. Honorific language praises a subject and pays it respect, while pejorative language ridicules (Kies, Emotional Appeal: Pathos). Therefore, pathos relies on the author’s capability to use emotions to persuade the audience either by creating positive or negative emotions, depending on what the situation requires.

8.3.3 Logos (HFN)

The last rhetoric appeal is logos, also known as the rational appeal, refers to the addition of reasoning in a text, and in that way, persuades the audience (Kies, Rational Appeal: Logos). Kies argues that the right assessment of the audience will give an indication of which reasoning is the best, and together with evidence supporting the arguments, it should be possible to sway the audience (ibid). To make the right assessment, Kies argues that the writer should consider what he and the audience have in common, whether the arguments are sufficient and if the right conclusion is made. The importance of the right argument is derived from the fact that “a
sound, well-reasoned, compelling argument is one of the most persuasive communicative acts we humans can create” (Kies, Using Logic in Composition).

8.3.4 Rhetorical appeals in the Vestas case study (HFN)

In appendix 2, logos is the dominating rhetoric appeal since this announcement accounts for the downsizings and the background hereof. In the marked section, Vestas states that the European market growth will not live up to what was expected “which is why Vestas is compelled to adjust its capacity in Europe” (appendix 2). This statement is the reasoning from Vestas for why the downsizings are necessary, and according to Kies, this is a persuasive act (Kies, Using Logic in Composition). The remaining text in the interim report, presented in appendix 2 and 3, also uses the rational appeal due to the descriptive character of the report. The main purpose is to present the information, and the proceeding press conference is meant for elaborating (Company announcement, 7). However, ethos is also present in appendix 2 since the presentation of the situation displays honesty from Vestas. Vestas explains the situation and the reasoning behind this shows expertise in regards to managing a business.

Contrary to the financial report, the Shareholder Information elaborates on the decisions behind the downsizings and gives a total overview of Vestas’ actions in 2010. Appendix 4 shows how the CEO begins the comment on the downsizings by giving reasons for the decision. This is demonstrated in the quote: “Briefly put, the principal problem was that, during the first halfyear, we did not have sufficient orders to keep our production running at all Vestas locations.” The quote shows that the CEO knows the audience and that they need sound arguments for why the downsizings were necessary and the effect they will have on the company.

Box 5 in appendix 5 demonstrates how the CEO has applied ethos in the text and through this sentence, “The responsibility lies with the management – with me – and we made a wrong assessment,” the CEO is admitting to be at fault for the wrong assessments and he displays honesty and responsibility, which will be perceived by the investors as a sign of credibility. Further-
more, stating that the worst thing was that the shareholders were hit hard is a sign of perceived caring. This display of goodwill towards the shareholders indicates that he is sorry for what has happened, and according to Kies, this is a strong way of persuading the investors to believe in his message (Kies, Ethical Appeal: Ethos). Box 6 in appendix 5 demonstrates how pathos, as a rhetoric appeal, is implemented to constitute persuasion. Through the words “competent” and “colleagues”, the CEO displays how he sees the people who have been made redundant. It is an example of honorific language that praises and respects the work of the former employees, and via the word “colleagues”, the CEO displays that all Vestas employees are in this together, which is both a sign of ethos through perceived caring and also an attempt to sway the investors to believe that this truly was a hard decision.

Ethos is applied again in appendix 6 where the CEO attempts to persuade the investors to see him, the Board of Directors and Vestas in general as credible and trustworthy. The section displays responsibility, honesty and perceived carrying by defending the actions through stating that they strive to be responsible towards the surroundings, employees and communities. The same use of ethos is displayed when commenting on decency being a key component when making decisions on downsizings. Pathos rounds the section off by applying honorific language when referring to the respect the CEO has towards the redundant employees and the way they have handled the situation.

Appendix 7 contains the CEO’s prospect for the future, which is colored by ethos as the CEO makes an appeal to the shareholders to trust Vestas in the future even though it has been tough times. He finishes by thanking them for their support as the final persuasive tactic, which is evident through this quote: “Thank you for your continuing support. We will do everything in our power to use it to the greatest possible benefit of all shareholders. Yours sincerely, Ditlev Engel, President and CEO”.
8.4 Evaluation of rhetorical tactics (HFN)

This last section in the rhetoric tactics will clarify if Vestas has been successful in implementing the rhetorical tactics in the case study according to theory and if they could have done something different in this relation.

As demonstrated through the use of the rhetoric appeals, Vestas made an effort to apply many rhetorical tactics to the statements in order to persuade the investors. The persuasive tactics are applied to all parts of the case material and have one overall purpose, namely to persuade the investors that Vestas did the right thing through the use of reasoning, display of credibility and trustworthiness and by appealing to the emotions of the investors.

When questioning whether the rhetorical tactics were successfully applied in order to secure and maintain reputation, an answer can only be given with reference to the theory presented. As presented, the company applied a strategy similar to the theory presented by the mentioned scholars from which it can be derived that the investors in fact should have been persuaded by the message, and from a theoretical point of view, Vestas should appear credible since “credibility exists in the eye of the beholder”, Gass and Seiter (2011) argue (75). We recognize that an investigation must be made to determine if the shareholders truly are persuaded, for instance, through an interview or other qualitative research methods.

That the theory works in practice is however not always the case. Since this analysis only covers written materials, it cannot be ruled out that other communication forms had an effect on the reputation. Furthermore, when analyzed and compared simultaneously, the materials follow the directions from theory, but it should be remembered that the materials were published over a three months period. This time gap could have had an impact on the persuasive outcome since together the materials complement each other, but to be perfect, it can be assumed that they should have been published simultaneously to achieve the full persuasive effect. Additionally, Vestas cannot be sure that all shareholders read all publications, which also affects the persuasive outcome. The discussion in chapter nine debates this viewpoint further.
9. Discussion (ASKN)

The above analysis of the case study and the findings hereof are discussed in this chapter. The discussion covers several topics, from the analysis, in order to discuss the findings and make an evaluation of them in relation, to the answer of the thesis statement.

9.1 Summery of findings (ASKN)

Before entering into the discussion of the findings, an overview is presented to sum up on the results and gather the conclusions to make a proper foundation for a discussion. Hereafter, we discuss the empirical data.

The analysis in the thesis is grounded in the stakeholder analysis since the result of this creates the foundation for the rest of the findings. When deciding who the main stakeholders are, it is possible to evaluate through the theory whether or not Vestas is targeting the right group in the case study material and if this is done correctly. The stakeholder analysis shows that there were three groups in the primary stakeholder group. The key stakeholders were determined to be the investors since they had both the greatest power and the greatest interest in the company, and therefore, Vestas should focus their communication, in this situation, on this group, but still remember the other groups as well.

As a means to answer the thesis statement, it was asked if Vestas’ reputation is at risk. Benoit puts forth two conditions which should be present in order for the key stakeholders to believe that Vestas’ reputation is at risk and the findings show that this is the case. The downsizings are an undesirable action, and the stakeholders believe, supported by the statements from Vestas, that the company is responsible, hence the reputation is at risk. To demonstrate how this was handled by Vestas, an analysis of the case study material has been conducted with two focuses. The first focus is on the reputation management and here a general presentation of reputation management is made, followed by an analysis through reputational theory, applied to the case study. The findings show that Benoit’s theories give an indication of the thoughts Vestas had
when creating their communication material for this situation. By using Benoit’s theory, it is assessed that Vestas has succeeded in being transparent and open about the downsizings and reasons for them, and at the same time not panicked in a tense situation.

The second focus is on the rhetorical strategies the company applied in the case material. Aristotle’s theory on the subject was presented and it was discovered that all the elements accounted for were present. The company used the elements from ethos, pathos and logos in their communication to persuade the readers, for instance, by appearing credible and acting with respect and care towards the redundant employees.

The two analyses of the reputation management complement each other by demonstrating two sides of how a company can and should handle a threat to their reputation. It is important to have both an overall strategy on how to handle the reputation and likewise to have a strategy on how to communicate this through the written word.

The three analyses conducted in the thesis contribute to answering the thesis statement considering that the external stakeholders have been identified and Vestas’ efforts in maintaining the reputation towards these external stakeholders have been accounted for.

9.2 Discussion and evaluation of findings (ASKN)

Based on the summary of the findings, this chapter provides a discussion of the results from the empirical data with the aim of making an evaluation and discussing new angles on the findings. This chapter covers a discussion of the reputation management and the findings in order to establish the true effect of Vestas efforts. Furthermore, a section discusses the use of persuasion in Vestas’ communication material and question if it borders manipulation. Finally, the chapter offers an evaluation of Vestas’ choices and discusses if Vestas could make changes to improve their communication.
9.2.1 Vestas, reputation and the stakeholders (ASKN)

The impression from analyzing the case material is that to a great extend Vestas has made use of the “omit” strategy. In his book, however, Benoit is not satisfied with identifying a strategy of practically with not saying something since it will be a subjective assessment as to whether or not omitting has been done by choice or oblivions. However, it can be assumed that the constructed communications from Vestas were very wisely navigated – apologizing for not having performed better, which therefore led to the downsizings. Or, is it Vestas who is expressing frustration for not having lived up to the finance and production goals of the accounting year, and hence disappointing their shareholders expectations?

As stated previously, Vestas’ business driver is to generate shareholder value and have shareholders who contribute with capital to Vestas. It can be argued that when attempting to maintain the reputation of Vestas, an incentive for Vestas is to make sure that this remains so.

From having analyzed the case study with the different reputation theories, it springs to mind that Vestas’ keeps a balance in their communications to the shareholders. On the one hand, they admit, to some extent, regret. On the other, they remind the shareholders that it is for their benefit that they have downsized. It suggests that Vestas is aware that the downsizings have not been satisfactory to all Vestas shareholders, and that Vestas attempts to comply with and meet their shareholders’ position towards this. An aspect of why the shareholders may have been dissatisfied, which the analysis suggests, could be the fact that the predominant part of Vestas shareholders are Danish and the downsizings occurred in Denmark. This creates a conflict for Vestas since they are an international cooperation operating on a global scale, but has a paradoxical mismatch when it comes to the geographical composition of their shareholders. In order to maintain a good relationship with their shareholders, they have to cater to the opinion of the strongest voice, in this instance; it will be assumed that it is the voice of the Danish stakeholders.

However, according to the theory and evidence that the analysis has given, Vestas has successfully managed the situation, and in a transparent manner, catered to the information needs of their shareholders.
9.2.2 Evaluation of Vestas’ use of persuasion (HFN)

This section discusses Vestas’ use of persuasion in the case study material. The scholars presented in the analysis argue for how persuasion can be used in an unethical manner and together with Edwards’ view on the topic, the section will discuss whether or not Vestas is persuading or manipulating the investors through the communication material.

As mentioned in chapter 8.1, the discussion touches upon the criticism of persuasion as a rhetorical tool, but before engaging in this discussion, Gass and Seiter’s (2011) view on the topic is presented. These two scholars argue throughout their book “Persuasion, social influence and compliance gaining” that persuasion is a valid and ethical communication tool, when applied correctly. The argumentation is in many ways correct but they tend to shield the concept against criticism and with this in mind, it should be remembered that they are defending their own work and the arguments should be look upon with a critical eye, since they are indeed trying to persuade the readers.

With this argument in mind, the scholars present the notion that persuasion is a valid communication tool, even though it is often associated with manipulation and propaganda, and this connection is understandable since persuasion is often used to do the dirty work of convincing others (Gass & Seiter 2011, 338). Gass and Seiter (2011) furthermore argue that persuasion can be used in manipulative ways since it is a tool, and like other tools, it can be misused (338). Moreover, another argument is that the moral quality of a persuasive attempt is based on the motives of the sender; it depends on the sender’s intentions if the persuasive attempt is ethical or unethical (ibid). Now that the criticism of persuasion is known, how has Vestas then applied the communication tool? Is it used in an ethical way or is the company trying to manipulate the investors?

In the chapter about the rhetorical tactics, it is established that Vestas applied rhetorical t to the case study, and according to theory, this was done correctly. However, the motives of the company were to persuade the investors into believing Vestas’ message, and from an ethical point of view, this can be questioned. As just stated, Gass and Seiter (2011) argue that the motive decides if the attempt is ethical and it can therefore be argued that Vestas balances on a fine line
between persuasion and manipulation. The two scholars furthermore state that “it isn’t so much what strategies and tactics a persuader uses as why he or she uses them” (15) and Vestas is trying to tone down the severity of the situation by sticking to their ordinary release dates, by using the forensic model and by applying pure and intentional persuasion. Through these methods, they are trying to influence the investors to believe that the situation is not serious. This is in itself not unethical, but when adding the questionable motives, it can be argued that this is manipulation. Stauber & Rampton (1995) argue that “public relations is frequently disparaged as a manipulative tool used by organizations to control their environments” (qtd. in Edwards 2006, 839) as a way to put the company in a better light. This can be viewed as unethical according to Grunig & Grunig (1990) (qtd. in Edwards 2006, 839). Hence, Vestas is, according to theory, using the case material to manipulate the investors in order to make the situation appear to be under control, and based on the above, it is these motives that make the communication manipulative.

Whether the use of manipulation is damaging to Vestas or not is furthermore discussed. Theory suggests that Vestas’ motives equal manipulation; however, even though the company has an agenda, the actions can be justified since the outcome, which is a maintained reputation, is what Vestas has been focusing on. Sure, they are manipulating the investors, however, it does not harm Vestas’ reputation to do so, since the tactics have been applied in a way that restores and maintains the reputation, as accounted for in the analysis. The aforementioned outcome is therefore beneficial for the investors who will gain from the company’ success since when the company is doing well the investors are doing well, and this is what Vestas has been striving for, it seems. It can therefore be argued that the goal justifies the means, even if the means includes the use of manipulation. Gass & Seiter (2011) put forth ten approaches to ethics, and Vestas seems to be following at least one of them. “Ends versus means” is an approach that discusses “whether the means or method of influence is justified by the desirability of the outcome” and questions if any outcome can be so good that force or coercion can be justified (341). As just discussed, the case in question can be argued to fall under the category of events where the outcome is so desirable that the ethics of means is less important. However, this tactic should
not be used in every communication effort and it should be used with care. Vestas should be careful not to be known as a company that manipulates it stakeholders since this for sure will damage the reputation and furthermore, not all situations have an outcome where doubtful means can be justified.

9.2.3 Evaluation of Vestas choices (ASKN)

This section discusses the choices Vestas has made in regards to their communication material in this situation and if things could have been done differently while maintaining the reputation towards the external stakeholders.

It has been concluded several times in the thesis that Vestas follows the guidelines dictated by the scholars in regards to how communication should be designed in this situation. However, reality rarely develops as theory prescribes and it can therefore often be necessary to adjust the guidelines. One of the actions in particular made by Vestas does not follow theory, and the question is then if the success would have been greater if the company had acted differently?

The choice that conflicts with theory is first presented in chapter 8.4 where it is recognized that the case study material is published over a three month period and this can have an effect on the persuasive outcome. Together the materials complement each other but apart they do not have the same persuasive effect. This is due to the fact that the objective presentation of the situation in the first announcement is not followed by any comments or explanations, at least not in the same format as in the Shareholder Information. However, it has been argued that because Vestas has not extraordinarily published Shareholder Information, the company has avoided the stakeholders seeing the situation as a crisis, which is much more harmful for the reputation, as stated in chapter 3.1.

Despite the last argument, it can be reasoned that Vestas should have defied the guidelines and extraordinarily published a version of the Shareholder Information since the investors then would have had all the in-depth explanations from the CEO, and in that way, Vestas could shed
light on the decisions and the thoughts behind the downsizings and the layoffs. With an extraordinary edition of the Shareholder Information, Vestas could have embraced the questions from the investors in a subjective manner after the disclosure of the objective company announcement, which only stated the situation without any additional comments (appendix 2-3). Alternately, this would have conflicted with theory in a different way since the extraordinary announcement could make the shareholders more worried since Vestas normally is very consistent in the communication and, as argued for in section 5.2 by Crane and Livesey, this consistency is important in a change situation because change can create insecurity. The investors could assume that the company was in a crisis. This would be very harmful to their reputation, and Vestas would then have needed to use a greater effort to maintain their reputation than accounted for in chapter seven.

When looking at the evidence that the application of Benoit’s typology theory provides, Vestas’ chose to stick to their argument of doing what would serve the shareholders best, in the long run, economically. They perhaps overlooked the fact that it seems like the predominant part of Vestas’ shareholders have not been pleased with the downsizings in Denmark, or at least that Vestas has had an anticipation of this, since they communicatively seen strongly argue for the rightness of their choices made.

Based on this discussion, it can be assessed that Vestas could have handled the situation differently but with the risk of harming the reputation further. Vestas has not followed the theory all the way, but as mentioned, reality and theory do not always correspond and Vestas has made the assessment that the company would benefit more from being consistent than from following the scholars theoretical guidelines.
10. Conclusion (ASKN & HFN)

The intention of the thesis was to examine “How can a company like Vestas Wind Systems A/S make employees redundant and close production facilities while simultaneously maintaining their reputation towards the external stakeholders?”. The intentions of the thesis were met through an evaluation of how Vestas had applied different PR communication strategies in relation to maintaining their reputation. The evaluation was realized through a structured analysis, with the offset in a review of the stakeholders. The analysis helped identify who Vestas’ key stakeholder group was, namely their shareholders (investors). Furthermore, the analysis established how a company should communicate with the key stakeholder group and the result was that Vestas in fact followed the theory since they use a combination of one and two-way communication. These were important findings since it narrowed the thesis’ focus when analyzing Vestas’ overall communicative goal, which was to maintain their reputation.

The paper then turned to assess to what extend Vestas’ reputation in fact was at risk. The analysis showed that the reputation in fact was at risk and therefore initiatives had to be taken to protect the reputation. Through an analysis of the reputational management and rhetorical tactics, it proved to be possible to positively and successfully manage the reputation through the application of different theories within this field.

The findings from having analyzed Vestas’ reputation management showed that the company made communicative actions in order to reduce the reputational risk. By using Benoit’s typology of image restoration strategy, it was found that to some extend several of his strategies were applied by Vestas. Among other things, Vestas admitted responsibility simultaneously with claiming that external factors were at fault and that the company fundamentally had good intentions for acting as they did. The sum of these strategies resulted, according to theory, successfully in sending out a message that would be accepted by the audience about the situation in question. Furthermore, the research of Geppert and Lawrence helped identify what reputational communicative actions Vestas had made, in order to again display trustworthiness, credibility and transparency. The conclusions of the content analysis by Geppert and Lawrence also
assisted in estimating how Vestas’ communicated - as a high or low reputation company. It
turned out that Vestas communicated as a high reputation company, and this also supports
their choices and position when communicating about the downsizings. The company made a
tough but necessary decision to ensure the competitive survival which in the end will serve their
shareholders’ investments best.

The analysis of the rhetorical tactics complimented the findings from the reputational manage-
ment chapter, seeing that this result also showed a successful handling of the communication
materials in regards to the written word. The analysis showed that the case study contained
several of Aristotle’s rhetorical appeals and that the investors should be persuaded by the mes-
sages. The analysis demonstrated how the appeals occur in case study and the use of the ra-
tional explanations, the appeal to the investors’ emotions and the boost of credibility through
the case study all works as persuasive means, which in the end contribute to Vestas succeeding
in their quest to maintain their reputation.

When summing up the findings, it is clear that the thesis statement has been answered. The an-
twer to the question about how Vestas could maintain their reputation in the current situation
is to be found in the analysis. The company was able to do so because of their ability to apply
the right tactics and strategies to their communication materials, which was in accordance to
what the scholars in the analysis recommended. Vestas succeeded in maintaining their reputa-
tion because they recognized the need for addressing the problem in a manner the stakeholders
could relate to, and Vestas therefore successfully achieved justifying their actions towards their
key stakeholder group.

As a further elaboration to the analysis, a discussion part was added to the thesis in which the
findings were evaluated and debated. Here it was established that new angles could be added
to the viewpoints created in the analysis. It was found that Vestas balanced on a fine line be-
tween persuasion and manipulation. Nonetheless, it was argued that this was of no harm to
Vestas and that the goal in some cases could justify the means. Other discussions pointed to the
fact that Vestas, in some cases, did not follow theory but their reasons for doing so was legiti-
mate due to the positive outcome of their decisions.
Thus, the discussion added a further dimension to the answer of the thesis statement, giving a more nuanced view on the topic and underlining how Vestas’ choices have helped them maintain their reputation towards their investors.

11. Perspectives (ASKN & HFN)

*The process and outcomes of the thesis are reflected upon in this chapter in order to assess if the paper could have been approached in a different way. The chapter evaluates, among other things, the use of methodology and theory and discuss if the thesis could have resulted in other findings if another approach had been chosen.*

The choice of methodology has proven to be very relevant since the theory is used to form an understanding of the case study and the intentions of Vestas. In the paper, this has been relevant since the aim was to understand how Vestas communicated to their stakeholders and what the purpose of their messages was. Many of the chapters in the thesis are based on the hermeneutic approach, for instance, the presentation of Vestas and the rhetorical tactics. The approach therefore proved its legitimacy in this paper. However, if we had chosen to take a positivistic view on the thesis, the outcome would have been very different. With this methodology, the focus would have been on finding measurable facts that would constitute an objective and independent foundation for knowledge gaining, for instance, through induction such as interviews with the stakeholders or with key Vestas employees. Based on the answers, we could have formed a general idea of their opinions, which could have led to another view on the reputation management performed by Vestas.

Within each chapter and topic, we could have applied additional theories that might conflict each other’s views, and in that way, presented a more nuanced view of both the field and the findings based on the case study. This critical assessment of theories could have given the paper an even more scrutinizing angle. However, the scope and the delimitations of the thesis did not allow this critical viewpoint.
Another factor that could have altered the outcome was a shift in focus from an external case study to an internal. With an internal focus, it would have been possible to interview employees and include this in the case study, thereby gaining access to the process Vestas uses when producing announcements and the strategy they use. This would have given us more detailed insights on the reputational management strategies Vestas uses, and what considerations they have had during the downsizing period, resulting in a more solid foundation for us to evaluate Vestas’ choices. Additionally, the internal focus could have led to an investigation of how the downsizings were communicated to the employees and whether or not the employees were satisfied with the information level, the media chosen and the applied rhetoric. It can be argued that Vestas would have to implement an internal PR strategy in order to secure that all employees were informed in a proper manner. This focus would also have allowed the thesis to have a multidisciplinary scope where fields such as organizational communication, organizational behavior and corporate communication could have been applied.

Our paper answered the thesis statement, but during the process new questions arose. Because the questions fell outside of the scope of the thesis, they were not answered. There are four central questions we would have liked to investigate further:

1) How much power do the investors have, and is there a difference between perceived and real power?

2) What would the outcome have been, had the thesis had a focus on corporate image and identity?

3) What would have happened if Vestas had published its announcements regarding the downsizings outside the normal publication dates?

4) Is Ditlev Engel showing real emotion and concern about the redundancies? How sincere are the emotions, and what is most important to Vestas: the corporate values and culture or keeping a good track record?
Again, these questions could have provided additional knowledge and empirical foundation for the paper, and given the findings, a new and interesting angle. However, evidence to support the answering of the questions is difficult to achieve and therefore the questions remains unanswered.

Retrospectively, the findings from our thesis demonstrate how vulnerable a company becomes when an unwanted situation occurs. The findings and conclusions made in the paper can be used by other companies since, as argued for in the case study design, this is a representative or typical case that works as an exemplification of how a situation, like the one Vestas is in, can be managed. Apart from companies, students can also use the findings we have made, of course depending on their chosen methodological approach. Our case study could serve to form precedence and give supporting arguments to future assignments and research.
13. Works Cited

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