

EXPECTATION MANAGEMENT

If reputation is the tip of the iceberg that is visible for analysis, expectations are the rest of the iceberg floating below the water level, shaping the way reputation resonates. Expectations are mental models that affect the formation of relationships that individuals and stakeholders have with each other, organizations and brands. The word *management* is added when the aim is a strategic analysis of expectations and their positive or negative implications for individuals or organizations. In the current communication environment it is impossible to manipulate or control stakeholder expectations; rather, expectation management refers to the management of knowledge extracted from expectations as stakeholders' mental models resonate from their experiences, information, ideals and personal interests. Expectation management can be defined as an organization's ability to manage its own understanding of what is expected of it, especially in terms of different expectation types and their differences in relevance and priority. Thus, expectation management is about strategic monitoring, mapping, and analysis of stakeholder expectations. This entry first discusses expectations and presents different types of expectations, then addresses criticism of expectation management, and finally presents implications for reputation.

Individuals are believed to search for causal explanations of others' behavior and make predictions for future behavior as they make sense of the surrounding complex social world. Expectations influence this process by building frames through which the situation is understood and filtering the interaction according to these frames, ranging from broad, general anticipations of societal norms, typicality or appropriateness, to case-specific adaptations depending on

individual experiences and previous knowledge. Similar to social capital, expectations enable interaction between brands, organizations and the stakeholders, and they can take both positive and negative forms.

Expectations in the organizational context are understood as two-fold assessments consisting of what is considered desirable or undesirable, and the likeliness of it occurring, or the confidence placed in the organization ranging from high to low. Expectations act as mental reference points against which events and behavior of others is assessed, and own behavior is adapted. Expectations also set the standards or prototypes against which judgments, comparisons and interpretations are made (e.g., brand or organizational behavior). Research has linked expectations to the ability to shape stakeholders' attitudes, motivation, behavior, and satisfaction toward the brand or organization, making expectations a valuable asset to manage.

Expectations are not formed in a vacuum, but emerge guided by societal moral or cultural values and norms, as well as legal demands and grounds similar to organizational legitimacy. This matters for reputation, as expectations are elements that affect how organizations are perceived and assessed by stakeholders, and how these stakeholders behave toward organizations. Similar to research on cognitive science and interpersonal relations in which expectations are understood as part of human logic and interaction, individuals always have some type of expectations when meeting others.

In the field of communication, expectations are mostly discussed in relation to relationships between organizations and individuals. The role of expectations for organizational reputation is significant, as reputation can indicate an organization's ability to fulfill the expectations posed by stakeholders or publics. Moreover, exceeding expectations is understood

to improve reputation, whereas failing to meet expectations can threaten reputation. As reputation is formed based on past deeds, it creates the expectations set for future performance or organization. Often this logic goes that the better the reputation, the higher the expectations. Expectations with regard to reputation can also be related to societal responsibility, in which performing in a responsible way contributes to the overall reputation and its assessment.

Expectations are often treated as merely observable data, but further analysis of expectations can take place on several different levels. Four major approaches can be distinguished in previous research:

1. Value-based expectations: These expectations (also known as “ideal” or “should” expectations) are normative as they indicate an ideal state based on what is valued or wished for. Value-based expectations are the most difficult to fulfil due to their idealistic and sometimes unrealistic nature.

2. Information-based expectations: These expectations are formed based on what is known and what information is available or unavailable. Information-based expectations (also known as “precise,” “realistic,” “explicit,” and “official” expectations) are all based on information that derives from explicitly emerging facts such as behavior or interface. For information-based expectations there is a source of information that predominantly influences its formation. When there is a lack of information, these expectations may become unrealistic or fuzzy as based on imprecise information.

3. Experience-based expectations: These expectations (also known as “brand-based,” “comparative,” or “minimum tolerance” expectations) are based on direct or indirect previous experiences guiding expectations to what is believed to be possible in light of previous

experiences. Experience-based expectations indicate a likelihood similar to predictive expectations or they result from comparisons with similar brands or organization. The prior experiences can raise or lower these expectations to avoid future disappointments.

4. Personal interest-based expectations: These expectations (also known as “desired,” “deserved,” or “unofficial”) are primarily influenced by personal evaluations of gains and assessments of what is deserved, based on desires or the effort and resources invested. These expectations are a challenge for brands and organizations as they can cause some information to be filtered out when it does not match personal interests.

Expectation management is dependent on the type of expectations available. The way organizations and brands stay aware of existing stakeholder expectations is through ongoing interaction and monitoring. The expectation grid developed by Laura Olkkonen and Vilma Luoma-aho maps expectations according to two continuums: tone and context. They propose mapping of expectations best occurs on a grid ranging from positive to negative outcome and from low confidence to high confidence in the organization. On this grid four types of expectations are distinguished: pessimistic expectations (low confidence in organization, negative outcome), cynical expectations (low confidence, positive outcome), cautious or blind faith expectations (high confidence, negative outcome), and optimistic expectations (high confidence, positive outcome). The expectation grid can help organizations give structure to their strategic analysis of expectations, and recognize both future opportunities to gain stakeholder support as well as blind spots of caution and distrust that might damage organizations if they remain ignored.

Criticisms of Expectation Management

An intangible mindset, expectations remain difficult to operationalize into measurable entities. The formation of expectations is interlocked in complex processes of human behavior and assessments that individuals make, and hence they are not always rational, static, or coherent. Hence, organizations might find it difficult to identify expectations, or prioritize the expectations they are able to identify. Furthermore, the expectations organizations face are not likely to be a homogenous cluster even within a single stakeholder group and chances to express expectations can vary.

Criticism has focused on the temporal nature of expectations, and the ease of influencing them for better or worse. The term *management* can also refer to manipulation of expectations from the organization's side, questioning both the ethics and the possibility of it. Similar to discussions on reputation management, it has been questioned whether intentionally setting expectations too low to provide a positive surprise is morally and ethically just, and to what degree organizations should be allowed to shape stakeholder expectations. Moreover, the use of strategic ambiguity has also been questioned, as it intentionally blurs the expectations. On the other hand, it can be questioned to what degree do organizations have actual access to shape stakeholder expectations, if expectations are mental standards in the stakeholders' heads.

Implications for Reputation

As the tip of the iceberg can only be moved if the entire iceberg below water level is also moved, reputation cannot exist without expectations. Sociologist Ronald Burt defines reputation as "behavior expected of you," and as such expectations may make or break organizational

reputation. For organizations, expectations require management, as they may reflect the signals of emerging issues and threats as well as opportunities. For future assessments and future reputations it is the current expectations and their correctness that matters, and unmet expectations can lead to loss of reputational capital or even result in the formation of legitimacy gaps for the organization and its functions. Thus, expectations as reference points guide how the future operations and behavior of an organization are examined, and also shape and limit the way reputation can be changed.

Expectations are often mentioned in the literature on reputation, and the dominant logic is that the fulfillment of expectations will affect stakeholders' or publics' attitudes, motivation, behavior, and satisfaction toward the organization. However, it is central to acknowledge that expectations are not always positive aspirations that organizations can start fulfilling to build reputation. Negative expectations can convey caution or distrust toward organizations, and hence they are immensely important to recognize for public relations practitioners working with organizational reputation.

The following implications can be drawn from literature on expectations:

Reputation is formed *on* previous societal and individual expectations, and hence

expectations may provide explanations on why certain reputations resonate or not with stakeholders.

To establish a successful reputation, all four types of expectations need to be

acknowledged: value-, information-, experience- and personal interest-based expectations.

Negative expectations can actively build or maintain an unfavorable reputation.

Management of expectations is ethical only when it is tied to the actual deeds of the

organization and not on manipulative forms of strategic ambiguity.

Vilma Luoma-aho and Laura Olkkonen

See also Anticipatory Impression Management; Attitudes; Attribution Theory; Cognitive Dissonance; Conformity and Differentiation; Expectancy Violation Theory; Framing Theory; Halo Effect; Impression Management; Impression Management Theory; Issues Management; Legitimacy; Listening; Reputation Gaps; Reputational Spillover; Stigma

FURTHER READINGS

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